Comprehensive Annual Financial Report

City of Lakeport, California
Fiscal Year Ended June 30, 2015

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City of Lakeport, California

Fiscal Year Ended June 30, 2015

Prepared by

Finance Department

City of Lakeport

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Introductory Section

CITY OF LAKEPORT

Over 100 years of community pride, progress and service

January 30, 2016

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, 2015. 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 OMB Circular A-133 "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.

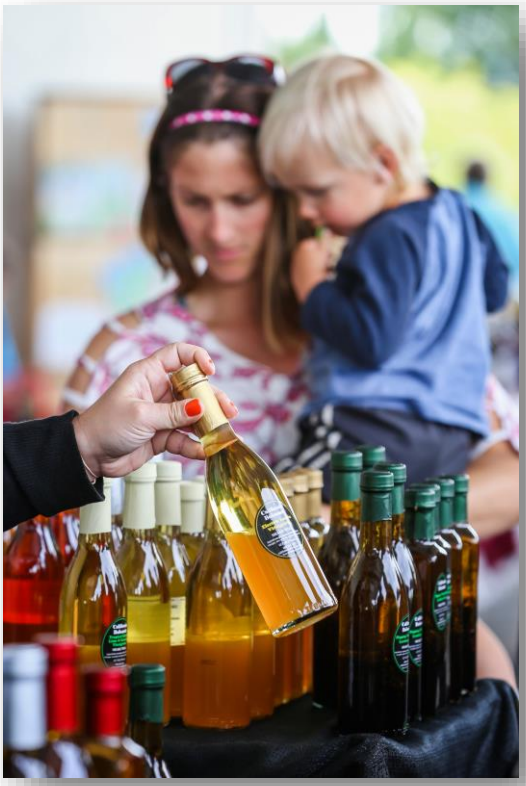
The City's financial statements have been audited by JJACPA, Inc., a firm of certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2015, are free of material misstatements. The independent 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, 2015, 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 (police), public works, community development and parks and recreation. In addition, the City provides water and wastewater services. It does not provide library or fire protection, 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.

Incoprorated on April 30, 1888 as a general law city, Lakeport serves as the administrative seat for the County of Lake and with a residential population of more than 4,699[1] in a 2.4 square-mile area, Lakeport is graced with a strong business base and a well-established residential community.



Lakeport is a travel and recreation-oriented destination and fortunate to have a large area serving as a hub for recreational activities for Lake County. The Lakeport business environment is positive and well organized. Driven by an active chamber of commerce, local businesses are community-oriented and engaged in City-business partnerships, including Main Street renovations, façade improvements, events and promotions. The City's permanent retail trade area population is approximately 35,000 people with 45,000 within a 10-mile radius. Lakeport's historic downtown area is the center of commercial activity within the community. 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 2,510[2]. Unemployment in Lakeport is approximately 4.5%, down from 5.7% in 2014. 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

[1] 2015 California Department of Finance, Demographic Research Unit, E-1 Population Estimates for Cities, Counties, and the State, May 1, 2015
[2] 2015 California Employment Development Department, Labor Market Information Division, http://www.labormarketinfo.edd.ca.gov

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 greater Lakeport area.

The City is committed to providing high quality services in an economical manner. For fiscal year 2014-15, the City's efforts were focused in the following areas:

- Facilities and Infrastructure – Rehabilitation of the water and sewer system; public rights-of-way, including Parallel Drive and other non-arterial road ways.
- 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.
- Cost and liability reduction, particularly related to personnel fringe benefits.

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 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.

Current Economic Conditions and Outlook

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

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

Unemployment rates in Lake County continued to be higher than the national average at 6.7% in June of 2015, but this is down slightly from the prior year[3]. Lakeport remains below the County's unemployment rate, which has been a historical normality due primarily to its demographic makeup.

The City's economic development efforts and implementation of revised financial policies help to promote Lakeport's long-term fiscal stability. This was a cornerstone in management's approach to debt structuring, capital improvement planning, labor negotiations, and service delivery.

As mentioned earlier, the City's principal general fund revenue sources are sales tax and property taxes. These sources are expected to grow modestly, averaging of 1-4 percent per year for the next five years. A one-time spike in sales tax is expected in fiscal year 2016 as the state winds down the triple flip.

[3] 2015 California Employment Development Department, Labor Market Information Division, http://www.labormarketinfo.edd.ca.gov

The housing market has improved markedly; however, property tax receipts remain flat due to retroactive Prop 8 adjustments still being processed by the Lake County Assessor. These revenues are expected to remain relatively flat in FY 2015-16 but stronger than in the unincorporated areas of Lake County. We believe that the housing market will continue to move forward positively.

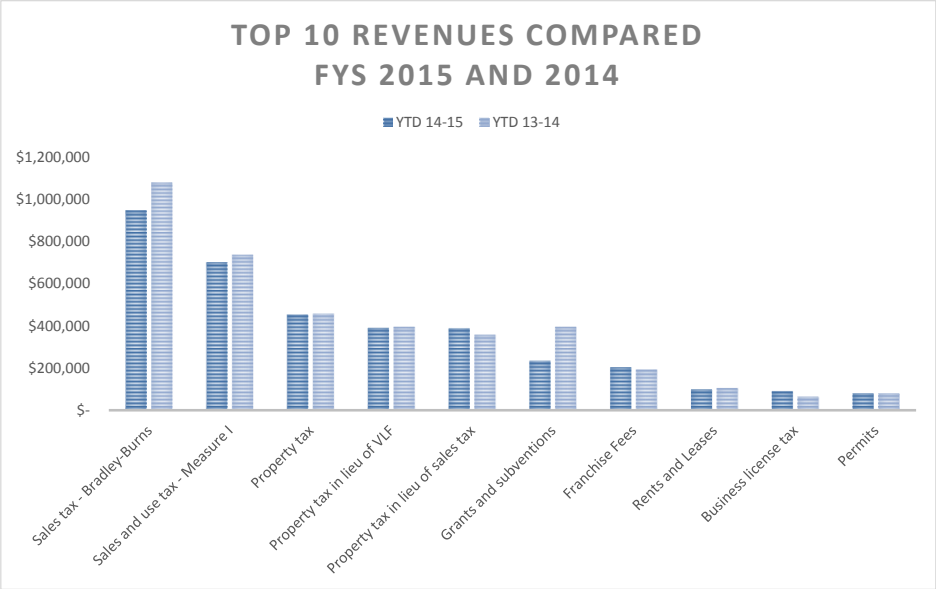
As part of its path toward maintaining fiscal sustainability, the City may rely on one-time uses of its reserves to ensure the best possible level of service to its citizen. The City Manager recommended its use in FY 2014-15 resulting from a general fund surplus in FY 2013-14.

Financial Condition: General Revenues - Top Ten:

The City's top ten revenue sources account for approximately 80% 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 worse in 2015 than in 2014. The weakest performers were sales tax and subventions. The following chart demonstrates this comparison:

Top Ten Revenues Compared General Fund	**YTD 14-15**	**YTD 13-14**	**Percent Change**
Sales tax - Bradley-Burns	$ 948,056	$ 1,078,173	-12.1%
Sales and use tax - Measure I	701,963	736,948	-4.7%
Property tax	454,422	457,591	-0.7%
Property tax in lieu of VLF	391,441	396,571	-1.3%
Property tax in lieu of sales tax	388,586	358,753	8.3%
Grants and subventions	235,064	395,948	-40.6%
Franchise Fees	204,994	193,921	5.7%
Rents and Leases	99,853	106,033	-5.8%
Business license tax	92,105	65,262	41.1%
Permits	81,506	81,490	0.0%
Total	**$ 3,597,989**	**$ 3,870,691**	-7.0%



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.

Overall, sales taxes receipts (Bradley-Burns and Measure I) were down 12.1% from a year ago due in part to weaker sales in the City's transportation sector, most notably the price of gas. As anticipated at mid-year, the declining price of gas had an adverse effect on this revenue source. Additionally, the wind down of the state's triple flip was not implemented as expected and resulted in lower cash receipts. The wind down will continue into the 2015-16 FY.

Property Tax. Though the housing market continues to recover modestly, receipts came in lower than anticipated and slightly lower than the year prior due to retroactive Prop 8 assessment adjustments. 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.

Receipts came in lower than anticipated as the county continues to process Prop 8 (1978) property value adjustments. Economically, the City experienced a surge in residential property sales during 2011 and 2012, driving home values upward, but that trend cooled in 2014-15. This revenue source is down slightly compared to a year ago; however we are optimistic recovered

property values and current homes values will be reflected in 2015-16 tax receipts. Property values remain stable at the very least.

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). This revenue source typically follows regular property tax collections and is almost identical to last year, reflecting nominal changes to the property tax roll.

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 8.3% increase is the result of final true-up processes by the state and County Auditor-Controller.

Grants and subventions. The City receives several grants and subventions to fund various activities, including public safety and transportation. These sources include COPS, RSTP, and mandated cost reimbursements for open meeting compliance. The amount to date is lower than last year due to a lower RSTP draw from the lump sum 3-year disbursement in 2013-14.

Franchise Fees. This includes sales-based revenues from franchise fees paid by PG&E, MediaCom (Cable), and Lakeport Disposal. It is slightly higher this year than last due to timing differences in payments received and increases in trash collection revenue.

Rents and Leases. This is revenue collected from leasing properties to private parties and other funds/agencies, i.e. water, and sewer enterprise. This revenue source is lower than last year due to lower charges to the water and sewer enterprise for use of general governmental resources.

Business License Tax. Businesses that operate within City limits are required to obtain a business license. The proceeds from the tax collected are available for unrestricted use in the general fund. Receipts are up significantly from a year ago due in part to increased business filings and the timing of payments received.

Permits. Fees collected from the issuance of building and planning permits are essentially flat from last year but exceeded budget estimates due to increased building and planning activity

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.

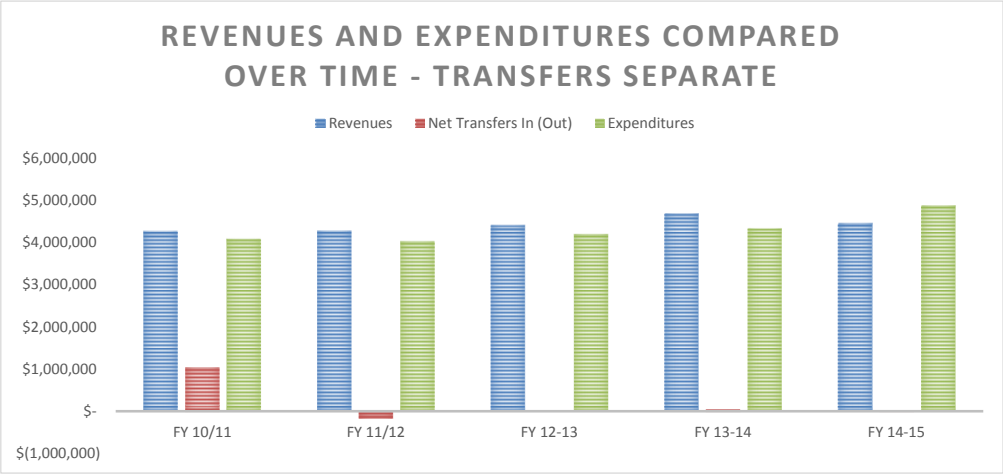
General Fund:

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.

The general fund ended the year well with a total fund balance of $2.94 million, of which $2.55 million was available for spending.

The City Manager recommended using $580,126 of the general fund reserve to engage in one-time uses in the 2014-15 budget, including capital projects and prior year encumbrances, which was later augmented to $672,355 to accommodate additional one-time expenditures. $274,451 was not used, however, and was subsequently appropriated in the 2015-16 budget.

General Fund Balance Historical Condition	**FY 10/11**	**FY 11/12**	**FY 12-13**	**FY 13-14**	**FY 14-15**
Revenues	$ 4,255,671	$ 4,263,287	$ 4,397,527	$ 4,674,251	$ 4,446,767
Expenditures	4,072,942	4,017,438	4,187,688	4,321,806	4,860,706
Net Transfers In (Out)	1,025,419	(169,783)	-	36,770	16,035
Inflows combined	5,281,090	4,093,504	4,187,688	4,285,036	4,462,802
Total Operations (Rev-Exp)	**$ 1,208,148**	**$ 76,066**	**$ 209,839**	**$ 389,215**	**$ (397,904)**



Business-type Activities:

The City provides two enterprise services: water and sewer, housed administratively within the Public Works Department. Through the collection of fees and charges, these funds should collect revenues sufficient enough to

finance costs associated with administration, operations, capital improvements (CIP), and debt service.

Water and sewer activities are accounted for like a business in the private sector using the full accrual basis. This is starkly different than governmental fund accounting, which uses the modified accrual basis and is concerned only with current spendable resources, what we call fund balance. Drawing comparisons of information between the two methods can be challenging.

Here we present the activities of the water and sewer enterprise funds in terms of working capital. Working capital is defined as the difference between current assets and current liabilities, which is closely approximate to the definition of fund balance in governmental funds. In other words, it's the resources available to meet ongoing operating, debt service, and capital activities in the near term. Non-cash expenses - typically part of full accrual accounting - are excluded from this presentation.

Water Enterprise Operations. Rate adjustments went into effect January 1, 2013. Monthly operations and maintenance (O&M) revenue from rates and other sources (excluding expansion activities) reflects this, and the increase from a year ago is lower than the most recent rate analysis estimates due to conservation requirements imposed on customers.

Expenditures due to normal operation overall are down from the year prior, due to unfilled vacancies in personnel. Primary increases in operations were related to drought-related needs. Debt service was up due to additional draws from interim financing for USDA projects as were capital expenditures not related to USDA projects.

Water O&M
Revenue, Expenditures, and Changes in Working Capital

	6/30/2015	6/30/2014	Percent Change
Revenues			
Operating	$ 1,826,264	$ 1,690,781	8.0%
Non-operating	7,901	734	976.4%
Total	1,834,165	1,691,515	108.4%
Expenditures			
Operating:			
Salaries and benefits	-	748,673	-100.0%
Materials, supplies and service costs	-	519,722	-100.0%
Total	-	1,268,395	-100.0%
Non-operating:			
Debt service	-	251,430	-100.0%
Capital outlay	-	82,798	-100.0%
Total	-	334,228	-100.0%
Total expenditures	-	1,602,623	-100.0%
Revenue over (under) expenditures	$ 1,834,165	$ 88,892	
Working capital	$ 695,778	$ 511,272	36.1%

Sewer Enterprise Operations. Rate adjustments for sewer went into effect July 1, 2013. Monthly O&M revenue from rates and other sources (excluding expansion and assessment district administration) reflects this adjustment, and the increase from a year ago is considerably higher than the most recent rate analysis estimates.

Expenditures overall are up from the year prior due to increased capital projects and personnel costs. Primary increases consisted of healthcare and retirement costs. Debt service was up this year compared to last due to timing differences in payments.

Sewer O&M
Revenue, Expenditures, and Changes in Working Capital

	6/30/2015	6/30/2014	Percent Change
Revenues			
Operating	$ 2,458,383	$ 1,728,143	42.3%
Non-operating	39,922	40,156	-0.6%
Total	2,498,305	1,768,299	141.3%
Expenditures			
Operating:			
Salaries and benefits	-	756,355	-100.0%
Materials, supplies and service costs	-	608,901	-100.0%
Total	-	1,365,256	-100.0%
Non-operating:			
Debt service	-	172,964	-100.0%
Capital outlay	-	83,809	-100.0%
Total	-	256,773	-100.0%
Total expenditures	-	1,622,029	-100.0%
Revenue over (under) expenditures	$ 2,498,305	$ 146,270	
Working capital	$ 1,526,361	$ 1,229,621	24.1%

Major Initiatives

The City is three years into its largest capital improvement project in recent memory. Over $9 million in loan and grant funding from the USDA – Rural Development are being expended to make significant improvements to the water and sewer infrastructure, addressing its most critical needs. The project in total is expected to be completed in 2016. The rate structures for water and sewer, adjusted by the City Council in 2012 will meet the debt service needs for this financing as well as leave capacity for further financing of capital projects for water and sewer.

Remaining unspent bond proceeds in the amount of $2 million from the City's former redevelopment agency are schedule for use in mid-2016 for the rehabilitation of roads, infrastructure, and public right-of-way of Downtown Main Street. These monies will help to stimulate the local economy by making

central Main Street more attractive to local shoppers through enhancing the aesthetic appeal and vibrancy of the City's business and retail center. Improved pedestrian and bicycle amenities are a key aspect of the capital plan, which will draw greater foot traffic to downtown. This all will complement the summertime activities City residents enjoy and foster an even stronger sense of community well-being and civic pride.

Measure I

Measure I, passed by a simple majority (50% plus 1) of Lakeport voters in November of 2004, is a general (unrestricted) transaction and use tax. A general, unrestricted tax is one that can be used to fund any program, function, service, or project at the discretion of the City Council. It is not a special, restricted tax, which would require approval of two-thirds of the voting public. Measure J, passed in conjunction with Measure I, was a distinctly separate, advisory measure indicating the voting public's preference for the use of Measure I proceeds.

Every year, the City Council appropriates resources in the amount of revenue expected from Measure I for projects, programs, and activities that are

in the spirit of the measure. Below is a schedule of what those were and what resources were allocated to them.

Fiscal Year 2014-15
Eligible Measure I Costs

Revenue	2014-15 (Estimated)	2014-15 (Actual)
Measure I: Transaction and Use Tax	$730,299	$701,962

Fiscal Year 2014-15 Recommended Uses and Projects	Cost	General Fund Share (Actual)	Other Financing Sources (Actual)	Measure I Share	Total Funding
Parallel Drive Chip Seal	$ 365,370	$ 203,340	$ -	$ 100,392	$ 203,340
Lakeshore Blvd HSIPL (Safety)	161,700	-	792	-	792
Lakeshore Blvd ER Project	68,000	-	23,769	-	23,769
Roadway repairs and maintenance	50,000	56,457	-	27,874	56,457
Park Street PS&E rehab	25,000	-	-	-	-
Lakeport Blvd mill and fill	25,000	49,647	-	24,512	49,647
Docks, Library Park	250,000	222,711	-	109,956	222,711
ADA projects	15,000	4,983	-	2,460	4,983
Heated bunker for Hydro Patch	28,000	-	-	-	-
Card lock fuel management system	28,000	-	-	-	-
Trailer Mounted Air Compressor and Attachments	25,000	7,350	14,700	3,629	22,050
Public Works: Streets	850,980	563,759	24,399	278,337	588,158
Public Works: Parks	259,543	262,267	-	129,486	262,267
Westshore Pool	63,505	51,277	-	25,316	51,277
	$2,215,098	$1,421,791	$ 63,660	$ 701,962	$1,485,451

Relevant Financial Policies

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

- All current operating expenditures will be paid for with current revenues, unless the use of reserves is approved by the City Council.
- Revenues will be conservatively estimated.
- Intergovernmental assistance in the form of grants and loans will be used to finance only:
    - Those capital improvements which can be maintained and operated over time; or
    - Operating programs that can either be sustained over time or have a limited horizon.

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

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

Acknowledgements

The preparation of this Comprehensive Annual Financial Report could not be accomplished without the efficient and dedicated service of the entire staff of the Finance Department, the City's Management Team, and the auditing firm of JJACPA, Inc. We would like to express our appreciation to Joseph Arch, CPA; Brett Jones, CPA; and Tika Koshiyam-Diaz of JJACPA, Inc. and to the

members of the Finance and 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,

Margaret Silveira
City Manager

Daniel Buffalo, MPA, CPA, CGMA
Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lakeport

California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

City of Lakeport, California

LIST OF OFFICIALS

June 30, 2015

CITY COUNCIL

LAKEPORT REDEVELOPMENT SUCCESSOR AGENCY BOARD OF DIRECTORS

CITY OF LAKEPORT MUNICIPAL SEWER DISTRICT BOARD OF DIRECTORS

Martin Scheel	Mayor
Stacey Mattina	Mayor Pro Tem
Kenneth Parlet	Council Member
Mireya Turner	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
Kevin Ingram	Community Development Director

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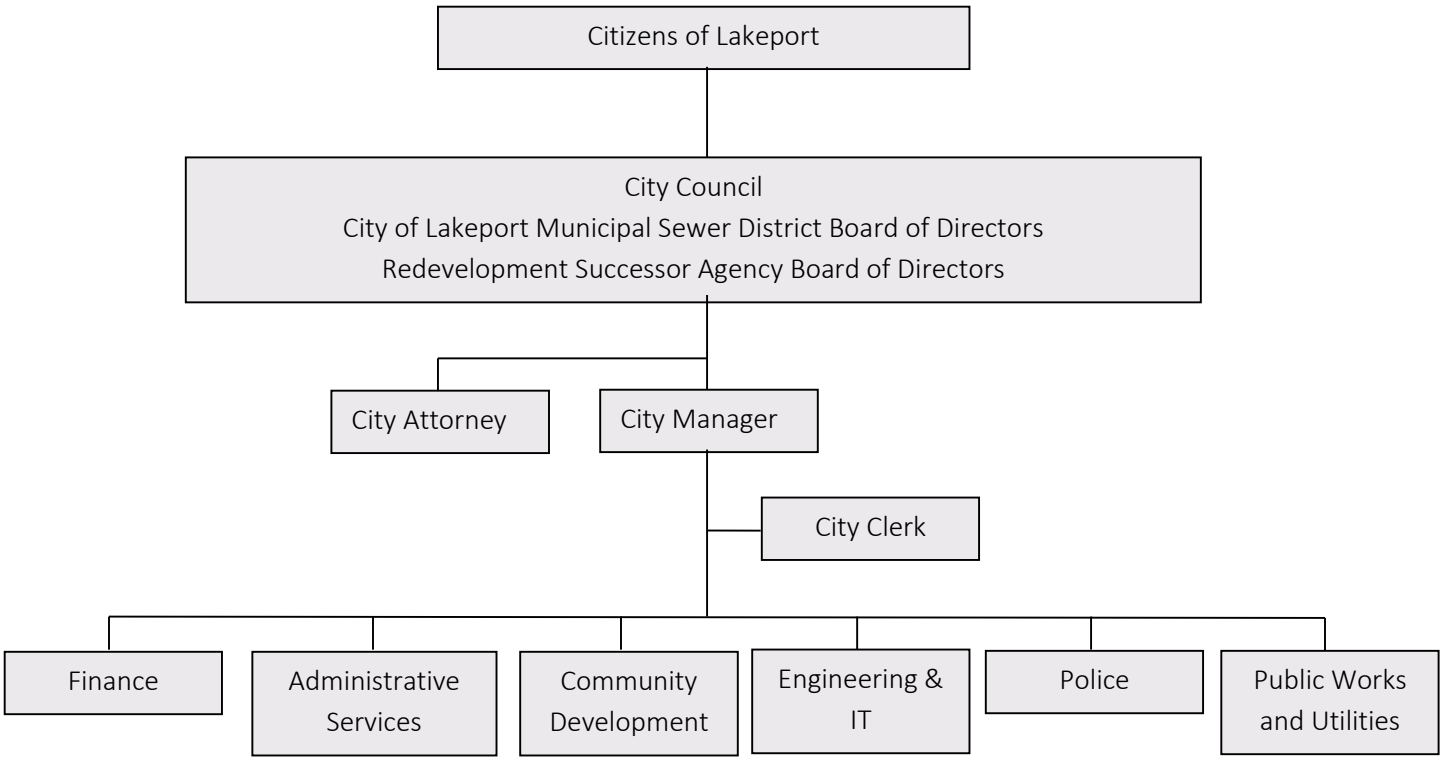
City Organizational Chart



Financial Section

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 major funds budgetary comparison information of the City of Lakeport, California (City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 major funds budgetary comparison information of the City, as of June 30, 2015, 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 management's discussion and analysis on pages 3–20, the Other Post-Employment Benefits Schedule of Funding Progress on page 99, the City's Schedule of Contributions on page 100, and the Schedule of the City's Proportionate Share of the Net Pension Liability on page 101, 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 the nonmajor funds 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 the nonmajor funds 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 the nonmajor funds 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.

Implementation of New Accounting Standards

As disclosed in the Note 1(J) to the financial statements, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, Pension *Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, during the fiscal year 2015.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2016 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.

January 28, 2016

JJACPA, Inc.
Dublin, California

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MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) (REQUIRED SUPPLEMENTARY INFORMATION)

The following discussion provides readers of the City of Lakeport's financial statements a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the Independent Auditor's Report, the basic financial statements, and the accompanying notes.

FINANCIAL HIGHLIGHTS

- City assets exceeded its liabilities by $18.35 million (net position) as of June 30, 2015. The City's adoption of GASB 68 reduced the unrestricted net position to negative $6.58 million.
- The City's net position in total increased by $2.74 million during the fiscal year 2014-15, compared to a decrease of $2.3 million in fiscal year 2013-14. The majority of the overall change resulted from the recognition of capital assets held by the City.
- The City's adoption of GASB 68 resulted in a restatement of net position, which decreased beginning net position in FY 2014-15 by $7.68 million.
- The City's general fund saw decreased revenues from tax sources in the amount of $352,005. Overall general fund revenues were down $227,484 from the year prior. Prudent spending by City department contributed to cost savings, however, considerably diminishing the impact of reduced revenues to the general fund balance.
- Fund balances for governmental funds (i.e., the general fund, its reserve, and special revenue funds) were reported to be $6.3 million, as of year-end close, June 30, 2015.
- Of the $6.3 million in total governmental fund balance, $1.74 million is characterized as unrestricted (committed, assigned, or unassigned) and generally is available at the City's discretion.

OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

1) **Introductory section**, which includes the Transmittal Letter and general information; and
2) **Financial section**, which includes the Management's Discussion and Analysis (MD&A), the Basic Financial Statements, which include the Government-wide and the Fund Financial Statements, along with the notes to these financial statements and Combining and Individual Fund Financial Statements and Schedules; and

3) **Statistical section**, which includes financial, demographic, and economic information on the City and surrounding community, such as assessed and actual value of taxable property, direct and overlapping tax rates, principal property tax payers, and principal sales tax remitters, and direct and overlapping debt.

This discussion and analysis is intended to serve as an introduction to the financial section. The statements of this section are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to that found in the basic statements.

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

The Government-Wide Financial Statements

The government-wide financial statements provide an overview of the City's activities and are comprised of the Statement of Net 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 2014-15 as compared to 2013-14. As was stated earlier, the City's net position decreased by $10.04 million, which includes costs associated with

depreciation and other non-budgeted items that may not have an effect on cash or current financial resources but do affect net 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. It 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 housing activities of the (former) Lakeport Redevelopment Agency, a separate legal entity for which the City is financially responsible. As of February 1, 2012, the Lakeport Redevelopment Agency was dissolved and a successor agency was established to handle the remaining affairs and obligations of the former agency. The City of Lakeport elected to be that successor agency. Upon dissolution, the assets and liabilities of the former agency were transferred to a private-purpose trust fund, which is not reported on the government-wide statements, but is presented in the fund-based statements using the full accrual basis of accounting.

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

Fund Financial Statements

The fund financial statements report the City's operations in more detail than the entity-wide statements and focus primarily on the short-term activities of the City's general fund and other major funds. The fund

financial statements measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt and other long-term amounts.

Because the focus of fund statements is narrower than that of the government-wide, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impacts of the City's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statements of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Major funds account for the major financial activities of the City and are presented individually, while the activities of nonmajor 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 nonmajor funds summarized and presented only in a single column. Subordinate schedules (Supplementary Information, page 88) present the detail of these nonmajor 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, 2015, the City's major funds were as follows:

GOVERNMENTAL FUNDS:

- General fund
- General Capital
- HOME Program Income
- 2012 HOME Grant

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 48-98 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 nonmajor funds. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements can be found beginning on page 103 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, 2015 and 2014

	Governmental Activities		Business-type Activities		Total Government	
ASSETS	2015	2014	2015	2014	2015	2014
Current assets:						
Cash and investments:						
Available for operations	$ 2,606,405	$ 2,901,473	$ 1,681,528	$ 1,755,841	$ 4,287,933	$ 4,657,314
Restricted cash	56,665	-	3,393,298	3,193,878	3,449,963	3,193,878
Receivables (net allowance for uncollectables)	914,418	961,619	654,570	602,894	1,568,988	1,564,513
Inventory and prepaids	55,221	695	80,595	80,595	135,816	81,290
Internal balances	-	700,000	-	(700,000)	-	-
Noncurrent assets:						
Notes receivable	3,072,286	3,019,418	150,000	150,000	3,222,286	3,169,418
Plant, property and equipment:						
Capital assets not being depreciated	1,652,983	652,983	5,604,191	3,141,268	7,257,174	3,794,251
Capital assets, net of depreciation	7,791,137	5,406,982	14,312,187	14,497,352	22,103,324	19,904,334
Total assets	16,149,115	13,643,170	25,876,369	22,721,828	42,025,484	36,364,998
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflow of resources related to pension (Note 11)	351,967	-	284,042	-	636,009	-
Total deferred outflows of resources	351,967	-	284,042	-	636,009	-
LIABILITIES						
Current liabilities:						
Accounts payable	343,336	230,280	433,059	539,680	776,395	769,960
Accrued payroll liabilities	43,442	101,727	17,291	59,769	60,733	161,496
Interest payable	-	-	227,279	189,176	227,279	189,176
Deposits payable	-	-	36,977	24,208	36,977	24,208
Compensated absences	40,000	27,854	20,000	13,025	60,000	40,879
Due within one year	-	-	410,797	405,920	410,797	405,920
Intergovernmental payable	-	-	45,515	35,483	45,515	35,483
Noncurrent liabilities:						
Compensated absences	168,756	250,687	120,790	117,230	289,546	367,917
Due in more than one year	-	-	13,400,053	10,506,467	13,400,053	10,506,467
Net pension liability	3,774,248	-	3,045,862		6,820,110	
Net OPEB liability	514,933	407,787	210,673	159,691	725,606	567,478
Total liabilities	4,884,715	1,018,335	17,968,296	12,050,649	22,853,011	13,068,984
DEFERRED INFLOW OF RESOURCES						
Unavailable revenue - business license tax	22,459	-	-	-	22,459	-
Deferred inflow of resources related to pension (Note 11)	793,237	-	640,151	-	1,433,388	-
Total deferred outflows of resources	815,696	-	640,151	-	1,455,847	-
NET POSITION						
Net investment in capital assets	9,444,120	6,059,965	7,485,396	6,726,230	16,929,516	12,786,195
Restricted	4,179,835	3,795,864	3,826,550	3,253,357	8,006,385	7,049,221
Unrestricted, as restated (Note 1, section Q)	(2,823,284)	2,769,006	(3,759,982)	691,592	(6,583,266)	3,460,598
Total net position	$10,800,671	$12,624,835	$ 7,551,964	$10,671,179	$18,352,635	$23,296,014

The City's net position as of June 30, 2015, was over $18.35 million, an increase of $2.74 million. The overall change in net position is attributed to the City's adoption of GASB 68 – requiring a restatement of net position for the year ending June 30, 2014 – as well as the capitalization of assets, including water and sewer projects funded by USDA and the procurement of real property for a new police department headquarters.

The change in net position for the fiscal years ended June 30, 2015 and 2014 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 2014 to FY 2015

	2015			2014		
	Govern-mental Activities	Business-type Activities	Total	Govern-mental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	$ 516,772	$ 4,613,055	$ 5,129,827	$ 500,436	$ 3,808,961	$ 4,309,397
Grants and contributions:						
Operating	686,405	-	686,405	579,485	-	579,485
Capital	2,686,889	-	2,686,889	-	-	-
General revenues:						
Property taxes and assessments	460,670	-	460,670	463,872	361,394	825,266
Transient occupancy taxes	57,700	-	57,700	94,776	-	94,776
Sales and use tax	2,038,604	-	2,038,604	2,371,095	-	2,371,095
Franchise fees	200,415	-	200,415	276,560	-	276,560
Utility users tax	-	-	-	-	-	-
Business license and other taxes	92,105	-	92,105	65,262	-	65,262
Property tax in lieu of MVL	391,441	-	391,441	396,571	-	396,571
Use of money and property	299,217	40,987	340,204	204,776	38,200	242,976
Other general	301,900	-	301,900	140,555	-	140,555
Extraordinary gain	-	-	-	-	-	-
Total revenues	7,732,118	4,654,042	12,386,160	5,093,388	4,208,555	9,301,943
Expenses:						
Governmental activities:						
General government	774,888	-	774,888	829,787	-	829,787
Community development	307,053	-	307,053	242,360	-	242,360
Roads and infrastructure	1,417,649	-	1,417,649	1,225,866	-	1,225,866
Sanitation	437,589	-	437,589	451,773	-	451,773
Housing and support programs	83,086	-	83,086	133,680	-	133,680
Redevelopment/economic development	39,278	-	39,278	82,017	-	82,017
Public safety	1,712,884	-	1,712,884	1,664,228	-	1,664,228
Parks and recreation	534,148	-	534,148	326,735	-	326,735
Interest and fiscal charges	-	-	-	4,048	-	4,048
Extraordinary loss	-	-	-	-	-	-
Business-type activities:						
Water	-	1,807,830	1,807,830	-	1,759,261	1,759,261
Wastewater	-	2,535,871	2,535,871	-	2,480,706	2,480,706
Total expenses	5,306,575	4,343,701	9,650,276	4,960,494	4,239,967	9,200,461
Increase (decrease) in net position before transfers	2,425,543	310,341	2,735,884	132,894	(31,412)	101,482
Transfers	-	-	-	(2,417,954)	-	(2,417,954)
Change in net position	2,425,543	310,341	2,735,884	(2,285,060)	(31,412)	(2,316,472)
Net position:						
Beginning of year, as restated (Note 1Q)	8,375,128	7,241,623	15,616,751	14,909,895	10,702,591	25,612,486
End of year	$ 10,800,671	$ 7,551,964	$ 18,352,635	$ 12,624,835	$ 10,671,179	$ 23,296,014

Capital assets (net of related debt) of $16.93 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.). Several City assets, previously not accounted for or reported, were added this year, including the facility owned by the City but leased to the Lakeport Fire Protection Direct for use as its main fire house. That addition alone totaled $750,000.

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 2014-15. 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 $8.0 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 negative $6.58 million include cash and cash equivalents and may be used to meet the City's ongoing obligations to citizens, creditors, and City-imposed designations (e.g. reserves, pending litigations, contingencies, capital projects, special grant and revenue programs and projects, etc.).

ACTIVITIES

Governmental and business-type activity expenses of the City for the year totaled $9.65 million. Governmental activities totaled $5.3 million or 44.6% of total expenses. Business-type activities incurred $4.34 million of expenses during the fiscal year. Public safety costs represented 32.3% of total governmental activities expenses (excluding the extraordinary loss of unspent bond proceeds and land held for resale), followed by roads and infrastructure, and general government.

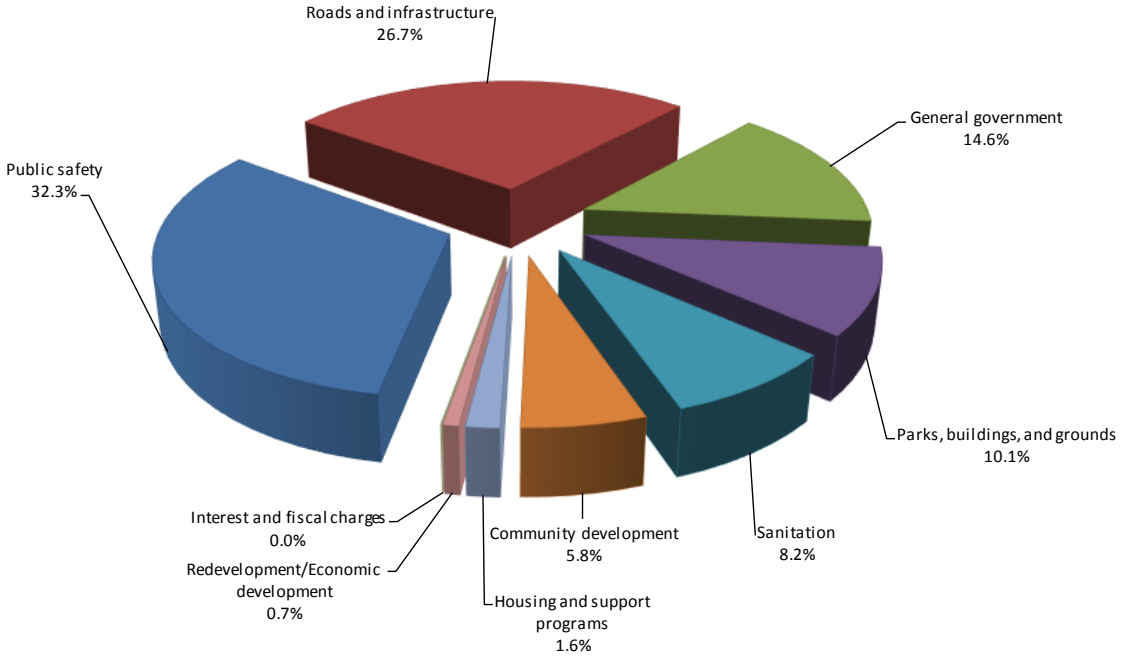
Governmental Activities (Expenses)

The most significant expenses incurred by the City are providing public safety services (32.3% 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

	2015		2014	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Public safety	$ 1,712,884	$ 1,473,164	$ 1,664,228	$ 1,455,990
Roads and infrastructure	1,417,649	(1,484,394)	1,225,866	952,121
General government	774,888	659,192	829,787	781,337
Parks, buildings, and grounds	534,148	529,148	326,735	325,975
Sanitation	437,589	(36,238)	451,773	(15,578)
Community development	307,053	284,967	242,360	219,959
Housing and support programs	83,086	(48,605)	133,680	74,704
Redevelopment/Economic development	39,278	39,278	82,017	82,017
Interest and fiscal charges	-	-	4,048	4,048
Total	$ 5,306,575	$ 1,416,512	$ 4,960,494	$ 3,880,573

Expenses by Function - Governmental Activities
Year Ended June 30, 2015



Governmental Activities (Revenues)

Significant revenues for the City came from taxes (55.9%), 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.

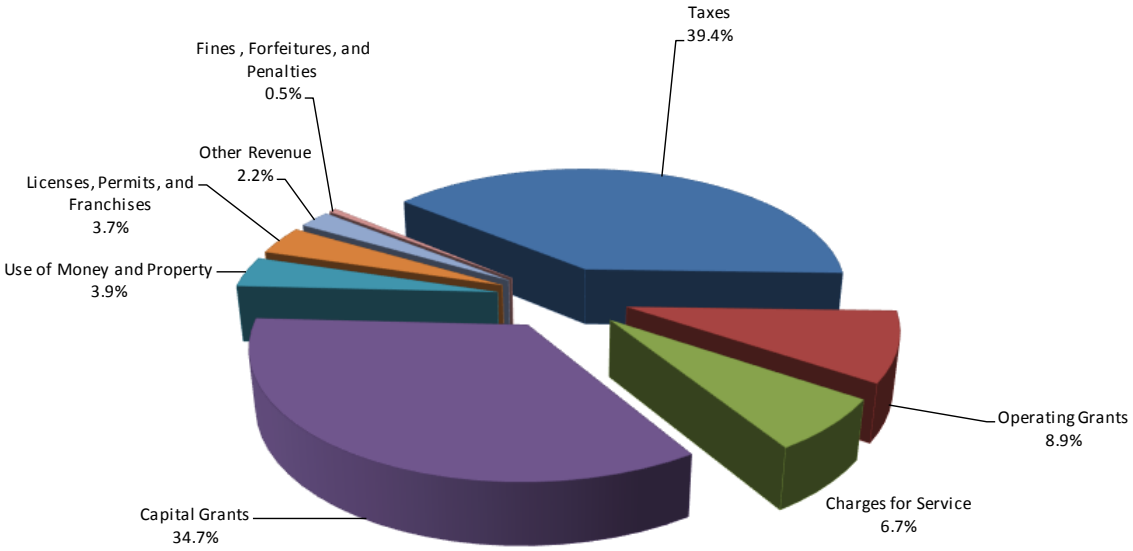
From highest to lowest, revenues directly associated with governmental collections were as follows. This information is presented in greater detail than that found on the Statement of Activities or Changes in Fund Balance to allow the reader to gain a more in-depth understanding of the sources and uses of revenue.

Governmental Activities - Revenues

	2015 Total Revenues	2014 Total Revenues
Taxes	$ 3,044,571	$ 3,396,576
Operating Grants	686,405	579,485
Charges for Service	516,772	500,436
Capital Grants	2,686,889	-
Use of Money and Property	299,217	204,776
Licenses, Permits, and Franchises	283,032	276,560
Other Revenue	173,800	96,885
Fines , Forfeitures, and Penalties	41,435	38,670
Total	$ 7,732,120	$ 5,093,388

Governmental revenues in total were lower in 2014 than 2013 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.

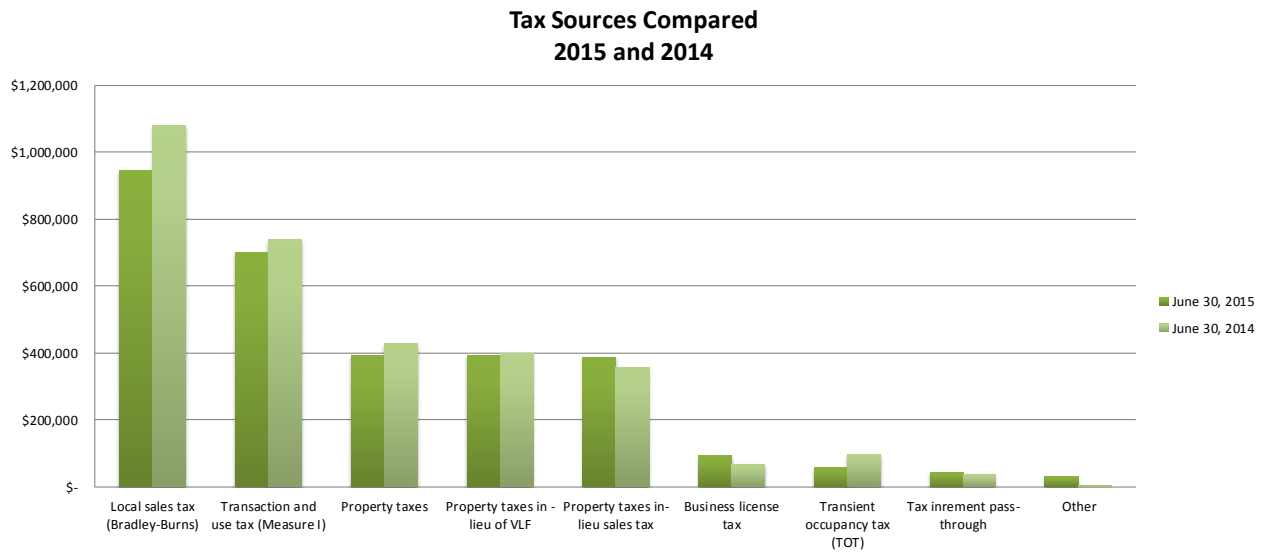
Revenue by Source - Governmental Activities
Year Ended June 30, 2015



Taxes by Source - Governmental
Two-Year Comparison

	Fiscal Year Ended		Increase
	June 30, 2015	June 30, 2014	(Decrease)
Local sales tax (Bradley-Burns)	$ 948,056	$ 1,078,173	$ (130,117)
Transaction and use tax (Measure I)	701,963	736,948	(34,985)
Property taxes	391,782	428,309	(36,527)
Property taxes in -lieu of VLF	391,441	396,571	(5,130)
Property taxes in-lieu sales tax	388,586	358,753	29,832
Business license tax	92,105	65,262	26,843
Transient occupancy tax (TOT)	57,700	94,776	(37,076)
Tax inrement pass-through	41,823	35,563	6,260
Other	31,117	5,000	26,117
	$ 3,044,571	$ 3,199,355	$ (154,784)

Note: HUTA and Prop 172, formerly reported as taxes, was reclassified as subventions in this reporting year.



Business-type Activities

In the fiscal year ended June 30, 2015, business-type activities increased the City's net position by $310,342. Increased revenues from rates helped to better the net position of both enterprises.

Water revenues from fees and charges were up from the previous fiscal year by 8.0% resulting from a rate increase in 2013 that is being phased in over five years. Its income from operations were up $250,330 due to the increase in rate revenue as well as decreased costs related to personnel. Expenses decreased due to personnel cost savings from unfilled, vacant positions. Net income for the water enterprise was up $22,917.

Sewer revenues from fees and charges also were up by over 42.3% due to a similar rate increase. Sewer enterprise expenses rose due to rising costs of pension and healthcare premium costs; however, its overall operating income was up $239,665 due to strong revenue from rates. The sewer enterprise realized a net increase of $287,425.

Total revenue for both enterprise includes fees collected for expansion activities, non-operating activities (such as interest earnings and expenses), leases, or property tax assessments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities at June 30, 2015 amounted to $29.36 million (net of accumulated depreciation). The investment in capital assets includes land, buildings and improvements, equipment, vehicles, infrastructure, and construction in progress. Depreciation expense for the year, government-wide, totaled $1.2 million.

Capital Assets, net of depreciation
Two-Year Comparison

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	$1,652,983	$ 652,983	$ 2,475,403	$ 2,475,403	$ 4,128,386	$ 3,128,386
Construction in Progress	-	-	3,128,788	665,865	3,128,788	665,865
Buildings and improvements	7,511,060	5,044,296	13,394,934	14,239,731	20,905,994	19,284,027
Vehicles and equipment	280,077	362,686	917,253	257,621	1,197,330	620,307
Total Capital Assets, Net	$9,444,120	$6,059,965	$19,916,378	$17,638,620	$29,360,498	$23,698,585

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 $14.16 million as of June 30, 2015. The increase from the year prior was due to additional draws taken from the Bank of Nevada as interim financing for capital improvements to the water enterprise related to the USDA water project.

Long-term Obligations
Two-Year Comparison

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Capital Lease - Police Cars	$ -	$ -	$ -	$ -	$ -	$ -
Series 2013 Water Revenue Notes - Bank of Nevada	-	-	4,885,443	1,675,275	4,885,443	1,675,275
Water Revenue Bonds, Series 2000 COPS	-	-	2,500,000	2,551,500	2,500,000	2,551,500
Water Main Extension Loan (Mendocino College)	-	-	150,407	225,612	150,407	225,612
Sewer District Improvement Bonds, 1993-1	-	-	3,560,000	2,780,000	3,560,000	2,780,000
2007 Series A Bond	-	-	2,715,000	3,680,000	2,715,000	3,680,000
Compensated Absences	208,756	278,541	140,790	130,255	349,546	408,796
	$ 208,756	$ 278,541	$ 13,951,640	$ 11,042,642	$ 14,160,396	$ 11,321,183

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

FUND FINANCIAL ANALYSIS

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

GOVERNMENTAL FUNDS

As of June 30, 2015, the City's governmental fund balance was $7.22 million, of which $1.82 was unrestricted and available for use. 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 decrease of $397,904 (8.2% of expenditures) as it used spendable fund balance accumulated from prior years' surplus to fund one-time capital and other activities.

Per City Council policy, net cash assets and near-term receivables 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 $2.92 million - this includes resources not available for spending, such as short and long-term interfund loans receivable - cash assets set aside future use and reserves totaled $2.54 million. This constitutes approximately 51% of total expenditures in the general fund for the fiscal year.

Other governmental funds reported a net decrease of $535,078. These funds include special revenues and capital project funds. Grant proceeds for operations and capital programs/projects typically are reported here.

Funds Balance - Governmental Funds

Major Fund	Balance
General Fund	$ 2,915,585
General Capital	(902,475)
HOME Program Income	1,399,351
2012 HOME Grant	183,941
Other governmental funds	2,699,356
Total	$ 6,295,758

Governmental funds reported $374,098 in nonspendable fund balance in fiscal year 2014-15. This is comprised mostly of long-term housing and business loans/notes receivable that are unavailable to meet current obligations.

The balance of $4.18 million in restricted fund balance - those financial resources can be spent only on specific activities as defined by outside entities (e.g. a grantor, state agency, statute, etc.) – is found primarily on special revenue funds; however $14,091 is held in the general fund as asset forfeiture for law enforcement purposes and park walking trail grant activities.

Committed fund balance consists of revenue stabilization amounts in the general fund, established by policy and resolution of the City Council.

Assigned fund balance consists of the general fund reserve and several select capital projects earmarked by the City Council.

The remaining amount of negative $1.21 million of unassigned fund balance consists of negative fund equity in several special revenue funds as well as the general capital fund related to the purchase of real property for the new police department headquarters.

PROPRIETARY FUNDS

Enterprise Fund - Water

The net position of the water enterprise fund increased by $22,917 in fiscal year 2014-15, primarily due to decreased personnel costs and increased operating revenues. Operating revenues exceeded operating expenses by $250,330, while non-operating expenses outpaced revenues (property taxes and interest of

water loans and bonds) by $227,413. The water enterprise operating and maintenance (O&M) and expansion funds are reported as one in these statements.

Ending net position at June 30, 2015 for the water enterprise funds was $521,272 million, of which a deficit $2.82 million was unrestricted. This deficit is the result of the adoption of GASB 68 as well as the capitalization of assets using available loan proceeds. June 30, 2014 ending net position was restated to account for GASB 68, reducing it by $1.58 million.

Enterprise Fund - Sewer

The net position of the sewer enterprise fund increased by $287,425. Operating revenue was higher than operating expenses, resulting in operating income of $239,665. Non-operating revenues and expenses had a positive impact to net position by $47,760. The sewer enterprise consists of three funds to account for O&M, sewer expansion fund activities, and debt service 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.

Ending net position at June 30, 2014 was restated as the City implemented GASB 68 and recognized a pension liability with CalPERS. This resulted in a decrease of net position of $1.85 million. As of June 30, 2015, ending net position of the sewer enterprise was $7.03 million, of which negative $941,329 was unrestricted.

Proprietary Fund
Two-year Comparison

	Enterprise Comparison				Total Enterprise Funds	
	Water		Sewer			
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Operating revenue	1,826,264	1,690,782	2,458,383	2,118,179	4,284,647	3,808,961
Operating expenses	1,575,934	1,543,382	2,218,719	2,139,785	3,794,653	3,683,167
Operating income (loss)	250,330	147,400	239,664	(21,606)	489,994	125,794
Nonoperating revenue (expenses)	(227,413)	(213,014)	47,760	55,808	(179,653)	(157,206)
Net income	22,917	(65,614)	287,424	34,202	310,341	(31,412)
BEGINNING NET POSITION, as restated (Note 1)	498,355	2,148,201	6,743,268	8,554,390	7,241,623	10,702,591
Net position						
Net investment in capital assets	1,640,221	1,256,231	5,845,175	5,469,999	7,485,396	6,726,230
Restricted:						
Assessment district	-	-	879,113	847,443	879,113	847,443
Debt service	115,762	115,762	231,000	231,000	346,762	346,762
Depreciation reserve	52,938	26,469	102,648	68,432	155,586	94,901
Capital purposes	1,260,372	847,779	-	-	1,260,372	847,779
Expansion activities	270,632	203,127	914,085	913,345	1,184,717	1,116,472
Unrestricted	(2,818,653)	(366,781)	(941,329)	1,058,373	(3,759,982)	691,592
Total Net Position	$ 521,272	$ 2,082,587	$ 7,030,692	$ 8,588,592	$ 7,551,964	$ 10,671,179

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 $4.48 million in revenues. It was increased to $4.5 when management reviewed it at mid-year. Revenues in the general fund ultimately were reported $53,787 lower than was budgeted due to lower tax collections and rents and leases.

General Fund Budgetary Comparison
June 30, 2015

Revenues	Original Estimate	Final Estimate	Actual Revenue	Variance Positive (Negative)
General Fund				
Taxes	$ 3,258,377	$ 3,258,377	$ 3,044,571	$ (213,806)
Licenses, permits, and franchises	263,570	263,570	283,032	19,462
Fines, forfeitures, and penalties	17,100	17,100	41,435	24,335
Use of money and property	182,319	182,319	116,514	(65,805)
Intergovernmental revenue	163,764	173,764	270,643	96,879
Charges for service	513,812	513,812	516,772	2,960
Other revenue	85,612	91,612	173,800	82,188
Total	$ 4,484,554	$ 4,500,554	$ 4,446,767	$ (53,787)

Expenditures	Original Appropriation	Final Appropriation	Actual Expenditure	Variance Positive (Negative)
General Fund				
General government	$ 848,483	$ 858,818	$ 856,444	$ 2,374
Community development	417,509	400,509	310,833	89,676
Roads and infrastructure	1,227,194	1,217,353	1,047,542	169,811
Sanitation	447,592	447,592	437,589	10,003
Housing and support programs	23,429	23,429	7,763	15,666
Redevelopment/Economic development	49,000	54,000	26,592	27,408
Public safety	1,705,515	1,791,249	1,638,359	152,890
Parks, buildings, and grounds	630,348	664,348	535,584	128,764
Total	$ 5,349,070	$ 5,457,298	$ 4,860,706	$ 596,592

The largest change to appropriations during the year was an increase in general governmental. The City Attorney budget was increased to account for additional litigation costs. The next largest change was to the Police Department budget to allow for the purchase of additional equipment. The amount passed through to the franchise trash hauler, Lakeport Disposal, was higher than budget estimates; however, these amounts are simply collections that are passed through to the company. Deferment or cancellation of capital projects - including road work - resulted in a significantly positive variance of $169,811. This was the largest budgetary variance in the general fund. Frugal departmental spending and capitalizing on

costs savings from staff attrition rounded out remaining variances, as total expenditures in the fund were $596,592 less than appropriated.

The combined effect (before transfers were considered) was a fund balance reduction of $413,939 in the general fund. After transfers and extraordinary items were considered, that reduction was lessened by $16,035.

Budgets to actual information was not presented for proprietary funds (water and sewer enterprise), as this is not a GAAP requirement of GASB. However, such information can be provided upon request.

ECONOMIC OUTLOOK

Continuing its recovery in fiscal year 2014-15, the local and national economy grew slowly. Unemployment continued to decline as consumer confidence rose. The Lake County region continued to lag behind the rest of the state but made progress. Though the local job market remains challenging, we see local businesses continuing to manage their recovery from 2008 and grow. 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. We expect to see revenues from property-related taxes increase as a result.

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 continue to 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

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, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments:			
Available for operations	$ 2,606,405	$ 1,681,528	$ 4,287,933
Restricted cash	56,665	3,393,298	3,449,963
Receivables (net allowance for uncollectables)	914,418	654,570	1,568,988
Inventory and prepaids	55,221	80,595	135,816
Notes receivable	3,072,286	150,000	3,222,286
Capital assets not being depreciated:			
Land	1,652,983	2,475,403	4,128,386
Construction in progress	-	3,128,788	3,128,788
Capital assets, net of accumulated depreciation:			
Buildings and improvements	7,511,060	13,394,934	20,905,994
Machinery, equipment, and vehicles	280,077	917,253	1,197,330
Total assets	16,149,115	25,876,369	42,025,484
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow of resources related to pension (Note 11)	351,967	284,042	636,009
Total deferred outflows of resources	351,967	284,042	636,009
LIABILITIES			
Accounts payable	343,336	433,059	776,395
Accrued payroll liabilities	43,442	17,291	60,733
Interest payable	-	227,279	227,279
Deposits payable	-	36,977	36,977
Compensated absences, current	40,000	20,000	60,000
Due within one year	-	410,797	410,797
Intergovernmental payable	-	45,515	45,515
Compensated absences, noncurrent	168,756	120,790	289,546
Due in more than one year	-	13,400,053	13,400,053
Net pension liability	3,774,248	3,045,862	6,820,110
Net OPEB liability	514,933	210,673	725,606
Total liabilities	4,884,715	17,968,296	22,853,011
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - business license tax	22,459	-	22,459
Deferred inflow of resources related to pension (Note 11)	793,237	640,151	1,433,388
Total deferred inflows of resources	815,696	640,151	1,455,847
NET POSITION			
Net investment in capital assets	9,444,120	7,485,396	16,929,516
Restricted:			
Law enforcement	177,846	-	177,846
Parks and recreation	5,000	-	5,000
Housing programs	2,789,635	-	2,789,635
Economic development programs	485,577	-	485,577
Transportation infrastructure	721,777	-	721,777
Assessment district	-	879,113	879,113
Debt service reserve	-	346,762	346,762
Depreciation reserve	-	155,586	155,586
Capital purposes	-	1,260,372	1,260,372
Expansion activities	-	1,184,717	1,184,717
Unrestricted	(2,823,284)	(3,759,982)	(6,583,266)
Total net position	$ 10,800,671	$ 7,551,964	$ 18,352,635

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, 2015

FUNCTION/PROGRAMS	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expenses) Revenue and Change in Net Position – Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total
GOVERNMENTAL ACTIVITIES							
General government	$ 774,888	$ 22,092	$ 93,604	$ -	$ (659,192)	$ -	$ (659,192)
Community development	307,053	22,087	-	-	(284,967)	-	(284,967)
Roads and infrastructure	1,417,649	86	215,069	2,686,889	1,484,394	-	1,484,394
Sanitation	437,589	468,827	5,000	-	36,238	-	36,238
Housing and support programs	83,086	-	131,691	-	48,605	-	48,605
Redevelopment/Economic development	39,278	-	-	-	(39,278)	-	(39,278)
Public safety	1,712,884	3,680	236,040	-	(1,473,164)	-	(1,473,164)
Parks, buildings, and grounds	534,148	-	5,000	-	(529,148)	-	(529,148)
Total government activities	5,306,575	516,772	686,405	2,686,889	(1,416,512)	-	(1,416,512)
BUSINESS ACTIVITIES							
Water utility	1,807,830	1,826,264	-	-	-	18,434	18,434
Sewer utility	2,535,871	2,786,791	-	-	-	250,920	250,920
Total business-type activities	4,343,701	4,613,055	-	-	-	269,354	269,354
Total primary government	$ 9,650,276	$ 5,129,827	$ 686,405	$ 2,686,889	(1,416,512)	269,354	(1,147,158)
GENERAL REVENUE							
Sales taxes					2,038,604	-	2,038,604
Property taxes					852,111	-	852,111
Transient and other taxes					153,856	-	153,856
Licenses, and Franchises					283,032	-	283,032
Fines , Forfeitures, and Penalties					41,435	-	41,435
Use of Money and Property					299,217	40,987	340,204
Other Revenue					173,800	-	173,800
Total general revenues					3,842,055	40,987	3,883,042
CHANGES IN NET POSITION					2,425,543	310,341	2,735,884
NET POSITION							
Beginning, as restated (Note 1, section Q)					8,375,128	7,241,623	15,616,751
End of Year					$ 10,800,671	$ 7,551,964	$ 18,352,635

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Fund Financial Statements

Major funds are defined generally as having significant activities or balances in the current year. The funds described below were determined to be Major Governmental Funds by the City for fiscal 2013. Individual nonmajor funds may be found in the Supplemental section.

GOVERNMENTAL FUNDS

GENERAL FUND

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

GENERAL CAPITAL PROJECTS

This fund is used to track specific capital projects funded from various other governmental and fiduciary funds. Most notably this fund is used to account for the Downtown Main Street revitalization project.

HOME PROGRAM INCOME FUND

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

2012 HOME GRANT FUND

Fund to track all home loans made and related activities by the City using HOME 2012 grant proceeds. Income received is in this fund consists of principal and interest payments made by borrowers.

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City of Lakeport, California

Balance Sheet

Governmental Funds

June 30, 2015

	General	General Capital	HOME Program Income	2012 HOME Grant	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Investments	$ 1,085,669	$ -	$ 2,695	$ -	$ 1,518,041	$ 2,606,405
Restricted cash and investments	26,696	29,969	-	-	-	56,665
Receivables, net of allowance for uncollectables:						
Interest	1,079	-	2	-	851	1,932
Taxes	339,136	-	-	-	-	339,136
Notes	24,998	-	1,396,206	183,900	1,467,182	3,072,286
Grants and subventions	171,608	-	-	190,908	45,141	407,657
Accounts and other	103,240	-	448	-	62,005	165,693
Prepaids	55,221	-	-	-	-	55,221
Due from other funds	1,095,275	-	-	-	-	1,095,275
Advances to other funds	349,565	-	-	-	-	349,565
Total assets	$ 3,252,487	$ 29,969	$ 1,399,351	$ 374,808	$ 3,093,220	$ 8,149,835
LIABILITIES						
Accounts payable	271,001	39,664	-	200	32,471	343,336
Accrued payroll liabilities	43,442	-	-	-	-	43,442
Due to other funds	-	892,780	-	190,667	11,828	1,095,275
Advances from other funds	-	-	-	-	349,565	349,565
Total liabilities	314,443	932,444	-	190,867	393,864	1,831,618
DEFERRED INFLOW OF RESOURCES						
Unavailable revenue - business license tax	22,459	-	-	-	-	22,459
Total deferred inflow or resources	22,459	-	-	-	-	22,459
FUND BALANCE						
Nonspendable:						
Loans receivable	24,533	-	-	-	-	24,533
Long-term interfund advances	349,565	-	-	-	-	349,565
Restricted:						
Law enforcement	9,091	-	-	-	168,755	177,846
Parks and recreation	5,000	-	-	-	-	5,000
Housing programs	-	-	1,399,351	183,941	1,206,343	2,789,635
Economic development programs	-	-	-	-	485,577	485,577
Transportation infrastructure	-	-	-	-	721,777	721,777
Committed:						
Revenue stabalization	362,095	-	-	-	-	362,095
Assigned:						
Capital projects	-	29,969	-	-	331,066	361,035
General reserves	1,750,630	-	-	-	-	1,750,630
Subsequent year's budget: appropriation of fund balance	304,671	-	-	-	-	304,671
Housing and community programs	-	-	-	-	65,775	65,775
Debt service reserve	110,000	-	-	-	-	110,000
Unassigned (deficit)	-	(932,444)	-	-	(279,937)	(1,212,381)
Total Fund Balance	2,915,585	(902,475)	1,399,351	183,941	2,699,356	6,295,758
Total Liabilities and Fund Balance	$ 3,252,487	$ 29,969	$ 1,399,351	$ 374,808	$ 3,093,220	$ 8,149,835

City of Lakeport, California
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position Governmental Funds
June 30, 2015

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	$ 6,295,758
Amounts reported in the governmental activites column in the statement of net position are different because of the following:	
DEFERRED OUTFLOW OF RESOURCES	
Related to pension	351,967
CAPITAL ASSETS	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds' balance sheet:	
Capital assets not being depreciated:	
Land	1,652,983
Depreciable capital assets:	
Buildings and improvements	9,870,434
Machinery, equipment, and vehicles	1,585,389
Accumulated depreciation:	
Buildings and improvements	(2,359,374)
Machinery, equipment, and vehicles	(1,305,312)
DEFERRED INFLOW OF RESOURCES	
Related to pension	(793,237)
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 - compensated absences	(40,000)
Accrued compensated absences	(168,756)
Net OPEB obligation	(514,933)
Net pension liability	(3,774,248)
NET POSITION - GOVERNMENTAL ACTIVITIES	$ 10,800,671

The accompanying notes are integral part of these financial statements.

City of Lakeport, California
Statement of Revenue, Expenditures, and Change in Fund Balances
Governmental Funds
Year Ended June 30, 2015

	General	General Capital	HOME Program Income	2012 HOME Grant	Other Governmental Funds	Total Governmental Funds
REVENUE						
Taxes:						
Sales	$ 2,038,604	$ -	$ -	$ -	$ -	$ 2,038,604
Property	852,111	-	-	-	-	852,111
Transient Occupancy	57,700	-	-	-	-	57,700
Business licenses	92,105	-	-	-		92,105
Other taxes	4,051	-	-	-	-	4,051
Licenses, permits, and franchises	283,032	-	-	-	-	283,032
Fines, forfeitures, and penalties	41,435	-	-	-	-	41,435
Use of money and property	116,514	-	871	-	181,832	299,217
Intergovernmental revenue	270,643	-	-	131,691	284,071	686,405
Charges for service	516,772	-	-	-	-	516,772
Other revenue	173,800	-	-	-	-	173,800
Total revenue	4,446,767	-	871	131,691	465,903	5,045,232
EXPENDITURES						
Current:						
General government:						
Council	86,231	-	-	-	-	86,231
Administration	199,860	-	-	-	-	199,860
Attorney	92,013	-	-	-	-	92,013
Finance	140,577	-	-	-	-	140,577
Non-departmental	337,763	-	-	-	-	337,763
Community development:						
Planning	175,238	-	-	-	-	175,238
Building	135,595	-	-	-	-	135,595
Roads and infrastructure:						
Public works	717,894	-	-	-	28,070	745,964
Engineering and information technology	329,648	-	-	-	20,891	350,539
Sanitation	437,589	-	-	-	-	437,589
Housing and support programs	7,763	-	473	4,303	70,547	83,086
Economic development	26,592	-	-	-	12,686	39,278
Public safety	1,638,359	-	-	-	82,912	1,721,271
Parks, buildings, and grounds	535,584	-	-	-	-	535,584
Capital outlay	-	930,796	-	-	-	930,796
Total expenditures	4,860,706	930,796	473	4,303	215,106	6,011,384
Excess of revenue over (under) expenditures	(413,939)	(930,796)	398	127,388	250,797	(966,152)
OTHER FINANCING SOURCES (USES)						
Transfers in	16,035	33,168	-	-	-	49,203
Transfers out	-	(4,847)	-	-	(11,187)	(16,034)
Total other	16,035	28,321	-	-	(11,187)	33,169
Net change in fund balance	(397,904)	(902,475)	398	127,388	239,610	(932,983)
Fund balance - beginning	3,313,489	-	1,398,953	56,553	2,459,746	7,228,741
Fund balance - ending	$ 2,915,585	$ (902,475)	$ 1,399,351	$ 183,941	$ 2,699,356	$ 6,295,758

City of Lakeport, California

Reconciliation of the Statement of Revenue, Expenditures, and Change in Fund Balances

Governmental Funds

Year Ended June 30, 2015

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS	$ (932,983)

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.	
Capital outlay	38,016
Capital outlay expenditures added back to fund balances - Roads, Infrastructure, Parks and Grounds	892,780
The net effect of various miscellaneous transactions involving capital assets to increase net assets	2,653,717
The net effect of various miscellaneous transactions involving capital assets to decrease net assets	(33,172)
Depreciation expense - Roads and infrastructure	(335,558)
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	69,786
OPEB expense	107,146
Pension expense	(34,189)
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES	$ 2,425,543

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, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUE				
Taxes:				
Sales	$ 2,160,097	$ 2,160,097	$ 2,038,604	$ (121,493)
Property	898,690	898,690	852,111	(46,579)
Transient Occupancy	100,000	100,000	57,700	(42,300)
Business licenses	95,000	95,000	92,105	(2,895)
Other taxes	4,590	4,590	4,051	(539)
Licenses, permits, and franchises	263,570	263,570	283,032	19,462
Fines, forfeitures, and penalties	17,100	17,100	41,435	24,335
Use of money and property	182,319	182,319	116,514	(65,805)
Intergovernmental revenue	163,764	173,764	270,643	96,879
Charges for service	513,812	513,812	516,772	2,960
Other revenue	85,612	91,612	173,800	82,188
Total revenue	4,484,554	4,500,554	4,446,767	(53,787)
EXPENDITURES				
Current:				
General government:				
Council	146,212	146,712	86,231	60,481
Administration	202,230	209,561	199,860	9,701
Attorney	63,000	71,466	92,013	(20,547)
Finance	136,989	150,145	140,577	9,568
Non-departmental	300,052	280,934	337,763	(56,829)
Community development:				
Planning	200,854	192,354	175,238	17,116
Building	216,655	208,155	135,595	72,560
Roads and infrastructure:				
Public works	772,777	829,985	717,894	112,091
Engineering and information technology	454,417	387,368	329,648	57,720
Sanitation	447,592	447,592	437,589	10,003
Housing and support programs	23,429	23,429	7,763	15,666
Economic development	49,000	54,000	26,592	27,408
Public safety	1,705,515	1,791,249	1,638,359	152,890
Parks, buildings, and grounds	630,348	664,348	535,584	128,764
Total expenditures	5,349,070	5,457,298	4,860,706	596,592
Excess of revenue over (under) expenditures	(864,516)	(956,744)	(413,939)	542,805
OTHER FINANCING SOURCES (USES)				
Transfers in	293,444	293,444	16,035	(277,409)
Transfers out	(27,000)	(27,000)	-	27,000
Total other	266,444	266,444	16,035	(250,409)
Net change in fund balance	(598,072)	(690,300)	(397,904)	292,396
Fund balance - beginning	3,313,489	3,313,489	3,313,489	-
Fund balance - ending	$ 2,715,417	$ 2,623,189	$ 2,915,585	$ 292,396

The accompanying notes are integral part of these financial statements.

City of Lakeport, California

Capital Projects

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

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
Total revenue	-	-	-	-
EXPENDITURES				
Current:				
Total expenditures	1,500,000	2,500,000	930,796	1,569,204
Excess of revenue over (under) expenditures	(1,500,000)	(2,500,000)	(930,796)	1,569,204
OTHER FINANCING SOURCES (USES)				
Transfers in	1,657,500	1,657,500	33,168	(1,624,332)
Transfers out	(157,500)	(157,500)	(4,847)	152,653
Total other	1,500,000	1,500,000	28,321	(1,471,679)
Net change in fund balance	-	(1,000,000)	(902,475)	97,525
Fund balance - beginning	-	-	-	-
Fund balance - ending	$ -	$ (1,000,000)	$ (902,475)	$ 97,525

The accompanying notes are integral part of these financial statements.

City of Lakeport, California

HOME Program Income (PI)

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

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
Use of money and property	$ -	$ -	$ 871	$ 871
Total revenue	-	-	871	871
EXPENDITURES				
Housing and support programs	-	-	473	(473)
Total expenditures	-	-	473	(473)
Excess of revenue over (under) expenditures	-	-	398	398
Net change in fund balance	-	-	398	398
Fund balance - beginning	1,398,953	1,398,953	1,398,953	-
Fund balance - ending	$ 1,398,953	$ 1,398,953	$ 1,399,351	$ 398

The accompanying notes are integral part of these financial statements.

City of Lakeport, California

2012 HOME Grant

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

For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUE				
Intergovernmental revenue	$ 470,005	$ 470,005	$ 131,691	$ (338,314)
Total revenue	470,005	470,005	131,691	(338,314)
EXPENDITURES				
Housing and support programs	440,005	440,005	4,303	435,702
Total expenditures	440,005	440,005	4,303	435,702
Excess of revenue over (under) expenditures	30,000	30,000	127,388	97,388
Net change in fund balance	-	-	127,388	127,388
Fund balance - beginning	56,553	56,553	56,553	-
Fund balance - ending	$ 56,553	$ 56,553	$ 183,941	$ 127,388

The accompanying notes are integral part of these financial statements.

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PROPRIETARY FUNDS

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

The City maintains two enterprise funds: water and sewer.

WATER ENTERPRISE FUND

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

SEWER ENTERPRISE FUND

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

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
Proprietary Funds
June 30, 2015

	Business-Type Activities			Governmental Activities
	Water	Sewer	Total Enterprise Funds	Internal Service Fund
ASSETS				
Current assets:				
Cash and investments	$ 381,630	$ 1,299,898	$ 1,681,528	$ -
Restricted cash and investments	1,710,089	1,683,209	3,393,298	-
Receivables:				
Accounts, net	311,871	327,413	639,284	-
Taxes	-	4,997	4,997	-
Interest	1,175	1,616	2,791	-
Assessments	-	7,498	7,498	-
Inventory	65,778	14,817	80,595	-
Total current assets	2,470,543	3,339,448	5,809,991	-
Noncurrent assets:				
Notes receivable	46,500	103,500	150,000	-
Capital assets not being depreciated:				
Land	740,170	1,735,233	2,475,403	-
Construction in progress	2,676,534	452,254	3,128,788	-
Capital assets, depreciable:				
Buildings and improvements	7,066,266	21,795,196	28,861,462	-
Machinery, equipment, and vehicles	438,757	1,005,800	1,444,557	-
less accumulated depreciation	(3,199,692)	(12,794,140)	(15,993,832)	-
Total noncurrent assets	7,768,535	12,297,843	20,066,378	-
Total Assets	10,239,078	15,637,291	25,876,369	-
DEFERRED OUTFLOW OF RESOURCES				
Deferred outflow of resources related to pension (Note 11)	131,209	152,833	284,042	-
Total deferred outflows of resources	131,209	152,833	284,042	-
LIABILITIES				
Current Liabilities				
Accounts payable	267,023	166,036	433,059	-
Accrued payroll and benefits	7,357	9,934	17,291	-
Customer deposits	34,742	2,235	36,977	-
Compensated absences, current	10,000	10,000	20,000	-
Due within one year	220,797	190,000	410,797	-
Interest payable	106,702	120,577	227,279	-
Intergovernmental payable	35,483	10,032	45,515	-
Total current liabilities	682,104	508,814	1,190,918	-
Noncurrent liabilities:				
Compensated absences	48,507	72,283	120,790	-
Advances from other funds	-	-	-	-
Due after one year	7,315,053	6,085,000	13,400,053	-
Net pension liability	1,406,989	1,638,873	3,045,862	-
Net OPEB liability	100,654	110,019	210,673	-
Total noncurrent liabilities	8,871,203	7,906,175	16,777,378	-
Total liabilities	9,553,307	8,414,989	17,968,296	-
DEFERRED INFLOW OF RESOURCES				
Deferred inflow of resources related to pension (Note 11)	295,708	344,443	640,151	-
Total deferred outflows of resources	295,708	344,443	640,151	-
NET POSITION				
Net investment in capital assets	1,640,221	5,845,175	7,485,396	-
Restricted:				
Assessment district	-	879,113	879,113	-
Debt service reserve	115,762	231,000	346,762	-
Depreciation reserve	52,938	102,648	155,586	-
Capital purposes	1,260,372	-	1,260,372	-
Expansion activities	270,632	914,085	1,184,717	-
Unrestricted	(2,818,653)	(941,329)	(3,759,982)	-
Total Net Position	$ 521,272	$ 7,030,692	$ 7,551,964	$ -

The accompanying notes are integral part of these financial statements.

City of Lakeport, California
Statement of Revenue, Expenses, and Changes in Net Position
Proprietary Funds

	Business-Type Activities			Governmental Activities
	Water	Sewer	Total Enterprise Funds	Internal Service Fund
OPERATING REVENUE				
Charges for service:				
Metered water sales	$ 1,736,721	$ -	$ 1,736,721	$ -
Sewer services	-	2,447,653	2,447,653	-
Risk management	-	-	-	243,821
Other operating income	89,543	10,730	100,273	-
Total operating revenue	1,826,264	2,458,383	4,284,647	243,821
OPERATING EXPENSES				
Salaries and benefits	747,435	874,889	1,622,324	-
Materials, supplies and service costs	610,498	717,034	1,327,532	-
Other operating costs	-	-	-	-
Premiums	-	-	-	243,821
Depreciation	218,001	626,796	844,797	-
Total operating expenses	1,575,934	2,218,719	3,794,653	243,821
Operating income (loss)	250,330	239,664	489,994	-
NONOPERATING REVENUE (EXPENSES)				
Property tax and special assessments	-	328,408	328,408	-
Investment earnings	4,483	6,504	10,987	-
Lease revenue	-	30,000	30,000	-
Interest and fiscal charges	(216,453)	(301,709)	(518,162)	-
Other	(15,443)	(15,443)	(30,886)	-
Total nonoperating revenue (expense)	(227,413)	47,760	(179,653)	-
NET INCOME	22,917	287,424	310,341	-
BEGINNING NET POSITION, as restated (Note 1Q)	498,355	6,743,268	7,241,623	-
ENDING NET POSITION	$ 521,272	$ 7,030,692	$ 7,551,964	$ -

The accompanying notes are integral part of these financial statements.

City of Lakeport, California
Statement of Cash Flows
Proprietary Funds

CASH FLOWS PROVIDED BY (USED FOR)	Business-type Activities			Governmental Acitivities
	Water	Sewer	Total Enterprise Funds	Internal Service Fund
OPERATING ACTIVITIES				
Cash received from customers	$ 1,815,228	$ 2,424,969	$ 4,240,197	$ -
Cash received from interfund charges for risk management	-	-	-	243,821
Cash paid to suppliers of goods and services	(723,540)	(700,581)	(1,424,121)	(243,821)
Payments to City of Lakeport employees	(748,278)	(855,007)	(1,603,285)	-
Net cash provided (used)	343,410	869,381	1,212,791	-
NONCAPITAL & RELATED FINANCING ACTIVITIES				
Interfund amounts received	-	-	-	-
Property tax and assessments	-	397,529	397,529	-
Net cash provided (used)	-	397,529	397,529	-
CAPITAL & RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(2,335,852)	(1,075,059)	(3,410,911)	-
Proceeds from notes receivable	-	-	-	-
Proceeds from water revenue notes	3,300,000	-	3,300,000	-
Contributions received for capital purposes	-	-	-	-
Principal paid on capital debt	(841,334)	(65,000)	(906,334)	-
Interest paid on capital debt	(175,500)	(304,559)	(480,059)	-
Issuance costs paid on capital debt	-	-	-	-
Net cash provided (used)	(52,686)	(1,444,618)	(1,497,304)	-
INVESTING ACTIVITIES				
Loans made	-	-	-	-
Investment income received	5,005	7,085	12,090	-
Net cash provided (used)	5,005	7,085	12,090	-
Net increase (decrease) in cash and cash equivalents	295,729	(170,623)	125,106	-
Cash and cash equivalents-beginning	1,795,990	3,153,729	4,949,719	-
Cash and cash equivalents-end of year	$ 2,091,719	$ 2,983,106	$ 5,074,825	$ -
Presentation in Statement of Net Position:				
Cash and investments	$ 381,630	$ 1,299,898	$ 1,681,528	$ -
Cash and investments - restricted	1,710,089	1,683,209	3,393,298	-
Total cash and investments	$ 2,091,719	$ 2,983,107	$ 5,074,826	$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating Income (Loss)	$ 250,330	$ 239,664	$ 489,994	$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization, a noncash expense	218,001	626,796	844,797	-
(Increase) decrease in accounts receivable	(41,629)	(15,590)	(57,219)	-
(Increase) decrease in inventory	-	-	-	-
Increase (decrease) in accounts payable	(113,042)	6,421	(106,621)	-
Increase (decrease) in accrued liabilities	(21,159)	(21,319)	(42,478)	-
Increase (decrease) in customer deposits	30,593	(17,824)	12,769	-
Increase (decrease) in compensated absences	(3,834)	14,369	10,535	-
Increase (decrease) in intergovernmental payable	-	10,032	10,032	-
Increase (decrease) in net OPEB obligation	24,150	26,832	50,982	-
Net cash provided (used)	$ 343,410	$ 869,381	$ 1,212,791	$ -

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, 2015

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FIDUCIARY FUNDS

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

PRIVATE PURPOSE TRUST FUND

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
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Private Purpose Trust Funds RDA Successor	Agency Funds
ASSETS		
Cash and investments	$ 2,161,220	$ 417,131
Restricted cash and investments	409,898	-
Receivables:		
Notes	20,849	-
Interest	1,206	-
Accounts and other	-	6,038
Prepaids	-	54,527
Land held for resale	407,964	-
Total Assets	3,001,137	477,695
LIABILITIES		
Accounts payable	35	327
Unearned revenue	-	56,208
Accrued administrative liabilities	2,211	-
Enforceable obligations:		
Bonds payable	5,185,000	-
Refundable deposits and trust liabilities	-	421,160
Total liabilities	5,187,246	477,695
NET POSITION (DEFICIT)		
Restricted - debt service reserve	300,000	
Held in trust for benefit of the State	407,964	
Held in trust for oustanding obligations	(2,894,072)	
Total net position (deficit)	$ (2,186,109)	

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, 2015

	Private Purpose Trust Fund RDA Successor
ADDITIONS	
Property tax	$ 528,043
Investment earnings	4,603
Other	-
Transfers in from governmental activities	-
Total additions	532,646
DEDUCTIONS	
Administrative costs	203,931
Bond proceed use	33,169
Debt service:	
Interest and fiscal charges	263,686
Total deductions	500,785
CHANGE IN FIDUCIARY NET POSITION	31,860
NET POSITION (deficit)	
Beginning of year	(2,217,969)
End of year	$ (2,186,109)

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

June 30, 2015

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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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Defining the reporting entity

The City of Lakeport was incorporated in 1888 under the laws of the State of California. Lakeport operates under a Council-Manager form of government. The City Manager serves as the chief executive for day-to-day operations and long-term planning, including executing the policies and directives of the City Council. Department heads report directly to the City Manager and serve at his or her pleasure.
The City provides a range of municipal services to its citizens including public safety, public works, planning and building regulation, recreation and parks, and water and sewer services.

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

The Redevelopment Agency of the City of Lakeport (the Agency) was established by the City as a separate legal entity in accordance with state law. The purpose of the Agency is to encourage new investment and reinvestment within legally designated redevelopment areas in partnership with property owners. The Agency was dissolved on February 1, 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 and 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 activates, which rely to a significant extent on fees and charges for support.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

departments and agencies under the primary government. Currently the City does not use an internal service fund.

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.

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, theses 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

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.

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 during the budget process.

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 through the budget process.

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).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The general fund is the only fund that reports a positive unassigned fund balance. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committee, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund. [GASB – S54: 17 and 19]

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.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Q. Restatement

Due to the City's adoption of GASB 68, net position was restated at June 30, 2015. Net pension liability with CalPERS is now reported by the member agency. The following is a reconciliation of the total net position as previously reported at July 1, 2014, to the restated net position.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reconciliation of Net Position

		Total Net Position
Governmental		
Net position at June 30, 2014	$	12,624,835
Adjustments:		
Adoption of GASB 68, pension liability		(4,249,707)
Total adjustments		(4,249,707)
Net position at June 30, 2015, as restated for adoption of GASB 65	$	8,375,128
Proprietary		
Net position at June 30, 2014	$	10,671,179
Adjustments:		
Adoption of GASB 68, pension liability - water		(1,584,234)
Adoption of GASB 68, pension liability - sewer		(1,845,332)
Total adjustments		(3,429,566)
Net position at June 30, 2015, as restated for adoption of GASB 65	$	7,241,613

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. 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. If use of fund balance is recommended by the City Manager, resources to be used will be in the following order:
   i. unassigned fund balance
   ii. assigned
   iii. committed
3. 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.
4. Prior to July 1, the budget is to be adopted by resolution of the City Council.
5. 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.

S. Pensions

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

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. New or Closed Funds

The City did not open any new funds in the reporting year but did close one special revenue fund:

- Prop 40 Per Capita

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.

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, 2015 are classified in the accompanying financial statements as follows:

Cash and Investments

	Maturities (in years)				Fair
	<1	1 to 2	>2	Deposits	Market Value
Cash equivalents and investments pooled					
Pooled cash, at fair value					
Cash in bank	$ -	$ -	$ -	$ 2,150,749	$ 2,150,749
Petty cash	-	-	-	400	400
Total pooled items	-	-	-	2,151,149	2,151,149
Pooled investments, at fair value					
Interest obligations					
Par Rate					
- 0.010% Money market	409,898	-	-	-	409,898
State of California Local Agency Investment Fund	-	-	-	8,165,098	8,165,098
Total pooled investments - interest obligations	409,898	-	-	8,165,098	8,574,996
Total cash equivalents and investments pooled	$ 409,898	$ -	$ -	$ 10,316,247	$ 10,726,145

Amounts reported in:	
Governmental activities	$ 2,606,405
Governmental activities - Restricted	56,665
Business-type activities	1,681,528
Business-type activities - restricted	3,393,298
Fiduciary activities	2,578,351
Fiduciary activities - restricted	409,898
Total	$ 10,726,145

Collateral and Categorization Requirements

At the fiscal year end, the City's carrying amount of demand deposits was $2,150,749 and the bank account balance was $2,090,659. The difference of $60,090 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 $1,900,749 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.

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Minimum Rating
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.

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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, 2015 are as follows:

Investment Type	Fair Value	Yield	Concentration
Local Agency Investment Fund (LAIF)	8,165,098	0.299%	95.22%
Money market mutual funds	409,898	0.010%	4.78%
Total Funds	$8,574,996	0.15%	100.00%
	Weighted Yiel	0.29%	

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 recover its deposits or will not be able to recover collateral securities that are in the possession on 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, 2015, 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).

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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 statue, 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, 2015, 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, 2015 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.

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2015:

Accounts Receivable and Due from other Governments

	Receivables	Allowance	Net
Governmental Activities			
Due from other governments:			
Sales taxes	$ 287,000	$ -	$ 287,000
Property taxes	33,993	-	33,993
Grants and subventions	407,656	-	407,656
Other	79,194	-	79,194
Accounts receivable:			
Administrative citations	3,600	(1,800)	1,800
Trash accounts	104,775	-	104,775
	$ 916,218	$ (1,800)	$ 914,418
Business-type activities			
Due from other governments	$ 12,495	-	$ 12,495
Accounts	661,428	(22,144)	639,284
Other	2,791	-	2,791
	$ 676,714	$ (22,144)	$ 654,570

These amounts resulted in the following concentrations in receivables:

Concentration of Receivables	
Other governments	52.3%
Individuals/businesses	47.7%

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

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, 2015, consisted of the following:

Loans and Notes Receivable

	Beginning 7/1/2014	Additions	Deletions	Ending 6/30/2015
Major governmental funds:				
General fund	$ 269	$ 24,730	$ -	$ 24,999
Nonmajor governmental funds:			-	
Special revenue funds				
CDBG Housing Loan fund notes receivable (old)	95,769	60,084	(91,917)	63,936
CDBG Business Loan PI notes receivable	316,095	-	(76,881)	239,214
Low-Mod Housing Fund	430,730	-	(46,168)	384,562
CDBG Housing Loan PI notes receivable	303,163	101,342	(26,861)	377,644
Emergency Housing Assistance Fund	6,635	-	(1,646)	4,989
Business Stabilization Loan fund notes receivable	57,469	-	(4,802)	52,667
CDBG Housing Grant Fund	355,802	-	(11,633)	344,169
HOME Program Income fund notes receivable	1,397,174	-	(968)	1,396,206
2012 HOME Grant	56,312	127,587	1	183,900
Total governmental funds	3,019,418	313,743	(260,875)	3,072,286
Major enterprise funds:				
Water	46,500	-	-	46,500
Sewer	103,500	-	-	103,500
Total enterprise funds	150,000	-	-	150,000
Total loans/notes receivable	$ 3,169,418	$ 313,743	$ (260,875)	$ 3,222,286

NOTE 6 - CAPITAL ASSETS

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

	Balance July 1, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
Governmental activities:					
Nondepreciable assets:					
Land	$ 652,983	$ 1,000,000	$ -	$ -	$ 1,652,983
Total nondepreciable assets	652,983	1,000,000	-	-	1,652,983
Depreciable assets:					
Buildings and structures	2,695,592	2,477,345	-	-	5,172,937
Improvements	4,474,786	222,713	-	-	4,697,499
Vehicles and equipment	1,565,734	19,655	-	-	1,585,389
Total depreciable assets	8,736,112	2,719,713	-	-	11,455,825
Total	9,389,095	3,719,713	-	-	13,108,808
Accumulated depreciation:					
Buildings and structures	(1,165,096)	(118,912)	-	-	(1,284,008)
Improvements	(960,986)	(114,381)	-	-	(1,075,367)
Vehicles and equipment	(1,203,048)	(102,265)	-	-	(1,305,313)
Total accumulated depreciation	(3,329,130)	(335,558)	-	-	(3,664,688)
Net depreciable assets	5,406,982	2,384,155	-	-	7,791,137
Total governmental capital assets, net	$ 6,059,965	$ 3,384,155	$ -	$ -	$ 9,444,120

Depreciation expense of $335,558 was allocated to roads and infrastructure in the Statement of Activities.

NOTE 6 – CAPITAL ASSETS (CONTINUED)

Business-type capital asset activity for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
Business-type activities					
Nondepreciable assets:					
Land	$ 2,475,403	$ -	$ -	$ -	$ 2,475,403
Construction in progress	665,865	2,462,923	-	-	3,128,788
Total nondepreciable assets	3,141,268	2,462,923	-	-	5,604,191
Depreciable assets:					
Buildings and structures	1,839,904	-	-	-	1,839,904
Improvements	27,003,887	17,671	-	-	27,021,558
Vehicles and equipment	784,926	659,631	-	-	1,444,557
Total depreciable assets	29,628,717	677,302	-	-	30,306,019
Total	32,769,985	3,140,225	-	-	35,910,210
Accumulated depreciation:					
Buildings and structures	(642,606)	(36,459)	-	-	(679,065)
Improvements	(13,938,821)	(764,738)	-	-	(14,703,559)
Vehicles and equipment	(549,938)	(61,270)	-	-	(611,208)
Total accumulated depreciation	(15,131,365)	(862,467)	-	-	(15,993,832)
Net depreciable assets	14,497,352	(185,165)	-	-	14,312,187
Total business-type capital assets, net	$ 17,638,620	$ 2,277,758	$ -	$ -	$ 19,916,378

NOTE 7 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2015.

Long-term Obligations

	Beginning Balance July 1, 2014	Additions	Reductions	Ending Balance June 30, 2015	One Year
Governmental Activities					
Compensated Absences	$ 278,541	$ 60,110	$ (129,896)	$ 208,755	$ 40,000
Total	$ 278,541	$ 60,110	$ (129,896)	$ 208,755	$ 40,000
Business-Type Activities					
Series 2013 Water Revenue Notes - Bank of Nevada	$ 1,675,275	$3,300,000	$ (89,832)	$ 4,885,443	$ 91,594
Water Revenue Bonds, Series 2000 COPS	2,551,500	-	(51,500)	2,500,000	54,000
Water Main Extension Loan (Mendocino College)	225,612	-	(75,205)	150,407	75,203
Watewater Revenue Bonds, 2007 Series A Bond	2,780,000	-	(65,000)	2,715,000	65,000
1993 CLMSD Sewer District Assessment Bonds	3,680,000	-	(120,000)	3,560,000	125,000
Compensated Absences	130,255	34,355	(23,820)	140,790	20,000
Total	$ 11,042,642	$3,334,355	$ (425,357)	$ 13,951,640	$ 430,797

BUSINESS-TYPE ACTIVITIES

Series 2013 Water Revenue Notes – Bank of Nevada

Water revenue notes used as interim financing until draws can begin against USDA grant and loan funding. Semi-annual principal and interest payments vary depending on draws, made at an annual interest rate of 1.99%, are due March 19 and September 19 each year. Payments are secured by water fund revenue.

Balance due $ 4,885,441

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 $ 2,500,000

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 $ 150,409

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 $ 2,715,000

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 $ 3,560,000

NOTE 7 – LONG TERM LIABILITIES (CONTINUED)

Changes in long-term liabilities compromise the following:

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 $349,545 at June 30, 2015; of that amount, $60,000 is expected to be paid within a year.

NOTE 7 - LONG-TERM LIABILITIES (CONTINUED)

Future Debt Service

Future debt service for Business-type activities at June 30, 2015 is as follows for all debt except compensated absences and claims liabilities:

Debt Service Schedule
Business-type

Year Ending June 30,	Business-type Activities					
	2013 Water Revenue Note Bank of Nevada		1998 Water Project Loan Series 2000 USDA Rural Dev		1993 CLMSD Assessment Bond Series 1993-1 (91-1)	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	$ 91,594	$ 56,965	$ 54,000	$ 117,467	$ 125,000	$ 174,875
2017	4,793,849	27,798	57,000	114,831	135,000	168,375
2018	-	-	59,500	112,064	140,000	161,500
2019	-	-	62,500	109,167	145,000	154,375
2020	-	-	65,500	106,127	155,000	146,875
2021-2025	-	-	376,000	489,869	890,000	608,000
2026-2030	-	-	474,000	379,383	1,140,000	355,750
2031-2035	-	-	598,000	233,729	830,000	63,500
2036-2040	-	-	753,500	92,803	-	-
2041-2045	-	-	-	-	-	-
Total	$ 4,885,443	$ 84,763	$ 2,500,000	$ 1,755,439	$ 3,560,000	$ 1,833,250
Due within one year	$ 91,594	$ 56,965	$ 54,000	$ 117,467	$ 125,000	$ 174,875
Due after one year	4,793,849	27,798	2,446,000	1,637,972	3,435,000	1,658,375
Total	$ 4,885,443	$ 84,763	$ 2,500,000	$ 1,755,439	$ 3,560,000	$ 1,833,250

Year Ending June 30,	Wastewater Revenue Bond Series 2007A CSCDA		Water Main Extension Loan Mendocino College		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	$ 65,000	$ 122,460	75,203	-	$ 410,797	$ 471,767
2017	70,000	119,760	75,203	-	5,131,052	430,764
2018	70,000	116,960	-	-	269,500	390,524
2019	75,000	114,060	-	-	282,500	377,602
2020	80,000	110,960	-	-	300,500	363,962
2021-2025	440,000	498,875	-	-	1,706,000	1,596,744
2026-2030	550,000	388,055	-	-	2,164,000	1,123,188
2031-2035	685,000	245,380	-	-	2,113,000	542,609
2036-2040	680,000	66,263	-	-	1,433,500	159,066
2041-2045	-	-	-	-	-	-
Total	$ 2,715,000	$ 1,782,773	$ 150,406	$ -	$ 13,810,849	$ 5,456,224
Due within one year	$ 65,000	$ 122,460	$ 75,203	$ -	$ 410,797	$ 471,767
Due after one year	2,650,000	1,660,313	75,203	-	13,400,052	4,984,458
Total	$ 2,715,000	$ 1,782,773	$ 150,406	$ -	$ 13,810,849	$ 5,456,224

NOTE 8 - NET POSITION/FUND BALANCES

Restricted Net Position Detail

	Governmental Activities	Business-type Activities
Restricted for:		
Law enforcement	$ 177,846	$ -
Parks and recreation	5,000	-
Housing programs	2,789,635	-
Economic development programs	485,577	-
Transportation infrastructure	721,777	-
Assesstment district debt service	-	879,113
Debt service reserve	-	346,762
Depreciation reserve	-	155,586
Capital purposes	-	1,260,372
Expansion activities	-	1,184,717
Total	$ 4,179,835	$ 3,826,550

- 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.

NOTE 8 - NET POSITION/FUND BALANCES (CONTINUED)

Fund Balance Detail	
Nonspendable	
Loans/Notes receivable	$ 24,533
Long-term interfund advances	349,565
Total nonspendable	374,098
Restricted	
Law enforcement	177,846
Parks and recreation	5,000
Housing programs	2,789,635
Economic development programs	485,577
Transportation infrastructure	721,777
Total restricted	4,179,835
Committed	
Revenue stabalization	362,095
Total committed	362,095
Assigned	
Capital projects	361,035
General reserves	1,750,630
Subsequent year's budget: appropriation of fund balance	304,671
Housing and community programs	65,775
Debt service reserve	110,000
Total assigned	2,592,111
Unassigned	
Capital project fund deficit	(932,444.09)
Parkland and housing fund deficits	(279,937)
	(1,212,381)
Total fund balance	$ 6,295,758

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

Nonspendable

- **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.
- **Long-term interfund advances** – cash transfers to special revenue funds to provide financing for those activities. This also includes a loan from the general fund to the water fund for a capital purchase, reported on the statement face as an internal balance.

NOTE 8 - NET POSITION/FUND BALANCES (CONTINUED)

Restricted

- **Law enforcement –** comprised of asset forfeiture money and subventions received from the state for the use in police activities.
- **Parks and recreation –** grant proceeds received to develop a walking/hiking trail connecting park land in the city.
- **Housing programs –** consists of cash and notes receivable expressly reserved for the use in providing housing for low and moderate income residents.
- **Economic development programs** – consists primarily of loan receivables for business assistance.
- **Transportation infrastructure** – reserved in special revenue funds to finance transportation projects funded by state and federal sources.

Committed

- **Revenue stabilization** – rainy day fund established by policy and resolution of the City Council.

Assigned

- **Capital projects** –funds committed by the City Council 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.
- **Subsequent year's budget**: **appropriation of fund balance** – amount appropriated from prior budgetary surpluses in the general fund to finance one-time uses, primarily capital projects.
- **Housing and community assistance** – resources held for emergency housing and business stabilization programs.
- **Debt service reserve** – funds reserved by management for future debt service payments related to capital acquisitions.

Unassigned

- **Capital project fund deficit –** deficit fund balance related to acquisition of real property for new police department headquarters.
- **Parkland and housing fund deficits** – deficit fund balances in two special revenue funds.

Fund Deficits

Deficit fund balances consisted of the following:

NOTE 8 - NET POSITION/FUND BALANCES (CONTINUED)

Non-major Special Revenue Funds

Fund Name	Fund Number	Deficit Amount	Discussion/Explanation
General Capital Improvements	130	$ -	Deficit resulted from aqcuisition of new facility for police headquarters which is to be financed through loan proceeds from USDA, expected in FY 2015-16. The general fund financed the procurement in the interim and recorded a due from.
Parkland Dedication Fund	202	$(175,140)	Deficit resulted from a large payment to the Witt loan in fiscal year 2013. Financing for that payment came from advance from the general fund and be repaid from park dedication fees.
Lakeport Housing Program	209	$(115,800)	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.

NOTE 9 - INTERFUND TRANSACTIONS AND INTERFUND BORROWING

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 2015 were as follows:

Interfund Transactions

	Transferred In	Transferred Out
Governmental Funds		
Major funds:		
Fund: 110 - GENERAL FUND	$ 16,035	$ -
Fund: 130 - GENERAL CAPITAL PROJECTS	33,168	4,847
Total major funds	49,203	4,847
Non-major funds:		
Special revenue funds:		
Fund: 234 - BUS LOAN STABLIZ PROG FUND	-	11,187
Total non-major funds	-	11,187
Fiduciary Funds		
Fund: 705 - RDA SUCCESSOR PRIVATE PURPOSE TRUST	-	33,169
Total proprietary funds	-	33,169
Total Transfers	$ 49,203	$ 49,203

Transfers were made to close out old funds and accounts that were no longer in use and to reimburse the general fund for program-related general administrative costs.

NOTE 9 – INTERFUND TRANSACTIONS AND INTERFUND BORROWING (CONTINUED)

Interfund Borrowing and Internal Balances

Borrowing Fund (Due To)

Fund Number	Fund Name	Amount
130	General Capital Projects	892,780
409	Forbes Creek Trail Fund	11,828
240	2012 HOME Grant	190,667
Total Due To		$ 1,095,275

Lending Fund (Due From)

Fund Number	Fund Name	Amount
110	General Fund	892,780
110	General Fund	11,828
110	General Fund	190,667
Total Due From		$ 1,095,275

Borrowing Fund (Advances To)

Fund Number	Fund Name	Amount
202	Parkland Dedication Fund	175,140
209	Lakeport Housing Fund	174,425
Total Advances To		$ 349,565
Total Interfund Borrowing		$ 1,444,840

Lending Fund (Advances From)

Fund Number	Fund Name	Amount
110	General Fund	175,140
110	General Fund	174,425
Total Advances From		$ 349,565
Total Interfund Borrowing		$ 1,444,840

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.

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
5,000,001 - 15,000,000	Commercial reinsurance	
15,000,001 - 25,000,000	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
5,000,001 - 50,000,000	Commercial reinsurance	
50,000,001 - 300,000,000	Insurance	
Property Insurance Claims		
$0 - $10,000	Deductible	City funds
10,001 - 300,000,000	REMIF coverage of declared value	Shared risk pool

The City did not have any settlements which exceeded its liability coverage. The City does not have any accrued liability or reserves for fiscal year 2013.

The following is a summary of the most recent financial statements of REMIF as of and for the fiscal year ended June 30, 2014:

REMIF Equity

Total assets	$18,191,772
Total liabilities	15,648,280
Members' equity	$ 2,543,492
Net operating revenues	$ 8,514,416
Total operating expenses	9,480,853
Operating income (loss)	$ (966,437)

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.

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 statue and city ordinance. Copies of PERS annual financial report may be obtained from the Executive Office, 400 “P” Street, Sacramento, California, 95814.

General Information about the Pension Plans

Plan Descriptions - All qualified permanent and probationary employees are eligible to participate in the Local Government's separate Safety (police and fire) and Miscellaneous (all other) Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

NOTE 11 – PUBLIC EMPLOYEE RETIREMENT PLAN (CONTINUED)

Benefits Provided

	Miscellaneous	
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.5% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of elgigible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8%	9%
Required employer contribution rates	23.637%	9%

	Safety	
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50 - 57
Monthly benefits, as a % of elgigible compensation	3.00%	2.0% to 2.7%
Required employee contribution rates	9.000%	11.500%
Required employer contribution rates	40.798%	11.500%

Contributions

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

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

NOTE 11 – PUBLIC EMPLOYEE RETIREMENT PLAN (CONTINUED)

Contributions

	Miscellaneous	Safety
Contributions - employer	$ 329,964	$ 245,788
Contributions - employee (paid employer)	$ 111,677	$ 46,346

	Miscellaneous (PEPRA)	Safety (PEPRA)
Contributions - employer	$ 15,418	$ 13,829
Contributions - employee (paid employer)	$ 15,418	$ 13,829

NOTE 11 – PUBLIC EMPLOYEE RETIREMENT PLAN (CONTINUED)

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

As of June 30, 2015, the Local Government reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

Pension Liabilities, June 30, 2015

	Proportionate Share of Net Pension Liability
Miscellaneous	$ 4,118,690
Safety	2,701,420
Total Net Pension Liability	$ 6,820,110

The Local Government's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The Local Government's proportion of the net pension liability was based on a projection of the Local Government's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Local Government's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

Pension Liabilities, June 30, 2013 and 2014

	Miscellaneous	Safety
Proportion - June 30, 2013	0.14%	0.05%
Proportion - June 30, 2014	0.17%	0.07%
Change - Increase (Decrease)	0.03%	0.02%

For the year ended June 30, 2015, the Local Government recognized a reduction in pension expense of $543,219 At June 30, 2015, the Local Government reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Pension Expense and Deferred Outflows/Inflows

	Deferred Outflows of Resources	Deferred Inflow of Resources
Pension contributions subsequent to measurement date	$ 636,010	$ -
Differences between actual and expected experience	-	-
Changes in assumptions	-	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of the contributions	31,011	-
Net differences between projected and actual earning on plan investments	-	(1,433,388)
Total	$ 667,021	$ (1,433,388)

NOTE 11 – PUBLIC EMPLOYEE RETIREMENT PLAN (CONTINUED)

The $636,010 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Amortization

Year Ended 30-Jun	
2016	$ (258,803)
2017	377,207
2018	377,207
2019	301,767

Actuarial Assumptions

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

Actuarial Assumptions

	Miscellaneous	Safety
Valuation Date	June 30, 2013	June 30, 2013
Measurement	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.50%	7.50%
Inflation	2.75%	2.75%
Payroll Growth	Varies by entry age and service	
Projected Salary Increase	3.3% - 14.2% (1)	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)	7.5% (2)
Mortality	Derived using CalPERS' membership data for all funds	

(1) Depending on entry age and service
(2) Net of pension plan investment expenses, including inflation

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

NOTE 11 – PUBLIC EMPLOYEE RETIREMENT PLAN (CONTINUED)

Discount Rate

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

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

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

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

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

NOTE 11 – PUBLIC EMPLOYEE RETIREMENT PLAN (CONTINUED)

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

Rates of Return

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	12%	6.83%	6.95%
Real Estate	11%	4.50%	5.13%
Infrastructure and Forestland	3%	4.50%	5.09%
Liquidity	2%	-0.55%	-1.05%
Total	100%		

(a) An expected inflation of 2.5% used for this period.
(b) An expected inflation of 3.0% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate -The following presents the Local Government's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the Local Government's proportionate share of the net pension liability would be if it were calculated using a discount rate that is I-percentage point lower or I-percentage point higher than the current rate:

Sensitivity

	Miscellaneous	Safety
1% Decrease	6.50%	6.50%
Net Pension Liability	$ 6,521,683	$ 3,980,061
Current Discount Rate	7.50%	7.50%
Net Pension Liability	$ 4,118,321	$ 2,701,272
1% Increase	8.50%	8.50%
Net Pension Liability	$ 2,123,759	$ 1,647,604

Pension Plan Fiduciary Net Position

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

NOTE 11 – PUBLIC EMPLOYEE RETIREMENT PLAN (CONTINUED

E. Payable to the Pension Plan

At June 30, 2015, the Local Government reported a payable of $30,596 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

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 $351,660.

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

Number of retirees and dependents receiving benefits	
Retirees (or surviving spouse)	42
Number of current employees eligible to receive benefits:	
Tier 1 - Immediate eligibility	9
Tier 2 - Vesting requirement	6
Subtotal	15
Grand total	57

NOTE 12 - POSE RETIREMENT HEALTHCARE BENEFITS (CONTINUED)

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.

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	$	509,788
Interest on net OPEB obligation		-
Adjustment to annual required contribution		-
Annual OPEB cost (expense)		509,788
City portion of current premiums paid		(351,660)
Benefit payments made outside of trust		-
Increase in net OPEB obligation		158,128
Net OPEB obligation – beginning of year		567,478
Net OPEB obligation – end of year	$	725,606

Actuarial accrued liability (AAL)	$	7,784,325
Actuarial value of Plan assets		-
Unfunded actuarial accrued liability (UAAL)	$	7,784,325
Funded ratio (actuarial value of Plan assets/AAL)		0%
Covered payroll (active Plan participants)	$	1,143,345
UAAL as a percentage of covered payroll		681%

The City 's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for June 30, 2015 and the two preceding fiscal years were as follows:

NOTE 12 - POSE RETIREMENT HEALTHCARE BENEFITS (CONTINUED)

Three Year OPEB Trend Information

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012-13	$ 429,581	68%	$ 405,415
2013-14	$ 500,573	68%	$ 567,478
2014-15	$ 509,788	69%	$ 725,606

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

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.

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.

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

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.

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 fiscal year 2015 consisted of the following:

Redevelopment Successor Private Purpose Trust
Notes Receivable

	Beginning July 1, 2014	Additions	Deletions	Ending June 30, 2015
Redevelopment Fascade Enhancement Loans	$ 20,935	$ -	$ -	$ 20,935
Total loans/notes receivable	$ 20,935	$ -	$ -	$ 20,935

The following is a summary of changes in long-term liabilities for the year ended June 30, 2015:

Redevelopment Successor Private Purpose Trust
Debt Service Activity

	Balance July 1, 2014	Transfers/ Additions	Retirements	Balance June 30, 2015	Due Within June 30, 2015
Trust Activities:					
2004 Series A RDA Tax Exempt Bond	$ 1,050,000	$ -	$ -	$ 1,050,000	$ -
2004 Series B RDA Tax Exempt Bond	835,000	-	(45,000)	790,000	50,000
2008 Tax Allocation Bond	3,360,000	-	(15,000)	3,345,000	15,000
Total trust fund debt	$ 5,245,000	$ -	$ (60,000)	$ 5,185,000	$ 65,000

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	$	790,000

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	$	3,345,000

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

Future debt service for Fiduciary Activities at June 30, 2015, is as follows:

Debt Service Schedule
Redevelopment Successor Agency, Private Purpose Trust

Year Ending June 30,	Fiduciary Activities			
	2004 RDA Tax Exempt Bond Series A		2004 RDA Tax Exempt Bond Series B	
	Principal	Interest	Principal	Interest
2016	$ -	$ 55,125	$ 50,000	$ 42,512
2017	-	55,125	50,000	39,832
2018	-	55,125	55,000	37,018
2019	-	55,125	55,000	34,070
2020	-	55,125	60,000	30,988
2021-2025	-	275,625	355,000	99,016
2026-2030	305,000	251,606	165,000	9,464
2031-2035	605,000	119,306	-	-
2036-2040	140,000	3,675	-	-
2041-2045	-	-	-	-
Total	$ 1,050,000	$ 925,838	$ 790,000	$ 292,900
Due within one year	$ -	$ 55,125	$ 50,000	$ 42,512
Due after one year	1,050,000	870,713	740,000	250,388
Total	$ 1,050,000	$ 925,838	$ 790,000	$ 292,900

Year Ending June 30,	2008 Tax Allocation Bond Redevelopment Agency		Total	
	Principal	Interest	Principal	Interest
2016	15,000	163,628	$ 65,000	$ 261,265
2017	15,000	163,061	65,000	258,018
2018	20,000	162,373	75,000	254,516
2019	15,000	161,665	70,000	250,860
2020	20,000	160,938	80,000	247,051
2021-2025	465,000	753,340	820,000	1,127,981
2026-2030	695,000	620,455	1,165,000	881,525
2031-2035	930,000	416,636	1,535,000	677,706
2036-2040	1,170,000	127,765	1,310,000	131,440
2041-2045	-	-	-	-
Total	$ 3,345,000	$ 2,729,861	$ 5,185,000	$ 4,090,363
Due within one year	$ 15,000	$ 163,628	$ 65,000	$ 261,265
Due after one year	3,330,000	2,566,233	5,120,000	3,829,098
	$ 3,345,000	$ 2,729,861	$ 5,185,000	$ 4,090,363

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 times 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.

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.

The GASB issued Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date; an amendment of GASB Statement No. 68." The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014.

NOTE 16 – SUBSEQUENT EVENTS

Draw on Bank of Nevada water revenue note:

During the 2014-15 fiscal year, the City made two draws from its account with Bank of Nevada in the amount of $3,300,000. Per the terms of the loan agreement, the Bank adjusted the amortization schedule accordingly. The revised future debt service schedule is presented below:

Debt Service Schedule
Business-type

Year Ending June 30,	Business-type Activities 2013 Water Revenue Note Bank of Nevada	
	Principal	Interest
2016	$ 91,594	$ 59,965
2017	4,793,849	27,798
2018	-	-
Total	$ 4,885,443	$ 87,763
Due within one year	$ 91,594	$ 59,965
Due after one year	4,793,849	27,798
Total	$ 4,885,443	$ 87,763

NOTE 16 – SUBSEQUENT EVENTS (CONTINUED)

Issuance of refunding pension note with Umpqua Bank:

In December of 2015, the City restructured part of its Unfunded Accrued Actuarial Liability (UAAL) with CalPERS related to pension. The move was designed to enhance budgetary flexibility over the next 20 years while attempting to capture cost savings from reduced interest. The issue amount was $3,147,000, approximately half of the reported outstanding UAAL with CalPERS. Debt service on the issue will begin in fiscal year 2016-17.

Debt Service Schedule
Government-wide

Year Ending June 30,	Business-type Activities Series 2015 Refunding Note Umpqua Bank	
	Principal	Interest
2016	$ -	$ -
2017	277,000	150,611
2018	269,000	114,944
2019	233,000	104,284
2020	193,000	95,141
2020-2024	929,000	359,119
2025-2029	827,000	176,977
2030-2034	419,000	29,500
2035-2039	-	-
2040-2044	-	-
Total	$ 3,147,000	$ 1,030,576
Due within one year	$ -	$ -
Due after one year	3,147,000	1,030,576
Total	$ 3,147,000	$ 1,030,576

OTHER REQUIRED SUPPLEMENTARY INFORMATION (RSI)

Trend Data on Post-Employment Benefits
Other Post-employment Benefits
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
N/A[1]	N/A	N/A	N/A	N/A	N/A	N/A
6/30/2011[2]	$0	$ 6,863,624	$ 6,863,624	0%	$2,884,993	238%
6/30/2013[3]	$0	$ 7,784,325	$ 7,784,325	0%	$1,396,416	557%

[1] The City's first actuarial valuation was performed for 6/30/2011

[2] The 6/30/11 Actuarial Accrued Liability was calculated using a discount rate of 5%.

[3] The 6/30/13 Actuarial Accrued Liability was calculated using a discount rate of 5%.

Miscellaneous Plan

Last 10 Fiscal Years*	2014
Contractually required contribution (actuarially determined)	$ 355,824
Contributions in relation to the actuarially determined contributions	(355,824)
Contribution deficiency (excess)	$ -
Covered-employee payroll	$ 1,701,473
Contribution as a percentage of covered-employee payroll	20.91%

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* - Fiscal year 2015 was the first year of implementation, therefore only the first year was available.

PEPRA Miscellaneous Plan

Last 10 Fiscal Years*	2014
Contractually required contribution (actuarially determined)	$ 9,496
Contributions in relation to the actuarially determined contributions	(9,496)
Contribution deficiency (excess)	$ -
Covered-employee payroll	$ 90,972
Contribution as a percentage of covered-employee payroll	10.44%

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* - Fiscal year 2015 was the first year of implementation, therefore only the first year was available.

Safety Plan

Last 10 Fiscal Years*	2014
Contractually required contribution (actuarially determined)	$ 260,791
Contributions in relation to the actuarially determined contributions	(260,791)
Contribution deficiency (excess)	$ -
Covered-employee payroll	$ 507,306
Contribution as a percentage of covered-employee payroll	51.41%

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* - Fiscal year 2015 was the first year of implementation, therefore only the first year was available.

PEPRA Safety Plan

Last 10 Fiscal Years*	2014
Contractually required contribution (actuarially determined)	$ 10,203
Contributions in relation to the actuarially determined contributions	(10,203)
Contribution deficiency (excess)	$ -
Covered-employee payroll	$ 89,929
Contribution as a percentage of covered-employee payroll	11.35%

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* - Fiscal year 2015 was the first year of implementation, therefore only the first year was available.

Miscellaneous Plan

Last 10 Fiscal Years*	2014
Plan's Proportion of the Net Pension Liability/(Asset)	0.06618%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	$ 4,118,321
Plan's Covered-Employee Payroll	$ 1,701,473
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	242.04%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	77.27%
Plan's Proportionate Share of Aggregate Employer Contribution	$ 378,529

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* - Fiscal year 2015 was the first year of implementation, therefore only the first year was available.

PEPRA Miscellaneous Plan

Last 10 Fiscal Years*	2014
Plan's Proportion of the Net Pension Liability/(Asset)	0.00001%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	$ 369
Plan's Covered-Employee Payroll	$ 90,972
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	0.41%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	83.03%
Plan's Proportionate Share of Aggregate Employer Contribution	$ 49

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* - Fiscal year 2015 was the first year of implementation, therefore only the first year was available.

Safety Plan

Last 10 Fiscal Years*	2014
Plan's Proportion of the Net Pension Liability/(Asset)	0.04341%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	$ 2,701,272
Plan's Covered-Employee Payroll	$ 507,306
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	532.47%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	71.71%
Plan's Proportionate Share of Aggregate Employer Contribution	$ 193,809

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* - Fiscal year 2015 was the first year of implementation, therefore only the first year was available.

PEPRA Safety Plan

Last 10 Fiscal Years*	2014
Plan's Proportion of the Net Pension Liability/(Asset)	0.00000%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	$ 148
Plan's Covered-Employee Payroll	$ 89,929
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	0.16%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	81.41%
Plan's Proportionate Share of Aggregate Employer Contribution	$ 18

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* - Fiscal year 2015 was the first year of implementation, therefore only the first year was available.

Combining Nonmajor Governmental Funds

NONMAJOR 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.

CDBG ECONOMIC DEVELOPMENT PROGRAM INCOME FUND

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.

BSCC Law Enforcement Subvention

This fund reports the receipt of state subvention from the Board of State and Community Corrections (BSCC) appropriated to local municipal law enforcement agencies for specified police activities.

LOW-MOD HOUSING FUND

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

CDBG HOUSING PROGRAM INCOME 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.

NONMAJOR SPECIAL REVENUE FUNDS (continued)

CDBG Housing Grant 2010 Fund
This fund was used to track expenditures, and note receivables, related to the 2010 housing grant.

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.

Parallel/Bevins Storm Maintenance Fund
Fund set up to account for revenue received and expenditures made in conjunction with development along the Parallel Drive and Bevins Drive corridors.

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.

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.

City of Lakeport, California
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Parkland Dedication Special Revenue	HUTA Gas Tax Special Revenue	Prop 172 Public Safety Special Revenue	Lakeport Housing Special Revenue
ASSETS				
Cash and Investments	$ -	$ 407,438	$ 52,886	$ -
Receivables:				
Interest	-	228	30	-
Notes	-	-	-	63,937
Grants and subventions	-	13,209	5,657	-
Accounts and other	-	-	-	5,691
Total assets	$ -	$ 420,875	$ 58,573	$ 69,628
LIABILIITIES				
Accounts payable	-	-	14,812	-
Due to other funds	-	-	-	-
Advances from other funds	175,140	-	-	174,425
Total liabilities	175,140	-	14,812	174,425
FUND BALANCE				
Nonspendable:				
Loans receivable	-	-	-	-
Restricted:				
Law enforcement	-	-	43,761	-
Housing programs	-	-	-	-
Economic development programs	-	-	-	-
Transportation infrastructure	-	420,875	-	-
Assigned:				
Capital projects	-	-	-	-
Housing and community assistance	-	-	-	-
Unassigned (deficit)	(175,140)	-	-	(104,797)
Total Fund Balance	(175,140)	420,875	43,761	(104,797)
Total Liabilities and Fund Balance	$ -	$ 420,875	$ 58,573	$ 69,628

City of Lakeport, California
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Economic PI Special Revenue	BSCC Law Enforcement Grant Special Revenue	Low-Mod Housing Fund Housing Fund	Housing PI Special Revenue
ASSETS				
Cash and Investments	$ 191,419	$ 124,924	$ 68,736	$ 15,995
Receivables:				
Interest	107	70	38	9
Notes	239,214	-	384,562	377,644
Grants and subventions	-	-	-	-
Accounts and other	53,021	-	2,434	352
Total assets	$ 483,761	$ 124,994	$ 455,770	$ 394,000
LIABILIITIES				
Accounts payable	-	-	-	46
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Total liabilities	-	-	-	46
FUND BALANCE				
Nonspendable:				
Loans receivable	-	-	-	-
Restricted:				
Law enforcement	-	124,994	-	-
Housing programs	-	-	455,770	393,954
Economic development programs	483,761	-	-	-
Transportation infrastructure	-	-	-	-
Assigned:				
Capital projects	-	-	-	-
Housing and community assistance	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total Fund Balance	483,761	124,994	455,770	393,954
Total Liabilities and Fund Balance	$ 483,761	$ 124,994	$ 455,770	$ 394,000

City of Lakeport, California
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2015

	Emergency Housing	Microenterprise PI	Business Stabilization	CDBG 2010 Housing
	Special Revenue	Special Revenue	Special Revenue	Special Revenue
ASSETS				
Cash and Investments	$ 7,609	$ 1,814	$ -	$ 12,443
Receivables:				
Interest	3	2	-	7
Notes	4,989	-	52,667	344,169
Grants and subventions	-	-	-	-
Accounts and other	500	-	7	-
Total assets	$ 13,101	$ 1,816	$ 52,674	$ 356,619
LIABILIITIES				
Accounts payable	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Total liabilities	-	-	-	-
FUND BALANCE				
Nonspendable:				
Loans receivable	-	-	-	-
Restricted:				
Law enforcement	-	-	-	-
Housing programs	-	-	-	356,619
Economic development programs	-	1,816	-	-
Transportation infrastructure	-	-	-	-
Assigned:				
Capital projects	-	-	-	-
Housing and community assistance	13,101	-	52,674	-
Unassigned (deficit)	-	-	-	-
Total Fund Balance	13,101	1,816	52,674	356,619
Total Liabilities and Fund Balance	$ 13,101	$ 1,816	$ 52,674	$ 356,619

City of Lakeport, California
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Tenth Street Drainage	Lakeport Blvd Improvement	South Main Improvement	Parkside Traffic Mitigation
	Special Revenue	Special Revenue	Special Revenue	Special Revenue
ASSETS				
Cash and Investments	$ 85,090	$ 116,675	$ 61,812	$ 17,229
Receivables:				
Interest	48	65	35	10
Notes	-	-	-	-
Grants and subventions	-	-	-	-
Accounts and other	-	-	-	-
Total assets	$ 85,138	$ 116,740	$ 61,847	$ 17,239
LIABILIITIES				
Accounts payable	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Total liabilities	-	-	-	-
FUND BALANCE				
Nonspendable:				
Loans receivable	-	-	-	-
Restricted:				
Law enforcement	-	-	-	-
Housing programs	-	-	-	-
Economic development programs	-	-	-	-
Transportation infrastructure	85,138	116,740	61,847	17,239
Assigned:				
Capital projects	-	-	-	-
Housing and community assistance	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total Fund Balance	85,138	116,740	61,847	17,239
Total Liabilities and Fund Balance	$ 85,138	$ 116,740	$ 61,847	$ 17,239

City of Lakeport, California
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Parallel/Bevins Storm Maintenanc Special Revenue	Forbes Creek Trail Fund Special Revenue	Lakeshore Storm Damage Special Revenue
ASSETS			
Cash and Investments	$ 19,918	$ -	$ 3,171
Receivables:			
Interest	11	-	2
Notes	-	-	-
Grants and subventions	-	11,828	14,447
Accounts and other	-	-	-
Total assets	$ 19,929	$ 11,828	$ 17,620
LIABILIITIES			
Accounts payable	-	-	17,613
Due to other funds	-	11,828	-
Advances from other funds	-	-	-
Total liabilities	-	11,828	17,613
FUND BALANCE			
Nonspendable:			
Loans receivable	-	-	-
Restricted:			
Law enforcement	-	-	-
Housing programs	-	-	-
Economic development programs	-	-	-
Transportation infrastructure	19,929	-	7
Assigned:			
Capital projects	-	-	-
Housing and community assistance	-	-	-
Unassigned (deficit)	-	-	-
Total Fund Balance	19,929	-	7
Total Liabilities and Fund Balance	$ 19,929	$ 11,828	$ 17,620

City of Lakeport, California
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Storm Drainage Fund Special Revenue	Lakeshore Blvd HSIPL (Safety) Special Revenue	Other Governmental Funds
ASSETS			
Cash and Investments	$ 330,880	$ 2	$ 1,518,041
Receivables:			
Interest	186	-	851
Notes	-	-	1,467,182
Grants and subventions	-	-	45,141
Accounts and other	-	-	62,005
Total assets	$ 331,066	$ 2	$ 3,093,220
LIABILIITIES			
Accounts payable	-	-	$ 32,471
Due to other funds	-	-	11,828
Advances from other funds	-	-	349,565
Total liabilities	-	-	393,864
FUND BALANCE			
Nonspendable:			
Loans receivable	-	-	-
Restricted:			
Law enforcement	-	-	168,755
Housing programs	-	-	1,206,343
Economic development programs	-	-	485,577
Transportation infrastructure	-	2	721,777
Assigned:			
Capital projects	331,066	-	331,066
Housing and community assistance	-	-	65,775
Unassigned (deficit)	-	-	(279,937)
Total Fund Balance	331,066	2	2,699,356
Total Liabilities and Fund Balance	$ 331,066	$ 2	$ 3,093,220

City of Lakeport, California
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended June 30, 2015

	Parkland Dedication	HUTA Gas Tax	Prop 172 Public Safety	Lakeport Housing
	Special Revenue	Special Revenue	Special Revenue	Special Revenue
REVENUE				
Taxes:				
Sales	$ -	$ -	$ -	$ -
Use of money and property	-	869	114	62,081
Intergovernmental revenue	-	135,767	33,040	-
Total revenue	-	136,636	33,154	62,081
EXPENDITURES				
Current:				
Roads and infrastructure:				
Public works	-	1,086	-	-
Engineering and information technology	-	-	-	-
Housing and support programs	-	-	-	51,078
Economic development	-	-	-	-
Public safety	-	-	14,812	-
Total expenditures	-	1,086	14,812	51,078
Excess of revenue over (under) expenditures	-	135,550	18,342	11,003
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Total other	-	-	-	-
Net change in fund balance	-	135,550	18,342	11,003
Fund balance - beginning	(175,140)	285,325	25,419	(115,800)
Fund balance - ending	$ (175,140)	$ 420,875	$ 43,761	$ (104,797)

City of Lakeport, California
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended June 30, 2015

	Economic PI Special Revenue	BSCC Law Enforcement Grant Special Revenue	Low-Mod Housing Fund Housing Fund	Housing PI Special Revenue
REVENUE				
Taxes:				
Sales	$ -	$ -	$ -	$ -
Use of money and property	11,223	266	3,016	101,631
Intergovernmental revenue	-	100,817	-	-
Total revenue	11,223	101,083	3,016	101,631
EXPENDITURES				
Current:				
Roads and infrastructure:				
Public works	-	-	-	-
Engineering and information technology	-	-	-	-
Housing and support programs	-	-	-	18,320
Economic development	12,686	-	-	-
Public safety	-	68,100	-	-
Total expenditures	12,686	68,100	-	18,320
Excess of revenue over (under) expenditures	(1,463)	32,983	3,016	83,311
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Total other	-	-	-	-
Net change in fund balance	(1,463)	32,983	3,016	83,311
Fund balance - beginning	485,224	92,011	452,754	310,643
Fund balance - ending	$ 483,761	$ 124,994	$ 455,770	$ 393,954

City of Lakeport, California
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended June 30, 2015

	Emergency Housing	Microenterprise PI	Business Stabilization	CDBG 2010 Housing
	Special Revenue	Special Revenue	Special Revenue	Special Revenue
REVENUE				
Taxes:				
Sales	$ -	$ -	$ -	$ -
Use of money and property	76	4	507	690
Intergovernmental revenue	-	-	-	-
Total revenue	76	4	507	690
EXPENDITURES				
Current:				
Roads and infrastructure:				
Public works	-	-	-	-
Engineering and information technology	-	-	-	-
Housing and support programs	1,149	-	-	-
Economic development	-	-	-	-
Public safety	-	-	-	-
Total expenditures	1,149	-	-	-
Excess of revenue over (under) expenditures	(1,073)	4	507	690
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(11,187)	-
Total other	-	-	(11,187)	-
Net change in fund balance	(1,073)	4	(10,680)	690
Fund balance - beginning	14,174	1,812	63,354	355,929
Fund balance - ending	$ 13,101	$ 1,816	$ 52,674	$ 356,619

City of Lakeport, California
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended June 30, 2015

	Tenth Street Drainage	Lakeport Blvd Improvement	South Main Improvement	Parkside Traffic Mitigatior
	Special Revenue	Special Revenue	Special Revenue	Special Revenue
REVENUE				
Taxes:				
Sales	$ -	$ -	$ -	$ -
Use of money and property	182	249	132	37
Intergovernmental revenue	-	-	-	-
Total revenue	182	249	132	37
EXPENDITURES				
Current:				
Roads and infrastructure:				
Public works	-	-	-	-
Engineering and information technology	-	-	-	-
Housing and support programs	-	-	-	-
Economic development	-	-	-	-
Public safety	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenue over (under) expenditures	182	249	132	37
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Total other	-	-	-	-
Net change in fund balance	182	249	132	37
Fund balance - beginning	84,956	116,491	61,715	17,202
Fund balance - ending	$ 85,138	$ 116,740	$ 61,847	$ 17,239

City of Lakeport, California
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended June 30, 2015

	Parallel/Bevins Storm Maintenance Special Revenue	Forbes Creek Trail Fund Special Revenue	Lakeshore Storm Damage Special Revenue
REVENUE			
Taxes:			
Sales	$ -	$ -	$ -
Use of money and property	42	-	7
Intergovernmental revenue	-	-	14,447
Total revenue	42	-	14,454
EXPENDITURES			
Current:			
Roads and infrastructure:			
Public works	-	-	3,671
Engineering and information technology	-	-	20,099
Housing and support programs	-	-	-
Economic development	-	-	-
Public safety	-	-	-
Total expenditures	-	-	23,770
Excess of revenue over (under) expenditures	42	-	(9,316)
OTHER FINANCING SOURCES (USES)			
Transfers out	-	-	-
Total other	-	-	-
Net change in fund balance	42	-	(9,316)
Fund balance - beginning	19,887	-	9,323
Fund balance - ending	$ 19,929	$ -	$ 7

City of Lakeport, California
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended June 30, 2015

	Storm Drainage Fund Special Revenue	Lakeshore Blvd HSIPL (Safety) Special Revenue	Other Governmental Funds
REVENUE			
Taxes:			
Sales	$ -	$ -	$ -
Use of money and property	706	-	181,832
Intergovernmental revenue	-	-	284,071
Total revenue	706	-	465,903
EXPENDITURES			
Current:			
Roads and infrastructure:			
Public works	23,313	-	28,070
Engineering and information technology	-	792	20,891
Housing and support programs	-	-	70,547
Economic development	-	-	12,686
Public safety	-	-	82,912
Total expenditures	23,313	792	215,106
Excess of revenue over (under) expenditures	(22,607)	(792)	250,797
OTHER FINANCING SOURCES (USES)			
Transfers out	-	-	(11,187)
Total other	-	-	(11,187)
Net change in fund balance	(22,607)	(792)	239,610
Fund balance - beginning	353,673	794	2,459,746
Fund balance - ending	$ 331,066	$ 2	$ 2,699,356

NONMAJOR GOVERNMENTAL FUND BUDGET COMPARISONS

City of Lakeport, California
Parkland Dedication Fund
Statement of Revenue, Expenditures, and Change in Fund Balances
Budget and Actual

No transactions to report.

City of Lakeport, California
Gas Tax Fund (HUTA)
Statement of Revenue, Expenditures, and Change in Fund Balances
Budget and Actual

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUE				
Use of money and property	$ 500	$ 500	$ 869	$ 369
Intergovernmental revenue	128,988	128,988	135,767	6,779
Total revenue	129,488	129,488	136,636	7,148
EXPENDITURES				
Current:				
Public works	384,500	384,500	1,086	383,414
Engineering and information technology	109,735	109,735	-	109,735
Total expenditures	494,235	494,235	1,086	493,149
Excess of revenue over (under) expenditures	(364,747)	(364,747)	135,550	500,297
OTHER FINANCING SOURCES (USES)				
Transfers out	(10,000)	(10,000)	-	10,000
Total other	(10,000)	(10,000)	-	10,000
Net change in fund balance	(374,747)	(374,747)	135,550	510,297
Fund balance - beginning	285,325	285,325	285,325	-
Fund balance - ending	$ (89,422)	$ (89,422)	$ 420,875	$ 510,297

The accompanying notes are integral part of these financial statements.

City of Lakeport, California
Prop 172 Public Safety Fund
Statement of Revenue, Expenditures, and Change in Fund Balances
Budget and Actual

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUE				
Use of money and property	-	-	114	114
Intergovernmental revenue	$ 21,000	$ 21,000	$ 33,040	$ 12,040
Total revenue	21,000	21,000	33,154	12,154
EXPENDITURES				
Current:				
Public safety	20,000	20,000	14,812	5,188
Total expenditures	20,000	20,000	14,812	5,188
Excess of revenue over (under) expenditures	1,000	1,000	18,342	17,342
Net change in fund balance	1,000	1,000	18,342	17,342
Fund balance - beginning	25,419	25,419	25,419	-
Fund balance - ending	$ 26,419	$ 26,419	$ 43,761	$ 17,342

The accompanying notes are integral part of these financial statements.

City of Lakeport, California
Lakeport Housing Fund
Statement of Revenue, Expenditures, and Change in Fund Balances
Budget and Actual

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUE				
Use of money and property	$ 9,500	$ 9,500	$ 62,081	$ 52,581
Total revenue	9,500	9,500	62,081	52,581
EXPENDITURES				
Current:				
Housing and support programs	-	-	51,078	(51,078)
Total expenditures	-	-	51,078	(51,078)
Excess of revenue over (under) expenditures	9,500	9,500	11,003	1,503
OTHER FINANCING SOURCES (USES)				
Transfers out	(9,500)	(9,500)	-	9,500
Total other	(9,500)	(9,500)	-	9,500
Net change in fund balance	-	-	11,003	11,003
Fund balance - beginning	(115,800)	(115,800)	(115,800)	-
Fund balance - ending	$ (115,800)	$ (115,800)	$ (104,797)	$ 11,003

The accompanying notes are integral part of these financial statements.

City of Lakeport, California
CDBG Economic Development Program Income Fund
Statement of Revenue, Expenditures, and Change in Fund Balances
Budget and Actual

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUE				
Use of money and property	$ 14,500	$ 14,500	$ 11,223	$ (3,277)
Total revenue	14,500	14,500	11,223	(3,277)
EXPENDITURES				
Current:				
Economic development	58,500	58,500	12,686	45,814
Total expenditures	58,500	58,500	12,686	45,814
Excess of revenue over (under) expenditures	(44,000)	(44,000)	(1,463)	42,537
OTHER FINANCING SOURCES (USES)				
Transfers out	(43,000)	(43,000)	-	43,000
Total other	(43,000)	(43,000)	-	43,000
Net change in fund balance	(87,000)	(87,000)	(1,463)	85,537
Fund balance - beginning	485,224	485,224	485,224	-
Fund balance - ending	$ 398,224	$ 398,224	$ 483,761	$ 85,537

The accompanying notes are integral part of these financial statements.

City of Lakeport, California
BSCC Law Enforcement Subvention
Statement of Revenue, Expenditures, and Change in Fund Balances
Budget and Actual

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUE				
Use of money and property	$ 200	$ 200	$ 266	$ 66
Intergovernmental revenue	60,000	60,000	100,817	40,817
Total revenue	60,200	60,200	101,083	40,883
EXPENDITURES				
Current:				
Public safety	15,000	15,000	68,100	(53,100)
Total expenditures	15,000	15,000	68,100	(53,100)
Excess of revenue over (under) expenditures	45,200	45,200	32,983	(12,217)
OTHER FINANCING SOURCES (USES)				
Transfers out	(40,000)	(40,000)	-	40,000
Total other	(40,000)	(40,000)	-	40,000
Net change in fund balance	5,200	5,200	32,983	27,783
Fund balance - beginning	92,011	92,011	92,011	-
Fund balance - ending	$ 97,211	$ 97,211	$ 124,994	$ 27,783

The accompanying notes are integral part of these financial statements.

City of Lakeport, California
Low-Mod Housing Fund
Statement of Revenue, Expenditures, and Change in Fund Balances
Budget and Actual

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUE				
Use of money and property	$ -	$ -	$ 3,016	$ 3,016
Total revenue	-	-	3,016	3,016
EXPENDITURES				
Current:				
Housing and support programs	10,000	10,000	-	10,000
Total expenditures	10,000	10,000	-	10,000
Excess of revenue over (under) expenditures	(10,000)	(10,000)	3,016	13,016
Net change in fund balance	(10,000)	(10,000)	3,016	13,016
Fund balance - beginning	452,754	452,754	452,754	-
Fund balance - ending	$ 442,754	$ 442,754	$ 455,770	$ 13,016

The accompanying notes are integral part of these financial statements.

City of Lakeport, California
CDBG Housing Program Income Fund
Statement of Revenue, Expenditures, and Change in Fund Balances
Budget and Actual

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUE				
Use of money and property	$ -	$ -	$ 101,631	$ 101,631
Total revenue	-	-	101,631	101,631
EXPENDITURES				
Current:				
Housing and support programs	26,000	26,000	18,320	7,680
Total expenditures	26,000	26,000	18,320	7,680
Excess of revenue over (under) expenditures	(26,000)	(26,000)	83,311	109,311
OTHER FINANCING SOURCES (USES)				
Transfers in	32,000	32,000	-	(32,000)
Transfers out	(9,500)	(9,500)	-	9,500
Total other	22,500	22,500	-	(22,500)
Net change in fund balance	(3,500)	(3,500)	83,311	86,811
Fund balance - beginning	310,643	310,643	310,643	-
Fund balance - ending	$ 307,143	$ 307,143	$ 393,954	$ 86,811

The accompanying notes are integral part of these financial statements.

City of Lakeport, California
Emergency Housing Assistance
Statement of Revenue, Expenditures, and Change in Fund Balances
Budget and Actual

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUE				
Use of money and property	$ -	$ -	$ 76	$ 76
Total revenue	-	-	76	76
EXPENDITURES				
Current:				
Housing and support programs	6,000	6,000	1,149	4,851
Total expenditures	6,000	6,000	1,149	4,851
Excess of revenue over (under) expenditures	(6,000)	(6,000)	(1,073)	4,927
Net change in fund balance	(6,000)	(6,000)	(1,073)	4,927
Fund balance - beginning	14,174	14,174	14,174	-
Fund balance - ending	$ 8,174	$ 8,174	$ 13,101	$ 4,927

The accompanying notes are integral part of these financial statements.

City of Lakeport, California
CDBG Microenterprise Program Income Fund
Statement of Revenue, Expenditures, and Change in Fund Balances
Budget and Actual

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUE				
Use of money and property	$ -	$ -	$ 4	$ 4
Total revenue	-	-	4	4
EXPENDITURES				
Current:				
Economic development	1,500	1,500	-	1,500
Total expenditures	1,500	1,500	-	1,500
Excess of revenue over (under) expenditures	(1,500)	(1,500)	4	1,504
Net change in fund balance	(1,500)	(1,500)	4	1,504
Fund balance - beginning	1,812	1,812	1,812	-
Fund balance - ending	$ 312	$ 312	$ 1,816	$ 1,504

The accompanying notes are integral part of these financial statements.

City of Lakeport, California
Business Stabilization Loan Fund
Statement of Revenue, Expenditures, and Change in Fund Balances
Budget and Actual

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUE				
Use of money and property	$ 5,300	$ 5,300	$ 507	$ (4,793)
Total revenue	5,300	5,300	507	(4,793)
EXPENDITURES				
Current:				
Total expenditures	-	-	-	-
Excess of revenue over (under) expenditures	5,300	5,300	507	(4,793)
OTHER FINANCING SOURCES (USES)				
Transfers out	(5,300)	(5,300)	(11,187)	(5,887)
Total other	(5,300)	(5,300)	(11,187)	(5,887)
Net change in fund balance	-	-	(10,680)	(10,680)
Fund balance - beginning	63,354	63,354	63,354	-
Fund balance - ending	$ 63,354	$ 63,354	$ 52,674	$ (10,680)

The accompanying notes are integral part of these financial statements.

City of Lakeport, California
2010 CDBG Housing Grant
Statement of Revenue, Expenditures, and Change in Fund Balances
Budget and Actual

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUE				
Use of money and property	$ -	$ -	$ 690	$ 690
Total revenue	-	-	690	690
EXPENDITURES				
Total expenditures	-	-	-	-
Excess of revenue over (under) expenditures	-	-	690	690
Net change in fund balance	-	-	690	690
Fund balance - beginning	355,929	355,929	355,929	-
Fund balance - ending	$ 355,929	$ 355,929	$ 356,619	$ 690

The accompanying notes are integral part of these financial statements.

City of Lakeport, California
Tenth Street Drainage Fund
Statement of Revenue, Expenditures, and Change in Fund Balances
Budget and Actual

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUE				
Use of money and property	$ 300	$ 300	$ 182	$ (118)
Total revenue	300	300	182	(118)
EXPENDITURES				
Current:				
Total expenditures	-	-	-	-
Excess of revenue over (under) expenditures	300	300	182	(118)
Net change in fund balance	300	300	182	(118)
Fund balance - beginning	84,956	84,956	84,956	-
Fund balance - ending	$ 85,256	$ 85,256	$ 85,138	$ (118)

The accompanying notes are integral part of these financial statements.

City of Lakeport, California
Lakeport Blvd Improvement Fund
Statement of Revenue, Expenditures, and Change in Fund Balances
Budget and Actual

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUE				
Use of money and property	$ 400	$ 400	$ 249	$ (151)
Total revenue	400	400	249	(151)
EXPENDITURES				
Total expenditures	-	-	-	-
Excess of revenue over (under) expenditures	400	400	249	(151)
Net change in fund balance	400	400	249	(151)
Fund balance - beginning	116,491	116,491	116,491	-
Fund balance - ending	$ 116,891	$ 116,891	$ 116,740	$ (151)

The accompanying notes are integral part of these financial statements.

City of Lakeport, California
South Main Street Improvement Fund
Statement of Revenue, Expenditures, and Change in Fund Balances
Budget and Actual

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUE				
Use of money and property	$ 250	$ 250	$ 132	$ (118)
Total revenue	250	250	132	(118)
EXPENDITURES				
Current:				
Total expenditures	-	-	-	-
Excess of revenue over (under) expenditures	250	250	132	(118)
Net change in fund balance	250	250	132	(118)
Fund balance - beginning	61,715	61,715	61,715	-
Fund balance - ending	$ 61,965	$ 61,965	$ 61,847	$ (118)

The accompanying notes are integral part of these financial statements.

City of Lakeport, California
Parkside Traffic Mitigation Fund
Statement of Revenue, Expenditures, and Change in Fund Balances
Budget and Actual

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
Use of money and property	$ 50	$ 50	$ 37	$ (13)
Total revenue	50	50	37	(13)
EXPENDITURES				
Total expenditures	-	-	-	-
Excess of revenue over (under) expenditures	50	50	37	(13)
Net change in fund balance	50	50	37	(13)
Fund balance - beginning	17,202	17,202	17,202	-
Fund balance - ending	$ 17,252	$ 17,252	$ 17,239	$ (13)

The accompanying notes are integral part of these financial statements.

City of Lakeport, California
Parallel/Bevins Storm Water Maintenance Fund
Statement of Revenue, Expenditures, and Change in Fund Balances
Budget and Actual

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUE				
Use of money and property	$ 50	$ 50	$ 42	$ (8)
Total revenue	50	50	42	(8)
EXPENDITURES				
Total expenditures	-	-	-	-
Excess of revenue over (under) expenditures	50	50	42	(8)
Net change in fund balance	50	50	42	(8)
Fund balance - beginning	19,887	19,887	19,887	-
Fund balance - ending	$ 19,937	$ 19,937	$ 19,929	$ (8)

The accompanying notes are integral part of these financial statements.

City of Lakeport, California
Forbes Creek Train Fund
Statement of Revenue, Expenditures, and Change in Fund Balances
Budget and Actual

No transactions to report.

City of Lakeport, California
Lakeshore Storm Damage Repair
Statement of Revenue, Expenditures, and Change in Fund Balances
Budget and Actual

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUE				
Use of money and property	$ 20	$ 20	$ 7	$ (13)
Intergovernmental revenue	61,000	61,000	14,447	(46,553)
Total revenue	61,020	61,020	14,454	(46,566)
EXPENDITURES				
Current:				
Roads and infrastructure:				
Public works	-	-	3,671	(3,671)
Engineering and information technology	61,000	61,000	20,099	40,901
Total expenditures	61,000	61,000	23,770	37,230
Excess of revenue over (under) expenditures	20	20	(9,316)	(9,336)
Net change in fund balance	20	20	(9,316)	(9,336)
Fund balance - beginning	9,322	9,322	9,322	-
Fund balance - ending	$ 9,342	$ 9,342	$ 6	$ (9,336)

The accompanying notes are integral part of these financial statements.

City of Lakeport, California
Prop 40 Per Capita Grant
Statement of Revenue, Expenditures, and Change in Fund Balances
Budget and Actual

No transactions to report.

City of Lakeport, California
Storm Drainage Fund
Statement of Revenue, Expenditures, and Change in Fund Balances
Budget and Actual

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUE				
Use of money and property	$ 1,000	$ 1,000	$ 706	$ (294)
Total revenue	1,000	1,000	706	(294)
EXPENDITURES				
Current:				
Roads and infrastructure:				
Public works	91,500	196,500	23,313	173,187
Total expenditures	91,500	196,500	23,313	173,187
Excess of revenue over (under) expenditures	(90,500)	(195,500)	(22,607)	172,893
OTHER FINANCING SOURCES (USES)				
Transfers out	(4,200)	(4,200)	-	4,200
Total other	(4,200)	(4,200)	-	4,200
Net change in fund balance	(94,700)	(199,700)	(22,607)	177,093
Fund balance - beginning	353,673	353,673	353,673	-
Fund balance - ending	$ 258,973	$ 153,973	$ 331,066	$ 177,093

The accompanying notes are integral part of these financial statements.

City of Lakeport, California
Lakeshore Blvd HSIPL Fund
Statement of Revenue, Expenditures, and Change in Fund Balances
Budget and Actual

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
Intergovernmental revenue	$ 161,700	$ 161,700	$ -	$ (161,700)
Total revenue	161,700	161,700	-	(161,700)
EXPENDITURES				
Current:				
Roads and infrastructure:				
Engineering and information technology	147,000	147,000	792	146,208
Total expenditures	147,000	147,000	792	146,208
Excess of revenue over (under) expenditures	14,700	14,700	(792)	(15,492)
Net change in fund balance	14,700	14,700	(792)	(15,492)
Fund balance - beginning	794	794	794	-
Fund balance - ending	$ 15,494	$ 15,494	$ 2	$ (15,492)

The accompanying notes are integral part of these financial statements.

COMBINING FIDUCIARY FUNDS

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, 2015

	Agency (Special Deposits)	Agency OPEB	Total
ASSETS			
Cash and investments	$ 417,131	$ -	$ 417,131
Restricted cash and investments	-	-	-
Receivables:			
Notes	-	-	-
Interest	-	-	-
Property taxes	-	-	-
Member contributions	-	-	-
Accounts and other	4,356	1,682	6,038
Prepaids	-	54,527	54,527
Land held for resale	-	-	-
Total Assets	421,487	56,208	477,695
LIABILITIES			
Accounts payable	327	-	327
Unearned revenue	-	56,208	56,208
Enforceable obligations:			
Accrued administrative liabilities	-	-	-
Bonds payable	-	-	-
Other	-	-	-
OPEB Obligation	-	-	-
Refundable deposits and trust liabilities	421,160	-	421,160
Total liabilities	421,487	56,208	477,695

City of Lakeport, California
Combining Fiduciary Changes in Assets and Liabilities
Agency Funds

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
Special Deposit Fund				
ASSETS				
Cash and investments	$ 431,183	$ 28,612	$ (42,665)	$ 417,130
Interest	-	155	(155)	-
Accounts and other	-	4,357	-	4,357
Total Assets	$ 431,183	$ 33,124	$ (42,821)	$ 421,487
LIABILITIES				
Accounts payable	$ 9	$ 6,398	$ (6,725)	$ (317.99)
Refundable deposits and trust liabilities	431,174	32,813	(42,182)	421,805
Total liabilities	$ 431,183	$ 39,211	$ (48,908)	$ 421,487
	-			-
OPEB Fund				
ASSETS				
Cash and investments	$ 9,545	$ 573,248	$ (582,793)	$ -
Receivables:				
Member contributions	-	194,637	(192,955)	1,682
Prepaids	-	54,527	-	54,527
Total Assets	$ 9,545	$ 822,411	$ (775,748)	$ 56,208
LIABILITIES				
Accounts payable	$ 1,914	604,440	(606,354)	$ -
OPEB Obligation	$ 7,631	56,208	(7,631)	$ 56,208
Total liabilities	$ 9,545	$ 660,648	$ (613,985)	$ 56,208

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Statistical Section

Statistical Section Index

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

Financial Trends

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

Net Position by Component 147

Changes in Net Position 148

Fund Balances, Governmental Funds 150

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 152

Direct and Overlapping Tax Rates 153

Property Tax Collections and Levies 154

Principal Property Tax Payers 155

Schedule of Top 25 Principal Sales Tax Remitters (listed alphabetically) 156

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 157

Legal Debt Margin Information 159

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 160

Principal Employers 161

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 162

Capital Asset Statistics by Function 163

Capital Asset Statistics by Fund 164

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, 2015
(Accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	$ 1,987,469	$ 2,025,765	$ (1,397,575)	$ (477,683)	$ 164,086	$ 1,278,318	$ 6,351,939	$ 6,298,667	$ 6,059,965	$ 9,444,120
Restricted	-	-	-	-	-	2,603,186	5,462,981	7,387,998	3,795,864	4,179,835
Unrestricted	4,696,882	5,473,966	9,628,227	9,602,734	8,950,188	6,790,044	2,618,047	1,223,227	2,769,006	(2,823,284)
Total governmental activities net assets	$ 6,684,351	$ 7,499,731	$ 8,230,652	$ 9,125,051	$ 9,114,274	$ 10,671,548	$ 14,432,967	$ 14,909,892	$ 12,624,835	$ 10,800,671
Business-type activities										
Invested in capital assets, net of related debt	$ 10,505,065	$ 9,968,279	(8,772,275)	$ 8,661,222	$ 8,215,696	$ 7,606,438	$ 7,509,501	$ 7,291,398	$ 6,726,230	$ 7,485,396
Restricted	-	-	-	-	-	796,958	2,413,210	2,193,571	3,253,357	3,826,550
Unrestricted	2,467,006	2,053,060	20,426,147	2,355,596	2,296,565	1,838,611	603,726	1,385,510	691,592	(3,759,982)
Total business-type activities net assets	$ 12,972,071	$ 12,021,339	$ 11,653,872	$ 11,016,818	$ 10,512,261	$ 10,242,007	$ 10,526,437	$ 10,870,479	$ 10,671,179	$ 7,551,964
Primary government										
Invested in capital assets	$ 12,492,534	$ 11,994,044	$ (10,169,850)	$ 8,183,539	$ 8,379,782	$ 8,884,756	$ 13,861,440	$ 13,590,065	$ 12,786,195	$ 16,929,516
Restricted	-	-	-	-	-	3,400,144	7,876,191	9,581,569	7,049,221	8,006,385
Unrestricted	7,163,888	7,527,026	30,054,374	11,958,330	11,246,753	8,628,655	3,221,773	2,608,737	3,460,598	(6,583,266)
Total primary government net assets	$ 19,656,422	$ 19,521,070	$ 19,884,524	$ 20,141,869	$ 19,626,535	$ 20,913,555	$ 24,959,404	$ 25,780,371	$ 23,296,014	$ 18,352,635

City of Lakeport, California
Changes in Net Position
Last Ten Fiscal Years
Fiscal Year Ended June 30, 2015
(Accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	$ 1,523,316	$ 2,261,113	$ 2,081,007	$ 1,935,917	$ 3,364,170	$ 1,955,462	$ 737,263	$ 886,996	$ 829,787	$ 774,888
Community development	-	-	-	-	-	357,986	267,789	283,439	242,360	307,053
Roads and infrastructure	834,517	640,174	1,832,657	1,330,038	735,385	1,476,308	1,343,900	1,151,051	1,225,866	1,417,649
Sanitation	-	-	-	-	-	-	421,013	439,479	451,773	437,589
Housing and support programs	-	-	-	-	-	174,126	511,366	18,412	133,680	83,086
Redevelopment/Economic development	-	-	-	-	-	200,195	292,702	10,797	82,017	39,278
Public safety	1,654,793	1,881,031	1,789,931	1,565,218	1,830,624	1,784,887	1,529,428	1,541,750	1,664,228	1,712,884
Parks and recreation	366,814	304,334	350,013	364,010	322,502	312,916	282,488	381,779	326,735	534,148
Interest on long term debts	115,188	125,707	121,981	315,102	302,138	308,710	358,608	7,866	4,048	-
Total governmental activities expenses	4,494,628	5,212,359	6,175,589	5,510,285	6,554,819	6,570,590	5,744,557	4,721,569	4,960,494	5,306,575
Business-type activities:										
Water Utility	1,310,220	1,334,263	1,415,436	1,370,097	1,356,420	1,412,891	1,550,266	1,595,811	1,759,261	1,807,830
Sewer Utility	2,458,320	2,504,457	2,213,478	2,631,756	2,475,742	2,288,561	2,408,438	2,363,123	2,480,706	2,535,871
Total business-type activities expenses	3,768,540	3,838,720	3,628,914	4,001,853	3,832,162	3,701,452	3,958,704	3,958,934	4,239,967	4,343,701
Total primary government expenses	8,263,168	9,051,079	9,804,503	9,512,138	10,386,981	10,272,042	9,703,261	8,680,503	9,200,461	9,650,276
Program revenues										
Governmental activities:										
Charges for services:										
General government	695,696	430,084	547,651	655,982	574,774	329,668	790	3,595	4,085	22,092
Community development	-	-	-	-	-	81,603	63,038	19,815	22,401	22,087
Roads and infrastructure	3,790	-	81,519	109,829	1,875	41,137	249	-	-	86
Sanitation	-	-	-	-	-	-	529,060	510,714	467,351	468,827
Housing and support programs	-	-	-	-	-	-	-	-	-	-
Redevelopment/Economic development	-	-	-	-	-	-	-	-	-	-
Public safety	-	33,831	51,146	25,197	103,068	25,000	-	7,436	6,599	3,680
Parks and recreation	-	35,440	60,069	18,752	-	-	25,909	-	-	-
Interest on long term debts	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	436,377	659,866	623,379	587,840	679,776	815,910	297,560	199,490	-	686,405
Capital grants and contributions	-	-	-	333,356	391,021	1,146,165	783,216	429,315	-	2,686,889
Total governmental activities program revenues	1,135,863	1,159,221	1,363,764	1,730,956	1,750,514	2,439,483	1,699,822	1,170,365	500,436	3,890,065
Business-type activities:										
Charges for services:										
Water utility	1,512,520	1,193,211	1,288,404	1,278,356	1,241,526	1,175,759	1,439,407	1,470,683	1,690,782	1,826,264
Sewer utility	1,405,314	1,346,821	1,534,988	1,668,539	1,716,116	1,623,268	1,934,271	1,682,523	2,479,573	2,786,791
Capital grants and contributions	-	-	-	-	-	-	360,389	37,916	-	-
Total business-type activities program revenues	2,917,834	2,540,032	2,823,392	2,946,895	2,957,642	2,799,027	3,734,067	3,191,122	4,170,355	4,613,055
Total primary government program revenues	4,053,697	3,699,253	4,187,156	4,677,851	4,708,156	5,238,510	5,433,889	4,361,487	4,670,791	8,503,120
Net (Expense)/Revenue										
Governmental activities	(3,358,765)	(4,053,138)	(4,811,825)	(3,779,329)	(4,804,305)	(4,131,107)	(4,044,735)	(3,551,204)	(3,880,573)	(1,416,512)
Business-type activities	(850,706)	(1,298,688)	(805,522)	(1,054,958)	(874,520)	(902,425)	(224,637)	(767,812)	(69,612)	269,354
Total primary government net expense	(4,209,471)	(5,351,826)	(5,617,347)	(4,834,287)	(5,678,825)	(5,033,532)	(4,269,372)	(4,319,016)	(3,950,185)	(1,147,158)

(continued)

City of Lakeport, California
Changes in Net Position (continued)
Last Ten Fiscal Years
Fiscal Year Ended June 30, 2015
(Accrual basis of accounting)

Continued from previous page:

General Revenues and Other Changes in Net Position:	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
Sales tax	1,143,476	1,415,564	1,775,520	1,719,441	934,870	3,752,789	1,948,376	2,176,408	2,371,095	2,038,604
Property taxes	1,768,493	2,005,630	2,201,047	2,030,678	2,546,908	-	834,714	928,165	860,443	852,111
Transient occupancy taxes	124,348	195,963	141,361	100,596	88,966	-	82,533	84,752	94,776	57,700
Other taxes	531,090	707,436	88,675	78,533	-	300,220	82,299	95,244	70,262	92,105
Franchise fee	141,585	164,623	50,536	98,219	113,405	-	131,609	225,495	276,560	200,415
Fines, forfeitures and penalties	-	-	-	-	-	-	-	-	38,670	41,435
Use of money and property	154,316	237,157	120,961	119,695	58,349	24,890	141,400	194,298	204,776	299,217
Other revenues	150,411	142,145	81,017	526,566	502,692	1,610,482	404,577	323,767	96,885	260,467
Sale of land held for resale	-	-	1,083,629	-	-	-	-	-	-	-
Transfer in (out)	-	-	-	-	-	-	-	-	(2,417,954)	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Extraordinary gain	-	-	-	-	-	-	4,180,646	-	-	-
Extraordinary loss	-	-	-	-	-	-	-	-	-	-
Total governmental activities	4,013,719	4,868,518	5,542,746	4,673,728	4,245,190	5,688,381	7,806,154	4,028,129	1,595,513	3,842,055
Business-type activities:										
Property taxes	405,678	244,378	357,214	351,668	328,852	382,917	369,133	426,173	-	-
Use of money and property	83,780	103,578	80,841	66,236	41,111	39,402	35,824	40,760	38,200	40,987
Other revenues	-		-	-	-	209,852	104,110	644,921	-	-
Transfer in (out)	-	-	-	-	-	-	-	-	-	-
Total business-type activities	489,458	347,956	438,055	417,904	369,963	632,171	509,067	1,111,854	38,200	40,987
Total primary government	4,503,177	5,216,474	5,980,801	5,091,632	4,615,153	6,320,552	8,315,221	5,139,983	1,633,713	3,883,042
Changes in Net Position										
Governmental activities	654,954	815,380	730,921	894,399	(559,115)	1,557,274	3,761,419	476,925	(2,285,060)	2,425,543
Business-type activities	(361,248)	(950,732)	(367,467)	(637,054)	(504,557)	(270,254)	284,430	344,042	(31,412)	310,341
Total primary government	$ 293,706	$ (135,352)	$ 363,454	$ 257,345	$ (1,063,672)	$ 1,287,020	$ 4,045,849	$ 820,967	$ (2,316,472)	$ 2,735,884

(concluded)

City of Lakeport, California
Fund Balances, Governmental Funds
Last Ten Fiscal Years
Fiscal Year Ended June 30, 2015
(Modified accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund:										
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ 407,964	$ 1,541,438	$ 1,511,439	$ 1,087,478	$ 374,098
Restricted	-	-	-	-	-	-	-	-	23,003	14,091
Committed	-	-	-	-	-	-	1,469,594	-	181,604	362,095
Assigned	-	-	-	-	-	133,000	-	1,820,799	2,021,404	2,165,301
Unassigned	781,232	976,707	1,538,336	2,062,806	1,726,818	2,394,002	-	-	-	-
Total general fund	781,232	976,707	1,538,336	2,062,806	1,726,818	2,934,966	3,011,032	3,332,238	3,313,489	2,915,585
All Other Governmental Funds:										
Nonspendable	-	-	568,650	1,616,106	2,286,672	2,403,921	2,858,631	2,638,922	515,675	-
Restricted	2,553,775	2,824,110	7,102,325	5,800,120	4,730,934	2,603,185	2,382,870	3,237,637	3,772,861	4,165,744
Committed	-	-	-	-	-	-	360,301	372,969	-	-
Assigned	893,292	939,444	123,204	21,975	150,274	2,041,206	297,405	7,087	-	426,810
Unassigned (deficit)	-	-	(309,162)	(1,044,299)	(1,629,712)	(298,002)	(321,271)	(387,416)	(386,709)	(1,212,381)
Total all other governmental funds	3,447,067	3,763,554	7,485,017	6,393,902	5,538,168	6,750,310	5,577,936	5,869,199	3,901,827	3,380,173
Total all governmental funds	$ 4,228,299	$ 4,740,261	$ 9,023,353	$ 8,456,708	$ 7,264,986	$ 9,685,276	$ 8,588,968	$ 9,201,437	$ 7,215,316	$ 6,295,758

City of Lakeport, California
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
Fiscal Year Ended June 30, 2015
(Modified accrual basis of accounting)

Revenues:	2006	2007	2008	2009	2010	2011	2012	2013	2014
Taxes	$ 3,764,854	$ 4,456,811	$ 4,183,765	$ 4,027,467	$ 1,070,797	$ 3,752,789	$ 2,943,090	$ 3,284,569	$ 3,044,571
Licenses, permits and franchises	110,235	94,989	177,442	62,422	3,684,150	271,243	133,754	225,495	283,032
Fines and forfeitures	32,610	33,831	51,146	23,073	155,282	28,977	28,874	18,279	41,435
Use of money and property	154,316	237,157	120,961	119,695	20,536	24,889	165,146	194,298	299,217
Intergovernmental Revenue	465,570	692,271	646,217	921,196	58,349	1,406,573	859,441	628,805	686,405
Charges for services	471,586	370,535	1,645,962	724,265	503,898	477,408	619,047	541,560	516,772
Other revenues	150,411	142,145	81,017	526,566	502,692	1,610,482	99,809	305,488	173,800
Total revenues	5,149,582	6,027,739	6,906,510	6,404,684	5,995,704	7,572,361	4,849,161	5,198,494	5,045,232
Expenditures:									
Current:									
General government	1,492,017	2,130,749	1,687,766	2,905,020	3,820,559	1,557,124	605,563	798,751	856,444
Community Development	-	-	-	-	-	327,187	267,789	295,180	310,833
Roads and Infrastructure	789,068	640,174	1,832,657	1,095,813	812,930	1,431,758	833,392	890,674	1,096,503
Sanitation	-	-	-	-	-	-	421,013	439,479	437,589
Housing and Support Programs	-	-	-	-	-	173,841	511,366	30,153	83,086
Redevelopment/Economic Development	-	-	-	-	-	-	292,702	22,538	39,278
Public Safety	1,592,469	1,881,031	1,789,931	1,548,492	1,996,983	1,644,841	1,529,428	1,553,491	1,721,271
Parks, Buildings and Grounds	310,010	304,334	350,013	300,632	259,125	312,916	291,916	484,251	535,584
Capital Outlay	459,070	370,965	-	802,423	588,640	1,261,869	192,404	-	930,796
Debt Service:									
Cost of Issuance	-	-	196,565	-	-	-	-	-	-
Principal Retirement	143,995	68,341	74,858	74,487	121,509	106,641	167,667	63,642	-
Interest	118,796	120,183	116,628	244,462	276,544	289,592	235,210	7,866	-
Total expenditures	4,905,425	5,515,777	6,048,418	6,971,329	7,876,290	7,105,769	5,348,450	4,586,025	6,011,384
Reconciliation of Governmental Revenues Less Expenditures to Fund Equity:									
Revenues over (under) expenditures	$ 244,157	$ 511,962	$ 858,092	$ (566,645)	$ (1,880,586)	$ 466,592	$ (499,289)	$ 612,469	$ (966,152)
Other financing sources (uses):									
Proceeds from capital lease	-	-	-	-	319,292	-	-	-	-
Proceeds from issuance debt	160,815	-	3,425,000	-	-	-	-	-	-
Passthrough obligations	-	-	-	-	-	(185,826)	-	-	-
SERAF payments	-	-	-	-	-	(64,442)	-	-	-
Housing loans	-	-	-	-	-	2,082,519	408,644	-	-
Extraordinary loss	-	-	-	-	-	-	(1,005,662)	-	-
Transfers in	616,330	460,014	316,487	1,069,008	756,238	4,719,050	2,959,013	145,984	49,203
Transfers out	(616,330)	(460,014)	(316,487)	(1,069,008)	(756,238)	(5,037,235)	(2,959,013)	(145,984)	(16,034)
Total other financing sources (uses)	160,815	-	3,425,000	-	319,292	1,514,066	(597,018)	-	33,169
Net change in fund balances	$ 404,972	$ 511,962	$ 4,283,092	$ (566,645)	$ (1,561,294)	$ 1,980,658	$ (1,096,307)	$ 612,469	$ (932,983)
Debt service as a percentage of noncapital expenditures	6%	4%	3%	5%	6%	7%	8%	2%	0%

REVENUE CAPACITY

City of Lakeport, California
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

	City			Redevelopment Agency(1)			Lakeport Muni Sewer				
	Secured	Unsecured	Taxable Assessed Value	Secured	Unsecured	Taxable Assessed Value	Secured	Unsecured	Taxable Assessed Value	Total Direct Tax Rate	
FY 05-06	361,094,755	20,801,874	381,896,629	160,400,492	13,233,138	173,633,630	361,154,356	20,801,874	381,956,230	1.000%	FY 05-06
FY 06-07	396,841,109	21,218,983	418,060,092	177,691,668	13,905,903	191,597,571	396,201,244	21,218,983	417,420,227	1.000%	FY 06-07
FY 07-08	427,866,976	22,096,881	449,963,857	190,383,560	14,536,273	204,919,833	424,838,293	22,096,881	446,935,174	1.000%	FY 07-08
FY 08-09	440,508,705	22,218,896	462,727,601	191,805,511	13,514,491	205,320,002	435,259,358	22,218,896	457,478,254	1.000%	FY 08-09
FY 09-10	461,342,680	23,351,118	484,693,798	195,840,993	12,547,442	208,388,435	448,021,513	23,234,048	471,255,561	1.000%	FY 09-10
FY 10-11	459,144,772	23,783,447	482,928,219	194,025,385	11,771,588	205,796,973	446,870,845	23,674,507	470,545,352	1.000%	FY 10-11
FY 11-12	455,541,364	22,236,704	477,778,068	192,400,353	11,521,940	203,922,293	443,491,878	22,159,164	465,651,042	1.000%	FY 11-12
FY 12-13	452,910,303	21,526,641	474,436,944	191,684,897	11,424,888	203,109,785	441,345,784	21,454,151	462,799,935	1.000%	FY 12-13
FY 13-14	447,316,708	21,935,830	469,252,538	188,055,169	11,642,807	199,697,976	436,126,935	21,865,440	457,992,375	1.000%	FY 13-14
FY 14-15	445,221,569	22,546,580	467,768,149	188,818,583	12,405,480	201,224,063	433,872,008	22,458,970	456,330,978	1.000%	FY 14-15

Note: 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.

(1) As of February 1, 2011, the Lakeport Redevelopment Agency was dissolved by the State of California. Property taxes formerly allocated to the Agency are now done so to satisfy existing debt obligations administered by its successor, the City of Lakeport.

Source: Lake County Auditor-Controller

City of Lakeport, California
Direct and Overlapping Tax Rates
Last Eight Fiscal Years
(Rate per $1,000 of assessed value)

	Direct Rates		Overlapping Rates		
Fiscal Year	Basic Rate	Total Direct	Lakeport Unified High School Bond	Mendocino Community College	Total Tax Rate
FY 07-08	1.00000	1.00000	0.03434	0.01500	1.04934
FY 08-09	1.00000	1.00000	0.03434	0.01500	1.04934
FY 09-10	1.00000	1.00000	0.04275	0.02300	1.06575
FY 10-11	1.00000	1.00000	0.03767	0.02300	1.06067
FY 11-12	1.00000	1.00000	0.44340	0.02300	1.46640
FY 12-13	1.00000	1.00000	0.04261	0.00977	1.05238
FY 13-14	1.00000	1.00000	0.04628	0.02400	1.07028
FY 14-15	1.00000	1.00000	0.04464	0.02300	1.06764

Note: 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.

Source: Lake County Auditor-Controller

City of Lakeport, California
Property Tax Collections and Levies
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year(1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	384,350	384,350	100%	-	384,350	100%
2007	459,121	459,121	100%	-	459,121	100%
2008	496,139	496,139	100%	-	496,139	100%
2009	508,853	508,853	100%	-	508,853	100%
2010	531,708	531,708	100%	-	531,708	100%
2011	529,484	529,484	100%	-	529,484	100%
2012	523,888	523,888	100%	-	523,888	100%
2013	520,482	520,482	100%	-	520,482	100%
2014	514,329	514,329	100%	-	514,329	100%
2015	515,347	515,347	100%	-	515,347	100%

(1) 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.

Source: Lake County Auditor-Controller

City of Lakeport, California
Principal Property Tax Payers
Most Recent Year and Eight Years Ago

Property Owner	2014-15 Assessed Valuation	2014-15 Rank	2014-15 % of Total	2006-07 Assessed Valuation	2006-07 Rank	2006-07 % of Total
SAFEWAY INC.	$ 17,178,094	1	36.44%	-	-	0.00%
CALIFORNIA AVIV LLC.	6,571,024	2	13.94%	-	-	0.00%
ARTON INC	5,844,321	3	12.40%	$ 3,140,331	6	18.45%
BRUNOS PROPERTY MANAGEMENT, LLC	5,497,435	4	11.66%	4,139,788	4	24.33%
OFFENBACH REVOCABLE INTER VIVOS TRUST	2,739,475	5	5.81%	-	-	0.00%
625 16TH STREET LLC	2,453,259	6	5.20%	2,156,066	9	12.67%
SAVINGS BANK BUILDING CORPORATION	2,258,069	7	4.79%	-	-	0.00%
DIAS, SAMUDRA PRIYA TRUSTEE	2,119,800	8	4.50%	-	-	0.00%
JACKSON AVE PROPERTIES	1,876,159	9	3.98%	988,380	-	5.81%
LANY LAKEPORT LP A CALIFORNIA LIMITED PARTNERSHIP	607,800	10	1.29%	6,593,014	1	38.74%
	$ 47,145,436		100.00%	$ 17,017,579		100.00%

Note: The amounts shown above include assessed value data for both the City and the Redevelopment Agency (RDA). Information prior to the years above was not maintained by the City.

Source: Lake County Auditor-Controller

City of Lakeport, California

Schedule of Top 25 Principal Sales Tax Remitters (listed alphabetically)

Current and Four Years Ago

Fiscal Year Ended June 30, 2015

2015	2014	2013	2012	2011
Bruno's Foods	Bruno's Foods	Bruno's Foods	Bruno's Foods	Bruno's Foods
Burger King Restaurants	Burger King Restaurants	Burger King Restaurants	Burger King Restaurants	Burger King Restaurants
Chevron Services Stations	Chevron Services Stations	Chevron Services Stations	Chevron Services Stations	Chevron Services Stations
CVS/Pharmacy	CVS/Pharmacy	CVS/Pharmacy	CVS/Pharmacy	Clover Hydroponics & Garden Supply
Dollar Tree Stores	Dollar Tree Stores	Dollar Tree Stores	Dollar Tree Stores	CVS/Pharmacy
Express Service Stations	Express Service Stations	Express Service Stations	Express Service Stations	Dollar Tree Stores
Grocery Outlet	Grocery Outlet	Grocery Outlet	GK Enterprises	Express Service Stations
Hillside Honda/Yamaha	Hillside Honda/Yamaha	Hillside Honda/Yamaha	Grocery Outlet	Grocery Outlet
Jimmy's Deli	K Mart Stores	K Mart Stores	Hillside Honda/Yamaha	Hillside Honda/Yamaha
K Mart Stores	Kathy Fowler Chevy Pontiac GMC	Kathy Fowler Chevy Pontiac GMC	K Mart Stores	K Mart Stores
Kathy Fowler Chevy Pontiac GMC	Kathy Fowler Chrysler-Jeep-Dodge	Kathy Fowler Chrysler-Jeep-Dodge	Kathy Fowler Chevy Pontiac GMC	Kathy Fowler Chevy Pontiac GMC
Kathy Fowler Chrysler-Jeep-Dodge	Mackey Tire Center	Kentucky Fried Chicken	Kathy Fowler Chrysler-Jeep-Dodge	Kathy Fowler Chrysler-Jeep-Dodge
Kentucky Fried Chicken	McDonald's Restaurant	Lake Parts	Kentucky Fried Chicken	Kentucky Fried Chicken
McDonald's Restaurant	NAPA Auto Parts	Mackey Tire Center	Mackey Tire Center	Kragen Auto Parts
NAPA Auto Parts	New Trend Cellular	McDonald's Restaurant	McDonald's Restaurant	Lake Parts
O'Reilly Auto Parts	O'Reilly Auto Parts	New Trend Cellular	New Trend Cellular	Mackey Tire Center
Park Place Restaurant	Park Place Restaurant	O'Reilly Auto Parts	O'Reilly Auto Parts	McDonald's Restaurant
Renee's Café	Renee's Café	Park Place Restaurant	Park Place Restaurant	Park Place Restaurant
Round Table Pizza	Round Table Pizza	Renee's Café	Renee's Café	Renee's Café
Safeway Stores	Safeway Stores	Round Table Pizza	Round Table Pizza	Round Table Pizza
Shell Service Stations	Shell Service Stations	Safeway Stores	Safeway Stores	Safeway Stores
Taco Bell	T&T On the Lake Restaurant	T&T on the Lake Restaurant	T&T on the Lake Restaurant	T&T on the Lake Restaurant
Tower Mart Service Stations	Taco Bell	Taco Bell	Taco Bell	Taco Bell
West Lake Auto Center	Tower Mart Service Stations	Tesoro Service Stations	Tesoro Service Stations	Tesoro Service Stations
Z Wireless	West Lake Auto Center	Tower Mart Service Stations	Tower Mart Service Stations	Tower Mart Service Stations

Note: 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.

Source: City Finance Department

DEBT CAPACITY

City of Lakeport, California
Direct and Overlapping Debt
Current Year
Fiscal Year Ended June 30, 2015

2014-15 Assessed Valuation: $ 467,768,149

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 6/30/2015
Mendocino-Lake Community College District - GO Bonds	4.85%	$ 3,052,200.64
Lakeport Unified School District - GO Bonds	41.50%	4,010,981.44
2004 Tax Allocation Bonds Series A & B	100%	1,840,000.00
2008 Tax Allocation Bonds	100%	3,345,000.00
Sewer District Improvement Bonds, 1993-1	100%	3,680,000.00
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$ 15,928,182.08
OVERLAPPING GENERAL FUND DEBT:		
Mendocino-Lake Community College District - Capital Lease	4.85%	$ 89,914.96
TOTAL OVERLAPPING GENERAL FUND DEBT		$ 89,914.96
COMBINED TOTAL DEBT		$ 16,018,097.04 (1)

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

Ratios to 2014-154 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	3.41%
Total Combined Debt	3.42%

Source: City Finance Department

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City of Lakeport, California
Legal Debt Margin Information
Last Ten Fiscal Years
Fiscal Year Ended June 30, 2015

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Assessed Value	$ 361,094,755	$ 396,841,109	$ 427,866,976	$ 440,508,705	$ 461,342,680	$ 459,144,772	$ 455,541,364	$ 452,910,303	$ 447,316,708	$ 467,768,149
Conversion Percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted Assessed Value	90,273,689	99,210,277	106,966,744	110,127,176	115,335,670	114,786,193	113,885,341	113,227,576	111,829,177	116,942,037
Debt Limit Percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	13,541,053	14,881,542	16,045,012	16,519,076	17,300,351	17,217,929	17,082,801	16,984,136	16,774,377	17,541,306
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	$ 13,541,053	$ 14,881,542	$ 16,045,012	$ 16,519,076	$ 17,300,351	$ 17,217,929	$ 17,082,801	$ 16,984,136	$ 16,774,377	$ 17,541,306
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Notes: 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.

Source: City Finance Department

DEMOGRAPHIC AND ECONOMIC INFORMATION

City of Lakeport, California
Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population [1]	Personal Income Lake County (in thousands) [2]	Per Capita Personal Income Lake County [3]	Unemployment Rate Lakeport [4]
2006	4,779	1,929,665	30,056	N/A
2007	4,719	2,033,293	31,732	N/A
2008	4,796	2,097,229	32,570	N/A
2009	4,758	2,033,960	31,577	N/A
2010	4,753	2,107,287	32,543	9.9
2011	4,622	2,146,801	33,375	10.2
2012	4,705	2,285,560	35,721	8.6
2013	4,713	2,392,214	37,460	7.3
2014	4,807	NA	NA	5.7
2015	4,699	NA	36,548	4.5

Notes:

** Information presented is for the Lake County Region, except for population and unemployment data, since separate data is not available for the City of Lakeport.

Sources:

[1] 2011 State Department of Finance
[2] U.S. Dept. of Commerce Bureau of Economic Analysis.
[3] U.S. Dept. of Commerce Bureau of Economic Analysis.
[4] Bureau of Labor Statistics.

City of Lakeport, California
Principal Employers
Current and Ten Years Ago

	2014-15			2005-06		
Employer	Employees	Rank	Percentage of Top 10 Employment	Employees	Rank	Percentage of Top 10 Employment
County of Lake	843	1	24.2%	850	2	18.6%
St. Helena Hospital Clearlake (formerly Redbud)	370	2	10.6%	320	4	7.0%
Sutter Lakeside Hospital	359	3	10.3%	472	3	10.4%
Konocti Unified School District	349	4	10.0%	1,450	1	31.8%
Robinson Rancheria Resort & Casino	325	5	9.3%	300	5	6.6%
Calpine Corp.	283	6	8.1%	200	10	4.4%
Twin Pine Casino	261	7	7.5%	236	8	5.2%
Wal-Mart	252	8	7.2%	262	6	5.7%
Harbin Hot Springs	235	9	6.7%	-	-	0.0%
Kelseyville Unified School District	209	10	6.0%	-	-	0.0%
Konocti Vista Casino Resort	-		0.0%	220	9	4.8%
Konocti Harbor Resort & Spa	-		0.0%	250	7	5.5%
Total	3,486		100.0%	4,560		100.0%

Notes:
** Information presented is for the Lake County Region, Major Lake County Employers, since separate data is not available for the City of Lakeport.

Source: Lake County Marketing Program

OPERATING INDICATORS

City of Lakeport, California
Full-time and Part-time City Employees by Function
Last Ten Calendar Years
(Fiscal year ended June 30, 2015)

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government	5	5	11	10	11	7	8	9	9	8
Public safety	17	19	15	14	15	17	14	16	15	14
Public works (non-utilities)	10	11	19	17	18	9	9	12	12	7
Parks and recreation	-	-	10	11	15	10	10	13	1	15
Utilities	14	14	19	16	17	9	11	6	6	9
Community development	6	6	5	5	5	9	10	6	4	5
Total	52	55	79	73	81	61	62	62	47	58

Source: City Finance Department

City of Lakeport, California
Capital Asset Statistics by Function
Last Ten Calendar Years
(Fiscal year ended June 30, 2015)

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police:										
Stations	1	1	1	1	1	1	1	1	1	2
Public works										
Streets (miles)	27	30	30	30	30	30	30	30	30	30
Streetlights	195	195	221	221	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	9	9	9	9	9	9	9	9	9	9

* Services are provided by Special Districts, which are separate from the City. The data provided are for those portions of the system located within the City of Lakeport.

**MG is for millions of gallons

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

City of Lakeport, California
Capital Asset Statistics by Fund
Last Nine Calendar Years
(Fiscal year ended June 30, 2015)

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities									
Land	$ 323,186	$ 323,186	$ 399,546	$ 399,546	$ 729,346	$ 729,346	$ 652,983	$ 652,983	$ 1,652,983
Construction-in-progress	-	-	-	427,556	-	-	-	-	-
Buildings and structures	2,619,229	2,619,229	2,619,229	2,619,229	2,619,229	2,619,229	2,695,592	2,695,592	5,172,937
Improvements/CIP	2,115,424	2,115,424	3,042,030	3,138,049	4,465,358	4,474,786	4,474,786	4,474,786	4,697,499
Equipment and vehicles	994,656	994,656	994,656	1,532,597	1,532,597	1,532,597	1,532,597	1,565,734	1,585,389
Total	6,052,495	6,052,495	7,055,461	8,116,977	9,346,530	9,355,958	9,355,958	9,389,095	13,108,808
Accumulated depreciation									
Buildings and structures	N/A*	845,697	898,061	950,466	1,002,850	1,055,236	1,110,165	1,165,095	1,284,008
Improvements/CIP	N/A*	387,569	454,249	547,632	641,016	731,944	846,605	960,986	1,075,367
Equipment and vehicles	N/A*	632,317	670,814	747,008	823,203	997,993	1,100,521	1,203,048	1,305,313
Total Accumulated depreciation	1,708,021	1,865,583	2,023,124	2,245,106	2,467,069	2,785,173	3,057,291	3,329,129	3,664,688
Total Governmental net capital assets	4,344,474	4,186,912	5,032,337	5,871,871	6,879,461	6,570,785	6,298,667	6,059,966	9,444,120
Business-type activities									
Land	1,775,403	1,775,403	1,775,403	1,775,403	1,775,403	2,475,403	2,475,403	2,475,403	2,475,403
Construction-in-progress	-	-	-	-	1,839,904	1,839,904	1,839,904	1,839,904	3,128,788
Buildings and structures	-	-	-	-	1,839,904	1,839,904	1,839,904	1,839,904	1,839,904
Improvements/CIP	27,063,754	27,816,969	27,816,969	27,841,409	26,222,460	26,935,912	27,129,404	27,592,627	27,021,558
Equipment and vehicles	669,517	669,517	669,517	669,517	537,549	547,953	552,459	784,926	1,444,557
Total	29,508,674	30,261,889	30,261,889	30,286,329	30,375,316	31,799,172	31,997,170	32,692,860	35,910,210
Accumulated depreciation									
Buildings and structures	387,100	423,642	460,183	496,694	533,173	569,651	1,308,599	642,606	679,065
Improvements/CIP	8,855,353	9,525,627	10,262,127	10,998,830	11,680,707	12,457,531	12,457,531	13,938,820	14,703,559
Equipment and vehicles	407,267	443,181	479,097	473,444	524,848	533,683	518,034	529,018	611,208
Total accumulated depreciation	9,649,720	10,392,450	11,201,407	11,968,968	12,738,728	13,560,865	14,284,164	15,131,364	15,993,832
Total Business-type net capital assets	$ 19,858,954	$ 19,869,439	$ 19,060,482	$ 18,317,361	$ 17,636,588	$ 18,238,307	$ 17,713,006	$ 17,561,496	$ 19,916,378

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

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 major funds budgetary comparison information of the City of Lakeport, California (City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated January 28, 2016.

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.

7080 Donlon Way, Suite 204, Dublin, CA 94568 • phone (925) 556-6200 • fax: (925) 556-6201
www.jjacpa.com

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.

January 28, 2016

JJACPA, Inc.
Dublin, California

CONTINUING DISCLOSURE FOR DEBT ISSUES

2004 Tax Allocation Bonds

ANNUAL INFORMATION STATEMENT FOR FISCAL YEAR ENDING JUNE 30, 2015–BASE CUSIP: 07201T

REDEVELOPMENT AGENCY OF THE
CITY OF LAKEPORT
ASSOCIATION OF BAY AREA GOVERNMENTS

$25,205,000 2004 TAX ALLOCATION REVENUE BONDS
(CALIFORNIA REDEVELOPMENT AGENCY POOL)
SERIES A

$8,875,000 2004 TAX ALLOCATION REVENUE BONDS
(CALIFORNIA REDEVELOPMENT AGENCY POOL)
TAXABLE SERIES B

Pursuant to an Official Statement dated December 1, 2004, the Association of Bay Area Governments ("ABAG") issued $25,205,000 2004 Tax Allocation Revenue Bonds (California Redevelopment Agency Pool), Series A and $8,875,000 2004 Tax Allocation Revenue Bonds (California Redevelopment Agency Pool), Taxable Series B (collectively, the "Bonds"). Proceeds of the Bonds were used to finance a variety of the redevelopment activities in the Redevelopment Agency of the City of Lakeport's (the "Former Agency") Lakeport Redevelopment Project Area (the "Project Area"). The Bonds are on parity with the Lakeport Redevelopment Project 2008 Tax Allocation Bonds ("2008 Bonds").

Due to the dissolution of California redevelopment agencies effective February 1, 2012, the City has elected to become Successor to the Former Agency (now referred to as the "Successor Agency"). The Bonds are special obligations of ABAG and are secured by a pledge of and lien on certain payments and tax revenues, as defined within the Official Statement. The Bonds are not a debt of ABAG, the City or the State of California, or any of its political subdivisions and neither ABAG, the City or the State of California, nor any of its political subdivisions is liable. The Bonds do not constitute indebtedness within the meaning of any constitutional or statutory debt limit or restriction.

This Annual Continuing Disclosure Information Statement is being provided pursuant to a covenant made by the Former Agency for the benefit of the holders of the Bonds and includes the information specified in a Continuing Disclosure Certificate. For further information and a more complete description of ABAG, the Former Agency, the City and the Bonds, reference is made to the Official Statement. The Official Statement and these financial statements may also be viewed on EMMA and the City's website, respectively, at the following links:

http://emma.msrb.org/MS228762-MS204070-MD396481.pdf (Official Statement)
http://www.cityoflakeport.com/departments/docs.aspx?deptID=75&catID=167 (Financial Statements)

The following data will be provided in this annual information submittal and, unless otherwise noted, will be as of, or for the fiscal year ending **June 30, 2015**:

Project Area Assessed Valuation Comparison
Project Area Historical Tax Increment Revenue Comparison
Project Area Historical Debt Service Coverage
Project Area Major Taxpayers
Project Area Assessment Appeals
Project Area related Bonded Indebtedness
Significant Event(s): Dissolution of Redevelopment Agencies

ANNUAL INFORMATION STATEMENT FOR FISCAL YEAR ENDING JUNE 30, 2015–BASE CUSIP: 07201T

The information set forth herein has been furnished by the Successor Agency and by sources, which are believed to be accurate and reliable but is not guaranteed as to accuracy or completeness. Statements contained in this Annual Continuing Disclosure Information Statement that involve estimates, forecasts, or other matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. Further, the information and expressions of opinion contained herein are subject to change without notice and the delivery of this Annual Continuing Disclosure Information Statement will not, under any circumstances, create any implication that there has been no change in the affairs of the Successor Agency or any other parties described herein.

Signed: _____

Its: Finance Director
City of Lakeport
Dated: June 30, 2015

ANNUAL INFORMATION STATEMENT FOR FISCAL YEAR ENDING JUNE 30, 2015–BASE CUSIP: 07201T

PROJECT AREA ASSESSED VALUATION COMPARISON

Fiscal Year	Locally Assesssed Secured Value	Unsecured Value	Taxable Value	Percentage Change	Incremental Value (1)
2010-11	194,025,385	11,771,088	205,796,473	-1.24%	91,425,476
2011-12	192,400,353	11,521,440	203,921,793	-0.91%	89,550,796
2012-13	191,684,897	11,424,388	203,109,285	-0.40%	88,738,288
2013-14	188,055,169	11,642,307	199,697,476	-1.68%	85,326,479
2014-15	188,818,583	12,405,480	201,224,063	0.76%	86,853,066
(1) Base Value:	$114,370,997				

Source: County of Lake

PROJECT AREA HISTORICAL TAX INCREMENT REVENUE COMPARISON

Fiscal Year	Total Assessed Value over "Base" (1)	Tax Increment Revenues	Less Property Tax Admin. Fees	Less Housing Set Aside	Less AB 1290 Pass Throughs	Pledged Tax Revenues
2010-11	91,425,476	914,255	20,436	182,851	182,851	528,117
2011-12	89,550,796	895,507	22,124	179,101	179,101	515,180
2012-13	88,738,288	887,383	20,495	-	177,477	689,411
2013-14	85,326,479	853,265	17,653	-	170,653	664,959
2014-15	86,853,066	868,531	95	-	358,932	509,504
(1) Base Value:	$114,370,997					

Source: County of Lake

PROJECT AREA HISTORICAL DEBT SERVICE COVERAGE

Fiscal Year	Pledged Tax Revenues	2004 Bonds Debt Service	2008 Bonds Debt Service	Combined Annual Debt Service	Debt Service Coverage
2010-11	528,117	173,993	175,728	349,721	151%
2011-12	515,180	170,131	180,428	350,559	147%
2012-13	689,411	171,249	179,948	351,197	196%
2013-14	664,959	172,029	179,438	351,467	189%
2014-15	509,504	172,611	178,905	351,516	145%

Source: County of Lake; City of Lakeport

ANNUAL INFORMATION STATEMENT FOR FISCAL YEAR ENDING JUNE 30, 2015–BASE CUSIP: 07201T

PROJECT AREA MAJOR TAXPAYERS

Name	Use Code	Secured Value	Percent of Secured Value
SAFEWAY INC.	Com, Retail	17,178,094	9.10%
CALIFORNIA AVIV LLC.	Res, Triplex or more	6,571,024	3.48%
ARTON INC	Com, Residential	5,844,321	3.10%
BRUNOS PROPERTY MANAGEMENT, LLC	Com, Trailer or MH Park	5,497,435	2.91%
OFFENBACH REVOCABLE INTER VIVOS TRUST	Com, Bank	2,739,475	1.45%
625 16TH STREET LLC	Com, Hotel-Motel	2,453,259	1.30%
SAVINGS BANK BUILDING CORPORATION	Com, Office	2,258,069	1.20%
DIAS, SAMUDRA PRIYA TRUSTEE	Commercial	2,119,800	1.12%
JACKSON AVE PROPERTIES	Commercial	1,876,159	0.99%
LANY LAKEPORT LP A CALIFORNIA LIMITED PARTNERSHIP	Com, Trailer or MH Park	607,800	0.32%
		47,145,436	24.97%
Total Project Area Assessed Value (Secured only, No HOX) of:		188,818,583	

Source: County of Lake; MuniServices, LLC
Unsecured Values not available

PROJECT AREA ASSESSMENT APPEALS

Property Owners	Original Roll Value	Applicant's Opinion of Value	Potential Value Reduction
There are no current pending or resolved appeals within the RDA			
Total	0	0	0

Source: County of Lake; MuniServices, LLC

PROJECT AREA RELATED BONDED INDEBTEDNESS

	Principal Outstanding	Underlying Rating (1)	Insured Rating (2)
2004 Tax Allocation Bonds, Series A Due 9/1/35	1,050,000		
2004 Tax Allocation Bonds, Series B Due 9/1/35	790,000		
2008 Tax Allocation Bonds Due 9/1/38	3,345,000	A- (S&P)	

Source: City of Lakeport
(1) Information from rating agencies regarding the ratings actions may be obtained from such rating agencies. Also, see "Material Event Notice" posted on April 15, 2014 regarding Moody's Investors Service rating opinion of California tax allocation bonds .
(2) See "Material Event Notice" posted on April 15, 2014 regarding insurance company rating changes.

ANNUAL INFORMATION STATEMENT FOR FISCAL YEAR ENDING JUNE 30, 2015–BASE CUSIP: 07201T

SIGNIFICANT EVENT: DISSOLUTION OF REDEVELOPMENT AGENCIES

On December 29, 2011 the California Supreme Court issued its opinion on the California Redevelopment Association Lawsuit in regards to Assembly Bill X1 26 and Assembly Bill X1 27. As a result of the decision, all California redevelopment agencies are dissolved as of February 1, 2012. Please view the event notice on EMMA in its entirety for further clarification. Notice of this event can be viewed online at MSRB's EMMA document repository at the following address:

http://emma.msrb.org/ContinuingDisclosureView/ContinuingDisclosureDetails.aspx?submissionId=ER477768

After the Court's decision, AB 1484 was enacted by the State Legislature and Governor as a clean-up to the budget trailer bill AB x1 26. Together, these bills are necessary to implement provisions of the State's budget acts for fiscal years 2011-12 and 2012-13. In compliance with this new legislation, the City has elected to serve as "Successor Agency" to the former redevelopment agency, as defined in the bills. Please view the bills for further details.

The full language of AB X126 can be viewed at the following URL:

http://www.leginfo.ca.gov/cgi-bin/postquery?bill_number-abx1_26&sess=PREV&house=B&author-blumenfield

The full language of AB 1484 can be viewed at the following URL:

http://www.leginfo.ca.gov/cgi-bin/postquery?bill_number-ab_1484&sess=PREV&house=B&author-committe_on_budget

Each successor agency is responsible for drafting a Recognized Obligation Payment Schedule ("ROPS") delineating the enforceable obligations of the former RDA payable through June 30, 2012 and their source of payment, and then additional ROPS every six months thereafter. ROPS are subject to the approval of the local oversight board, County Auditor-Controller, and Department of Finance. The Successor Agency to the Lakeport Redevelopment Agency's schedule can be accessed by the link below.

http://www.cityoflakeport.com/departments/docs.aspx?deptID=75&catID=205

2008 Tax Allocation Bonds

ANNUAL INFORMATION STATEMENT FOR FISCAL YEAR ENDING JUNE 30, 2015–BASE CUSIP: 512031

REDEVELOPMENT AGENCY OF THE CITY OF LAKEPORT
LAKEPORT REDEVELOPMENT PROJECT
2008 TAX ALLOCATION BONDS
(BANK QUALIFIED)
(CITY OF LAKEPORT / LAKE COUNTY, CALIFORNIA)

Pursuant to an Official Statement dated May 22, 2008, the Redevelopment Agency of the City of Lakeport (the "Agency") issued its $3,425,000 2008 Tax Allocation Bonds (the "Bonds"). The proceeds of the Bonds were used by the Agency to fund redevelopment activities within the Project Area. Proceeds of the Bonds were also used to fund a reserve fund and pay costs of issuance of the Bonds. Due to the dissolution of California redevelopment agencies effective February 1, 2012, the City has elected to become Successor to the Former Agency (now referred to as the "Successor Agency"). The Bonds are on parity with Agency's portion of the Association of Bay Area Governments ("ABAG") $25,205,000 2004 Tax Allocation Revenue Bonds (California Redevelopment Agency Pool), Series A and $8,875,000 2004 Tax Allocation Revenue Bonds (California Redevelopment Agency Pool), Taxable Series B (collectively, the "2004 Bonds")

This Annual Information Statement is being provided pursuant to a covenant made by the Agency for the benefit of the holders of the Bonds and includes the information specified in a Continuing Disclosure Certificate. For further information and more complete description of the Agency and the Bonds, reference is made to the Official Statement. The audited financial statements for the Agency will be separately filed with Electronic Municipal Marketplace Access (EMMA) and are hereby incorporated by reference into this Annual Information Statement. The Official Statement and these financial statements may also be viewed on EMMA and the City's website, respectively, at the following links:

http://emma.msrb.org/MS270852-MS267272-MD528235.pdf (Official Statement)
http://www.cityoflakeport.com/departments/docs.aspx?deptID=75&catID=167 (Financial Statements)

The following data will be provided in this annual information submittal and, unless otherwise noted, will be as of, or for the fiscal year ending **June 30, 2015**:

Project Area Assessed Valuation Comparison
Project Area Historical Tax Increment Revenue Comparison
Project Area Historical Debt Service Coverage
Project Area Major Taxpayers
Project Area Assessment Appeals
Project Area related Bonded Indebtedness
Significant Event(s): Dissolution of Redevelopment Agencies

The information set forth herein has been furnished by the Successor Agency and by sources, which are believed to be accurate and reliable but is not guaranteed as to accuracy or completeness. Statements contained in this Annual Continuing Disclosure Information Statement that involve estimates, forecasts, or other matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. Further, the information and expressions of opinion contained herein are subject to change without notice and the delivery of this Annual Continuing Disclosure Information Statement will not, under any circumstances, create any implication that there has been no change in the affairs of the Successor Agency or any other parties described herein.

Signed: _____
Its: Finance Director
City of Lakeport
Dated: June 30, 2015

ANNUAL INFORMATION STATEMENT FOR FISCAL YEAR ENDING JUNE 30, 2015–BASE CUSIP: 512031

PROJECT AREA ASSESSED VALUATION COMPARISON

Fiscal Year	Locally Assesssed Secured Value	Unsecured Value	Taxable Value	Percentage Change	Incremental Value (1)
2010-11	194,025,385	11,771,088	205,796,473	-1.24%	91,425,476
2011-12	192,400,353	11,521,440	203,921,793	-0.91%	89,550,796
2012-13	191,684,897	11,424,388	203,109,285	-0.40%	88,738,288
2013-14	188,055,169	11,642,307	199,697,476	-1.68%	85,326,479
2014-15	188,818,583	12,405,480	201,224,063	0.76%	86,853,066
(1) Base Value:	$114,370,997				

Source: County of Lake

PROJECT AREA HISTORICAL TAX INCREMENT REVENUE COMPARISON

Fiscal Year	Total Assessed Value over "Base" (1)	Tax Increment Revenues	Less Property Tax Admin. Fees	Less Housing Set Aside	Less AB 1290 Pass Throughs	Pledged Tax Revenues
2010-11	91,425,476	914,255	20,436	182,851	182,851	528,117
2011-12	89,550,796	895,507	22,124	179,101	179,101	515,180
2012-13	88,738,288	887,383	20,495	-	177,477	689,411
2013-14	85,326,479	853,265	17,653	-	170,653	664,959
2014-15	86,853,066	868,531	95	-	358,932	509,504
(1) Base Value:	$114,370,997					

Source: County of Lake

PROJECT AREA HISTORICAL DEBT SERVICE COVERAGE

Fiscal Year	Pledged Tax Revenues	2004 Bonds Debt Service	2008 Bonds Debt Service	Combined Annual Debt Service	Debt Service Coverage
2010-11	528,117	173,993	175,728	349,721	151%
2011-12	515,180	170,131	180,428	350,559	147%
2012-13	689,411	171,249	179,948	351,197	196%
2013-14	664,959	172,029	179,438	351,467	189%
2014-15	509,504	172,611	178,905	351,516	145%

Source: County of Lake; City of Lakeport

ANNUAL INFORMATION STATEMENT FOR FISCAL YEAR ENDING JUNE 30, 2015–BASE CUSIP: 512031

PROJECT AREA MAJOR TAXPAYERS

Name	Use Code	Secured Value	Percent of Secured Value
SAFEWAY INC.	Com, Retail	17,178,094	9.10%
CALIFORNIA AVIV LLC.	Res, Triplex or more	6,571,024	3.48%
ARTON INC	Com, Residential	5,844,321	3.10%
BRUNOS PROPERTY MANAGEMENT, LLC	Com, Trailer or MH Park	5,497,435	2.91%
OFFENBACH REVOCABLE INTER VIVOS TRUST	Com, Bank	2,739,475	1.45%
625 16TH STREET LLC	Com, Hotel-Motel	2,453,259	1.30%
SAVINGS BANK BUILDING CORPORATION	Com, Office	2,258,069	1.20%
DIAS, SAMUDRA PRIYA TRUSTEE	Commercial	2,119,800	1.12%
JACKSON AVE PROPERTIES	Commercial	1,876,159	0.99%
LANY LAKEPORT LP A CALIFORNIA LIMITED PARTNERSHIP	Com, Trailer or MH Park	607,800	0.32%
		47,145,436	24.97%
Total Project Area Assessed Value (Secured only, No HOX) of:		188,818,583	

Source: County of Lake; MuniServices, LLC
Unsecured Values not available

PROJECT AREA ASSESSMENT APPEALS

Property Owners	Original Roll Value	Applicant's Opinion of Value	Potential Value Reduction
There are no current pending or resolved appeals within the RDA			
Total	$ -	$ -	$ -

Source: County of Lake; MuniServices, LLC

PROJECT AREA RELATED BONDED INDEBTEDNESS

	Principal Outstanding	Underlying Rating (1)	Insured Rating (2)
2004 Tax Allocation Bonds, Series A Due 9/1/35	1,050,000		
2004 Tax Allocation Bonds, Series B Due 9/1/35	790,000		
2008 Tax Allocation Bonds Due 9/1/38	3,345,000	A- (S&P)	

Source: City of Lakeport
(1) Information from rating agencies regarding the ratings actions may be obtained from such rating agencies. Also, see "Material Event Notice" posted on April 15, 2014 regarding Moody's Investors Service rating opinion of California tax allocation bonds .
(2) See "Material Event Notice" posted on April 15, 2014 regarding insurance company rating changes.

ANNUAL INFORMATION STATEMENT FOR FISCAL YEAR ENDING JUNE 30, 2015–BASE CUSIP: 512031

SIGNIFICANT EVENT: DISSOLUTION OF REDEVELOPMENT AGENCIES

On December 29, 2011 the California Supreme Court issued its opinion on the California Redevelopment Association Lawsuit in regards to Assembly Bill X1 26 and Assembly Bill X1 27. As a result of the decision, all California redevelopment agencies are dissolved as of February 1, 2012. Please view the event notice on EMMA in its entirety for further clarification. Notice of this event can be viewed online at MSRB's EMMA document repository at the following address:

http://emma.msrb.org/ContinuingDisclosureView/ContinuingDisclosureDetails.aspx?submissionId=ER477768

After the Court's decision, AB 1484 was enacted by the State Legislature and Governor as a clean-up to the budget trailer bill AB x1 26. Together, these bills are necessary to implement provisions of the State's budget acts for fiscal years 2011-12 and 2012-13. In compliance with this new legislation, the City has elected to serve as "Successor Agency" to the former redevelopment agency, as defined in the bills. Please view the bills for further details.

The full language of AB X126 can be viewed at the following URL:

http://www.leginfo.ca.gov/cgi-bin/postquery?bill_number-abx1_26&sess=PREV&house=B&author-blumenfield

The full language of AB 1484 can be viewed at the following URL:

http://www.leginfo.ca.gov/cgi-bin/postquery?bill_number-ab_1484&sess=PREV&house=B&author-committe_on_budget

Each successor agency is responsible for drafting a Recognized Obligation Payment Schedule ("ROPS") delineating the enforceable obligations of the former RDA payable through June 30, 2012 and their source of payment, and then additional ROPS every six months thereafter. ROPS are subject to the approval of the local oversight board, County Auditor-Controller, and Department of Finance. The Successor Agency to the West Sacramento Redevelopment Agency's schedule can be accessed by the link below.

http://www.cityoflakeport.com/departments/docs.aspx?deptID=75&catID=205

2007 Wastewater Revenue Bonds

ANNUAL INFORMATION STATEMENT FOR FISCAL YEAR ENDING JUNE 30, 2015–BASE CUSIP: 130792

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WASTEWATER REVENUE BONDS
SERIES 2007A
(CITY OF LAKEPORT / LAKE COUNTY, CALIFORNIA)

Pursuant to an Official Statement dated January 3, 2008, the California Statewide Communities Development Authority (the "Authority") issued its $4,660,000 Wastewater Revenue Bonds Series 2007A (the "Bonds"). The proceeds of the Bonds were used by the City of Lakeport (the "City") to fund finance wastewater system improvements. Proceeds of the Bonds were also used to fund a reserve fund for the Bonds and pay costs of issuance of the Bonds.

This Annual Information Statement is being provided pursuant to a covenant made by the City for the benefit of the holders of the Bonds and includes the information specified in a Continuing Disclosure Certificate. For further information and more complete description of the Authority, the City and the Bonds, reference is made to the Official Statement. The audited financial statements for the City of Lakeport will be separately filed with Electronic Municipal Marketplace Access (EMMA) and are hereby incorporated by reference into this Annual Information Statement. The official statement and these financial statements may also be viewed on EMMA and the City's website, respectively, at the following links:

http://emma.msrb.org/MS267027-MS242335-MD473067.pdf (Official Statement)

http://www.cityoflakeport.com/departments/docs.aspx?deptID=75&catID=167 (Financial Statements)

The following data will be provided in this annual information submittal and, unless otherwise noted, will be as of, or for the fiscal year ending **June 30, 2015**:

Number of Connections
Revenues by Class of User
Largest Users
Projected Operating Results

The information set forth herein has been furnished by the City and by sources, which are believed to be accurate and reliable but is not guaranteed as to accuracy or completeness. Statements contained in this Annual Continuing Disclosure Information Statement that involve estimates, forecasts, or other matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. Further, the information and expressions of opinion contained herein are subject to change without notice and the delivery of this Annual Continuing Disclosure Information Statement will not, under any circumstances, create any implication that there has been no change in the affairs of the City or any other parties described herein.

Signed: _____

Its: Finance Director
City of Lakeport
Dated: June 30, 2015

ANNUAL INFORMATION STATEMENT FOR FISCAL YEAR ENDING JUNE 30, 2015–BASE CUSIP: 130792

NUMBER OF CONNECTIONS

Meter Size	Number of Connections
5/8"	-
3/4"	2,153
1"	50
1 1/2"	42
2"	37
3"	6
4"	13
6"	23
8"	4

Source: City of Lakeport

REVENUES BY CLASS OF USER

User Class	Service Charge Revenue	% of Total Revenue
Single & Multi-Family Residential	1,601,105	64%
Commercial / Industrial	846,548	35%
Total	$ 2,447,653	

Source: City of Lakeport

LARGEST USERS

User	Business	Service Charge Revenue	% of Total Revenue
Mobile Home Park	Arton Inc	75,660	3.09%
Mobile Home Park	Fairgrounds Village	43,680	1.78%
Mobile Home Park	Clear Lake Marina	39,780	1.63%
Commerical	Rocky Point Care	32,385	1.32%
Commercial	Pacific Regency	31,656	1.29%
Mobile Home Park	DGM,LLC	30,420	1.24%
Apartments	Lakeport Senior Apts	29,282	1.20%
Mobile Home Park	Aqua Villa Mobile	24,180	0.99%
Apartments	Lakeview Housing, Inc	22,111	0.90%
Apartments	Lakeport Village Apts	19,123	0.78%

Source: City of Lakeport

ANNUAL INFORMATION STATEMENT FOR FISCAL YEAR ENDING JUNE 30, 2015–BASE CUSIP: 130792

PROJECTED OPERATING RESULTS

Revenues:		
User charges		2,447,653
Use of money and property		36,504
Other		10,730
Total revenues		2,494,887
Operating expenses		1,591,922
System net revenues	$	902,965
Debt service:		
Series 2007A Bonds		189,084
Total debt service	$	189,084
Debt Service Coverage		477.55%

Source: City of Lakeport

END OF DOCUMENT