

Year-End Financial Report

NOVEMBER 2, 2012

FOURTH QUARTER, 2012



100 Years of pride, progress and service.

OVERVIEW

Management is pleased to present this report summarizing the City's overall financial activity and position for the fiscal year ended June 30, 2012 (fiscal year 2012). The information prepared herein is based on the City's audited financial statements. It is not presented in a GAAP format but rather in a way that is meant to be succinct and easily understandable.

THE CITY'S FINANCIAL CONDITION

The fiscal year ended June 30, 2012 was one of many financial challenges and difficulties. But the City navigated them successfully and reported a healthy

general fund reserve and even a small surplus. A more detailed discussion of the general fund can be found later in this report.

In addition to the general fund, the City maintains 37 other funds, including special revenue, capital project, enterprise and fiduciary.

Enterprise funds (water and sewer) struggled in 2012. Both realized net losses as a result of revenues from rates and user fees being insufficient to meet operating and debt service expenses. However, due to an accounting change in 2012, we are reporting that the water enterprise ended the year on a positive note. The one-time change was the recognition of 13 months of water and sewer account billings (as opposed to 12) to align the accounting record to GAAP.

Fiduciary funds reported here include funds for the administration of the City's other post-employment benefits (OPEB), special deposit funds not available for City uses, and the newly created trust fund for the City's former redevelopment agency.

SIGNIFICANT OCCURENCES

2012 saw the loss of one of the most important economic and community development resources available – redevelopment. Governor Brown was successful in demolishing redevelopment agencies state-wide in an unsuccessful attempt to extort funds from local governments. This created an administrative nightmare for cities and counties, which our staff continue to work through. On the positive side, the City was able to retain the former agency's unspent bond proceeds intended for improvements to downtown Main Street.

Additional items of note include the resolution of an ongoing labor dispute with the Lakeport Police Officers' Association, the acquisition the Green Ranch water supply, and the delivery of the City's first balanced operating

budget in over a half decade.

LOCAL ECONOMIC CONDITIONS

We have begun to emerge from the financial collapse of 2008, but our recovery has started slowly and will continue to improve slowly over the course of the next few years. Local businesses will continue to struggle, but the City is committed to assisting them as best it can.

OUTLOOK

While revenues continue to improve from the downside of 2008, we remain optimistic looking toward the future. Through controlled spending, reasonable planning, and continuously striving to secure new revenue sources, the City will continue to meet the needs of its citizenry and thrive.

QUICK FACTS FISCAL YEAR 2012 (CITY-WIDE)

<u>Total revenues</u>	\$8.38 million
<u>Total expenditures/expenses</u>	\$9.14 million
<u>Services offered</u>	
Police	Housing assistance
Parks and recreation	Economic development/ business assistance
Trash collection	Planning and building
Road maintenance	General administration
Water and sewer	
Utility billing	
<u>Residential population</u>	4,622
<u>Work day population (approximate)</u>	15,000-18,000+
<u>Number of City employees</u>	49

*does not include limited-term, seasonal, or legislative

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CITY'S FINANCIAL POSITION

The following two statements are intended to provide the reader with a synopsis of the City and its component units' financial condition and activities for the year ended June 30, 2012. In accordance with GAAP, governmental fund-types are presented on a modified accrual basis, while proprietary and fiduciary fund-types are presented on full accrual. For additional information, please refer to the City's 2012 Comprehensive Annual Financial Report (CAFR).

CITY OF LAKEPORT
FUND-BASED STATEMENTS - BALANCE SHEET
YEAR-ENDED JUNE 30, 2012

	Governmental		Proprietary Business-type		Fiduciary	
	General Fund	Other Governmental Funds	Water	Sewer	Private Purpose	
					Trust	Agency
ASSETS						
Cash and Investments	\$ 1,274,617	\$ 988,250	\$ 377,126	\$ 874,661	\$ 1,124,454	\$ 276,293
Restricted cash and investments	-	1,999,325	332,399	1,329,993	300,859	-
Receivables	434,193	3,027,892	245,338	314,740	24,241	18,207
Inventory and prepaids	4,955	-	65,777	14,817	-	-
Interfund loans receivable	1,114,821	-	-	-	-	-
Land Held for Resale	407,964	-	-	-	-	-
Noncurrent assets	-	-	5,313,899	13,099,152	258,851	-
Total Assets	3,236,550	6,015,467	6,334,539	15,633,363	1,708,405	294,500
LIABILITIES						
Payables and accrued liabilities	160,564	20,138	818,549	210,573	2,283	-
Deferred Revenue	64,954	2,572	-	-	-	-
Interfund loans payable	-	414,821	-	-	-	-
Customer deposits	-	-	10,985	13,712	-	-
Compensated absences, current	-	-	3,754	4,590	-	-
Enforceable obligations	-	-	-	-	5,886,768	-
OPEB obligation, net	-	-	38,522	41,274	-	18,207
Noncurrent liabilities	-	-	3,441,597	6,857,909	-	276,293
Total Liabilities	225,518	437,531	4,313,407	7,128,058	5,889,051	294,500
FUND BALANCE						
Nonspendable	1,541,438	2,787,145	1,281,250	6,308,845	-	-
Restricted	-	2,445,619	332,399	1,348,179	1,146,396	-
Committed	1,469,594	360,301	-	-	-	-
Assigned	-	297,404	-	-	-	-
Unassigned	-	(312,533)	407,483	848,281	(5,327,042)	-
Total Fund Balance	3,011,032	5,577,936	2,021,132	8,505,305	(4,180,646)	-
Total Liabilities and Fund Balance	\$ 3,236,550	\$ 6,015,467	\$ 6,334,539	\$15,633,363	\$ 1,708,405	\$ 294,500

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ACTIVITIES (EXPENDITURES AND EXPENSES)

Below is the activity report for the 2011-2012 fiscal year. Governmental-type funds report expenditures (draws on current financial resources) while proprietary and fiduciary funds report expenses (draws against economic resources).

CITY OF LAKEPORT
FUND-BASED STATEMENTS - ACTIVITIES
YEAR-ENDED JUNE 30, 2012

	Governmental		Proprietary Business-type		Fiduciary	
	General Fund	Other Governmental Funds	Water	Sewer	Private Purpose	
					Trust	Agency
REVENUE						
Taxes	\$ 2,943,090	\$ -	\$ -	\$ -	\$ 56,022	\$ -
Licenses, permits, and franchises	133,754	-	-	-	-	-
Fines, forfeitures, and penalties	28,874	-	-	-	-	-
Use of money and property	141,400	23,746	-	-	803	-
Intergovernmental revenue	297,560	561,881	-	-	-	-
Charges for service	619,047	-	1,439,407	1,934,271	-	-
Other revenue	99,562	247	77,285	26,825	-	-
Total revenue	<u>4,263,287</u>	<u>585,874</u>	<u>1,516,692</u>	<u>1,961,096</u>	<u>56,825</u>	<u>-</u>
EXPENDITURES/EXPENSES						
General government	460,241	145,322	-	-	194,816	-
Community development	241,792	25,997	-	-	-	-
Roads and infrastructure	760,731	72,661	-	-	-	-
Sanitation	421,013	-	-	-	-	-
Housing and support programs	-	511,366	-	-	-	-
Redevelopment/Economic development	90,875	201,827	-	-	-	-
Public safety	1,496,385	33,043	-	-	-	-
Parks, buildings, and grounds	291,916	-	-	-	-	-
Water utility	-	-	1,169,287	-	-	-
Sewer utility	-	-	-	1,409,582	-	-
Capital outlay	182,976	9,428	-	-	-	-
Debt service	71,509	331,368	231,810	579,696	203,927	-
Total expenditures/expenses	<u>4,017,438</u>	<u>1,331,012</u>	<u>1,401,097</u>	<u>1,989,278</u>	<u>398,743</u>	<u>-</u>
Excess of revenue over (under) expenditures	<u>245,849</u>	<u>(745,138)</u>	<u>115,595</u>	<u>(28,182)</u>	<u>(341,918)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Other	(26,441)	435,085	216,246	(19,229)	-	-
Transfers in	70,102	2,888,911	-	-	-	-
Transfers out	(213,444)	(2,745,569)	-	-	-	-
SPECIAL AND EXTRAORDINARY ITEMS						
Extraordinary gain - redevelopment	-	-	-	-	-	-
Extraordinary loss - redevelopment	-	(1,005,662)	-	-	(3,838,728)	-
Total other	<u>(169,783)</u>	<u>(427,235)</u>	<u>216,246</u>	<u>(19,229)</u>	<u>(3,838,728)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>76,066</u>	<u>(1,172,373)</u>	<u>331,841</u>	<u>(47,411)</u>	<u>(4,180,646)</u>	<u>-</u>
BEGINNING FUND BALANCES	<u>2,934,966</u>	<u>6,750,309</u>	<u>1,689,291</u>	<u>8,552,716</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 3,011,032</u>	<u>\$ 5,577,936</u>	<u>\$ 2,021,132</u>	<u>\$ 8,505,305</u>	<u>\$ (4,180,646)</u>	<u>\$ -</u>

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OUTCOMES AND ACCOMPLISHMENTS

The following are the most significant accomplishments and outcomes delivered by the City in fiscal year 2011-2012.

General Government

- Successfully developed and presented the City's first balanced budget in over a half decade for the 2012/2013 fiscal year.
- Successfully implemented the dissolution of the Lakeport Redevelopment Agency, while retaining unspent bond proceeds for the Downtown Improvement Project and the Bevins Court Property.
- Reorganized City departments to capitalize on efficiencies and cost savings.
- Established and maintained revised City quarterly newsletter.
- Researched and implemented paperless agenda system.
- Developed social media networks, e.g., City Facebook and Twitter Accounts.
- Adopted a Records Retention Policy and Schedule.
- Updated and implemented a comprehensive Illness and Injury Prevention Program.
- Prepared City's first ever comprehensive annual financial report (CAFR).

Community Development, Housing and Economic Development

- Established a vacant commercial lands inventory and made it available on City's website.
- Implemented the activities and recommendations of the Lakeport Economic Development Advisory Council (LEDAC).
- Successfully applied for and received housing and economic development grants from the Community Development Block Grant program.

Public Safety

- Increased & expanded police volunteer program.
- Maintained public crime data and community notification systems.
- Increased use of social media systems for public outreach and community relations.
- Implemented neighborhood watch program.

Roads and Infrastructure

- Repair and reconstruction of the following streets:
 - Lakeport Blvd from Larrecou Ln. to Cal-Trans Right of Way.
 - Parallel Drive from the Round-About (South) through S curves.
 - Lakeshore Blvd from Giselman St to Lange St.
 - High Street from Clearlake Ave. to Lange Street.
 - Lange Street and Lakeshore Blvd .
 - N. Main Street from Clearlake Ave to 7 Street
 - Sixteenth Street between High Street and Hartley Street.
 - Martin Street from County Line to Estep Street
- Performed durability testing on new crosswalk and legend material to improve pavement markings throughout the City.

Parks, Buildings, and Grounds

- Installed new trash receptacles at Library Park.
- Refinished guard rails at Library Park
- Repainted fencing around children's play area at Library Park.

Water and Sewer Utility

- Successfully procured the Green Ranch property and well water supply for the City.
- Completed water and sewer loan pre-applications to USDA Rural Development to fund mandated and deferred maintenance and infrastructure improvements.
- Worked with California Department of Public Health on new water permit implementation.
- Worked with State Water Quality Control Board on new sewer permit implementation.
- Successfully completed all requirements of the cease and desist order on the sewer utility, resulting in its termination.
- Replaced failed sewer lift pumps and aerators.

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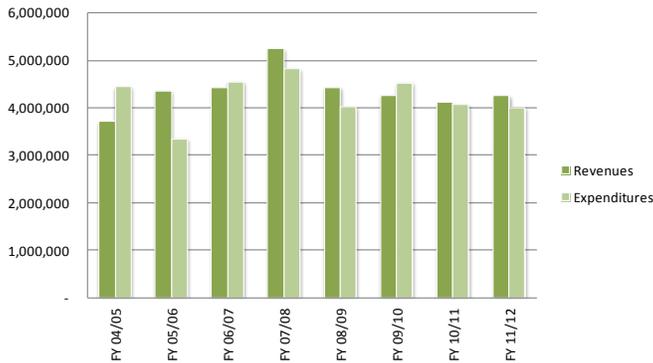
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GENERAL FUND

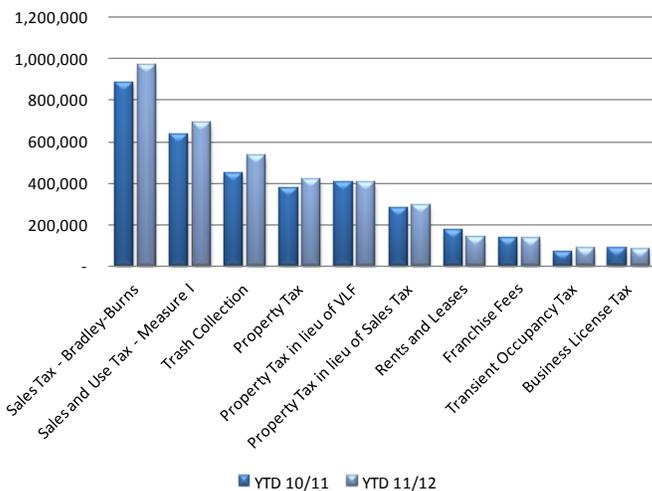
GENERAL FUND FINANCIAL CONDITION

General Fund Balance	Budget	YTD Actual	Percent
Revenues	4,039,122	4,263,287	106%
Expenditures	4,319,628	4,017,438	93%
Transfers, In (Out) Net	(50,401)	(169,783)	337%
Balance, start of the year	2,934,966	2,934,966	
Total operations (Rev-Exp)	(330,907)	76,066	
Balance, end of the year	2,604,059	3,011,032	

GENERAL FUND REVENUES VS EXPENDITURES 8-YEAR COMPARISON



TOP TEN REVENUES COMPARED FY 10/11 TO FY 11/12



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.

Despite a very difficult economic year, the general fund realized a net surplus of \$76,066 (1.8% of expenditures) through a combination of expenditure control by City departments and higher than anticipated revenues.

The City maintains a separate reserve fund for the General Fund, but for simplicity and comparability to the City's audited financial statements, the funds are combined and presented as one.

Per City Council policy, net cash assets held by the general fund at year end are considered reserves and classified as committed and assigned fund balance. Though the general fund balance was \$3.01 million - this includes resources not available for spending, including land held for resale and short-term interfund loans receivable - cash assets set aside as reserves totaled \$1.49 million. This constitutes approximately 37% of total expenditures in the general fund for the fiscal year.

Revenues were reported six percent higher than anticipated in the budget mainly due to increased sales tax. Business license tax revenue and property taxes in lieu of VLF also were stronger than anticipated.

The bar graph to the left compares revenues to expenditures over the last eight years. 2012 finally saw a reversal in the downward revenue trend, which began in 2008.

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

Overall, these key revenues performed better than anticipated. The strongest performers compared against budget estimates were sales tax and business license tax. Most of the top ten sources performed better in 2012 than in 2011.

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 1/2 cent sales and use tax, commonly referred to as Measure I and devoted entirely to the City. Both tax sources are general taxes and can be used for any regular, general government purpose.

Original estimates indicated that sales tax may slump slightly through the course of the year but pick up in the spring and early summer. We did witness that during the second and third quarter of the fiscal year, and sales taxes performed even better than our original estimate

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of 6%, ending 8% and 11% higher for Bradley-Burns and Measure I respectively.

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

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

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

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

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

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

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

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

TOP TEN GENERAL FUND REVENUES BUDGET TO ACTUAL

Top Ten Revenues	Budget	YTD Actual	Percent
Sales Tax - Bradley-Burns	890,677	964,797	108%
Sales and Use Tax - Measure I	619,431	689,536	111%
Trash Collection	428,621	529,061	123%
Property Tax	441,194	411,342	93%
Property Tax in lieu of VLF	377,400	398,805	106%
Property Tax in lieu of Sales Tax	310,988	294,042	95%
Rents and Leases	149,349	138,442	93%
Franchise Fees	134,253	131,609	98%
Transient Occupancy Tax	85,000	82,533	97%
Business License Tax	66,553	78,154	117%
Total	3,503,466	3,718,322	106%

TOP TEN GENERAL FUND REVENUES COMPARED

Top Ten Revenues Compared	YTD 10/11	YTD 11/12	Percent
Sales Tax - Bradley-Burns	883,041	964,797	9%
Sales and Use Tax - Measure I	635,152	689,536	9%
Trash Collection	444,726	529,061	19%
Property Tax	373,133	411,342	10%
Property Tax in lieu of VLF	402,839	398,805	-1%
Property Tax in lieu of Sales Tax	277,785	294,042	6%
Rents and Leases	168,696	138,442	-18%
Franchise Fees	132,673	131,609	-1%
Transient Occupancy Tax	68,827	82,533	20%
Business License Tax	84,225	78,154	-7%
Total	3,471,096	3,718,322	7%

anticipated in 2012 but are still down compared to a year ago.

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DEPARTMENT EXPENDITURES

Departmental expenditures City-wide (i.e., general fund, special revenues funds, RDA, water and sewer) were 65% of budgeted appropriations. This primarily was due to capital projects that were deferred, such as the Downtown Main Street project (redevelopment), the Safe Routes to School project, and the Lakeshore Blvd storm damage repair project.

Most departments reported expenditures below budgeted appropriations with the following exceptions:

City Attorney:

- Final payment of \$10,000 was made to the LPOA legal counsel following the pension amendment settlement. The settlement happened sooner than expected and, consequently, the payment, which occurred late in the fiscal year, was not budgeted in 2012.

Finance:

- Payment was made to the City's external auditor for interim field work of the 2012 fiscal year. This work was expected to occur after July 1, but scheduling issues prompted the auditor to begin earlier. Payment was made late in the year, and a budget adjustment was not possible before June 30.

City Engineer:

- The City made advance payments on road infrastructure software and database elements, which were eligible for 100% reimbursement from the APC. The expenditure was not budgeted due to the offsetting reimbursement, which was recorded as revenue in the general fund. This was the result of an accounting discrepancy, which has since been addressed.

Trash Collection:

- The City administers residential trash billing and passes receipts collected to the franchise trash hauler, Lakeport Disposal, minus a 13% deduction for administrative costs and the franchise trash fee. More revenue was collected than estimated in the budget resulting in a larger pass-through.

City-wide budgeted expenditures were 69% of appropriations. A reconciliation has been provided at the bottom of the chart to the right to help understand the relationship of departmental to total City-wide expenditures.

Non-departmental expenditures include items for which the Finance Department administers but is not considered part of its operating costs. These items include, but are not limited to, most debt service, bank and merchant fees, retiree health premium payments, and miscellaneous administrative expenses.

Note:

The information presented here is budgetary-based (non-GAAP)

EXPENDITURES BY DEPARTMENT CITY-WIDE – BUDGET TO ACTUAL

Expenditures by Department	Budget	YTD Actual	Percent
City Council	102,729	93,418	91%
Administration	428,743	412,982	96%
City Attorney	115,299	121,565	105%
Finance	413,469	414,213	100%
Planning	237,568	188,572	79%
Building	165,010	155,183	94%
Lakeport Housing	743,196	571,019	77%
Economic Development	287,429	40,774	14%
Redevelopment	2,515,555	282,231	11%
City Engineer	241,806	307,365	127%
Police	1,798,590	1,600,937	89%
Public Works: Roads	2,369,257	906,156	38%
Parks, Buildings, Grounds	234,156	229,458	98%
Trash Collection	407,866	421,013	103%
Westshore Pool	100,651	71,886	71%
Water	1,883,535	1,790,292	95%
Sewer	1,304,156	1,078,420	83%
Total	13,349,015	8,685,485	65%

EXPENDITURES BY MAJOR CATEGORY CITY-WIDE – BUDGET TO ACTUAL

Expenditures by Major Category	Budget	YTD Actual	Percent
Salaries and Benefits	4,528,163	4,207,780	93%
Active Employee		3,907,337	
Retiree		300,443	
Operations	4,028,780	3,312,693	82%
Departmental		3,283,117	
Non-Departmental		29,576	
Debt Service	1,444,704	1,206,524	84%
Capital Improvements	4,167,223	1,114,144	27%
Total	14,168,870	9,841,141	69%
Reconciliation to Expenditures by Department			
Departmental	13,349,015	8,685,485	
Non-Departmental	819,855	1,155,656	
Total	14,168,870	9,841,141	

and may not easily correlate to the statements presented on pages 2-3 above, which are presented in modified for governmental funds and full accrual for proprietary and fiduciary funds.

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ENTERPRISE FUNDS

Unlike the General Fund, enterprise funds are proprietary in nature, meaning revenues generally must meet expenses. The City operates two enterprise activities: water and sewer, housed administratively within the Utilities Department (merged with the Public Works Department in FY 2012-2013).

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.

Information presented here is budgetary-based and not GAAP. The purpose of the presenting this information here is not to evaluate the fiscal condition of the City's enterprise funds, but to compare and analyze budget to actual information. For a complete representation of the water and sewer enterprise activities, please refer to the statements presented on pages 2-3 above.

WATER ENTERPRISE

Water fund revenues exceeded budgetary estimates by nearly \$900,000, primarily from the contribution of \$720,000 from Mendocino College for the installation of the water main down Parallel Drive, a loan from the City's general fund of \$700,000 for the purchase of Green Ranch, and the recognition of a one-time 13th month of water billing. Neither of these items was budgeted.

Expenditures overall were lower than anticipated with the exception of the Mendocino water main project. The College's portion of the project costs was not budgeted.

Overall budgeted revenues exceeded expenditures by \$419,742 as a result of higher than anticipated revenues and lower than anticipated operating expenditures.

SEWER ENTERPRISE

Sewer fund revenues performed better than anticipated primarily due to the recognition of a one-time 13th month of sewer billings and higher than anticipated collections from the county for sewer usage in the south.

Expenditures overall were lower than anticipated, particularly in service costs. Debt service exceeded budget estimates due to service fees that were not budgeted.

Overall budgeted revenues exceeded expenditures by \$409,862 as a result of higher than anticipated revenues and lower than anticipated operating expenditures.

DEPARTMENTAL USE

Most City departments draw financial resources from the

WATER ENTERPRISE OPERATIONS

Water Fund Working Capital	Budget	YTD Actual	Percent
Revenues	2,056,096	2,942,497	143%
Operating expenditures			
Salaries and benefits	705,940	705,698	100%
Materials, supplies and service costs	545,418	471,757	86%
CIP	622,073	1,136,738	183%
Debt Service	254,069	208,562	82%
Total Operations (Rev-Exp)	(71,404)	419,742	

SEWER ENTERPRISE OPERATIONS

Sewer Fund Working Capital	Budget	YTD Actual	Percent
Revenues	1,746,488	1,994,468	114%
Operating expenditures			
Salaries and benefits	734,664	720,227	98%
Materials, supplies and service costs	828,194	665,042	80%
CIP	40,825	9,549	23%
Debt Service	187,260	189,788	101%
Total Operations (Rev-Exp)	(44,455)	409,862	

DEPARTMENTAL USE OF ENTERPRISE FUNDS

Department	Function	Water	Sewer
Administration	Admin	X	X
City Attorney	Admin	X	X
Finance	Financial	X	X
Planning	Operations	X	X
Building	Operations	X	X
City Engineer	Operations	X	X
Police	Safety		
Public Works	Operations	X	X
Parks, Buildings, and Grounds	Operations		
Water Utility M&O	Operations	X	
Sewer Utility M&O	Operations		X
Redevelopment/Econ Dev	Program		
Housing	Program		
Total Departments		8	8

enterprise funds in the performance of administrative, financial, programmatic, and operational functions. The chart to the right illustrates this activity.

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FOURTH QUARTER, 2012

REDEVELOPMENT

The Lakeport Redevelopment Agency was officially dissolved February 1, 2012. The City retained the function as the Successor Agency to both the housing and non-housing assets for the purpose of winding down the former agency's affairs, while an oversight board was established, pursuant to AB1X 26 – and further revised under AB 1484 – to review and oversee the dissolution process.

The primary duties of the newly created oversight board are to review and approve a Recognized Obligation Payment Schedule (ROPS), dispose of all remaining, former agency assets, and approve an administrative budget for the Successor Agency (provided to the right).

Presented below was the activity of the former Lakeport Redevelopment Agency (both housing and non-housing activities) before its dissolution on January 31, 2012. As it was dissolved 7 months into its operating year, much of its appropriated budget went unspent. The two largest components of its activities (transfers out and extraordinary loss) were comprised of the transfer of unspent bond proceeds to the City and the transfer of cash assets to the newly created redevelopment trust funds, respectively.

Significant resources were spent by the City in preparing for the dissolution process, primarily in January and consisting mostly of staff time and training.

Successor Agency activities began on February 1, 2012 and were tracked in two separate, newly created private purpose trust funds. Under AB1X 26, the City is due an annual administrative cost allowance of \$250,000. For the period of

REDEVELOPMENT AGENCY ACTIVITIES HOUSING AND NON-HOUSING

Redevelopment Working Capital	YTD Actual		
	Budget	Thru 1/31/12	Percent
Revenues			
Tax increment	914,255	-	0%
Other	151,925	8,370	6%
Expenditures			
Operations/administration	557,366	396,286	71%
CIP projects	1,844,421	46,866	3%
Debt service	322,680	268,167	83%
Pass-throughs	182,851	-	0%
Transfers out	60,000	1,978,479	3297%
Extraordinary loss	-	1,005,662	100%
Balance, start of the year	3,687,090	3,687,090	-
Net Fund Balance	1,785,951	-	

SUCCESSOR AGENCY ACTIVITIES

SUCCESSOR AGENCY ACTIVITIES	
February 1, 2012 - June 30, 2012	
EXPENSES	
General administration	\$ 104,167
Pass-through payments	90,649
Debt service	52,778
Total	\$ 247,594

SUCCESSOR AGENCY ADMINISTRATIVE BUDGET TO ACTUAL

SUCCESSOR AGENCY ADMINISTRATIVE BUDGET		
February 1, 2012 - June 30, 2012		
	Budget	Actual
ADMINISTRATIVE COSTS BY FUNCTION		
General administration	31,630	36,905
Oversight Board operational costs	18,750	11,931
Financial management and debt administration	31,630	26,431
Planning and Engineering for Ongoing Projects	21,086	28,640
Project and contract completion	1,071	260
Total	104,167	104,167
SOURCES OF FUNDING		
Low and moderate income housing fund	-	-
Bond proceeds	-	-
Reserve balances	-	-
Administrative cost allowance	104,167	104,167
Redevelopment Property Tax Trust Fund	-	-
Total	104,167	104,167

February through June 2012, this amount was prorated to \$104,167, of which the City expended the entire appropriation. This amount however, was not sufficient to cover the City's costs in winding down agency activities, and the general fund was used to pick up the difference of \$82,765.

The City's general fund did not experience a windfall of property tax from the dissolution of the redevelopment agency. As of June 30, 2012, local affected taxing entities, - including the local school districts - did not receive any additional increase in property tax outside of their normal pass-throughs as a result of the RDA dissolution.

CITY OF LAKEPORT

Finance Department
225 Park Street
707.263.5615, ext. 16

Year-End Financial Report

NOVEMBER 2, 2012

FOURTH QUARTER, 2012

CITY COUNCIL, REDEVELOPMENT SUCCESSOR AGENCY BOARD, CLMSD BOARD OF DIRECTORS



STACEY MATTINA
MAYOR AND BOARD
CHAIR



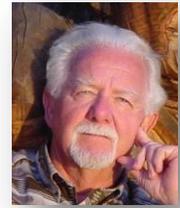
TOM ENGSTROM
MAYOR PRO TEM
BOARD VICE CHAIR



SUZANNE LYONS



ROY PARMENTIER



BOB RUMFELT

CITY MANAGEMENT TEAM

CITY MANAGER

MARGARET SILVEIRA 263.5615, EXT 32



COMMUNITY DEVELOPMENT DIRECTOR

RICHARD KNOLL 263.5615, EXT 43



CITY CLERK

JANEL CHAPMAN 263.5615, EXT 12



CHIEF OF POLICE

BRAD RASMUSSEN 263.5615, EXT 13



CITY ATTORNEY

STEVEN BROOKES 263.5615, EXT 44



CITY ENGINEER

SCOTT HARTER 263.5615, EXT 11



ADMINISTRATIVE SERVICES DIRECTOR

KELLY BUENDIA 263.5615, EXT 30



PUBLIC WORKS/CLMSD DIRECTOR

MARK BRANNIGAN 263.263.3578, EXT 104



FINANCE DIRECTOR

DANIEL BUFFALO 263.5615, EXT 16



For More Information. This summary is based on detailed information produced by the City's financial management system. If you would like additional information, or have questions about this report, please call the Finance Department at 263.5615, ext 16.

CITY OF LAKEPORT

Finance Department
225 Park Street
707.263.5615, ext. 16