

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF LAKEPORT, CALIFORNIA  
FISCAL YEAR ENDED JUNE 30, 2012



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF LAKEPORT, CALIFORNIA

FISCAL YEAR ENDED JUNE 30, 2012

PREPARED BY

DANIEL BUFFALO, FINANCE DIRECTOR

CITY OF LAKEPORT

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF LAKEPORT, CALIFORNIA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED JUNE 30, 2012  
 TABLE OF CONTENTS

Page

**INTRODUCTORY SECTION:**

Letter of Transmittal ..... i  
 Profile of the City of Lakeport ..... ii  
 Current Economic Conditions and Outlook ..... iv  
 Acknowledgements ..... vi  
 List of Officials ..... vii  
 City Organizational Chart ..... ix

**FINANCIAL SECTION:**

Independent Auditor’s Report ..... 1  
 Management Discussion and Analysis (MD&A) (Required Supplementary Information) ..... 4  
 Financial Highlights ..... 4  
 Overview of the Comprehensive Annual Financial Report ..... 4  
 Government-Wide Financial Analysis ..... 9  
 Activities ..... 11  
 Capital Assets and Debt Administration ..... 17  
 Fund Financial Analysis ..... 18  
 Governmental Funds ..... 18  
 Proprietary Funds ..... 20  
 Budgetary Comparison ..... 21  
 Economic Outlook ..... 22  
 Requests for Information ..... 22

**Basic Financial Statements:**

Government-Wide Financial Statements ..... 24  
 Statement of Net Assets ..... 25  
 Statement of Activities ..... 26  
 Fund Financial Statements ..... 28  
 Governmental Funds ..... 28

**Basic Financial Statements (continued):**

Balance Sheet.....	29
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets .....	30
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	31
Reconciliation of the Statement of Revenue, Expenditures, and Change in Fund Balances .....	32
Statement of Revenue, Expenditures, and Change in Fund Balances – Budget and Actual.....	34
Proprietary Funds.....	36
Statement of Net Assets .....	38
Statement of Revenue, Expenses and Change in Net Assets .....	39
Statement of Cash Flows.....	40
Fiduciary Funds .....	42
Statement of Fiduciary Net Assets.....	43
Statement of Changes in Fiduciary Net Assets .....	44
Notes to the Basic Financial Statements Index .....	46
Note 1 - Summary of Significant Accounting Policies .....	47
Note 2 - Stewardship, Compliance, and Accountability .....	57
Note 3 - Cash and Investments .....	58
Note 4 - Accounts Receivable.....	61
Note 5 - Loans and Notes Receivable .....	62
Note 6 - Capital Assets.....	63
Note 7 - Long-Term Liabilities .....	64
Note 8 - Net Assets/Fund Balances.....	68
Note 9 - Interfund Transactions .....	72
Note 10 - Risk Management .....	73
Note 11 - Public Employee Retirement Plan .....	75
Note 12 - Post-Retirement Healthcare Benefits .....	77
Note 13 - Commitments and Contingencies .....	80
Note 14 – Successor Agency Trust for Assets of Former Redevelopment Agency.....	81
Note 15 – New Pronouncements.....	85
Note 16 – Subsequent Events.....	87

**Supplementary Information:**

Combining Governmental Funds .....	88
Combining Balance Sheet.....	91

**Supplementary Information (continued):**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance ..... 98

Combining Fiduciary Funds ..... 106

    Combining Fiduciary Net Assets ..... 107

    Combining Statement of Changes to Fiduciary Net Assets ..... 108

    Combining Fiduciary Assets and Liabilities ..... 110

    Combining Fiduciary Changes in Assets and Liabilities ..... 111

Non-Major Governmental Fund Budget Comparisons ..... 112

Other Supplemental Information ..... 140

    Schedule of Debt Service Coverage..... 141

**STATISTICAL SECTION:**

Statistical Section..... 142

    Net Assets by Component..... 145

    Changes in Net Assets ..... 147

    Fund Balances, Governmental Funds ..... 151

    Changes in Fund Balances, Governmental Funds..... 153

    Assessed Value and Actual Value of Taxable Property..... 155

    Direct and Overlapping Tax Rates ..... 157

    Property Tax Levies and Collections ..... 160

    Principal Property Tax Payers..... 161

    Schedule of Top 25 Principal Sales Tax Remitters (listed in alphabetical order)..... 162

    Direct and Overlapping Debt ..... 163

    Legal Debt Margin Information..... 165

    Demographic and Economic Statistics ..... 167

    Principal Employers..... 168

    Full-time and Part-time City Employees by Function ..... 169

    Operating Indicators by Function ..... 170

    Capital Asset Statistics by Function..... 171

    Capital Asset Statistics by Fund..... 172

THIS PAGE INTENTIONALLY LEFT BLANK

# CITY OF LAKEPORT

*Over 100 years of community  
pride, progress and service*



January 22, 2013

To the Honorable Mayor, members of the City Council and citizens of the City of Lakeport:

We are pleased to submit the City of Lakeport's first Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. This report is prepared in accordance with state law, generally accepted accounting principles (GAAP), and the best management practices for financial reporting as defined by the Government Finance Officers' Association (GFOA). California law requires that a financial report be prepared annually and audited by a licensed certified public accountant within a reasonable period of time following the year end. These financial statements are presented in conformity with GAAP and audited in accordance with generally accepted auditing standards.

Responsibility for the accuracy of the data and the fairness of presentation, including all footnotes and disclosures, rests with City management. We believe the data presented in this report is accurate in all material respects, and all statements and disclosures necessary for the reader to obtain a thorough understanding of the City's financial activities have been included. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditor.

Management of the City has established an internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient, reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatements.

As the City did not expend over \$500,000 of federal money during this reporting period, it was not required to conduct a broader, federally mandated "Single Audit," designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards.

While traditionally addressed to the governing body of the City, this report is intended to provide relevant financial information to external users (non-management employees), who include the citizens of the City of Lakeport, City staff, creditors, investors, and other concerned readers. We encourage all readers to contact the Finance Department with any questions or comments concerning this report.

The City's financial statements have been audited by JJACPA, Inc., a firm of certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2012, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Based upon the audit, the independent auditors concluded that there was reasonable basis for rendering an unqualified opinion, which states that the City's financial statements for the fiscal year ended June 30, 2012, are presented fairly in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

## PROFILE OF THE CITY OF LAKEPORT

---

The City of Lakeport is a partial service city (as opposed to full service) in that it provides most typical municipal functions, including public safety, public works, community development and parks and recreation. In addition, the City provides water and wastewater activities. It does not provide library or fire protection services, as those are activities of the County of Lake and the Lakeport Fire Protection District, respectively. It operates in a council-manager form of government, whereby the council serves as the legislative body and the City Manager its executive. This report includes all funds of the City and its blended component units: the Successor Agency to the Lakeport Redevelopment Agency and the City of Lakeport Municipal Sewer District (CLMSD), for which the City is financially accountable.

The City Council establishes annual budgets for the general fund, proprietary funds, and all special revenue funds, with a possible exception for certain special revenue funds for which expenditures are controlled by grant funding or by special assessments. Budgetary control is legally maintained at the fund level. Department heads submit budget requests to the City Manager. The City Manager prepares an estimate of revenues and prepares recommendations for the next year's budget. The preliminary budget may or may not be amended by the City Council and is adopted by resolution by the City Council on or before June 30.

The City of Lakeport was incorporated on April 30, 1888 as a general law city. As the administrative seat for the County of Lake, and with a residential population of more than 4,750<sup>1</sup> in a 2.4 square-mile area, Lakeport is graced with a strong business base and a well established residential community.

---

<sup>1</sup> 2010 California Department of Finance, Demographic Research Unit, E-4 Population Estimates for Cities, Counties, and the State, 2001-2010, with 2000 & 2010 Census Counts

The Lakeport City Council consists of five members, elected at-large to four-year overlapping terms. Council members must be residents of the City. The positions of Mayor and Mayor Pro Tem are chosen by the Council through its own policy. The Mayor conducts the Council meetings and represents the City in ceremonial occasions.

The City Council serves as the policy board for the municipality. It provides policy direction, establishes goals, and sets priorities for the City government. In addition to serving as the policy makers for the community, the City Council also is responsible for numerous land use decisions within its borders, including the General Plan. The City Council appoints the City Manager, City Attorney, City Clerk, and all members of advisory boards and commissions.

Lakeport is travel and recreation-oriented and fortunate to have a large area serving as a hub for recreational activities for Lake County. The Lakeport business environment is positive and well organized. Driven by an active chamber of commerce, local businesses are community-oriented and engaged in City-business partnerships, including Main Street renovations, façade improvements, events and promotions. The City's permanent retail trade area population is approximately 35,000 people with 45,000 within a 10-mile radius. Lakeport's historic downtown area is the center of commercial activity within the community, and it is a California Main Street City. There are also commercial areas along Lakeport Boulevard, Parallel Drive, Eleventh Street, North High Street, and South Main Street.

In Lakeport, the total labor force is approximately 2,320<sup>2</sup>. Unemployment in Lakeport is approximately 13.3%, down from 16.5% in 2011. Within ten miles, there is a diverse labor force specializing in such occupations as sales, technical and professional services, education and government services, and other specialties. The largest employment sectors in the Lakeport area are: government (federal, state, local); education; and the service and retail trades. The agricultural and construction sectors are important and the transportation/public utilities, wholesale trade, finance/insurance/real estate and manufacturing sectors round out the employment picture. Some of the larger employers in the primary trade area include Sutter Lakeside Community Hospital, Lakeport Skilled Nursing Center, PG&E, Lake County Record Bee, Konocti Vista Casino, the City of Lakeport and the County of Lake.

Approximately 45% of all jobs in the County are located in the Lakeport area.

The City is committed to providing high quality services in an economical manner. For fiscal year 2011-12, the City's efforts were focused in the following areas:

- Facilities and Infrastructure – Rehabilitation of roadways and public right-of-ways, including Lakeport Boulevard, High Street, Forbes Street, and sections of Main Street and water and sewer infrastructure replacement and maintenance was of significant importance to the City.

---

<sup>2</sup> 2012 California Employment Development Department, Labor Market Information Division, <http://www.labormarketinfo.edd.ca.gov>

- Redevelopment Dissolution– winding down the operations of the former agency was of high priority for Finance and Community Development staff, as well as the City Manager.
- Economic Development – Promoting economic development (recruitment and retention of businesses) continued to be one of the City’s key operational priorities. The City Manager worked closely with staff and the business community to maintain a strong regional and local economic environment.

## CURRENT ECONOMIC CONDITIONS AND OUTLOOK

---

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates. Understanding that property and sales taxes generate the City’s largest two sources of revenue, it is important to look at the economy in the context of people’s wherewithal for producing general fund tax revenues.

Lake County suffered immensely from the Great Recession, but has begun a slow recovery. The recovery is evidenced by slight improvements in the unemployment rate, consumer spending (through sales tax analysis), building permits, and planning work. The housing market, while starting to show signs of life, continues to experience decreasing assessed valuation rates, but foreclosure rates have improved significantly.

Unemployment rates in Lake County continued to be higher than the national average at 13.8% in 2011, but this is down slightly from the prior year<sup>3</sup>. Foreclosures in Lakeport continue to be an issue, but have significantly declined from the past two years. This can be attributed to several factors. First, fewer homes are being foreclosed on by the banks. Second, when foreclosed homes hit the market, they are being purchased more quickly. They do not sit on the market as long as in previous years.

The City’s economic development efforts and implementation of revised financial policies help to promote Lakeport’s long-term fiscal stability. At the direction of the City Manager, staff has conducted a systematic review of operations, resulting (in some cases) in departmental restructuring and the refocusing on basic public services. In support of this effort, City staff have accepted a furlough to ease costs during this difficult economic period, and City operational hours have been reduced by two full days every month. These operational analyses and reforms are intended to provide short-term remedies to decreasing revenues and rising costs and establish a framework to promote long-term savings to the City, ensuring long-term stability.

As mentioned earlier, the City’s principal general fund revenue sources are sales tax and property taxes. These sources are expected to grow modestly. Sales tax is projected to increase by 3-4% for FY 2012-13, and increase by an average of 2-3% per year for the next five years after that. Property taxes are expected to remain relatively flat in FY 2012-13 with possibly a slight increase, suggesting that the housing market

---

<sup>3</sup> 2012 California Employment Development Department, Labor Market Information Division, <http://www.labormarketinfo.edd.ca.gov>

will continue to move forward as foreclosure properties pass through the system. As part of its path toward fiscal recovery and sustainability, the City may rely on one-time uses of its reserves to ensure the best possible level of service to its citizen; however, the City Manager has not recommended its use in FY 2012-13.

The City anticipates minimal revenue growth for the next five years, short of securing new sources of revenue. The City is pursuing annexation of the South Main Street area, which is estimated to be 90% built out and may generate sales tax revenue sufficient to ensure an adequate level of service provision to that area and the rest of the City.

City Management has adopted a series of financial policies meant to guide its use and reporting of revenues. Some of the more germane policies as related to this report include the following:

- All current operating expenditures will be paid for with current revenues, unless the use of reserves is approved by the City Council.
- Revenues will be conservatively estimated.
- Intergovernmental assistance in the form of grants and loans will be used to finance only:
  - Those capital improvements which can be maintained and operated over time; or
  - Operating programs that can either be sustained over time or have a limited horizon.
- A minimum fund balance reserve in the General Fund will be maintained at all times. The minimal, optimal level required for this reserve will be 25% of the General Fund operating budget. The reserve will be drawn down as a funding source of last resort and used only after other reserve accounts have been accessed.
- The unappropriated fund balance in the General Fund will be maintained at a level sufficient to provide adequate working capital and to accommodate required adjustments to other reserve accounts, including the reserves for advances to other funds, deposits and prepaid items.
- In general, one-time revenues will be used only to support capital or other non-recurring expenditures. One-time revenues may be used for operating programs only after an examination determines if they are subsidizing an imbalance between operating revenues and expenditures; and then only if a long-term forecast shows that the operating deficit will not continue.
- The City invests all idle cash as determined by analysis of anticipated cash flow needs. Specific emphasis will be placed on future cash requirements when selecting maturity dates to avoid forced liquidations and the potential corresponding loss of investment earnings.
- The General Fund currently does not have any general obligation bonds and does not anticipate issuing such debt.
- When the City finances capital projects by issuing bonds or acquiring loans, it will pay back those obligations within a period that is consistent with the useful life of the project.
- The City requires an annual audit of the books of account, financial records, inventories and reports of all City officers and employees involved in the handling of financial matters by a qualified independent auditor.

Information concerning significant accounting policies affecting the finances of the City is summarized in the Notes to the Financial Statements.

## ACKNOWLEDGEMENTS

---

The preparation of this Comprehensive Annual Financial Report could not be accomplished without the efficient and dedicated service of the entire staff of the Finance Department; the City's Management Team; and the auditing firm of JJACPA, Inc. We would like to express our appreciation to Joseph Arch, CPA, and Brett Jones of JJACPA, Inc.; the City's volunteer Internal Auditor, Zach Pehling, CPA; and to the members of the Finance Department who assisted and contributed to its development.

We also would like to thank members of the City Council and the various departments for their cooperation and support in planning and conducting the financial operations of the City during the fiscal year.

Respectfully submitted,



Margaret Silveira  
City Manager



Daniel Buffalo, MPA  
Finance Director

CITY OF LAKEPORT, CALIFORNIA

**LIST OF OFFICIALS**

June 30, 2012

**CITY COUNCIL**

**LAKEPORT REDEVELOPMENT SUCCESSOR AGENCY BOARD OF DIRECTORS**

**CITY OF LAKEPORT MUNICIPAL SEWER DISTRICT BOARD OF DIRECTORS**

Stacey Mattina	Mayor
Thomas Engstrom	Mayor Pro Tem
Robert Rumfelt	Council Member
Suzanne Lyons	Council Member
Roy Parmentier	Council Member

**MANAGEMENT TEAM**

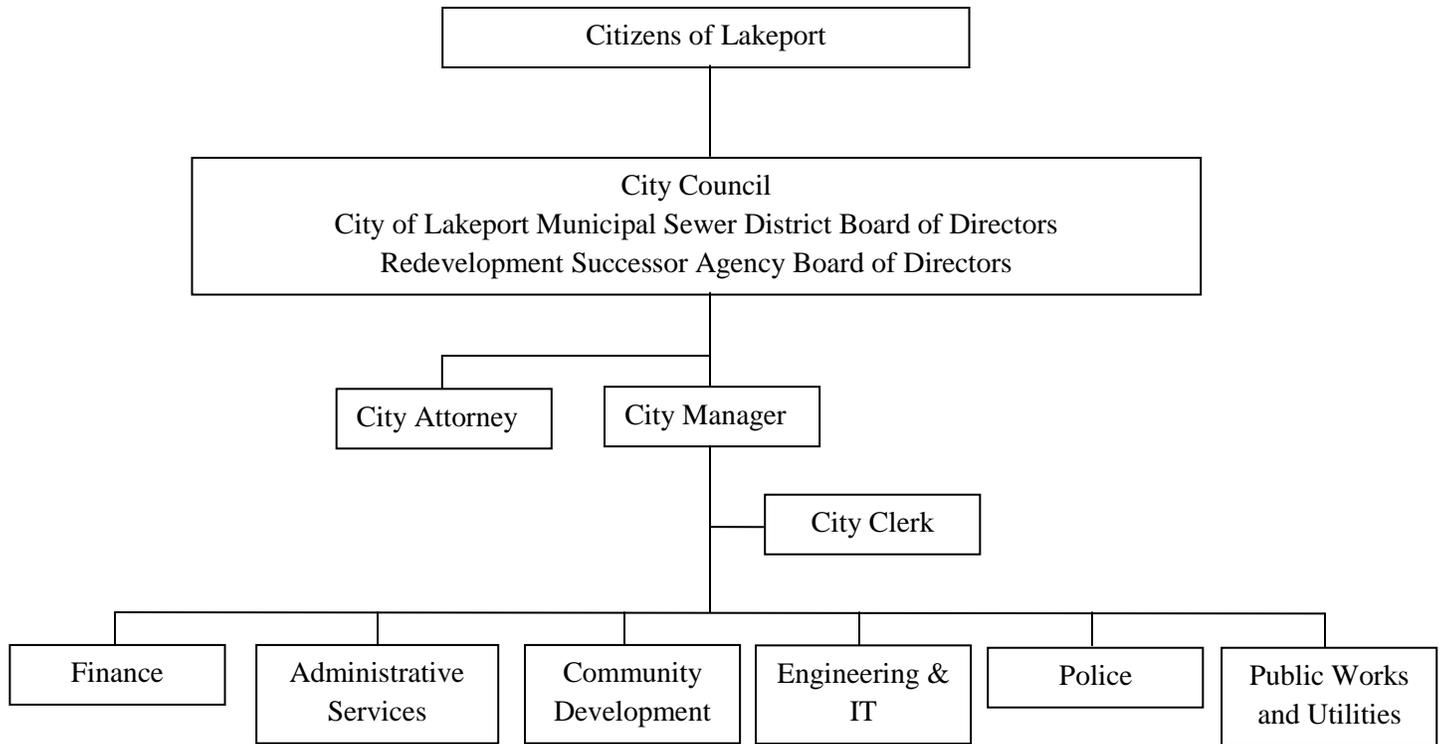
Margaret Silveira	City Manager
Steven Brookes	City Attorney
Janel Chapman	City Clerk
Brad Rasmussen	Chief of Police
Daniel Buffalo	Finance Director
Richard Knoll	Community Development Director
Kelly Buendia	Administrative Services Director
Scott Harter	City Engineer
Mark Brannigan	Public Works Director



THIS PAGE INTENTIONALLY LEFT BLANK

# City Organizational Chart

---





**JJACPA, Inc.**

A Professional Accounting Services Corp.

---

---

**INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and City Council  
of the City of Lakeport  
Lakeport, California

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 Lakeport, California (City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management; our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in the Notes to the basic financial statements, the accompanying financial statements reflect certain changes required as a result of implementation of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for the year ended June 30, 2012.

To the Honorable Mayor and City Council  
of the City of Lakeport, California  
Lakeport, California  
Page 2

The accompanying required supplementary information, such as Management's Discussion and Analysis, budgetary comparison information, and other information as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information, which includes the combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole. The introductory section and statistical schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*JJACPA, Inc.*

January 15, 2013

JJACPA, Inc

THIS PAGE INTENTIONALLY LEFT BLANK

# MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

## (REQUIRED SUPPLEMENTARY INFORMATION)

---

The following discussion provides readers of the City of Lakeport's financial statements a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with the Independent Auditor's Report, the basic financial statements, and the accompanying notes.

### FINANCIAL HIGHLIGHTS

---

- City assets exceeded its liabilities by \$24.9 million (net assets) as of June 30, 2012. Of this amount, nearly \$3.22 million (unrestricted net assets) may be used to meet the government's ongoing obligations to its citizens and creditors.
- City net assets in total increased by \$4.05 million during the fiscal year, compared to an increase of \$1.28 million in fiscal year 2010-11. The majority of this increase was due to the dissolution of the City's redevelopment agency and the disposition of remaining bond indebtedness held by it.
- Fund balances for City governmental funds (i.e., the general fund, its reserve, and special revenue funds) are reported to be \$8.58 million, as of year-end close, June 30, 2012.
- Of the \$8.58 million in total governmental fund balance, \$1.81 million is classified as unrestricted (committed, assigned, or unassigned) and generally is available at the City's discretion.

### OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

---

This Comprehensive Annual Financial Report is presented in three major parts:

- 1) **Introductory section**, which includes the Transmittal Letter and general information; and
- 2) **Financial section**, which includes the Management's Discussion and Analysis (MD&A), the Basic Financial Statements, which include the Government-wide and the Fund Financial Statements, along with the notes to these financial statements and Combining and Individual Fund Financial Statements and Schedules; and
- 3) **Statistical section**, which includes financial, demographic, and economic information on the City and surrounding community, such as assessed and actual value of taxable property, direct and overlapping tax rates, principal property tax payers, and principal sales tax remitters, and direct and overlapping debt.

This discussion and analysis is intended to serve as an introduction to the financial section. The statements of this section are comprised of three components: 1) government-wide financial statements,

2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to that found in the basic statements.

The City of Lakeport is presented as the primary government and reporting entity. The (former) City of Lakeport Redevelopment Agency and the City of Lakeport Municipal Sewer District (CLMSD) are legally separate entities, but are for reporting purposes considered component units of the City. All three entities (the City and the component units) are reported herein on a blended basis, as opposed to a discrete presentation.

## **THE GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements provide an overview of the City's activities and are comprised of the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets provides information about the financial position of the City as a whole, including all of its capital assets and long-term liabilities on the full-accrual basis, similar to that used by private sector entities. The Statement of Activities provides information about all of the City's revenues and all of its expenses, also on the full-accrual basis, with the emphasis on measuring net revenues or expenses of each the City's major functions, which have been categorized as follows:

- General government (e.g., administration, finance and accounting, human resources, legal, city clerk, etc.)
- Community development (planning, building, storm water management)
- Roads and infrastructure (road maintenance, city engineer and public works,)
- Sanitation (administration of the franchise waste hauler, Lakeport Disposal)
- Housing and support programs (emergency housing assistance, CDBG and HOME grants, etc.)
- Redevelopment/Economic development
- Public safety (i.e. police)
- Parks, buildings, and grounds (including recreation – i.e., Westshore Pool)
- Interest on Long-Term Debt (primarily associated with capital leases and former redevelopment bonds).

The Statement of Activities explains in detail the change in Net Assets for the year. It demonstrates how the City's net assets changed during the fiscal year 2011-12 as compared to 2010-11. As was stated earlier, the City's net assets increased by \$4.05 million, which includes costs associated with depreciation and other non-budgeted items that may not have an effect on cash or current financial resources but do affect net assets. The statement presents expenses first categorized by function or activity. This is done so that a direct connection can be made to the cost of providing that service or function for the entire year. The statement then presents how that activity was financed using funds other than those that can be used for any purpose (i.e. taxes, fines, investment earning, etc.). This is an attempt to demonstrate how self-sufficient that activity was during the year. The remainder is the net expense covered by general revenues.

All of the City's activities are grouped into either governmental activities or business-type activities, as explained below. The amounts in the Statement of Net Assets and the Statement of Activities are

CITY OF LAKEPORT, CALIFORNIA

Financial Section: MD&A

Year Ended June 30, 2012

separated into governmental activities and business-type activities in order to provide a clear summary of the two.

Government-wide financial statements, prepared on the accrual basis, measure the flow of all economic resources of the City. There are two basic statements presented here: the Statement of Net Assets and the Statement of Activities.

The Statement of Net Assets and the Statement of Activities present information about the following:

- **Governmental activities**—all of the City’s basic services are considered to be governmental activities. These services are supported by general city revenues, such as taxes, and by specific program revenues such as user fees and charges.

The City’s governmental activities also include the activities of the (former) Lakeport Redevelopment Agency, a separate legal entity for which the City is financially responsible. As of February 1, 2012, the Lakeport Redevelopment Agency was dissolved and a successor agency was established to handle the remaining affairs and obligations of the former agency. The City of Lakeport elected to be that successor agency. Upon dissolution, the assets and liabilities of the former agency were transferred to a private-purpose trust fund, which is not reported on the government-wide statements, but is presented in the fund-based statements using the full accrual basis of accounting.

- **Business-type activities**—The City’s enterprise activities of water and wastewater are reported in this area. Unlike governmental activities, these services are supported by charges paid by users based on the amount of the service they use.

## **FUND FINANCIAL STATEMENTS**

The fund financial statements report the City’s operations in more detail than the entity-wide statements and focus primarily on the short-term activities of the City’s general fund and other major funds. The fund financial statements measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt and other long-term amounts.

Because the focus of fund statements is narrower than that of the government-wide, it is useful to compare the information presented for the 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 impacts of the City’s near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statements of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Major funds account for the major financial activities of the City and are presented individually, while the activities of non-major funds are presented in summary, with subordinate schedules presenting the detail for each. Major funds are explained below.

The fund financial statements provide detailed information about each of the City's most significant funds, termed major funds. The concept of major funds, and the determination of which are major, was established by GASB Statement 34 and replaces the concept of combining like funds and presenting them in total. Instead, each major fund is presented individually, with all non-major funds summarized and presented only in a single column. Subordinate schedules (Other Supplementary Information, page 97) present the detail of these non-major funds. Major funds present the major activities of the City for the year, and may change from year to year as a result of changes in the pattern of City's activities.

For the fiscal year ended June 30, 2012, the City's major funds are as follows:

**GOVERNMENTAL FUNDS:**

- General fund
- Capital projects fund

**PROPRIETARY FUNDS:**

- Water enterprise fund
- Wastewater enterprise fund

Both of the City's enterprise funds (water and sewer) are reported as proprietary funds. Enterprise fund financial statements are prepared on the full-accrual basis, and include all of their assets and liabilities, current and long-term.

The City adopts an annual appropriated budget for all governmental and proprietary funds. Budgetary comparison statements for the general fund and all major governmental funds are presented and included in the basic financial statements, as required by GASB 34. Proprietary budget comparison statements are not required or presented.

**FIDUCIARY STATEMENTS**

The City's fiduciary activities are reported in the separate Statement of Fiduciary Net Assets. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its own operations. The fiduciary statement provides financial information about the activities of special deposits, such as police asset forfeitures and holdings; retiree health (OPEB) administration, successor agency activities for the former redevelopment agency, and for certain other entities, for which the City acts solely as an agent. They provide information about the cash balances and activities of these funds.

## **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 Statements. The notes to the basic financial statements can be found on pages 55-96 of this report. Supplementary Information follows the notes on Page 97.

## **OTHER SUPPLEMENTARY INFORMATION**

In addition to the basic financial statements and the accompanying notes, this report also presents combined statements, which illustrate the condition and activities of all non-major funds. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements can be found on pages 97-148 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed net assets for both governmental and business-type activities.

ASSETS	Net Assets Comparison June 30, 2012 and 2011					
	Governmental Activities		Business-type Activities		Total Government	
	2012	2011	2012	2011	2012	2011
<b>Current assets:</b>						
Cash and investments:						
Available for operations	\$ 2,262,867	\$ 3,568,332	\$ 1,251,787	\$ 2,626,212	\$ 3,514,654	\$ 6,194,544
Restricted	1,999,325	2,875,304	1,662,392	-	3,661,717	2,875,304
Receivables	589,907	685,503	560,078	254,134	1,149,985	939,637
Prepaid expenses	4,955	-	80,595	60,898	85,550	60,898
Internal balances	700,000	-	(700,000)	-	-	-
<b>Noncurrent assets:</b>						
Notes receivable	2,872,178	2,403,921	-	-	2,872,178	2,403,921
Land held for resale	407,964	407,964	-	-	407,964	407,964
Plant, property and equipment						
Capital assets not being depreciated	729,346	729,346	2,475,403	1,775,403	3,204,749	2,504,749
Capital assets, net of depreciation	5,841,439	6,150,115	15,762,904	15,811,095	21,604,343	21,961,210
Deferred charges	-	268,000	174,743	165,321	174,743	433,321
Total assets	<u>15,407,981</u>	<u>17,088,485</u>	<u>21,267,902</u>	<u>20,693,063</u>	<u>36,675,883</u>	<u>37,781,548</u>
<b>LIABILITIES</b>						
<b>Current liabilities:</b>						
Accounts payable	110,082	99,779	135,132	22,656	245,214	122,435
Accrued payroll liabilities	70,621	104,712	-	58,189	70,621	162,901
Interest payable	5,244	121,524	193,990	257,504	199,234	379,028
Deposits payable	-	-	24,697	29,880	24,697	29,880
Compensated absences	6,000	6,000	8,344	9,249	14,344	15,249
Deferred revenue	-	51,256	-	-	-	51,256
<b>Noncurrent liabilities:</b>						
Compensated absences	368,452	286,093	95,957	93,517	464,409	379,610
Due within one year	84,615	110,040	280,124	220,023	364,739	330,063
Due in more than one year	134,231	5,491,103	9,923,425	9,810,037	10,057,656	15,301,140
Net OPEB obligation	195,770	146,429	79,796	-	275,566	146,429
Total liabilities	<u>975,015</u>	<u>6,416,936</u>	<u>10,741,465</u>	<u>10,501,055</u>	<u>11,716,480</u>	<u>16,917,991</u>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	6,351,939	1,278,318	7,509,501	7,606,438	13,861,440	8,884,756
Restricted	5,462,981	2,603,186	2,413,210	796,958	7,876,191	3,400,144
Unrestricted	2,618,047	6,790,044	603,726	1,838,612	3,221,773	8,628,656
Total net assets	<u>\$ 14,432,967</u>	<u>\$ 10,671,548</u>	<u>\$ 10,526,437</u>	<u>\$ 10,242,008</u>	<u>\$ 24,959,404</u>	<u>\$ 20,913,556</u>

In essence, the value of the City's net assets as of June 30, 2012, was over \$24.96 million, an increase of \$4.05 million. The increase primarily is attributed to the transfer of outstanding bond indebtedness held by the former redevelopment agency, which also included a loss of the majority of cash assets to be remitted to the County of Lake for redistribution to taxing entities within the City limits.

The change in net assets for the fiscal years ended June 30, 2012 and 2011 are as follows:

	Changes in Net Assets FY 2011 to FY 2012					
	2012			2011		
	Gov- ern- mental Activ ities	Busi- ness- type Activ ities	Total	Gov- ern- mental Activ ities	Busi- ness- type Activ ities	Total
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 619,047	\$ 3,373,678	\$ 3,992,725	\$ 477,408	\$ 2,799,027	\$ 3,276,435
Grants and contributions:						
Operating	297,560	-	297,560	815,910	-	815,910
Capital	783,216	360,389	1,143,605	1,146,165	-	1,146,165
General revenues:						
Property taxes and assessments						
	435,909	369,133	805,042	2,008,630	382,917	2,391,547
Transient occupancy taxes	82,533	-	82,533	68,827	-	68,827
Sales and use tax	1,948,376	-	1,948,376	1,547,458	-	1,547,458
Franchise taxes	131,609	-	131,609	271,243	-	271,243
Utility users tax	-	-	-	-	-	-
Other taxes	82,299	-	82,299	133,311	-	133,311
Motor vehicle in lieu	398,805	-	398,805	23,541	-	23,541
Use of money and property	141,400	35,824	177,224	24,889	39,403	64,292
Other general	404,577	104,110	508,687	1,610,482	209,852	1,820,334
Extraordinary gain	4,180,646	-	4,180,646	-	-	-
Total revenues	9,505,977	4,243,134	13,749,111	8,127,864	3,431,199	11,559,063
<b>Expenses:</b>						
Governmental activities:						
General government	737,263	-	737,263	1,955,462	-	1,955,462
Community development	267,789	-	267,789	357,986	-	357,986
Roads and infrastructure	1,343,900	-	1,343,900	1,476,308	-	1,476,308
Sanitation	421,013	-	421,013	-	-	-
Housing and support programs	511,366	-	511,366	174,126	-	174,126
Redevelopment/economic development	292,702	-	292,702	200,195	-	200,195
Public safety	1,529,428	-	1,529,428	1,784,887	-	1,784,887
Parks and recreation	282,489	-	282,489	312,916	-	312,916
Interest and fiscal charges	358,608	-	358,608	308,710	-	308,710
Business-type activities:						
Water	-	1,550,266	1,550,266	-	1,412,892	1,412,892
Wastewater	-	2,408,438	2,408,438	-	2,288,561	2,288,561
Total expenses	5,744,558	3,958,704	9,703,262	6,570,590	3,701,453	10,272,043
Excess (Deficiency) of revenues over expenditures before transfers	3,761,419	284,430	4,045,849	1,557,274	(270,254)	1,287,020
Transfers	-	-	-	-	-	-
Change in net assets	3,761,419	284,430	4,045,849	1,557,274	(270,254)	1,287,020
<b>Net assets:</b>						
Beginning of year	10,671,548	10,242,007	20,913,555	9,114,274	10,512,261	19,626,535
End of year	\$ 14,432,967	\$ 10,526,437	\$ 24,959,404	\$ 10,671,548	\$ 10,242,007	\$ 20,913,555

Capital assets (net of related debt) of \$13.86 million include land, buildings and related improvements, utility plants (water and sewer), machinery, equipment, vehicles, and infrastructure (roads and public rights-of-way, water and sewer lines, etc.). This does not include elements of infrastructure that comprise of a network, such as water, sewer, and storm water pipes in the ground or public right-of-way elements, such as streets and sidewalks. These elements will be inventoried, capitalized and reported in fiscal year 2012-13. The City uses these assets to provide services to its citizens; they are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt associated with these assets must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net assets of \$7.87 million primarily comprise of cash and cash-equivalents for use as prescribed by an outside entity, such as a grantor, bond holder, covenant, or other restricting entity or instrument, or are in the form of long-term notes receivable and are unavailable for spending.

Unrestricted assets of \$3.48 million include cash and cash equivalents and may be used to meet the City's ongoing obligations to citizens, creditors, and City-imposed designations (e.g. reserves, pending litigations, contingencies, capital projects, special grant and revenue programs and projects, etc.).

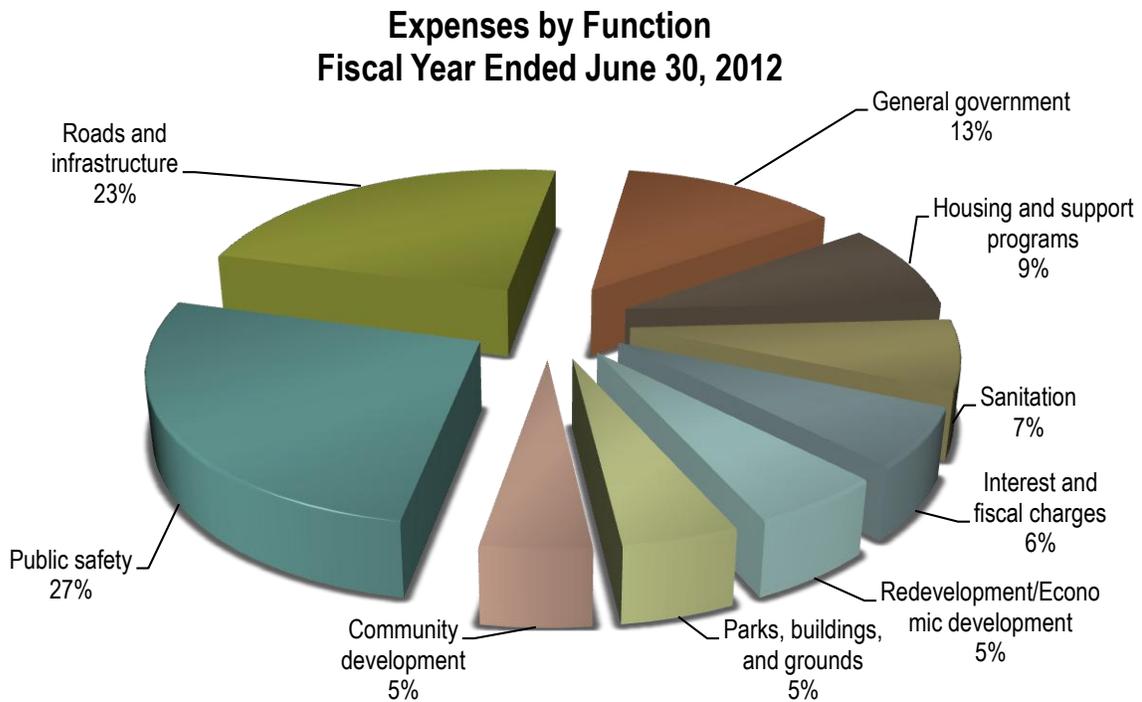
## ACTIVITIES

Governmental and business-type activity expenses of the City for the year totaled \$9.70 million. Governmental activities totaled \$5.74 million or 59% of total expenses. Business-type activities incurred \$3.95 million of expenses during the fiscal year. Public safety costs represented 27% of total governmental activities expenses, followed by roads and infrastructure, and redevelopment/economic development for governmental activities (the result of the loss of redevelopment agency assets).

## GOVERNMENTAL ACTIVITIES (EXPENSES)

The most significant expenses incurred by the City are providing public safety services (27% of governmental expenses). Roads and infrastructure include depreciation expense associated with assets assigned to governmental functions, such as buildings, equipment, and vehicles. From highest to lowest, costs directly associated with governmental activities were as follows:

	Governmental Activities			
	2012		2011	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Public safety	\$ 1,529,428	\$ 1,318,330	\$ 1,784,887	\$ 1,556,018
Roads and infrastructure	1,343,900	1,283,121	1,476,308	844,508
General government	737,263	720,541	1,955,462	1,570,826
Housing and support programs	511,365	(232,161)	174,126	(923,700)
Sanitation	421,013	(108,048)	-	-
Interest and fiscal charges	358,608	358,608	308,710	308,710
Redevelopment/Economic development	292,702	295,436	200,195	185,445
Parks, buildings, and grounds	282,489	237,151	312,916	312,916
Community development	267,789	204,751	357,986	276,383
<b>Total</b>	<b>\$ 5,744,557</b>	<b>\$ 4,077,730</b>	<b>\$ 6,570,590</b>	<b>\$ 4,131,107</b>



## GOVERNMENTAL ACTIVITIES (REVENUES)

Significant revenues for the City came from taxes (60%), which included property taxes, sales taxes (Bradley-Burns and Measure I transactions and use taxes), franchise fees, transient occupancy taxes, and tax increment. Revenues overall were higher than estimated.

From highest to lowest, revenues directly associated with governmental collections were as follows:

	Governmental Activities	
	2012	2011
	Total Revenues	Total Revenues
Taxes	\$ 3,197,925	\$ 3,837,013
Capital Grants	783,216	1,146,165
Charges for Service	619,047	477,408
Operating Grants	297,560	815,910
Use of Money and Property	165,142	24,889
Licenses and Franchises	133,754	271,243
Other Revenue	99,809	1,526,258
Fines , Forfeitures, and Penalties	28,874	28,977
Total	<u>\$ 5,325,327</u>	<u>\$ 8,127,864</u>

Governmental revenues in total were lower in 2012 than 2011 for three notable reasons:

- 1) The recognition of a number of housing and business loans on the balance sheets of several special revenue funds increased revenues abnormally in 2011.
- 2) Revenue from taxes of \$3.19 million was down 20% from the year ended June 30, 2011 primarily due to the loss of property tax increment revenue normally received by the redevelopment agency.
- 3) Grant revenue for capital projects and housing operations was considerably less in 2012 compared to 2011.

## TOP TEN REVENUES

The City's top ten revenue sources account for approximately 90% of total general fund income. Focusing on these sources can provide an excellent understanding of the City's revenue position.

Overall, these key revenues performed better in 2012 than budget estimates anticipated and better than in 2011. The strongest performers were sales tax and business license tax. The following is a brief description of those sources:

**Sales Tax.** The City collects sales tax from two sources: normal Bradley-Burns sales taxes - which are shared between City, county, and the state - and a ½ cent sales and use tax, commonly

referred to as Measure I and devoted entirely to the City. Both tax sources are general taxes and can be used for any regular, general government purpose.

Original estimates indicated that sales tax may slump slightly through the course of the year but pick up in the spring and early summer. We did witness that during the second and third quarter of the fiscal year, and sales taxes performed even better than our original estimate of 6%, ending 8% and 11% higher for Bradley-Burns and Measure I, respectively.

**Trash Collection.** This essentially is a pass-through collection for services provided by the City franchise solid waste collector, Lakeport Disposal. The City retains 13% of collections for administrative costs and the franchise fee. Revenues are reported 19% higher than in 2011 due to a one-time change in accounting procedures, whereby 13 months of revenue was accounted for in 2012 to align the City's books with GAAP.

**Property Tax.** The City receives property tax from the County three times during the year (January, June, and August). Though we missed our estimated mark by 7%, this revenue source was up by 10% compared to a year ago. Foreclosure rates are continuing to level off as inventory of available housing units begins to decrease.

**Property Tax in Lieu of VLF (Vehicle License Fee).** These are property tax shares allocated to cities and counties beginning in FY 04-05 as compensation for the state's take of Vehicle License Fees (VLF) revenues previously allocated to cities and counties. Collections were higher than anticipated by 6% but lower than a year ago by 1%. This revenue source typically mirrors regular property tax collections, and we foresee both trending positively during 2013.

**Property Tax in Lieu of Sales Tax (Triple Flip).** This is a mechanism used to repay the state fiscal recovery bonds pursuant to Prop 57 of 2004. Under the Triple Flip, the local sales and use tax rate is reduced from 1.00% to 0.75% with the 0.25% diverted to repay state fiscal recovery bonds. Cities and counties are reimbursed for the lost revenue from a shift of property tax revenue. Similar to regular sales tax, we expect this revenue source to increase in 2013.

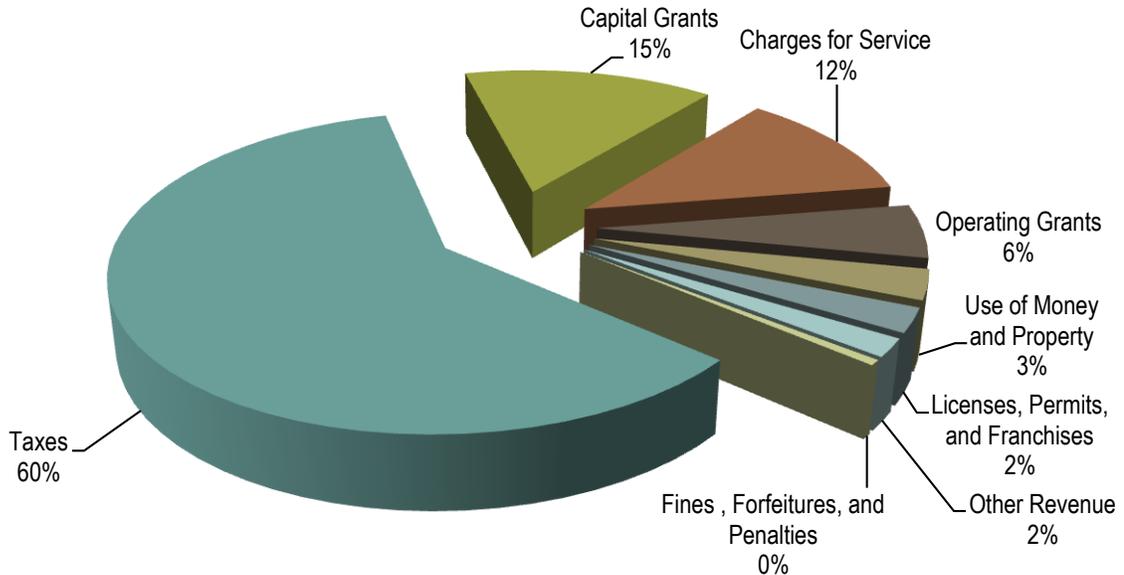
**Rents and Leases.** This is revenue collected from leasing properties to private parties and other funds/agencies, i.e. Redevelopment, Water, Sewer, etc. This revenue has declined over the last year due to the loss of the Redevelopment Agency.

**Transient Occupancy Tax (TOT).** We are pleased to report TOT taxes increased by 20% from a year ago. While some local motels and bed and breakfasts were forced to close down, several new establishments opened. Though this uptick in encouraging, the City is far from realizing the TOT revenue generation experienced at the height of the economy in 2006.

**Franchise Fees.** This includes revenues from franchise fees paid by PG&E, MediaCom (Cable), and trash collection. Revenue from this source overall is on par with estimates and relatively unchanged when compared to a year ago.

**Business License Tax.** Businesses that operate within City limits are required to obtain a business license. A tax is assessed for the privilege of doing so, the proceeds of which are available for unrestricted use in the general fund. Receipts were higher than anticipated in 2012 but are still down compared to a year ago.

### REVENUES BY SOURCE - GOVERNMENTAL FISCAL YEAR ENDED JUNE 30, 2012



#### Taxes by Source - Governmental Two-Year Comparison

	Fiscal Year Ended		Increase (Decrease)
	June 30, 2012	June 30, 2011	
Local sales tax (Bradley-Burns)	\$ 964,797	\$ 883,042	\$ 81,755
Transaction and use tax (Measure I)	689,537	635,152	54,384
Property taxes	834,714	801,713	33,001
Property taxes in-lieu sales tax	294,042	277,785	16,257
Highway users gas tax (HUTA)	149,219	123,043	26,176
Transient occupancy tax (TOT)	82,533	68,828	13,705
Business license tax	78,154	84,224	(6,070)
Other	66,841	4,831	62,009
Prop 172 public safety tax	38,089	29,264	8,825
Tax increment	-	929,131	(929,131)
	<u>\$ 3,197,925</u>	<u>\$ 3,837,013</u>	<u>\$ (639,088)</u>

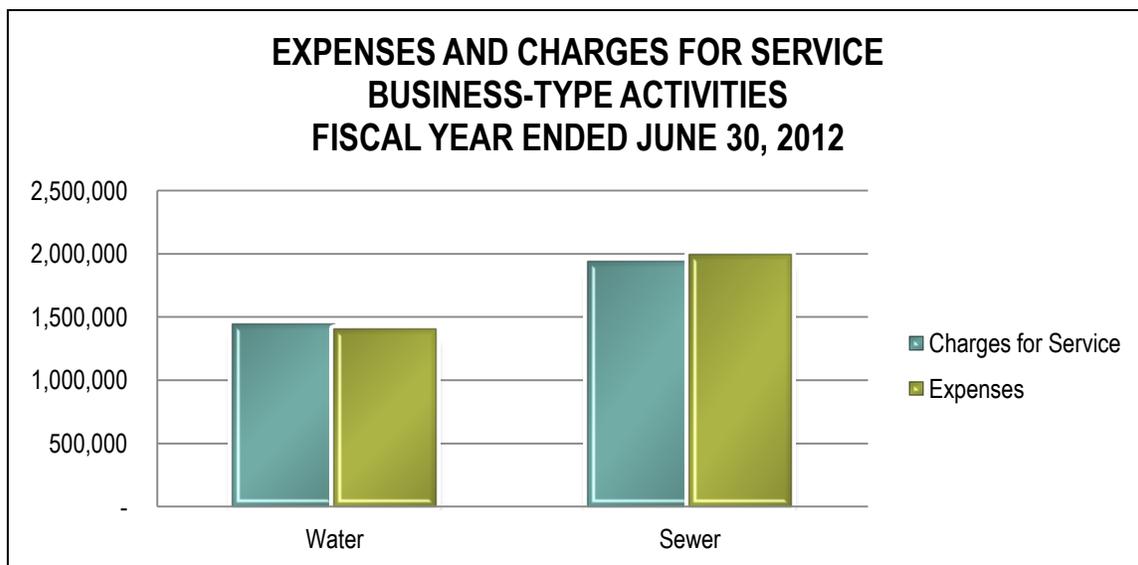
**BUSINESS-TYPE ACTIVITIES**

In the fiscal year ended June 30, 2012, business-type activities increased the City’s net assets by \$284,430. This primarily was the result of a one-time recognition of 13 months of operating revenue in water and sewer to align the accounting record with GAAP.

Revenues from rates, fees, and charges for water and sewer services were up from the previous fiscal year by 17% due to the recognition of an additional month of operating revenue, increased usage, and a scheduled increase in the consumer price index (CPI-u). Operating expenses continued to outpace revenues, contributing to a deficit of \$16,697, or 0.49%. This does not account for non-operating activities, such as interest earnings and expenses, lease revenue, or property tax assessments.

Operating Condition of Enterprise Activities  
Two-Year Comparison

Operating Expenses for the Year Ended	June 30, 2012	June 30, 2011	Increase (Decrease)	% Change
Water	\$ 1,401,097	\$ 1,235,050	\$ 166,047	13.44%
Sewer	1,989,278	1,950,925	38,353	1.97%
	3,390,375	3,185,975	204,400	6.03%
<b>Charges for Service</b>				
Water	1,439,407	1,175,759	263,648	22.42%
Sewer	1,934,271	1,623,268	311,003	19.16%
	3,373,678	2,799,027	574,651	17.03%
Surplus (Deficit)	\$ (16,697)	\$ (386,948)	\$ 370,251	2217.47%
Deficiency %	-0.49%	-12.15%		



## Capital Assets and Debt Administration

### CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities at June 30, 2012 amounted to \$24,809,092 (net of accumulated depreciation). The investment in capital assets includes land, buildings and improvements, equipment, vehicles, infrastructure, and construction in progress. Depreciation expense for the year, government-wide, totaled \$1,149,076.

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Land	\$ 729,346	\$ 729,346	\$ 2,475,403	\$ 1,775,403	\$ 3,204,749	\$ 2,504,749
Construction in Progress	-	1,086,887	-	88,894	-	1,175,781
Buildings	2,619,229	2,619,229	1,839,904	1,839,904	4,459,133	4,459,133
Improvements - Non Buildings	4,474,786	3,378,472	26,935,912	26,133,566	31,410,698	29,512,038
Vehicles	1,532,597	1,532,597	547,953	537,459	2,080,550	2,070,056
Accumulated depreciation	(2,785,173)	(2,467,070)	(13,560,865)	(12,738,728)	(16,346,038)	(15,205,798)
Total Capital Assets, Net	\$ 6,570,785	\$ 6,879,461	\$ 18,238,307	\$ 17,636,498	\$ 24,809,092	\$ 24,515,959

Additional information on the City's capital assets can be found in Notes 6, along with the City's capitalization policies in Note 1 in the notes to the basic financial statements. Reasons for the change in capital assets included the purchase of the real property for the water enterprise, the capitalization of a water main extension, and the completion of construction in progress.

### LONG-TERM LIABILITIES

The City's outstanding long-term liabilities, including bonds, loans payable, and compensated absences totaled \$10,542,342 as of June 30, 2012. This amount includes the recognition of a loan for the purchase of park land and the transfer of outstanding redevelopment bond obligations.

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Capital Lease - Police Cars	\$ 131,103	\$ 191,143	\$ -	\$ -	\$ 131,103	\$ 191,143
Witt Property	89,449	-	-	-	89,449	-
2004 Series A Bonds	-	1,050,000	-	-	-	1,050,000
2004 Series B Bonds	-	960,000	-	-	-	960,000
2008 Series Bonds	-	3,400,000	-	-	-	3,400,000
2002 Refunding Loan - West America Bank	-	-	390,037	450,060	390,037	450,060
Water Revenue Bonds, Series 2000 COPS	-	-	2,648,000	2,648,000	2,648,000	2,648,000
Sewer District Improvement Bonds, 1993-1	-	-	3,905,000	4,010,000	3,905,000	4,010,000
2007 Series A Bond	-	-	2,900,000	2,922,000	2,900,000	2,922,000
Compensated Absences	374,452	286,093	104,301	93,517	478,753	379,610
	\$ 595,004	\$ 5,887,236	\$ 9,947,338	\$ 10,123,577	\$ 10,542,342	\$ 16,010,813

Additional information on the City's outstanding long-term liabilities can be found in Note 7.

## FUND FINANCIAL ANALYSIS

---

The City employs fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As was mentioned earlier, fund financial statements present information based on current financial resources and expenditures. Essentially they are snapshots of the condition of major funds in the near-term; whereas, the government-wide statements present the entire picture of the reporting entity. The focus of the City'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's financing requirements. For comparison purposes, fund statements correlate well to the City's adopted budget.

### GOVERNMENTAL FUNDS

As of June 30, 2012, the City's governmental fund balance was \$8,588,968, of which \$1,814,766 was unrestricted. GASB 54 established five new criteria for categorizing that balance based on its restricted and unrestricted use. The five categories are the following:

- Nonspendable fund balance
- Restricted fund balance
- Committed fund balance
- Assigned fund balance
- Unassigned fund balance.

A more detailed discussion of these new fund balance categories is presented in Note 8.

### **GENERAL FUND FINANCIAL CONDITION**

The City's general fund is its primary source of discretionary resources for the provision of service deemed necessary and desirable by the citizens of Lakeport and the City Council. It realized a net surplus of \$76,066 (1.9% of expenditures) through a combination of expenditure control by City departments and higher than anticipated revenues.

Per City Council policy, net cash assets held by the general fund at year end are considered reserves and classified as committed and assigned fund balance. Though the general fund balance was \$3.01 million - this includes resources not available for spending, including land held for resale and short-term interfund loans receivable - cash assets set aside as reserves totaled \$1.47 million. This constitutes approximately 37% of total expenditures in the general fund for the fiscal year.

Major governmental funds in total reported a net surplus at June 30, 2012 of \$2,075,391, which was comprised of the following:

Major Fund	<u>Balance</u>
General fund	\$ 76,066
Capital projects fund	1,999,325
Subtotal	<u>2,075,391</u>
Other governmental funds	<u>(3,171,698)</u>
Total	\$ (1,096,307)

Other governmental funds reported a net deficit of \$3,171,698, resulting in a net fund deficit of \$1,096,307. This is due primarily to the dissolution of the redevelopment agency. Other governmental funds include special revenues and activities not significant enough to report as a major fund. Grant proceeds for operations and capital programs/projects typically are reported here.

Governmental funds reported \$4,400,070 in nonspendable fund balance in fiscal year 2011-12. This is comprised mostly of long-term housing and business loans/notes receivable that are unavailable to meet current obligations. However, it also includes \$700,000 to the City's water enterprise fund. The City's property on Bevins Court is found here as well as "Land held for resale." The City expects to dispose of this property in the near future. Special revenue funds comprise the balance of \$2,374,132 in restricted fund balance, as those financial resources can be spent only on specific activities as defined by outside entities (e.g. a grantor, state agency, statute, etc.). Committed fund balance consists of general fund reserves and storm water capital projects earmarked by the City Council through ordinance. Assigned fund balance consists of several select capital projects earmarked by the City Council. The remaining amount of \$(312,533) of unassigned fund balance consists of negative fund equity in several special revenue funds.

The general fund reserve, though separately presented in the City's budget and accounted for independently in its internal account system, is part of the general fund as a whole. There is no official City policy in place to dictate its purpose or use, but generally it is meant to serve as a rainy day fund and source of financing for capital improvements. Though use of reserves was budgeted in fiscal year 2010-13, the general fund reported a budget surplus at year end and did not require its use. As a point of measure, the total committed and assigned fund balance (reserve) for the general fund stood at 37% of operational expenditures as of June 30, 2012.

## PROPRIETARY FUNDS

### **ENTERPRISE FUND - WATER**

Net assets of the water enterprise funds increased by \$331,841 in fiscal year 2011-12, primarily due to an additional month or recognized revenue and the addition of capital contributions from Mendocino College during the water main construction project down Parallel Drive. Operating revenue exceeded operating expenses by \$115,595 and non-operating revenue outpaced expenses (property taxes and interest of water loans and bonds) by \$216,246. The water enterprise operating and expansion funds are reported as one in these statements.

Ending net assets at June 30, 2012 for the water enterprise funds were \$2,021,132, of which \$219,376 was unrestricted and available for future use.

### **ENTERPRISE FUND - SEWER**

Net assets of the sewer enterprise funds decreased by \$47,411. Operating revenue was insufficient to cover operating expenses, resulting in a net loss of \$28,182. Non-operating expenses (property taxes and bond interest) enhanced the negative impact to net assets by \$19,229. The sewer enterprise also maintains two separate enterprise funds: a sewer expansion fund and a debt service fund for the CLMSD 91-1 assessment district. Net assets of those funds are restricted for expansion projects and the repayment of a sewer bond, which was issued for the construction of the CLMSD sewer facility on Linda Lane. All three funds are reported as one.

Ending net assets at June 30, 2012 for the sewer fund were \$8,505,305, of which \$384,350 was unrestricted and available for future use.

	Enterprise Comparison				Total Enterprise Funds	
	Water		Sewer		June 30, 2012	June 30, 2011
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011		
Operating revenue	1,516,692	1,306,866	1,961,096	1,702,012	3,477,788	3,008,878
Operating expenses	1,401,097	1,235,050	1,989,278	1,950,925	3,390,375	3,185,975
Operating income (loss)	115,595	71,816	(28,182)	(248,913)	87,413	(177,097)
Nonoperating revenue (expenses)	216,246	(170,546)	(19,229)	77,389	197,017	(93,157)
Net income	331,841	(98,730)	(47,411)	(171,524)	284,430	(270,254)
<b>Net assets</b>						
Investment in capital assets, net	1,215,473	1,073,779	6,294,028	6,532,659	7,509,501	7,606,438
Restricted:						
Assessment district	-	-	862,236	796,958	862,236	796,958
Debt service	253,884	-	492,460	-	746,344	-
Expansion activities	332,399	-	472,231	-	804,630	-
Unrestricted - working capital	219,376	615,513	384,350	1,223,099	603,726	1,838,612
<b>Total Net Assets</b>	<b>\$ 2,021,132</b>	<b>\$ 1,689,292</b>	<b>\$ 8,505,305</b>	<b>\$ 8,552,716</b>	<b>\$10,526,437</b>	<b>\$10,242,007</b>

## BUDGETARY COMPARISON

A comparison of budget to actual for major governmental funds is presented in the fund financial statements. These statements and the notes are presented as additional information to show that appropriations are being spent as authorized by the City Council. Budgetary control for the City rests at the fund level.

### **GENERAL FUND**

The original budget estimated \$3.93 million in revenues. That number was revised mid-year to account for state COPS grant funding that was in jeopardy when the budget was originally adopted. Additionally, sales tax revenue estimates were revised. Revenues in the general fund ultimately were reported \$224,165 higher than was budgeted, with sales tax receipts exceeding budgetary estimates; charges for service – primarily trash collections – accounted for the second highest variance.

General Fund Budgetary Comparison 6/30/2012				
Revenues	Original Estimate	Final Estimate	Actual Revenue	Variance Positive (Negative)
<b>General Fund</b>				
Taxes	\$ 2,795,868	\$ 2,795,868	\$ 2,943,090	\$ 147,222
Licenses, permits, and franchises	136,689	136,689	133,754	(2,935)
Fines, forfeitures, and penalties	24,916	24,916	28,874	3,958
Use of money and property	154,111	154,111	141,400	(12,711)
Intergovernmental revenue	213,473	313,473	297,560	(15,913)
Charges for service	545,987	545,987	619,047	73,060
Other revenue	68,078	68,078	99,562	31,484
<b>Total</b>	<b>\$ 3,939,122</b>	<b>\$ 4,039,122</b>	<b>\$ 4,263,287</b>	<b>\$ 224,165</b>
Expenditures	Original Appropriation	Final Appropriation	Actual Expenditure	Variance Positive (Negative)
<b>General Fund</b>				
General government	\$ 431,347	\$ 467,499	\$ 460,241	\$ 7,258
Community development	302,171	310,686	241,792	68,894
Roads and infrastructure	778,175	779,775	760,731	19,044
Sanitation	407,866	407,866	421,013	(13,147)
Housing and support programs	-	-	-	-
Redevelopment/Economic development	-	-	90,875	(90,875)
Public safety	1,676,049	1,709,590	1,496,385	213,205
Parks, buildings, and grounds	334,807	334,807	291,916	42,891
Capital outlay	237,896	237,896	182,976	54,920
Debt service-	-	-	-	-
Principal retirement	60,040	60,040	60,040	-
Interest	11,469	11,469	11,469	-
<b>Total</b>	<b>\$ 4,239,820</b>	<b>\$ 4,319,628</b>	<b>\$ 4,017,438</b>	<b>\$ 302,190</b>

The largest change to appropriations during the year was an increase to the police department budget to account for higher than estimated insurance and surety bond premiums. Changes to general government appropriations resulted from the same as well as to settle old compensated absence accounts. The loss of the redevelopment agency put a strain on the fund, as costs were redistributed to accommodate its dissolution. The final results of the dissolution, however, were not known until year end, and a budget adjustment was not feasible. The amount passed through to the franchise trash hauler, Lakeport Disposal, was also in excess of budget estimates; however, as these amounts are simply collections that are passed through to the franchise, a budget adjustment was decidedly unnecessary. Frugal departmental spending and the deferment of hiring a police officer provided the remaining cost savings, as total expenditures in the fund were \$302,190 less than appropriated.

The combined effect (before transfers were considered) was a surplus of \$245,849, a difference of \$526,355 from budgeted estimates. After transfers are considered, the total surplus decreased to \$76,066, a positive difference of \$406,973.

Budgets to actual were not presented for proprietary funds (water and sewer enterprise). Such information can be provided upon request.

## ECONOMIC OUTLOOK

Turning the economic corner in fiscal year 2011-12, the local and national economy grew slowly. The US economy grew 2.7 percent in fiscal year 2012, as unemployment began to drop and consumer confidence rose. The Lake County Region lagged behind but made progress. Though the local job market remains anemic, we are seeing local businesses starting to recover from the Great Recession. Foreclosure inventory continue to make its way through the housing market, and home values are starting to return – albeit slowly. Finally, the state’s impact on, and relationship with, local government will continue to impose many barriers to economic growth within the City and in unincorporated Lake County as a result of realignment and as it continues to require additional revenue and impose stricter regulatory requirements on local government and small business.

## REQUESTS FOR INFORMATION

This Comprehensive Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City’s finances. Questions regarding this report, or request for additional information, should be made to the Finance Director, City of Lakeport, CA, 95453.

THIS PAGE INTENTIONALLY LEFT BLANK

# Government-Wide Financial Statements

---

The Statement of Net Assets reports the difference between the City's total assets and the City's total liabilities, including all the City's capital assets and all its long-term debt. The Statement of Net Assets summarizes the financial position of all City Governmental Activities in a single column, and the financial position of all the City's Business-Type Activities in a single column; these are followed by a total column which presents the financial position of the entire City.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. The City's Business-Type Activities include all its Enterprise Fund activities.

The Statement of Activities reports increases and decreases in the City's net assets. It presents the City's expenses first, listed by program, and follows these with the expenses of its business-type activities. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City's general revenues are then listed in the Governmental Activities or Business-type Activities column, as appropriate, and the Change in Net Assets is computed and reconciled with the Statement of Net Assets.

Both these Statements include the financial activities of the City, the Lakeport Redevelopment Agency and the City of Lakeport Municipal Sewer District, which are legally separate but are component units of the City because they are controlled by the City, which is financially accountable for their activities.

CITY OF LAKEPORT, CALIFORNIA  
Statement of Net Assets  
Government-wide Financial Statements  
June 30, 2012

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Current assets:			
Cash and investments:			
Available for operations	\$ 2,262,867	\$ 1,251,787	\$ 3,514,654
Restricted	1,999,325	1,662,392	3,661,717
Receivables	589,907	560,078	1,149,985
Inventory and prepaids	4,955	80,595	85,550
Internal balances	700,000	(700,000)	-
Total current assets	<u>5,557,054</u>	<u>2,854,852</u>	<u>8,411,906</u>
Noncurrent assets:			
Land held for resale	407,964	-	407,964
Notes receivable	2,872,178	-	2,872,178
Plant, property and equipment:			
Capital assets not being depreciated	729,346	2,475,403	3,204,749
Capital assets, net of depreciation	5,841,439	15,762,904	21,604,343
Deferred charges	-	174,743	174,743
Total noncurrent assets	<u>9,850,927</u>	<u>18,413,050</u>	<u>28,263,977</u>
Total assets	<u>15,407,981</u>	<u>21,267,902</u>	<u>36,675,883</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	110,082	135,132	245,214
Accrued payroll liabilities	70,620	-	70,620
Interest payable	5,244	194,113	199,357
Deposits payable	-	24,697	24,697
Compensated absences	6,000	8,344	14,344
Total current liabilities	<u>191,946</u>	<u>362,286</u>	<u>554,232</u>
Noncurrent liabilities:			
Compensated absences	368,452	95,957	464,409
Due within one year	84,615	280,124	364,739
Due in more than one year	134,231	9,923,302	10,057,533
OPEB obligation, net	195,770	79,796	275,566
Total noncurrent liabilities	<u>783,068</u>	<u>10,379,179</u>	<u>11,162,247</u>
Total liabilities	<u>975,015</u>	<u>10,741,465</u>	<u>11,716,480</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	6,351,939	7,509,624	13,861,563
Restricted	5,462,981	2,413,210	7,876,191
Unrestricted	2,618,047	603,603	3,221,650
Total net assets	<u>\$ 14,432,967</u>	<u>\$ 10,526,437</u>	<u>\$ 24,959,404</u>

The accompanying notes are an integral part of these financial statements.

CITY OF LAKEPORT, CALIFORNIA  
Statement of Activities  
Government-wide Financial Statements  
Year Ended June 30, 2012

FUNCTION/PROGRAMS	Program Revenue				Net (Expenses) Revenue and Change in Net Assets		
	Expenses	Charges	Operating	Capital	Primary Government		
		for	Grants and	Grants and	Governmental	Business-type	Total
	Services	Contributions	Contributions	Activities	Activities		
<b>GOVERNMENTAL ACTIVITIES</b>							
General government	\$ 737,263	\$ 790	\$ 15,932	\$ -	\$ (720,541)	\$ -	\$ (720,541)
Community development	267,789	63,038	-	-	(204,751)	-	(204,751)
Roads and infrastructure	1,343,900	249	60,530	-	(1,283,121)	-	(1,283,121)
Sanitation	421,013	529,061	-	-	108,048	-	108,048
Housing and support programs	511,366	-	-	743,526	232,160	-	232,160
Redevelopment/Economic development	292,702	-	-	30,262	(262,440)	-	(262,440)
Public safety	1,529,428	-	211,098	-	(1,318,330)	-	(1,318,330)
Parks, buildings, and grounds	282,488	25,909	10,000	9,428	(237,151)	-	(237,151)
Interest on long-term debt	358,608	-	-	-	(358,608)	-	(358,608)
Total government activities	<u>5,744,557</u>	<u>619,047</u>	<u>297,560</u>	<u>783,216</u>	<u>(4,044,735)</u>	<u>-</u>	<u>(4,044,735)</u>
<b>BUSINESS ACTIVITIES</b>							
Water utility	1,550,266	1,439,407	-	360,389	-	249,530	249,530
Sewer utility	2,408,438	1,934,271	-	-	-	(474,167)	(474,167)
Total business-type activities	<u>3,958,704</u>	<u>3,373,678</u>	<u>-</u>	<u>360,389</u>	<u>-</u>	<u>(224,637)</u>	<u>(224,637)</u>
Total primary government	<u>\$ 9,703,261</u>	<u>\$ 3,992,725</u>	<u>\$ 297,560</u>	<u>\$ 1,143,605</u>	<u>\$ (4,044,735)</u>	<u>\$ (224,637)</u>	<u>\$ (4,269,372)</u>
<b>GENERAL REVENUE</b>							
Taxes for general purposes					3,197,925	369,133	3,567,058
Licenses, and Franchises					133,754	-	133,754
Fines, Forfeitures, and Penalties					28,874	-	28,874
Use of Money and Property					165,146	35,824	200,970
Other Revenue					99,809	104,110	203,919
<b>EXTRAORDINARY ITEMS</b>							
Gain on dissolution of redevelopment agency					4,180,646	-	4,180,646
Total general revenue and extraordinary items					<u>7,806,154</u>	<u>509,067</u>	<u>8,315,221</u>
<b>CHANGES IN NET ASSETS</b>							
					3,761,419	284,430	4,045,849
<b>NET ASSETS</b>							
Beginning					10,671,548	10,242,007	20,913,555
End of Year					<u>\$ 14,432,967</u>	<u>\$ 10,526,437</u>	<u>\$ 24,959,404</u>

The accompanying notes are an integral part of these financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

# Fund Financial Statements

---

Major funds are defined generally as having significant activities or balances in the current year. The funds described below were determined to be Major Governmental Funds by the City for fiscal 2012. Individual non-major funds may be found in the Supplemental section.

## GOVERNMENTAL FUNDS

---

### **GENERAL FUND**

The General Fund is used for all the general revenues of the City not specifically levied or collected for other City funds, and the related expenditures. The major revenue sources for this Fund are property taxes, sales taxes, franchise fees, business licenses, unrestricted revenues from the state, fines and forfeitures and interest income. Expenditures are made for community development, public safety, public works, and other services.

### **GENERAL CAPITAL PROJECT FUND**

Used to account for funds received for capital projects. Most notably, this fund is used to track projects funded from the former redevelopment agency, consisting of unspent bond proceeds meant for the renovation of blighted areas in the redevelopment project area.

CITY OF LAKEPORT, CALIFORNIA  
Balance Sheet  
Governmental Funds  
June 30, 2012

	General	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 1,274,617	\$ -	\$ 988,250	\$ 2,262,867
Restricted cash and investments	-	1,999,325	-	1,999,325
Receivables:				
Taxes	313,634	-	21,265	334,899
Notes	13,697	-	2,858,481	2,872,178
Grants receivable	45,523	-	137,991	183,514
Other	61,339	-	10,155	71,494
Prepays	4,955	-	-	4,955
Due from other funds	801,130	-	-	801,130
Advances to other funds	313,691	-	-	313,691
Land held for resale	407,964	-	-	407,964
<b>Total assets</b>	<b>\$ 3,236,550</b>	<b>\$ 1,999,325</b>	<b>\$ 4,016,142</b>	<b>\$ 9,252,017</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 89,944	\$ -	\$ 20,138	\$ 110,082
Accrued payroll liabilities	70,620	-	-	70,620
Deferred revenue	64,954	-	2,572	67,526
Due to other funds	-	-	101,130	101,130
Advances from other funds	-	-	313,691	313,691
<b>Total liabilities</b>	<b>225,518</b>	<b>-</b>	<b>437,531</b>	<b>663,049</b>
<b>FUND BALANCE</b>				
Nonspendable:				
Prepays	4,955	-	-	4,955
Land held for resale	407,964	-	-	407,964
Loans receivable	1,128,519	-	2,858,631	3,987,150
Restricted	-	1,999,325	383,545	2,382,870
Committed	1,469,594	-	360,301	1,829,895
Assigned	-	-	297,405	297,405
Unassigned	-	-	(321,271)	(321,271)
<b>Total Fund Balance</b>	<b>3,011,032</b>	<b>1,999,325</b>	<b>3,578,611</b>	<b>8,588,968</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 3,236,550</b>	<b>\$ 1,999,325</b>	<b>\$ 4,016,142</b>	<b>\$ 9,252,017</b>

The accompanying notes are an integral part of these financial statements.

CITY OF LAKEPORT, CALIFORNIA  
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets  
 to the Statement of Net Assets  
 Year Ended June 30, 2012

**TOTAL FUND BALANCES - GOVERNMENTAL FUNDS** \$ 8,588,968

Amounts reported in the governmental activities column in the statement of net assets are different because of the following:

**CAPITAL ASSETS**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds balance sheet:

Capital assets not being depreciated	729,346
Governmental capital assets	8,626,612
Accumulated depreciation	(2,785,173)

**INTEREST EXPENSE**

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred.

Matured Interest	(5,244)
------------------	---------

**DEFERRED REVENUE**

Payment of City business licenses and other deferred items that have not been earned but are accrued.

67,526

**LONG-TERM OBLIGATIONS**

Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds balance sheet:

Due within one year	(90,615)
Due in more than one year	(698,453)

**NET ASSETS - GOVERNMENTAL ACTIVITIES**

\$ 14,432,967

The accompanying notes are an integral part of these financial statements.

CITY OF LAKEPORT, CALIFORNIA  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2012

	General	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUE</b>				
Taxes	\$ 2,943,090	\$ -	\$ -	\$ 2,943,090
Licenses, permits, and franchises	133,754	-	-	133,754
Fines, forfeitures, and penalties	28,874	-	-	28,874
Use of money and property	141,400	-	23,746	165,146
Intergovernmental revenue	297,560	-	561,881	859,441
Charges for service	619,047	-	-	619,047
Other revenue	99,562	-	247	99,809
Total revenue	<u>4,263,287</u>	<u>-</u>	<u>585,874</u>	<u>4,849,161</u>
<b>EXPENDITURES</b>				
<b>Current-</b>				
General government	460,241	-	145,322	605,563
Community development	241,792	-	25,997	267,789
Roads and infrastructure	760,731	-	72,661	833,392
Sanitation	421,013	-	-	421,013
Housing and support programs	-	-	511,366	511,366
Redevelopment/Economic development	90,875	4,810	197,017	292,702
Public safety	1,496,385	-	33,043	1,529,428
Parks, buildings, and grounds	291,916	-	-	291,916
Capital outlay	182,976	-	9,428	192,404
<b>Debt service-</b>				
Principal retirement	60,040	-	107,627	167,667
Interest	11,469	-	223,741	235,210
Total expenditures	<u>4,017,438</u>	<u>4,810</u>	<u>1,326,202</u>	<u>5,348,450</u>
Excess of revenue over (under) expenditures	<u>245,849</u>	<u>(4,810)</u>	<u>(740,328)</u>	<u>(499,289)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Housing loans	(26,441)	-	435,085	408,644
Transfers in	70,102	2,004,135	884,776	2,959,013
Transfers out	(213,444)	-	(2,745,569)	(2,959,013)
<b>EXTRAORDINARY ITEMS</b>				
Extraordinary loss - redevelopment	-	-	(1,005,662)	(1,005,662)
Total other	<u>(169,783)</u>	<u>2,004,135</u>	<u>(2,431,370)</u>	<u>(597,018)</u>
NET CHANGE IN FUND BALANCE	76,066	1,999,325	(3,171,698)	(1,096,307)
BEGINNING FUND BALANCES	2,934,966	-	6,750,309	9,685,275
ENDING FUND BALANCES	<u>\$ 3,011,032</u>	<u>\$ 1,999,325</u>	<u>\$ 3,578,611</u>	<u>\$ 8,588,968</u>

The accompanying notes are an integral part of these financial statements.

CITY OF LAKEPORT, CALIFORNIA  
 Reconciliation of the Statement of Revenue, Expenditures, and Change in Fund Balances  
 of Governmental Funds to Statement of Activities  
 Year Ended June 30, 2012

**CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS** \$(1,096,307)

Amounts reported for governmental activities in the Statement of Net Assets are different because of the following:

**EXTRAORDINARY ITEM**

The dissolution of the City's redevelopment agency created an extraordinary gain for the City as long-term bond debt was transferred to a fiduciary fund, managed by the City as the successor agency. 5,186,308

**CAPITAL ASSETS**

Governmental funds report capital outlays as expenditures in the governmental funds, but they are capitalized and depreciated in the government-wide statements.

Capital outlay 9,428  
 Depreciation expense - Roads and infrastructure (318,104)

**LONG-TERM OBLIGATIONS**

The amounts below included in the Statement of Activities do not provide or require the use of current financial resources and, therefore, are not reported as revenue or expenditures in the governmental funds.

Deferred revenue 67,526  
 Interest Payable (123,398)  
 Compensated Absences (82,359)  
 OPEB Expense (49,341)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Costs associated with the issuance of long-term debt are reported as expenditures in the governmental funds but deferred and amortized throughout the period in which the related debt is outstanding in the Statement of Net Assets. Repayment of principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.

Debt principal 167,667

**CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES** \$ 3,761,419

The accompanying notes are an integral part of these financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF LAKEPORT, CALIFORNIA

General Fund

Statement of Revenue, Expenditures, and Change in Fund Balances – Budget and Actual

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes	\$ 2,795,868	\$ 2,795,868	\$ 2,943,090	\$ 147,222
Licenses, permits, and franchises	136,689	136,689	133,754	(2,935)
Fines, forfeitures, and penalties	24,916	24,916	28,874	3,958
Use of money and property	154,111	154,111	141,400	(12,711)
Intergovernmental revenue	213,473	313,473	297,560	(15,913)
Charges for service	545,987	545,987	619,047	73,060
Other revenue	68,078	68,078	99,562	31,484
<b>Total revenue</b>	<b>3,939,122</b>	<b>4,039,122</b>	<b>4,263,287</b>	<b>224,165</b>
<b>EXPENDITURES</b>				
Current-				
General government	431,347	467,499	460,241	7,258
Community development	302,171	310,686	241,792	68,894
Roads and infrastructure	778,175	779,775	760,731	19,044
Sanitation	407,866	407,866	421,013	(13,147)
Redevelopment/Economic development	-	-	90,875	(90,875)
Public safety	1,676,049	1,709,590	1,496,385	213,205
Parks, buildings, and grounds	334,807	334,807	291,916	42,891
Capital outlay	237,896	237,896	182,976	54,920
Debt service-				
Principal retirement	60,040	60,040	60,040	-
Interest	11,469	11,469	11,469	-
<b>Total expenditures</b>	<b>4,239,820</b>	<b>4,319,628</b>	<b>4,017,438</b>	<b>302,190</b>
Excess of revenue over (under) expenditures	(300,698)	(280,506)	245,849	526,355
<b>OTHER FINANCING SOURCES (USES)</b>				
Housing loans	-	-	(26,441)	(26,441)
Transfers in	246,061	249,599	70,102	(179,497)
Transfers out	(300,000)	(300,000)	(213,444)	86,556
<b>SPECIAL AND EXTRAORDINARY ITEMS</b>				
Total other	(53,939)	(50,401)	(169,783)	(119,382)
<b>NET CHANGE IN FUND BALANCE</b>	<b>(354,637)</b>	<b>(330,907)</b>	<b>76,066</b>	<b>406,973</b>
BEGINNING FUND BALANCES	2,934,966	2,934,966	2,934,966	2,934,966
ENDING FUND BALANCES	\$ 2,580,329	\$ 2,604,059	\$ 3,011,032	\$ 3,341,939

The accompanying notes are an integral part of these financial statements.

**THIS PAGE INTENTIONALLY LEFT BLANK**

## PROPRIETARY FUNDS

---

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The City maintains two enterprise funds: water and sewer.

### **WATER ENTERPRISE FUND**

Chapter 13.04 of the Lakeport Municipal Code provides the authority for City to operate water system. Revenues (fees and charges) are collected to pay for service (water) received.

### **SEWER ENTERPRISE FUND**

Chapter 13.20 of the Lakeport Municipal Code provides the authority for the City to operate sewer system. Revenues (fees and charges) are collected to pay for availability of collection, transportation, treatment, and disposal system. In addition, grazing lease payments, LACOSAN payments for flows, tax revenues, FEMA storm damage reimbursement, OES storm damage reimbursement, and insurance rebates have been credited to this fund.

**THIS PAGE INTENTIONALLY LEFT BLANK**

CITY OF LAKEPORT, CALIFORNIA  
Statement of Net Assets  
Enterprise Funds  
June 30, 2012

	Business-Type Activities		Total Proprietary Funds
	Water	Sewer	
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 377,125	\$ 874,662	\$ 1,251,787
Cash and investments - restricted	332,399	1,329,993	1,662,392
Receivables:			
Accounts	245,338	296,003	541,341
Taxes	-	551	551
Interest	-	-	-
Assessments	-	18,186	18,186
Inventory	65,778	14,817	80,595
Total current assets	<u>1,020,640</u>	<u>2,534,212</u>	<u>3,554,852</u>
Noncurrent assets:			
Capital assets not being depreciated	740,170	1,735,233	2,475,403
Capital assets, net of depreciation	4,573,729	11,189,175	15,762,904
Deferred charges	-	174,743	174,743
Total noncurrent assets	<u>5,313,899</u>	<u>13,099,151</u>	<u>18,413,050</u>
Total Assets	<u>6,334,539</u>	<u>15,633,363</u>	<u>21,967,902</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	55,098	80,034	135,132
Due to other funds	700,000	-	700,000
Accrued payroll and benefits	-	-	-
Customer deposits	10,985	13,712	24,697
Compensated absences, current	3,754	4,590	8,344
Interest payable	63,451	130,662	194,113
Total current liabilities	<u>833,288</u>	<u>228,998</u>	<u>1,062,286</u>
Noncurrent liabilities:			
Compensated absences	43,171	52,786	95,957
Due within one year	110,124	170,000	280,124
Due after one year	3,288,302	6,635,000	9,923,302
OPEB obligation, net	38,522	41,274	79,796
Total noncurrent liabilities	<u>3,480,119</u>	<u>6,899,060</u>	<u>10,379,179</u>
Total liabilities	<u>4,313,407</u>	<u>7,128,058</u>	<u>11,441,465</u>
<b>NET ASSETS</b>			
Investment in capital assets, net of related debt	1,215,473	6,294,151	7,509,624
Restricted:			
Assessment district	-	862,236	862,236
Debt service	253,884	492,460	746,344
Expansion activities	332,399	472,231	804,630
Unrestricted	219,376	384,227	603,603
Total Net Assets	<u>\$ 2,021,132</u>	<u>\$ 8,505,305</u>	<u>\$ 10,526,437</u>

The accompanying notes are an integral part of these financial statements.

CITY OF LAKEPORT, CALIFORNIA  
Statement of Revenue, Expenses and Change in Net Assets  
Enterprise Funds  
Year Ended June 30, 2012

	Business-Type Activities		Total Proprietary Funds
	Water	Sewer	
OPERATING REVENUE			
Charges for service	\$ 1,439,407	\$ 1,934,271	\$ 3,373,678
Other operating income	77,285	26,825	104,110
Total operating revenue	1,516,692	1,961,096	3,477,788
OPERATING EXPENSES			
Salaries and benefits	625,176	633,953	1,259,129
Materials, supplies and service costs	400,327	485,032	885,359
Other operating costs	177,596	316,336	493,932
Depreciation and amortization expense	197,998	553,957	751,955
Total operating expenses	1,401,097	1,989,278	3,390,375
Operating income (loss)	115,595	(28,182)	87,413
NONOPERATING REVENUE (EXPENSES)			
Property tax assessments	(631)	369,133	368,502
Use of money and property	5,026	30,798	35,824
Contributions from other agencies	360,389	-	360,389
Interest and fiscal charges	(148,538)	(419,160)	(567,698)
Total nonoperating revenue (expense)	216,246	(19,229)	197,017
NET INCOME	331,841	(47,411)	284,430
BEGINNING NET ASSETS	1,689,291	8,552,716	10,242,007
ENDING NET ASSETS	\$ 2,021,132	\$ 8,505,305	\$ 10,526,437

The accompanying notes are an integral part of these financial statements.

CITY OF LAKEPORT, CALIFORNIA

Statement of Cash Flows

Enterprise Funds

Year Ended June 30, 2012

CASH FLOWS PROVIDED BY (USED FOR)	Business-type Activities		Total
	Water	Sewer	Enterprise Funds
<b>OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 1,392,116	\$ 1,784,283	\$ 3,176,399
Cash paid to suppliers of goods and services	(581,309)	(720,304)	(1,301,613)
Payments to City of Lakeport employees	(609,991)	(611,056)	(1,221,047)
Net cash provided (used)	<u>200,816</u>	<u>452,923</u>	<u>653,739</u>
<b>NONCAPITAL &amp; RELATED FINANCING ACTIVITIES</b>			
Interfund amounts received	700,000	-	700,000
Property tax and assessments	-	369,133	369,133
Net cash provided (used)	<u>700,000</u>	<u>369,133</u>	<u>1,069,133</u>
<b>CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets	(1,363,452)	-	(1,363,452)
Contributions received for capital purposes	704,229	-	704,229
Principal payments on capital debt	(83,272)	(160,536)	(243,808)
Interest paid on capital debt	(148,538)	(419,160)	(567,698)
Net cash provided (used)	<u>(891,033)</u>	<u>(579,696)</u>	<u>(1,470,729)</u>
<b>INVESTING ACTIVITIES</b>			
Investment income received	<u>5,026</u>	<u>30,798</u>	<u>35,824</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>14,809</b>	<b>273,158</b>	<b>287,967</b>
Cash and cash equivalents-beginning	694,715	1,931,497	2,626,212
Cash and cash equivalents-end of year	<u>\$ 709,524</u>	<u>\$ 2,204,655</u>	<u>\$ 2,914,179</u>
<b>Presentation in Statement of Net Assets:</b>			
Cash and investments	377,125	874,662	1,251,787
Cash and investments -restricted	332,399	1,329,993	1,662,392
Total cash and investments	<u>709,524</u>	<u>2,204,655</u>	<u>2,914,179</u>
<b>OPERATING ACTIVITIES ANALYSIS</b>			
Operating Income (Loss)	\$ 115,595	\$ (28,182)	\$ 87,413
<b>Reconciliation to balance sheet:</b>			
Depreciation and amortization, a noncash expense	197,998	553,957	751,955
(Increase) decrease in accounts receivable	(124,576)	(176,813)	(301,389)
(Increase) decrease in inventory	(35,329)	15,632	(19,697)
Increase (decrease) in accounts payable	31,943	65,432	97,375
Increase (decrease) in accrued liabilities	(20,891)	(22,357)	(43,248)
Increase (decrease) in compensated absences	(2,446)	3,980	1,534
Increase (decrease) in net OPEB obligation	38,522	41,274	79,796
Net cash provided (used)	<u>\$ 200,816</u>	<u>\$ 452,923</u>	<u>\$ 653,739</u>

There were no noncash investing, capital, or financing activities affecting recognized assets and liabilities for the year ended June 30, 2012.

The accompanying notes are an integral part of these financial statements.

CITY OF LAKEPORT, CALIFORNIA

Financial Section: Basic Financial Statements

Year Ended June 30, 2012

THIS PAGE INTENTIONALLY LEFT BLANK

## FIDUCIARY FUNDS

---

These funds account for assets held by the City as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the Government-wide financial statements, but are presented in the separate Fiduciary Fund financial statements.

CITY OF LAKEPORT, CALIFORNIA  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2012

	Private Purpose Trust Funds RDA Successor	Agency Funds
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash and investments	\$ 1,124,454	\$ 276,293
Cash - restricted	300,859	-
Receivables:		
Notes	23,852	-
Member contributions	-	18,207
Other	389	-
Deferred charges	258,851	-
Total Assets	<u>1,708,405</u>	<u>294,500</u>
<b>LIABILITIES</b>		
Accounts payable	2,283	-
Enforceable obligations	5,886,768	-
OPEB Obligation	-	18,207
Refundable deposits and trust liabilities	-	276,293
Total liabilities	<u>5,889,051</u>	<u>294,500</u>
<b>NET ASSETS (DEFICIT)</b>		
Restricted - debt service reserve	465,858	-
Held in trust for benefit of the State	680,538	-
Held in trust for outstanding obligations	(5,327,042)	-
Total net assets (deficit)	<u>\$ (4,180,646)</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

CITY OF LAKEPORT, CALIFORNIA  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Activities  
Year Ended June 30, 2012

	Private Purpose Trust Funds RDA Successor
ADDITIONS	
Property tax	\$ 56,022
Investment earnings	803
Total additions	56,825
DEDUCTIONS	
Extraordinary losses	4,163,569
Administrative costs	104,167
Pass-through payments	90,649
Interest expense	170,932
Total deductions	4,529,317
CHANGE IN FIDUCIARY NET ASSETS	(4,472,492)
NET ASSETS	
Beginning of year	-
End of year	\$ (4,472,492)

The accompanying notes are an integral part of these financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF LAKEPORT, CALIFORNIA  
NOTES TO THE BASIC FINANCIAL STATEMENTS INDEX

---

June 30, 2012

The notes to the financial statements include a summary of significant accounting policies and other notes considered essential to fully disclose and fairly present the transactions and financial position of the City as follows:

Note 1 - Summary of Significant Accounting Policies.....	47
Note 2 - Stewardship, Compliance, and Accountability.....	57
Note 3 - Cash and Investments .....	58
Note 4 - Accounts Receivable.....	61
Note 5 - Loans and Notes Receivable.....	62
Note 6 - Capital Assets .....	63
Note 7 - Long-Term Liabilities.....	64
Note 8 - Net Assets/Fund Balances .....	68
Note 9 - Interfund Transactions .....	72
Note 10 - Risk Management .....	73
Note 11 - Public Employee Retirement Plan .....	75
Note 12 - Post-Retirement Healthcare Benefits.....	77
Note 13 - Commitments and Contingencies .....	80
Note 14 – Successor Agency Trust for Assets of Former Redevelopment Agency .....	81
Note 15 – New Pronouncements.....	85
Note 16 – Subsequent Events .....	87

## Notes to the Basic Financial Statements

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applied to government agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below:

#### A. Defining the reporting entity

The City of Lakeport was incorporated in 1888 under the laws of the State of California. Lakeport operates under a Council-Manager form of government. The City Manager serves as the chief executive for day-to-day operations and long-term planning, including executing the policies and directives of the City Council. Department heads report directly to the City Manager and serve at his or her pleasure.

The City provides a range of municipal services to its citizens including public safety, public works, planning and building regulation, recreation and parks, and water and sewer services.

These financial statements present the financial status of the City and its components units. The component units discussed in the following paragraph are included in the City's financial statements because the City is financially accountable for their operations.

The Redevelopment Agency of the City of Lakeport (the Agency) was established by the City as a separate legal entity in accordance with state law. The purpose of the Agency is to encourage new investment and reinvestment within legally designated redevelopment areas in partnership with property owners. The Agency was dissolved on February 1, 2012 by the State Legislature and California Governor, Jerry Brown.

The Municipal Sewer District No. 1 (CLMSD) was established as a separate legal entity to obtain funding to construct a new sewage treatment plant and pumping stations in 1965. In later years an assessment district was formed for the purpose of financing needed improvements and expansion of the wastewater systems.

Although the component units are legally separate from the City, they are reported on a blended basis as part of the primary government because their boards consist of members of the City Council. The component units' financial statements may be obtained from the City.

#### B. Government-wide and Fund Financial Statement

The government-wide financial statements report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

## Notes to the Basic Financial Statements (Continued)

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grant and contributors that are restricted to meeting the operational or capital requirements of a particular function. Taxes, and other items not properly included among program revenues are reported instead as general revenues.

The accounts of the City are organized on the basis of funds. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue, and expenditures or expenses, as appropriate. Government 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.

In the fund financial statement in the report, the various funds are grouped into generic funds within three broad fund types. They are as follows:

#### Governmental Funds

The **General Fund** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue** Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust of major capital projects) that are legally restricted to expenditures for specific purposes.

**Capital Project** Funds are used to account for revenue and expenditures restricted to the acquisition or major capital facilities (other than those financed by proprietary or trust funds).

**Debt Service** Funds are used to account for the accumulation of resources for, and the payment to, governmental long-term debt, both principal and interest.

#### Proprietary Funds

**Enterprise** Funds are used to account for operations that are financed and operated in a manner similar to private business enterprise –the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis, be financed or recovered primarily through user charges. The City accounts for the operation of its water and sewer utility fund on this basis.

**Internal Service** funds are used to account for operations similar to enterprise funds. The difference between the two is that internal service funds provide goods and services to departments and agencies under the primary government. Currently the City does not use an internal service fund.

## Notes to the Basic Financial Statements (Continued)

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Fiduciary Funds

**Agency** Funds are used to account for assets administered by the City in a trustee capacity or as an agent for other governments and other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**Trust** Funds are used to account for assets held by the government in a trustee capacity.

An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type; and,
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

The City reports the following major funds:

- General Fund
- Capital Projects Fund
- Water
- Sewer

#### C. Basis of Accounting and Measurement focus

Basis of accounting refers to when revenue and expenditures (or expenses) are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurements made, regardless of the measurement focus applied.

Measurement focus is the determination of (1) which assets and which liabilities are included on a government's balance sheet and where they are reported, and (2) whether an operating statement presents information on the flow of financial resources (revenues and expenditures) or information on the flow of economic resources (revenues and expenses).

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statement. Revenue is recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

## Notes to the Basic Financial Statements (Continued)

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the fund financial statements, all government funds and agency funds are accounted for using the modified accrual basis of accounting. Revenue is recognized when they become both measurable and available to finance the expenditures of the current period (susceptible to accrual). Major revenue sources susceptible to accrual include substantially all property taxes, taxpayer-assessed taxes (such as sales and use, utility users, business license, transient occupancy, franchise fees and gas taxes), interest, special assessments levied, state and federal grants and charges for current services. Revenue from licenses, permits, fines and forfeits is recorded as received. Expenditures are recorded when the related fund liability is incurred.

Fiduciary fund revenue and expenditures (as appropriate) are recognized on the basis consistent with the fund's accounting measurement objective.

All governmental funds are accounted for using a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

The government-wide financial statements, as well as the proprietary funds financial statements, are accounted for on a flow of economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund operating statements present increases (revenues) in net total assets.

Private sector standards of accounting and financial reporting, issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statement to the extent that those standards do not conflict with or contradict guidance from GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

#### D. Use of Estimates

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

#### E. Cash 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.

## Notes to the Basic Financial Statements (Continued)

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City pools cash and investments from all funds for the purpose of increasing income through investment activities. Highly liquid money market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Market value is used as fair value for those securities for which market quotations are readily available.

#### F. Receivable and Payables

Balances Representing lending/borrowing transactions between funds outstanding at the end of the fiscal year are reported as either “due to/due from other funds” (amounts due within one year), “advances to/from other funds” (non-current portions of interfund lending/borrowing transactions), or “loans to/from other funds” (long-term lending/borrowing transactions as evidenced by loan agreements). Advances and loans to other funds are offset by a fund balance reserve in applicable governmental funds to indicate they are not available for appropriation, and are not expendable available financial resources.

Property, sales, use, and utility user taxes related to the current fiscal year are accrued as revenue and accounts receivable and considered available if received within 60 days of year end. Federal and state grants are considered receivable and accrued as revenue when reimbursable costs are incurred under the accrual basis of accounting in the government-wide statement of net assets. The amount recognized as revenue under the modified accrual basis of accounting is limited to the amount that is deemed measureable and available. The City considers these taxes available if they are received during the period when settlement of prior fiscal year accounts payable and payroll charges normally occur.

Grants, entitlements or shared revenue is recorded as receivables and revenue in the general, special revenue and capital project funds when they are received or susceptible to accrual. Notes receivables represent individual loans, secured by property liens in favor of the City and the Redevelopment Agency, made through various sources, including the Community Development Block Grant (CDBG) and federal HOME housing programs. When repaid, these amounts are designated for purposes allowed under the aforementioned reuse guidelines.

#### G. Allowance for Doubtful Accounts

Management has elected to record bad debts using the allowance method.

#### H. Prepaid Expenses

The prepaid expenses consist of expendables supplies held for consumption and are recorded as expenses when consumed. Materials and supplies used by governmental funds are recorded as expenditures at the time they are purchases or obtained.

**Notes to the Basic Financial Statements (Continued)**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

I. Capital Assets

***Government-Wide Statements***

Public domain (infrastructure) capital assets include roads, bridges, curbs and gutters, streets, sidewalks, drainage systems, and lighting systems.

The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized, since then these assets have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The City capitalizes assets with an original cost greater than \$5,000 and with a useful lifespan longer than three years. No depreciation is recorded in the year of acquisition or in the year of disposition.

The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	5 – 50 years
Roadway improvements	50 years
Sidewalks, curbs and gutters	50 years
Storm drain pipes/structures	50 years
Traffic signal devices	5 – 40 years
Landscaping	30 years
Signage	25 years
Leasehold improvements	5 years
Machinery and equipment	3 – 5 years
Vehicles	3 years

## Notes to the Basic Financial Statements (Continued)

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***Fund Financial Statements***

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

#### J. Compensated Absences

Compensated absences represent the vested portion of accumulate vacation and sick leave. In governmental funds, the cost of vacation and sick leave benefits is recognized when payments are made to employees. Upon separation, 100% of accrued vacation leave (up to a maximum of 400 hours) and accrued comp time is paid and, depending on longevity, sick leave is paid out up to 50% of the accrued amount. In proprietary funds, a long-term liability for such benefits has been recorded.

#### K. Deferred Revenue

Deferred revenue in governmental funds primarily represents business license taxes collected, pool revenues collected for the next fiscal year, and funds to be collected under the City's housing rehabilitation and business assistance programs. These programs consist of long-term deferred payment loans of grant funds received from the state, which were reported as grant revenue in the year received, and expenditures in the year the loans were made. Principal payments, which are receivables at June 30, are offset by an equal amount of deferred revenue. Principal and interest payments will be recognized as revenue when received.

#### L. Long-term Liabilities

In both the governmental-wide financial statements and proprietary fund financial statements, long-term debt and other long-term liabilities are reported as liabilities in the applicable statement of net assets. Bond premiums, issuance costs and discounts are deferred and amortized over the life of the bond. In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources.

#### M. Equity Classification

##### ***Government-Wide Statements***

Equity is classified as net assets and is displayed in three components:

Invested in capital assets, net of related debt – consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets – consists of net assets with constraints placed on the use by external groups such as creditors, grantors, contributors, or by laws or regulations of other governments or law through constitutional provisions or enabling legislation.

## Notes to the Basic Financial Statements (Continued)

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unrestricted net assets – all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

#### ***Fund Financial Statements***

Governmental fund equity is classified as fund balance. Fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. Proprietary fund equity is classified the same as in the government-wide statements. The classifications for governmental funds are defined as follows for the City:

#### ***Nonspendable Fund Balance –***

- Assets that will never convert to cash (prepaid items, inventory).
- Assets that will not convert to cash soon enough to affect the current period (long-term notes or loans receivable).
- Resources that must be maintained intact pursuant to legal or contractual requirements (the principal of an endowment).

#### ***Restricted Fund Balance –***

- Resources that are subject to externally enforceable legal restrictions imposed by parties altogether outside the government (Creditors, Grantors, Contributors and Other Governments).
- Resources that are subject to limitations imposed by law through constitutional provisions or enabling legislation (Gas Tax).

#### ***Committed Fund Balance –***

- Self imposed limitations set in place prior to the end of the period. (Encumbrances, economic contingencies and uncertainties).
- Limitation at the highest level of decision-making (Council) that requires formal action at the same level to remove, done typically through resolution.

#### ***Assigned Fund Balance –***

- Amounts in excess of nonspendable, restricted, and committed fund balance in funds other than the general fund automatically are reported as assigned fund balance and are done so by the City Manager.

#### ***Unassigned Fund Balance –***

- Residual net resources
- Total fund balance in the general fund in excess of nonspendable, restricted, committed and assigned fund balance (surplus).
- Excess of nonspendable, restricted, and committed fund balance over total fund balance (deficit).

## Notes to the Basic Financial Statements (Continued)

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### N. Property Taxes

Property taxes in the State of California are administered for all local agencies at the county level and consist of secured, unsecured and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

*Property Valuations* are established by the Lake County Assessor for the secured and unsecured property tax rolls; the utility property tax roll is valued by the State Board of Equalization. Under the provision of Article XIII-A of the State Constitution (Proposition 13, adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. From this base assessment, subsequent annual increases in valuation are limited to a maximum of two percent. However, an increase to full value is allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations and is subject to annual reappraisal.

*Tax Levies* are limited to one percent of full assessed value which results in a tax rate of one percent assessed valuation under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

*Tax Levy Dates* are attached annually on January 1, preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property as it exists at that time. Liens against real estate, as well as the tax on personal property are not relieved by subsequent renewal or change in ownership.

*Tax Collections* are the responsibility of the Lake County Treasurer-Tax Collector. Taxes and assessments on secured and utility rolls, which constitute a lien against the property, may be paid in two installments.

The First is due on November 1 of the fiscal year and is delinquent if not paid by December 10;

The second is due on March 1 of the fiscal year and is delinquent if not paid by April 10.

Unsecured personal property taxes do not constitute a lien against property unless the taxes become delinquent. Payments must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the county for late payments. The City has elected to receive the City's portion of the property taxes from the county under the county Teeter Bill program. Under this program, the City receives 100% of the City's share of the levied property taxes in periodic payments with the county assuming the responsibility for the delinquencies.

*Property Tax Administration Fees* – the state of California FY 90-91 Budget Act authorized counties to collect an administrative fee for collection and distribution of property taxes.

## Notes to the Basic Financial Statements (Continued)

### NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Tax Levy Apportionments* – due to the nature of the City-wide maximum levy, it is not possible to identify general-purpose tax rates for specific entities. Under State legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by the county's auditor-controller based primarily on the ratio that each agency represented of the total City-wide levy for the three fiscal years prior to fiscal year 1979.

#### O. Interfund Transfers

Resources are reallocated between funds by reporting them as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

#### P. Reclassifications

Certain amounts have been reclassified to provide for comparable results on a year to year basis.

#### Budgetary Information

The City follows these procedures annually in establishing the budgetary data reflected in the financial statements:

1. The City Manager submits to the City Council a proposed draft budget for the fiscal year commencing July 1 of the next fiscal year. The budget includes proposed expenditures and the means of financing them.
2. The City Council reviews the proposed budget at special scheduled sessions which are open to the public. The Council also conducts a public hearing on the proposed budget to obtain comments from interested persons.
3. Prior to July 1, the budget is to be adopted by resolution of the City Council.
4. From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget by minute action during the fiscal year. The City Manager may authorize transfers from one object or purpose to another within the same department, and between departments within the General Fund not to exceed an aggregate amount of \$2,500 per object (account). All appropriations lapse at year end unless encumbered and carried forward upon the approval of the City Manager.

Budgets are adopted for all fund types and are reported on a basis consistent with generally accepted accounting principles. Budgeted amounts presented are as originally adopted and as further amended by the City Council.

## Notes to the Basic Financial Statements (Continued)

### NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### Revenue Limitations Imposed by California Propositions 218 and 26

Proposition 218, approved by the voters in November 1996, regulates the City's ability to impose, increase, and extend taxes, assessments, and fees. It was enhanced further by the passage of Proposition 26 in 2010, which revised to the definitions of taxes and fees. Any new, increased, or extended taxes, assessments, and fees subject to the provisions of Proposition 218 require voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes, assessments, and fees be subject to the voter initiative process and may be rescinded in future years by the voters.

**Notes to the Basic Financial Statements (Continued)**

**NOTE 3 - CASH AND INVESTMENTS**

The City follows the practice of pooling cash and investments of all funds except for the restricted funds required to be held by outside custodians, fiscal agents or trustees under the provisions of bond indentures. Cash and investments as of June 30, 2012 are classified in the accompanying financial statements as follows:

	Maturities (in years)			Deposits	Fair
	<1	1 to 2	>2		Market Value
<u>Cash equivalents and investments pooled</u>					
Pooled cash, at fair value					
Cash in bank	\$ -	\$ -	\$ -	\$1,701,849	\$1,701,849
Petty cash	-	-	-	400	400
Total pooled items	-	-	-	1,702,249	1,702,249
Pooled investments, at fair value					
<u>Interest obligations</u>					
<u>Par</u>	<u>Rate</u>				
-	0.010%	Money market	470,824	-	470,824
State of California Local Agency Investment Fund			-	6,704,904	6,704,904
Total pooled investments - interest obligations			470,824	6,704,904	7,175,728
Total cash equivalents and investments pooled			\$ 470,824	\$ 8,407,153	\$8,877,977
<b>Amounts reported in:</b>					
Governmental activities					\$2,262,867
Business-type activities					2,914,179
Governmental activities - Restricted					1,999,325
Fiduciary activities					1,701,606
<b>Total</b>					<b>\$8,877,977</b>

Collateral and Categorization Requirements

At the fiscal year end, the City's carrying amount of demand deposits was \$1,701,849 and the bank account balance was \$1,966,967. The difference of \$265,118 represented outstanding checks and deposits in transit. Of the total deposit balance, \$250,000 was insured by Federal Depository Insurance Corporation (FDIC), the remaining amount of \$1,716,967 would be collateralized in accordance with California Government Code Section 53600-53609.

Investment Policy

The table below identifies the investment types that are authorized under provisions of the City's investment policy adopted August 16, 2005 (subsequently updated July 6, 2010), and in accordance with Section 53601 of the California Government Code. The table also identifies certain provisions of the investment policy that address interest rate risk, credit risk, and concentration of credit risk.

**Notes to the Basic Financial Statements (Continued)**

**NOTE 3 - CASH AND INVESTMENTS (CONTINUED)**

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>	<u>Minimum Rating</u>
U.S. Treasury Securities	5 Years	None	None	None
U.S. Government Securities	5 Years	None	None	None
Bankers Acceptances	270 Days	30%	None	None
Certificates of Deposit	5 Years	30%	None	None
Negotiable Certificates of Deposit	5 Years	30%	None	None
Repurchase Agreements	30 Days	None	None	None
Commercial Paper	31 to 180 Days	15-30%	None	A1/P1
Corporate Medium-term Notes	5 Years	30%	None	A
Mutual Funds	None	15%	None	Two/three
Passbook Savings	N/A	None	None	None
Local Agency Investment Fund (LAIF)	N/A	\$10m	None	None

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that Lakeport manages its exposure to interest rate risk is by investing in LAIF, whose underlying securities have staggered maturities and are generally due on demand, which provides cash flow and liquidity needed for operations.

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by nationally recognized statistical rating organization. The City's investment policy limits credit risk by requiring compliance with the California Government Code for investment of public funds, as described in detail above.

**Concentration of Credit Risk**

The investment policy of the City contains no limitations on the amount that can be invested in any single issuer beyond that stipulated by the California government code, Investments in any one issuer that represent 5% or more of total investments at June 30, 2012 are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Yield</u>	<u>Concentration</u>
Local Agency Investment Fund (LAIF)	6,704,904	0.36%	93.44%
Money Market	470,824	0.01%	6.56%
<b>Total Funds</b>	<b>7,175,728</b>		<b>100.00%</b>
	Weighted Yield	0.34%	

## Notes to the Basic Financial Statements (Continued)

### NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

#### Custodial Credit Risk

The credit risk for deposits is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California government code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits:

*The California government code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must be equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.*

At June 30, 2012, the City had \$470,824 in financial institutions that were not covered by the FDIC but were covered by collateralized securities of the financial institutions where the deposits were maintained. The credit risk for *investments* is the risk that, in the event of the failure of counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of another party. The California government code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

#### Participation in an External Investment Pool

The City is a voluntary participant in the California Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section under the oversight of the Local Investment Advisory Board (Board). The Board consists of five members as designated by state statute, and is chaired by the State Treasurer who is responsible for the day to day administration of LAIF. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis, which is different from the fair value of the City's position in the LAIF pool. The State Treasurer determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available. As of June 30, 2012, the City's investment in LAIF was \$6,704,904. The total amount invested by all public agencies at that date was \$21.89 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2012 has a balance of \$62.68 billion. Financial Statements of LAIF and PMIA may be obtained from the California Treasurer's web site at [www.treasurer.ca.gov](http://www.treasurer.ca.gov).

## Notes to the Basic Financial Statements (Continued)

### NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2012:

	<u>Receivables</u>	<u>Allowance</u>	<u>Net</u>
Governmental Activities			
Due from other governments	\$ 518,413	\$ -	\$ 518,413
Accounts	71,494	-	71,494
	<u>\$ 589,907</u>	<u>\$ -</u>	<u>\$ 589,907</u>
Business-type activities			
Due from other governments	\$ 551	-	\$ 551
Accounts	582,082	(22,555)	559,527
	<u>\$ 582,633</u>	<u>\$ (22,555)</u>	<u>\$ 560,078</u>

These amounts resulted in the following concentrations in receivables:

Other governments	45%
Individuals/businesses	55%

Amounts do not indicate a significant concentration (greater than 25%) with any single individual, business or agency.

**Notes to the Basic Financial Statements (Continued)**

**NOTE 5 - LOANS AND NOTES RECEIVABLE**

Through the City's various housing rehabilitation funds, first-time home buyer's funds, and business/economic development loan funds, the City has loaned funds to qualifying individuals and businesses. Interest rates vary depending on the terms of the loan. Interest is accrued on the loans that bear interest. The City also has loans receivable from employees for computer purchases in the General Fund.

Loans and notes receivable for the year ended June 30, 2012, consisted of the following:

	Beginning <u>7/1/2011</u>	Additions	Deletions	Ending <u>6/30/2012</u>
Major Governmental Funds:				
General fund	\$ -	\$ 13,697	\$ -	\$ 13,697
Nonmajor Governmental Funds:				
Special Revenue Funds				
CDBG Housing Loan fund notes receivable (old)	97,252	1,252	-	98,504
Redevelopment Low-Mod Housing Loans	502,949	220	(13,932)	489,237
CDBG Business Loan fund notes receivable	495,534	-	(68,041)	427,493
CDBG Housing Loan fund notes receivable	187,923	176,561	(900)	363,584
Emergency Housing Assistance Fund	-	1,354	-	1,354
Business Stabilization Loan fund notes receivable	72,288	-	(4,770)	67,518
HOME Program Income fund notes receivable	<u>1,021,992</u>	<u>388,949</u>	<u>(150)</u>	<u>1,410,791</u>
 Total loans/notes receivable	 <u>\$ 2,377,938</u>	 <u>\$ 582,033</u>	 <u>\$ (87,793)</u>	 <u>\$ 2,872,178</u>

**Notes to the Basic Financial Statements (Continued)**

**NOTE 6 - CAPITAL ASSETS**

Governmental capital asset activity for the year ended June 30, 2012, was as follows:

	Balance 7/1/2011	Additions	Deletions	Transfers	Balance 6/30/2012
<b>Governmental activities:</b>					
<b>Nondepreciable assets:</b>					
Land	\$ 729,346	\$ -	\$ -	\$ -	\$ 729,346
<b>Total nondepreciable assets</b>	<b>729,346</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>729,346</b>
<b>Depreciable assets:</b>					
Buildings and structures	2,619,229	-	-	-	2,619,229
Improvements/CIP	4,465,358	9,428	-	-	4,474,786
Vehicles	1,532,597	-	-	-	1,532,597
<b>Total depreciable assets</b>	<b>8,617,184</b>	<b>9,428</b>	<b>-</b>	<b>-</b>	<b>8,626,612</b>
<b>Total</b>	<b>9,346,530</b>	<b>9,428</b>	<b>-</b>	<b>-</b>	<b>9,355,958</b>
<b>Accumulated depreciation:</b>					
Buildings and structures	(1,002,850)	(52,385)	-	-	(1,055,235)
Improvements/CIP	(641,016)	(90,928)	-	-	(731,944)
Vehicles	(823,203)	(174,791)	-	-	(997,994)
<b>Total accumulated depreciation</b>	<b>(2,467,069)</b>	<b>(318,104)</b>	<b>-</b>	<b>-</b>	<b>(2,785,173)</b>
<b>Net depreciable assets</b>	<b>6,150,115</b>	<b>(308,676)</b>	<b>-</b>	<b>-</b>	<b>5,841,439</b>
<b>Total net capital assets</b>	<b>\$ 6,879,461</b>	<b>\$ (308,676)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,570,785</b>

Depreciation expense of \$318,104 was allocated to roads and infrastructure in the Statement of Activities.

Business-type capital asset activity for the year ended June 30, 2012, was as follows:

	Balance 7/1/2011	Additions	Deletions	Transfers	Balance 6/30/2012
<b>Business-type activities</b>					
<b>Nondepreciable assets:</b>					
Land	\$ 1,775,403	\$ 700,000	\$ -	\$ -	\$ 2,475,403
<b>Total nondepreciable assets</b>	<b>1,775,403</b>	<b>700,000</b>	<b>-</b>	<b>-</b>	<b>2,475,403</b>
<b>Depreciable assets:</b>					
Buildings and structures	1,839,904	-	-	-	1,839,904
Improvements/CIP	26,222,460	713,452	-	-	26,935,912
Vehicles	537,459	10,494	-	-	547,953
<b>Total depreciable assets</b>	<b>28,599,823</b>	<b>723,946</b>	<b>-</b>	<b>-</b>	<b>29,323,769</b>
<b>Total</b>	<b>30,375,226</b>	<b>1,423,946</b>	<b>-</b>	<b>-</b>	<b>31,799,172</b>
<b>Accumulated depreciation:</b>					
Buildings and structures	(533,173)	(36,478)	-	-	(569,651)
Improvements/CIP	(11,680,707)	(776,824)	-	-	(12,457,531)
Vehicles	(524,848)	(8,835)	-	-	(533,683)
<b>Total accumulated depreciation</b>	<b>(12,738,728)</b>	<b>(822,137)</b>	<b>-</b>	<b>-</b>	<b>(13,560,865)</b>
<b>Net depreciable assets</b>	<b>15,861,095</b>	<b>(98,191)</b>	<b>-</b>	<b>-</b>	<b>15,762,904</b>
<b>Total Business-type net capital assets</b>	<b>\$ 17,636,498</b>	<b>\$ 601,809</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18,238,307</b>

**Notes to the Basic Financial Statements (Continued)**

**NOTE 7 - LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2012:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
<b>Governmental Activities</b>					
Capital Lease - Police Cars	\$ 191,143	\$ -	\$ (60,040)	\$ 131,103	\$ 63,642
Witt Property	-	147,076	(57,627)	87,743	20,973
2004 Series A Bonds	1,050,000	-	(1,050,000)	-	-
2004 Series B Bonds	960,000	-	(960,000)	-	-
2008 Series Bonds	3,400,000	-	(3,400,000)	-	-
Compensated Absences	286,093	88,359	-	374,452	6,000
Total	<u>\$ 5,887,236</u>	<u>\$ 235,435</u>	<u>\$ (5,527,667)</u>	<u>\$ 593,298</u>	<u>\$ 90,615</u>
<b>Business-Type Activities</b>					
1993 Refunding Water Loan	\$ 450,060	\$ -	\$ (60,024)	\$ 390,036	\$ 63,124
1998 Water Project Loan	2,648,000	-	-	2,648,000	47,000
1993 CLMSD Sewer District Assessment Bonds	4,010,000	-	(105,000)	3,905,000	110,000
Wastewater Revenue Bonds, 2007 Series A Bond	2,922,000	-	(22,000)	2,900,000	60,000
Water Main Extension Loan (Mendocino College)	-	360,389	-	360,512	-
Compensated Absences	93,517	10,784	-	104,301	8,344
Total	<u>\$ 10,123,577</u>	<u>\$ 371,173</u>	<u>\$ (187,024)</u>	<u>\$ 10,307,849</u>	<u>\$ 288,468</u>

**GOVERNMENTAL ACTIVITIES**

Capital Lease

The City entered into a lease-purchase agreement with Auto Leasing Specialists, LLC in 2009 for the acquisition of ten police vehicles. Future minimum lease payments of \$71,509 are due each November with a present value of the minimum lease payments at June 30 2012 as follows. The total obligation of the lease ends in 2013.

*Balance due*    \$        131,104

Real Property

The City purchased real property in 2009 through owner financing. The total obligation ends June 10, 2014 with a balloon payment of \$46,925.

*Balance due*    \$        87,792

**BUSINESS-TYPE ACTIVITIES**

1993 Refunding Water Loan

2002 Refunding Loan Agreement with West America Bank of the 1993 Water Revenue Bonds, total refunding issues \$873,577. Semi-annual principal and interest payments of approximately \$41,000, at an annual interest rate of 5.1%, are due May 1 and November 1 each year. Payments are secured by water fund revenue. The obligation matures in the year 2017.

*Balance due*    \$        390,036

**Notes to the Basic Financial Statements (Continued)**

**NOTE 7 - LONG-TERM LIABILITIES (CONTINUED)**

1998 Water Project Loan

Series 2000 COPS bond with USDA Rural Development. Total issue \$3,050,000. Annual principal and interest payments of approximately \$105,000, at an interest rate of 4.75%, are due February 1 and August 1 each year. Payments are secured by water fund revenue. The obligation matures in the year 2039.

*Balance due* \$ 2,648,000

1993 CLMSD Sewer District Assessment Bonds

Series 1993-1 bond with USDA Rural Development. Total issue \$5,196,270. Annual principal and interest payments of approximately \$115,000, at an interest rate of 5%, are due March 1 and September 1 each year, secured by Municipal Sewer District No.1 revenue from the South Assessment District 91-1 area. The total obligation matures in the year 2032.

*Balance due* \$ 3,905,000

Wastewater Revenue Bonds, 2007 Series A

2007 Series A, total issue \$3,060,000. Annual principal is due on September 1 and interest payments at 5.31% are due September 1 and March 1 each year, which are secured by wastewater fund revenue. The total obligation matures in the year 2037.

*Balance due* \$ 2,900,000

Water Main Extension Loan (Mendocino College)

The City financed a water main extension project in part through a loan with Mendocino College. The total obligation is \$360,512. The term of the loan is 5 years with final payment to be made by January 1, 2017.

*Balance due* \$ 360,390

Changes in long-term liabilities compromise the following:

Issuance costs for the 2007 Series A bonds are being amortized over the life of the related debt in the amount of \$6,853 per year. Accumulated amortization at June 30, 2012 was \$29,981.

Various bond indentures contain limitations and restrictions, with which, in the opinion of management, the City is in compliance.

**Compensated Absences**

The City records employee absences, such as vacation, illness, deferred overtime, and holidays, for which it is expected that employees will be paid as compensated absences. Compensated absences had a balance of \$478,753 at June 30, 2012; of that amount, \$14,344 is expected to be paid within a year.

**Future Debt Service**

Future debt service for Governmental activities at June 30, 2012 is as follows for all debt except compensated absences and claims liabilities:

**Notes to the Basic Financial Statements (Continued)**

**NOTE 7 - LONG-TERM LIABILITIES (CONTINUED)**

Year Ending June 30, 2012	Governmental Activities					
	Capital Lease		Witt Property		Total	
	Police Cars		Principal	Interest	Principal	Interest
2013	\$ 63,642	\$ 7,866	20,972	3,519	\$ 84,614	\$ 11,385
2014	67,462	4,047	66,820	2,555	134,282	6,602
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018-2021	-	-	-	-	-	-
2022-2026	-	-	-	-	-	-
2027-2031	-	-	-	-	-	-
2032-2038	-	-	-	-	-	-
<b>Total</b>	<b>\$ 131,104</b>	<b>\$ 11,913</b>	<b>\$ 87,792</b>	<b>\$ 6,074</b>	<b>\$ 218,896</b>	<b>\$ 17,987</b>
Due within one year	\$ 63,642	\$ 7,866	\$ 20,972	\$ 3,519	\$ 84,614	\$ 11,385
Due after one year	67,462	4,047	66,820	2,555	134,282	6,602
<b>Total</b>	<b>\$ 131,104</b>	<b>\$ 11,913</b>	<b>\$ 87,792</b>	<b>\$ 6,074</b>	<b>\$ 218,896</b>	<b>\$ 17,987</b>

Future debt service for Business-type activities at June 30, 2012 is as follows for all debt except compensated absences and claims liabilities:

Year Ending June 30, 2012	Business-type Activities					
	1993 Refunding Water Loan		1998 Water Project Loan		1993 CLMSD Assessment Bond	
	West America Bank		Series 2000 USDA Rural Dev		Series 1993-1 (91-1)	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 63,124	\$ 19,097	\$ 47,000	\$ 124,663	110,000	192,500
2014	66,383	15,836	49,500	122,371	115,000	186,875
2015	69,812	12,408	51,500	119,973	120,000	181,000
2016	73,418	8,802	54,000	117,467	125,000	174,875
2017	77,210	5,010	57,000	114,831	135,000	168,375
2018-2021	40,089	1,022	256,000	430,302	600,000	601,750
2022-2026	-	-	393,500	471,593	935,000	562,375
2027-2031	-	-	496,500	356,333	1,200,000	297,250
2032-2038	-	-	1,243,000	264,912	565,000	28,625
<b>Total</b>	<b>\$ 390,036</b>	<b>\$ 62,175</b>	<b>\$ 2,648,000</b>	<b>\$ 2,122,445</b>	<b>\$ 3,905,000</b>	<b>\$ 2,393,625</b>
Due within one year	\$ 63,124	\$ 19,097	\$ 47,000	\$ 124,663	\$ 110,000	\$ 192,500
Due after one year	326,912	43,078	2,601,000	1,997,782	3,795,000	2,201,125
<b>Total</b>	<b>\$ 390,036</b>	<b>\$ 62,175</b>	<b>\$ 2,648,000</b>	<b>\$ 2,122,445</b>	<b>\$ 3,905,000</b>	<b>\$ 2,393,625</b>

**Notes to the Basic Financial Statements (Continued)**

**NOTE 7 - LONG-TERM LIABILITIES (CONTINUED)**

	Wastewater Revenue Bond		Water Main Extension Loan		Total	
	Series 2007A CSCDA		Mendocino College			
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 60,000	\$ 129,960	-	-	\$ 280,124	\$ 466,220
2014	60,000	127,560	72,102	-	362,985	452,642
2015	65,000	125,060	72,102	-	378,414	438,441
2016	65,000	122,460	72,102	-	389,520	423,604
2017	70,000	119,760	72,102	-	411,312	407,976
2018-2021	305,000	449,540	71,982	-	1,273,071	1,482,614
2022-2026	460,000	478,625	-	-	1,788,500	1,512,593
2027-2031	575,000	362,377	-	-	2,271,500	1,015,960
2032-2038	1,240,000	250,010	-	-	3,048,000	543,547
Total	<u>\$ 2,900,000</u>	<u>\$ 2,165,352</u>	<u>\$ 360,390</u>	<u>\$ -</u>	<u>\$ 10,203,426</u>	<u>\$ 6,743,597</u>
Due within one year	\$ 60,000	\$ 129,960	\$ -	\$ -	\$ 280,124	\$ 466,220
Due after one year	2,840,000	2,035,392	360,390	-	9,923,302	6,277,377
Total	<u>\$ 2,900,000</u>	<u>\$ 2,165,352</u>	<u>\$ 360,390</u>	<u>\$ -</u>	<u>\$ 10,203,426</u>	<u>\$ 6,743,597</u>

Deferred Debt Issuance Costs

Bond issuance costs are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

**Notes to the Basic Financial Statements (Continued)**

**NOTE 8 - NET ASSETS/FUND BALANCES**

Net Assets

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<b>Restricted for:</b>		
Unspent RDA bond proceeds	\$ 1,999,325	\$ -
Notes receivable	2,872,178	-
Land held for resale	407,964	-
Grants receivable	183,514	-
Assesstment district debt service	-	862,236
Debt service reserve	-	746,344
Water expansion projects	-	332,399
Sewer expansion projects	-	472,231
	<u>                    </u>	<u>                    </u>
Total	<u>\$ 5,462,981</u>	<u>\$ 2,413,210</u>

- Unspent RDA bond proceeds: Restricted for RDA unspent bond proceeds for capital projects reflects funds that can only be spent on specific expenditures as defined by bond covenants between bond holders and the former Lakeport Redevelopment Agency. These funds were transferred to the City through a cooperation agreement with the former RDA.
- Notes receivable: outstanding housing and business loans issued by the City, the proceeds of which can be used for similar housing and small business loan activities, as predicated by the original grantors.
- Land held for resale: consists of a single property owned by the former redevelopment agency but transferred to the City in 2011. The property must be held for resale pursuant to the state statutes dissolving the redevelopment agency.
- Grants receivable: resources restricted by the grantor.
- Assessment district debt service: consists of funds held for the repayment of the Series 1993 bond. The funds are restricted by a bond covenant.
- Debt service reserve: the amount of funds in the water and sewer enterprise restricted per the loan and bond covenants of the outstanding debt.

**Notes to the Basic Financial Statements (Continued)**

**NOTE 8 - NET ASSETS/FUND BALANCES (CONTINUED)**

**Fund Balance**

<b>Nonspendable</b>	
Land held for resale	\$ 407,964
Loans/Notes receivable	3,987,150
Prepaid items	<u>4,955</u>
<b>Total Nonspendable</b>	<u>4,400,069</u>
<b>Restricted</b>	
Unspent RDA bond proceeds	1,999,325
Grants and special revenues	<u>383,545</u>
<b>Total Restricted</b>	<u>2,382,870</u>
<b>Committed</b>	
Capital improvements	360,301
General reserves	<u>1,469,594</u>
<b>Total Committed</b>	<u>1,829,895</u>
<b>Assigned</b>	
Business and emergency housing assistance	9,329
Capital improvements	<u>288,076</u>
	<u>297,405</u>
<b>Unassigned</b>	
Parkland and housing fund deficits	<u>(321,271)</u>
	<u>(321,271)</u>
<b>Total Fund Balance</b>	<u>\$ 8,588,968</u>

The following describe the purpose of each nonspendable, restricted, committed, assigned and unassigned category used by the City:

**Nonspendable**

- **Land and buildings held for resale** – includes properties held for the purpose of redevelopment either through resale or conversion to public use, which do not represent available, spendable resources even though they are components of assets.
- **Loans/notes receivable** – used to segregate that portion of fund balance to indicate that long-term loans or notes receivable do not represent available, spendable resources even though they are components of assets.
- **Prepaid items** - used to segregate that portion of fund balance to indicate that prepaid amounts do not represent available, spendable resources even though they are components of assets.

**Notes to the Basic Financial Statements (Continued)**

**NOTE 8 - NET ASSETS/FUND BALANCES (CONTINUED)**

Restricted

- **Unspent RDA bond proceeds** - unspent bond proceeds for capital projects reflects funds that can only be spent on specific expenditures as defined by bond covenants between bond holders and the former Lakeport Redevelopment Agency. These funds were transferred to the City through a cooperation agreement with the former RDA.
- **Grants receivable** - resources restricted by the grantor.

Committed

- **Capital improvement** – funds retained for specific capital projects.
- **General reserves** – funds reserved by the City Council.

Assigned

- **Business and emergency housing** – funds set aside by the Council through policy for the use in providing emergency housing services.
- **Capital improvements** – projects involving road improvements and rehabilitation, as identified by management.
- **General reserves** – funds identified as operating reserves by management.

Unassigned

- **Parkland and housing fund deficits** – deficit fund balances in two special revenue funds.

Fund Deficits

Deficit fund balances consisted of the following:

**Nonmajor Special Revenue Funds:**

Fund Name	Fund Number	Deficit Amount	Discussion/Explanation
Parkland Dedication Fund	202	\$ (91,250)	Deficit resulted from a large payment to the Witt loan in June. Financing for that payment will come from the general fund and be repaid from park dedication fees.
Lakeport Housing Program	209	\$ (123,298)	This fund was used to acquire certain properties for the City over the last decade. Management has elected to keep this fund balance in a negative balance as income to the fund will reduce it. Financing in the interim will come from the general fund.
2010 CDBG housing grant	238	\$ (8,738)	Expenditures under this grant were fully reimbursable. A final accounting has not been completed as of the date of this report.

**Notes to the Basic Financial Statements (Continued)**

**NOTE 8 - NET ASSETS/FUND BALANCES (CONTINUED)**

**Excess of Expenditures and Transfers over Appropriations:** Expenditures and transfers exceeded appropriations for the year ended June 30, 2012, for the following funds. Expenditures were covered by available fund balance.

	<u>Final Budget</u>	<u>Total Expenditures and Transfers</u>	<u>Excess Expenditures over Appropriations</u>
<b>Governmental Activities</b>			
<b>Non-major Funds:</b>			
<b>Special Revenue:</b>			
Prop 172 Public Safety Funds	\$ 16,000	\$ 33,043	\$ (17,043)
Housing RLF	10,860	13,319	(2,459)
Emergency Housing Assistance	8,618	9,943	(1,325)
Business Loan Stabilization Fund	-	68	(68)
Prop 40 Per Capita Grant	-	9,428	(9,428)

**Notes to the Basic Financial Statements (Continued)**

**NOTE 9 - INTERFUND TRANSACTIONS**

With City Council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to reimburse a fund which has made expenditure on behalf of another fund. Transfers between funds during the fiscal year ended June 30, 2012 were as follows:

	<u>Transferred In</u>	<u>Transferred Out</u>
<b><u>Governmental Funds</u></b>		
<b>Major funds:</b>		
Fund: 110 - GENERAL FUND	\$ 70,102	\$ 213,444
Fund: 130 - GENERAL CAPITAL PROJECTS	<u>2,004,135</u>	-
Total major funds	<u>2,074,237</u>	<u>213,444</u>
<b>Non-major funds:</b>		
<b>Special revenue funds:</b>		
Fund: 210 - ECON RLF RE-USE FUND	12,279	77,531
Fund: 212 - REDEVELOPMENT AGENCY FUND	430,587	143,641
Fund: 213 - REDEVELOPMENT CIP	34,793	1,936,976
Fund: 217 - REDEVELOPMENT DEBT SERVICE	258,489	443,942
Fund: 219 - REDEVELOPMENT LOW-MOD HOUSING	-	68,750
Fund: 228 - HOUSING REVOLVING LOAN (RLA)	31,586	17,490
Fund: 232 - EMERGENCY HOUSING FUND	-	30,000
Fund: 234 - BUS LOAN STABLIZ PROG FUND	-	7,239
Fund: 235 - 2009 HOME GRANT	792	20,000
Fund: 236 - PTA Grant#09-PTAG-6504	26,250	-
Fund: 238 - CDBG HOUSING GRANT 2010	<u>90,000</u>	-
Total non-major funds	<u>884,776</u>	<u>2,745,569</u>
Total Transfers	<u>\$ 2,959,013</u>	<u>\$ 2,959,013</u>

Transfers were made primarily to close out old funds and accounts that were no longer in use but had a fund balance resulting from advances from other funds that were not recorded in previous years. Other transfers included funds within the Redevelopment Agency for capital projects (funds 212-219) as well as grant matching and contributions to the OPEB agency fund for post-employment retiree health premiums.

## Notes to the Basic Financial Statements (Continued)

### NOTE 10 - RISK MANAGEMENT

The City is an associate member of the Redwood Empire Municipal Insurance Fund (REMIF), a public entity pool comprised of fifteen northern California charter and associate member cities. REMIF is organized under a Joint Powers Agreement pursuant to the California Government Code. The purpose of REMIF is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. The City pays an annual premium to REMIF for its workers' compensation, general liability and property coverage.

The City of Lakeport participates in the following three REMIF programs:

#### General Liability Insurance

Annual premiums are paid by the member cities and are adjusted retrospectively to cover costs. The City of Lakeport self-insures for the first \$5,000 of each loss and pays 100% of all losses incurred under \$5,000. The City does not share or pay for losses of other cities under \$5,000, depending on the entity's deductible amount. Participating cities then share in the next \$5,000 to \$500,000 per loss occurrence. Specific coverage includes comprehensive and general automotive liability, personal injury, contractual liability, professional liability, and certain other coverage. REMIF is a member of the California Joint Powers Risk Management Authority, which provides REMIF with an additional \$9,500,000 liability insurance coverage over and above REMIF retention level of \$500,000.

#### Worker's Compensation

Periodic deposits are paid by member cities and are adjusted retrospectively to cover costs. The City of Lakeport is self-insured for the first \$5,000 of each loss and pays 100% of all losses incurred under \$5,000. The City does not share or pay for losses of other cities under \$5,000.

Losses of \$10,000 to \$300,000 are prorated among all participating cities. Losses in excess of \$300,000 are covered by excess insurance purchased by participating cities, as part of the pool, to State statutory limits.

#### Property Insurance

The City participates in REMIF's property insurance program. The annual deposits paid by participating member cities are based upon deductibility levels and are not subject to retroactive adjustments. The City of Lakeport has a deductible level of \$10,000 and a coverage limit of \$300,000,000 declared value.

**Notes to the Basic Financial Statements (Continued)**

**NOTE 10 - RISK MANAGEMENT (CONTINUED)**

<u>Amount</u>	<u>Coverage Provider</u>	<u>Payment Source</u>
General Liability Claims:		
\$0 - \$5,000	Self-insured retention	City funds
5,001 - 500,000	Public Agency Risk Sharing Authority	Shared risk pool
500,001 - 9,500,000	California Affiliated Risk Management Authorities	Shared risk pool
Workers' Compensation Claims:		
\$0 - \$5,000	Self-insured retention	City funds
5,001 - 300,000	Public Agency Risk Sharing Authority	Shared risk pool
300,000 +	Local Agency Workers' Compensation Excess Pool	Shared risk pool
Property Insurance Claims		
\$0 - \$10,000	Deductible	City funds
10,001 - 300,000,000	REMIF coverage of declared value	Shared risk pool

The City did not have any settlements which exceeded its liability coverage. The City does not have any accrued liability or reserves for fiscal year 2012.

The following is a summary of the most recent financial statements of REMIF as of and for the fiscal year ended June 30, 2012:

Total assets	\$ 18,010,735
Total liabilities	14,429,297
Members' equity	<u>\$ 3,581,438</u>
Total revenue	\$ 8,476,567
Total expense	<u>8,805,881</u>
Operating income (loss)	<u>\$ (329,314)</u>

REMIF issues a separate comprehensive annual financial report. Copies of that report may be obtained from REMIF at Post Office Box 885, Sonoma, California 95476.

## Notes to the Basic Financial Statements (Continued)

### NOTE 11 - PUBLIC EMPLOYEE RETIREMENT PLAN

#### Plan Description

The City contributes to the California Public Employees Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS annual financial report may be obtained from the Executive Office, 400 "P" Street, Sacramento, California 95814.

#### Funding Status and Progress

Non-public safety participants are required to contribute eight percent of their annual covered salary, while public safety employees are required to contribute nine percent of their annual covered salary. The city makes the contributions required of city employees on their behalf and their account. The City is required to contribute at an actuarially determined rate; the 2011-12 rate was 20.863% for non-safety employees (miscellaneous plan) and 34.562% for public safety employees (safety plan), of annual covered payroll.

These contribution rates are scheduled to increase to 21.284% and 34.376% respectively in fiscal year 2012-13 and 22.552% and 47.60% respectively in fiscal year 2013-14. If these changes do not return both funds to full funded status, it is possible that CalPERS will schedule additional increases to compensate. As always, the contribution requirements of plan members and the City established and may be amended by PERS.

#### Annual Pension Cost

The City's annual pension cost of \$577,269 was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2011, actuarial valuation using the entry age normal actuarial cost method.

The actuarial assumptions included:

- ✓ An 7.50% investment rate of return (net of administrative expenses)
- ✓ Projected annual salary increases of 3.30% to 14.20% depending on age, service, and type of employment
- ✓ An inflation rate of 2.75%
- ✓ A payroll growth rate of 3.00%
- ✓ Individual salary growth- a merit scale varying by duration of employment coupled with an assumed annual inflation growth rate of 2.75% and an annual production growth of 0.25%

The City's retirement plans for non-safety and safety employees are part of the CalPERS risk pools for cities and other government entities that have less than 100 active members. Actuarial valuations performed included other participants within the same risk pool. Therefore, stand-alone information of the schedule of the funding progress for the City's retirement plans is no longer available or disclosed.

**Notes to the Basic Financial Statements (Continued)**

**NOTE 11 - PUBLIC EMPLOYEE RETIREMENT PLAN (CONTINUED)**

Historical Trend Information

Three-year trend information give an indication of the progress made in accumulating sufficient assets to pay benefits when due.

Three-Year Trend Information for PERS

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2009-10	\$ 507,886	100%	\$ -
2010-11	\$ 507,334	100%	\$ -
2011-12	\$ 577,269	100%	\$ -

**Notes to the Basic Financial Statements (Continued)**

**NOTE 12 - POST-RETIREMENT HEALTHCARE BENEFITS**

**Plan Description**

The city provides certain health care benefits to qualified retired employees until they become eligible for Medicare benefits. Employees of the City may become eligible for these benefits when they reach normal retirement age while working for the City based upon years of service.

**Funding Policy**

The City recognizes the cost of providing these benefits by expensing their monthly insurance premiums. Other postemployment benefits paid by the City for the year totaled \$438,119.

The plan provisions and benefits are summarized below:

Benefit types provided	Medical only
Duration of Benefits	Lifetime
Required Service	12 years
Minimum Age	50
Dependent Coverage	Yes
City Contribution %*	12-14 years of service: 40%
	15-17 years of service: 60%
	18-20 years of service: 80%
	21+ years of service: 100%
City Cap	Active cap (currently a % of premium)

\*Applies to City contribution for active coverage. Those hired prior to 4/6/99 are entitled to the active contribution upon retirement subject only to the minimum pension eligibility requirements.

Number of retirees receiving benefits	37
Number of current employees eligible to receive benefits	30
	67

**Annual OPEB Cost and Net OPEB Obligation**

The City’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), and an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation.

**Notes to the Basic Financial Statements (Continued)**

**NOTE 12 - POSE RETIREMENT HEALTHCARE BENEFITS (CONTINUED)**

Annual required contribution	\$ 429,581
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>429,581</u>
City portion of current premiums paid	(300,444)
Benefit payments made outside of trust	-
Increase in net OPEB obligation	<u>129,137</u>
Net OPEB obligation – beginning of year	146,429
Net OPEB obligation – end of year	<u><u>\$ 275,566</u></u>

The City 's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for June 30, 2012 and the two preceding fiscal years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/10	N/A	N/A	N/A
6/30/11	\$429,581	66%	\$146,429
6/30/12	\$429,581	70%	\$275,566

Measurement began with the 6/30/11 fiscal year implementation of GASB 45.

**Funded Status and Funding Progress**

The funded status of the Plan as of June, 2011 the Plan's most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 6,863,624
Actuarial value of Plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 6,863,624</u>
Funded ratio (actuarial value of Plan assets/AAL)	0%
Covered payroll (active Plan participants)	\$ 2,884,993
UAAL as a percentage of covered payroll	238%

## Notes to the Basic Financial Statements (Continued)

### NOTE 12 - POSE RETIREMENT HEALTHCARE BENEFITS (CONTINUED)

Actuarial valuations of an ongoing plan involve estimates of the value of expected benefit payments and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

#### Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan participants) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan participants to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 1, 2011 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 5 percent investment rate of return, which is the expected long-term investment returns on plan assets, a projected salary increase assumption rate of 3 percent, and an annual healthcare cost trend rate of 4 percent. The actuarial value of assets is not applicable (no assets as of the initial valuation date). The UAAL is being amortized as a flat percentage of covered payroll over thirty years. The remaining amortization period at June 1, 2011 was thirty years.

## Notes to the Basic Financial Statements (Continued)

### NOTE 13 - COMMITMENTS AND CONTINGENCIES

#### Grants and Allocations

The City receives funding from a number of federal, state and local grant programs, principally Community Development Block Grants (CDBG). These programs are subject to financial and compliance review by grantors. Expenditures, if any, which may be disallowed by the granting agencies, cannot be determined at this time. The City does not expect the undeterminable amounts of disallowed expenditures, if any, to materially affect the financial statements. Receipt of these federal, state and local grant revenues is not assured in the future.

## Notes to the Basic Financial Statements (Continued)

### NOTE 14 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Lakeport that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 2441 (2012).

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

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

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City’s position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. Prior to that date, the final seven months of the activity of the redevelopment agency continued to be reported in the governmental funds of the City included in the fund financial statements as Former Redevelopment Agency Special Revenue Fund and Low/Moderate Income Housing Fund.

**Notes to the Basic Financial Statements (Continued)**

**NOTE 14 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (CONTINUED)**

After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City. The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund as an extraordinary gain (or loss).

Because of the different measurement focus of the governmental funds (current financial resources measurement focus) and the measurement focus of the trust funds (economic resources measurement focus), the extraordinary loss (gain) recognized in the governmental funds was not the same amount as the extraordinary gain (loss) that was recognized in the fiduciary fund financial statements.

The difference between the extraordinary loss recognized in the governmental fund financial statements and the extraordinary gain recognized in the fiduciary fund financial statements is reconciled as follows:

Total extraordinary loss reported in governmental funds - increase to net assets of the Successor Agency Trust Fund	1,005,662
Bond issuance costs reported in government-wide financial statements - increase to the net assets of the Successor Agency Trust Fund	291,846
Accrued bond interest reported in the government-wide financial statements - decrease to net assets of the Successor Agency Trust Fund	(118,154)
Long-term debt reported in the government-wide financial statements - decrease to net assets of the Successor Agency Trust Fund	(5,360,000)
Net decrease to net assets of the Successor Agency Trust Fund as a result of initial transfers (equal to amount of extraordinary gain reported in the government-wide financial statement of the City)	(4,180,646)

**Loans and Notes Receivable**

Through the City's various housing rehabilitation funds and first-time home buyer's funds, the City has loaned funds to qualifying individuals and businesses. Interest rates vary depending on the terms of the loan. Interest is accrued on the loans that bear interest. Some of these loans were transferred to the successor agency and are reported in the respective trust fund.

**Notes to the Basic Financial Statements (Continued)**

**NOTE 14 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (CONTINUED)**

Loans and notes receivable for the year ended June 30, 2012, consisted of the following:

	Beginning July 1, 2011	Additions	Deletions	Ending June 30, 2012
Redevelopment Fascade Enhancement Loans	\$ -	\$ 25,983	\$ (25,983)	\$ -
Total loans/notes receivable	<u>\$ -</u>	<u>\$ 25,983</u>	<u>\$ (25,983)</u>	<u>\$ -</u>

The following is a summary of changes in long-term liabilities for the year ended June 30, 2012:

	Balance July 1, 2011	Transfers/ Additions	Retirements	Balance June 30, 2012	Due Within One Year
<b>Trust Activities:</b>					
2004 RDA Tax Exempt Bond	\$ -	\$ 1,050,000	\$ -	\$ 1,050,000	\$ -
2004 RDA Tax Exempt Bond	-	960,000	(40,000)	920,000	40,000
2008 Tax Allocation Bond	-	3,400,000	(10,000)	3,390,000	15,000
<b>Total trust fund debt</b>	<u>\$ -</u>	<u>\$ 5,410,000</u>	<u>\$ (50,000)</u>	<u>\$ 5,360,000</u>	<u>\$ 55,000</u>

**2004 Series A Bonds**

2004 Series A bond, total issue \$1,070,000. Annual principal is due on September 1 and interest payments are due semi-annually, at an interest rate of 5.25%, September 1 and March 1 each year. Payments are secured by redevelopment tax increment revenue, maturing in year 2035.

*Balance due* \$ 1,050,000

**2004 Series B Bonds**

2004 Series B bond, total issue \$1,170,000. Annual principal is due on September 1 and interest payments are due semi-annually, at an annual interest rate of 5.31%, September 1 and March 1 each year. Payments are secured by redevelopment tax increment revenue, maturing in year 2035.

*Balance due* \$ 920,000

**2008 Series Bonds**

2008 Series bond, total issue \$3,425,000. Annual principal is due on September 1 and interest payments are due semi-annually, at an interest rate of 5.31%, September 1 and March 1 each year. Payments are secured by redevelopment tax increment revenue, maturing in year 2038.

*Balance due* \$ 3,390,000

Issuance costs for 2004 Series A & B bonds and the 2008 RDA bonds in the amount of \$342,065 are being amortized over the life of the related debt in the amount of \$15,682 per year. Accumulated amortization at June 30, 2012 was \$83,214.

**Notes to the Basic Financial Statements (Continued)**

**NOTE 14 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (CONTINUED)**

Future debt service for Fiduciary Activities at June 30, 2012, is as follows:

Year Ending June 30, 2012	Fiduciary Activities			
	2004 RDA Tax Exempt Bond		2004 RDA Tax Exempt Bond	
	Series A		Series B	
	Principal	Interest	Principal	Interest
2013	\$ -	\$ 55,125	\$ 40,000	\$ 49,418
2014	-	55,125	45,000	47,267
2015	-	55,125	45,000	44,990
2016	-	55,125	50,000	42,512
2017	-	55,125	50,000	39,832
2018-2021	-	220,500	235,000	129,619
2022-2026	5,000	275,625	370,000	78,535
2027-2031	525,000	232,706	85,000	2,401
2032-2038	520,000	86,756	-	-
Total	<u>\$ 1,050,000</u>	<u>\$ 1,091,212</u>	<u>\$ 920,000</u>	<u>\$ 434,574</u>
Due within one year	\$ -	\$ 55,125	\$ 40,000	\$ 49,418
Due after one year	1,050,000	1,036,087	880,000	385,156
Total	<u>\$ 1,050,000</u>	<u>\$ 1,091,212</u>	<u>\$ 920,000</u>	<u>\$ 434,574</u>

Year Ending June 30, 2012	2008 Tax Allocation Bond		Total	
	Principal	Interest	Principal	Interest
2013	15,000	165,187	\$ 55,000	\$ 269,730
2014	15,000	164,692	60,000	267,084
2015	15,000	164,171	60,000	264,286
2016	15,000	163,627	65,000	261,264
2017	15,000	163,061	65,000	258,018
2018-2021	140,000	643,665	375,000	993,784
2022-2026	485,000	731,698	860,000	1,085,858
2027-2031	760,000	584,843	1,370,000	819,950
2032-2038	1,930,000	442,963	2,450,000	529,719
Total	<u>\$ 3,390,000</u>	<u>\$ 3,223,907</u>	<u>\$ 5,360,000</u>	<u>\$ 4,749,693</u>
Due within one year	\$ 15,000	\$ 165,187	\$ 55,000	\$ 269,730
Due after one year	3,375,000	3,058,720	5,305,000	4,479,963
	<u>\$ 3,390,000</u>	<u>\$ 3,223,907</u>	<u>\$ 5,360,000</u>	<u>\$ 4,749,693</u>

## Notes to the Basic Financial Statements (Continued)

### NOTE 15 – NEW PRONOUNCEMENTS

The GASB has issued Statement No. 60, “Accounting and Financial Reporting for Service Concession Arrangements.” The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The implementation of this Statement did not have an effect on these financial statements.

The GASB has issued Statement No. 61, “The Financial Reporting Entity: Omnibus.” The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, The Financial Reporting Entity, and the related financial reporting requirements of Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The City will implement this Statement in fiscal year 2012-13.

The GASB has issued Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 789 FASB and AICPA Pronouncements.” The objective of this Statement is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in FASB and AICPA pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The implementation of this Statement did not have an effect on these financial statements.

The GASB has issued Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.” This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The City will implement this Statement in Fiscal year 2012-13.

The GASB has issued Statement No. 64, “Derivative Instruments: Application of Hedge Accounting Termination Provisions.” The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty’s credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The implementation of this Statement did not have an effect on these financial statements.

## Notes to the Basic Financial Statements (Continued)

### NOTE 15 – NEW PRONOUNCEMENTS (CONTINUED)

The GASB has issued Statement No. 65, “Item Previously Reported as Assets and Liabilities.” This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The City will implement this Statement in Fiscal year 2012-13.

The GASB has issued Statement No. 66, “Technical Corrections – 2012”. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The implementation of this Statement did not have an effect on these financial statements.

**Notes to the Basic Financial Statements (Continued)**

**NOTE 16 – SUBSEQUENT EVENTS**

**Pending Litigation**

In August, 2012, the City settled with the Lakeport Police Officers’ Association regarding pending litigation over the plan amendment to the safety officers’ pension. In lieu of a plan amendment of 3%@50, both parties agreed to a less expensive payment plan of 3%@55. As a result, the City’s contribution rate for safety officers will increase from 34.376% of police officer payroll in fiscal year 2012-13 to 47.600% in fiscal year 2013-14.

**Water and Sewer Rate Increases and USDA Rural Development Loan**

In September, 2012, the City Council and CLMSD Board of Directors approved a substantial rate increase to water and sewer users to fund needed capital projects and ensure adequate operations. The increases will nearly double the average water and sewer rates for most customer classes over the next four years.

In conjunction with this increase, the City has applied for long-term, low interest financing through USDA Rural Development to fund the most urgently needed capital projects. The total amounts of loans are as follows:

<u>USDA Loans</u>	
Water Loan	\$ 2,913,000
Sewer Loan	3,173,000
	<u>\$ 6,086,000</u>

Additionally, as of the date of this report, the City has been notified that it is probable it will receive \$2,000,000 in grant funding to complement these loan amounts, one million dollars for each. Loan and grant proceeds for both water and sewer are expected to be funded by the end of the FY 2012-13.

# Combining Governmental Funds

---

## **NON-MAJOR SPECIAL REVENUE FUNDS**

### **PARKLAND DEDICATION FUND**

State law and General Plan provide for new development to fund expansion of park system to compensate for added demand of growth. Fees are collected at time of recordation of parcel and subdivision maps. (See Section 16.16.040 Lakeport Municipal Code).

### **GAS TAX FUND**

Established to account for revenues and expenditures on road-related projects in the City of Lakeport. Financing is provided by the City's share of the statewide tax on gasoline and other fuels.

### **PROP 172 PUBLIC SAFETY FUND**

A city or county that received Prop 172 funds must place the revenues in a special revenue fund to be expended only on public safety services as defined in Government Code Section 30052. Maintenance of effort provision in the statute requires the City to maintain funding levels to public safety functions.

### **LAKEPORT HOUSING FUND**

A special revenue fund established for the provision of affordable housing.

### **ECONOMIC DEVELOPMENT REVOLVING LOAN FUND (RLF)**

This fund receives payments on prior year's business loans. Expenditures from this fund must comply with adopted reuse plan. \$5,000 is allocated for economic development activities and \$5,000 for administrative support provided by planning staff.

### **FORMER RDA GENERAL FUND**

This fund tracked the non-housing activities of the former redevelopment agency.

### **FORMER RDA LOW-MOD HOUSING FUND**

This fund tracked the housing activities of the former redevelopment agency.

### **HOUSING REVOLVING LOAN FUND**

This fund is used for reinvestment into housing programs from program income generated by past housing grants, (i.e., CDBG, HOME Grant, etc.)

### **EMERGENCY HOUSING LOAN FUND**

Emergency and special assistance funds from federal CDBG funds restricted for housing.

### **MICRO ENTERPRISE REVOLVING LOAN FUND**

Business loans to micro businesses that meet the Target Income Group (TIG) requirement 233.

### **BUSINESS STABILIZATION LOAN FUND**

This fund was used to administer loans to local businesses facing financial hardship.

## **NON-MAJOR SPECIAL REVENUE FUNDS (continued)**

### **2009 HOME GRANT FUND**

This fund was used to track expenditures related to the 2009 HOME grant.

### **PTA GRANT #09-PTAG-6504 FUND**

This fund was used to track expenditures related the planning and technical assistance (PTA) grant of 2011.

### **CDBG 2010 ECONOMIC DEVELOPMENT GRANT FUND**

Fund set up to track activities funded by new economic development grant from CDBG. Potential activities could include business support, stabilization, and other assistance. This is a two-year grant award.

### **CDBG 2010 HOUSING GRANT FUND**

Fund set up to track activities funded by a new housing grant from CDBG. Potential activities could include home rehabilitation and relocation assistance. This is a two-year grant award.

### **HOME PROGRAM INCOME FUND**

Fund to track all home loans made by the City using HOME 2007 and 2009 grant awards. Income received in this fund consists of principal and interest payments made by borrowers.

### **TENTH STREET DRAINAGE FUND**

Restricted fund/set aside by developer of Willow Tree Shopping Center.

### **LAKEPORT BLVD IMPROVEMENT FUND**

Special assessment of developer to mitigate traffic impacts of K-Mart (now Bruno's) development in 1987.

### **SOUTH MAIN STREET IMPROVEMENT FUND**

Special assessment of developer to mitigate traffic impacts of K-Mart.

### **PARKSIDE TRAFFIC MITIGATION FUND**

Traffic mitigation fees are required as a mitigation measure for Parkside Subdivision.

### **FORBES CREEK TRAIL FUND**

To construct a non-motorized trail in Westside Park around the perimeter of the park consistent with the Westside Park Master Plan. Funds provided by the State Parks and Recreation Department through the Recreational Trails (RT) program.

### **LAKESHORE STORM DAMAGE REPAIR FUND**

On Lakeshore Boulevard from 75' south of Sayre Street north through Jones Street; clear concrete debris from below the existing sea wall, reinforce the embankment with sheet pile and backfill the wall. Repair the roadway, curb, and gutter failure by cutting out failed sections and replacing the base rock and AC paving. Funds provided by the Federal government through Caltrans' administration of the Emergency Relief (ER) program.

## **NON-MAJOR SPECIAL REVENUE FUNDS (continued)**

### **SAFE ROUTES TO SCHOOL FUND**

State-legislated Program designed to increase the Number of children who walk or bicycle to school by funding projects that remove the barriers that currently prevent them from doing so. Those barriers include lack of infrastructure, unsafe infrastructure, lack of programs that promote walking and bicycling through education/encouragement programs aimed at children, parents, and the community.

### **PROP 40 PER CAPITA GRANT FUND**

When resources are available for projects involving recreation, parks, and community betterment, and in the event the City engages in a project that qualifies for Prop 40 reimbursement, funds are accounted for here.

### **STORM DRAINAGE FUND**

Assessments are made against larger properties to pay for prior and future storm drain projects. See Chapter 3.16 Lakeport Municipal Code.

## **NON-MAJOR CAPITAL PROJECT FUND**

### **FORMER RDA CAPITAL PROJECTS FUND**

Resources provided by bond proceeds to fund capital projects.

## **NON-MAJOR DEBT SERVICE FUND**

### **FORMER RDA DEBT SERVICE FUND**

This fund is where debt service was managed on the three outstanding redevelopment bonds of the former RDA.

(Concluded)

CITY OF LAKEPORT, CALIFORNIA  
 Combining Balance Sheet  
 Non-Major Governmental Funds  
 June 30, 2012

	SPECIAL REVENUE			
	Parkland Dedication	HUTA Gas Tax	Prop 172 Public Safety	Lakeport Housing
<b>ASSETS</b>				
Cash and Investments	\$ -	\$ 265,858	\$ -	\$ -
Receivables:				
Taxes	-	16,218	5,047	-
Notes	-	-	-	98,504
Grants receivable	-	-	-	-
Other	-	-	-	638
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 282,076</b>	<b>\$ 5,047</b>	<b>\$ 99,142</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 6,189	\$ -	\$ -
Deferred Revenue	-	-	-	-
Due to Other Funds	-	-	-	-
Advances from Other Funds	91,250	-	-	222,441
<b>Total Liabilities</b>	<b>91,250</b>	<b>6,189</b>	<b>-</b>	<b>222,441</b>
<b>FUND BALANCE</b>				
Nonspendable:				
Prepays	-	-	-	-
Land held of resale	-	-	-	-
Loans receivable	-	-	-	98,504
Restricted	-	275,887	5,047	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned (Deficit)	(91,250)	-	-	(221,803)
<b>Total Fund Balance</b>	<b>(91,250)</b>	<b>275,887</b>	<b>5,047</b>	<b>(123,299)</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ -</b>	<b>\$ 282,076</b>	<b>\$ 5,047</b>	<b>\$ 99,142</b>

CITY OF LAKEPORT, CALIFORNIA  
 Combining Balance Sheet (cont.)  
 Non-Major Governmental Funds  
 June 30, 2012

	SPECIAL REVENUE			
	Economic RLF	Former RDA General	Former RDA Low-Mod	Housing RLF
<b>ASSETS</b>				
Cash and Investments	\$ 51,988	\$ -	\$ -	\$ 12,543
Receivables:				
Taxes	-	-	-	-
Notes	427,493	-	489,237	363,584
Grants receivable	-	-	-	-
Other	7,502	-	520	1,495
<b>Total Assets</b>	<b>\$ 486,983</b>	<b>\$ -</b>	<b>\$ 489,757</b>	<b>\$ 377,622</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	2,572	-	-	-
Due to Other Funds	-	-	-	-
Advances from Other Funds	-	-	-	-
<b>Total Liabilities</b>	<b>2,572</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE</b>				
Nonspendable:				
Prepays	-	-	-	-
Land held of resale	-	-	-	-
Loans receivable	427,493	-	489,237	363,584
Restricted	56,918	-	-	14,038
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	520	-
<b>Total Fund Balance</b>	<b>484,411</b>	<b>-</b>	<b>489,757</b>	<b>377,622</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 486,983</b>	<b>\$ -</b>	<b>\$ 489,757</b>	<b>\$ 377,622</b>

CITY OF LAKEPORT, CALIFORNIA  
 Combining Balance Sheet (cont.)  
 Non-Major Governmental Funds  
 June 30, 2012

	SPECIAL REVENUE			
	Emergency Housing	Microenterprise RLF	Business Stabilization	2009 HOME Grant
<b>ASSETS</b>				
Cash and Investments	\$ 4,908	\$ 4,420	\$ -	\$ -
Receivables:				
Taxes	-	-	-	-
Notes	1,354	-	67,518	-
Grants receivable	-	-	-	20,000
Other	-	-	-	-
<b>Total Assets</b>	<b>\$ 6,262</b>	<b>\$ 4,420</b>	<b>\$ 67,518</b>	<b>\$ 20,000</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	-	-	-	-
Due to Other Funds	-	-	-	20,000
Advances from Other Funds	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,000</b>
<b>FUND BALANCE</b>				
Nonspendable:				
Prepays	-	-	-	-
Land held of resale	-	-	-	-
Loans receivable	1,354	-	67,518	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	4,908	4,420	-	-
Unassigned	-	-	-	-
<b>Total Fund Balance</b>	<b>6,262</b>	<b>4,420</b>	<b>67,518</b>	<b>-</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 6,262</b>	<b>\$ 4,420</b>	<b>\$ 67,518</b>	<b>\$ 20,000</b>

CITY OF LAKEPORT, CALIFORNIA  
 Combining Balance Sheet (cont.)  
 Non-Major Governmental Funds  
 June 30, 2012

	SPECIAL REVENUE			
	PTA Grant #09-PTAG-6504	CDBG 2010 ED	CDBG 2010 Housing	HOME Program Income
<b>ASSETS</b>				
Cash and Investments	\$ -	\$ 5	\$ -	\$ 150
Receivables:				
Taxes	-	-	-	-
Notes	-	-	-	1,410,791
Grants receivable	31,250	7,762	2,650	-
Other	-	-	-	-
<b>Total Assets</b>	<b>\$ 31,250</b>	<b>\$ 7,767</b>	<b>\$ 2,650</b>	<b>\$ 1,410,941</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ 4,521	\$ -
Deferred Revenue	-	-	-	-
Due to Other Funds	5,000	2,362	6,867	-
Advances from Other Funds	-	-	-	-
<b>Total Liabilities</b>	<b>5,000</b>	<b>2,362</b>	<b>11,388</b>	<b>-</b>
<b>FUND BALANCE</b>				
Nonspendable:				
Prepays	-	-	-	-
Land held of resale	-	-	-	-
Loans receivable	-	-	-	1,410,941
Restricted	26,250	5,405	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	(8,738)	-
<b>Total Fund Balance</b>	<b>26,250</b>	<b>5,405</b>	<b>(8,738)</b>	<b>1,410,941</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 31,250</b>	<b>\$ 7,767</b>	<b>\$ 2,650</b>	<b>\$ 1,410,941</b>

CITY OF LAKEPORT, CALIFORNIA  
 Combining Balance Sheet (cont.)  
 Non-Major Governmental Funds  
 June 30, 2012

	SPECIAL REVENUE			
	Tenth Street Drainage	Lakeport Blvd Improvement	South Main Improvement	Parkside Traffic Mitigation
<b>ASSETS</b>				
Cash and Investments	\$ 84,560	\$ 115,948	\$ 61,427	\$ 17,122
Receivables:				
Taxes	-	-	-	-
Notes	-	-	-	-
Grants receivable	-	-	-	-
Other	-	-	-	-
<b>Total Assets</b>	<b>\$ 84,560</b>	<b>\$ 115,948</b>	<b>\$ 61,427</b>	<b>\$ 17,122</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	-	-	-	-
Due to Other Funds	-	-	-	-
Advances from Other Funds	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE</b>				
Nonspendable:				
Prepays	-	-	-	-
Land held of resale	-	-	-	-
Loans receivable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	84,560	115,948	61,427	17,122
Unassigned	-	-	-	-
<b>Total Fund Balance</b>	<b>84,560</b>	<b>115,948</b>	<b>61,427</b>	<b>17,122</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 84,560</b>	<b>\$ 115,948</b>	<b>\$ 61,427</b>	<b>\$ 17,122</b>

CITY OF LAKEPORT, CALIFORNIA  
 Combining Balance Sheet (cont.)  
 Non-Major Governmental Funds  
 June 30, 2012

	SPECIAL REVENUE			
	Forbes Creek Trail	Lakeshore Storm Damage	Safe Routes to Schools	Prop 40 Per Capita Grant
<b>ASSETS</b>				
Cash and Investments	\$ -	\$ 9,020	\$ -	\$ -
Receivables:				
Taxes	-	-	-	-
Notes	-	-	-	-
Grants receivable	49,398	-	17,503	9,428
Other	-	-	-	-
<b>Total Assets</b>	<b>\$ 49,398</b>	<b>\$ 9,020</b>	<b>\$ 17,503</b>	<b>\$ 9,428</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ 9,428
Deferred Revenue	-	-	-	-
Due to Other Funds	49,398	-	17,503	-
Advances from Other Funds	-	-	-	-
<b>Total Liabilities</b>	<b>49,398</b>	<b>-</b>	<b>17,503</b>	<b>9,428</b>
<b>FUND BALANCE</b>				
Nonspendable:				
Prepays	-	-	-	-
Land held of resale	-	-	-	-
Loans receivable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	9,020	-	-
Unassigned	-	-	-	-
<b>Total Fund Balance</b>	<b>-</b>	<b>9,020</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 49,398</b>	<b>\$ 9,020</b>	<b>\$ 17,503</b>	<b>\$ 9,428</b>

CITY OF LAKEPORT, CALIFORNIA

Combining Balance Sheet (cont.)

Non-Major Governmental Funds

June 30, 2012

	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	
	Storm Drainage Fund	Former RDA Capital Projects	Former RDA Debt Service	Other Governmental
<b>ASSETS</b>				
Cash and Investments	\$ 360,301	\$ -	\$ -	\$ 988,250
Receivables:				
Taxes	-	-	-	21,265
Notes	-	-	-	2,858,481
Grants receivable	-	-	-	137,991
Other	-	-	-	10,155
<b>Total Assets</b>	<b>\$ 360,301</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,016,142</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ 20,138
Deferred Revenue	-	-	-	2,572
Due to Other Funds	-	-	-	101,130
Advances from Other Funds	-	-	-	313,691
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>437,531</b>
<b>FUND BALANCE</b>				
Nonspendable:				
Prepays	-	-	-	-
Land held of resale	-	-	-	-
Loans receivable	-	-	-	2,858,631
Restricted	-	-	-	383,545
Committed	360,301	-	-	360,301
Assigned	-	-	-	297,405
Unassigned (Deficit)	-	-	-	(321,271)
<b>Total Fund Balance</b>	<b>360,301</b>	<b>-</b>	<b>-</b>	<b>3,578,611</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 360,301</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,016,142</b>

CITY OF LAKEPORT, CALIFORNIA  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
Non-Major Governmental Funds  
Year Ended June 30, 2012

	SPECIAL REVENUE			
	Parkland Dedication	HUTA Gas Tax	Prop 172 Public Safety	Lakeport Housing
REVENUE				
Use of Money and Property	9,000	-	-	7,183
Intergovernmental Revenue	-	149,219	38,090	-
Other Revenue	-	-	-	-
Total Revenue	<u>9,000</u>	<u>149,219</u>	<u>38,090</u>	<u>7,183</u>
EXPENDITURES				
Current-				
General government	-	-	-	-
Community development	-	-	-	-
Roads and infrastructure	-	6,189	-	-
Housing and support programs	-	-	-	-
Redevelopment/Economic development	-	-	-	-
Public safety	-	-	33,043	-
Capital Outlay	-	-	-	-
Debt service-				
Principal Retirement	57,627	-	-	-
Interest	5,574	-	-	-
Total Expenditures	<u>63,201</u>	<u>6,189</u>	<u>33,043</u>	<u>-</u>
Excess of Revenue over (under) Expenditures	<u>(54,201)</u>	<u>143,030</u>	<u>5,047</u>	<u>7,183</u>
OTHER FINANCING SOURCES (USES)				
Other	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
EXTRAORDINARY ITEMS				
Extraordinary loss - redevelopment	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(54,201)</u>	<u>143,030</u>	<u>5,047</u>	<u>7,183</u>
BEGINNING FUND BALANCES	<u>(37,049)</u>	<u>132,857</u>	<u>-</u>	<u>(130,482)</u>
ENDING FUND BALANCES	<u>\$ (91,250)</u>	<u>\$ 275,887</u>	<u>\$ 5,047</u>	<u>\$ (123,299)</u>

CITY OF LAKEPORT, CALIFORNIA  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (cont.)  
Non-Major Governmental Funds  
Year Ended June 30, 2012

	SPECIAL REVENUE			
	Economic RLF	Former RDA General	Former RDA Low-Mod	Housing RLF
<b>REVENUE</b>				
Use of Money and Property	3,036	-	1,665	62
Intergovernmental Revenue	-	-	-	-
Other Revenue	-	-	-	-
<b>Total Revenue</b>	<b>3,036</b>	<b>-</b>	<b>1,665</b>	<b>62</b>
<b>EXPENDITURES</b>				
<b>Current-</b>				
General government	-	121,232	19,402	-
Community development	-	25,121	876	-
Roads and infrastructure	-	27,691	-	-
Housing and support programs	-	-	87,735	13,319
Redevelopment/Economic development	10,107	106,598	-	-
Public safety	-	-	-	-
Capital Outlay	-	-	-	-
<b>Debt service-</b>				
Principal Retirement	-	-	-	-
Interest	-	-	-	-
<b>Total Expenditures</b>	<b>10,107</b>	<b>280,642</b>	<b>108,013</b>	<b>13,319</b>
Excess of Revenue over (under) Expenditures	(7,071)	(280,642)	(106,348)	(13,257)
<b>OTHER FINANCING SOURCES (USES)</b>				
Other	-	932	5,683	156,104
Transfers in	12,279	430,587	-	31,586
Transfers out	(77,531)	(143,641)	(68,750)	(17,490)
<b>EXTRAORDINARY ITEMS</b>				
Extraordinary loss - redevelopment	-	-	(437,456)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(65,252)</b>	<b>287,878</b>	<b>(500,523)</b>	<b>170,200</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(72,323)</b>	<b>7,236</b>	<b>(606,871)</b>	<b>156,943</b>
<b>BEGINNING FUND BALANCES</b>	<b>556,734</b>	<b>(7,236)</b>	<b>1,096,628</b>	<b>220,679</b>
<b>ENDING FUND BALANCES</b>	<b>\$ 484,411</b>	<b>\$ -</b>	<b>\$ 489,757</b>	<b>\$ 377,622</b>

CITY OF LAKEPORT, CALIFORNIA  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (cont.)  
Non-Major Governmental Funds  
Year Ended June 30, 2012

	SPECIAL REVENUE			
	Emergency Housing	Microenterprise RLF	Business Stabilization	2009 HOME Grant
<b>REVENUE</b>				
Use of Money and Property	2	-	1,456	-
Intergovernmental Revenue	-	-	-	333,967
Other Revenue	51	-	-	-
<b>Total Revenue</b>	<b>53</b>	<b>-</b>	<b>1,456</b>	<b>333,967</b>
<b>EXPENDITURES</b>				
<b>Current-</b>				
General government	174	-	-	-
Community development	-	-	-	-
Roads and infrastructure	-	-	-	-
Housing and support programs	9,943	-	-	314,759
Redevelopment/Economic development	-	-	68	-
Public safety	-	-	-	-
Capital Outlay	-	-	-	-
<b>Debt service-</b>				
Principal Retirement	-	-	-	-
Interest	-	-	-	-
<b>Total Expenditures</b>	<b>10,117</b>	<b>-</b>	<b>68</b>	<b>314,759</b>
Excess of Revenue over (under) Expenditures	(10,064)	-	1,388	19,208
<b>OTHER FINANCING SOURCES (USES)</b>				
Other	1,359	989	-	-
Transfers in	-	-	-	792
Transfers out	(30,000)	-	(7,239)	(20,000)
<b>EXTRAORDINARY ITEMS</b>				
Extraordinary loss - redevelopment	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(28,641)</b>	<b>989</b>	<b>(7,239)</b>	<b>(19,208)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(38,705)</b>	<b>989</b>	<b>(5,851)</b>	<b>-</b>
<b>BEGINNING FUND BALANCES</b>	<b>44,967</b>	<b>3,431</b>	<b>73,369</b>	<b>-</b>
<b>ENDING FUND BALANCES</b>	<b>\$ 6,262</b>	<b>\$ 4,420</b>	<b>\$ 67,518</b>	<b>\$ -</b>

CITY OF LAKEPORT, CALIFORNIA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (cont.)

Non-Major Governmental Funds

Year Ended June 30, 2012

	SPECIAL REVENUE			
	PTA Grant #09-PTAG-6504	CDBG 2010 ED	CDBG 2010 Housing	HOME Program Income
REVENUE				
Use of Money and Property	-	-	-	-
Intergovernmental Revenue	22,500	7,762	915	-
Other Revenue	-	-	-	-
Total Revenue	<u>22,500</u>	<u>7,762</u>	<u>915</u>	<u>-</u>
EXPENDITURES				
Current-				
General government	-	-	-	-
Community development	-	-	-	-
Roads and infrastructure	-	-	4,151	-
Housing and support programs	-	-	85,610	-
Redevelopment/Economic development	22,500	7,761	-	-
Public safety	-	-	-	-
Capital Outlay	-	-	-	-
Debt service-				
Principal Retirement	-	-	-	-
Interest	-	-	-	-
Total Expenditures	<u>22,500</u>	<u>7,761</u>	<u>89,761</u>	<u>-</u>
Excess of Revenue over (under) Expenditures	<u>-</u>	<u>1</u>	<u>(88,846)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Other	-	-	(9,892)	388,949
Transfers in	26,250	-	90,000	-
Transfers out	-	-	-	-
EXTRAORDINARY ITEMS				
Extraordinary loss - redevelopment	-	-	-	-
Total Other Financing Sources (Uses)	<u>26,250</u>	<u>-</u>	<u>80,108</u>	<u>388,949</u>
NET CHANGE IN FUND BALANCE	26,250	1	(8,738)	388,949
BEGINNING FUND BALANCES	-	5,404	-	1,021,992
ENDING FUND BALANCES	<u>\$ 26,250</u>	<u>\$ 5,405</u>	<u>\$ (8,738)</u>	<u>\$ 1,410,941</u>

CITY OF LAKEPORT, CALIFORNIA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (cont.)

Non-Major Governmental Funds

Year Ended June 30, 2012

	SPECIAL REVENUE			
	Tenth Street Drainage	Lakeport Blvd Improvement	South Main Improvement	Parkside Traffic Mitigation
REVENUE				
Use of Money and Property	269	369	179	1
Intergovernmental Revenue	-	-	-	-
Other Revenue	-	-	-	-
Total Revenue	<u>269</u>	<u>369</u>	<u>179</u>	<u>1</u>
EXPENDITURES				
Current-				
General government	-	-	-	-
Community development	-	-	-	-
Roads and infrastructure	-	-	-	-
Housing and support programs	-	-	-	-
Redevelopment/Economic development	-	-	-	-
Public safety	-	-	-	-
Capital Outlay	-	-	-	-
Debt service-				
Principal Retirement	-	-	-	-
Interest	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenue over (under) Expenditures	<u>269</u>	<u>369</u>	<u>179</u>	<u>1</u>
OTHER FINANCING SOURCES (USES)				
Other	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
EXTRAORDINARY ITEMS				
Extraordinary loss - redevelopment	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	269	369	179	1
BEGINNING FUND BALANCES	<u>84,291</u>	<u>115,579</u>	<u>61,248</u>	<u>17,121</u>
ENDING FUND BALANCES	<u>\$ 84,560</u>	<u>\$ 115,948</u>	<u>\$ 61,427</u>	<u>\$ 17,122</u>

CITY OF LAKEPORT, CALIFORNIA  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (cont.)  
Non-Major Governmental Funds  
Year Ended June 30, 2012

	SPECIAL REVENUE			
	Forbes Creek Trail	Lakeshore Storm Damage	Safe Routes to Schools	Prop 40 Per Capita Grant
REVENUE				
Use of Money and Property	-	1	-	-
Intergovernmental Revenue	-	-	-	9,428
Other Revenue	-	196	-	-
Total Revenue	-	197	-	9,428
EXPENDITURES				
Current-				
General government	-	-	-	-
Community development	-	-	-	-
Roads and infrastructure	-	-	-	-
Housing and support programs	-	-	-	-
Redevelopment/Economic development	-	-	-	-
Public safety	-	-	-	-
Capital Outlay	-	-	-	9,428
Debt service-				
Principal Retirement	-	-	-	-
Interest	-	-	-	-
Total Expenditures	-	-	-	9,428
Excess of Revenue over (under) Expenditures	-	197	-	-
OTHER FINANCING SOURCES (USES)				
Other	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
EXTRAORDINARY ITEMS				
Extraordinary loss - redevelopment	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	-	197	-	-
BEGINNING FUND BALANCES	-	8,823	-	-
ENDING FUND BALANCES	\$ -	\$ 9,020	\$ -	\$ -

CITY OF LAKEPORT, CALIFORNIA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (cont.)

Non-Major Governmental Funds

Year Ended June 30, 2012

	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>	<u>DEBT SERVICE</u>	Other Governmental
	Storm Drainage Fund	Former RDA Capital Projects	Former RDA Debt Service	
REVENUE				
Use of Money and Property	433	-	90	23,746
Intergovernmental Revenue	-	-	-	561,881
Other Revenue	-	-	-	247
Total Revenue	<u>433</u>	<u>-</u>	<u>90</u>	<u>585,874</u>
EXPENDITURES				
Current-				
General government	-	-	4,514	145,322
Community development	-	-	-	25,997
Roads and infrastructure	34,630	-	-	72,661
Housing and support programs	-	-	-	511,366
Redevelopment/Economic development	-	29,983	20,000	197,017
Public safety	-	-	-	33,043
Capital Outlay	-	-	-	9,428
Debt service-				
Principal Retirement	-	-	50,000	107,627
Interest	-	-	218,167	223,741
Total Expenditures	<u>34,630</u>	<u>29,983</u>	<u>292,681</u>	<u>1,326,202</u>
Excess of Revenue over (under) Expenditures	<u>(34,197)</u>	<u>(29,983)</u>	<u>(292,591)</u>	<u>(740,328)</u>
OTHER FINANCING SOURCES (USES)				
Other	-	(109,039)	-	435,085
Transfers in	-	34,793	258,489	884,776
Transfers out	-	(1,936,976)	(443,942)	(2,745,569)
EXTRAORDINARY ITEMS				
Extraordinary loss - redevelopment	-	-	(568,206)	(1,005,662)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(2,011,222)</u>	<u>(753,659)</u>	<u>(2,431,370)</u>
NET CHANGE IN FUND BALANCE	<u>(34,197)</u>	<u>(2,041,205)</u>	<u>(1,046,250)</u>	<u>(3,171,698)</u>
BEGINNING FUND BALANCES	<u>394,498</u>	<u>2,041,205</u>	<u>1,046,250</u>	<u>6,750,309</u>
ENDING FUND BALANCES	<u>\$ 360,301</u>	<u>\$ -</u>	<u>\$ -</u>	<u>3,578,611</u>

THIS PAGE INTENTIONALLY LEFT BLANK

# COMBINING FIDUCIARY FUNDS

---

## **PRIVATE PURPOSE TRUST FUNDS**

### **REDEVELOPMENT HOUSING SUCCESSOR PRIVATE PURPOSE TRUST FUND**

Resources held for the benefit of the state from the dissolution of the Lakeport Redevelopment Agency's housing function.

### **REDEVELOPMENT NON-HOUSING HOUSING SUCCESSOR PRIVATE PURPOSE TRUST FUND**

Resources held for the benefit of the state from the dissolution of the Lakeport Redevelopment Agency's non-housing functions.

CITY OF LAKEPORT, CALIFORNIA  
Combining Fiduciary Net Assets  
Private Purpose Trust Funds  
June 30, 2012

	Private Purpose Trust Funds <u>RDA Housing</u>	Private Purpose Trust Funds <u>RDA Non-Housing</u>
ASSETS		
Cash and investments	\$ 395,956	\$ 728,498
Cash - restricted	-	300,859
Receivables:		
Notes	-	23,852
Other	-	389
Deferred charges	-	258,851
Total Assets	<u>395,956</u>	<u>1,312,449</u>
LIABILITIES		
Accounts payable	-	2,283
Enforceable obligations	-	5,886,768
Total liabilities	<u>-</u>	<u>5,889,051</u>
NET ASSETS (DEFICIT)		
Restricted - debt service reserve	-	465,858
Held in trust for benefit of the State	395,956	284,582
Held in trust for outstanding obligations	-	(5,327,042)
Total net assets (deficit)	<u>\$ 395,956</u>	<u>\$ (4,576,602)</u>

CITY OF LAKEPORT, CALIFORNIA  
 Combining Statement of Changes to Fiduciary Net Assets  
 Private Purpose Trust Funds  
 Year Ended June 30, 2012

	Private Purpose Trust Funds RDA Housing	Private Purpose Trust Funds RDA Non-Housing
ADDITIONS		
Property tax	\$ -	\$ 56,022
Investment earnings	-	803
Extraordinary gains	395,956	-
Total additions	395,956	56,825
DEDUCTIONS		
Extraordinary losses	-	4,234,684
Administrative costs	-	104,167
Pass-through payments	-	90,649
Interest and amortization expense	-	203,927
Total deductions	-	4,633,427
CHANGE IN FIDUCIARY NET ASSETS	395,956	(4,576,602)
NET ASSETS (DEFICIT)		
Beginning of year	-	-
End of year	<u>\$ 395,956</u>	<u>\$ (4,576,602)</u>

**AGENCY FUNDS**

**SPECIAL DEPOSIT AGENCY FUND**

Resources held for outside parties that are not available for spending by the City.

**OTHER POST EMPLOYMENT BENEFITS (OPEB) AGENCY FUND**

Resources for other post employment benefits (OPEB) are managed and maintained in this fund. This includes City contributions to retiree health (medical, dental, vision, etc.).

CITY OF LAKEPORT, CALIFORNIA  
 Combining Fiduciary Assets and Liabilities  
 Agency Funds  
 June 30, 2012

	Agency (Special Deposits)	Agency OPEB
ASSETS		
Cash and investments	\$ 276,293	\$ -
Receivables:		
Member contributions	-	18,207
Total Assets	<u>\$ 276,293</u>	<u>\$ 18,207</u>
LIABILITIES		
OPEB Obligation	-	18,207
Refundable deposits and trust liabilities	276,293	-
Total liabilities	<u>\$ 276,293</u>	<u>\$ 18,207</u>

CITY OF LAKEPORT, CALIFORNIA  
 Combining Fiduciary Changes in Assets and Liabilities  
 Agency Funds  
 Year Ended June 30, 2012

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
<b>Special Deposit Fund</b>				
<b>ASSETS</b>				
Cash and investments	\$ 191,917	\$ 84,376	\$ -	\$ 276,293
Receivables:				
Member contributions	-	-	-	-
<b>Total Assets</b>	<b>\$ 191,917</b>	<b>\$ 84,376</b>	<b>\$ -</b>	<b>\$ 276,293</b>
<b>LIABILITIES</b>				
OPEB Obligation	\$ -	\$ -	\$ -	\$ -
Refundable deposits and trust liabilities	191,917	84,376	-	276,293
<b>Total liabilities</b>	<b>\$ 191,917</b>	<b>\$ 84,376</b>	<b>\$ -</b>	<b>\$ 276,293</b>
<b>OPEB Fund</b>				
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 427,447	\$ 427,447	\$ -
Receivables:				
Member contributions	-	18,207	-	18,207
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 445,654</b>	<b>\$ 427,447</b>	<b>\$ 18,207</b>
<b>LIABILITIES</b>				
OPEB Obligation	\$ -	\$ 445,654	\$ 427,447	\$ 18,207
Refundable deposits and trust liabilities	-	-	-	-
<b>Total liabilities</b>	<b>\$ -</b>	<b>\$ 445,654</b>	<b>\$ 427,447</b>	<b>\$ 18,207</b>

**NON-MAJOR GOVERNMENTAL FUND BUDGET  
COMPARISONS**

---

CITY OF LAKEPORT, CALIFORNIA  
 Parkland Dedication Fund  
 Statement of Revenue, Expenditures, and Change in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	9,067	9,067	9,000	(67)
Intergovernmental revenue	-	-	-	-
Charges for service	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenue</b>	<b>9,067</b>	<b>9,067</b>	<b>9,000</b>	<b>(67)</b>
<b>EXPENDITURES</b>				
<b>Current-</b>				
General government	-	-	-	-
Community development	-	-	-	-
Roads and infrastructure	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Redevelopment/Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
<b>Debt service-</b>				
Principal retirement	103,000	103,000	57,627	45,373
Interest	7,000	7,000	5,574	1,426
<b>Total expenditures</b>	<b>110,000</b>	<b>110,000</b>	<b>63,201</b>	<b>46,799</b>
Excess of revenue over (under) expenditures	(100,933)	(100,933)	(54,201)	46,732
<b>OTHER FINANCING SOURCES (USES)</b>				
Other	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>EXTRAORDINARY ITEMS</b>				
Extraordinary gain - redevelopment	-	-	-	-
Extraordinary loss - redevelopment	-	-	-	-
<b>Total other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(100,933)</b>	<b>(100,933)</b>	<b>(54,201)</b>	<b>46,732</b>
<b>BEGINNING FUND BALANCES</b>	<b>(37,049)</b>	<b>(37,049)</b>	<b>(37,049)</b>	<b>(37,049)</b>
<b>ENDING FUND BALANCES</b>	<b>\$ (137,982)</b>	<b>\$ (137,982)</b>	<b>\$ (91,250)</b>	<b>\$ 9,683</b>

CITY OF LAKEPORT, CALIFORNIA  
Gas Tax Fund  
Statement of Revenue, Expenditures, and Change in Fund Balances  
Budget and Actual  
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	421	421	-	(421)
Intergovernmental revenue	-	-	149,219	149,219
Charges for service	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenue</b>	<b>421</b>	<b>421</b>	<b>149,219</b>	<b>148,798</b>
<b>EXPENDITURES</b>				
<b>Current-</b>				
General government	-	-	-	-
Community development	-	-	-	-
Roads and infrastructure	259,200	259,200	6,189	253,011
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Redevelopment/Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
<b>Debt service-</b>				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>259,200</b>	<b>259,200</b>	<b>6,189</b>	<b>253,011</b>
Excess of revenue over (under) expenditures	(258,779)	(258,779)	143,030	401,809
<b>OTHER FINANCING SOURCES (USES)</b>				
Other	-	-	-	-
Transfers in	-	-	-	-
Transfers out	28,800	28,800	-	(28,800)
<b>EXTRAORDINARY ITEMS</b>				
Extraordinary gain - redevelopment	-	-	-	-
Extraordinary loss - redevelopment	-	-	-	-
<b>Total other</b>	<b>28,800</b>	<b>28,800</b>	<b>-</b>	<b>(28,800)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(229,979)</b>	<b>(229,979)</b>	<b>143,030</b>	<b>373,009</b>
<b>BEGINNING FUND BALANCES</b>	<b>132,857</b>	<b>132,857</b>	<b>132,857</b>	<b>132,857</b>
<b>ENDING FUND BALANCES</b>	<b>\$ (97,122)</b>	<b>\$ (97,122)</b>	<b>\$ 275,887</b>	<b>\$ 505,866</b>

CITY OF LAKEPORT, CALIFORNIA  
 Prop 172 Public Safety Fund  
 Statement of Revenue, Expenditures, and Change in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	-	-	-	-
Intergovernmental revenue	-	-	38,090	38,090
Charges for service	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenue</b>	<b>-</b>	<b>-</b>	<b>38,090</b>	<b>38,090</b>
<b>EXPENDITURES</b>				
<b>Current-</b>				
General government	-	-	-	-
Community development	-	-	-	-
Roads and infrastructure	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Redevelopment/Economic development	-	-	-	-
Public safety	16,000	16,000	33,043	(17,043)
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
<b>Debt service-</b>				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>16,000</b>	<b>16,000</b>	<b>33,043</b>	<b>(17,043)</b>
Excess of revenue over (under) expenditures	(16,000)	(16,000)	5,047	21,047
<b>OTHER FINANCING SOURCES (USES)</b>				
Other	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>EXTRAORDINARY ITEMS</b>				
Extraordinary gain - redevelopment	-	-	-	-
Extraordinary loss - redevelopment	-	-	-	-
<b>Total other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(16,000)</b>	<b>(16,000)</b>	<b>5,047</b>	<b>21,047</b>
<b>BEGINNING FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>ENDING FUND BALANCES</b>	<b>\$ (16,000)</b>	<b>\$ (16,000)</b>	<b>\$ 5,047</b>	<b>\$ 21,047</b>

CITY OF LAKEPORT, CALIFORNIA  
 Lakeport Housing Fund  
 Statement of Revenue, Expenditures, and Change in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	6,125	6,125	7,183	1,058
Intergovernmental revenue	-	-	-	-
Charges for service	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenue</b>	<b>6,125</b>	<b>6,125</b>	<b>7,183</b>	<b>1,058</b>
<b>EXPENDITURES</b>				
<b>Current-</b>				
General government	-	-	-	-
Community development	-	-	-	-
Roads and infrastructure	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Redevelopment/Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
<b>Debt service-</b>				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of revenue over (under) expenditures	6,125	6,125	7,183	1,058
<b>OTHER FINANCING SOURCES (USES)</b>				
Other	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>EXTRAORDINARY ITEMS</b>				
Extraordinary gain - redevelopment	-	-	-	-
Extraordinary loss - redevelopment	-	-	-	-
<b>Total other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>6,125</b>	<b>6,125</b>	<b>7,183</b>	<b>1,058</b>
<b>BEGINNING FUND BALANCES</b>	<b>(130,482)</b>	<b>(130,482)</b>	<b>(130,482)</b>	<b>(130,482)</b>
<b>ENDING FUND BALANCES</b>	<b>\$ (124,357)</b>	<b>\$ (124,357)</b>	<b>\$ (123,299)</b>	<b>\$ (129,424)</b>

CITY OF LAKEPORT, CALIFORNIA  
Economic Development Revolving Loan Fund  
Statement of Revenue, Expenditures, and Change in Fund Balances  
Budget and Actual  
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	38,710	38,710	3,036	(35,674)
Intergovernmental revenue	-	-	-	-
Charges for service	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenue</b>	<b>38,710</b>	<b>38,710</b>	<b>3,036</b>	<b>(35,674)</b>
<b>EXPENDITURES</b>				
<b>Current-</b>				
General government	-	-	-	-
Community development	-	-	-	-
Roads and infrastructure	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Redevelopment/Economic development	11,279	11,279	10,107	1,172
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
<b>Debt service-</b>				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>11,279</b>	<b>11,279</b>	<b>10,107</b>	<b>1,172</b>
Excess of revenue over (under) expenditures	27,431	27,431	(7,071)	(34,502)
<b>OTHER FINANCING SOURCES (USES)</b>				
Other	-	-	-	-
Transfers in	-	-	12,279	12,279
Transfers out	(1,588)	(1,588)	(77,531)	(75,943)
<b>EXTRAORDINARY ITEMS</b>				
Extraordinary gain - redevelopment	-	-	-	-
Extraordinary loss - redevelopment	-	-	-	-
<b>Total other</b>	<b>(1,588)</b>	<b>(1,588)</b>	<b>(65,252)</b>	<b>(63,664)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>25,843</b>	<b>25,843</b>	<b>(72,323)</b>	<b>(98,166)</b>
<b>BEGINNING FUND BALANCES</b>	<b>556,734</b>	<b>556,734</b>	<b>556,734</b>	<b>556,734</b>
<b>ENDING FUND BALANCES</b>	<b>\$ 582,577</b>	<b>\$ 582,577</b>	<b>\$ 484,411</b>	<b>\$ 458,568</b>

CITY OF LAKEPORT, CALIFORNIA  
Former Redevelopment Operating Fund  
Statement of Revenue, Expenditures, and Change in Fund Balances  
Budget and Actual  
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes	\$ 914,255	\$ 914,255	\$ -	\$ (914,255)
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	5,000	5,000	-	(5,000)
Intergovernmental revenue	-	-	-	-
Charges for service	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenue</b>	<b>919,255</b>	<b>919,255</b>	<b>-</b>	<b>(919,255)</b>
<b>EXPENDITURES</b>				
<b>Current-</b>				
General government	112,450	115,918	121,232	(5,314)
Community development	39,961	39,961	25,121	14,840
Roads and infrastructure	55,558	55,558	27,691	27,867
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Redevelopment/Economic development	682,559	682,559	106,598	575,961
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
<b>Debt service-</b>				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>890,528</b>	<b>893,996</b>	<b>280,642</b>	<b>613,354</b>
Excess of revenue over (under) expenditures	28,727	25,259	(280,642)	(305,901)
<b>OTHER FINANCING SOURCES (USES)</b>				
Other	-	-	932	932
Transfers in	139,516	139,516	430,587	291,071
Transfers out	(182,851)	(182,851)	(143,641)	39,210
<b>EXTRAORDINARY ITEMS</b>				
Extraordinary gain - redevelopment	-	-	-	-
Extraordinary loss - redevelopment	-	-	-	-
<b>Total other</b>	<b>(43,335)</b>	<b>(43,335)</b>	<b>287,878</b>	<b>331,213</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(14,608)</b>	<b>(18,076)</b>	<b>7,236</b>	<b>25,312</b>
<b>BEGINNING FUND BALANCES</b>	<b>(7,236)</b>	<b>(7,236)</b>	<b>(7,236)</b>	<b>(7,236)</b>
<b>ENDING FUND BALANCES</b>	<b>\$ (21,844)</b>	<b>\$ (25,312)</b>	<b>\$ -</b>	<b>\$ 18,076</b>

CITY OF LAKEPORT, CALIFORNIA  
Former Redevelopment Low-Mod Housing Fund  
Statement of Revenue, Expenditures, and Change in Fund Balances  
Budget and Actual  
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	2,309	2,309	1,665	(644)
Intergovernmental revenue	-	-	-	-
Charges for service	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenue</b>	<b>2,309</b>	<b>2,309</b>	<b>1,665</b>	<b>(644)</b>
<b>EXPENDITURES</b>				
<b>Current-</b>				
General government	29,936	31,092	19,402	11,690
Community development	7,335	7,335	876	6,459
Roads and infrastructure	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	89,333	89,333	87,735	1,598
Redevelopment/Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
<b>Debt service-</b>				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>126,604</b>	<b>127,760</b>	<b>108,013</b>	<b>19,747</b>
Excess of revenue over (under) expenditures	(124,295)	(125,451)	(106,348)	19,103
<b>OTHER FINANCING SOURCES (USES)</b>				
Other	5,100	5,100	5,683	583
Transfers in	182,851	182,851	-	(182,851)
Transfers out	(60,000)	(60,000)	(68,750)	(8,750)
<b>EXTRAORDINARY ITEMS</b>				
Extraordinary gain - redevelopment	-	-	-	-
Extraordinary loss - redevelopment	-	-	(437,456)	(437,456)
<b>Total other</b>	<b>127,951</b>	<b>127,951</b>	<b>(500,523)</b>	<b>(628,474)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>3,656</b>	<b>2,500</b>	<b>(606,871)</b>	<b>(609,371)</b>
<b>BEGINNING FUND BALANCES</b>	<b>1,096,628</b>	<b>1,096,628</b>	<b>1,096,628</b>	<b>1,096,628</b>
<b>ENDING FUND BALANCES</b>	<b>\$ 1,100,284</b>	<b>\$ 1,099,128</b>	<b>\$ 489,757</b>	<b>\$ 487,257</b>

CITY OF LAKEPORT, CALIFORNIA  
Housing Revolving Loan Fund  
Statement of Revenue, Expenditures, and Change in Fund Balances  
Budget and Actual  
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	210	210	62	(148)
Intergovernmental revenue	-	-	-	-
Charges for service	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenue</b>	<b>210</b>	<b>210</b>	<b>62</b>	<b>(148)</b>
<b>EXPENDITURES</b>				
<b>Current-</b>				
General government	-	-	-	-
Community development	-	-	-	-
Roads and infrastructure	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	10,860	10,860	13,319	(2,459)
Redevelopment/Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
<b>Debt service-</b>				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>10,860</b>	<b>10,860</b>	<b>13,319</b>	<b>(2,459)</b>
Excess of revenue over (under) expenditures	(10,650)	(10,650)	(13,257)	(2,607)
<b>OTHER FINANCING SOURCES (USES)</b>				
Other	50,705	50,705	156,104	105,399
Transfers in	-	-	31,586	31,586
Transfers out	(1,823)	(1,823)	(17,490)	(15,667)
<b>EXTRAORDINARY ITEMS</b>				
Extraordinary gain - redevelopment	-	-	-	-
Extraordinary loss - redevelopment	-	-	-	-
<b>Total other</b>	<b>48,882</b>	<b>48,882</b>	<b>170,200</b>	<b>121,318</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>38,232</b>	<b>38,232</b>	<b>156,943</b>	<b>118,711</b>
<b>BEGINNING FUND BALANCES</b>	<b>220,679</b>	<b>220,679</b>	<b>220,679</b>	<b>220,679</b>
<b>ENDING FUND BALANCES</b>	<b>\$ 258,911</b>	<b>\$ 258,911</b>	<b>\$ 377,622</b>	<b>\$ 339,390</b>

CITY OF LAKEPORT, CALIFORNIA  
 Emergency Housing Assistance Fund  
 Statement of Revenue, Expenditures, and Change in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	232	232	2	(230)
Intergovernmental revenue	-	-	-	-
Charges for service	-	-	-	-
Other revenue	-	-	51	51
<b>Total revenue</b>	<b>232</b>	<b>232</b>	<b>53</b>	<b>(179)</b>
<b>EXPENDITURES</b>				
<b>Current-</b>				
General government	433	433	174	259
Community development	-	-	-	-
Roads and infrastructure	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	8,618	8,618	9,943	(1,325)
Redevelopment/Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
<b>Debt service-</b>				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>9,051</b>	<b>9,051</b>	<b>10,117</b>	<b>(1,066)</b>
Excess of revenue over (under) expenditures	(8,819)	(8,819)	(10,064)	(1,245)
<b>OTHER FINANCING SOURCES (USES)</b>				
Other	-	-	1,359	1,359
Transfers in	905	905	-	(905)
Transfers out	(30,905)	(30,905)	(30,000)	905
<b>EXTRAORDINARY ITEMS</b>				
Extraordinary gain - redevelopment	-	-	-	-
Extraordinary loss - redevelopment	-	-	-	-
<b>Total other</b>	<b>(30,000)</b>	<b>(30,000)</b>	<b>(28,641)</b>	<b>1,359</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(38,819)</b>	<b>(38,819)</b>	<b>(38,705)</b>	<b>114</b>
<b>BEGINNING FUND BALANCES</b>	<b>44,967</b>	<b>44,967</b>	<b>44,967</b>	<b>44,967</b>
<b>ENDING FUND BALANCES</b>	<b>\$ 6,148</b>	<b>\$ 6,148</b>	<b>\$ 6,262</b>	<b>\$ 45,081</b>

CITY OF LAKEPORT, CALIFORNIA  
Micro Enterprise Loan Fun  
Statement of Revenue, Expenditures, and Change in Fund Balances  
Budget and Actual  
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	18	18	-	(18)
Intergovernmental revenue	-	-	-	-
Charges for service	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenue</b>	<b>18</b>	<b>18</b>	<b>-</b>	<b>(18)</b>
<b>EXPENDITURES</b>				
<b>Current-</b>				
General government	-	-	-	-
Community development	-	-	-	-
Roads and infrastructure	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Redevelopment/Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
<b>Debt service-</b>				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of revenue over (under) expenditures	18	18	-	(18)
<b>OTHER FINANCING SOURCES (USES)</b>				
Other	3,339	3,339	989	(2,350)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>EXTRAORDINARY ITEMS</b>				
Extraordinary gain - redevelopment	-	-	-	-
Extraordinary loss - redevelopment	-	-	-	-
<b>Total other</b>	<b>3,339</b>	<b>3,339</b>	<b>989</b>	<b>(2,350)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>3,357</b>	<b>3,357</b>	<b>989</b>	<b>(2,368)</b>
<b>BEGINNING FUND BALANCES</b>	<b>3,431</b>	<b>3,431</b>	<b>3,431</b>	<b>3,431</b>
<b>ENDING FUND BALANCES</b>	<b>\$ 6,788</b>	<b>\$ 6,788</b>	<b>\$ 4,420</b>	<b>\$ 1,063</b>

CITY OF LAKEPORT, CALIFORNIA  
 Business Loan Stabilization Fund  
 Statement of Revenue, Expenditures, and Change in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	-	-	1,456	1,456
Intergovernmental revenue	-	-	-	-
Charges for service	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenue</b>	<b>-</b>	<b>-</b>	<b>1,456</b>	<b>1,456</b>
<b>EXPENDITURES</b>				
<b>Current-</b>				
General government	-	-	-	-
Community development	-	-	-	-
Roads and infrastructure	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Redevelopment/Economic development	-	-	68	(68)
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
<b>Debt service-</b>				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>68</b>	<b>(68)</b>
Excess of revenue over (under) expenditures	-	-	1,388	1,388
<b>OTHER FINANCING SOURCES (USES)</b>				
Other	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(7,239)	(7,239)
<b>EXTRAORDINARY ITEMS</b>				
Extraordinary gain - redevelopment	-	-	-	-
Extraordinary loss - redevelopment	-	-	-	-
<b>Total other</b>	<b>-</b>	<b>-</b>	<b>(7,239)</b>	<b>(7,239)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>(5,851)</b>	<b>(5,851)</b>
<b>BEGINNING FUND BALANCES</b>	<b>73,369</b>	<b>73,369</b>	<b>73,369</b>	<b>73,369</b>
<b>ENDING FUND BALANCES</b>	<b>\$ 73,369</b>	<b>\$ 73,369</b>	<b>\$ 67,518</b>	<b>\$ 67,518</b>

CITY OF LAKEPORT, CALIFORNIA  
2009 Home Grant  
Statement of Revenue, Expenditures, and Change in Fund Balances  
Budget and Actual  
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	3	3	-	(3)
Intergovernmental revenue	420,829	420,829	333,967	(86,862)
Charges for service	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenue</b>	<b>420,832</b>	<b>420,832</b>	<b>333,967</b>	<b>(86,865)</b>
<b>EXPENDITURES</b>				
<b>Current-</b>				
General government	-	-	-	-
Community development	-	-	-	-
Roads and infrastructure	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	397,135	397,135	314,759	82,376
Redevelopment/Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
<b>Debt service-</b>				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>397,135</b>	<b>397,135</b>	<b>314,759</b>	<b>82,376</b>
Excess of revenue over (under) expenditures	23,697	23,697	19,208	(4,489)
<b>OTHER FINANCING SOURCES (USES)</b>				
Other	-	-	-	-
Transfers in	-	-	792	792
Transfers out	(42,083)	(42,083)	(20,000)	22,083
<b>EXTRAORDINARY ITEMS</b>				
Extraordinary gain - redevelopment	-	-	-	-
Extraordinary loss - redevelopment	-	-	-	-
<b>Total other</b>	<b>(42,083)</b>	<b>(42,083)</b>	<b>(19,208)</b>	<b>22,875</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(18,386)</b>	<b>(18,386)</b>	<b>-</b>	<b>18,386</b>
<b>BEGINNING FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>ENDING FUND BALANCES</b>	<b>\$ (18,386)</b>	<b>\$ (18,386)</b>	<b>\$ -</b>	<b>\$ 18,386</b>

CITY OF LAKEPORT, CALIFORNIA  
PTA Grant #09-PTAG-6504  
Statement of Revenue, Expenditures, and Change in Fund Balances  
Budget and Actual  
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	-	-	-	-
Intergovernmental revenue	35,000	35,000	22,500	(12,500)
Charges for service	-	-	-	-
Other revenue	-	-	-	-
Total revenue	35,000	35,000	22,500	(12,500)
EXPENDITURES				
Current-				
General government	-	-	-	-
Community development	-	-	-	-
Roads and infrastructure	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Redevelopment/Economic development	26,250	26,250	22,500	3,750
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
Debt service-				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	26,250	26,250	22,500	3,750
Excess of revenue over (under) expenditures	8,750	8,750	-	(8,750)
OTHER FINANCING SOURCES (USES)				
Other	-	-	-	-
Transfers in	-	-	26,250	26,250
Transfers out	(8,750)	(8,750)	-	8,750
EXTRAORDINARY ITEMS				
Extraordinary gain - redevelopment	-	-	-	-
Extraordinary loss - redevelopment	-	-	-	-
Total other	(8,750)	(8,750)	26,250	35,000
NET CHANGE IN FUND BALANCE	-	-	26,250	26,250
BEGINNING FUND BALANCES	-	-	-	-
ENDING FUND BALANCES	\$ -	\$ -	\$ 26,250	\$ 26,250

CITY OF LAKEPORT, CALIFORNIA  
CDBG 2010 Economic Development Grant  
Statement of Revenue, Expenditures, and Change in Fund Balances  
Budget and Actual  
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	-	-	-	-
Intergovernmental revenue	294,000	294,000	7,762	(286,238)
Charges for service	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenue</b>	<b>294,000</b>	<b>294,000</b>	<b>7,762</b>	<b>(286,238)</b>
<b>EXPENDITURES</b>				
<b>Current-</b>				
General government	-	-	-	-
Community development	-	-	-	-
Roads and infrastructure	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Redevelopment/Economic development	249,900	249,900	7,761	242,139
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
<b>Debt service-</b>				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>249,900</b>	<b>249,900</b>	<b>7,761</b>	<b>242,139</b>
Excess of revenue over (under) expenditures	44,100	44,100	1	(44,099)
<b>OTHER FINANCING SOURCES (USES)</b>				
Other	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(44,100)	(44,100)	-	44,100
<b>EXTRAORDINARY ITEMS</b>				
Extraordinary gain - redevelopment	-	-	-	-
Extraordinary loss - redevelopment	-	-	-	-
<b>Total other</b>	<b>(44,100)</b>	<b>(44,100)</b>	<b>-</b>	<b>44,100</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>
<b>BEGINNING FUND BALANCES</b>	<b>5,404</b>	<b>5,404</b>	<b>5,404</b>	<b>5,404</b>
<b>ENDING FUND BALANCES</b>	<b>\$ 5,404</b>	<b>\$ 5,404</b>	<b>\$ 5,405</b>	<b>\$ 5,405</b>

CITY OF LAKEPORT, CALIFORNIA  
CDBG 2010 Housing Grant  
Statement of Revenue, Expenditures, and Change in Fund Balances  
Budget and Actual  
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	-	-	-	-
Intergovernmental revenue	245,460	245,460	915	(244,545)
Charges for service	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenue</b>	<b>245,460</b>	<b>245,460</b>	<b>915</b>	<b>(244,545)</b>
<b>EXPENDITURES</b>				
<b>Current-</b>				
General government	-	-	-	-
Community development	-	-	-	-
Roads and infrastructure	-	-	4,151	(4,151)
Sanitation	-	-	-	-
Housing and support programs	216,052	216,052	85,610	130,442
Redevelopment/Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
<b>Debt service-</b>				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>216,052</b>	<b>216,052</b>	<b>89,761</b>	<b>126,291</b>
Excess of revenue over (under) expenditures	29,408	29,408	(88,846)	(118,254)
<b>OTHER FINANCING SOURCES (USES)</b>				
Other	-	-	(9,892)	(9,892)
Transfers in	90,000	90,000	90,000	-
Transfers out	29,408	29,408	-	(29,408)
<b>EXTRAORDINARY ITEMS</b>				
Extraordinary gain - redevelopment	-	-	-	-
Extraordinary loss - redevelopment	-	-	-	-
<b>Total other</b>	<b>119,408</b>	<b>119,408</b>	<b>80,108</b>	<b>(39,300)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>148,816</b>	<b>148,816</b>	<b>(8,738)</b>	<b>(157,554)</b>
<b>BEGINNING FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>ENDING FUND BALANCES</b>	<b>\$ 148,816</b>	<b>\$ 148,816</b>	<b>\$ (8,738)</b>	<b>\$ (157,554)</b>

CITY OF LAKEPORT, CALIFORNIA  
HOME Program Income  
Statement of Revenue, Expenditures, and Change in Fund Balances  
Budget and Actual  
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	-	-	-	-
Intergovernmental revenue	-	-	-	-
Charges for service	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES</b>				
<b>Current-</b>				
General government	-	-	-	-
Community development	-	-	-	-
Roads and infrastructure	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Redevelopment/Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
<b>Debt service-</b>				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of revenue over (under) expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Other	-	-	388,949	388,949
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>EXTRAORDINARY ITEMS</b>				
Extraordinary gain - redevelopment	-	-	-	-
Extraordinary loss - redevelopment	-	-	-	-
<b>Total other</b>	<b>-</b>	<b>-</b>	<b>388,949</b>	<b>388,949</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>388,949</b>	<b>388,949</b>
<b>BEGINNING FUND BALANCES</b>	<b>1,021,992</b>	<b>1,021,992</b>	<b>1,021,992</b>	<b>1,021,992</b>
<b>ENDING FUND BALANCES</b>	<b>\$ 1,021,992</b>	<b>\$ 1,021,992</b>	<b>\$ 1,410,941</b>	<b>\$ 1,410,941</b>

CITY OF LAKEPORT, CALIFORNIA  
Tenth Street Drainage Fund  
Statement of Revenue, Expenditures, and Change in Fund Balances  
Budget and Actual  
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	422	422	269	(153)
Intergovernmental revenue	-	-	-	-
Charges for service	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenue</b>	<b>422</b>	<b>422</b>	<b>269</b>	<b>(153)</b>
<b>EXPENDITURES</b>				
<b>Current-</b>				
General government	-	-	-	-
Community development	-	-	-	-
Roads and infrastructure	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Redevelopment/Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
<b>Debt service-</b>				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of revenue over (under) expenditures	422	422	269	(153)
<b>OTHER FINANCING SOURCES (USES)</b>				
Other	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>EXTRAORDINARY ITEMS</b>				
Extraordinary gain - redevelopment	-	-	-	-
Extraordinary loss - redevelopment	-	-	-	-
<b>Total other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>422</b>	<b>422</b>	<b>269</b>	<b>(153)</b>
<b>BEGINNING FUND BALANCES</b>	<b>84,291</b>	<b>84,291</b>	<b>84,291</b>	<b>84,291</b>
<b>ENDING FUND BALANCES</b>	<b>\$ 84,713</b>	<b>\$ 84,713</b>	<b>\$ 84,560</b>	<b>\$ 84,138</b>

CITY OF LAKEPORT, CALIFORNIA  
 Lakeport Blvd Improvement Fund  
 Statement of Revenue, Expenditures, and Change in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	578	578	369	(209)
Intergovernmental revenue	-	-	-	-
Charges for service	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenue</b>	<b>578</b>	<b>578</b>	<b>369</b>	<b>(209)</b>
<b>EXPENDITURES</b>				
<b>Current-</b>				
General government	-	-	-	-
Community development	-	-	-	-
Roads and infrastructure	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Redevelopment/Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
<b>Debt service-</b>				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of revenue over (under) expenditures</b>	<b>578</b>	<b>578</b>	<b>369</b>	<b>(209)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Other	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>EXTRAORDINARY ITEMS</b>				
Extraordinary gain - redevelopment	-	-	-	-
Extraordinary loss - redevelopment	-	-	-	-
<b>Total other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>578</b>	<b>578</b>	<b>369</b>	<b>(209)</b>
<b>BEGINNING FUND BALANCES</b>	<b>115,579</b>	<b>115,579</b>	<b>115,579</b>	<b>115,579</b>
<b>ENDING FUND BALANCES</b>	<b>\$ 116,157</b>	<b>\$ 116,157</b>	<b>\$ 115,948</b>	<b>\$ 115,370</b>

CITY OF LAKEPORT, CALIFORNIA  
 South Main Street Improvement Fund  
 Statement of Revenue, Expenditures, and Change in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	306	306	179	(127)
Intergovernmental revenue	-	-	-	-
Charges for service	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenue</b>	<b>306</b>	<b>306</b>	<b>179</b>	<b>(127)</b>
<b>EXPENDITURES</b>				
<b>Current-</b>				
General government	-	-	-	-
Community development	-	-	-	-
Roads and infrastructure	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Redevelopment/Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
<b>Debt service-</b>				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of revenue over (under) expenditures	306	306	179	(127)
<b>OTHER FINANCING SOURCES (USES)</b>				
Other	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>EXTRAORDINARY ITEMS</b>				
Extraordinary gain - redevelopment	-	-	-	-
Extraordinary loss - redevelopment	-	-	-	-
<b>Total other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>306</b>	<b>306</b>	<b>179</b>	<b>(127)</b>
<b>BEGINNING FUND BALANCES</b>	<b>61,248</b>	<b>61,248</b>	<b>61,248</b>	<b>61,248</b>
<b>ENDING FUND BALANCES</b>	<b>\$ 61,554</b>	<b>\$ 61,554</b>	<b>\$ 61,427</b>	<b>\$ 61,121</b>

CITY OF LAKEPORT, CALIFORNIA  
 Parkside Traffic Mitigation  
 Statement of Revenue, Expenditures, and Change in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	86	86	1	(85)
Intergovernmental revenue	-	-	-	-
Charges for service	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenue</b>	<b>86</b>	<b>86</b>	<b>1</b>	<b>(85)</b>
<b>EXPENDITURES</b>				
<b>Current-</b>				
General government	-	-	-	-
Community development	-	-	-	-
Roads and infrastructure	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Redevelopment/Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
<b>Debt service-</b>				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of revenue over (under) expenditures</b>	<b>86</b>	<b>86</b>	<b>1</b>	<b>(85)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Other	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>EXTRAORDINARY ITEMS</b>				
Extraordinary gain - redevelopment	-	-	-	-
Extraordinary loss - redevelopment	-	-	-	-
<b>Total other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>86</b>	<b>86</b>	<b>1</b>	<b>(85)</b>
<b>BEGINNING FUND BALANCES</b>	<b>17,121</b>	<b>17,121</b>	<b>17,121</b>	<b>17,121</b>
<b>ENDING FUND BALANCES</b>	<b>\$ 17,207</b>	<b>\$ 17,207</b>	<b>\$ 17,122</b>	<b>\$ 17,036</b>

CITY OF LAKEPORT, CALIFORNIA  
 Forbes Creek Trail Fund  
 Statement of Revenue, Expenditures, and Change in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	-	-	-	-
Intergovernmental revenue	-	-	-	-
Charges for service	-	-	-	-
Other revenue	-	-	-	-
Total revenue	-	-	-	-
EXPENDITURES				
Current-				
General government	-	-	-	-
Community development	-	-	-	-
Roads and infrastructure	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Redevelopment/Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
Debt service-				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenue over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Other	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
EXTRAORDINARY ITEMS				
Extraordinary gain - redevelopment	-	-	-	-
Extraordinary loss - redevelopment	-	-	-	-
Total other	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	-	-
BEGINNING FUND BALANCES	-	-	-	-
ENDING FUND BALANCES	\$ -	\$ -	\$ -	\$ -

CITY OF LAKEPORT, CALIFORNIA  
 Lakeshore Storm Damage Repair  
 Statement of Revenue, Expenditures, and Change in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	-	-	1	1
Intergovernmental revenue	-	-	-	-
Charges for service	-	-	-	-
Other revenue	-	-	196	196
<b>Total revenue</b>	<b>-</b>	<b>-</b>	<b>197</b>	<b>197</b>
<b>EXPENDITURES</b>				
<b>Current-</b>				
General government	-	-	-	-
Community development	-	-	-	-
Roads and infrastructure	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Redevelopment/Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
<b>Debt service-</b>				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of revenue over (under) expenditures	-	-	197	197
<b>OTHER FINANCING SOURCES (USES)</b>				
Other	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>EXTRAORDINARY ITEMS</b>				
Extraordinary gain - redevelopment	-	-	-	-
Extraordinary loss - redevelopment	-	-	-	-
<b>Total other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>197</b>	<b>197</b>
<b>BEGINNING FUND BALANCES</b>	<b>8,823</b>	<b>8,823</b>	<b>8,823</b>	<b>8,823</b>
<b>ENDING FUND BALANCES</b>	<b>\$ 8,823</b>	<b>\$ 8,823</b>	<b>\$ 9,020</b>	<b>\$ 9,020</b>

CITY OF LAKEPORT, CALIFORNIA  
 Safe Routes to School  
 Statement of Revenue, Expenditures, and Change in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	-	-	-	-
Intergovernmental revenue	567,504	567,504	-	(567,504)
Charges for service	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenue</b>	<b>567,504</b>	<b>567,504</b>	<b>-</b>	<b>(567,504)</b>
<b>EXPENDITURES</b>				
<b>Current-</b>				
General government	-	-	-	-
Community development	-	-	-	-
Roads and infrastructure	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Redevelopment/Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	550,000	550,000	-	550,000
<b>Debt service-</b>				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>550,000</b>	<b>550,000</b>	<b>-</b>	<b>550,000</b>
Excess of revenue over (under) expenditures	17,504	17,504	-	(17,504)
<b>OTHER FINANCING SOURCES (USES)</b>				
Other	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>EXTRAORDINARY ITEMS</b>				
Extraordinary gain - redevelopment	-	-	-	-
Extraordinary loss - redevelopment	-	-	-	-
<b>Total other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>17,504</b>	<b>17,504</b>	<b>-</b>	<b>(17,504)</b>
<b>BEGINNING FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>ENDING FUND BALANCES</b>	<b>\$ 17,504</b>	<b>\$ 17,504</b>	<b>\$ -</b>	<b>\$ (17,504)</b>

CITY OF LAKEPORT, CALIFORNIA  
 Prop 40 Per Capita Grant  
 Statement of Revenue, Expenditures, and Change in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	-	-	-	-
Intergovernmental revenue	-	-	9,428	9,428
Charges for service	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenue</b>	<b>-</b>	<b>-</b>	<b>9,428</b>	<b>9,428</b>
<b>EXPENDITURES</b>				
<b>Current-</b>				
General government	-	-	-	-
Community development	-	-	-	-
Roads and infrastructure	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Redevelopment/Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	9,428	(9,428)
<b>Debt service-</b>				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>9,428</b>	<b>(9,428)</b>
Excess of revenue over (under) expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Other	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>EXTRAORDINARY ITEMS</b>				
Extraordinary gain - redevelopment	-	-	-	-
Extraordinary loss - redevelopment	-	-	-	-
<b>Total other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>BEGINNING FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>ENDING FUND BALANCES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

CITY OF LAKEPORT, CALIFORNIA  
Storm Drainage Fund  
Statement of Revenue, Expenditures, and Change in Fund Balances  
Budget and Actual  
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	-	-	433	433
Intergovernmental revenue	-	-	-	-
Charges for service	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenue</b>	<b>-</b>	<b>-</b>	<b>433</b>	<b>433</b>
<b>EXPENDITURES</b>				
<b>Current-</b>				
General government	-	-	-	-
Community development	-	-	-	-
Roads and infrastructure	40,000	40,000	34,630	5,370
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Redevelopment/Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
<b>Debt service-</b>				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>40,000</b>	<b>40,000</b>	<b>34,630</b>	<b>5,370</b>
Excess of revenue over (under) expenditures	(40,000)	(40,000)	(34,197)	5,803
<b>OTHER FINANCING SOURCES (USES)</b>				
Other	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>EXTRAORDINARY ITEMS</b>				
Extraordinary gain - redevelopment	-	-	-	-
Extraordinary loss - redevelopment	-	-	-	-
<b>Total other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(40,000)</b>	<b>(40,000)</b>	<b>(34,197)</b>	<b>5,803</b>
<b>BEGINNING FUND BALANCES</b>	<b>394,498</b>	<b>394,498</b>	<b>394,498</b>	<b>394,498</b>
<b>ENDING FUND BALANCES</b>	<b>\$ 354,498</b>	<b>\$ 354,498</b>	<b>\$ 360,301</b>	<b>\$ 400,301</b>

CITY OF LAKEPORT, CALIFORNIA  
Former Redevelopment Capital Project Fund  
Statement of Revenue, Expenditures, and Change in Fund Balances  
Budget and Actual  
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	-	-	-	-
Intergovernmental revenue	-	-	-	-
Charges for service	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES</b>				
<b>Current-</b>				
General government	-	-	-	-
Community development	-	-	-	-
Roads and infrastructure	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Redevelopment/Economic development	135,000	135,000	29,983	105,017
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	1,623,996	1,623,996	-	1,623,996
<b>Debt service-</b>				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>1,758,996</b>	<b>1,758,996</b>	<b>29,983</b>	<b>1,729,013</b>
Excess of revenue over (under) expenditures	(1,758,996)	(1,758,996)	(29,983)	1,729,013
<b>OTHER FINANCING SOURCES (USES)</b>				
Other	-	-	(109,039)	(109,039)
Transfers in	1,971,522	1,971,522	34,793	(1,936,729)
Transfers out	(212,526)	(212,526)	(1,936,976)	(1,724,450)
<b>EXTRAORDINARY ITEMS</b>				
Extraordinary gain - redevelopment	-	-	-	-
Extraordinary loss - redevelopment	-	-	-	-
<b>Total other</b>	<b>1,758,996</b>	<b>1,758,996</b>	<b>(2,011,222)</b>	<b>(3,770,218)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>(2,041,205)</b>	<b>(2,041,205)</b>
<b>BEGINNING FUND BALANCES</b>	<b>2,041,205</b>	<b>2,041,205</b>	<b>2,041,205</b>	<b>2,041,205</b>
<b>ENDING FUND BALANCES</b>	<b>\$ 2,041,205</b>	<b>\$ 2,041,205</b>	<b>\$ -</b>	<b>\$ -</b>

CITY OF LAKEPORT, CALIFORNIA  
Former Redevelopment Debt Service Fund  
Statement of Revenue, Expenditures, and Change in Fund Balances  
Budget and Actual  
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	-	-	90	90
Intergovernmental revenue	-	-	-	-
Charges for service	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenue</b>	<b>-</b>	<b>-</b>	<b>90</b>	<b>90</b>
<b>EXPENDITURES</b>				
<b>Current-</b>				
General government	536	536	4,514	(3,978)
Community development	-	-	-	-
Roads and infrastructure	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Redevelopment/Economic development	20,000	20,000	20,000	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
<b>Debt service-</b>				
Principal retirement	50,000	50,000	50,000	-
Interest	274,577	274,577	218,167	56,410
<b>Total expenditures</b>	<b>345,113</b>	<b>345,113</b>	<b>292,681</b>	<b>52,432</b>
Excess of revenue over (under) expenditures	(345,113)	(345,113)	(292,591)	52,522
<b>OTHER FINANCING SOURCES (USES)</b>				
Other	-	-	-	-
Transfers in	-	-	258,489	258,489
Transfers out	(1,971,522)	(1,971,522)	(443,942)	1,527,580
<b>EXTRAORDINARY ITEMS</b>				
Extraordinary gain - redevelopment	-	-	-	-
Extraordinary loss - redevelopment	-	-	(568,206)	(568,206)
<b>Total other</b>	<b>(1,971,522)</b>	<b>(1,971,522)</b>	<b>(753,659)</b>	<b>1,217,863</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2,316,635)</b>	<b>(2,316,635)</b>	<b>(1,046,250)</b>	<b>1,270,385</b>
<b>BEGINNING FUND BALANCES</b>	<b>1,046,250</b>	<b>1,046,250</b>	<b>1,046,250</b>	<b>1,046,250</b>
<b>ENDING FUND BALANCES</b>	<b>\$ (1,270,385)</b>	<b>\$ (1,270,385)</b>	<b>\$ -</b>	<b>\$ 2,316,635</b>

## OTHER SUPPLEMENTAL INFORMATION

---

CITY OF LAKEPORT, CALIFORNIA  
Schedule of Debt Service Coverage  
Water and Sewer Enterprise  
Year Ended June 30, 2012

	Water	Sewer
OPERATING INCOME (LOSS)	\$ 115,595	\$ (28,182)
Add:		
Depreciation and amortization	197,998	553,957
Use of money and property	5,026	30,798
Property taxes	-	369,133
Net Revenue	318,619	925,706
Debt Service:		
Principal	83,272	160,536
Interest	148,538	419,160
Total debt service	\$ 231,810	\$ 579,696
Calculated coverage	1.37	1.60

## STATISTICAL SECTION

---

# STATISTICAL SECTION INDEX

---

This part of the City of Lakeport’s Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, footnotes, and required supplementary information says about the City's overall financial health.

## **FINANCIAL TRENDS**

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

Net Assets by Component.....	145
Changes in Net Assets .....	147
Fund Balances, Governmental Funds .....	151
Changes in Fund Balances, Governmental Funds .....	153

## **REVENUE CAPACITY**

These schedules contain information to help the reader assess the City's ability to generate revenues. Property taxes, sales and use taxes, charges for services, licenses, permits and fees and intergovernmental revenue are the City's most significant revenue sources.

Assessed Value and Actual Value of Taxable Property .....	155
Direct and Overlapping Tax Rates .....	157
Property Tax Levies and Collections.....	160
Principal Property Tax Payers .....	161
Schedule of Top 25 Principal Sales Tax Remitters (listed in alphabetical order) .....	162

## **DEBT CAPACITY**

These schedules contain 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.

Direct and Overlapping Debt .....	163
Legal Debt Margin Information.....	165

**DEMOGRAPHIC AND ECONOMIC INFORMATION**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Demographic and Economic Statistics ..... 167  
Principal Employers..... 168

**OPERATING INFORMATION**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Full-time and Part-time City Employees by Function ..... 169  
Operating Indicators by Function ..... 170  
Capital Asset Statistics by Function ..... 171  
Capital Asset Statistics by Fund ..... 172

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. Information was available beginning with the year ended June 30, 2004 for the financial trend schedules.

**CITY OF LAKEPORT, CALIFORNIA**

## Net Assets by Component

Last Nine Fiscal Years

(Fiscal year ended June 30)

(Accrual basis of accounting)

	2004	2005	2006	2007
<b>Governmental activities</b>				
Invested in capital assets, net of related debt	\$ 2,271,504	\$ 667,694	\$ 1,987,469	\$ 2,025,765
Restricted	-	-	-	-
Unrestricted	1,724,519	4,361,703	4,696,882	5,473,966
<b>Total governmental activities net assets</b>	<u>\$ 3,996,023</u>	<u>\$ 5,029,397</u>	<u>\$ 6,684,351</u>	<u>\$ 7,499,731</u>
<b>Business-type activities</b>				
Invested in capital assets, net of related debt	\$ 11,165,213	\$ 10,981,365	\$ 10,505,065	\$ 9,968,279
Restricted	-	-	-	-
Unrestricted	2,479,082	2,351,954	2,467,006	2,053,060
<b>Total business-type activities net assets</b>	<u>\$ 13,644,295</u>	<u>\$ 13,333,319</u>	<u>\$ 12,972,071</u>	<u>\$ 12,021,339</u>
<b>Primary government</b>				
Invested in capital assets	\$ 13,436,717	\$ 11,649,059	\$ 12,492,534	\$ 11,994,044
Restricted	-	-	-	-
Unrestricted	4,203,601	6,713,657	7,163,888	7,527,026
<b>Total primary government net assets</b>	<u>\$ 17,640,318</u>	<u>\$ 18,362,716</u>	<u>\$ 19,656,422</u>	<u>\$ 19,521,070</u>

2008	2009	2010	2011	2012
\$ (1,397,575)	\$ (477,683)	\$ 164,086	\$ 1,278,318	\$ 6,351,939
-	-	-	2,603,186	5,462,981
9,628,227	9,602,734	8,950,188	6,790,044	2,618,047
<u>\$ 8,230,652</u>	<u>\$ 9,125,051</u>	<u>\$ 9,114,274</u>	<u>\$ 10,671,548</u>	<u>\$ 14,432,967</u>
(8,772,275)	\$ 8,661,222	\$ 8,215,696	\$ 7,606,438	\$ 7,509,501
-	-	-	796,958	2,413,210
20,426,147	2,355,596	2,296,565	1,838,611	603,726
<u>\$ 11,653,872</u>	<u>\$ 11,016,818</u>	<u>\$ 10,512,261</u>	<u>\$ 10,242,007</u>	<u>\$ 10,526,437</u>
\$ (10,169,850)	\$ 8,183,539	\$ 8,379,782	\$ 8,884,756	\$ 13,861,440
-	-	-	3,400,144	7,876,191
30,054,374	11,958,330	11,246,753	8,628,655	3,221,773
<u>\$ 19,884,524</u>	<u>\$ 20,141,869</u>	<u>\$ 19,626,535</u>	<u>\$ 20,913,555</u>	<u>\$ 24,959,404</u>

**CITY OF LAKEPORT, CALIFORNIA**

Changes in Net Assets  
 Last Nine Fiscal Years  
 (Fiscal year ended June 30)  
 (Accrual basis of accounting)

	2004	2005	2006	2007	2008
<b>Expenses</b>					
Governmental activities:					
General government	\$ 1,288,422	\$ 1,473,415	\$ 1,523,316	\$ 2,261,113	\$ 2,081,007
Community development	-	-	-	-	-
Roads and infrastructure	1,063,421	834,351	834,517	640,174	1,832,657
Sanitation	-	-	-	-	-
Housing and support programs	-	-	-	-	-
Redevelopment/Economic development	-	-	-	-	-
Public safety	1,682,109	1,760,779	1,654,793	1,881,031	1,789,931
Parks and recreation	640,936	300,834	366,814	304,334	350,013
Interest on long term debts	30,737	102,957	115,188	125,707	121,981
Total governmental activities expenses	4,705,625	4,472,336	4,494,628	5,212,359	6,175,589
Business-type activities:					
Water Utility	1,319,604	1,428,084	1,310,220	1,334,263	1,415,436
Sewer Utility	1,724,580	2,130,107	2,458,320	2,504,457	2,213,478
Total business-type activities expenses	3,044,184	3,558,191	3,768,540	3,838,720	3,628,914
Total primary government expenses	7,749,809	8,030,527	8,263,168	9,051,079	9,804,503
<b>Program revenues</b>					
Governmental activities:					
Charges for services:					
General government	447	413,894	695,696	430,084	547,651
Community development	4,916	-	-	-	-
Roads and infrastructure	80,455	43,482	3,790	-	81,519
Sanitation	-	-	-	-	-
Housing and support programs	-	-	-	-	-
Redevelopment/Economic development	-	-	-	-	-
Public safety	3,576	26,087	-	33,831	51,146
Parks and recreation	-	-	-	35,440	60,069
Interest on long term debts	-	-	-	-	-
Operating grants and contributions	502,713	1,138,021	436,377	659,866	623,379
Capital grants and contributions	-	-	-	-	-
Total governmental activities program revenues	592,107	1,621,484	1,135,863	1,159,221	1,363,764
Business-type activities:					
Charges for services:					
Water utility	1,182,404	1,361,887	1,512,520	1,193,211	1,288,404
Sewer utility	1,246,950	1,458,877	1,405,314	1,346,821	1,534,988
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	2,429,354	2,820,764	2,917,834	2,540,032	2,823,392
Total primary government program revenues	3,021,461	4,442,248	4,053,697	3,699,253	4,187,156
<b>Net (Expense)/Revenue</b>					
Governmental activities	(4,113,518)	(2,850,852)	(3,358,765)	(4,053,138)	(4,811,825)
Business-type activities	(614,830)	(737,427)	(850,706)	(1,298,688)	(805,522)
Total primary government net expense	(4,728,348)	(3,588,279)	(4,209,471)	(5,351,826)	(5,617,347)

2009	2010	2011	2012
\$ 1,935,917	\$ 3,364,170	\$ 1,955,462	\$ 737,263
-	-	357,986	267,789
1,330,038	735,385	1,476,308	1,343,900
-	-	-	421,013
-	-	174,126	511,366
-	-	200,195	292,702
1,565,218	1,830,624	1,784,887	1,529,428
364,010	322,502	312,916	282,488
315,102	302,138	308,710	358,608
<u>5,510,285</u>	<u>6,554,819</u>	<u>6,570,590</u>	<u>5,744,557</u>
1,370,097	1,356,420	1,412,891	1,550,266
2,631,756	2,475,742	2,288,561	2,408,438
<u>4,001,853</u>	<u>3,832,162</u>	<u>3,701,452</u>	<u>3,958,704</u>
<u>9,512,138</u>	<u>10,386,981</u>	<u>10,272,042</u>	<u>9,703,261</u>
655,982	574,774	329,668	790
-	-	81,603	63,038
109,829	1,875	41,137	249
-	-	-	529,060
-	-	-	-
-	-	-	-
25,197	103,068	25,000	-
18,752	-	-	25,909
-	-	-	-
587,840	679,776	815,910	297,560
333,356	391,021	1,146,165	783,216
<u>1,730,956</u>	<u>1,750,514</u>	<u>2,439,483</u>	<u>1,699,822</u>
1,278,356	1,241,526	1,175,759	1,439,407
1,668,539	1,716,116	1,623,268	1,934,271
-	-	-	360,389
<u>2,946,895</u>	<u>2,957,642</u>	<u>2,799,027</u>	<u>3,734,067</u>
<u>4,677,851</u>	<u>4,708,156</u>	<u>5,238,510</u>	<u>5,433,889</u>
(3,779,329)	(4,804,305)	(4,131,107)	(4,044,735)
<u>(1,054,958)</u>	<u>(874,520)</u>	<u>(902,425)</u>	<u>(224,637)</u>
<u>(4,834,287)</u>	<u>(5,678,825)</u>	<u>(5,033,532)</u>	<u>(4,269,372)</u>

(Continued)

**CITY OF LAKEPORT, CALIFORNIA**

Changes in Net Assets, (Continued)

Last Nine Fiscal Years

(Fiscal year ended June 30)

(Accrual basis of accounting)

**General Revenues and Other Changes**

<b>in Net Assets:</b>	2004	2005	2006	2007	2008
Governmental activities:					
Sales tax	1,296,244	1,404,214	1,143,476	1,415,564	1,775,520
Property taxes	368,984	936,741	1,735,132	1,973,225	2,178,210
Transient occupancy taxes	169,343	210,195	124,348	195,963	141,361
Other taxes	-	534,980	531,090	707,436	88,675
Franchise fee	284,380	-	141,585	164,623	50,536
Use of money and property	179,423	121,407	154,316	237,157	120,961
Other revenues	635,500	257,225	150,411	142,145	81,017
Sale of land held for resale	-	-	-	-	1,083,629
Motor vehicle in lieu	227,527	140,606	33,361	32,405	22,837
Transfer in (out)	-	(56,806)	-	-	-
Intergovernmental	1,094,598	-	-	-	-
Extraordinary gain	-	-	-	-	-
Total governmental activities	<u>4,255,999</u>	<u>3,548,562</u>	<u>4,013,719</u>	<u>4,868,518</u>	<u>5,542,746</u>
Business-type activities:					
Property taxes	386,730	423,330	405,678	244,378	357,214
Use of money and property	71,916	49,414	83,780	103,578	80,841
Other revenues	-	-	-	-	-
Transfer in (out)	-	56,806	-	-	-
Total business-type activities	<u>458,646</u>	<u>529,550</u>	<u>489,458</u>	<u>347,956</u>	<u>438,055</u>
Total primary government	<u>4,714,645</u>	<u>4,078,112</u>	<u>4,503,177</u>	<u>5,216,474</u>	<u>5,980,801</u>
<b>Changes in Net Assets</b>					
Governmental activities	142,481	697,710	654,954	815,380	730,921
Business-type activities	(156,184)	(207,877)	(361,248)	(950,732)	(367,467)
Total primary government	<u>\$ (13,703)</u>	<u>\$ 489,833</u>	<u>\$ 293,706</u>	<u>\$ (135,352)</u>	<u>\$ 363,454</u>

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
1,719,441	934,870	3,752,789	1,948,376
2,030,678	2,546,908	-	435,909
100,596	88,966	-	82,533
78,533	-	300,220	82,299
98,219	113,405	-	131,609
119,695	58,349	24,890	141,400
526,566	502,692	1,610,482	404,577
-	-	-	-
-	-	-	398,805
-	-	-	-
-	-	-	-
-	-	-	4,180,646
<u>4,673,728</u>	<u>4,245,190</u>	<u>5,688,381</u>	<u>7,806,154</u>
351,668	328,852	382,917	369,133
66,236	41,111	39,402	35,824
-	-	209,852	104,110
-	-	-	-
<u>417,904</u>	<u>369,963</u>	<u>632,171</u>	<u>509,067</u>
<u>5,091,632</u>	<u>4,615,153</u>	<u>6,320,552</u>	<u>8,315,221</u>
894,399	(559,115)	1,557,274	3,761,419
(637,054)	(504,557)	(270,254)	284,430
<u>\$ 257,345</u>	<u>\$ (1,063,672)</u>	<u>\$ 1,287,020</u>	<u>\$ 4,045,849</u>

(Concluded)

**CITY OF LAKEPORT, CALIFORNIA**

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(Fiscal year ended June 30)

(Modified accrual basis of accounting)

	2003	2004	2005	2006	2007
<b>General Fund:</b>					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	1,472,861	761,591	745,955	781,232	976,707
<b>Total general fund</b>	<u>1,472,861</u>	<u>761,591</u>	<u>745,955</u>	<u>781,232</u>	<u>976,707</u>
<b>All Other Governmental Funds:</b>					
Nonspendable	1,247,113	773,717	175,364	-	-
Restricted	540,593	-	1,378,976	2,553,775	2,824,110
Committed	-	-	-	-	-
Assigned	85,462	676,843	1,966,964	893,292	939,444
Unassigned (deficit)	(1,038,864)	(227,241)	(443,932)	-	-
<b>Total all other governmental funds</b>	<u>834,304</u>	<u>1,223,319</u>	<u>3,077,372</u>	<u>3,447,067</u>	<u>3,763,554</u>
<b>Total all governmental funds</b>	<u>\$ 2,307,165</u>	<u>\$ 1,984,910</u>	<u>\$ 3,823,327</u>	<u>\$ 4,228,299</u>	<u>\$ 4,740,261</u>

2008	2009	2010	2011	2012
\$ -	\$ -	\$ -	\$ 407,964	\$ 1,541,438
-	-	-	-	-
-	-	-	-	1,469,594
-	-	-	133,000	-
1,538,336	2,062,806	1,726,818	2,394,002	-
<u>1,538,336</u>	<u>2,062,806</u>	<u>1,726,818</u>	<u>2,934,966</u>	<u>3,011,032</u>
568,650	1,616,106	2,286,672	2,403,921	2,858,631
7,102,325	5,800,120	4,730,934	2,603,185	2,382,870
-	-	-	-	360,301
123,204	21,975	150,274	2,041,206	297,405
<u>(309,162)</u>	<u>(1,044,299)</u>	<u>(1,629,712)</u>	<u>(298,002)</u>	<u>(321,271)</u>
<u>7,485,017</u>	<u>6,393,902</u>	<u>5,538,168</u>	<u>6,750,310</u>	<u>5,577,936</u>
<u>\$ 9,023,353</u>	<u>\$ 8,456,708</u>	<u>\$ 7,264,986</u>	<u>\$ 9,685,276</u>	<u>\$ 8,588,968</u>

**CITY OF LAKEPORT, CALIFORNIA**

Changes in Fund Balances, Governmental Funds

Last Nine Fiscal Years

(Fiscal year ended June 30)

(Modified accrual basis of accounting)

<b>Revenues:</b>	2004	2005	2006	2007
Taxes	\$ 2,187,259	\$ 3,086,130	\$ 3,764,854	\$ 4,456,811
Licenses, permits and franchises	284,380	161,201	110,235	94,989
Fines and forfeitures	19,896	26,087	32,610	33,831
Use of money and property	179,423	121,407	154,316	237,157
Intergovernmental Revenue	1,094,219	1,278,627	465,570	692,271
Charges for services	89,394	296,175	471,586	370,535
Other revenues	547,357	429,002	150,411	142,145
<b>Total revenues</b>	<b>4,401,928</b>	<b>5,398,629</b>	<b>5,149,582</b>	<b>6,027,739</b>
<b>Expenditures:</b>				
Current-				
General government	1,288,422	1,365,498	1,492,017	2,130,749
Community Development	-	-	-	-
Roads and Infrastructure	1,063,421	834,351	789,068	640,174
Sanitation	-	-	-	-
Housing and Support Programs	-	-	-	-
Redevelopment/Economic Development	-	-	-	-
Public Safety	1,682,109	1,760,779	1,592,469	1,881,031
Parks, Buildings and Grounds	640,936	1,063,601	310,010	304,334
Capital Outlay	-	50,926	459,070	370,965
Debt Service:-				
Cost of Issuance	-	145,500	-	-
Principal Retirement	18,557	470,547	143,995	68,341
Interest	30,737	52,204	118,796	120,183
<b>Total expenditures</b>	<b>4,724,182</b>	<b>5,743,406</b>	<b>4,905,425</b>	<b>5,515,777</b>
<b>Reconciliation of Governmental Revenues</b>				
<b>Less Expenditures to Fund Equity:</b>				
Revenues over (under) expenditures	\$ (322,254)	\$ (344,777)	\$ 244,157	\$ 511,962
Other financing sources (uses):				
Proceeds from capital lease	-	-	-	-
Proceeds from issuance debt	-	2,240,000	160,815	-
Passthrough obligations	-	-	-	-
SERAF payments	-	-	-	-
Housing loans	-	-	-	-
Extraordinary loss	-	-	-	-
Transfers in	181,185	1,420,075	616,330	460,014
Transfers out	(181,185)	(1,476,881)	(616,330)	(460,014)
Total other financing sources (uses)	-	2,183,194	160,815	-
Net change in fund balances	\$ (322,254)	\$ 1,838,417	\$ 404,972	\$ 511,962
Debt service as a percentage of noncapital expenditures	1%	10%	6%	4%

2008	2009	2010	2011	2012
\$ 4,183,765	\$ 4,027,467	\$ 1,070,797	\$ 3,752,789	\$ 2,943,090
177,442	62,422	3,684,150	271,243	133,754
51,146	23,073	155,282	28,977	28,874
120,961	119,695	20,536	24,889	165,146
646,217	921,196	58,349	1,406,573	859,441
1,645,962	724,265	503,898	477,408	619,047
81,017	526,566	502,692	1,610,482	99,809
6,906,510	6,404,684	5,995,704	7,572,361	4,849,161
1,687,766	2,905,020	3,820,559	1,557,124	605,563
-	-	-	327,187	267,789
1,832,657	1,095,813	812,930	1,431,758	833,392
-	-	-	-	421,013
-	-	-	173,841	511,366
-	-	-	-	292,702
1,789,931	1,548,492	1,996,983	1,644,841	1,529,428
350,013	300,632	259,125	312,916	291,916
-	802,423	588,640	1,261,869	192,404
196,565	-	-	-	-
74,858	74,487	121,509	106,641	167,667
116,628	244,462	276,544	289,592	235,210
6,048,418	6,971,329	7,876,290	7,105,769	5,348,450
\$ 858,092	\$ (566,645)	\$ (1,880,586)	\$ 466,592	\$ (499,289)
-	-	319,292	-	-
3,425,000	-	-	-	-
-	-	-	(185,826)	-
-	-	-	(64,442)	-
-	-	-	2,082,519	408,644
-	-	-	-	(1,005,662)
316,487	1,069,008	756,238	4,719,050	2,959,013
(316,487)	(1,069,008)	(756,238)	(5,037,235)	(2,959,013)
3,425,000	-	319,292	1,514,066	(597,018)
\$ 4,283,092	\$ (566,645)	\$ (1,561,294)	\$ 1,980,658	\$ (1,096,307)
3%	5%	6%	7%	8%

**CITY OF LAKEPORT, CALIFORNIA**

Assessed Value and Actual Value of Taxable Property<sup>4</sup>

For the last ten fiscal years

	City			Redevelopment Agency		
	Secured	Unsecured	Taxable Assessed Value	Secured	Unsecured	Taxable Assessed Value
FY 02-03	367,588,135	20,896,952	388,485,087	124,093,661	10,466,383	134,560,044
FY 03-04	378,269,758	22,250,539	400,520,297	131,542,102	12,775,096	144,317,198
FY 04-05	404,737,150	18,999,052	423,736,202	144,159,756	11,956,726	156,116,482
FY 05-06	361,094,755	20,801,874	381,896,629	160,400,492	13,233,138	173,633,630
FY 06-07	396,841,109	21,218,983	418,060,092	177,691,668	13,905,903	191,597,571
FY 07-08	427,866,976	22,096,881	449,963,857	190,383,560	14,536,273	204,919,833
FY 08-09	440,508,705	22,218,896	462,727,601	191,805,511	13,514,491	205,320,002
FY 09-10	461,342,680	23,351,118	484,693,798	195,840,993	12,547,442	208,388,435
FY 10-11	459,144,772	23,783,447	482,928,219	194,025,385	11,771,588	205,796,973
FY 11-12	455,541,364	22,236,704	477,778,068	192,400,353	11,521,940	203,922,293

Source: Lake County Auditor-Controller

<sup>4</sup> In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Lakeport Muni Sewer

Secured	Unsecured	Taxable Assessed Value	Total Direct Tax Rate	
367,644,109	20,896,952	388,541,061	1.000%	FY 02-03
378,329,806	22,250,539	400,580,345	1.000%	FY 03-04
404,801,790	18,999,052	423,800,842	1.000%	FY 04-05
361,154,356	20,801,874	381,956,230	1.000%	FY 05-06
396,201,244	21,218,983	417,420,227	1.000%	FY 06-07
424,838,293	22,096,881	446,935,174	1.000%	FY 07-08
435,259,358	22,218,896	457,478,254	1.000%	FY 08-09
448,021,513	23,234,048	471,255,561	1.000%	FY 09-10
446,870,845	23,674,507	470,545,352	1.000%	FY 10-11
443,491,878	22,159,164	465,651,042	1.000%	FY 11-12

**CITY OF LAKEPORT, CALIFORNIA**

Direct and Overlapping Tax Rates <sup>5</sup>

For the last five fiscal years

(Rate per \$1,000 of assessed value)

	Direct Rates		Overlapping Rates		
	Basic Rate	Total	Kelseyville Unified	Lucerne	Lake
		Direct	High School Bonds	Elementary Bond	Sanitation Bonds
FY 07-08	1.0000	1.0000	0.00641	0.01478	0.03400
FY 08-09	1.0000	1.0000	0.00970	0.01047	0.03576
FY 09-10	1.0000	1.0000	0.01453	0.01812	0.03390
FY 10-11	1.0000	1.0000	0.01546	0.01915	0.03416
FY 11-12	1.0000	1.0000	0.01479	0.01809	0.02991

Source: Lake County Assessor's Office

<sup>5</sup> In 1978, California voters passed Proposition 13, which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies whose boundaries include the subject property. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of Kelseyville Unified School Bonds, Lucerne Elementary School Bond, Lake Sanitation Bonds, County Service Area #6, Callayomi Water, Clearlake Oaks Water, Konocti Unified School Bond, Middletown Unified School Bond, Upper Lake High School Bond, Lakeport Unified High School Bonds, Yuba Community College Bonds, and Mendocino Community College.

Overlapping Rates

	County Service Area #6	Callayomi Water	Clearlake Oaks Water	Konocti Unified School Bond	Middletown Unified School Bond
FY 07-08	0.01179	0.01612	0.01824	0.04936	0.05112
FY 08-09	0.02382	0.01278	0.01594	0.04997	0.04668
FY 09-10	0.01028	0.01219	0.01614	0.04899	0.04867
FY 10-11	-	0.01348	0.01683	0.04575	0.04843
FY 11-12	-	0.00718	0.01548	0.07616	0.06419

(Continued)

**CITY OF LAKEPORT, CALIFORNIA**

Direct and Overlapping Tax Rates (Continued)<sup>6</sup>

For the last five fiscal years

(Rate per \$1,000 of assessed value)

	Overlapping Rates					Total Tax Rate	Redevelopment Agency *
	Upper Lake High School Bond	Lakeport Unified High School Bond	Yuba Community College Bonds	Mendocino Community College			
FY 07-08	0.03787	0.03434	0.01404	0.01500	1.30307	1.00000	
FY 08-09	0.04467	0.04275	0.01600	0.02300	1.33154	1.00000	
FY 09-10	0.04354	0.03767	0.01749	0.02300	1.32452	1.00000	
FY 10-11	0.04355	0.44340	0.01450	0.02300	1.71771	1.00000	
FY 11-12	0.02800	0.04261	0.02510	0.00977	1.33128	1.00000	

(Concluded)

**Source:** City Finance Department

<sup>6</sup> The RDA rate is based on the largest RDA tax rate area (TRA) and includes only rates from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values.

**CITY OF LAKEPORT, CALIFORNIA**

Property Tax Levies and Collections<sup>7</sup>

For the last ten fiscal years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year*	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 299,830	\$ 299,830	100%	\$ -	\$ 299,830	100%
2004	318,098	318,098	100%	-	318,098	100%
2005	353,378	353,378	100%	-	353,378	100%
2006	384,350	384,350	100%	-	384,350	100%
2007	432,862	432,862	100%	-	432,862	100%
2008	465,555	465,555	100%	-	465,555	100%
2009	476,445	476,445	100%	-	476,445	100%
2010	491,947	491,947	100%	-	491,947	100%
2011	489,937	489,937	100%	-	489,937	100%
2012	484,712	484,712	100%	-	484,712	100%

**Source:** Lake County Auditor-Controller

<sup>7</sup> Amounts reported and collected under the Teeter Plan in which all taxes are distributed to the City in the year of the levy with the County retaining any interest or penalties on uncollected balances.



**CITY OF LAKEPORT, CALIFORNIA**

Schedule of Top 25 Principal Sales Tax Remitters (listed in alphabetical order)<sup>9</sup>

Current year and Five Years Ago

Fiscal Year Ended June 30

<u>2012</u>	<u>2007</u>
Bruno's Foods	Allen's Furniture
Burger King Restaurants	Bruno's Foods
Chevron Services Stations	Burger King Restaurants
CVS/Pharmacy	Chevron Service Stations
Dollar Tree Stores	Dollar Tree Stores
Express Service Stations	Eureka Oxygen Company
GK Enterprises	Express Service Station
Grocery Outlet	Hallmark Creations
Hillside Honda/Yamaha	Helms Service Stations
K Mart Stores	Hillside Honda/Yamaha
Kathy Fowler Chevy Pontiac GMC	K Mart Stores
Kathy Fowler Chrysler-Jeep-Dodge	Kathy Fowler Chevy Pontiac
Kentucky Fried Chicken	Kentucky Fried Chicken
Mackey Tire Center	Lakeport Tire & Auto Service
McDonald's Restaurant	Mackey Tire Center
New Trend Cellular	McDonald's Restaurants
O'Reilly Auto Parts	O'Reilly Auto Parts
Park Place Restaurant	Park Place Restaurant
Renee's Café	Renee's Café
Round Table Pizza	Round Table Pizza
Safeway Stores	Safeway Stores
T&T on the Lake Restaurant	Suburban Propane
Taco Bell	Taco Bell
Tesoro Service Stations	Tesoro Service Stations
Tower Mart Service Stations	Tower Mart Service Stations

**Source:** City Finance Department

---

<sup>9</sup> The lists above includes both public and private entities and therefore the dollar values have been omitted because the information is not public information. Rankings are determined by the sales dollar volume.

**CITY OF LAKEPORT, CALIFORNIA**

Direct and Overlapping Debt

Current Year

June 30, 2012

2011-12 Assessed Valuation:	\$ 477,778,068
Redevelopment Incremental Valuation:	<u>(363,407,071)</u>
Adjusted Assessed Valuation:	\$ 114,370,997

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/30/2012</u>
Mendocino-Lake Community College District - GO Bonds	5.03%	\$ 3,217,366.63
Lakeport Unified School District - GO Bonds	41.32%	2,062,177.83
2004 Tax Allocation Bonds Series A & B	100%	1,970,000.00
2008 Tax Allocation Bonds	100%	3,390,000.00
Sewer District Improvement Bonds, 1993-1	100%	<u>3,905,000.00</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$ 14,544,544.46

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Mendocino-Lake Community College District - Capital Lease	5.03%	\$ 195,512.84
Police Car Capital Lease	100%	<u>131,104.00</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$ 326,616.84

<u>DIRECT AND OVERLAPPING ENTERPRISE DEBT:</u>		
Water Revenue Bonds, 2000 COPS	100%	\$ 2,648,000.00
2007 Series A Bonds	100%	2,867,000.00
2002 Refunding of 1993 Water Revenue Bonds	100%	<u>390,037.01</u>
TOTAL DIRECT AND OVERLAPPING ENTERPRISE DEBT		\$ 5,905,037.01

COMBINED TOTAL DEBT \$ 20,776,198.31 (1)

(1) Excludes tax and revenue anticipation notes and mortgage revenue bonds.

<u>Ratios to 2011-12 Assessed Valuation:</u>	
Total Overlapping Tax and Assessment Debt	3.04%

<u>Ratios to 2011-12 Adjusted Assessed Valuation:</u>	
Combined Direct Debt (\$131,104)	0.11%
Combined Total Debt	18.17%

**Source:** Eastshore Consulting, LLC.

THIS PAGE INTENTIONALLY LEFT BLANK

**CITY OF LAKEPORT, CALIFORNIA**Legal Debt Margin Information<sup>10</sup>

Last Ten Fiscal Years

(Dollars in thousands)

	2003	2004	2005	2006	2007
Assessed Value	\$ 367,588,135	\$ 378,269,758	\$ 404,737,150	\$ 361,094,755	\$ 396,841,109
Conversion Percentage	25%	25%	25%	25%	25%
Adjusted Assessed Value	91,897,034	94,567,440	101,184,288	90,273,689	99,210,277
Debt Limit Percentage	15%	15%	15%	15%	15%
Debt limit	13,784,555	14,185,116	15,177,643	13,541,053	14,881,542
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	\$ 13,784,555	\$ 14,185,116	\$ 15,177,643	\$ 13,541,053	\$ 14,881,542
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

**Source:** City Finance Department

<sup>10</sup> The Government Code of the State of California provides for a legal debt limit of 15% of grossed assessed secured tax valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of the assessed value for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

The City does not have any outstanding general obligation debt subject to the limit.

2008	2009	2010	2011	2012
\$ 427,866,976	\$ 440,508,705	\$ 461,342,680	\$ 459,144,772	\$ 455,541,364
25%	25%	25%	25%	25%
106,966,744	110,127,176	115,335,670	114,786,193	113,885,341
15%	15%	15%	15%	15%
16,045,012	16,519,076	17,300,351	17,217,929	17,082,801
-	-	-	-	-
<u>\$ 16,045,012</u>	<u>\$ 16,519,076</u>	<u>\$ 17,300,351</u>	<u>\$ 17,217,929</u>	<u>\$ 17,082,801</u>
0%	0%	0%	0%	0%

## CITY OF LAKEPORT, CALIFORNIA

### Demographic and Economic Statistics<sup>11</sup>

#### Last Ten Calendar Years

Year	Population <sup>(1)</sup>	Personal Income Lake County (in thousands) <sup>(2)</sup>	Per Capita Personal Income Lake County <sup>(3)</sup>	Unemployment Rate Lake County <sup>(4)</sup>
2002	4,904	1,611,121	26,192	8.3%
2003	4,892	1,675,706	26,813	9.2
2004	4,873	1,753,049	27,775	9.1
2005	4,826	1,804,635	28,281	8.0
2006	4,779	1,929,665	30,056	7.7
2007	4,719	2,033,293	31,732	8.5
2008	4,796	2,097,229	32,570	10.6
2009	4,758	2,033,960	31,577	15.3
2010	4,753	2,107,287	32,543	17.7
2011	4,622	NA	NA	16.7

#### Sources:

<sup>(1)</sup> 2011 State Department of Finance

<sup>(2)</sup> U.S. Dept. of Commerce Bureau of Economic Analysis.

<sup>(3)</sup> U.S. Dept. of Commerce Bureau of Economic Analysis.

<sup>(4)</sup> Bureau of Labor Statistics.

---

<sup>11</sup> Information presented is for the Lake County Region, except for population data which relate to the City's population, since separate data is not available for the City of Lakeport.

**CITY OF LAKEPORT, CALIFORNIA**

Principal Employers<sup>12</sup>

Current Year and Five Years Ago

Employer	2011 - 2012			2006 - 2007		
	Employees	Rank	Percentage of Top 10 Employment	Employees	Rank	Percentage of Top 10 Employment
Lake County School Districts	1,142	1	27.08%	1,500	1	32.15%
County of Lake	804	2	19.07%	850	2	18.22%
Sutter Lakeside Hospital	365	3	8.66%	484	3	10.37%
St. Helena Hospital Clearlake	362	4	8.58%	300	5	6.43%
Calpine Corp.	345	5	8.18%	251	6	5.38%
Robinson Rancheria Resort & Casino	311	6	7.37%	318	4	6.82%
Twin Pine Casino	251	7	5.95%	236	11	5.06%
Wal-Mart	232	8	5.50%	240	8	5.14%
Harbin Hot Springs	205	9	4.86%	-	-	0.00%
Shannon Ranches Inc.	200	10	4.75%	237	9	5.07%
Konocti Harbor Resort and Spa	-		0.00%	250	7	5.36%
Total	<u>4,217</u>		<u>100.00%</u>	<u>4,666</u>		<u>100.00%</u>

**Source:** Lake County Economic Development Program

<sup>12</sup> Information provided here is a regional census of employers within the Lakeport regional trade area. Information specific to employers within the City boundaries was not readily available.

**CITY OF LAKEPORT, CALIFORNIA**

Full-time and Part-time City Employees by Function<sup>13</sup>

Last Ten Fiscal Years

(Fiscal year ended June 30)

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government	17	16	16	15	15	21	20	21	17	18
Public safety	19	18	18	17	19	15	14	15	17	14
Public works	9	8	6	10	11	19	17	18	9	9
Parks and recreation	0	0	0	0	0	10	11	15	10	10
Utilities	15	16	12	14	14	19	16	17	9	11
Community development	9	8	6	6	6	5	5	5	9	10
Total	<u>69</u>	<u>66</u>	<u>58</u>	<u>62</u>	<u>65</u>	<u>89</u>	<u>83</u>	<u>91</u>	<u>71</u>	<u>72</u>

**Source:** City Finance Department

<sup>13</sup> Includes seasonal employees, legislative members, and paid committee/board members.

**CITY OF LAKEPORT, CALIFORNIA**

Operating Indicators by Function

Last Ten Fiscal Years

(Fiscal year ended June 30)

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Arrests	363	391	307	403	371	447	383	438	397	489
Parking citations issued	774	648	1,090	1,012	1,005	613	335	405	893	1,134
Total police actions	<u>1,137</u>	<u>1,039</u>	<u>1,397</u>	<u>1,415</u>	<u>1,376</u>	<u>1,060</u>	<u>718</u>	<u>843</u>	<u>1,290</u>	<u>1,623</u>
Sewer										
Average daily treatment (mg**)	0.59	0.58	0.65	0.67	0.43	0.47	0.45	0.67	0.63	0.43
Planning										
Number of plan reviews	101	133	139	93	N/A	42	64	47	45	48
Building:										
Commercial/Industrial Construction	62	93	69	83	49	71	85	46	44	47
Residential Construction	199	185	180	171	187	114	90	114	109	116
Total building actions	<u>261</u>	<u>278</u>	<u>249</u>	<u>254</u>	<u>236</u>	<u>185</u>	<u>175</u>	<u>160</u>	<u>153</u>	<u>163</u>

\*\*mg = million gallons

**Source:** City Police, Community Development, and Public Works Departments

**CITY OF LAKEPORT, CALIFORNIA**

Capital Asset Statistics by Function

Last Ten Fiscal Years

(Fiscal year ended June 30)

<u>Function</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Public works										
Streets (miles)	27	27	27	27	30	30	30	30	30	30
Streelights	195	195	195	195	195	221	221	221	221	221
Parks and recreation										
Parks	3	4	4	4	4	4	4	4	4	4
Pools	1	1	1	1	1	1	1	1	1	1
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Number of treatment facilities	2	2	2	2	2	2	2	2	2	2
Sewer										
Number of pump stations	8	8	9	9	9	9	9	9	9	9

**Source:** City Police, Community Development, and Public Works Departments

**CITY OF LAKEPORT, CALIFORNIA**

Capital Asset Statistics by Fund

Last Six Fiscal Years

(Fiscal year ended June 30)

	2007	2008	2009	2010	2011	2012
<b>Governmental activities</b>						
Land	\$ 323,186	\$ 323,186	\$ 399,546	\$ 399,546	\$ 729,346	\$ 729,346
Construction-in-progress	-	-	-	427,556	-	-
Buildings and structures	2,619,229	2,619,229	2,619,229	2,619,229	2,619,229	2,619,229
Improvements/CIP	2,115,424	2,115,424	3,042,030	3,138,049	4,465,358	4,474,786
Equipment and vehicles	994,656	994,656	994,656	1,532,597	1,532,597	1,532,597
Total	6,052,495	6,052,495	7,055,461	8,116,977	9,346,530	9,355,958
<b>Accumulated depreciation</b>						
Buildings and structures	N/A*	845,697	898,061	950,466	1,002,850	1,055,236
Improvements/CIP	N/A*	387,569	454,249	547,632	641,016	731,944
Equipment and vehicles	N/A*	632,317	670,814	747,008	823,203	997,993
Total Accumulated depreciation	1,708,021	1,865,583	2,023,124	2,245,106	2,467,069	2,785,173
Total Governmental net capital assets	4,344,474	4,186,912	5,032,337	5,871,871	6,879,461	6,570,785
<b>Business-type activities</b>						
Land	1,775,403	1,775,403	1,775,403	1,775,403	1,775,403	2,475,403
Buildings and structures	-	-	-	-	1,839,904	1,839,904
Improvements/CIP	27,063,754	27,816,969	27,816,969	27,841,409	26,222,460	26,935,912
Equipment and vehicles	669,517	669,517	669,517	669,517	537,549	547,953
Total	29,508,674	30,261,889	30,261,889	30,286,329	30,375,316	31,799,172
<b>Accumulated depreciation</b>						
Buildings and structures	387,100	423,642	460,183	496,694	533,173	569,651
Improvements/CIP	8,855,353	9,525,627	10,262,127	10,998,830	11,680,707	12,457,531
Equipment and vehicles	407,267	443,181	479,097	473,444	524,848	533,683
Total accumulated depreciation	9,649,720	10,392,450	11,201,407	11,968,968	12,738,728	13,560,865
Total Business-type net capital assets	\$ 19,858,954	\$ 19,869,439	\$ 19,060,482	\$ 18,317,361	\$ 17,636,588	\$ 18,238,307

\* Data not presented by category in financial statements for this reporting period.

Source: City Finance Department

END OF DOCUMENT