

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF LAKEPORT, CALIFORNIA  
FISCAL YEAR ENDED JUNE 30, 2013



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FISCAL YEAR ENDED JUNE 30, 2013

PREPARED BY  
DANIEL BUFFALO, FINANCE DIRECTOR  
CITY OF LAKEPORT

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 FOR THE YEAR ENDED JUNE 30, 2013  
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## INTRODUCTORY SECTION

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# CITY OF LAKEPORT

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



December 31, 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 Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. 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, 2013, 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, 2013, 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.

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

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<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

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 2,210<sup>2</sup>. Unemployment in Lakeport is approximately 11.7%, down from 13.3% in 2012. 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 2012-13, the City's efforts were focused in the following areas:

- Facilities and Infrastructure – Rehabilitation of roadways and public right-of-ways, including Lakeshore Boulevard, Martin Street, and First Street were several of the projects of significant importance to the City.
- Redevelopment Dissolution– winding down the operations of the former agency continued to be a high priority for Finance 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

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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 12.2% in 2013, but this is down slightly from the

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<sup>2</sup> 2013 California Employment Development Department, Labor Market Information Division, <http://www.labormarketinfo.edd.ca.gov>

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 2-3% for FY 2013-14, and increase by an average of 3-5% per year for the next five years after that. Property taxes are expected to remain relatively flat in FY 2013-14 with a slight increase due to reallocation of former tax increment revenue. We believe that the housing market will continue to move forward positively. As part of its path toward maintaining fiscal sustainability, the City may rely on one-time uses of its reserves to ensure the best possible level of service to its citizen. The City Manager recommended its use in FY 2013-14 resulting from a general fund surplus in FY 2012-13.

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<sup>3</sup> 2013 California Employment Development Department, Labor Market Information Division, <http://www.labormarketinfo.edd.ca.gov>

The City anticipates nominal 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.

## FINANCIAL POLICIES

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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 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; Davina The; and Brett Jones, CPA of JJACPA, Inc. and to the members of the Finance Administration Departments 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,



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Margaret Silveira  
City Manager



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Daniel Buffalo, MPA  
Finance Director

City of Lakeport, California

# LIST OF OFFICIALS

June 30, 2013

## CITY COUNCIL

**LAKEPORT REDEVELOPMENT SUCCESSOR AGENCY BOARD OF DIRECTORS**  
**CITY OF LAKEPORT MUNICIPAL SEWER DISTRICT BOARD OF DIRECTORS**

Thomas Engstrom	Mayor
Stacey Mattina	Mayor Pro Tem
Martin Scheel	Council Member
Kenny Parlet	Council Member
Marc Spillman	Council Member

## MANAGEMENT TEAM

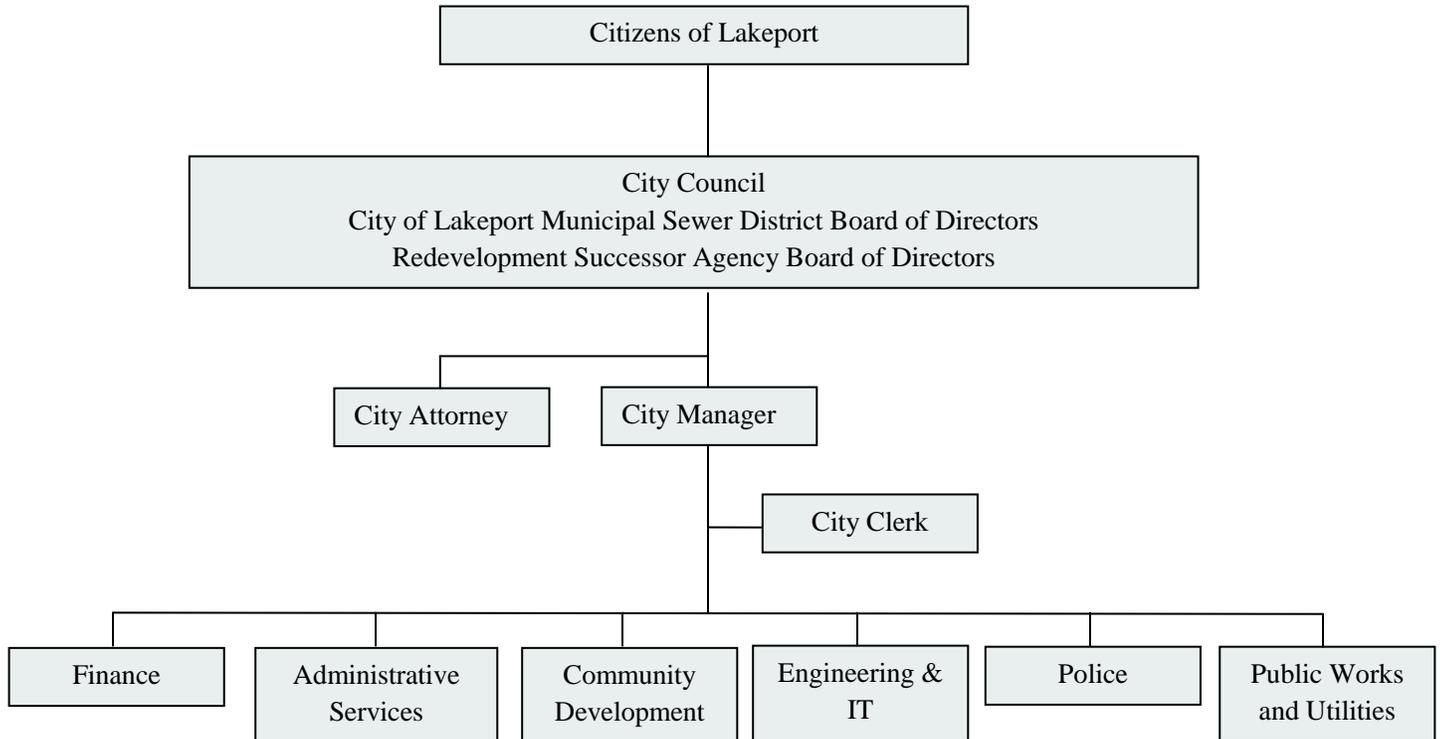
Margaret Silveira	City Manager
David Ruderman	City Attorney
Janel Chapman	City Clerk
Brad Rasmussen	Chief of Police
Daniel Buffalo	Finance Director
Kelly Buendia	Administrative Services Director
Mark Brannigan	Public Works Director
Scott Harter	City Engineer
Andrew Britton	Planning Services Manager



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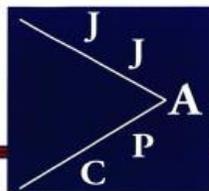
# City Organizational Chart

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## FINANCIAL SECTION

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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

### **Report on the Financial Statements**

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

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

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the as management's discussion and analysis on pages 4–21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information, which includes the combining and individual nonmajor fund financial statements and budgetary comparison schedules and the other information, which includes introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

*JJACPA, Inc.*

December 31, 2013

JJACPA, Inc

Dublin, California

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# MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

## (REQUIRED SUPPLEMENTARY INFORMATION)

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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, 2013. 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

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- City assets exceeded its liabilities by \$25.8 million (net position) as of June 30, 2013. Of this amount, nearly \$2.6 million (unrestricted net position) may be used to meet the government's ongoing obligations to its citizens and creditors.
- The City's net position in total increased by \$820,967 during the fiscal year 2012-13, compared to an increase of \$4.05 million in fiscal year 2011-12. The majority of this increase in 2012-13 was due to increased revenues in the general and enterprise funds as well as cost savings by City departments. The increase in 2011-12 was the result of the loss of the redevelopment agency and the transfer of its assets to the successor agency.
- Fund balances for governmental funds (i.e., the general fund, its reserve, and special revenue funds) are reported to be \$9.2 million, as of year-end close, June 30, 2013.
- Of the \$9.2 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

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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 Position and the Statement of Activities. The Statement of Net Position 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 Position for the year. It demonstrates how the City's net position changed during the fiscal year 2012-13 as compared to 2011-12. As was stated earlier, the City's net position increased by \$820,967, 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 position. 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 Position and the Statement of Activities are 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 Position and the Statement of Activities.

The Statement of Net Position 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, 2013, 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 (Supplementary Information, page 88) 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, 2013, the City's major funds were 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 Position. 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 46-87 of this report.

## **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 89-140 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

### Net Position Comparison June 30, 2013 and 2012

	Governmental Activities		Business-type Activities		Total Government	
	2013	2012	2013	2012	2013	2012
<b>ASSETS</b>						
Current assets:						
Cash and investments:						
Available for operations	\$ 4,112,020	\$ 2,262,867	\$ 1,246,039	\$ 1,251,787	\$ 5,358,059	\$ 3,514,654
Restricted	109,039	1,999,325	1,724,489	1,662,392	1,833,528	3,661,717
Receivables	1,367,687	589,907	654,136	560,078	2,021,823	1,149,985
Prepaid expenses	-	4,955	80,595	80,595	80,595	85,550
Internal balances	-	700,000	-	(700,000)	-	-
Noncurrent assets:						
Notes receivable	3,518,377	2,872,178	496,096	-	4,014,473	2,872,178
Land held for resale	407,964	407,964	-	-	407,964	407,964
Plant, property and equipment						
Capital assets not being depreciated	652,983	729,346	2,475,403	2,475,403	3,128,386	3,204,749
Capital assets, net of depreciation	5,645,684	5,841,439	15,237,603	15,762,904	20,883,287	21,604,343
Deferred charges	-	-	-	174,743	-	174,743
Total assets	<u>15,813,754</u>	<u>15,407,981</u>	<u>21,914,361</u>	<u>21,267,902</u>	<u>37,728,115</u>	<u>36,675,883</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred charges on bond issuance	-	-	167,890	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>167,890</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	153,495	110,082	155,812	135,132	309,307	245,214
Accrued payroll liabilities	94,886	70,621	49,914	-	144,800	70,621
Interest payable	-	5,244	148,307	193,990	148,307	199,234
Deposits payable	-	-	25,445	24,697	25,445	24,697
Compensated absences	10,000	6,000	6,000	8,344	16,000	14,344
Due within one year	67,461	84,615	370,469	280,124	437,930	364,739
Intergovernmental payable	-	-	67,901	-	67,901	-
Noncurrent liabilities:						
Compensated absences	282,266	368,452	85,005	95,957	367,271	464,409
Due in more than one year	-	134,231	10,193,258	9,923,425	10,193,258	10,057,656
Net OPEB obligation	295,754	195,770	109,661	79,796	405,415	275,566
Total liabilities	<u>903,862</u>	<u>975,015</u>	<u>11,211,772</u>	<u>10,741,465</u>	<u>12,115,634</u>	<u>11,716,480</u>
<b>NET POSITION</b>						
Invested in capital assets, net of related debt	6,298,667	6,351,939	7,291,398	7,509,501	13,590,065	13,861,440
Restricted	7,387,998	5,462,981	2,193,571	2,413,210	9,581,569	7,876,191
Unrestricted	1,223,227	2,618,047	1,385,510	603,726	2,608,737	3,221,773
Total net position	<u>\$ 14,909,892</u>	<u>\$ 14,432,967</u>	<u>\$ 10,870,479</u>	<u>\$ 10,526,437</u>	<u>\$ 25,780,371</u>	<u>\$ 24,959,404</u>

In essence, the value of the City's net position as of June 30, 2013, was over \$25.78 million, an increase of \$820,967. The increase primarily is attributed to increased revenues in the general and enterprise funds as well as cost savings by City departments.

The change in net position for the fiscal years ended June 30, 2013 and 2012 are as follows. This information is presented in greater detail than that found on the Statement of Activities or Changes in Fund Balance to allow the reader to gain a more in-depth understanding of the sources and uses of revenue.

**Changes in Net Position  
FY 2012 to FY 2013**

	2013			2012		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 541,560	\$ 3,153,206	\$ 3,694,766	\$ 619,047	\$ 3,373,678	\$ 3,992,725
Grants and contributions:						
Operating	199,490	-	199,490	297,560	-	297,560
Capital	429,315	37,916	467,231	783,216	360,389	1,143,605
General revenues:						
Property taxes and assessments						
	532,204	426,173	958,377	435,909	369,133	805,042
Transient occupancy taxes	84,752	-	84,752	82,533	-	82,533
Sales and use tax	2,176,408	-	2,176,408	1,948,376	-	1,948,376
Franchise taxes	225,495	-	225,495	131,609	-	131,609
Utility users tax	-	-	-	-	-	-
Business license and other taxes	95,244	-	95,244	82,299	-	82,299
Motor vehicle in lieu	395,961	-	395,961	398,805	-	398,805
Use of money and property	194,298	40,760	235,058	141,400	35,824	177,224
Other general	323,767	644,921	968,688	404,577	104,110	508,687
Extraordinary gain	-	-	-	4,180,646	-	4,180,646
Total revenues	5,198,494	4,302,976	9,501,470	9,505,977	4,243,134	13,749,111
<b>Expenses:</b>						
Governmental activities:						
General government	886,996	-	886,996	737,263	-	737,263
Community development	283,439	-	283,439	267,789	-	267,789
Roads and infrastructure	1,151,051	-	1,151,051	1,343,900	-	1,343,900
Sanitation	439,479	-	439,479	421,013	-	421,013
Housing and support programs	18,412	-	18,412	511,366	-	511,366
Redevelopment/economic development	10,797	-	10,797	292,702	-	292,702
Public safety	1,541,750	-	1,541,750	1,529,428	-	1,529,428
Parks and recreation	381,779	-	381,779	282,489	-	282,489
Interest and fiscal charges	7,866	-	7,866	358,608	-	358,608
Business-type activities:						
Water	-	1,595,811	1,595,811	-	1,550,266	1,550,266
Wastewater	-	2,363,123	2,363,123	-	2,408,438	2,408,438
Total expenses	4,721,569	3,958,934	8,680,503	5,744,558	3,958,704	9,703,262
Excess (Deficiency) of revenues over expenditures before transfers	476,925	344,042	820,967	3,761,419	284,430	4,045,849
Transfers	-	-	-	-	-	-
Change in net position	476,925	344,042	820,967	3,761,419	284,430	4,045,849
<b>Net position:</b>						
Beginning of year	14,432,967	10,526,437	24,959,404	10,671,548	10,242,007	20,913,555
End of year	\$ 14,909,892	\$ 10,870,479	\$ 25,780,371	\$ 14,432,967	\$ 10,526,437	\$ 24,959,404

Capital assets (net of related debt) of \$13.59 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 2013-14. 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 position of \$9.58 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 net position of \$2.61 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

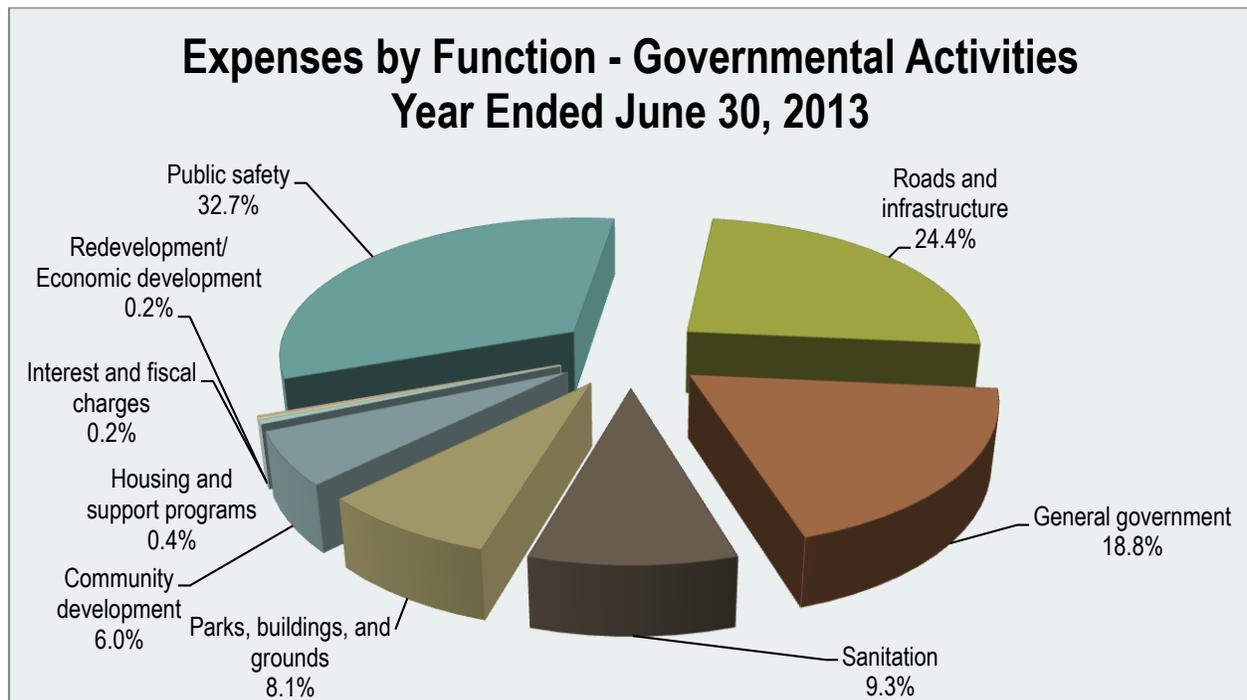
Governmental and business-type activity expenses of the City for the year totaled \$8.68 million. Governmental activities totaled \$4.72 million or 54% of total expenses. Business-type activities incurred \$3.96 million of expenses during the fiscal year. Public safety costs represented 33% of total governmental activities expenses, followed by roads and infrastructure, and general government).

## GOVERNMENTAL ACTIVITIES (EXPENSES)

The most significant expenses incurred by the City are providing public safety services (33% 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 - Expenses

	2013		2012	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Public safety	\$ 1,541,750	\$ 1,349,838	\$ 1,529,428	\$ 1,318,330
Roads and infrastructure	1,151,051	1,151,051	1,343,900	1,283,121
General government	886,996	868,387	737,263	720,541
Sanitation	439,479	(71,235)	421,013	(108,048)
Parks, buildings, and grounds	381,779	381,779	282,489	237,151
Community development	283,439	263,624	267,789	204,751
Housing and support programs	18,412	(401,188)	511,365	(232,161)
Redevelopment/Economic development	10,797	1,082	292,702	295,436
Interest and fiscal charges	7,866	7,866	358,608	358,608
<b>Total</b>	<b>\$ 4,721,569</b>	<b>\$ 3,551,204</b>	<b>\$ 5,744,557</b>	<b>\$ 4,077,729</b>



## GOVERNMENTAL ACTIVITIES (REVENUES)

Significant revenues for the City came from taxes (63%), 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. This information is presented in greater detail than that found on the Statement of Activities or Changes in Fund Balance to allow the reader to gain a more in-depth understanding of the sources and uses of revenue.

### Governmental Activities - Revenues

	2013	2012
	Total	Total
	Revenues	Revenues
Taxes	\$ 3,265,553	\$ 3,197,925
Charges for Service	541,560	619,047
Capital Grants	429,315	783,216
Other Revenue	305,488	99,809
Licenses, Permits, and Franchises	225,495	133,754
Operating Grants	199,490	297,560
Use of Money and Property	194,298	165,142
Fines, Forfeitures, and Penalties	18,279	28,874
Total	<u>\$ 5,179,478</u>	<u>\$ 5,325,327</u>

Governmental revenues in total were lower in 2013 than 2012 primarily due to reduced grant-driven housing activity. Most other revenues, including those derived from taxes were higher due to nominal increases in sales tax and property taxes from redistributed former redevelopment tax increment.

## TOP TEN REVENUES

The City's top ten revenue sources account for approximately 81% 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 2013 than budget estimates anticipated and better than in 2012. 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 governmental purpose. Bradley-Burns and Measure I collections were one and two percent higher than last year respectively.

**Property Tax.** Though the housing market is beginning to recover modestly, the increase observed here is, in part, due to the reallocation of former redevelopment funds, which were remitted by the City to the County and redistributed to local taxing agencies. Slightly less than 10.5% of property taxes paid by

property owners within the City is allocated to the City. The majority is distributed to local schools and the County of Lake.

**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). Collections are slightly lower than a year ago. This revenue source typically mirrors regular property tax collections.

**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. The 17% increase over last year is likely due to timing differences in payment to the City and is not indicative of significant increase in sales tax activity.

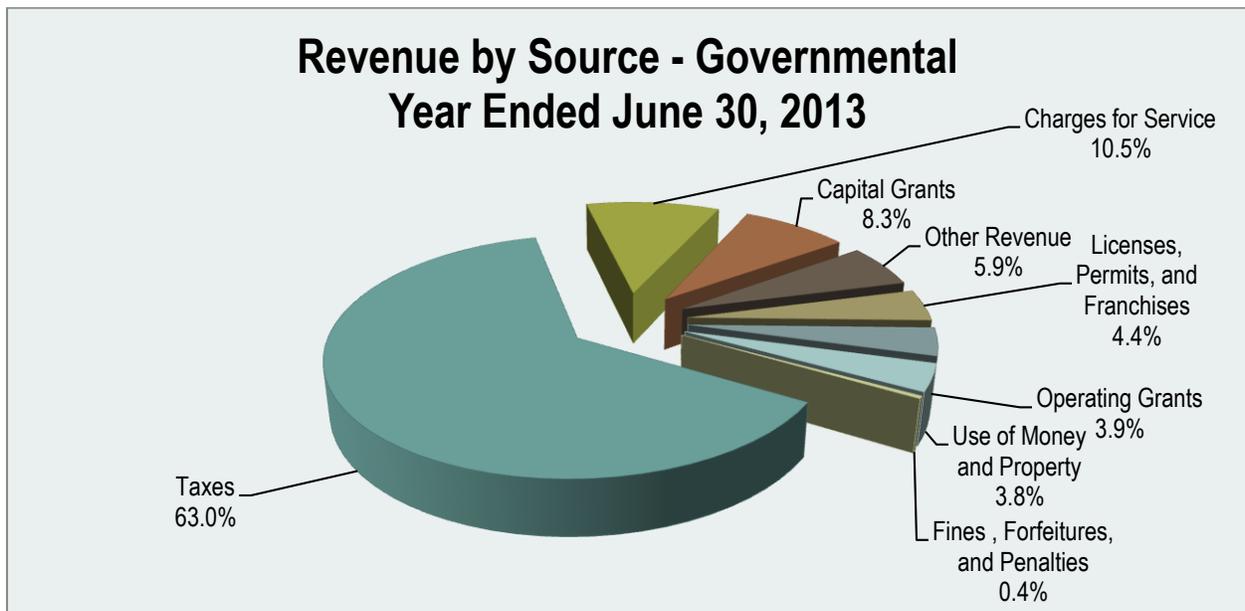
**Grants.** The City receives two grants to fund public safety activities, known by their acronyms COPS and CHRP. CHRP funds a single officer in the Police Department, whereas the COPS grant is used for any general public safety purpose.

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

**Rents and Leases.** This is revenue collected from leasing properties to private parties and other funds/agencies, i.e. water, and sewer enterprises. This revenue has declined from a year ago due to the loss of the Redevelopment Agency.

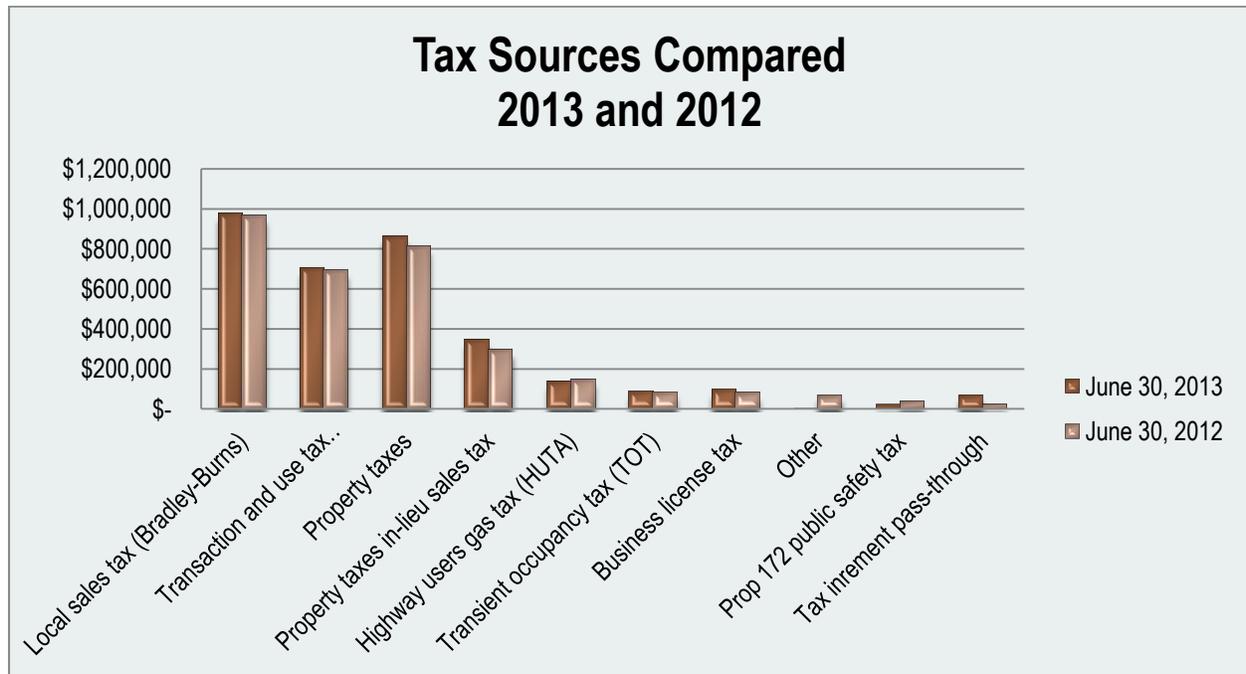
**Business License Tax.** Businesses that operate within City limits are required to obtain a business license. A tax is assessed for the privilege of doing so, the proceeds of which are available for unrestricted use in the general fund. Receipts are up significantly from a year ago indicating new business activity in the City.

**Permits.** Fees collected from the issuance of building and planning permits join the top 10 list for the first time. This revenue source is significantly higher than last year due to increased building and planning activity.



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

	Fiscal Year Ended		Increase (Decrease)
	June 30, 2013	June 30, 2012	
Local sales tax (Bradley-Burns)	\$ 974,855	\$ 964,798	\$ 10,057
Transaction and use tax (Measure I)	702,889	689,537	13,352
Property taxes	861,730	810,147	51,584
Property taxes in-lieu sales tax	343,753	294,042	49,711
Highway users gas tax (HUTA)	134,334	149,219	(14,885)
Transient occupancy tax (TOT)	84,752	82,533	2,219
Business license tax	95,215	78,154	17,061
Other	29	66,841	(66,812)
Prop 172 public safety tax	20,577	38,089	(17,512)
Tax increment pass-through	66,435	24,567	41,868
	<u>\$ 3,284,569</u>	<u>\$ 3,197,926</u>	<u>\$ 86,643</u>



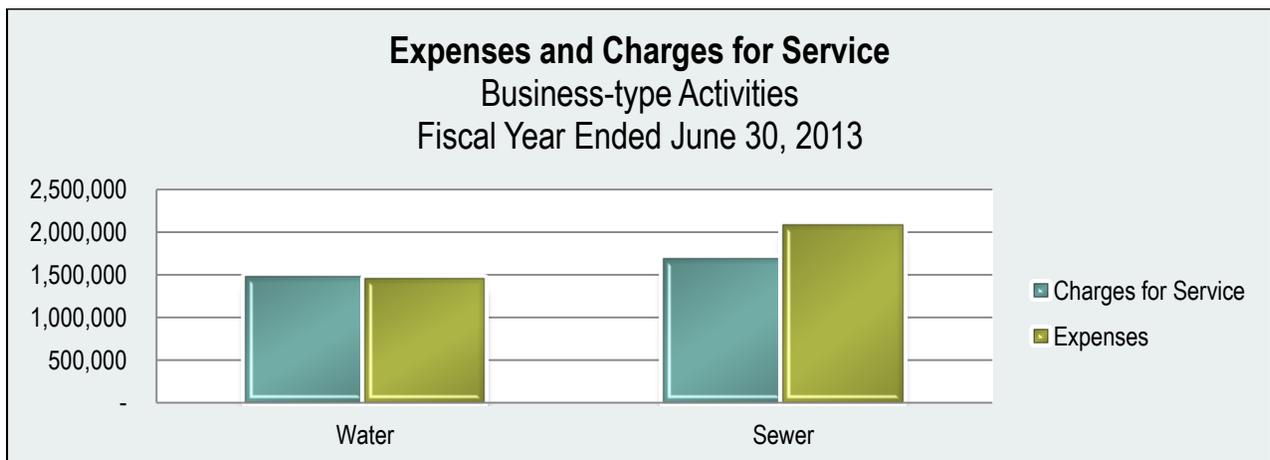
## BUSINESS-TYPE ACTIVITIES

In the fiscal year ended June 30, 2013, business-type activities increased the City's net position by \$344,042. This primarily was the result of increased utility expansion revenue due to a large senior housing development within the City.

Revenues from rates, fees, and charges for water were up from the previous fiscal year by 2.17%, due to a recently enacted increase to water charges. Sewer revenues, as shown in the schedule below, were down compared to a year ago due to a recognition last fiscal year of 13 billing cycles (as opposed to the normal 12). Expenses continued to outpace revenues, contributing to a deficit of \$372,042, or 0.49%. This does not account for revenue from expansion activities, non-operating activities (such as interest earnings and expenses), lease revenue, or property tax assessments. This information is presented to allow the reader to understand how revenue generated by rates alone relates to the expenses of the enterprise funds.

### Operating Condition of Enterprise Activities Two-Year Comparison

	For the Year		Increase (Decrease)	% Change
	Ended June 30, 2013	June 30, 2012		
<b>Operating Expenses</b>				
Water	\$ 1,447,862	\$ 1,401,097	\$ 46,765	3.34%
Sewer	2,077,386	1,989,278	88,108	4.43%
	<u>3,525,248</u>	<u>3,390,375</u>	<u>134,873</u>	<u>3.83%</u>
<b>Charges for Service</b>				
Water	1,470,683	1,439,407	31,276	2.17%
Sewer	1,682,523	1,934,271	(251,748)	-13.02%
	<u>3,153,206</u>	<u>3,373,678</u>	<u>(220,472)</u>	<u>-6.99%</u>
Surplus (Deficit)	\$ (372,042)	\$ (16,697)	\$ (355,345)	-95.51%
Deficiency %	-10.55%	-0.49%		



## Capital Assets and Debt Administration

### CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities at June 30, 2013 amounted to \$24,011,673 (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 \$995,417.

#### Capital Assets Two-Year Comparison

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Land	\$ 652,983	\$ 729,346	\$ 2,475,403	\$ 2,475,403	\$ 3,128,386	\$ 3,204,749
Buildings	2,695,592	2,619,229	1,839,904	1,839,904	4,535,496	4,459,133
Improvements - Non Buildings	4,474,786	4,474,786	27,129,404	26,935,912	31,604,190	31,410,698
Vehicles	1,532,597	1,532,597	552,459	547,953	2,085,056	2,080,550
Accumulated depreciation	(3,057,291)	(2,785,173)	(14,284,164)	(13,560,865)	(17,341,455)	(16,346,038)
Total Capital Assets, Net	<u>\$ 6,298,667</u>	<u>\$ 6,570,785</u>	<u>\$ 17,713,006</u>	<u>\$ 18,238,307</u>	<u>\$ 24,011,673</u>	<u>\$ 24,809,092</u>

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 \$11,014,459 as of June 30, 2013. This amount includes the recognition of a loan for the purchase of park land, a capital lease for police vehicles, a loan from Mendocino College for the installation of a water main, and an interfund loan between the general and water enterprise funds for the purchase of land necessary for the preservation of a critical water source for the City.

#### Long-term Obligations Two-Year Comparison

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Capital Lease - Police Cars	\$ 67,461	\$ 131,103	\$ -	\$ -	\$ 67,461	\$ 131,103
Witt Property	-	89,449	-	-	-	89,449
2002 Refunding Loan - West America Bank	-	-	326,912	390,037	326,912	390,037
Water Revenue Bonds, Series 2000 COPS	-	-	2,601,000	2,648,000	2,601,000	2,648,000
Water Main Extension Loan (Mendocino College)	-	-	300,815	-	300,815	-
Interfund Capital Purchase Loan from General Fund	-	-	700,000	-	700,000	-
Sewer District Improvement Bonds, 1993-1	-	-	2,840,000	3,905,000	2,840,000	3,905,000
2007 Series A Bond	-	-	3,795,000	2,900,000	3,795,000	2,900,000
Compensated Absences	-	374,452	383,271	104,301	383,271	478,753
	<u>\$ 67,461</u>	<u>\$ 595,004</u>	<u>\$ 10,946,998</u>	<u>\$ 9,947,338</u>	<u>\$ 11,014,459</u>	<u>\$ 10,542,342</u>

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

## FUND FINANCIAL ANALYSIS

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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, 2013, the City's governmental fund balance was \$9,201,437, of which \$1,813,439 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 \$321,206 (7.67% of expenditures) through a combination of expenditure control by City departments, deferment of appropriated capital projects, 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 \$3.33 million - this includes resources not available for spending, such as land held for resale and short-term interfund loans receivable - cash assets set aside as reserves totaled \$1.82 million. This constitutes approximately 44% of total expenditures in the general fund for the fiscal year.

Major governmental funds in total reported a net increase in fund balance at June 30, 2013 of \$327,061. Other governmental funds reported a net increases of \$285,408. 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.

## Fund Surpluses - Governmental Funds

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Major Fund	Balance
General fund	\$ 3,332,238
Capital projects fund	2,005,180
Subtotal	5,337,418
Other governmental funds	3,864,019
Total	<u>\$ 9,201,437</u>

Governmental funds reported \$4,150,361 in nonspendable fund balance in fiscal year 2012-13. 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.

Unspent redevelopment bond proceeds are accounted for in a capital projects fund and are reported as restricted fund balance of \$2,005,180. Special revenue funds comprise the balance of \$1,232,457 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 storm water capital projects earmarked by the City Council through ordinance.

Assigned fund balance consists of the general fund reserve and several select capital projects earmarked by the City Council. The remaining amount of (\$387,416) 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.

## PROPRIETARY FUNDS

### **ENTERPRISE FUND - WATER**

The net position of the water enterprise fund increased by \$127,069 in fiscal year 2012-13, primarily due to an increase in water rates and expansion revenue from a senior housing project. Operating revenues exceeded operating expenses by \$234,757 and non-operating expenses outpaced revenues (property taxes and interest of water loans and bonds) by \$107,688. The water enterprise operating and expansion funds are reported as one in these statements.

Ending net position at June 30, 2013 for the water enterprise funds were \$2,148,201, of which \$278,725 was unrestricted and available for future use.

### **ENTERPRISE FUND - SEWER**

The net position of the sewer enterprise fund increased by \$216,973. Operating revenue were sufficient to cover operating expenses, resulting in a net increase of \$38,122. Non-operating expenses (property taxes and bond interest) enhanced the positive impact to net position by \$178,851. 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 positions 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 position at June 30, 2013 for the sewer fund were \$8,722,278, of which \$1,106,785 was unrestricted and available for future use.

#### **Proprietary Fund Two-year Comparison**

	Enterprise Comparison				Total Enterprise Funds	
	Water		Sewer		June 30, 2013	June 30, 2012
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012		
Operating revenue	1,682,619	1,516,692	2,115,508	1,961,096	3,798,127	3,477,788
Operating expenses	1,447,862	1,401,097	2,077,386	1,989,278	3,525,248	3,390,375
Operating income (loss)	234,757	115,595	38,122	(28,182)	272,879	87,413
Nonoperating revenue (expenses)	(107,688)	216,246	178,851	(19,229)	71,163	197,017
Net income	127,069	331,841	216,973	(47,411)	344,042	284,430
Net position						
Investment in capital assets, net	1,449,387	1,215,473	5,842,011	6,294,028	7,291,398	7,509,501
Restricted:						
Assessment district	-	-	873,035	862,236	873,035	862,236
Debt service	-	253,884	-	492,460	-	746,344
Expansion activities	420,089	332,399	900,447	472,231	1,320,536	804,630
Unrestricted - working capital	278,725	219,376	1,106,785	384,350	1,385,510	603,726
<b>Total Net Position</b>	<b>\$ 2,148,201</b>	<b>\$ 2,021,132</b>	<b>\$ 8,722,278</b>	<b>\$ 8,505,305</b>	<b>\$ 10,870,479</b>	<b>\$ 10,526,437</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 \$4.29 million in revenues. That number was revised mid-year to account for increased property taxes from the dissolution of the former redevelopment agency. Additionally, sales tax revenue estimates were revised. Revenues in the general fund ultimately were reported \$21,119 lower than was budgeted, due to an over estimation of property taxes and lower than expected revenue from fines, forfeitures, and penalties.

#### **General Fund Budgetary Comparison 6/30/2013**

Revenues	Original Estimate	Final Estimate	Actual Revenue	Variance Positive (Negative)
General Fund				
Taxes	\$ 3,076,227	\$ 3,186,227	\$ 3,129,658	\$ (56,569)
Licenses, permits, and franchises	221,633	221,633	225,495	3,862
Fines, forfeitures, and penalties	30,381	30,381	18,279	(12,102)
Use of money and property	125,683	125,683	148,780	23,097
Intergovernmental revenue	195,569	195,569	199,490	3,921
Charges for service	512,795	522,795	541,560	18,765
Other revenue	131,358	136,358	134,265	(2,093)
Total	\$ 4,293,646	\$ 4,418,646	\$ 4,397,527	\$ (21,119)
Expenditures	Original Appropriation	Final Appropriation	Actual Expenditure	Variance Positive (Negative)
General Fund				
General government	\$ 742,204	\$ 747,236	\$ 685,592	\$ 61,644
Community development	334,108	334,108	294,895	39,213
Roads and infrastructure	974,825	976,951	743,996	232,955
Sanitation	445,000	445,000	439,479	5,521
Housing and support programs	3,629	3,629	10,762	(7,133)
Redevelopment/Economic development	15,000	15,000	19,835	(4,835)
Public safety	1,533,791	1,572,255	1,529,967	42,288
Parks, buildings, and grounds	408,782	422,565	391,654	30,911
Capital outlay	-	-	-	-
Debt service-				
Principal retirement	63,643	63,643	63,642	1
Interest	7,866	7,866	7,866	-
Total	\$ 4,528,848	\$ 4,588,253	\$ 4,187,688	\$ 400,565

The largest change to appropriations during the year was an increase to the police department budget to account for higher personnel costs to cover the addition of a tenth sworn officer. Changes to general government appropriations resulted in an increase to cover costs with hiring temporary staff to fill needed staffing shortages. The amount passed through to the franchise trash hauler, Lakeport Disposal, was lower than budget estimates; however, these amounts are simply collections that are passed through to the franchise. Deferment or cancellation of capital projects, including road work resulted in a significantly positive variance of \$232,955. Frugal departmental spending and capitalizing on costs savings from staff attrition rounded out the final budget variance, as total expenditures in the fund were \$400,565 less than appropriated.

The combined effect (before transfers were considered) was a surplus of \$209,839, a positive difference of \$379,446 from budgeted estimates. After transfers are considered, the total surplus increased to \$321,206, a positive difference of \$251,340.

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

## ECONOMIC OUTLOOK

Continuing its recovery in fiscal year 2012-13, the local and national economy grew slowly. Unemployment continued to decline as consumer confidence rose. The Lake County Region lagged behind but made progress. Though the local job market remains anemic, we see local businesses continuing to manage their recovery from the Great Recession. The success of these businesses is vital to the City's fiscal health. Additionally, foreclosure inventory continues its decline through the housing market, and home values are rising.

The state's impact on, and relationship with, local government will continue to impose barriers to economic growth within the City and in unincorporated Lake County as a result of realignment and more draconian regulatory requirements on local government and small business.

Maintaining and growing revenue streams to the City remains a high priority for staff. Existing sources – predominately sales and property taxes – are stable, and our estimates for the future will continue to be conservative. Expenses related to personnel (primarily in health premium and pension costs) are increasing at a substantial, though manageable, pace. We look to find cost saving measures to help offset these expenses. The challenge remains providing the highest level and quality of service that the community needs, expects and deserves.

## 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.

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# Government-Wide Financial Statements

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The Statement of Net Position 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 Position 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 position. 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 Position is computed and reconciled with the Statement of Net Position.

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 Position  
Government-wide Financial Statements  
June 30, 2013

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Cash and investments:			
Available for operations	\$ 4,112,020	\$ 1,246,039	\$ 5,358,059
Restricted cash	109,039	1,724,489	1,833,528
Receivables	1,367,687	654,136	2,021,823
Inventory and prepaids	-	80,595	80,595
Land held for resale	407,964	-	407,964
Notes receivable	3,518,377	496,096	4,014,473
Plant, property and equipment:			
Capital assets not being depreciated	652,983	2,475,403	3,128,386
Capital assets, net of depreciation	5,645,684	15,237,603	20,883,287
Total assets	<u>15,813,754</u>	<u>21,914,361</u>	<u>37,728,115</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges on bond issuance	-	167,890	167,890
Total deferred outflows of resources	<u>-</u>	<u>167,890</u>	<u>167,890</u>
<b>LIABILITIES</b>			
Accounts payable	153,495	155,812	309,307
Accrued payroll liabilities	94,886	49,914	144,800
Interest payable	-	148,307	148,307
Deposits payable	-	25,445	25,445
Compensated absences, current	10,000	6,000	16,000
Due within one year	67,461	370,469	437,930
Intergovernmental payable	-	67,901	67,901
Compensated absences, noncurrent	282,266	85,005	367,271
Due in more than one year	-	10,193,258	10,193,258
OPEB obligation, net	295,754	109,661	405,415
Total liabilities	<u>903,862</u>	<u>11,211,772</u>	<u>12,115,634</u>
<b>NET POSITION</b>			
Net investment in capital assets	6,298,667	7,291,398	13,590,065
Restricted	7,387,998	2,193,571	9,581,569
Unrestricted	1,223,227	1,385,510	2,608,737
Total net position	<u>\$ 14,909,892</u>	<u>\$ 10,870,479</u>	<u>\$ 25,780,371</u>

The accompanying notes are integral part of these financial statements.

City of Lakeport, California  
Statement of Activities  
Government-wide Financial Statements  
Year Ended June 30, 2013

FUNCTION/PROGRAMS	Expenses	Program Revenue			Net (Expenses) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>GOVERNMENTAL ACTIVITIES</b>							
General government	\$ 886,996	\$ 3,595	\$ 15,014	\$ -	\$ (868,387)	\$ -	\$ (868,387)
Community development	283,439	19,815	-	-	(263,624)	-	(263,624)
Roads and infrastructure	1,151,051	-	-	-	(1,151,051)	-	(1,151,051)
Sanitation	439,479	510,714	-	-	71,235	-	71,235
Housing and support programs	18,412	-	-	419,600	401,188	-	401,188
Redevelopment/Economic development	10,797	-	-	9,715	(1,082)	-	(1,082)
Public safety	1,541,750	7,436	184,476	-	(1,349,838)	-	(1,349,838)
Parks, buildings, and grounds	381,779	-	-	-	(381,779)	-	(381,779)
Interest	7,866	-	-	-	(7,866)	-	(7,866)
Total government activities	<u>4,721,569</u>	<u>541,560</u>	<u>199,490</u>	<u>429,315</u>	<u>(3,551,204)</u>	<u>-</u>	<u>(3,551,204)</u>
<b>BUSINESS ACTIVITIES</b>							
Water utility	1,595,811	1,470,683	-	37,916	-	(87,212)	(87,212)
Sewer utility	2,363,123	1,682,523	-	-	-	(680,600)	(680,600)
Total business-type activities	<u>3,958,934</u>	<u>3,153,206</u>	<u>-</u>	<u>37,916</u>	<u>-</u>	<u>(767,812)</u>	<u>(767,812)</u>
Total primary government	<u>\$ 8,680,503</u>	<u>\$ 3,694,766</u>	<u>\$ 199,490</u>	<u>\$ 467,231</u>	<u>(3,551,204)</u>	<u>(767,812)</u>	<u>(4,319,016)</u>
<b>GENERAL REVENUE</b>							
Sales taxes					2,176,408	-	2,176,408
Property taxes					928,165	426,173	1,354,338
Transient and other taxes					179,996	-	179,996
Licenses, and Franchises					225,495	-	225,495
Fines, Forfeitures, and Penalties					18,279	-	18,279
Use of Money and Property					194,298	40,760	235,058
Other Revenue					305,488	644,921	950,409
Total general revenue and extraordinary items					<u>4,028,129</u>	<u>1,111,854</u>	<u>5,139,983</u>
<b>CHANGES IN NET POSITION</b>					476,925	344,042	820,967
<b>NET POSITION</b>							
Beginning					14,432,967	10,526,437	24,959,404
End of Year					<u>\$ 14,909,892</u>	<u>\$ 10,870,479</u>	<u>\$ 25,780,371</u>

The accompanying notes are integral part of these financial statements.

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# Fund Financial Statements

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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 2013. Individual non-major funds may be found in the Supplemental section.

## GOVERNMENTAL FUNDS

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### **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 PROJECTS 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, 2013

	General	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 1,066,061	\$ 1,896,141	\$ 1,149,818	\$ 4,112,020
Restricted cash and investments	-	109,039	-	109,039
Receivables:				
Taxes	486,695	-	26,806	513,501
Notes	712,731	-	2,805,646	3,518,377
Grants	102,992	-	659,572	762,564
Other	65,819	-	25,803	91,622
Prepays	-	-	-	-
Due from other funds	362,066	-	-	362,066
Advances to other funds	390,744	-	-	390,744
Land held for resale	407,964	-	-	407,964
Total assets	<u>\$ 3,595,072</u>	<u>\$ 2,005,180</u>	<u>\$ 4,667,645</u>	<u>\$ 10,267,897</u>
<b>LIABILITIES</b>				
Accounts payable	105,251	-	48,244	153,495
Accrued payroll liabilities	94,886	-	-	94,886
Unearned revenue - other	-	-	2,572	2,572
Due to other funds	-	-	362,066	362,066
Advances from other funds	-	-	390,744	390,744
Total liabilities	<u>200,137</u>	<u>-</u>	<u>803,626</u>	<u>1,003,763</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Unavailable revenue - business license tax	62,697	-	-	62,697
Total deferred inflow or resources	<u>62,697</u>	<u>-</u>	<u>-</u>	<u>62,697</u>
<b>FUND BALANCE</b>				
Nonspendable:				
Prepays	-	-	-	-
Land	407,964	-	-	407,964
Loans receivable	1,103,475	-	2,638,922	3,742,397
Restricted	-	2,005,180	1,232,457	3,237,637
Committed	-	-	372,969	372,969
Assigned	1,820,799	-	7,087	1,827,886
Unassigned	-	-	(387,416)	(387,416)
Total Fund Balance	<u>3,332,238</u>	<u>2,005,180</u>	<u>3,864,019</u>	<u>9,201,437</u>
Total Liabilities and Fund Balance	<u>\$ 3,595,072</u>	<u>\$ 2,005,180</u>	<u>\$ 4,667,645</u>	<u>\$ 10,267,897</u>

City of Lakeport, California  
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
 Year Ended June 30, 2013

**TOTAL FUND BALANCES - GOVERNMENTAL FUNDS** **\$ 9,201,437**

Amounts reported in the governmental activities column in the statement of net position 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 fu

Capital assets not being depreciated	652,983
Depreciable capital assets	8,702,975
Accumulated depreciation	(3,057,291)

**DEFERRED INFLOW OF RESOURCES**

Payment of City business licenses and other deferred items that have not been earned but are accrued.	65,269
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**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	(67,461)
Due within one year - compensated absences	(10,000)
Accrued compensated absences	(282,266)
Net OPEB Obligation	(295,754)

**NET POSITION - GOVERNMENTAL ACTIVITIES** **\$ 14,909,892**

City of Lakeport, California  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2013

	General	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUE</b>				
Taxes:				
Sales	\$ 2,021,497	\$ -	\$ 154,911	\$ 2,176,408
Property	928,165	-	-	928,165
Transient Occupancy	84,752	-	-	84,752
Other taxes	95,244	-	-	95,244
Licenses, permits, and franchises	225,495	-	-	225,495
Fines, forfeitures, and penalties	18,279	-	-	18,279
Use of money and property	148,780	5,855	39,663	194,298
Intergovernmental revenue	199,490	-	429,315	628,805
Charges for service	541,560	-	-	541,560
Other revenue	134,265	-	171,223	305,488
Total revenue	<u>4,397,527</u>	<u>5,855</u>	<u>795,112</u>	<u>5,198,494</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Council	70,110	-	-	70,110
Administration	151,591	-	-	151,591
Attorney	104,474	-	-	104,474
Finance	80,119	-	-	80,119
Non-departmental	279,298	-	113,159	392,457
Community development:				
Planning	119,388	-	-	119,388
Building	175,507	-	285	175,792
Roads and infrastructure:				
Public works	586,026	-	146,678	732,704
Engineering and information technology	157,970	-	-	157,970
Sanitation	439,479	-	-	439,479
Housing and support programs	10,762	-	19,391	30,153
Economic development	19,835	-	2,703	22,538
Public safety	1,529,967	-	23,524	1,553,491
Parks, buildings, and grounds	391,654	-	92,597	484,251
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	63,642	-	-	63,642
Interest	7,866	-	-	7,866
Total expenditures	<u>4,187,688</u>	<u>-</u>	<u>398,337</u>	<u>4,586,025</u>
Excess of revenue over (under) expenditures	<u>209,839</u>	<u>5,855</u>	<u>396,775</u>	<u>612,469</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	111,367	-	34,617	145,984
Transfers out	-	-	(145,984)	(145,984)
Total other	<u>111,367</u>	<u>-</u>	<u>(111,367)</u>	<u>-</u>
Net change in fund balance	321,206	5,855	285,408	612,469
Fund balance - beginning	3,011,032	1,999,325	3,578,611	8,588,968
Fund balance - ending	<u>\$ 3,332,238</u>	<u>\$ 2,005,180</u>	<u>\$ 3,864,019</u>	<u>\$ 9,201,437</u>

The accompanying notes are 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, 2013

**CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS** **\$ 612,469**

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

**CAPITAL ASSETS**

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

Depreciation expense - Roads and infrastructure (272,118)

**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.

Compensated Absences 82,185  
 OPEB Expense (99,984)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt principal 154,373

**CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES** **\$ 476,925**

The accompanying notes are integral part of these financial statements.

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City of Lakeport, California  
General Fund  
Statement of Revenue, Expenditures, and Change in Fund Balances – Budget and Actual  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes:				
Sales	\$ 2,038,441	\$ 2,038,441	\$ 2,021,497	\$ (16,944)
Property	903,571	1,013,571	928,165	(85,406)
Transient Occupancy	65,000	65,000	84,752	19,752
Other taxes	69,215	69,215	95,244	26,029
Licenses, permits, and franchises	221,633	221,633	225,495	3,862
Fines, forfeitures, and penalties	30,381	30,381	18,279	(12,102)
Use of money and property	125,683	125,683	148,780	23,097
Intergovernmental revenue	195,569	195,569	199,490	3,921
Charges for service	512,795	522,795	541,560	18,765
Other revenue	131,358	136,358	134,265	(2,093)
Total revenue	4,293,646	4,418,646	4,397,527	(21,119)
<b>EXPENDITURES</b>				
Current:				
General government:				
Council	91,251	91,251	70,110	21,141
Administration	155,456	160,488	151,591	8,897
Attorney	56,847	56,847	104,474	(47,627)
Finance	87,103	87,103	80,119	6,984
Non-departmental	351,547	351,547	279,298	72,249
Community development:				
Planning	135,473	135,473	119,388	16,085
Building	198,635	198,635	175,507	23,128
Roads and infrastructure:				
Public works	829,058	828,041	586,026	242,015
Engineering and information technology	145,767	148,910	157,970	(9,060)
Sanitation	445,000	445,000	439,479	5,521
Housing and support programs	3,629	3,629	10,762	(7,133)
Economic development	15,000	15,000	19,835	(4,835)
Public safety	1,533,791	1,572,255	1,529,967	42,288
Parks, buildings, and grounds	408,782	422,565	391,654	30,911
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	63,643	63,643	63,642	1
Interest	7,866	7,866	7,866	-
Total expenditures	4,528,848	4,588,253	4,187,688	400,565
Excess of revenue over (under) expenditures	(235,202)	(169,607)	209,839	379,446
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	239,473	239,473	111,367	(128,106)
Transfers out	-	-	-	-
Total other	239,473	239,473	111,367	(128,106)
Net change in fund balance	4,271	69,866	321,206	251,340
Fund balance - beginning	3,011,032	3,011,032	3,011,032	-
Fund balance - ending	\$ 3,015,303	\$ 3,080,898	\$ 3,332,238	\$ 251,340

The accompanying notes are integral part of these financial statements.

City of Lakeport, California  
 Capital Projects Fund  
 Statement of Revenue, Expenditures, and Change in Fund Balances – Budget and Actual  
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes:				
Sales	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-
Transient Occupancy	-	-	-	-
Other taxes	-	-	-	-
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	-	-	5,855	5,855
Intergovernmental revenue	-	-	-	-
Charges for service	-	-	-	-
Other revenue	-	-	-	-
Total revenue	-	-	5,855	5,855
<b>EXPENDITURES</b>				
Current:				
General government:				
Council	-	-	-	-
Administration	-	-	-	-
Attorney	-	-	-	-
Finance	-	-	-	-
Non-departmental	-	-	-	-
Community development:				
Planning	-	-	-	-
Building	-	-	-	-
Roads and infrastructure:				
Public works	-	-	-	-
Engineering and information technology	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenue over (under) expenditures	-	-	5,855	5,855
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other	-	-	-	-
Net change in fund balance	-	-	5,855	5,855
Fund balance - beginning	1,999,325	1,999,325	1,999,325	-
Fund balance - ending	\$ 1,999,325	\$ 1,999,325	\$ 2,005,180	\$ 5,855

The accompanying notes are integral part of these financial statements.

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## PROPRIETARY FUNDS

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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.

### **INTERNAL SERVICE FUND**

Established to account for the risk management activities of the City, primarily premium payments for liability insurance, which is charged to the general, water enterprise, and sewer enterprise funds.

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City of Lakeport, California  
Statement of Net Position  
Enterprise Funds  
June 30, 2013

	Business-Type Activities			Governmental Activities
	Water	Sewer	Total Enterprise Funds	Internal Service Fund
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 214,065	\$ 1,031,974	\$ 1,246,039	\$ -
Restricted cash and investments	266,566	1,457,923	1,724,489	-
Receivables:				
Accounts, net	296,300	297,715	594,015	-
Taxes	-	23,885	23,885	-
Interest	-	-	-	-
Assessments	-	36,236	36,236	-
Inventory	65,778	14,817	80,595	-
Total current assets	<u>842,709</u>	<u>2,862,550</u>	<u>3,705,259</u>	<u>-</u>
Noncurrent assets:				
Notes receivable	153,523	342,573	496,096	-
Capital assets not being depreciated	740,170	1,735,233	2,475,403	-
Capital assets, net of depreciation	4,655,873	10,581,730	15,237,603	-
Deferred charges	-	167,890	167,890	-
Total noncurrent assets	<u>5,549,566</u>	<u>12,827,426</u>	<u>18,376,992</u>	<u>-</u>
Total Assets	<u>6,392,275</u>	<u>15,689,976</u>	<u>22,082,251</u>	<u>-</u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	42,340	113,472	155,812	-
Accrued payroll and benefits	23,828	26,086	49,914	-
Customer deposits	8,094	17,351	25,445	-
Compensated absences, current	6,000	-	6,000	-
Due within one year	195,469	175,000	370,469	-
Interest payable	52,867	95,440	148,307	-
Intergovernmental payable	67,901	-	67,901	-
Total current liabilities	<u>396,499</u>	<u>427,349</u>	<u>823,848</u>	<u>-</u>
Noncurrent liabilities:				
Compensated absences	61,511	23,494	85,005	-
Due to other funds	700,000	-	700,000	-
Due after one year	3,033,258	6,460,000	9,493,258	-
OPEB obligation, net	52,806	56,855	109,661	-
Total noncurrent liabilities	<u>3,847,575</u>	<u>6,540,349</u>	<u>10,387,924</u>	<u>-</u>
Total liabilities	<u>4,244,074</u>	<u>6,967,698</u>	<u>11,211,772</u>	<u>-</u>
<b>NET POSITION</b>				
Investment in capital assets, net of related debt	1,449,387	5,842,011	7,291,398	-
Restricted:				
Assessment district	-	873,035	873,035	-
Debt service	-	-	-	-
Expansion activities	420,089	900,447	1,320,536	-
Unrestricted	<u>278,725</u>	<u>1,106,785</u>	<u>1,385,510</u>	<u>-</u>
Total Net Position	<u>\$ 2,148,201</u>	<u>\$ 8,722,278</u>	<u>\$ 10,870,479</u>	<u>\$ -</u>

The accompanying notes are integral part of these financial statements.

City of Lakeport, California  
Statement of Revenue, Expenses and Change in Net Position  
Enterprise Funds  
Year Ended June 30, 2013

	Business-Type Activities			Governmental Activities
	Water	Sewer	Total Enterprise Funds	Internal Service Fund
<b>OPERATING REVENUE</b>				
Charges for service	\$ 1,470,683	\$ 1,682,523	\$ 3,153,206	\$ -
Risk management	-	-	-	80,028
Other operating income	211,936	432,985	644,921	-
Total operating revenue	<u>1,682,619</u>	<u>2,115,508</u>	<u>3,798,127</u>	<u>80,028</u>
<b>OPERATING EXPENSES</b>				
Salaries and benefits	730,794	738,055	1,468,849	-
Materials, supplies and service costs	517,768	615,842	1,133,610	-
Other operating costs	70,281	94,191	164,472	-
Premiums	-	-	-	80,028
Depreciation and amortization expense	129,019	629,298	758,317	-
Total operating expenses	<u>1,447,862</u>	<u>2,077,386</u>	<u>3,525,248</u>	<u>80,028</u>
Operating income (loss)	<u>234,757</u>	<u>38,122</u>	<u>272,879</u>	<u>-</u>
<b>NONOPERATING REVENUE (EXPENSES)</b>				
Property tax assessments	(643)	426,173	425,530	-
Use of money and property	2,345	38,415	40,760	-
Contributions from other agencies	37,916	-	37,916	-
Interest and fiscal charges	(147,306)	(285,737)	(433,043)	-
Total nonoperating revenue (expense)	<u>(107,688)</u>	<u>178,851</u>	<u>71,163</u>	<u>-</u>
NET INCOME	127,069	216,973	344,042	-
BEGINNING NET POSITION	<u>2,021,132</u>	<u>8,505,305</u>	<u>10,526,437</u>	<u>-</u>
ENDING NET POSITION	<u>\$ 2,148,201</u>	<u>\$ 8,722,278</u>	<u>\$ 10,870,479</u>	<u>\$ -</u>

The accompanying notes are integral part of these financial statements.

City of Lakeport, California  
Statement of Cash Flows  
Enterprise Funds  
Year Ended June 30, 2013

CASH FLOWS PROVIDED BY (USED FOR)	Business-type Activities			Governmental Activities
	Water	Sewer	Total Enterprise Funds	Internal Service Fund
<b>OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 1,628,766	\$ 2,117,435	\$ 3,746,201	\$ -
Cash received from interfund charges for risk management	-	-	-	80,028
Cash paid to suppliers of goods and services	(532,906)	(676,595)	(1,209,501)	(80,028)
Payments to City of Lakeport employees	(672,096)	(730,270)	(1,402,366)	-
Net cash provided (used)	423,764	710,570	1,134,334	-
<b>NONCAPITAL &amp; RELATED FINANCING ACTIVITIES</b>				
Property tax and assessments	-	384,789	384,789	-
Net cash provided (used)	-	384,789	384,789	-
<b>CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets	(206,067)	(15,000)	(221,067)	-
Contributions received for capital purposes	47,804	-	47,804	-
Principal payments on capital debt	(185,326)	(169,877)	(355,203)	-
Interest paid on capital debt	(157,890)	(321,082)	(478,972)	-
Net cash provided (used)	(501,479)	(505,959)	(1,007,438)	-
<b>INVESTING ACTIVITIES</b>				
Loans made	(153,523)	(342,573)	(496,096)	-
Investment income received	2,345	38,415	40,760	-
Net cash provided (used)	(151,178)	(304,158)	(455,336)	-
<b>NET INCREASE (DECREASE) IN CASH</b>	(228,893)	285,242	56,349	-
Cash and cash equivalents-beginning	709,524	2,204,655	2,914,179	-
Cash and cash equivalents-end of year	\$ 480,631	\$ 2,489,897	\$ 2,970,528	\$ -
<b>Presentation in Statement of Net Position:</b>				
Cash and investments	\$ 214,065	\$ 1,031,974	\$ 1,246,039	\$ -
Cash and investments - restricted	266,566	1,457,923	1,724,489	-
Total cash and investments	\$ 480,631	\$ 2,489,897	\$ 2,970,528	\$ -
<b>OPERATING ACTIVITIES ANALYSIS</b>				
Operating Income (Loss)	\$ 234,757	\$ 38,122	\$ 272,879	\$ -
Reconciliation to balance sheet:				
Depreciation and amortization, a noncash expense	129,019	629,298	758,317	-
(Increase) decrease in accounts receivable	(50,962)	(1,712)	(52,674)	-
Increase (decrease) in accounts payable	(12,758)	33,438	20,680	-
Increase (decrease) in accrued liabilities	23,828	26,086	49,914	-
Increase (decrease) in customer deposits	(2,891)	3,639	748	-
Increase (decrease) in compensated absences	20,586	(33,882)	(13,296)	-
Increase (decrease) in intergovernmental payable	67,901	-	67,901	-
Increase (decrease) in net OPEB obligation	14,284	15,581	29,865	-
Net cash provided (used)	\$ 423,764	\$ 710,570	\$ 1,134,334	\$ -

The accompanying notes are integral part of these financial statements.  
There were no noncash investing, capital, or financing activities affecting recognized assets and liabilities for the year ended June 30, 2013

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## FIDUCIARY FUNDS

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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 Position  
Fiduciary Funds  
June 30, 2013

	Private Purpose Trust Funds RDA Successor	Agency Funds	Total Fiduciary Funds
<b>ASSETS</b>			
Cash and investments	\$ 321,721	\$ 337,552	\$ 659,273
Restricted cash and investments	300,859	-	300,859
Receivables:			
Notes	20,935	-	20,935
Member contributions	-	2,890	2,890
Other	3,390	-	3,390
Bond issuance costs	243,169	-	243,169
Total Assets	<u>890,074</u>	<u>340,442</u>	<u>1,230,516</u>
<b>LIABILITIES</b>			
Accounts payable	-	-	-
Enforceable obligations	5,478,390	-	5,478,390
OPEB Obligation	-	2,890	2,890
Refundable deposits and trust liabilities	-	337,552	337,552
Total liabilities	<u>5,478,390</u>	<u>340,442</u>	<u>5,818,832</u>
<b>NET POSITION (DEFICIT)</b>			
Restricted - debt service reserve	300,859	-	300,859
Held in trust for benefit of the State	24,325	-	24,325
Held in trust for outstanding obligations	(4,913,500)	-	(4,913,500)
Total net position (deficit)	<u>\$ (4,588,316)</u>	<u>\$ -</u>	<u>\$ (4,588,316)</u>

The accompanying notes are integral part of these financial statements.

City of Lakeport, California  
Statement of Changes in Fiduciary Net Position  
Fiduciary Activities  
Year Ended June 30, 2013

	Private Purpose Trust Funds RDA Successor
<b>ADDITIONS</b>	
Property tax	\$ 408,877
Investment earnings	2,201
Extraordinary gains	249,747
Total additions	660,825
<b>DEDUCTIONS</b>	
Extraordinary losses	-
Administrative costs	250,000
Pass-through payments	638,354
Interest and amortization expense	180,141
Total deductions	1,068,495
 CHANGE IN FIDUCIARY NET POSITION	 (407,670)
<b>NET POSITION (deficit)</b>	
Beginning of year	(4,180,646)
End of year	\$ (4,588,316)

The accompanying notes are integral part of these financial statements.

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

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June 30, 2013

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:

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## 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 component 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, 2013 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 position. 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 Position. 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 Inflow of Resources

Deferred inflow of resources in governmental funds primarily represents business license taxes collected but unavailable for spending until the next fiscal year.

#### 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 position. 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 position 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 position – consists of net position 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 position – all other net position 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 fund level, the amounts stated therein as proposed expenditures become appropriations to the various City funds and 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 fund, and between departments within the general fund . 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, 2013 are classified in the accompanying financial statements as follows:

**Cash and Investments**

	Maturities (in years)			Deposits	Fair Market Value
	<1	1 to 2	>2		
<u>Cash equivalents and investments pooled</u>					
Pooled cash, at fair value					
Cash in bank	\$ -	\$ -	\$ -	\$1,100,679	\$1,100,679
Petty cash	-	-	-	400	400
Total pooled items	-	-	-	1,101,079	1,101,079
Pooled investments, at fair value					
<u>Interest obligations</u>					
Par	Rate				
-	0.010%	Money market	409,898	-	409,898
		State of California Local Agency Investment Fund	-	6,627,106	6,627,106
Total pooled investments - interest obligations			409,898	6,627,106	7,037,004
Total cash equivalents and investments pooled			\$ 409,898	\$ 7,728,185	\$8,138,083
<b>Amounts reported in:</b>					
Governmental activities					\$4,112,020
Governmental activities - Restricted					109,039
Business-type activities					1,246,039
Business-type activities - Restricted					1,724,489
Fiduciary activities					960,132
<b>Total</b>					<b>\$8,151,719</b>

Collateral and Categorization Requirements

At the fiscal year end, the City's carrying amount of demand deposits was \$1,101,079 and the bank account balance was \$1,264,026. The difference of \$163,347 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 \$1,101,079 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, 2013 are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Yield</u>	<u>Concentration</u>
Local Agency Investment Fund (LAIF)	6,627,106	0.24%	94.18%
Money Market	409,898	0.01%	5.82%
<b>Total Funds</b>	<b>7,037,004</b>		<b>100.00%</b>
	<b>Weighted Yield</b>	<b>0.23%</b>	

## 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, 2013, 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, 2013, 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, 2013 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, 2013:

	Receivables	Allowance	Net
<u>Governmental Activities</u>			
Due from other governments	\$ 1,257,049	\$ -	\$ 1,257,049
Accounts	91,622	-	91,622
	<u>\$ 1,348,671</u>	<u>\$ -</u>	<u>\$ 1,348,671</u>
<u>Business-type Activities</u>			
Due from other governments	\$ 60,121	-	\$ 60,121
Accounts	642,277	(48,262)	594,015
	<u>\$ 702,398</u>	<u>\$ (48,262)</u>	<u>\$ 654,136</u>

These amounts resulted in the following concentrations in receivables:

<u>Receivables Concentration</u>	
Other governments	66%
Individuals/businesses	34%

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, NOTES RECEIVABLE, AND INTERFUND BORROWING**

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, as well as a loan from the general fund to the water enterprise fund for a capital purchase of land meant to act as bridge financing until grant/loan proceeds are received from USDA rural development (see Note 16).

Loans and notes receivable for the year ended June 30, 2013, consisted of the following:

	Beginning July 1, 2012	Additions	Deletions	Ending June 30, 2013
<b>Major Governmental Funds</b>				
General Fund	\$ 713,697	\$ -	\$ (948)	\$ 712,749
<b>Nonmajor Governmental Funds:</b>				
CDBG Housing Loan Fund (old)	98,504	-	-	98,504
CDBG Business Loan Fund	427,493	40,196	(158,684)	309,005
Redevelopment Housing Successor Agency Fund	489,237	-	(29,623)	459,614
CDBG Housing Loan Fund	363,584	-	(78,162)	285,422
Emergency Housing Assistance Fund	1,354	-	-	1,354
Business Stabilization Loan Fund	67,518	-	(4,943)	62,575
CDBG Housing Grant Fund	-	431,133	-	431,133
HOME Program Income Fund	1,410,791	-	-	1,410,791
<b>Enterprise Funds:</b>				
Water Enterprise Expansion Fund	1,797	153,523	-	155,320
Sewer Enterprise Expansion Fund	1,797	342,573	-	344,370
<b>Total loans/notes receivable</b>	<b>\$ 3,575,772</b>	<b>\$ 967,425</b>	<b>\$ (272,360)</b>	<b>\$ 4,270,837</b>

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

Interfund borrowing is primarily for the purpose of providing cash to various special revenue funds for the purposes of making capital purchases or in an anticipation of reimbursable grant funding.

**Interfund Borrowing and Internal Balances**

<b>Borrowing Fund (Due To)</b>			<b>Lending Fund (Due From)</b>		
<b>Fund Number</b>	<b>Fund Name</b>	<b>Amount</b>	<b>Fund Number</b>	<b>Fund Name</b>	<b>Amount</b>
237	CDBG 2010 Economic Development Grant	\$ 3,321	110	General Fund	\$ 3,321
238	CDBG 2010 Housing Grant Fund	337,489	110	General Fund	337,489
409	Forbes Creek Trail Fund	11,828	110	General Fund	11,828
413	Prop 40 Per Capita Grant	9,428	110	General Fund	9,428
<b>Total Due To</b>		<b>\$ 362,066</b>	<b>Total Due From</b>		<b>\$ 362,066</b>

<b>Borrowing Fund (Advances From)</b>			<b>Lending Fund (Advances To)</b>		
<b>Fund Number</b>	<b>Fund Name</b>	<b>Amount</b>	<b>Fund Number</b>	<b>Fund Name</b>	<b>Amount</b>
202	Parkland Dedication Fund	\$ 175,140	110	General Fund	\$ 175,140
209	Lakeport Housing Fund	215,604	110	General Fund	215,604
<b>Total Due To</b>		<b>\$ 390,744</b>	<b>Total Due From</b>		<b>\$ 390,744</b>
<b>Total Interfund Borrowing</b>		<b>\$ 752,810</b>	<b>Total Interfund Lending</b>		<b>\$ 752,810</b>

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

**NOTE 6 - CAPITAL ASSETS**

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

	Balance 7/1/2012	Additions	Deletions	Transfers	Balance 6/30/2013
<b><u>Governmental activities:</u></b>					
Nondepreciable assets:					
Land	\$ 729,346	\$ -	\$ (76,363)	\$ -	\$ 652,983
Total nondepreciable assets	729,346	-	(76,363)	-	652,983
Depreciable assets:					
Buildings and structures	2,619,229	76,363	-	-	2,695,592
Improvements/CIP	4,474,786	-	-	-	4,474,786
Vehicles	1,532,597	-	-	-	1,532,597
Total depreciable assets	8,626,612	76,363	-	-	8,702,975
Total	9,355,958	76,363	(76,363)	-	9,355,958
Accumulated depreciation:					
Buildings and structures	(1,055,235)	(54,930)	-	-	(1,110,165)
Improvements/CIP	(731,944)	(114,661)	-	-	(846,605)
Vehicles	(997,994)	(102,527)	-	-	(1,100,521)
Total accumulated depreciation	(2,785,173)	(272,118)	-	-	(3,057,291)
Net depreciable assets	5,841,439	(195,755)	-	-	5,645,684
Total net capital assets	<u>\$ 6,570,785</u>	<u>\$ (195,755)</u>	<u>\$ (76,363)</u>	<u>\$ -</u>	<u>\$ 6,298,667</u>

Depreciation expense of \$272,118 was allocated to roads and infrastructure in the Statement of Activities.

Business-type capital asset activity for the year ended June 30, 2013, was as follows:

	Balance 7/1/2012	Additions	Deletions	Transfers	Balance 6/30/2013
<b><u>Business-type activities</u></b>					
Nondepreciable assets:					
Land	\$ 2,475,403	\$ -	\$ -	\$ -	\$ 2,475,403
Total nondepreciable assets	2,475,403	-	-	-	2,475,403
Depreciable assets:					
Buildings and structures	1,839,904	-	-	-	1,839,904
Improvements/CIP	26,935,912	193,492	-	-	27,129,404
Vehicles	547,953	15,000	-	-	562,953
Total depreciable assets	29,323,769	208,492	-	-	29,532,261
Total	31,799,172	208,492	-	-	31,997,170
Accumulated depreciation:					
Buildings and structures	(569,651)	(738,948)	-	-	(1,308,599)
Improvements/CIP	(12,457,531)	-	-	-	(12,457,531)
Vehicles	(533,683)	(12,515)	-	-	(546,198)
Total accumulated depreciation	(13,560,865)	(751,463)	-	-	(14,284,164)
Net depreciable assets	15,762,904	(542,971)	-	-	15,219,933
Total Business-type net capital assets	<u>\$ 18,238,307</u>	<u>\$ (542,971)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,713,006</u>

**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, 2013.

**Long-term Obligations**

	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
<b>Governmental Activities</b>					
Capital Lease - Police Cars	\$ 131,103	\$ -	\$ (63,642)	\$ 67,461	\$ 67,461
Witt Property	87,743	-	(87,743)	-	-
Compensated Absences	374,452	182,302	264,488	292,266	10,000
<b>Total</b>	<b>\$ 593,298</b>	<b>\$ 182,302</b>	<b>\$ 113,103</b>	<b>\$ 359,727</b>	<b>\$ 77,461</b>
<b>Business-Type Activities</b>					
2002 Refunding Loan - West America Bank	\$ 390,036	\$ -	\$ (63,124)	\$ 326,912	\$ 66,383
Water Revenue Bonds, Series 2000 COPS	2,648,000	-	(47,000)	2,601,000	49,500
Water Main Extension Loan (Mendocino College)	360,512	-	(59,697)	300,815	79,586
Interfund Capital Purchase Loan from General Fund	700,000	-	-	700,000	-
Wastewater Revenue Bonds, 2007 Series A Bond	2,900,000	-	(60,000)	2,840,000	60,000
1993 CLMSD Sewer District Assessment Bonds	3,905,000	-	(110,000)	3,795,000	115,000
Compensated Absences	104,301	48,770	62,066	91,005	6,000
<b>Total</b>	<b>\$ 11,007,849</b>	<b>\$ 48,770</b>	<b>\$ (277,755)</b>	<b>\$ 10,654,732</b>	<b>\$ 376,469</b>

**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 2013 as follows. The total obligation of the lease ends in 2013.

*Balance due*     \$     67,461

**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*     \$     326,912

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*     \$     2,601,000

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*     \$     300,815

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

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

**Interfund Capital Purchase Loan from General Fund**

The City general fund financed the capital purchase of the Green Ranch to secure a critical drinking water source. This loan is reflected in the Statement of Net Position as a note receivable/payable (due in more than one year). The term of the loan is 3 years with final payment to be made by June 30, 2015.

*Balance due*     \$        700,000

**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*     \$    2,840,000

**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*     \$    3,795,000

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, 2013 was \$36,834.

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 \$383,271 at June 30, 2013; of that amount, \$16,000 is expected to be paid within a year.

**Future Debt Service**

Future debt service for Governmental activities at June 30, 2013 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,	Governmental Activities			
	Capital Lease Police Cars		Total	
	Principal	Interest	Principal	Interest
2014	\$ 67,461	\$ 4,047	\$ 67,461	\$ 4,047
Total	\$ 67,461	\$ 4,047	\$ 67,461	\$ 4,047
Due within one year	\$ 67,461	\$ 4,047	\$ 67,461	\$ 4,047
Due after one year	-	-	-	-
Total	\$ 67,461	\$ 4,047	\$ 67,461	\$ 4,047

Future debt service for Business-type activities at June 30, 2013 is as follows for all debt except compensated absences and claims liabilities:

Year Ending June 30,	Business-type Activities					
	1993 Refunding Water Loan West America Bank		1998 Water Project Loan Series 2000 USDA Rural Dev		1993 CLMSD Assessment Bond Series 1993-1 (91-1)	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 66,383	\$ 15,836	\$ 49,500	\$ 122,372	\$ 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	40,089	1,022	59,500	112,064	140,000	161,500
2019-2023	-	-	343,000	523,998	810,000	693,000
2024-2028	-	-	432,000	422,394	1,030,000	464,250
2029-2033	-	-	545,000	306,898	1,320,000	171,250
2034-2038	-	-	687,000	142,291	-	-
2039-2043	-	-	322,500	15,497	-	-
Total	\$ 326,912	\$ 43,078	\$ 2,601,000	\$ 1,997,785	\$ 3,795,000	\$ 2,201,125
Due within one year	\$ 66,383	\$ 15,836	\$ 49,500	\$ 122,372	\$ 115,000	\$ 186,875
Due after one year	260,529	27,242	2,551,500	1,875,413	3,680,000	2,014,250
Total	\$ 326,912	\$ 43,078	\$ 2,601,000	\$ 1,997,785	\$ 3,795,000	\$ 2,201,125

Notes to the Basic Financial Statements (Continued)

NOTE 7 - LONG-TERM LIABILITIES (CONTINUED)

Year Ending June 30,	Interfund Capital Purchase Loan General Fund		Wastewater Revenue Bond Series 2007A CSCDA		Water Main Extension Loan Mendocino College	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ -	\$ 14,129	\$ 60,000	\$ 127,560	\$ 79,586	\$ -
2015	700,000	14,129	65,000	125,060	73,742	-
2016	-	-	65,000	122,460	73,742	-
2017	-	-	70,000	119,760	73,745	-
2018	-	-	70,000	116,960	-	-
2019-2023	-	-	410,000	536,338	-	-
2024-2028	-	-	500,000	435,425	-	-
2029-2033	-	-	625,000	306,873	-	-
2034-2038	-	-	795,000	140,682	-	-
2039-2043	-	-	180,000	4,275	-	-
Total	\$ 700,000	\$ 28,258	\$ 2,840,000	\$ 2,035,393	\$ 300,815	\$ -
Due within one year	\$ -	\$ 14,129	\$ 60,000	\$ 127,560	\$ 79,586	\$ -
Due after one year	700,000	14,129	2,780,000	1,907,833	221,229	-
Total	\$ 700,000	\$ 28,258	\$ 2,840,000	\$ 2,035,393	\$ 300,815	\$ -

Year Ending June 30,	Total	
	Principal	Interest
2014	\$ 370,469	\$ 466,772
2015	1,080,054	452,570
2016	391,160	423,604
2017	412,955	407,976
2018	309,589	391,546
2019-2023	1,563,000	1,753,336
2024-2028	1,962,000	1,322,069
2029-2033	2,490,000	785,021
2034-2038	1,482,000	282,973
2039-2043	502,500	19,772
Total	\$ 10,563,727	\$ 6,305,639
Due within one year	\$ 370,469	\$ 466,772
Due after one year	10,193,258	5,838,867
Total	\$ 10,563,727	\$ 6,305,639

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 POSITION/FUND BALANCES

**Restricted Net Positions Detail**

	Governmental Activities	Business-type Activities
<b>Restricted for:</b>		
Unspent RDA bond proceeds	\$ 2,005,180	\$ -
Notes receivable	3,742,397	-
Land held for resale	407,964	-
Grants receivable	659,572	-
Special revenue	572,885	-
Assessment district debt service	-	873,035
Water expansion projects	-	420,089
Sewer expansion projects	-	900,447
<b>Total</b>	<b>\$ 7,387,998</b>	<b>\$ 2,193,571</b>

- 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 POSITION/FUND BALANCES (CONTINUED)

Fund Balance Detail

<b>Nonspendable</b>	
Land held for resale	\$ 407,964
Loans/Notes receivable	<u>3,742,397</u>
<b>Total Nonspendable</b>	<u>4,150,361</u>
<b>Restricted</b>	
Unspent RDA bond proceeds	1,905,180
Capital improvements - dock replacement	100,000
Grants and special revenues	<u>1,232,457</u>
<b>Total Restricted</b>	<u>3,237,637</u>
<b>Committed</b>	
Capital improvements	<u>372,969</u>
<b>Total Committed</b>	<u>372,969</u>
<b>Assigned</b>	
Business and emergency housing assistance	7,087
Capital improvements - dock replacement	100,000
General reserves	<u>1,701,783</u>
<b>Total Assigned</b>	<u>1,808,870</u>
<b>Unassigned</b>	
Parkland and housing fund deficits	<u>(387,416)</u>
	<u>(387,416)</u>
<b>Total Fund Balance</b>	<u>\$ 9,182,421</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.

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

**NOTE 8 - NET POSITION/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.
- **Capital improvements** – dock replacement – the City Council committed funds from unspent redevelopment bond proceeds for the replacement of docks, an infrastructure improvement within the former redevelopment project area.
- **Grants receivable** - resources restricted by the grantor.

Committed

- **Capital improvement** – funds retained for specific capital projects by for by special revenues.

Assigned

- **Business and emergency housing** – funds set aside by the Council through policy for the use in providing emergency housing services.
- **Capital improvements** –dock replacement – the City Council committed funds from the general fund for the replacement of docks, an infrastructure improvement project.
- **General reserves** – funds identified as operating reserves by management and the City Council.

Unassigned

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

Fund Deficits

Deficit fund balances consisted of the following:

**Non-major Special Revenue Funds**

Fund Name	Fund Number	Deficit Amount	Discussion/Explanation
Parkland Dedication Fund	202	\$ (175,140)	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	\$ (113,772)	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.

Notes to the Basic Financial Statements (Continued)

NOTE 8 - NET POSITION/FUND BALANCES (CONTINUED)

**Excess of Expenditures and Transfers over Appropriations:** Expenditures and transfers exceeded appropriations for the year ended June 30, 2013, for the following funds. Expenditures were covered by available fund balance.

Excess Expenditures

	<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>			
Parkland Dedication Fund	\$ 25,047	\$ 92,597	\$ (67,550)
Prop 172 Public Safety Funds	20,000	23,524	(3,524)
Econ RLF	-	45,134	(45,134)
BSCC Law Enforcement Grant	-	23,014	(23,014)
Low-mod Housing	-	26,622	(26,622)
Housing RLF	35,000	85,974	(50,974)
Micro RLF	-	2,625	(2,625)
Business Loan Stabilization Fund	-	4,980	(4,980)

**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, 2013 were as follows:

**Interfund Transactions**

	<u>Transferred In</u>	<u>Transferred Out</u>
<b>Governmental Funds</b>		
<b>Major funds:</b>		
Fund: 110 - GENERAL FUND	\$ 111,367	\$ -
Fund: 130 - GENERAL CAPITAL PROJECTS	-	-
Total major funds	<u>111,367</u>	<u>-</u>
<b>Non-major funds:</b>		
<b>Special revenue funds:</b>		
Fund: 203 - 2105 GAS TAX FUND	-	12,279
Fund: 210 - ECON RLF RE-USE FUND	-	45,056
Fund: 211 - ECON RLF RE-USE FUND	-	7,284
Fund: 219 - REDEVELOPMENT LOW-MOD HOUSING	-	1,280
Fund: 228 - HOUSING REVOLVING LOAN (RLA)	33,337	11,798
Fund: 232 - EMERGENCY HOUSING FUND	1,280	-
Fund: 234 - BUS LOAN STABILIZ PROG FUND	-	4,980
Fund: 236 - PTA Grant #09-PTAG-6504	-	19,281
Fund: 238 - CDBG HOUSING GRANT 2010	-	42,448
Fund: 409 - FORBES CREEK TRAIL FUND	-	96
Fund: 414 - STORM DRAINAGE FUND	-	1,482
Total non-major funds	<u>34,617</u>	<u>145,984</u>
Total Transfers	<u>\$ 145,984</u>	<u>\$ 145,984</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)

**Risk Management Coverage**

Amount	Coverage Provider	Payment Source
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

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 2013.

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

**REMIF Equity**

Total assets	\$ 18,010,735
Total liabilities	14,429,297
Members' equity	<u>\$ 3,581,438</u>
Total revenue	\$ 8,476,567
Total expense	8,805,881
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 2012-13 rate was 21.284% for non-safety employees (miscellaneous plan) and 45.735% for public safety employees (safety plan), of annual covered payroll.

These contribution rates are scheduled to change to 22.552% and 47.6% respectively in fiscal year 2013-14 and 23.637% and 40.798% respectively in fiscal year 2014-15. 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 \$578,350 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**

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<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2010-11	\$507,334	100%	\$ -
2011-12	\$577,269	100%	\$ -
2012-13	\$578,350	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 \$315,048.

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.

**OPEB Eligibility Summary**

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Number of retirees receiving benefits	40
Number of current employees eligible to receive benefits	23
	<hr/>
	63

**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)**

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:

**OPEB Obligations Schedule**

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	(299,732)
Benefit payments made outside of trust	-
Increase in net OPEB obligation	<u>129,849</u>
Net OPEB obligation – beginning of year	<u>275,566</u>
Net OPEB obligation – end of year	<u>\$ 405,415</u>
Actuarial accrued liability (AAL)	\$ 6,863,624
Actuarial value of Plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	\$ 6,863,624
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%

The City 's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for June 30, 2013 and the two preceding fiscal years were as follows:

**Three Year OPEB Trend Information**

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$429,581	66%	\$ 146,429
2012	\$429,581	70%	\$ 275,566
2013	\$429,581	68%	\$ 405,415

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

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.

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, 2013. 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).

**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.

Loans and notes receivable for the year ended June 30, 2013, consisted of the following:

**Redevelopment Successor Private Purpose Trust  
Notes Receivable**

	Beginning July 1, 2012	Additions	Deletions	Ending June 30, 2013
Redevelopment Cascade Enhancement Loans	\$ 23,852	\$ -	\$ (2,917)	\$ 20,935
<b>Total loans/notes receivable</b>	<b>\$ 23,852</b>	<b>\$ -</b>	<b>\$ (2,917)</b>	<b>\$ 20,935</b>

The following is a summary of changes in long-term liabilities for the year ended June 30, 2013:

**Redevelopment Successor Private Purpose Trust  
Debt Service Activity**

	Balance 7/1/2012	Transfers/ Additions	Retirements	Balance June 30, 2013	Due Within One Year
<b>Trust Activities:</b>					
2004 RDA Tax Exempt Bond	\$ 1,050,000	\$ -	\$ -	\$ 1,050,000	\$ -
2004 RDA Tax Exempt Bond	920,000	-	(40,000)	880,000	45,000
2008 Tax Allocation Bond	3,390,000	-	(15,000)	3,375,000	15,000
<b>Total trust fund debt</b>	<b>\$ 5,360,000</b>	<b>\$ -</b>	<b>\$ (55,000)</b>	<b>\$ 5,305,000</b>	<b>\$ 60,000</b>

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

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

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*     \$     880,000

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*     \$     3,375,000

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, 2013 was \$98,896.

Future debt service for Fiduciary Activities at June 30, 2013, is as follows:

Year Ending June 30,	Fiduciary Activities							
	2004 RDA Tax Exempt Bond Series A		2004 RDA Tax Exempt Bond Series B		2008 Tax Allocation Bond Redevelopment Agency		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ -	\$ 55,125	\$ 45,000	\$ 47,267	\$ 15,000	\$ 164,693	\$ 60,000	\$ 267,085
2015	-	55,125	45,000	44,990	15,000	164,171	60,000	264,286
2016	-	55,125	50,000	42,512	15,000	163,628	65,000	261,265
2017	-	55,125	50,000	39,832	15,000	163,061	65,000	258,018
2018	-	55,125	55,000	92,018	20,000	162,372	75,000	309,515
2019-2023	-	275,625	315,000	451,531	300,000	787,270	615,000	1,514,426
2024-2028	100,000	272,738	320,000	357,008	580,000	681,955	1,000,000	1,311,701
2029-2033	550,000	179,812	-	-	845,000	505,235	1,395,000	685,047
2034-2038	400,000	32,287	-	-	1,235,000	257,880	1,635,000	290,167
2039-2043	-	-	-	-	335,000	8,459	335,000	8,459
<b>Total</b>	<b>\$1,050,000</b>	<b>\$1,036,087</b>	<b>\$ 880,000</b>	<b>\$1,075,158</b>	<b>\$3,375,000</b>	<b>\$3,058,724</b>	<b>\$5,305,000</b>	<b>\$5,169,969</b>
Due within one year	\$ -	\$ 55,125	\$ 45,000	\$ 47,267	\$ 15,000	\$ 164,693	\$ 60,000	\$ 267,085
Due after one year	1,050,000	980,962	835,000	1,027,891	3,360,000	2,894,031	5,245,000	4,902,884
<b>Total</b>	<b>\$1,050,000</b>	<b>\$1,036,087</b>	<b>\$ 880,000</b>	<b>\$1,075,158</b>	<b>\$3,375,000</b>	<b>\$3,058,724</b>	<b>\$5,305,000</b>	<b>\$5,169,969</b>

## Notes to the Basic Financial Statements (Continued)

### NOTE 15 – NEW PRONOUNCEMENTS

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 implemented this statement in fiscal year 2012-13.

The GASB has issued Statement No. 66, “Technical Corrections – 2013.” 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.

The GASB has issued Statement No. 67, “Financial Reporting for Pension Plans.” The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. This Statement is effective for the periods beginning after June 15, 2013. The implementation of this Statement will not have an effect on these financial statements.

The GASB has issued Statement No. 68, “Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27.” The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligations to contribute to those plans. This Statement will be effective for the periods beginning after June 15, 2014. The City will implement this Statement in fiscal year 2014-15.

The GASB has issued Statement No. 69, “Government Combinations and Disposals of Government Operations.” This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This Statement will be effective for government combinations and disposals occurring in financial reporting periods beginning after December 15, 2013. The City will implement this Statement in fiscal year 2014-15.

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

**NOTE 15 – NEW PRONOUNCEMENTS (CONTINUED)**

The GASB has issued Statement No. 70, “Accounting and Financial Reporting for Nonexchange Financial Guarantees.” The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement will be effective for periods beginning after June 15, 2013. The City will implement this Statement in fiscal year 2014-15.

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

**NOTE 16 – SUBSEQUENT EVENTS**

**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:

**USDA Water and Sewer Enterprise  
New Debt Issues**

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<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 \$1,400,000 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 2013-14.

# Combining Governmental Funds

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## **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.

(continued)

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

### **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.

### **LAKESHORE BLVD HSIPL (SAFETY)**

Special revenue fund established to account for expenditure related to the federal highway funding.

(concluded)

City of Lakeport, California  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2013

	SPECIAL REVENUE			
	Parkland Dedication	HUTA Gas Tax	Prop 172 Public Safety	Lakeport Housing
<b>ASSETS</b>				
Cash and Investments	\$ -	\$ 244,408	\$ 7,423	\$ -
Receivables:				
Taxes	-	21,406	5,400	-
Notes	-	-	-	98,504
Grants	-	-	-	-
Other	-	-	-	3,328
Total assets	<u>\$ -</u>	<u>\$ 265,814</u>	<u>\$ 12,823</u>	<u>\$ 101,832</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ 10,700	\$ -
Accrued payroll liabilities	-	-	-	-
Unearned revenue - other	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	175,140	-	-	215,604
Total liabilities	<u>175,140</u>	<u>-</u>	<u>10,700</u>	<u>215,604</u>
<b>FUND BALANCE</b>				
Nonspendable:				
Prepays	-	-	-	-
Land	-	-	-	-
Loans receivable	-	-	-	98,504
Restricted	-	265,814	2,123	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	(175,140)	-	-	(212,276)
Total Fund Balance	<u>(175,140)</u>	<u>265,814</u>	<u>2,123</u>	<u>(113,772)</u>
Total Liabilities and Fund Balance	<u>\$ -</u>	<u>\$ 265,814</u>	<u>\$ 12,823</u>	<u>\$ 101,832</u>

City of Lakeport, California  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2013

	SPECIAL REVENUE			
	Economic RLF	BSCC Law Enforcement Grant	Low-Mod Housing Fund	Housing RLF
<b>ASSETS</b>				
Cash and Investments	\$ 130,157	\$ 53,284	\$ 9,964	\$ 21,468
Receivables:				
Taxes	-	-	-	-
Notes	309,005	-	452,192	304,496
Grants	-	-	-	-
Other	18,241	-	3,782	-
Total assets	<u>\$ 457,403</u>	<u>\$ 53,284</u>	<u>\$ 465,938</u>	<u>\$ 325,964</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 15,730	\$ -	\$ 9
Accrued payroll liabilities	-	-	-	-
Unearned revenue - other	2,572	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Total liabilities	<u>2,572</u>	<u>15,730</u>	<u>-</u>	<u>9</u>
<b>FUND BALANCE</b>				
Nonspendable:				
Prepays	-	-	-	-
Land	-	-	-	-
Loans receivable	309,005	-	452,192	304,496
Restricted	145,826	37,554	13,746	21,459
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balance	<u>454,831</u>	<u>37,554</u>	<u>465,938</u>	<u>325,955</u>
Total Liabilities and Fund Balance	<u>\$ 457,403</u>	<u>\$ 53,284</u>	<u>\$ 465,938</u>	<u>\$ 325,964</u>

City of Lakeport, California  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2013

	SPECIAL REVENUE			
	Emergency Housing	Microenterprise RLF	Business Stabilization	PTA Grant #09-PTAG-6504
<b>ASSETS</b>				
Cash and Investments	\$ 6,635	\$ 4,434	\$ -	\$ -
Receivables:				
Taxes	-	-	-	-
Notes	1,359	-	62,575	-
Grants	-	-	-	-
Other	-	-	452	-
Total assets	<u>\$ 7,994</u>	<u>\$ 4,434</u>	<u>\$ 63,027</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 2,625	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Unearned revenue - other	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>2,625</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>				
Nonspendable:				
Prepays	-	-	-	-
Land	-	-	-	-
Loans receivable	1,359	-	62,575	-
Restricted	-	1,809	-	-
Committed	-	-	-	-
Assigned	6,635	-	452	-
Unassigned	-	-	-	-
Total Fund Balance	<u>7,994</u>	<u>1,809</u>	<u>63,027</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 7,994</u>	<u>\$ 4,434</u>	<u>\$ 63,027</u>	<u>\$ -</u>

City of Lakeport, California  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2013

	SPECIAL REVENUE			
	CDBG 2010 ED	CDBG 2010 Housing	HOME Program Income	2012 HOME Grant
<b>ASSETS</b>				
Cash and Investments	\$ 2	\$ -	\$ 150	\$ -
Receivables:				
Taxes	-	-	-	-
Notes	-	431,133	1,146,382	-
Grants	15,102	367,992	264,409	241
Other	-	-	-	-
Total assets	<u>\$ 15,104</u>	<u>\$ 799,125</u>	<u>\$ 1,410,941</u>	<u>\$ 241</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 18,939	\$ -	\$ 241
Accrued payroll liabilities	-	-	-	-
Unearned revenue - other	-	-	-	-
Due to other funds	3,321	337,489	-	-
Advances from other funds	-	-	-	-
Total liabilities	<u>3,321</u>	<u>356,428</u>	<u>-</u>	<u>241</u>
<b>FUND BALANCE</b>				
Nonspendable:				
Prepays	-	-	-	-
Land	-	-	-	-
Loans receivable	-	-	1,410,791	-
Restricted	11,783	442,697	150	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balance	<u>11,783</u>	<u>442,697</u>	<u>1,410,941</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 15,104</u>	<u>\$ 799,125</u>	<u>\$ 1,410,941</u>	<u>\$ 241</u>

City of Lakeport, California  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2013

	SPECIAL REVENUE			
	Tenth Street Drainage	Lakeport Blvd Improvement	South Main Improvement	Parkside Traffic Mitigation
<b>ASSETS</b>				
Cash and Investments	\$ 84,822	\$ 116,307	\$ 61,618	\$ 17,175
Receivables:				
Taxes	-	-	-	-
Notes	-	-	-	-
Grants	-	-	-	-
Other	-	-	-	-
Total assets	<u>\$ 84,822</u>	<u>\$ 116,307</u>	<u>\$ 61,618</u>	<u>\$ 17,175</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Unearned revenue - other	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>				
Nonspendable:				
Prepays	-	-	-	-
Land	-	-	-	-
Loans receivable	-	-	-	-
Restricted	84,822	116,307	61,618	17,175
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balance	<u>84,822</u>	<u>116,307</u>	<u>61,618</u>	<u>17,175</u>
Total Liabilities and Fund Balance	<u>\$ 84,822</u>	<u>\$ 116,307</u>	<u>\$ 61,618</u>	<u>\$ 17,175</u>

City of Lakeport, California  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2013

	SPECIAL REVENUE			
	Parallel/Bevins Storm Maintenance	Forbes Creek Trail	Lakeshore Storm Damage	Safe Routes to Schools
<b>ASSETS</b>				
Cash and Investments	\$ 19,856	\$ -	\$ 9,308	\$ -
Receivables:				
Taxes	-	-	-	-
Notes	-	-	-	-
Grants	-	11,828	-	-
Other	-	-	-	-
Total assets	<u>\$ 19,856</u>	<u>\$ 11,828</u>	<u>\$ 9,308</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Unearned revenue - other	-	-	-	-
Due to other funds	-	11,828	-	-
Advances from other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>11,828</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>				
Nonspendable:				
Prepays	-	-	-	-
Land	-	-	-	-
Loans receivable	-	-	-	-
Restricted	-	-	9,308	-
Committed	19,856	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balance	<u>19,856</u>	<u>-</u>	<u>9,308</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 19,856</u>	<u>\$ 11,828</u>	<u>\$ 9,308</u>	<u>\$ -</u>

City of Lakeport, California  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2013

	SPECIAL REVENUE			
	Prop 40 Per Capita Grant	Storm Drainage Fund	Lakeshore Blvd HSIPL (Safety)	Other Governmental
<b>ASSETS</b>				
Cash and Investments	\$ 9,428	\$ 353,113	\$ 266	\$ 1,149,818
Receivables:				
Taxes	-	-	-	26,806
Notes	-	-	-	2,805,646
Grants	-	-	-	659,572
Other	-	-	-	25,803
Total assets	<u>\$ 9,428</u>	<u>\$ 353,113</u>	<u>\$ 266</u>	<u>\$ 4,667,645</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 48,244
Accrued payroll liabilities	-	-	-	-
Unearned revenue - other	-	-	-	2,572
Due to other funds	9,428	-	-	362,066
Advances from other funds	-	-	-	390,744
Total liabilities	<u>9,428</u>	<u>-</u>	<u>-</u>	<u>803,626</u>
<b>FUND BALANCE</b>				
Nonspendable:				
Prepays	-	-	-	-
Land	-	-	-	-
Loans receivable	-	-	-	2,638,922
Restricted	-	-	266	1,232,457
Committed	-	353,113	-	372,969
Assigned	-	-	-	7,087
Unassigned	-	-	-	(387,416)
Total Fund Balance	<u>-</u>	<u>353,113</u>	<u>266</u>	<u>3,864,019</u>
Total Liabilities and Fund Balance	<u>\$ 9,428</u>	<u>\$ 353,113</u>	<u>\$ 266</u>	<u>\$ 4,667,645</u>

City of Lakeport, California  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
Non-Major Governmental Funds  
Year Ended June 30, 2013

	SPECIAL REVENUE			
	Parkland Dedication	HUTA Gas Tax	Prop 172 Public Safety	Lakeport Housing
<b>REVENUE</b>				
Taxes:				
Sales	\$ -	\$ 134,334	\$ 20,577	\$ -
Property	-	-	-	-
Transient Occupancy	-	-	-	-
Other taxes	-	-	-	-
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	8,707	705	23	9,527
Intergovernmental revenue	-	-	-	-
Charges for service	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenue</b>	<b>8,707</b>	<b>135,039</b>	<b>20,600</b>	<b>9,527</b>
<b>EXPENDITURES</b>				
Current:				
General government:				
Council	-	-	-	-
Administration	-	-	-	-
Attorney	-	-	-	-
Finance	-	-	-	-
Non-departmental	-	-	-	-
Community development:				
Planning	-	-	-	-
Building	-	-	-	-
Roads and infrastructure:				
Public works	-	132,833	-	-
Engineering and information technology	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Economic development	-	-	-	-
Public safety	-	-	23,524	-
Parks, buildings, and grounds	92,597	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>92,597</b>	<b>132,833</b>	<b>23,524</b>	<b>-</b>
Excess of revenue over (under) expenditures	(83,890)	2,206	(2,924)	9,527
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	(12,279)	-	-
Total other	-	(12,279)	-	-
<b>Net change in fund balance</b>	<b>(83,890)</b>	<b>(10,073)</b>	<b>(2,924)</b>	<b>9,527</b>
Fund balance - beginning	(91,250)	275,887	5,047	(123,299)
<b>Fund balance - ending</b>	<b>\$ (175,140)</b>	<b>\$ 265,814</b>	<b>\$ 2,123</b>	<b>\$ (113,772)</b>

City of Lakeport, California  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
Non-Major Governmental Funds  
Year Ended June 30, 2013

	SPECIAL REVENUE			
	Economic RLF	BSCC Law Enforcement Grant	Low-Mod Housing Fund	Housing RLF
<b>REVENUE</b>				
Taxes:				
Sales	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-
Transient Occupancy	-	-	-	-
Other taxes	-	-	-	-
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	15,554	77	2,803	44
Intergovernmental revenue	-	60,491	-	-
Charges for service	-	-	-	-
Other revenue	-	-	-	926
<b>Total revenue</b>	<b>15,554</b>	<b>60,568</b>	<b>2,803</b>	<b>970</b>
<b>EXPENDITURES</b>				
Current:				
General government:				
Council	-	-	-	-
Administration	-	-	-	-
Attorney	-	-	-	-
Finance	-	-	-	-
Non-departmental	-	15,730	25,342	72,087
Community development:				
Planning	-	-	-	-
Building	-	-	-	-
Roads and infrastructure:				
Public works	-	-	-	-
Engineering and information technology	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	2,089
Economic development	78	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>78</b>	<b>15,730</b>	<b>25,342</b>	<b>74,176</b>
Excess of revenue over (under) expenditures	15,476	44,838	(22,539)	(73,206)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	33,337
Transfers out	(45,056)	(7,284)	(1,280)	(11,798)
<b>Total other</b>	<b>(45,056)</b>	<b>(7,284)</b>	<b>(1,280)</b>	<b>21,539</b>
<b>Net change in fund balance</b>	<b>(29,580)</b>	<b>37,554</b>	<b>(23,819)</b>	<b>(51,667)</b>
Fund balance - beginning	484,411	-	489,757	377,622
<b>Fund balance - ending</b>	<b>\$ 454,831</b>	<b>\$ 37,554</b>	<b>\$ 465,938</b>	<b>\$ 325,955</b>

City of Lakeport, California  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
Non-Major Governmental Funds  
Year Ended June 30, 2013

REVENUE	SPECIAL REVENUE			
	Emergency Housing	Microenterprise RLF	Business Stabilization	PTA Grant #09-PTAG-6504
Taxes:				
Sales	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-
Transient Occupancy	-	-	-	-
Other taxes	-	-	-	-
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	20	14	8	31
Intergovernmental revenue	-	-	-	(7,000)
Charges for service	-	-	-	-
Other revenue	605	-	481	-
<b>Total revenue</b>	<b>625</b>	<b>14</b>	<b>489</b>	<b>(6,969)</b>
<b>EXPENDITURES</b>				
Current:				
General government:				
Council	-	-	-	-
Administration	-	-	-	-
Attorney	-	-	-	-
Finance	-	-	-	-
Non-departmental	-	-	-	-
Community development:				
Planning	-	-	-	-
Building	-	-	-	-
Roads and infrastructure:				
Public works	-	-	-	-
Engineering and information technology	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	173	-	-	-
Economic development	-	2,625	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>173</b>	<b>2,625</b>	<b>-</b>	<b>-</b>
Excess of revenue over (under) expenditures	452	(2,611)	489	(6,969)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,280	-	-	-
Transfers out	-	-	(4,980)	(19,281)
<b>Total other</b>	<b>1,280</b>	<b>-</b>	<b>(4,980)</b>	<b>(19,281)</b>
<b>Net change in fund balance</b>	<b>1,732</b>	<b>(2,611)</b>	<b>(4,491)</b>	<b>(26,250)</b>
Fund balance - beginning	6,262	4,420	67,518	26,250
<b>Fund balance - ending</b>	<b>\$ 7,994</b>	<b>\$ 1,809</b>	<b>\$ 63,027</b>	<b>\$ -</b>

City of Lakeport, California  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
Non-Major Governmental Funds  
Year Ended June 30, 2013

	SPECIAL REVENUE			
	CDBG 2010 ED	CDBG 2010 Housing	HOME Program Income	2012 HOME Grant
<b>REVENUE</b>				
Taxes:				
Sales	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-
Transient Occupancy	-	-	-	-
Other taxes	-	-	-	-
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	2	-	-	-
Intergovernmental revenue	9,715	365,342	-	241
Charges for service	-	-	-	-
Other revenue	-	142,090	-	-
<b>Total revenue</b>	<b>9,717</b>	<b>507,432</b>	<b>-</b>	<b>241</b>
<b>EXPENDITURES</b>				
Current:				
General government:				
Council	-	-	-	-
Administration	-	-	-	-
Attorney	-	-	-	-
Finance	-	-	-	-
Non-departmental	-	-	-	-
Community development:				
Planning	-	-	-	-
Building	-	-	-	-
Roads and infrastructure:				
Public works	-	-	-	-
Engineering and information technology	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	3,339	13,549	-	241
Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>3,339</b>	<b>13,549</b>	<b>-</b>	<b>241</b>
Excess of revenue over (under) expenditures	6,378	493,883	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	(42,448)	-	-
<b>Total other</b>	<b>-</b>	<b>(42,448)</b>	<b>-</b>	<b>-</b>
Net change in fund balance	6,378	451,435	-	-
Fund balance - beginning	5,405	(8,738)	1,410,941	-
<b>Fund balance - ending</b>	<b>\$ 11,783</b>	<b>\$ 442,697</b>	<b>\$ 1,410,941</b>	<b>\$ -</b>

City of Lakeport, California  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Non-Major Governmental Funds  
 Year Ended June 30, 2013

	SPECIAL REVENUE			
	Tenth Street Drainage	Lakeport Blvd Improvement	South Main Improvement	Parkside Traffic Mitigation
<b>REVENUE</b>				
Taxes:				
Sales	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-
Transient Occupancy	-	-	-	-
Other taxes	-	-	-	-
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	262	359	191	53
Intergovernmental revenue	-	-	-	-
Charges for service	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenue</b>	<b>262</b>	<b>359</b>	<b>191</b>	<b>53</b>
<b>EXPENDITURES</b>				
Current:				
General government:				
Council	-	-	-	-
Administration	-	-	-	-
Attorney	-	-	-	-
Finance	-	-	-	-
Non-departmental	-	-	-	-
Community development:				
Planning	-	-	-	-
Building	-	-	-	-
Roads and infrastructure:				
Public works	-	-	-	-
Engineering and information technology	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of revenue over (under) expenditures	262	359	191	53
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other	-	-	-	-
<b>Net change in fund balance</b>	<b>262</b>	<b>359</b>	<b>191</b>	<b>53</b>
Fund balance - beginning	84,560	115,948	61,427	17,122
<b>Fund balance - ending</b>	<b>\$ 84,822</b>	<b>\$ 116,307</b>	<b>\$ 61,618</b>	<b>\$ 17,175</b>

City of Lakeport, California  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Non-Major Governmental Funds  
 Year Ended June 30, 2013

	SPECIAL REVENUE			
	Parallel/Bevins Storm Maintenance	Forbes Creek Trail	Lakeshore Storm Damage	Safe Routes to Schools
<b>REVENUE</b>				
Taxes:				
Sales	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-
Transient Occupancy	-	-	-	-
Other taxes	-	-	-	-
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	62	96	28	-
Intergovernmental revenue	-	-	260	-
Charges for service	-	-	-	-
Other revenue	19,794	-	-	-
<b>Total revenue</b>	<b>19,856</b>	<b>96</b>	<b>288</b>	<b>-</b>
<b>EXPENDITURES</b>				
Current:				
General government:				
Council	-	-	-	-
Administration	-	-	-	-
Attorney	-	-	-	-
Finance	-	-	-	-
Non-departmental	-	-	-	-
Community development:				
Planning	-	-	-	-
Building	-	-	-	-
Roads and infrastructure:				
Public works	-	-	-	-
Engineering and information technology	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of revenue over (under) expenditures	19,856	96	288	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	(96)	-	-
<b>Total other</b>	<b>-</b>	<b>(96)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>19,856</b>	<b>-</b>	<b>288</b>	<b>-</b>
Fund balance - beginning	-	-	9,020	-
<b>Fund balance - ending</b>	<b>\$ 19,856</b>	<b>\$ -</b>	<b>\$ 9,308</b>	<b>\$ -</b>

City of Lakeport, California  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
Non-Major Governmental Funds  
Year Ended June 30, 2013

	SPECIAL REVENUE			Other Governmental
	Prop 40 Per Capita Grant	Storm Drainage Fund	Lakeshore Blvd HSIPL (Safety)	
<b>REVENUE</b>				
Taxes:				
Sales	\$ -	\$ -	\$ -	\$ 154,911
Property	-	-	-	-
Transient Occupancy	-	-	-	-
Other taxes	-	-	-	-
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	-	1,097	-	39,663
Intergovernmental revenue	-	-	266	429,315
Charges for service	-	-	-	-
Other revenue	-	7,327	-	171,223
<b>Total revenue</b>	<b>-</b>	<b>8,424</b>	<b>266</b>	<b>795,112</b>
<b>EXPENDITURES</b>				
Current:				
General government:				
Council	-	-	-	-
Administration	-	-	-	-
Attorney	-	-	-	-
Finance	-	-	-	-
Non-departmental	-	-	-	113,159
Community development:				
Planning	-	-	-	-
Building	-	285	-	285
Roads and infrastructure:				
Public works	-	13,845	-	146,678
Engineering and information technology	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	19,391
Economic development	-	-	-	2,703
Public safety	-	-	-	23,524
Parks, buildings, and grounds	-	-	-	92,597
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>14,130</b>	<b>-</b>	<b>398,337</b>
Excess of revenue over (under) expenditures	-	(5,706)	266	396,775
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	34,617
Transfers out	-	(1,482)	-	(145,984)
<b>Total other</b>	<b>-</b>	<b>(1,482)</b>	<b>-</b>	<b>(111,367)</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>(7,188)</b>	<b>266</b>	<b>285,408</b>
Fund balance - beginning	-	360,301	-	3,578,611
<b>Fund balance - ending</b>	<b>\$ -</b>	<b>\$ 353,113</b>	<b>\$ 266</b>	<b>\$ 3,864,019</b>

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# COMBINING FIDUCIARY FUNDS

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## **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 Position  
Private Purpose Trust Funds  
June 30, 2013

	<u>Private Purpose Trust Funds RDA Housing</u>	<u>Private Purpose Trust Funds RDA Non-Housing</u>
<b>ASSETS</b>		
Cash and investments	\$ -	\$ 321,721
Cash - restricted	-	300,859
Receivables:		
Notes	-	20,935
Other	-	3,390
Deferred charges	-	243,169
Total Assets	-	890,074
<b>LIABILITIES</b>		
Enforceable obligations	-	5,478,390
Total liabilities	-	5,478,390
<b>NET POSITION (DEFICIT)</b>		
Restricted - debt service reserve	-	300,859
Held in trust for benefit of the State	-	24,325
Held in trust for outstanding obligations	-	(4,913,500)
Total net position (deficit)	\$ -	\$ (4,588,316)

City of Lakeport, California  
Combining Statement of Changes to Fiduciary Net Position  
Private Purpose Trust Funds  
Year Ended June 30, 2013

	Private Purpose Trust Funds RDA Housing	Private Purpose Trust Funds RDA Non-Housing
ADDITIONS		
Property tax	\$ -	\$ 408,877
Investment earnings	-	2,201
Extraordinary gains	-	249,747
Total additions	-	660,825
DEDUCTIONS		
Extraordinary losses	-	-
Administrative costs	-	250,000
Pass-through payments	395,956	242,398
Interest and amortization expense	-	180,141
Total deductions	395,956	672,539
CHANGE IN FIDUCIARY NET POSITION	(395,956)	(11,714)
NET POSITION (deficit)		
Beginning of year	395,956	(4,576,602)
End of year	\$ -	\$ (4,588,316)

**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, 2013

	Agency (Special Deposits)	Agency OPEB
<b>ASSETS</b>		
Cash and investments	\$ 337,552	\$ -
Cash - restricted	-	-
Receivables:		
Notes	-	-
Property tax	-	-
Member contributions	-	2,890
Other	-	-
Deferred charges	-	-
<b>Total Assets</b>	<b>\$ 337,552</b>	<b>\$ 2,890</b>
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ -
Enforceable obligations	-	-
OPEB Obligation	-	2,890
Refundable deposits and trust liabilities	337,552	-
<b>Total liabilities</b>	<b>\$ 337,552</b>	<b>\$ 2,890</b>

City of Lakeport, California  
Combining Fiduciary Changes in Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2013

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
<b>Special Deposit Fund</b>				
<b>ASSETS</b>				
Cash and investments	\$ 276,293	\$ 61,259	\$ -	\$ 337,552
Total Assets	<u>\$ 276,293</u>	<u>\$ 61,259</u>	<u>\$ -</u>	<u>\$ 337,552</u>
<b>LIABILITIES</b>				
Refundable deposits and trust liabilities	\$ 276,293	\$ 61,259	\$ -	\$ 337,552
Total liabilities	<u>\$ 276,293</u>	<u>\$ 61,259</u>	<u>\$ -</u>	<u>\$ 337,552</u>
<b>OPEB Fund</b>				
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 464,743	\$ (464,743)	\$ -
Receivables:				
Member contributions	18,207	434,115	(449,432)	2,890
Total Assets	<u>\$ 18,207</u>	<u>\$ 898,858</u>	<u>\$ (914,175)</u>	<u>\$ 2,890</u>
<b>LIABILITIES</b>				
OPEB Obligation	\$ 18,207	\$ 434,115	\$ (449,432)	\$ 2,890
Total liabilities	<u>\$ 18,207</u>	<u>\$ 434,115</u>	<u>\$ (449,432)</u>	<u>\$ 2,890</u>

**NON-MAJOR GOVERNMENTAL FUND BUDGET  
COMPARISONS**

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City of Lakeport, California  
 Parkland Dedication Fund  
 Statement of Revenue, Expenditures, and Change in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes:				
Sales	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-
Transient Occupancy	-	-	-	-
Other taxes	-	-	-	-
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	9,000	9,000	8,707	(293)
Intergovernmental revenue	-	-	-	-
Charges for service	-	-	-	-
Other revenue	-	-	-	-
Total revenue	9,000	9,000	8,707	(293)
<b>EXPENDITURES</b>				
Current:				
General government:				
Council	-	-	-	-
Administration	-	-	-	-
Attorney	-	-	-	-
Finance	-	-	-	-
Non-departmental	-	-	-	-
Community development:				
Planning	-	-	-	-
Building	-	-	-	-
Roads and infrastructure:				
Public works	-	-	-	-
Engineering and information technology	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	25,047	25,047	92,597	(67,550)
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	25,047	25,047	92,597	(67,550)
Excess of revenue over (under) expenditures	(16,047)	(16,047)	(83,890)	(67,843)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	16,047	16,047	-	(16,047)
Transfers out	-	-	-	-
Total other	16,047	16,047	-	(16,047)
Net change in fund balance	-	-	(83,890)	(83,890)
Fund balance - beginning	(91,250)	(91,250)	(91,250)	-
Fund balance - ending	\$ (91,250)	\$ (91,250)	\$ (175,140)	\$ (83,890)

City of Lakeport, California  
Gas Tax Fund  
Statement of Revenue, Expenditures, and Change in Fund Balances  
Budget and Actual  
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes:				
Sales	\$ 139,863	\$ 139,863	\$ 134,334	\$ (5,529)
Property	-	-	-	-
Transient Occupancy	-	-	-	-
Other taxes	-	-	-	-
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	421	421	705	284
Intergovernmental revenue	-	-	-	-
Charges for service	-	-	-	-
Other revenue	-	-	-	-
Total revenue	140,284	140,284	135,039	(5,245)
<b>EXPENDITURES</b>				
Current:				
General government:				
Council	-	-	-	-
Administration	-	-	-	-
Attorney	-	-	-	-
Finance	-	-	-	-
Non-departmental	-	-	-	-
Community development:				
Planning	-	-	-	-
Building	-	-	-	-
Roads and infrastructure:				
Public works	90,000	207,052	132,833	74,219
Engineering and information technology	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	90,000	207,052	132,833	74,219
Excess of revenue over (under) expenditures	50,284	(66,768)	2,206	68,974
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(18,000)	(18,000)	(12,279)	5,721
Total other	(18,000)	(18,000)	(12,279)	5,721
Net change in fund balance	32,284	(84,768)	(10,073)	74,695
Fund balance - beginning	275,887	275,887	275,887	-
Fund balance - ending	\$ 308,171	\$ 191,119	\$ 265,814	\$ 74,695

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes:				
Sales	\$ 20,000	\$ 20,000	\$ 20,577	\$ 577
Property	-	-	-	-
Transient Occupancy	-	-	-	-
Other taxes	-	-	-	-
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	-	-	23	23
Intergovernmental revenue	-	-	-	-
Charges for service	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenue</b>	<b>20,000</b>	<b>20,000</b>	<b>20,600</b>	<b>600</b>
<b>EXPENDITURES</b>				
Current:				
General government:				
Council	-	-	-	-
Administration	-	-	-	-
Attorney	-	-	-	-
Finance	-	-	-	-
Non-departmental	-	-	-	-
Community development:				
Planning	-	-	-	-
Building	-	-	-	-
Roads and infrastructure:				
Public works	-	-	-	-
Engineering and information technology	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Economic development	-	-	-	-
Public safety	20,000	20,000	23,524	(3,524)
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>20,000</b>	<b>20,000</b>	<b>23,524</b>	<b>(3,524)</b>
Excess of revenue over (under) expenditures	-	-	(2,924)	(2,924)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other	-	-	-	-
Net change in fund balance	-	-	(2,924)	(2,924)
Fund balance - beginning	5,047	5,047	5,047	-
<b>Fund balance - ending</b>	<b>\$ 5,047</b>	<b>\$ 5,047</b>	<b>\$ 2,123</b>	<b>\$ (2,924)</b>

City of Lakeport, California  
 Lakeport Housing Fund  
 Statement of Revenue, Expenditures, and Change in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes:				
Sales	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-
Transient Occupancy	-	-	-	-
Other taxes	-	-	-	-
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	6,125	6,125	9,527	3,402
Intergovernmental revenue	-	-	-	-
Charges for service	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenue</b>	<b>6,125</b>	<b>6,125</b>	<b>9,527</b>	<b>3,402</b>
<b>EXPENDITURES</b>				
Current:				
General government:				
Council	-	-	-	-
Administration	-	-	-	-
Attorney	-	-	-	-
Finance	-	-	-	-
Non-departmental	-	-	-	-
Community development:				
Planning	-	-	-	-
Building	-	-	-	-
Roads and infrastructure:				
Public works	-	-	-	-
Engineering and information technology	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
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	9,527	3,402
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other	-	-	-	-
Net change in fund balance	6,125	6,125	9,527	3,402
Fund balance - beginning	(123,299)	(123,299)	(123,299)	-
Fund balance - ending	\$ (117,174)	\$ (117,174)	\$ (113,772)	\$ 3,402

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes:				
Sales	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-
Transient Occupancy	-	-	-	-
Other taxes	-	-	-	-
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	40,500	40,500	15,554	(24,946)
Intergovernmental revenue	-	-	-	-
Charges for service	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenue</b>	<b>40,500</b>	<b>40,500</b>	<b>15,554</b>	<b>(24,946)</b>
<b>EXPENDITURES</b>				
Current:				
General government:				
Council	-	-	-	-
Administration	-	-	-	-
Attorney	-	-	-	-
Finance	-	-	-	-
Non-departmental	-	-	-	-
Community development:				
Planning	-	-	-	-
Building	-	-	-	-
Roads and infrastructure:				
Public works	-	-	-	-
Engineering and information technology	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Economic development	38,500	38,500	78	38,422
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>38,500</b>	<b>38,500</b>	<b>78</b>	<b>38,422</b>
Excess of revenue over (under) expenditures	2,000	2,000	15,476	13,476
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(2,000)	(2,000)	(45,056)	(43,056)
<b>Total other</b>	<b>(2,000)</b>	<b>(2,000)</b>	<b>(45,056)</b>	<b>(43,056)</b>
Net change in fund balance	-	-	(29,580)	(29,580)
Fund balance - beginning	484,411	484,411	484,411	-
<b>Fund balance - ending</b>	<b>\$ 484,411</b>	<b>\$ 484,411</b>	<b>\$ 454,831</b>	<b>\$ (29,580)</b>

City of Lakeport, California  
 BSCC Law Enforcement Grant  
 Statement of Revenue, Expenditures, and Change in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes:				
Sales	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-
Transient Occupancy	-	-	-	-
Other taxes	-	-	-	-
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	-	-	77	77
Intergovernmental revenue	-	-	60,491	60,491
Charges for service	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenue</b>	<u>-</u>	<u>-</u>	<u>60,568</u>	<u>60,568</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Council	-	-	-	-
Administration	-	-	-	-
Attorney	-	-	-	-
Finance	-	-	-	-
Non-departmental	-	-	15,730	(15,730)
Community development:				
Planning	-	-	-	-
Building	-	-	-	-
Roads and infrastructure:				
Public works	-	-	-	-
Engineering and information technology	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>15,730</u>	<u>(15,730)</u>
Excess of revenue over (under) expenditures	<u>-</u>	<u>-</u>	<u>44,838</u>	<u>44,838</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(7,284)	(7,284)
Total other	<u>-</u>	<u>-</u>	<u>(7,284)</u>	<u>(7,284)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>37,554</u>	<u>37,554</u>
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,554</u>	<u>\$ 37,554</u>

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes:				
Sales	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-
Transient Occupancy	-	-	-	-
Other taxes	-	-	-	-
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	-	-	2,803	2,803
Intergovernmental revenue	-	-	-	-
Charges for service	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenue</b>	-	-	2,803	2,803
<b>EXPENDITURES</b>				
Current:				
General government:				
Council	-	-	-	-
Administration	-	-	-	-
Attorney	-	-	-	-
Finance	-	-	-	-
Non-departmental	-	-	25,342	(25,342)
Community development:				
Planning	-	-	-	-
Building	-	-	-	-
Roads and infrastructure:				
Public works	-	-	-	-
Engineering and information technology	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	-	-	25,342	(25,342)
Excess of revenue over (under) expenditures	-	-	(22,539)	(22,539)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(1,280)	(1,280)
Total other	-	-	(1,280)	(1,280)
Net change in fund balance	-	-	(23,819)	(23,819)
Fund balance - beginning	489,757	489,757	489,757	-
<b>Fund balance - ending</b>	\$ 489,757	\$ 489,757	\$ 465,938	\$ (23,819)

City of Lakeport, California  
Housing Revolving Loan Fund  
Statement of Revenue, Expenditures, and Change in Fund Balances  
Budget and Actual  
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes:				
Sales	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-
Transient Occupancy	-	-	-	-
Other taxes	-	-	-	-
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	200	200	44	(156)
Intergovernmental revenue	-	-	-	-
Charges for service	-	-	-	-
Other revenue	34,800	34,800	926	(33,874)
<b>Total revenue</b>	<b>35,000</b>	<b>35,000</b>	<b>970</b>	<b>(34,030)</b>
<b>EXPENDITURES</b>				
Current:				
General government:				
Council	-	-	-	-
Administration	-	-	-	-
Attorney	-	-	-	-
Finance	-	-	-	-
Non-departmental	-	-	72,087	(72,087)
Community development:				
Planning	-	-	-	-
Building	-	-	-	-
Roads and infrastructure:				
Public works	-	-	-	-
Engineering and information technology	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	33,000	33,000	2,089	30,911
Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>33,000</b>	<b>33,000</b>	<b>74,176</b>	<b>(41,176)</b>
Excess of revenue over (under) expenditures	2,000	2,000	(73,206)	(75,206)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	33,337	33,337
Transfers out	(2,000)	(2,000)	(11,798)	(9,798)
<b>Total other</b>	<b>(2,000)</b>	<b>(2,000)</b>	<b>21,539</b>	<b>23,539</b>
Net change in fund balance	-	-	(51,667)	(51,667)
Fund balance - beginning	377,622	377,622	377,622	-
<b>Fund balance - ending</b>	<b>\$ 377,622</b>	<b>\$ 377,622</b>	<b>\$ 325,955</b>	<b>\$ (51,667)</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes:				
Sales	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-
Transient Occupancy	-	-	-	-
Other taxes	-	-	-	-
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	100	100	20	(80)
Intergovernmental revenue	-	-	-	-
Charges for service	-	-	-	-
Other revenue	-	-	605	605
<b>Total revenue</b>	<b>100</b>	<b>100</b>	<b>625</b>	<b>525</b>
<b>EXPENDITURES</b>				
Current:				
General government:				
Council	-	-	-	-
Administration	-	-	-	-
Attorney	-	-	-	-
Finance	-	-	-	-
Non-departmental	-	-	-	-
Community development:				
Planning	-	-	-	-
Building	-	-	-	-
Roads and infrastructure:				
Public works	-	-	-	-
Engineering and information technology	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	8,000	8,000	173	7,827
Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>8,000</b>	<b>8,000</b>	<b>173</b>	<b>7,827</b>
Excess of revenue over (under) expenditures	<u>(7,900)</u>	<u>(7,900)</u>	<u>452</u>	<u>8,352</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	1,280	1,280
Transfers out	(1,000)	(1,000)	-	1,000
<b>Total other</b>	<b>(1,000)</b>	<b>(1,000)</b>	<b>1,280</b>	<b>2,280</b>
Net change in fund balance	(8,900)	(8,900)	1,732	10,632
Fund balance - beginning	6,262	6,262	6,262	-
<b>Fund balance - ending</b>	<b>\$ (2,638)</b>	<b>\$ (2,638)</b>	<b>\$ 7,994</b>	<b>\$ 10,632</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes:				
Sales	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-
Transient Occupancy	-	-	-	-
Other taxes	-	-	-	-
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	1,000	1,000	14	(986)
Intergovernmental revenue	-	-	-	-
Charges for service	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenue</b>	<b>1,000</b>	<b>1,000</b>	<b>14</b>	<b>(986)</b>
<b>EXPENDITURES</b>				
Current:				
General government:				
Council	-	-	-	-
Administration	-	-	-	-
Attorney	-	-	-	-
Finance	-	-	-	-
Non-departmental	-	-	-	-
Community development:				
Planning	-	-	-	-
Building	-	-	-	-
Roads and infrastructure:				
Public works	-	-	-	-
Engineering and information technology	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Economic development	-	-	2,625	(2,625)
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>2,625</b>	<b>(2,625)</b>
Excess of revenue over (under) expenditures	1,000	1,000	(2,611)	(3,611)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other	-	-	-	-
Net change in fund balance	1,000	1,000	(2,611)	(3,611)
Fund balance - beginning	4,420	4,420	4,420	-
Fund balance - ending	\$ 5,420	\$ 5,420	\$ 1,809	\$ (3,611)

City of Lakeport, California  
 Business Loan Stabilization Fund  
 Statement of Revenue, Expenditures, and Change in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes:				
Sales	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-
Transient Occupancy	-	-	-	-
Other taxes	-	-	-	-
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	-	-	8	8
Intergovernmental revenue	-	-	-	-
Charges for service	-	-	-	-
Other revenue	-	-	481	481
<b>Total revenue</b>	<b>-</b>	<b>-</b>	<b>489</b>	<b>489</b>
<b>EXPENDITURES</b>				
Current:				
General government:				
Council	-	-	-	-
Administration	-	-	-	-
Attorney	-	-	-	-
Finance	-	-	-	-
Non-departmental	-	-	-	-
Community development:				
Planning	-	-	-	-
Building	-	-	-	-
Roads and infrastructure:				
Public works	-	-	-	-
Engineering and information technology	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of revenue over (under) expenditures	-	-	489	489
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(4,980)	(4,980)
<b>Total other</b>	<b>-</b>	<b>-</b>	<b>(4,980)</b>	<b>(4,980)</b>
Net change in fund balance	-	-	(4,491)	(4,491)
Fund balance - beginning	67,518	67,518	67,518	-
<b>Fund balance - ending</b>	<b>\$ 67,518</b>	<b>\$ 67,518</b>	<b>\$ 63,027</b>	<b>\$ (4,491)</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes:				
Sales	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-
Transient Occupancy	-	-	-	-
Other taxes	-	-	-	-
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	-	-	31	31
Intergovernmental revenue	35,000	35,000	(7,000)	(42,000)
Charges for service	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenue</b>	<b>35,000</b>	<b>35,000</b>	<b>(6,969)</b>	<b>(41,969)</b>
<b>EXPENDITURES</b>				
Current:				
General government:				
Council	-	-	-	-
Administration	-	-	-	-
Attorney	-	-	-	-
Finance	-	-	-	-
Non-departmental	-	-	-	-
Community development:				
Planning	-	-	-	-
Building	-	-	-	-
Roads and infrastructure:				
Public works	-	-	-	-
Engineering and information technology	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Economic development	26,250	26,250	-	26,250
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>26,250</b>	<b>26,250</b>	<b>-</b>	<b>26,250</b>
Excess of revenue over (under) expenditures	<b>8,750</b>	<b>8,750</b>	<b>(6,969)</b>	<b>(15,719)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(8,750)	(8,750)	(19,281)	(10,531)
<b>Total other</b>	<b>(8,750)</b>	<b>(8,750)</b>	<b>(19,281)</b>	<b>(10,531)</b>
Net change in fund balance	-	-	(26,250)	(26,250)
Fund balance - beginning	26,250	26,250	26,250	-
<b>Fund balance - ending</b>	<b>\$ 26,250</b>	<b>\$ 26,250</b>	<b>\$ -</b>	<b>\$ (26,250)</b>

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes:				
Sales	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-
Transient Occupancy	-	-	-	-
Other taxes	-	-	-	-
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	-	-	2	2
Intergovernmental revenue	288,950	288,950	9,715	(279,235)
Charges for service	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenue</b>	<b>288,950</b>	<b>288,950</b>	<b>9,717</b>	<b>(279,233)</b>
<b>EXPENDITURES</b>				
Current:				
General government:				
Council	-	-	-	-
Administration	-	-	-	-
Attorney	-	-	-	-
Finance	-	-	-	-
Non-departmental	-	-	-	-
Community development:				
Planning	-	-	-	-
Building	-	-	-	-
Roads and infrastructure:				
Public works	-	-	-	-
Engineering and information technology	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	10,000	10,000	3,339	6,661
Economic development	276,950	276,950	-	276,950
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>286,950</b>	<b>286,950</b>	<b>3,339</b>	<b>283,611</b>
Excess of revenue over (under) expenditures	2,000	2,000	6,378	4,378
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(2,000)	(2,000)	-	2,000
<b>Total other</b>	<b>(2,000)</b>	<b>(2,000)</b>	<b>-</b>	<b>2,000</b>
Net change in fund balance	-	-	6,378	6,378
Fund balance - beginning	5,405	5,405	5,405	-
<b>Fund balance - ending</b>	<b>\$ 5,405</b>	<b>\$ 5,405</b>	<b>\$ 11,783</b>	<b>\$ 6,378</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes:				
Sales	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-
Transient Occupancy	-	-	-	-
Other taxes	-	-	-	-
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	-	-	-	-
Intergovernmental revenue	376,632	376,632	365,342	(11,290)
Charges for service	-	-	-	-
Other revenue	-	-	142,090	142,090
<b>Total revenue</b>	<b>376,632</b>	<b>376,632</b>	<b>507,432</b>	<b>130,800</b>
<b>EXPENDITURES</b>				
Current:				
General government:				
Council	-	-	-	-
Administration	-	-	-	-
Attorney	-	-	-	-
Finance	-	-	-	-
Non-departmental	-	-	-	-
Community development:				
Planning	-	-	-	-
Building	-	-	-	-
Roads and infrastructure:				
Public works	-	-	-	-
Engineering and information technology	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	286,632	301,632	13,549	288,083
Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>286,632</b>	<b>301,632</b>	<b>13,549</b>	<b>288,083</b>
Excess of revenue over (under) expenditures	90,000	75,000	493,883	418,883
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(15,757)	(15,757)	(42,448)	(26,691)
<b>Total other</b>	<b>(15,757)</b>	<b>(15,757)</b>	<b>(42,448)</b>	<b>(26,691)</b>
Net change in fund balance	74,243	59,243	451,435	392,192
Fund balance - beginning	(8,738)	(8,738)	(8,738)	-
<b>Fund balance - ending</b>	<b>\$ 65,505</b>	<b>\$ 50,505</b>	<b>\$ 442,697</b>	<b>\$ 392,192</b>

City of Lakeport, California  
HOME Program Income  
Statement of Revenue, Expenditures, and Change in Fund Balances  
Budget and Actual  
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes:				
Sales	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-
Transient Occupancy	-	-	-	-
Other taxes	-	-	-	-
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	-	-	-	-
Intergovernmental revenue	-	-	-	-
Charges for service	-	-	-	-
Other revenue	-	-	-	-
Total revenue	-	-	-	-
<b>EXPENDITURES</b>				
Current:				
General government:				
Council	-	-	-	-
Administration	-	-	-	-
Attorney	-	-	-	-
Finance	-	-	-	-
Non-departmental	-	-	-	-
Community development:				
Planning	-	-	-	-
Building	-	-	-	-
Roads and infrastructure:				
Public works	-	-	-	-
Engineering and information technology	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenue over (under) expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance - beginning	1,410,941	1,410,941	1,410,941	-
Fund balance - ending	\$ 1,410,941	\$ 1,410,941	\$ 1,410,941	\$ -

City of Lakeport, California  
 2012 Home Grant  
 Statement of Revenue, Expenditures, and Change in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes:				
Sales	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-
Transient Occupancy	-	-	-	-
Other taxes	-	-	-	-
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	-	-	-	-
Intergovernmental revenue	-	-	241	241
Charges for service	-	-	-	-
Other revenue	-	-	-	-
Total revenue	-	-	241	241
<b>EXPENDITURES</b>				
Current:				
General government:				
Council	-	-	-	-
Administration	-	-	-	-
Attorney	-	-	-	-
Finance	-	-	-	-
Non-departmental	-	-	-	-
Community development:				
Planning	-	-	-	-
Building	-	-	-	-
Roads and infrastructure:				
Public works	-	-	-	-
Engineering and information technology	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	241	(241)
Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	241	(241)
Excess of revenue over (under) expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -

City of Lakeport, California  
Tenth Street Drainage Fund  
Statement of Revenue, Expenditures, and Change in Fund Balances  
Budget and Actual  
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes:				
Sales	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-
Transient Occupancy	-	-	-	-
Other taxes	-	-	-	-
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	400	400	262	(138)
Intergovernmental revenue	-	-	-	-
Charges for service	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenue</b>	<b>400</b>	<b>400</b>	<b>262</b>	<b>(138)</b>
<b>EXPENDITURES</b>				
Current:				
General government:				
Council	-	-	-	-
Administration	-	-	-	-
Attorney	-	-	-	-
Finance	-	-	-	-
Non-departmental	-	-	-	-
Community development:				
Planning	-	-	-	-
Building	-	-	-	-
Roads and infrastructure:				
Public works	-	-	-	-
Engineering and information technology	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of revenue over (under) expenditures	400	400	262	(138)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other	-	-	-	-
Net change in fund balance	400	400	262	(138)
Fund balance - beginning	84,560	84,560	84,560	-
Fund balance - ending	\$ 84,960	\$ 84,960	\$ 84,822	\$ (138)

City of Lakeport, California  
 Lakeport Blvd Improvement Fund  
 Statement of Revenue, Expenditures, and Change in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes:				
Sales	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-
Transient Occupancy	-	-	-	-
Other taxes	-	-	-	-
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	400	400	359	(41)
Intergovernmental revenue	-	-	-	-
Charges for service	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenue</b>	<b>400</b>	<b>400</b>	<b>359</b>	<b>(41)</b>
<b>EXPENDITURES</b>				
Current:				
General government:				
Council	-	-	-	-
Administration	-	-	-	-
Attorney	-	-	-	-
Finance	-	-	-	-
Non-departmental	-	-	-	-
Community development:				
Planning	-	-	-	-
Building	-	-	-	-
Roads and infrastructure:				
Public works	-	-	-	-
Engineering and information technology	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of revenue over (under) expenditures	400	400	359	(41)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other	-	-	-	-
Net change in fund balance	400	400	359	(41)
Fund balance - beginning	115,948	115,948	115,948	-
Fund balance - ending	\$ 116,348	\$ 116,348	\$ 116,307	\$ (41)

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes:				
Sales	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-
Transient Occupancy	-	-	-	-
Other taxes	-	-	-	-
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	300	300	191	(109)
Intergovernmental revenue	-	-	-	-
Charges for service	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenue</b>	<b>300</b>	<b>300</b>	<b>191</b>	<b>(109)</b>
<b>EXPENDITURES</b>				
Current:				
General government:				
Council	-	-	-	-
Administration	-	-	-	-
Attorney	-	-	-	-
Finance	-	-	-	-
Non-departmental	-	-	-	-
Community development:				
Planning	-	-	-	-
Building	-	-	-	-
Roads and infrastructure:				
Public works	-	-	-	-
Engineering and information technology	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of revenue over (under) expenditures	300	300	191	(109)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other	-	-	-	-
Net change in fund balance	300	300	191	(109)
Fund balance - beginning	61,427	61,427	61,427	-
<b>Fund balance - ending</b>	<b>\$ 61,727</b>	<b>\$ 61,727</b>	<b>\$ 61,618</b>	<b>\$ (109)</b>

City of Lakeport, California  
 Parkside Traffic Mitigation  
 Statement of Revenue, Expenditures, and Change in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes:				
Sales	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-
Transient Occupancy	-	-	-	-
Other taxes	-	-	-	-
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	50	50	53	3
Intergovernmental revenue	-	-	-	-
Charges for service	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenue</b>	<b>50</b>	<b>50</b>	<b>53</b>	<b>3</b>
<b>EXPENDITURES</b>				
Current:				
General government:				
Council	-	-	-	-
Administration	-	-	-	-
Attorney	-	-	-	-
Finance	-	-	-	-
Non-departmental	-	-	-	-
Community development:				
Planning	-	-	-	-
Building	-	-	-	-
Roads and infrastructure:				
Public works	-	-	-	-
Engineering and information technology	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of revenue over (under) expenditures	50	50	53	3
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other	-	-	-	-
Net change in fund balance	50	50	53	3
Fund balance - beginning	17,122	17,122	17,122	-
Fund balance - ending	\$ 17,172	\$ 17,172	\$ 17,175	\$ 3

City of Lakeport, California  
Parallel/Bevins Storm Maintenance  
Statement of Revenue, Expenditures, and Change in Fund Balances  
Budget and Actual  
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes:				
Sales	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-
Transient Occupancy	-	-	-	-
Other taxes	-	-	-	-
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	-	-	62	62
Intergovernmental revenue	-	-	-	-
Charges for service	-	-	-	-
Other revenue	-	-	19,794	19,794
<b>Total revenue</b>	-	-	19,856	19,856
<b>EXPENDITURES</b>				
Current:				
General government:				
Council	-	-	-	-
Administration	-	-	-	-
Attorney	-	-	-	-
Finance	-	-	-	-
Non-departmental	-	-	-	-
Community development:				
Planning	-	-	-	-
Building	-	-	-	-
Roads and infrastructure:				
Public works	-	-	-	-
Engineering and information technology	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
Excess of revenue over (under) expenditures	-	-	19,856	19,856
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other	-	-	-	-
Net change in fund balance	-	-	19,856	19,856
Fund balance - beginning	-	-	-	-
<b>Fund balance - ending</b>	\$ -	\$ -	\$ 19,856	\$ 19,856

City of Lakeport, California  
 Forbes Creek Trail Fund  
 Statement of Revenue, Expenditures, and Change in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes:				
Sales	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-
Transient Occupancy	-	-	-	-
Other taxes	-	-	-	-
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	-	-	96	96
Intergovernmental revenue	-	-	-	-
Charges for service	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenue</b>	-	-	96	96
<b>EXPENDITURES</b>				
Current:				
General government:				
Council	-	-	-	-
Administration	-	-	-	-
Attorney	-	-	-	-
Finance	-	-	-	-
Non-departmental	-	-	-	-
Community development:				
Planning	-	-	-	-
Building	-	-	-	-
Roads and infrastructure:				
Public works	-	-	-	-
Engineering and information technology	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
Excess of revenue over (under) expenditures	-	-	96	96
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(96)	(96)
Total other	-	-	(96)	(96)
Net change in fund balance	-	-	-	-
Fund balance - beginning	-	-	-	-
<b>Fund balance - ending</b>	\$ -	\$ -	\$ -	\$ -

City of Lakeport, California  
Lakeshore Storm Damage Repair  
Statement of Revenue, Expenditures, and Change in Fund Balances  
Budget and Actual  
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes:				
Sales	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-
Transient Occupancy	-	-	-	-
Other taxes	-	-	-	-
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	-	-	28	28
Intergovernmental revenue	560,177	560,177	260	(559,917)
Charges for service	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenue</b>	<u>560,177</u>	<u>560,177</u>	<u>288</u>	<u>(559,889)</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Council	-	-	-	-
Administration	-	-	-	-
Attorney	-	-	-	-
Finance	-	-	-	-
Non-departmental	-	-	-	-
Community development:				
Planning	-	-	-	-
Building	-	-	-	-
Roads and infrastructure:				
Public works	-	-	-	-
Engineering and information technology	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenue over (under) expenditures	<u>560,177</u>	<u>560,177</u>	<u>288</u>	<u>(559,889)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(91,847)	(91,847)	-	91,847
Total other	<u>(91,847)</u>	<u>(91,847)</u>	<u>-</u>	<u>91,847</u>
Net change in fund balance	468,330	468,330	288	(468,042)
Fund balance - beginning	9,020	9,020	9,020	-
<b>Fund balance - ending</b>	<u>\$ 477,350</u>	<u>\$ 477,350</u>	<u>\$ 9,308</u>	<u>\$ (468,042)</u>

City of Lakeport, California  
 Safe Routes to School  
 Statement of Revenue, Expenditures, and Change in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes:				
Sales	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-
Transient Occupancy	-	-	-	-
Other 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>	<u>567,504</u>	<u>567,504</u>	<u>-</u>	<u>(567,504)</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Council	-	-	-	-
Administration	-	-	-	-
Attorney	-	-	-	-
Finance	-	-	-	-
Non-departmental	-	-	-	-
Community development:				
Planning	-	-	-	-
Building	-	-	-	-
Roads and infrastructure:				
Public works	-	-	-	-
Engineering and information technology	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenue over (under) expenditures	<u>567,504</u>	<u>567,504</u>	<u>-</u>	<u>(567,504)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(80,000)	(80,000)	-	80,000
<b>Total other</b>	<u>(80,000)</u>	<u>(80,000)</u>	<u>-</u>	<u>80,000</u>
Net change in fund balance	487,504	487,504	-	(487,504)
Fund balance - beginning	-	-	-	-
<b>Fund balance - ending</b>	<u>\$ 487,504</u>	<u>\$ 487,504</u>	<u>\$ -</u>	<u>\$ (487,504)</u>

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes:				
Sales	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-
Transient Occupancy	-	-	-	-
Other taxes	-	-	-	-
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	10,000	10,000	-	(10,000)
Intergovernmental revenue	-	-	-	-
Charges for service	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenue</b>	<b>10,000</b>	<b>10,000</b>	<b>-</b>	<b>(10,000)</b>
<b>EXPENDITURES</b>				
Current:				
General government:				
Council	-	-	-	-
Administration	-	-	-	-
Attorney	-	-	-	-
Finance	-	-	-	-
Non-departmental	-	-	-	-
Community development:				
Planning	-	-	-	-
Building	-	-	-	-
Roads and infrastructure:				
Public works	-	-	-	-
Engineering and information technology	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of revenue over (under) expenditures	10,000	10,000	-	(10,000)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other	-	-	-	-
Net change in fund balance	10,000	10,000	-	(10,000)
Fund balance - beginning	-	-	-	-
<b>Fund balance - ending</b>	<b>\$ 10,000</b>	<b>\$ 10,000</b>	<b>\$ -</b>	<b>\$ (10,000)</b>

City of Lakeport, California  
Storm Drainage Fund  
Statement of Revenue, Expenditures, and Change in Fund Balances  
Budget and Actual  
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes:				
Sales	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-
Transient Occupancy	-	-	-	-
Other taxes	-	-	-	-
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	200	200	1,097	897
Intergovernmental revenue	-	-	-	-
Charges for service	-	-	-	-
Other revenue	-	-	7,327	7,327
<b>Total revenue</b>	<u>200</u>	<u>200</u>	<u>8,424</u>	<u>8,224</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Council	-	-	-	-
Administration	-	-	-	-
Attorney	-	-	-	-
Finance	-	-	-	-
Non-departmental	-	-	-	-
Community development:				
Planning	-	-	-	-
Building	-	-	285	(285)
Roads and infrastructure:				
Public works	30,000	30,000	13,845	16,155
Engineering and information technology	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>30,000</u>	<u>30,000</u>	<u>14,130</u>	<u>15,870</u>
Excess of revenue over (under) expenditures	<u>(29,800)</u>	<u>(29,800)</u>	<u>(5,706)</u>	<u>24,094</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(10,000)	(10,000)	(1,482)	8,518
<b>Total other</b>	<u>(10,000)</u>	<u>(10,000)</u>	<u>(1,482)</u>	<u>8,518</u>
Net change in fund balance	(39,800)	(39,800)	(7,188)	32,612
Fund balance - beginning	360,301	360,301	360,301	-
<b>Fund balance - ending</b>	<u>\$ 320,501</u>	<u>\$ 320,501</u>	<u>\$ 353,113</u>	<u>\$ 32,612</u>

City of Lakeport, California  
 Lakeshore Blvd HSIPL (Safety)  
 Statement of Revenue, Expenditures, and Change in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Taxes:				
Sales	\$ -	\$ -	\$ -	\$ -
Property	-	-	-	-
Transient Occupancy	-	-	-	-
Other taxes	-	-	-	-
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	-	-	-	-
Intergovernmental revenue	-	-	266	266
Charges for service	-	-	-	-
Other revenue	-	-	-	-
Total revenue	-	-	266	266
<b>EXPENDITURES</b>				
Current:				
General government:				
Council	-	-	-	-
Administration	-	-	-	-
Attorney	-	-	-	-
Finance	-	-	-	-
Non-departmental	-	-	-	-
Community development:				
Planning	-	-	-	-
Building	-	-	-	-
Roads and infrastructure:				
Public works	-	-	-	-
Engineering and information technology	-	-	-	-
Sanitation	-	-	-	-
Housing and support programs	-	-	-	-
Economic development	-	-	-	-
Public safety	-	-	-	-
Parks, buildings, and grounds	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenue over (under) expenditures	-	-	266	266
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other	-	-	-	-
Net change in fund balance	-	-	266	266
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ 266	\$ 266

## STATISTICAL SECTION

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# STATISTICAL SECTION INDEX

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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 Position by Component.....	143
Changes in Net Position.....	145
Fund Balances, Governmental Funds .....	149
Changes in Fund Balances, Governmental Funds .....	151

## **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 .....	153
Direct and Overlapping Tax Rates .....	155
Property Tax Levies and Collections.....	158
Principal Property Tax Payers .....	159
Schedule of Top 25 Principal Sales Tax Remitters (listed in alphabetical order).....	160

## **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.....	161
Legal Debt Margin Information.....	163

**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 ..... 165  
Principal Employers ..... 166

**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 ..... 167  
Capital Asset Statistics by Function ..... 168  
Capital Asset Statistics by Fund ..... 169

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 Position by Component  
 Last Ten 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>	<b>\$ 3,996,023</b>	<b>\$ 5,029,397</b>	<b>\$ 6,684,351</b>	<b>\$ 7,499,731</b>
<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>	<b>\$ 13,644,295</b>	<b>\$ 13,333,319</b>	<b>\$ 12,972,071</b>	<b>\$ 12,021,339</b>
<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>	<b>\$ 17,640,318</b>	<b>\$ 18,362,716</b>	<b>\$ 19,656,422</b>	<b>\$ 19,521,070</b>

2008	2009	2010	2011	2012	2013
\$ (1,397,575)	\$ (477,683)	\$ 164,086	\$ 1,278,318	\$ 6,351,939	\$ 6,298,667
-	-	-	2,603,186	5,462,981	7,387,998
9,628,227	9,602,734	8,950,188	6,790,044	2,618,047	1,223,227
<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>	<u>\$ 14,909,892</u>
(8,772,275)	\$ 8,661,222	\$ 8,215,696	\$ 7,606,438	\$ 7,509,501	\$ 7,291,398
-	-	-	796,958	2,413,210	2,193,571
20,426,147	2,355,596	2,296,565	1,838,611	603,726	1,385,510
<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>	<u>\$ 10,870,479</u>
\$ (10,169,850)	\$ 8,183,539	\$ 8,379,782	\$ 8,884,756	\$ 13,861,440	\$ 13,590,065
-	-	-	3,400,144	7,876,191	9,581,569
30,054,374	11,958,330	11,246,753	8,628,655	3,221,773	2,608,737
<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>	<u>\$ 25,780,371</u>

City of Lakeport, California  
 Changes in Net Position  
 Last Ten 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	2013
\$ 1,935,917	\$ 3,364,170	\$ 1,955,462	\$ 737,263	\$ 886,996
-	-	357,986	267,789	283,439
1,330,038	735,385	1,476,308	1,343,900	1,151,051
-	-	-	421,013	439,479
-	-	174,126	511,366	18,412
-	-	200,195	292,702	10,797
1,565,218	1,830,624	1,784,887	1,529,428	1,541,750
364,010	322,502	312,916	282,488	381,779
315,102	302,138	308,710	358,608	7,866
<u>5,510,285</u>	<u>6,554,819</u>	<u>6,570,590</u>	<u>5,744,557</u>	<u>4,721,569</u>
1,370,097	1,356,420	1,412,891	1,550,266	1,595,811
2,631,756	2,475,742	2,288,561	2,408,438	2,363,123
<u>4,001,853</u>	<u>3,832,162</u>	<u>3,701,452</u>	<u>3,958,704</u>	<u>3,958,934</u>
<u>9,512,138</u>	<u>10,386,981</u>	<u>10,272,042</u>	<u>9,703,261</u>	<u>8,680,503</u>
655,982	574,774	329,668	790	3,595
-	-	81,603	63,038	19,815
109,829	1,875	41,137	249	-
-	-	-	529,060	510,714
-	-	-	-	-
-	-	-	-	-
25,197	103,068	25,000	-	7,436
18,752	-	-	25,909	-
-	-	-	-	-
587,840	679,776	815,910	297,560	199,490
333,356	391,021	1,146,165	783,216	429,315
<u>1,730,956</u>	<u>1,750,514</u>	<u>2,439,483</u>	<u>1,699,822</u>	<u>1,170,365</u>
1,278,356	1,241,526	1,175,759	1,439,407	1,470,683
1,668,539	1,716,116	1,623,268	1,934,271	1,682,523
-	-	-	360,389	37,916
<u>2,946,895</u>	<u>2,957,642</u>	<u>2,799,027</u>	<u>3,734,067</u>	<u>3,191,122</u>
<u>4,677,851</u>	<u>4,708,156</u>	<u>5,238,510</u>	<u>5,433,889</u>	<u>4,361,487</u>
(3,779,329)	(4,804,305)	(4,131,107)	(4,044,735)	(3,551,204)
<u>(1,054,958)</u>	<u>(874,520)</u>	<u>(902,425)</u>	<u>(224,637)</u>	<u>(767,812)</u>
<u>(4,834,287)</u>	<u>(5,678,825)</u>	<u>(5,033,532)</u>	<u>(4,269,372)</u>	<u>(4,319,016)</u>

(continued)

City of Lakeport, California  
 Changes in Net Position, (Continued)  
 Last Ten 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
<b>Governmental activities:</b>					
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>
<b>Business-type activities:</b>					
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>

(continued)

2009	2010	2011	2012	2013
1,719,441	934,870	3,752,789	1,948,376	2,176,408
2,030,678	2,546,908	-	435,909	532,204
100,596	88,966	-	82,533	84,752
78,533	-	300,220	82,299	95,244
98,219	113,405	-	131,609	225,495
119,695	58,349	24,890	141,400	194,298
526,566	502,692	1,610,482	404,577	323,767
-	-	-	-	-
-	-	-	398,805	395,961
-	-	-	-	-
-	-	-	-	-
-	-	-	4,180,646	-
<u>4,673,728</u>	<u>4,245,190</u>	<u>5,688,381</u>	<u>7,806,154</u>	<u>4,028,129</u>
351,668	328,852	382,917	369,133	426,173
66,236	41,111	39,402	35,824	40,760
-	-	209,852	104,110	644,921
-	-	-	-	-
<u>417,904</u>	<u>369,963</u>	<u>632,171</u>	<u>509,067</u>	<u>1,111,854</u>
<u>5,091,632</u>	<u>4,615,153</u>	<u>6,320,552</u>	<u>8,315,221</u>	<u>5,139,983</u>
894,399	(559,115)	1,557,274	3,761,419	476,925
(637,054)	(504,557)	(270,254)	284,430	344,042
<u>\$ 257,345</u>	<u>\$ (1,063,672)</u>	<u>\$ 1,287,020</u>	<u>\$ 4,045,849</u>	<u>\$ 820,967</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	\$ -	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	1,472,861	761,591	745,955	781,232	976,707
<b>Total general fund</b>	<b>1,472,861</b>	<b>761,591</b>	<b>745,955</b>	<b>781,232</b>	<b>976,707</b>
<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>	<b>834,304</b>	<b>1,223,319</b>	<b>3,077,372</b>	<b>3,447,067</b>	<b>3,763,554</b>
<b>Total all governmental funds</b>	<b>\$ 2,307,165</b>	<b>\$ 1,984,910</b>	<b>\$ 3,823,327</b>	<b>\$ 4,228,299</b>	<b>\$ 4,740,261</b>

2008	2009	2010	2011	2012	2013
\$ -	\$ -	\$ -	\$ 407,964	\$ 1,541,438	\$ 1,511,439
-	-	-	-	1,469,594	-
-	-	-	133,000	-	1,820,799
1,538,336	2,062,806	1,726,818	2,394,002	-	-
1,538,336	2,062,806	1,726,818	2,934,966	3,011,032	3,332,238
568,650	1,616,106	2,286,672	2,403,921	2,858,631	2,638,922
7,102,325	5,800,120	4,730,934	2,603,185	2,382,870	3,237,637
-	-	-	-	360,301	372,969
123,204	21,975	150,274	2,041,206	297,405	7,087
(309,162)	(1,044,299)	(1,629,712)	(298,002)	(321,271)	(387,416)
7,485,017	6,393,902	5,538,168	6,750,310	5,577,936	5,869,199
<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>	<u>\$ 9,201,437</u>

City of Lakeport, California

City of Lakeport, California  
Statistical Section  
Year Ended June 30, 2013

Changes in Fund Balances, Governmental Funds  
 Last Ten Fiscal Years  
 (Fiscal year ended June 30)  
 (Modified accrual basis of accounting)

	2004	2005	2006	2007
<b>Revenues:</b>				
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	2013
\$ 4,183,765	\$ 4,027,467	\$ 1,070,797	\$ 3,752,789	\$ 2,943,090	\$ 3,284,569
177,442	62,422	3,684,150	271,243	133,754	225,495
51,146	23,073	155,282	28,977	28,874	18,279
120,961	119,695	20,536	24,889	165,146	194,298
646,217	921,196	58,349	1,406,573	859,441	628,805
1,645,962	724,265	503,898	477,408	619,047	541,560
81,017	526,566	502,692	1,610,482	99,809	305,488
6,906,510	6,404,684	5,995,704	7,572,361	4,849,161	5,198,494
1,687,766	2,905,020	3,820,559	1,557,124	605,563	798,751
-	-	-	327,187	267,789	295,180
1,832,657	1,095,813	812,930	1,431,758	833,392	890,674
-	-	-	-	421,013	439,479
-	-	-	173,841	511,366	30,153
-	-	-	-	292,702	22,538
1,789,931	1,548,492	1,996,983	1,644,841	1,529,428	1,553,491
350,013	300,632	259,125	312,916	291,916	484,251
-	802,423	588,640	1,261,869	192,404	-
196,565	-	-	-	-	-
74,858	74,487	121,509	106,641	167,667	63,642
116,628	244,462	276,544	289,592	235,210	7,866
6,048,418	6,971,329	7,876,290	7,105,769	5,348,450	4,586,025
\$ 858,092	\$ (566,645)	\$ (1,880,586)	\$ 466,592	\$ (499,289)	\$ 612,469
-	-	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	145,984
(316,487)	(1,069,008)	(756,238)	(5,037,235)	(2,959,013)	(145,984)
3,425,000	-	319,292	1,514,066	(597,018)	-
\$ 4,283,092	\$ (566,645)	\$ (1,561,294)	\$ 1,980,658	\$ (1,096,307)	\$ 612,469
3%	5%	6%	7%	8%	2%

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 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
FY 12-13	452,910,303	21,526,641	474,436,944	191,684,897	11,424,888	203,109,785

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	
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
441,345,784	21,454,151	462,799,935	1.000%	FY 12-13

City of Lakeport, California  
 Direct and Overlapping Tax Rates <sup>5</sup>  
 For the last six fiscal years  
 (Rate per \$1,000 of assessed value)

	Direct Rates		Overlapping Rates		
	Basic Rate	Total Direct	Kelseyville Unified High School Bonds	Lucerne Elementary Bond	Lake 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
FY 12-13	1.0000	1.0000	0.01274	0.01511	0.01370

Source: Lake County Auditor-Controller

<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	Konociti 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
FY 11-12	-	0.01302	-	0.05136	0.05556

(continued)

City of Lakeport, California

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

For the last six 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
FY 12-13	0.03705	0.04628	0.02742	0.02400	1.29624	0.00000

(concluded)

<sup>6</sup> January 31, 2011, the State of California dissolved all redevelopment agencies in the state. Tax increment revenue is no longer allocated to such entities; instead, that amount is redistributed to the affected taxing entities. 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
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%
2013	493,756	493,756	100%	-	493,756	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  
 Principal Property Tax Payers<sup>8</sup>  
 Most Recent Year and Six Years Ago

Property Owner	2011-12			2006-07		
	Assessed Valuation	Rank	% of Total	Assessed Valuation	Rank	% of Total
LANY LAKEPORT LP A CALIFORNIA LIMITED PARTNERSHIP	\$ 7,032,534	1	21.35%	\$ 6,593,014	1	15.14%
ARTON INC	5,339,141	2	16.21%	3,140,331	6	7.21%
BRUNOS PROPERTY MANAGEMENT, LLC	5,260,084	3	15.97%	4,139,788	4	9.51%
SHORELINE CENTER LTD	2,986,087	4	9.07%	-		0.00%
JACKSON AVE PROPERTIES	2,506,660	5	7.61%	988,380		2.27%
S&J HOSPITALITY LLC (DBA ANCHORAGE INN)	2,170,506	6	6.59%	-		0.00%
CALIFORNIA NEWSPAPERS PA (DBA LAKE COUNTY RECORD BEE)	1,962,838	7	5.96%	1,881,895		4.32%
SLOAN, WILLIAM H JR & JUNE E	1,940,640	8	5.89%	1,819,355		4.18%
TRI-STAR PROPERTIES, LP	1,900,000	9	5.77%	-		0.00%
BUTCHER, DEREK AND KELLY LT	1,838,351	10	5.58%	1,530,000		3.51%
SEAGULLS UNLIMITED A CALIFORNIA GENERAL PARTNERSHIP				5,602,515	2	12.86%
H P-LAKEPORT LLC				4,300,864	3	9.88%
LAKE COUNTY TRIBAL HEALTH CONSORTIUM, INC				3,344,019	5	7.68%
FIRST STATES INVESTORS 4559, L.P.				3,092,166	7	7.10%
SEAGULLS UNLIMITED A CALIFORNIA GENERAL PARTNERSHIP				2,963,894	8	6.80%
HARMON MARTIN A				2,156,066	9	4.95%
KING ALVIN W & PENELOPE TRUSTEE				2,000,000	10	4.59%
	<u>\$ 32,936,841</u>		<u>100.00%</u>	<u>\$ 43,552,287</u>		<u>100.00%</u>

Source: Lake County Auditor-Controller

<sup>8</sup> The amounts shown above include assessed value data for both the City and the Redevelopment Agency (RDA). Information for FY 2011-12 was most recent available.

City of Lakeport, California

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

Current year and Six Years Ago

Fiscal Year Ended June 30

2013	2007
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
Grocery Outlet	Express Service Station
Hillside Honda/Yamaha	Hallmark Creations
K Mart Stores	Helms Service Stations
Kathy Fowler Chevy Pontiac GMC	Hillside Honda/Yamaha
Kathy Fowler Chrysler-Jeep-Dodge	K Mart Stores
Kentucky Fried Chicken	Kathy Fowler Chevy Pontiac
Lake Parts	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, 2013

2012-13 Assessed Valuation:	\$ 474,436,944
Redevelopment Incremental Valuation:	<u>(203,109,785)</u>
Adjusted Assessed Valuation:	\$ 271,327,159

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/30/2013</u>
Mendocino-Lake Community College District - GO Bonds	5.03%	\$ 3,198,336.79
Lakeport Unified School District - GO Bonds	41.03%	1,881,620.53
2004 Tax Allocation Bonds Series A & B	100%	1,930,000.00
2008 Tax Allocation Bonds	100%	3,375,000.00
Sewer District Improvement Bonds, 1993-1	100%	<u>3,905,000.00</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$ 14,289,957.33
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Mendocino-Lake Community College District - Capital Lease	5.03%	\$ 160,411.62
Police Car Capital Lease	100%	<u>131,104.00</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$ 291,515.62
<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>326,913.50</u>
TOTAL DIRECT AND OVERLAPPING ENTERPRISE DEBT		\$ 5,841,913.50 (1)
COMBINED TOTAL DEBT		<u>\$ 20,423,386.44</u>

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

**Source:** Eastshore Consulting, LLC.

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City of Lakeport, California  
 Legal Debt Margin Information<sup>10</sup>  
 Last Ten Fiscal Years  
 (Dollars in thousands)

	2004	2005	2006	2007	2008
Assessed Value	\$ 378,269,758	\$ 404,737,150	\$ 361,094,755	\$ 396,841,109	\$ 427,866,976
Conversion Percentage	25%	25%	25%	25%	25%
Adjusted Assessed Value	94,567,440	101,184,288	90,273,689	99,210,277	106,966,744
Debt Limit Percentage	15%	15%	15%	15%	15%
Debt limit	14,185,116	15,177,643	13,541,053	14,881,542	16,045,012
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	\$ 14,185,116	\$ 15,177,643	\$ 13,541,053	\$ 14,881,542	\$ 16,045,012
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.

2009	2010	2011	2012	2013
\$ 440,508,705	\$ 461,342,680	\$ 459,144,772	\$ 455,541,364	\$ 452,910,303
25%	25%	25%	25%	25%
110,127,176	115,335,670	114,786,193	113,885,341	113,227,576
15%	15%	15%	15%	15%
16,519,076	17,300,351	17,217,929	17,082,801	16,984,136
-	-	-	-	-
\$ 16,519,076	\$ 17,300,351	\$ 17,217,929	\$ 17,082,801	\$ 16,984,136
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>
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	2,146,801	33,375	16.7
2012	4,705	2,285,560	35,721	13.3
2013	4,713	NA	NA	11.7

**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.

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<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 Six Years Ago

Employer	2012-13			2006-07		
	Employees	Rank	Percentage of Top 10 Employment	Employees	Rank	Percentage of Top 10 Employment
County of Lake	829	1	23.3%	850	1	29.2%
Sutter Lakeside Hospital	380	2	10.7%	484	2	16.6%
Kelseyville Unified School District	375	3	10.5%	-	-	0.0%
St. Helena Hospital Clearlake (formerly Redbud)	371	4	10.4%	300	4	10.3%
Calpine Corp.	351	5	9.9%	251	5	8.6%
Robinson Rancheria Resort & Casino	315	6	8.8%	318	3	10.9%
Wal-Mart	251	7	7.0%	240	6	8.2%
Twin Pine Casino	247	8	6.9%	236	8	8.1%
Shannon Ranches Inc.	235	9	6.6%	237	7	8.1%
Harbin Hot Springs	211	10	5.9%	-	-	0.0%
Konocti Harbor Resort and Spa	-		0.0%	-		0.0%
<b>Total</b>	<b>3,565</b>		<b>100.0%</b>	<b>2,916</b>		<b>100.0%</b>

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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government	16	16	15	15	21	20	21	17	18	19
Public safety	18	18	17	19	15	14	15	17	14	16
Public works	8	6	10	11	19	17	18	9	9	12
Parks and recreation	0	0	0	0	10	11	15	10	10	13
Utilities	16	12	14	14	19	16	17	9	11	6
Community development	8	6	6	6	5	5	5	9	10	6
<b>Total</b>	<b>66</b>	<b>58</b>	<b>62</b>	<b>65</b>	<b>89</b>	<b>83</b>	<b>91</b>	<b>71</b>	<b>72</b>	<b>72</b>

**Source:** City Finance Department

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

City of Lakeport, California  
 Capital Asset Statistics by Function  
 Last Ten Fiscal Years  
 (Fiscal year ended June 30)

<u>Function</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Public works										
Streets (miles)	27	27	27	30	30	30	30	30	30	30
Streetlights	195	195	195	195	221	221	221	221	221	221
Parks and recreation										
Parks	4	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	9	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)

	2008	2009	2010	2011	2012	2013
<b>Governmental activities</b>						
Land	\$ 323,186	\$ 399,546	\$ 399,546	\$ 729,346	\$ 729,346	\$ 652,983
Construction-in-progress	-	-	427,556	-	-	-
Buildings and structures	2,619,229	2,619,229	2,619,229	2,619,229	2,619,229	2,695,592
Improvements/CIP	2,115,424	3,042,030	3,138,049	4,465,358	4,474,786	4,474,786
Equipment and vehicles	994,656	994,656	1,532,597	1,532,597	1,532,597	1,532,597
<b>Total</b>	<b>6,052,495</b>	<b>7,055,461</b>	<b>8,116,977</b>	<b>9,346,530</b>	<b>9,355,958</b>	<b>9,355,958</b>
<b>Accumulated depreciation</b>						
Buildings and structures	845,697	898,061	950,466	1,002,850	1,055,236	(1,110,165)
Improvements/CIP	387,569	454,249	547,632	641,016	731,944	(846,605)
Equipment and vehicles	632,317	670,814	747,008	823,203	997,993	(1,100,521)
<b>Total Accumulated depreciation</b>	<b>1,865,583</b>	<b>2,023,124</b>	<b>2,245,106</b>	<b>2,467,069</b>	<b>2,785,173</b>	<b>(3,057,291)</b>
<b>Total Governmental net capital assets</b>	<b>4,186,912</b>	<b>5,032,337</b>	<b>5,871,871</b>	<b>6,879,461</b>	<b>6,570,785</b>	<b>12,413,249</b>
<b>Business-type activities</b>						
Land	1,775,403	1,775,403	1,775,403	1,775,403	2,475,403	2,475,403
Buildings and structures	-	-	-	1,839,904	1,839,904	1,839,904
Improvements/CIP	27,816,969	27,816,969	27,841,409	26,222,460	26,935,912	27,129,404
Equipment and vehicles	669,517	669,517	669,517	537,549	547,953	552,459
<b>Total</b>	<b>30,261,889</b>	<b>30,261,889</b>	<b>30,286,329</b>	<b>30,375,316</b>	<b>31,799,172</b>	<b>31,997,170</b>
<b>Accumulated depreciation</b>						
Buildings and structures	423,642	460,183	496,694	533,173	569,651	(1,308,599)
Improvements/CIP	9,525,627	10,262,127	10,998,830	11,680,707	12,457,531	(12,457,531)
Equipment and vehicles	443,181	479,097	473,444	524,848	533,683	(518,034)
<b>Total accumulated depreciation</b>	<b>10,392,450</b>	<b>11,201,407</b>	<b>11,968,968</b>	<b>12,738,728</b>	<b>13,560,865</b>	<b>(14,284,164)</b>
<b>Total Business-type net capital assets</b>	<b>\$ 19,869,439</b>	<b>\$ 19,060,482</b>	<b>\$ 18,317,361</b>	<b>\$ 17,636,588</b>	<b>\$ 18,238,307</b>	<b>\$ 46,281,334</b>

Source: City Finance Department



JJACPA, Inc.

A Professional Accounting Services Corp.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the budgetary comparison information of the City of Lakeport, California (City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated December 31, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*JJACPA, Inc.*

December 31, 2013

JJACPA, Inc.  
Dublin, California

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