

CITY OF LOMPOC

**Basic Financial Statements
Fiscal Year Ended June 30, 2009**

City of Lompoc
 Basic Financial Statements
 Fiscal Year Ended June 30, 2009
Table of Contents

INTRODUCTORY SECTION	PAGE
Table of Contents.....	i
Directory of Officials.....	iii
Organization Chart.....	iv
FINANCIAL SECTION	
Independent Auditors' Report.....	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	20
Statement of Activities	22
Fund Financial Statements:	
Balance Sheet - Governmental Funds	23
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	24
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	25
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27
Statement of Fund Net Assets - Proprietary Funds	28
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	30
Statement of Cash Flows - Proprietary Funds	31
Statement of Net Assets - Fiduciary Funds	33
Notes to the Financial Statements	34
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - Budget and Actual - General Fund	80

City of Lompoc
Basic Financial Statements
Fiscal Year Ended June 30, 2009

Table of Contents

SUPPLEMENTARY INFORMATION SECTION

Combining and Individual Fund Statements and Schedules:

Combining Balance Sheet - Nonmajor Governmental Funds	82
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	88
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Nonmajor Governmental Funds	94
Combining Statement of Net Assets - Nonmajor Enterprise Funds	102
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets - Nonmajor Enterprise Funds	104
Combining Statement of Cash Flows - Nonmajor Enterprise Funds	105
Combining Statement of Net Assets - Internal Service Funds	107
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets - Internal Service Funds	108
Combining Statement of Cash Flows - Internal Service Funds	109

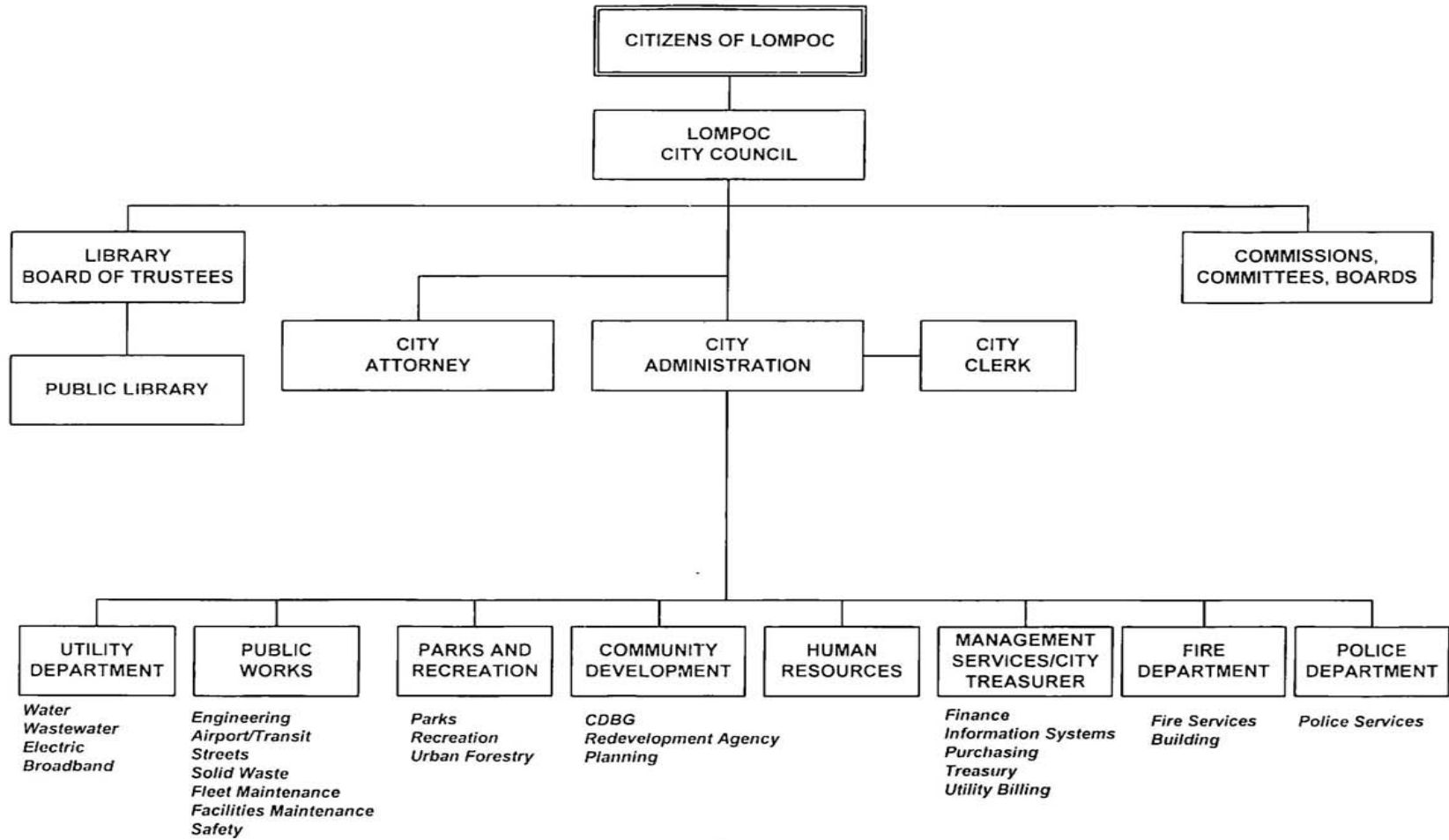
City Council

Mayor.....	Dick DeWees
Councilmember.....	Ann Ruhge
Councilmember.....	Cecilia Martner
Councilmember.....	Michael Siminski
Councilmember.....	Bob Lingl

Administrative Personnel

City Administrator.....	Laurel M. Barcelona
City Attorney.....	Matthew Granger
City Clerk.....	Donna Terrones
Utility Director.....	Ron Stassi
Public Works Director.....	Larry Bean
Parks and Recreation Director.....	Dan McCaffrey
Community Development Director.....	Arleen Pelster
Human Resources Director.....	William J. Yanonis
Management Services Director / City Treasurer.....	Rene Vise'
Fire Chief.....	Linual White
Police Chief.....	Tim Dabney

CITY OF LOMPOC ORGANIZATION CHART



FINANCIAL SECTION



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and City Council
City of Lompoc, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lompoc, as of and for the fiscal year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Lompoc at June 30, 2009, and the respective changes in financial position and cash flows, where applicable thereof, and for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 through 19, and the budgetary information on pages 80 and 81, are not a required part of the basic financial statements but they are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures to this information, principally inquiries of management regarding the methods of measurement and presentation of this information, but we did not audit this information and we express no opinion on it.

As discussed in note 1 of the notes to basic financial statements effective July 1, 2008, the City of Lompoc adopted Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employees for Postemployment Benefits Other than Pensions*, GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statement on Auditing Standards*.

Our audit was made for the purpose of forming opinions on the basic financial statements of the City of Lompoc, taken as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements, and in our opinion is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 22, 2010, on our consideration of the City of Lompoc's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The introductory section listed in the table of contents was not audited by us, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion thereon.

MOSS, LEVY & HARTZHEIM LLP

A handwritten signature in cursive script that reads "Moss, Levy & Hartzheim LLP".

April 22, 2010

Management's Discussion and Analysis

As management of the City of Lompoc (the "City"), we offer readers of the City's financial statements this discussion and analysis of the financial activities of the City for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with the City's financial statements, which begin on page 20 of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *management's discussion and analysis* (this section), *the basic financial statements*, *supplementary information*, and optional *combining and individual statements and schedules* for nonmajor governmental funds, nonmajor enterprise funds, and internal service funds. The basic financial statements include two kinds of statements that present different views of the City.

- The *government-wide financial statements* provide both long-term and short-term information about the City's overall financial status.
- *Fund financial statements* focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
 - *Governmental funds* statements tell how general government services such as police, fire, and public works were financed in the short term as well as what remains for future spending.
 - *Proprietary fund statements* offer short-term and long-term financial information about the activities the City operates like businesses, such as utility services.
 - *Fiduciary fund statements* provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements, which can be found on pages 34 – 79 of this report. In addition to these required elements, we have included combining and individual statements and schedules that provide details about our nonmajor governmental funds, nonmajor enterprise funds, and internal service funds, each of which is presented in a column in the basic financial statements.

Government-wide financial statements

The *government-wide financial statements* (see pages 20 – 22) report information about the City as a whole using accounting methods similar to those used by private-sector companies.

The *statement of net assets* (the “Unrestricted Net Assets”) is designed to be similar to a bottom line for the City and its governmental and business-type activities. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. This statement combines and consolidates governmental fund’s current financial resources (short-term spendable resources) with capital assets and long-term obligations.

The *statement of activities* presents information showing how the government’s net assets changed during the recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements of the City are divided as follows:

- *Governmental activities* – Most of the City’s basic services are included here, such as general government, public safety, highways and streets, parks and recreation, and community development. Taxes, state and federal grants, and intergovernmental revenues finance most of these activities.
- *Business-type activities* – Certain services provided by the City are intended to recover all or a significant portion of their costs through user fees and charges. Among these are electric distribution, water, sewer, solid waste services, transit, recreation, airport services, aquatic center, broadband, and community center.
- *Component Units* - The City currently has no discretely presented component units.

Fund financial statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation to the fund financial statements. The basic governmental fund financial statements can be found on pages 23 – 27 of this report.

Proprietary funds - The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water, Electric, Wastewater, Airport, Aquatic Center, Broadband, Solid Waste, Transit, Recreation, River Park Campground, and Lompoc Valley Community Center. The City uses *internal service funds* to report activities that provide supplies and services for the City's other programs and activities. The City uses internal service funds to account for its fleet of vehicles, insurance, communications, and central stores inventory. The Internal Service Funds predominantly provide services to governmental activity functions and therefore are included within the *governmental activities* of the government-wide financial statements. The basic proprietary fund financial statements can be found on pages 28 – 32 of this report.

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on page 33 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

As previously noted, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$200.9 million. The largest portion of the City's net assets (68.7 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses its capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

During the current fiscal year, the City’s governmental net assets increased by approximately \$7.07 million. The total increase in net assets, including prior period adjustments, was \$6.06 million. The City’s increase in net assets is primarily attributable to increases in capital assets due to contributions from developers.

CITY OF LOMPOC'S NET ASSETS

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>
Current and other assets	\$ 53,564,409	\$ 51,476,648	\$ 54,965,433	\$ 33,306,293	\$ 108,529,842	\$ 84,782,941
Capital assets	85,935,711	93,719,239	149,008,593	192,496,825	234,944,304	286,216,064
Total assets	<u>139,500,120</u>	<u>145,195,887</u>	<u>203,974,026</u>	<u>225,803,118</u>	<u>343,474,146</u>	<u>370,999,005</u>
Current liabilities	3,720,602	2,896,912	11,996,827	7,426,320	15,717,429	10,323,232
Long-term liabilities	20,317,400	19,767,477	112,556,306	139,963,483	132,873,706	159,730,960
Total liabilities	<u>24,038,002</u>	<u>22,664,389</u>	<u>124,553,133</u>	<u>147,389,803</u>	<u>148,591,135</u>	<u>170,054,192</u>
Net assets:						
Invested in capital assets, net of related debt	71,722,417	81,172,160	55,979,821	56,551,473	127,702,238	137,723,633
Restricted					-	-
Construction				4,951,591	-	4,951,591
Debt Service		320,997	646,750	652,968	646,750	973,965
Unrestricted	43,739,701	41,038,341	22,794,322	16,257,283	66,534,023	57,295,624
Total net assets	<u>\$ 115,462,118</u>	<u>\$ 122,531,498</u>	<u>\$ 79,420,893</u>	<u>\$ 78,413,315</u>	<u>\$ 194,883,011</u>	<u>\$ 200,944,813</u>

The balance of unrestricted net assets of \$57.30 million represents the amount that may be used to meet the government’s ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

The condensed summary of activities, which follows, shows total net assets increased by \$6.06 million during the year.

CHANGES IN CITY OF LOMPOC'S NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2008	2009	2008	2009	2008	2009
Revenues:						
Program revenues:						
Charges for services	\$ 7,299,875	\$ 7,204,108	\$ 40,686,560	\$ 42,364,150	\$ 47,986,435	\$ 49,568,258
Operating grants and contributions	5,927,675	3,747,966	2,807,814	2,657,357	8,735,489	6,405,323
Capital grants and contributions	2,459,047	9,044,531	371,529	2,316,619	2,830,576	11,361,150
General revenues:						
Property taxes	7,052,911	6,940,278	24,325	5,536	7,077,236	6,945,814
Sales taxes	4,040,370	3,565,542	97,041	102,699	4,137,411	3,668,241
Other taxes	6,842,499	6,697,447			6,842,499	6,697,447
Grants and contributions not restricted to specific programs	671,063	663,839			671,063	663,839
Unrestricted investment earnings	2,084,282	1,019,009	1,854,556	855,627	3,938,838	1,874,636
Other revenue	169,165	2,187,513	271,344	211,632	440,509	2,399,145
Total revenues	36,546,887	41,070,233	46,113,169	48,513,620	82,660,056	89,583,853
Expenses:						
Governmental activities:						
General government	4,991,901	5,186,661			4,991,901	5,186,661
Police protection	9,165,702	9,820,151			9,165,702	9,820,151
Fire protection	3,347,446	3,428,887			3,347,446	3,428,887
Engineering/streets	6,384,476	4,575,157			6,384,476	4,575,157
Building	1,598,567	1,447,321			1,598,567	1,447,321
Community Development	2,897,355	3,999,598			2,897,355	3,999,598
Parks and recreation	4,717,629	4,997,748			4,717,629	4,997,748
Nondepartmental	868,986	991,118			868,986	991,118
Interest on long-term debt	631,873	533,445			631,873	533,445
Business-type activities:						
Water			8,583,936	8,729,329	8,583,936	8,729,329
Electric			17,731,949	20,361,385	17,731,949	20,361,385
Wastewater			7,731,513	7,721,483	7,731,513	7,721,483
Solid Waste			6,516,603	6,240,184	6,516,603	6,240,184
Aquatic Center			692,969	646,459	692,969	646,459
Airport			533,167	494,205	533,167	494,205
Transit			2,286,236	2,380,866	2,286,236	2,380,866
Recreation			324,029	299,576	324,029	299,576
River Park			195,568	203,376	195,568	203,376
Lompoc Valley Community Center			182,338	206,972	182,338	206,972
Broadband			770,070	816,591	770,070	816,591
Total expenses	34,603,935	34,980,086	45,548,378	48,100,426	80,152,313	83,080,512
Increase (decrease) in net assets before transfers	1,942,952	6,090,147	564,791	413,194	2,507,743	6,503,341
Transfers	905,729	1,025,481	(905,729)	(1,025,481)		
Increase (decrease) in net assets	2,848,681	7,115,628	(340,938)	(612,287)	2,507,743	6,503,341
Beginning net assets	99,677,013	115,462,118	93,118,363	79,420,893	192,795,376	194,883,011
Prior period adjustments	12,936,424	(46,248)	(13,356,532)	(395,291)	(420,108)	(441,539)
Ending net assets	\$ 115,462,118	\$ 122,531,498	\$ 79,420,893	\$ 78,413,315	\$ 194,883,011	\$ 200,944,813

As shown above, the City's revenues for fiscal year 2009 totaled approximately \$89.6 million, with the majority of it (55.3%) generated from charges for services. Revenue increased by approximately 8.4%, or \$6.9 million for the year ended June 30, 2009 as compared to fiscal year ending June 30, 2008. The primary factors for this increase in revenue were increased charges for services and an increase in capital grants and contributions. The combined total increase over the prior fiscal year for the two previously mentioned revenue sources was approximately \$10.1 million. Offsetting increases in these two areas were decreases in taxes, operating grants and contributions, and investment earnings of \$5.1 million

Expenses of the City's Governmental Activities remained relatively low compared to the previous fiscal year. Total Government Activities' expenses for the fiscal year ending June 30, 2009 were approximately \$35.0 million, which was a 1.1% increase (\$376,151) over the prior year. Total Business-Type Activities' expenses for the fiscal year ending June 30, 2009 were approximately \$48.1 million, which was a 5.6% increase (\$2.55 million) over the prior fiscal year. This increase is due primarily to increased procurement costs of electricity during the year (\$2.63 million).

Governmental Activities

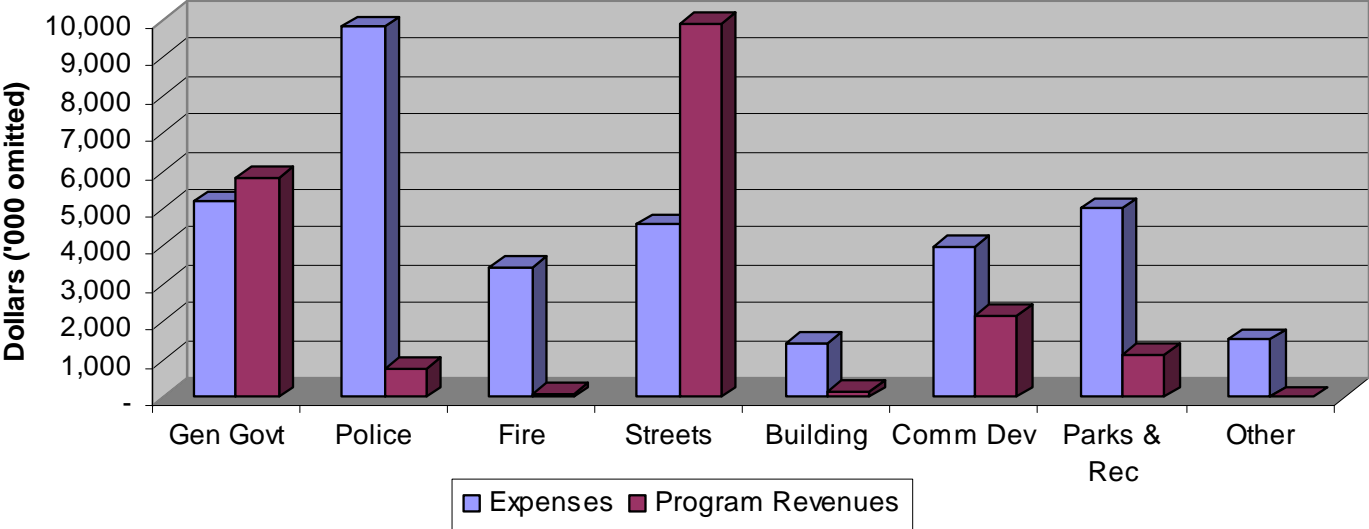
Governmental Activities increased the City's net assets by \$7.07 million. The key reason for this increase was the acceptance of infrastructure from housing developers on completed subdivisions of \$5.76 million. Excluding the infrastructure acceptance, governmental activities still increased the City's net assets by approximately \$1.31 million.

Total revenues for the City's Governmental Activities were \$41.07 million for the year ended June 30, 2009. Of this total, \$17.2 million (41.9% of the total revenues) was derived from taxes. Traditional services provided by a city such as public safety, parks, recreation, and public works are primarily funded from property, sales, transient occupancy, motor vehicle, and other local taxes. Approximately 17.5, or \$7.2 million, of total revenues was derived from charges for services, representing fees charged for various services, including planning, engineering, and recreation. Total revenues for Governmental Activities increased 12.4%, or \$4.52 million, from fiscal year 2008 to fiscal year 2009. This increase in revenues is primarily due to the acceptance of \$5.76 million of infrastructure (as capital grants and contributions). Offsetting this increase were decreases in operating grants and contributions (\$2.18 million), taxes (\$732,518), and investment earnings (\$1.07 million).

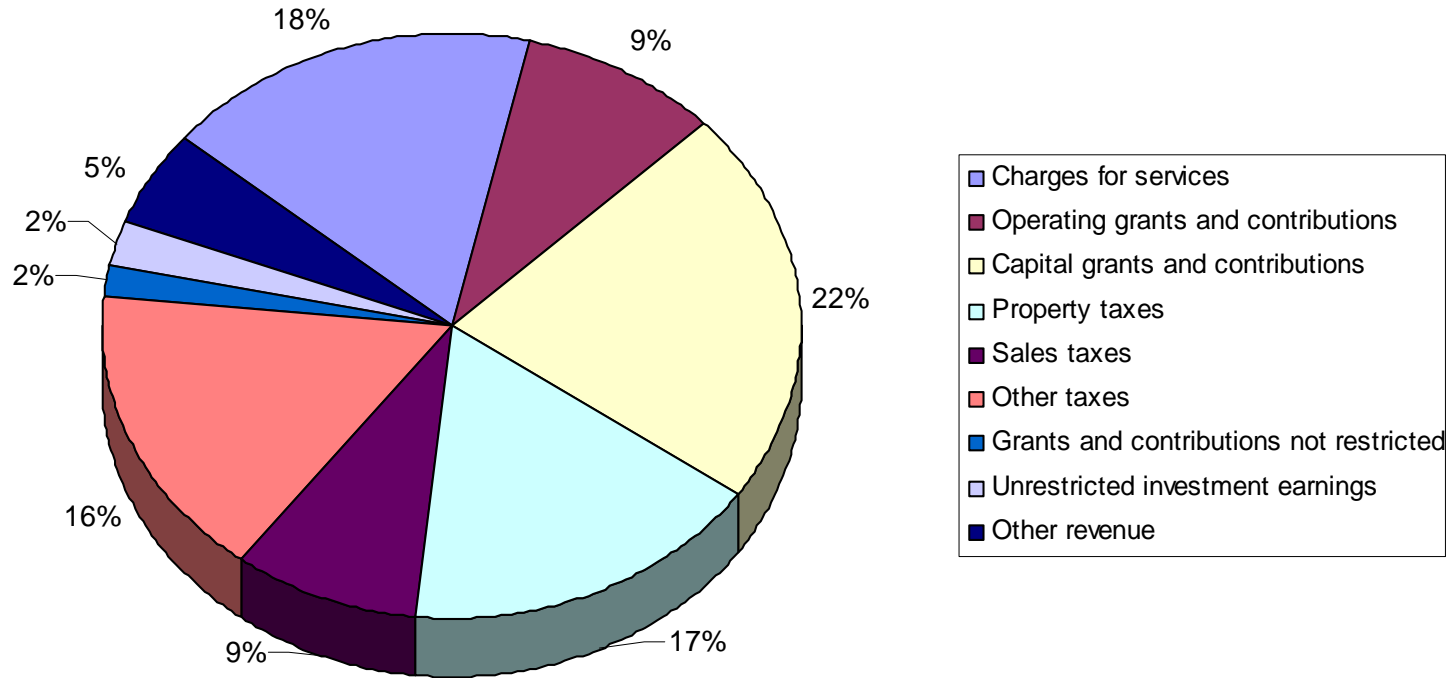
Total expenses for Governmental Activities totaled \$34.98 million for the fiscal year ended June 30, 2009, which is a \$376,151 increase over the previous year. The largest component of total expenses was for public safety at \$13.2 million, which represented 37.9% of the total governmental activities' expenses. The next largest component of total expenses was for general government at \$5.2 million, or 14.8%, of total expenses in the Governmental Activities.

Following are graphical displays of Governmental Activities. The first shows revenues and expenses by functions and programs while the second shows revenues by source.

Expenses & Program Revenues - Governmental Activities



Revenue by Source - Governmental Activity



Business-type Activities

Business-type Activities decreased the City's net assets by \$1.01 million. The decrease in Business-type Activities' net assets resulted primarily from total expenses exceeding total revenues for the fiscal year ending June 30, 2009.

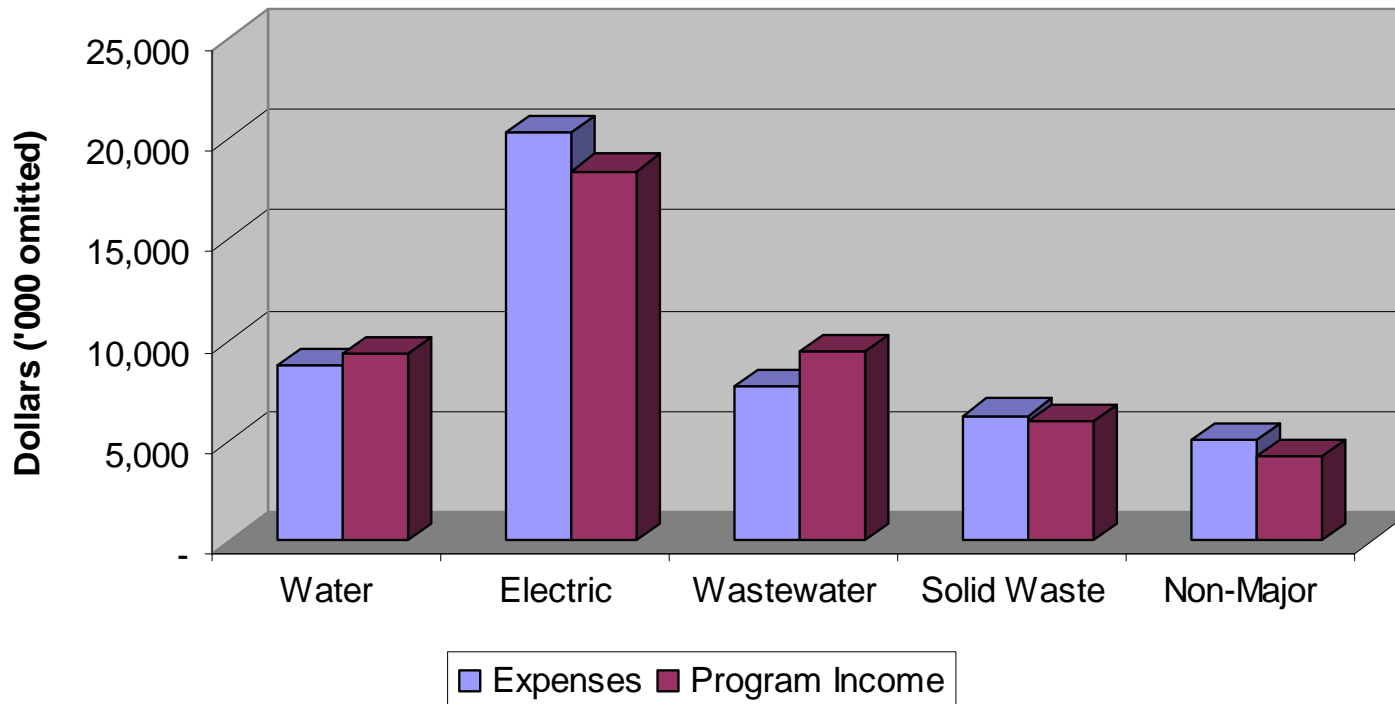
Total revenues for the City's business-type activities were \$48.51 million for the year ended June 30, 2009. Of this total, \$42.36 million (87.3% of the total revenues) was derived from charges for services. As mentioned previously, Business-type Activities include enterprise fund operations such as Water, Wastewater, Electric, and Solid Waste funds, all of which recover their costs through user fees and charges.

The other majority of revenue is from operating grants and contributions (\$2.7 million). Total revenues increased by 5.2% or \$2.4 million for Business-type Activities from fiscal year 2008 to fiscal year 2009.

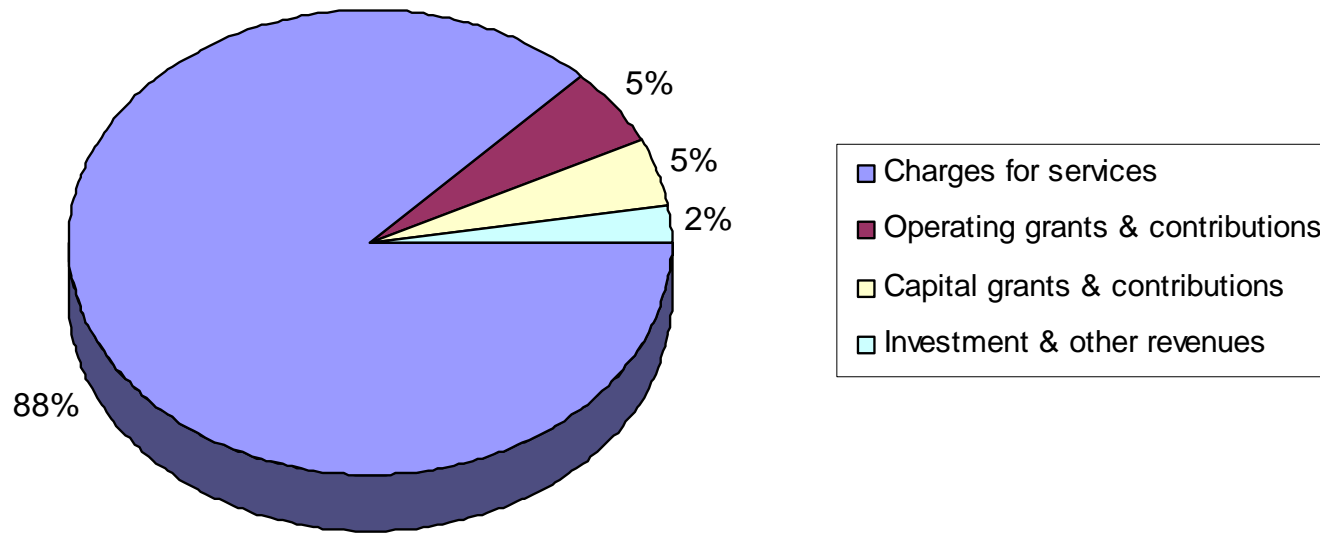
Total expenses for Business-type Activities totaled \$48.1 million for the year ended June 30, 2009, which is a \$2.55 million increase over the previous year. The Electric utility is the largest individual category of Business-type Activities' expenses, representing 42.3% or \$20.4 million of the \$48.1 million total Business-type Activities' expenses.

Following are graphical displays of Business-type Activities. The first shows revenues and expenses by individual major fund and non-major funds in total while the second shows revenues by source for all Business-type Activities.

Expenses & Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$35.47 million, a decrease of \$1.24 million over the prior year. Of this amount, approximately 30% or \$11 million constitutes unreserved fund balance in Special Revenue Funds; 10.2% or \$3.61 million, for Capital Project Funds; and 9%, or \$3.19 million, for the General Fund, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$4.10 million), or 2) for a variety of other restricted purposes (\$13.57 million).

The General Fund is the primary operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$3.19 million, while the total fund balance was approximately \$4.07 million.

Current year operations decreased the fund balance of the City's General Fund by \$1,403,538. Key factors in this reduction are as follows:

- Reduction in revenues of 1.1% or \$252,715 primarily due to a 6.6% drop in tax revenues (\$683,162), a 5.9% drop in intergovernmental revenues (\$231,367), a 52.9% drop in interest revenues (\$199,543) offset by an increase in other revenue of \$867,114 primarily made up of a one time sales transaction.
- Increase of expenditures of 2.9% or \$801,207 primarily due to a 5.0% increase in public safety (\$602,563), a 7.6% increase in general government (\$381,893), and an 11.29% increase in community development services (\$139,369) offset by decreases of 17.6% in engineering/streets (\$290,731) and 5.0% in parks and recreation (\$119,936).
- Decrease of proceeds from lease financing of \$513,896. No proceeds were received during the year ending June 30, 2009.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the enterprise funds at the end of the year amounted to \$20.80 million. Positive gains in the net assets of the Water and Wastewater Fund are offset by losses in the Electric and Solid Waste Funds.

Electric Fund net assets declined by \$3.0 million, excluding prior period adjustments. The City has experienced a significant increase in cost of electricity but had not had a comparable increase in the rate that the City charges its customers. The City purchases its electricity through a joint powers agency, the Northern California Power Authority, thus enabling a small user like the City to purchase at bulk supply rates.

The Water Fund's net assets increased by \$0.50 million, due primarily to previously established rate increases taking full effect. The additional resources have allowed major improvements in the supply and distribution systems to be constructed. The new facilities have been financed by bonds sold in 2005 and 2007.

The Wastewater Fund's net assets increased by \$2.21 million due primarily to previously established rate increases taking effect. The fund is in the final stages of bringing a new wastewater treatment plant on-line which will greatly improve the treatment of collected wastes. The new treatment facility is financed by bonds sold and a loan from the State of California.

The Solid Waste Funds net assets decreased by \$0.15 million primarily due to new capital equipment for collection and disposal and to process collected waste at the landfill. The City has experienced increased in the cost of collection without a comparable increase in the rate that the City charges its customers.

Total net assets for business-type activities decreased by \$1.01 million. The main factors contributing to this decrease are expenses over revenues in the Water, Electric, Solid Waste, and Broadband funds offset by revenues over expenses in the Wastewater fund.

General Fund Budgetary Highlights

The final expenditure budget for the General Fund at year-end was \$3.2 million greater than the original budget. This increase over original is primarily due to the following:

- Encumbrances at June 30, 2008 of \$2,115,000 carried over to the 2008-2009 budget increased the final expenditure budget.
- Appropriation of police grant funds of approximately \$326,000 occurred after the original budget document had been approved. The amount of grant funds is generally not known until after the beginning of the fiscal year.
- Appropriation of approximately \$651,000 in additional funds for capital outlay to make city facilities more energy efficient occurred after the original budget document had been approved.
- The remaining additional appropriations were due to budget amendments and supplemental appropriations primarily for unanticipated expenditures after adoption of the original budget.

Actual expenditures were \$2,145,624 less than the final budget at year-end. This is primarily due to lower than anticipated salary and benefits and capital expenditures that never materialized. Actual revenues were less than the revised budget by \$1,049,627, which is due mainly to reductions in tax revenues, licenses, fees and permit fees, intergovernmental revenues, and use of money. These reductions of \$2,020,020 were offset by increases in charges for services and other revenues of \$1,042,145.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of year-end, the City had \$286.22 million invested in a broad range of capital assets, net of depreciation. This amount represents a net increase (including additions and deductions) of \$51.27 million, or 22%, over last year. The large increase results from the new wastewater treatment plant that is under construction and results in \$38.83 million of the increase.

Capital Assets at Year End (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2008	2009	2008	2009	2008	2009
Land and land rights	\$ 27,826,225	\$ 27,826,225	\$ 7,220,585	\$ 7,601,096	\$ 35,046,810	\$ 35,427,321
Buildings and improvements	16,310,873	16,737,963	17,079,069	27,428,778	33,389,942	44,166,741
Machinery and equipment	9,984,886	9,317,104	42,591,240	41,276,716	52,576,126	50,593,820
Work in process	1,174,066	2,139,950	82,117,699	116,190,235	83,291,765	118,330,185
Infrastructure	30,639,661	37,697,997			30,639,661	37,697,997
Totals	\$ 85,935,711	\$ 93,719,239	\$ 149,008,593	\$ 192,496,825	\$ 234,944,304	\$ 286,216,064

This year's major capital asset additions included the following:

- Replacement of City vehicles through the Vehicle Replacement Fund and the Transit Fund totaled \$1.18 million.
- Developer contributions were accepted for a total amount of \$5.76 million (\$3.68 million of Governmental Activity and \$2.08 million of Business-type Activity).
- Infrastructure additions of \$5.12 million, including \$2.93 million for street improvement projects.
- The efficiency improvement project continues with \$1.59 million of costs incurred on a project valued at \$5.57 million.
- Land and other property acquisitions including Riverpark Campground expansion (\$378,000) and the future Community Center land and building (\$1.88 million).
- Water fund projects (Booster Station Improvements at the Water Treatment Plant and overall Water Treatment Plant improvements were completed at a total cost of \$5.55 million.

- The construction of the upgrade to the Wastewater Plant continued with cumulative costs incurred of \$90.41 million, which is approximately 90% of the total project.

For more detailed information on capital assets, see the notes to the basic financial statements.

Long-Term debt

At the end of the current fiscal year, the City had long-term debt outstanding of \$148.42 million. Of this amount, \$9.98 million represents long-term leases outstanding backed by the equipment purchased, \$45.59 million represents RDA and enterprise fund revenue bonds secured solely by specified revenue sources, \$43,196 represents long-term notes payable, and \$92.81 million represents long-term loans payable (\$90.74 million of this is for the wastewater plant upgrade).

Outstanding Debt at Year End

	Governmental Activities		Business-type Activities		Total	
	2008	2009	2008	2009	2008	2009
Compensated absences	\$ 2,271,552	\$ 2,183,589	\$ 1,087,570	\$ 985,873	\$ 3,359,122	\$ 3,169,462
Accrued liabilities	3,580,578	3,952,552			3,580,578	3,952,552
Revenue bonds	7,050,000	6,895,000	39,632,258	38,698,692	46,682,258	45,593,692
Loans payable	2,013,950	2,066,450	60,794,940	90,739,388	62,808,890	92,805,838
Long Term Capital Leases	5,401,320	4,669,886	5,724,823	5,310,899	11,126,143	9,980,785
Notes Payable			48,082	43,196	48,082	43,196
Totals	<u>\$ 20,317,400</u>	<u>\$ 19,767,477</u>	<u>\$ 107,287,673</u>	<u>\$ 135,778,048</u>	<u>\$ 127,605,073</u>	<u>\$ 155,545,525</u>

Total debt increased by \$27.94 million during the current fiscal year. The key factors in this increase were:

- Increase of \$29.99 million of loan proceeds for reimbursement of the Wastewater Plant upgrade costs.
- Decreases of \$2.24 million due to reductions of principal balance on leases and bonds due to payments and amortization.

The City currently has no general obligation debt outstanding. For more detailed information on long-term debt, see the notes to the basic financial statements.

Significant Accomplishments for Fiscal Year 2008-2009

- Completed a significant portion of the \$5.57 million in energy efficiency upgrades of City facilities.
- Construction of the Wastewater Treatment Plant upgrade is virtually complete and the plant is currently processing wastewater in the new facility.
- Completed the \$6 million replacement of the Anaerobic Digesters at the Wastewater Treatment Plant.
- From CDBG and RDA resources and proceeds of the sale of the City's Senior Community Center to the Lompoc Hospital District (to allow for the replacement of the existing hospital), purchased property for the replacement of the Senior Community Center.
- Municipal improvements (streets, water and electric distribution systems and wastewater and storm water collection systems) were completed in two developer projects and \$5.76 million of infrastructure and improvements were accepted by the City.
- The Water fund had improvements completed at its Water Treatment Plant of \$5.55 million.
- Various street improvements were completed for \$2.93 million.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Santa Barbara County was around 8.3% at June 2009 and climbing versus 5.4% in 2008, 5.8% in 2007 and 5.6% in 2006. The County unemployment rate is better than the State's June 2009 rate of approximately 11.6%.
- The City's assessed valuation of physical property has decreased to \$2,384 million in 2009 from \$2,394 million in 2008 from (a 0.4% decrease).
- The slowing of reductions in receipts from Sales Tax and Transient Occupancy Tax as well as fewer closing of larger local businesses seems to signal a bottoming out of the local economy following a similar pattern established overall for the nation and state.

These indicators were taken into account when preparing the City's biannual budget for fiscal years 2009-2011.

During the fiscal year ending June 30, 2009, fund balance in the general fund decreased by \$1,456,544. The City's adopted General Fund biennial budget for 2009-2011 includes expenditures of \$50.84 million, a decrease of 8.4% over the previously adopted 2-year budget. Because of the need to provide for normal contingencies during the coming fiscal years, the 2009-2011 budget provides for a General Fund unrestricted fund balance (reserves) at June 30, 2011, of approximately \$2.2 million. In addition to the General Fund reserve balance, the City also holds a \$2 million reserve held in the Economic Uncertainty Fund.

The ongoing State budget problems will still affect the General Fund in coming years. However, in the November 2004 election, Proposition 1A, a ballot measure to protect local government tax dollars from state raids on local government revenues, was overwhelmingly approved by the voters. Proposition 1A restricts the state's ability to take local government revenues, including the local government share of existing sales taxes, property taxes, and vehicle license fees. Proposition 1A does allow the State to borrow local government if funds are needed in a fiscal emergency. The State is allowed to borrow local government revenues no more than two times in a ten-year period. The State must fully repay the loan and interest within three years. In 2009-2010, the State exercised its right to borrow local governmental revenue. The City of Lompoc, along with a majority of other Cities in California, participated in the securitization of the funds borrowed so that the City could receive the funds during the 2009-2010 fiscal year. The passage of Proposition 1A restored some predictability and certainty to local government funding needed for police, fire, and other essential local services. Although Proposition 1A protects local share of sales taxes, property taxes, and vehicle license fees, it does not protect other sources of revenues such as transient occupancy taxes (hotel taxes) and redevelopment agency tax increment. In 2009-2010, the State plans to take \$963,000 from the City's redevelopment agency restricting its ability to provide for economic growth locally and the elimination of blight.

There are still many economic uncertainties facing local governments in the coming years, which could impact the City's overall revenue. The challenges facing the City are not unique as all cities across California face the same issues as well as across the nation. Rising costs related to health care and retirement contributions are a few significant factors facing cities.

Management is aware of these uncertainties and is prepared to recommend the necessary measures to mitigate their impact on services. Sound budget policies have allowed the City of Lompoc to weather the economic uncertainties in fiscal year 2009 without interrupting essential services. Although the impacts of the economy and the State budget woes have impacted City revenues, these impacts have been mitigated with proper fiscal management. In addition, by building reserves during the economic "good times" of the 1990's, the City is better positioned to meet the upcoming economic challenges.

In the Electric Fund, the City increased rates by 24% occurring over 3.5 years through July 2010 and an additional 25% over 3.5 years beginning in November 2009. In the Water and Wastewater funds, the City has increased rates 42% occurring over 3.5 years through July 2010. In the Solid Waste Fund, the City raised rates over 2 years in June 2007 and again over 2 years beginning in June 2010.

As mentioned previously, rate increases have been implemented for the Electric, Water, Wastewater, and Solid Waste Funds. These increases will aid in covering greater operating costs and debt service requirements.

Requests for information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Financial Services Manager at 100 Civic Center Plaza, Lompoc, CA 93436.

City of Lompoc
Statement of Net Assets
June 30, 2009
(Page 1 of 2)

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS:			
Cash and investments	\$ 38,119,787	\$ 2,285,896	\$ 40,405,683
Receivables (net of allowance for uncollectibles)	3,983,095	9,001,207	12,984,302
Internal balances	510,157	(510,157)	
Interest receivable	85,274		85,274
Loans receivable	7,754,602		7,754,602
Inventories	349,135	1,748,228	2,097,363
Other Post-Employment Benefits (OPEB) prepaid expenses	432,314		432,314
Prepaid expenses		332,371	332,371
Restricted assets:			
Temporarily restricted:			
Cash and investments:			
Bond construction		4,951,591	4,951,591
Debt service		572,466	572,466
Deposits		1,625,458	1,625,458
Fiscal agent		3,544,019	3,544,019
Retrofit program		1,713,625	1,713,625
Rate stabilization		1,900,000	1,900,000
Bond reserves		646,750	646,750
Capital reserve (statutory)		3,069,054	3,069,054
Reserve established by Council		1,272,608	1,272,608
Deferred cost of issuance	242,284	1,153,177	1,395,461
Land	27,826,225	7,601,096	35,427,321
Construction in progress	2,139,950	116,190,235	118,330,185
Capital assets, net of depreciation (Note 5)	63,753,064	68,705,494	132,458,558
Total assets	\$ 145,195,887	\$ 225,803,118	\$ 370,999,005

The notes to basic financial statements are an integral part of this statement.

Continued

City of Lompoc
Statement of Net Assets
June 30, 2009
(Page 2 of 2)

	Primary Government		Total
	Governmental Activities	Business-type Activities	
LIABILITIES:			
Accounts payable and other current liabilities	\$ 1,384,285	\$ 2,477,789	\$ 3,862,074
Accrued liabilities	251,330		251,330
Accrued interest payable	120,253	585,751	706,004
Accrued payroll and benefits	10,230		10,230
Developers deposits	1,039,297	835,387	1,874,684
Unearned revenue	91,517	127,665	219,182
Retentions payable		1,635,328	1,635,328
Retrofit payable		1,764,400	1,764,400
Long-term liabilities (Note 9):			
Due within one year	2,077,931	1,436,126	3,514,057
Due in more than one year	17,689,546	138,527,357	156,216,903
Total liabilities	22,664,389	147,389,803	170,054,192
NET ASSETS:			
Invested in capital assets, net of related debt	81,172,160	56,551,473	137,723,633
Restricted for:			
Construction		4,951,591	4,951,591
Debt service	320,997	652,968	973,965
Unrestricted	41,038,341	16,257,283	57,295,624
Total net assets	\$ 122,531,498	\$ 78,413,315	\$ 200,944,813

The notes to basic financial statements are an integral part of this statement.

City of Lompoc
Statement of Activities
For the Fiscal Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 5,186,661	\$ 5,632,407	\$ 178,136	\$ -	\$ 623,882	\$ -	\$ 623,882
Police protection	9,820,151	310,516	436,094		(9,073,541)		(9,073,541)
Fire protection	3,428,887	91,412			(3,337,475)		(3,337,475)
Engineering/streets	4,575,157	309,877	943,673	8,638,781	5,317,174		5,317,174
Building	1,447,321	136,294			(1,311,027)		(1,311,027)
Community development	3,999,598	554,744	1,625,896		(1,818,958)		(1,818,958)
Parks and recreation	4,997,748	168,858	564,167	405,750	(3,858,973)		(3,858,973)
Nondepartmental	941,787				(941,787)		(941,787)
Health & Welfare	49,331				(49,331)		(49,331)
Interest on long term debt	533,445				(533,445)		(533,445)
Total Governmental Activities	34,980,086	7,204,108	3,747,966	9,044,531	(14,983,481)		(14,983,481)
Business-type activities:							
Water	8,729,329	8,421,901	34,891	877,029		604,492	604,492
Electric	20,361,385	17,593,076		807,240		(1,961,069)	(1,961,069)
Wastewater	7,721,483	8,789,548	3,593	632,350		1,704,008	1,704,008
Solid Waste	6,240,184	5,938,730	26,216			(275,238)	(275,238)
Aquatic Center	646,459	293,687				(352,772)	(352,772)
Airport	494,205	404,283	64,665			(25,257)	(25,257)
Transit	2,380,866	203,740	2,518,145			341,019	341,019
Recreation	299,576	326,759	9,847			37,030	37,030
River Park	203,376	163,966				(39,410)	(39,410)
Lompoc Valley Community Ctr	206,972	46,391				(160,581)	(160,581)
Broadband	816,591	182,069				(634,522)	(634,522)
Total business-type activities	48,100,426	42,364,150	2,657,357	2,316,619		(762,300)	(762,300)
Total primary government	\$ 83,080,512	\$ 49,568,258	\$ 6,405,323	\$ 11,361,150	(14,983,481)	(762,300)	(15,745,781)
General revenues:							
Taxes							
Property taxes					6,940,278	5,536	6,945,814
Sales taxes					3,565,542	102,699	3,668,241
Other taxes					2,365,473		2,365,473
Franchise taxes					1,159,526		1,159,526
Motor vehicle in-lieu taxes					3,172,448		3,172,448
Grants & contributions not restricted to specific programs					663,839		663,839
Investment earnings					1,019,009	855,627	1,874,636
Other revenue					2,187,513	211,632	2,399,145
Transfers					1,025,481	(1,025,481)	
Total general revenues and transfers					22,099,109	150,013	22,249,122
Change in net assets					7,115,628	(612,287)	6,503,341
Net assets - beginning of fiscal year					115,462,118	79,420,893	194,883,011
Prior period adjustments					(46,248)	(395,291)	(441,539)
Net assets - beginning of fiscal year, restated					115,415,870	79,025,602	194,441,472
Net assets - end of fiscal year					\$ 122,531,498	\$ 78,413,315	\$ 200,944,813

The notes to basic financial statements are an integral part of this statement.

City of Lompoc
Balance Sheet
Governmental Funds
June 30, 2009

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 2,853,893	\$ 23,273,389	\$ 26,127,282
Accounts receivable, net	1,947,273	1,971,535	3,918,808
Interest receivable	4,304	80,970	85,274
Due from other funds	167,900	503,100	671,000
Loans receivable	175,862	7,754,602	7,930,464
Inventories	32,263	7,829	40,092
Total Assets	<u>\$ 5,181,495</u>	<u>\$ 33,591,425</u>	<u>\$ 38,772,920</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 446,134	\$ 737,517	\$ 1,183,651
Accrued liabilities	234,706	16,624	251,330
Loans payable		175,862	175,862
Deposits	337,587	701,710	1,039,297
Due to other funds		557,100	557,100
Unearned revenue	90,451	1,066	91,517
Total Liabilities	<u>1,108,878</u>	<u>2,189,879</u>	<u>3,298,757</u>
FUND BALANCES			
Reserved for:			
Encumbrances	669,323	3,428,930	4,098,253
Land development		1,225,429	1,225,429
Loans receivable	175,862	7,754,602	7,930,464
Debt service		441,250	441,250
Low income housing		1,929,432	1,929,432
Prepaid expenditures			
Inventory	32,263	7,829	40,092
Economic uncertainties		2,000,000	2,000,000
Unreserved, reported in			
General fund	3,195,169		3,195,169
Special revenue funds		11,001,942	11,001,942
Capital projects funds		3,612,132	3,612,132
Total fund balances	<u>4,072,617</u>	<u>31,401,546</u>	<u>35,474,163</u>
Total liabilities and fund balances	<u>\$ 5,181,495</u>	<u>\$ 33,591,425</u>	<u>\$ 38,772,920</u>

The notes to basic financial statements are an integral part of this statement.

City of Lompoc
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Assets
June 30, 2009

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

Total fund balances - governmental funds	\$	35,474,163
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When capital assets (land, building, equipment) that are to be used are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the City as a whole.

Cost of capital assets	\$ 132,490,380	
Accumulated depreciation	<u>(45,775,987)</u>	86,714,393

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

Interest on capital leases	(1,922)	
Interest on bonds	<u>(99,700)</u>	(101,622)

In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs are amortized over the life of the debt.

242,284

Long-term liabilities applicable to the city's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets.

Bond payable	(6,895,000)	
Long term capital leases payable	(1,285,160)	
Long term loans payable	(2,066,450)	
Compensated absences	<u>(2,138,219)</u>	(12,384,829)

Internal service funds are used by management to charge the costs of certain activities such as insurance and telecommunications, to individual funds. The assets and liabilities of all internal service funds are included in governmental activities in the statement of net assets.

12,587,109

Net assets of governmental activities	\$	<u><u>122,531,498</u></u>
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The notes to basic financial statements are an integral part of this statement.

City of Lompoc
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2009
(Page 1 of 2)

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Property taxes	\$ 3,723,489	\$ 2,974,815	\$ 6,698,304
Sales and use taxes	3,565,542	2,915,334	6,480,876
Other taxes	2,365,473		2,365,473
Licenses, fees, and permits	212,044	684,056	896,100
Intergovernmental revenues	3,681,677	5,017,646	8,699,323
Charges for services	7,765,807	188,802	7,954,609
Fines, forfeitures, and penalties	13,687		13,687
Use of money and property	177,631	541,788	719,419
Special assessments		241,974	241,974
Donations		663,839	663,839
Other	1,011,957	1,175,355	2,187,312
Total revenues	22,517,307	14,403,609	36,920,916
Expenditures:			
Current:			
City Council	113,615		113,615
City administration	5,409,091		5,409,091
Police protection	9,234,428	128,174	9,362,602
Fire protection	3,336,646		3,336,646
Engineering / streets	4,242,994	447,290	4,690,284
Building	1,362,456		1,362,456
Community development	1,373,558	3,364,753	4,738,311
Parks and recreation	2,289,149	1,852,056	4,141,205
Non-departmental	866,023		866,023
Health		49,331	49,331
Capital outlay	181,313	4,376,976	4,558,289
Debt service:			
Principal retirement		258,765	258,765
Interest		473,773	473,773
Total expenditures	28,409,273	10,951,118	39,360,391

The notes to basic financial statements are an integral part of this statement.

City of Lompoc
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2009
(Page 2 of 2)

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Excess of revenues over (under) expenditures	<u>(5,891,966)</u>	<u>3,452,491</u>	<u>(2,439,475)</u>
Other financing sources (uses):			
Transfers in	5,049,330	2,289,787	7,339,117
Transfers (out)	(560,904)	(5,533,415)	(6,094,319)
Proceeds from lease financing			
Total other financing sources (uses)	<u>4,488,426</u>	<u>(3,243,628)</u>	<u>1,244,798</u>
Net change in fund balances	<u>(1,403,540)</u>	<u>208,863</u>	<u>(1,194,677)</u>
Fund balances, beginning of fiscal year	5,529,163	31,185,925	36,715,088
Prior period adjustments	<u>(53,006)</u>	<u>6,758</u>	<u>(46,248)</u>
Fund balances, beginning of fiscal year, restated	<u>5,476,157</u>	<u>31,192,683</u>	<u>36,668,840</u>
Fund balances, end of fiscal year	<u>\$ 4,072,617</u>	<u>\$ 31,401,546</u>	<u>\$ 35,474,163</u>

The notes to the financial statements are an integral part of this statement.

City of Lompoc

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2009**

Net change in fund balances - total governmental funds **\$ (1,194,677)**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay of (\$12,090,538) exceeds depreciation of (\$3,545,944) in the current period (includes infrastructure). **8,544,594**

In the Governmental Funds, the entire proceeds from disposal of capital assets are reported as revenue. In the Statement of Activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is: **(407,412)**

In the Governmental Funds, debt issuance was recorded as an Other Source of Revenue, while principal debt repayments was recorded as an expenditure. Additionally, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. Also, a net in compensated absences was charged to the governmental funds for compensated absences. In the Statement of Activities, these do not require the use of current funds and accordingly are not included.

Principal payments on long-term debt	\$	258,765	
Issuance of capital leases			
Amortization expense		(9,692)	
Accrued interest on CHFA loans		(52,500)	
Decrease in compensated absences		72,902	
Accrued interest on bonds payable		3,170	
Accrued interest on capital leases		(653)	
Net adjustment			271,992

The net revenue (loss) of certain activities of internal service funds is reported with governmental activities. **(98,869)**

Change in net assets of governmental activities **\$ 7,115,628**

The notes to basic financial statements are an integral part of this statement.

City of Lompoc
Statement of Fund Net Assets
Proprietary Funds
June 30, 2009
(Page 1 of 2)

Business-type Activities - Enterprise Funds

ASSETS	Water Utility	Electric Utility	Wastewater Utility	Solid Waste Disposal	Other Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
Current assets:							
Cash and investments	\$463,192	\$7,811	\$873,023	\$4,505	\$937,365	\$2,285,896	\$11,992,505
Restricted cash and investments:							
Bond construction fund	1,335,302		3,616,289			4,951,591	
Debt service	244,447		328,019			572,466	
Deposits		826,700	230,771		567,987	1,625,458	
Fiscal agent	952,351	862,514	1,692,741	15,314	21,099	3,544,019	
Retrofit program	1,713,625					1,713,625	
Receivables - trade	1,166,362	2,325,187	1,396,575	737,171	1,576,299	7,201,594	64,287
Receivables - interest	9,840	(4,370)	18,928	2,801	7,149	34,348	
Receivables - other			1,765,265			1,765,265	396,257
Prepaid expenses		330,829			1,542	332,371	432,314
Inventories (at average cost)	266,671	1,413,960	23,074		44,523	1,748,228	309,043
Due from other funds	126,076	4,217,178	927,423			5,270,677	85,738
Total current assets	6,277,866	9,979,809	10,872,108	759,791	3,155,964	31,045,538	13,280,144
Noncurrent assets:							
Restricted assets:							
Cash and investments:							
Restricted cash - rate stabilization			1,900,000			1,900,000	
Bond reserves	565,946		80,804			646,750	
Capital reserve (statutory)			290,825	2,778,229		3,069,054	
Reserve established by Council		1,272,608				1,272,608	
Total restricted assets	565,946	1,272,608	2,271,629	2,778,229		6,888,412	
Deferred cost of issuance (net)	425,117		728,060			1,153,177	
Property, plant and equipment:							
Land	529,778	250,304	321,758	262,231	6,237,025	7,601,096	
Utility plant and equipment	47,946,797	33,385,022	42,287,057	3,058,523	11,129,311	137,806,710	17,283,860
Construction in progress	664,717	5,953,785	109,249,181	144,776	177,776	116,190,235	
	49,141,292	39,589,111	151,857,996	3,465,530	17,544,112	261,598,041	17,283,860
(Less) accumulated depreciation	(21,709,071)	(15,862,841)	(25,048,894)	(2,110,161)	(4,370,249)	(69,101,216)	(10,279,014)
Total property, plant and equipment	27,432,221	23,726,270	126,809,102	1,355,369	13,173,863	192,496,825	7,004,846
Total assets	\$34,701,150	\$34,978,687	\$140,680,899	\$4,893,389	\$16,329,827	\$231,583,952	\$20,284,990

The notes to basic financial statements are an integral part of this statement.

City of Lompoc
Statement of Fund Net Assets
Proprietary Funds
June 30, 2009
(Page 2 of 2)

Business-type Activities - Enterprise Funds

LIABILITIES	Water Utility	Electric Utility	Wastewater Utility	Solid Waste Disposal	Other Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
Current liabilities:							
Accounts payable	\$394,168	\$217,876	\$1,482,684	\$71,204	\$311,857	\$2,477,789	\$200,634
Accrued interest	242,262	6,842	323,986	4,584	8,077	585,751	18,631
Due to other funds		50,000		677,423	5,053,411	5,780,834	85,738
Retentions payable			1,635,328			1,635,328	
Developers deposits	8,687	826,700				835,387	
Unearned revenue			108,298		19,367	127,665	
Retrofit program	1,764,400					1,764,400	
Current portion of long-term liabilities	626,384	153,582	504,438	69,970	81,752	1,436,126	1,815,978
Total current liabilities	3,035,901	1,255,000	4,054,734	823,181	5,474,464	14,643,280	2,120,981
Noncurrent liabilities:							
Accrued liabilities							2,766,787
Compensated absences	311,931	290,303	120,982	198,064	64,593	985,873	45,370
Accrued payroll and benefits	32,501	25,827	24,630	23,419	16,080	122,457	10,230
Landfill closure and postclosure payable				3,825,307		3,825,307	
Trust deposits					6,900	6,900	
Capital lease payable	1,101,733	2,701,929	165,319	434,084	461,838	4,864,903	2,754,513
Loans payable	38,066		90,739,388			90,777,454	
Revenue bonds	15,397,178		22,316,514			37,713,692	
Reserve fund - VVCSD			230,771			230,771	
Total noncurrent liabilities	16,881,409	3,018,059	113,597,604	4,480,874	549,411	138,527,357	5,576,900
Total liabilities	19,917,310	4,273,059	117,652,338	5,304,055	6,023,875	153,170,637	7,697,881
NET ASSETS							
Invested in capital assets, net of related debt	9,843,743	20,870,759	12,355,383	851,315	12,630,273	56,551,473	3,620,121
Construction	1,335,302		3,616,289			4,951,591	
Restricted for debt service	568,131		84,837			652,968	
Unrestricted	3,036,664	9,834,869	6,972,052	(1,261,981)	(2,324,321)	16,257,283	8,966,988
Total net assets	\$14,783,840	\$30,705,628	\$23,028,561	(\$410,666)	\$10,305,952	\$78,413,315	\$12,587,109

The notes to basic financial statements are an integral part of this statement

Statement of Revenues, Expenses
and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2009

Business-type Activities - Enterprise Funds

	Water Utility	Electric Utility	Wastewater Utility	Solid Waste Disposal	Other Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
Operating revenues:							
User fees and charges for services	\$8,264,724	\$17,298,578	\$6,953,893	\$5,010,430	\$1,127,181	\$38,654,806	\$15,411,612
Vehicle and facilities rental					493,714	493,714	3,422,822
Other operating revenues	55,597		1,300,480	927,793		2,283,870	
Total operating revenues	8,320,321	17,298,578	8,254,373	5,938,223	1,620,895	41,432,390	18,834,434
Operating expenses:							
Cost of power and water	494,364	13,360,558	415,517	41,793		14,312,232	
Operations and maintenance	5,746,286	5,123,363	4,831,027	5,781,298	4,197,113	25,679,087	17,604,829
Administration	694,139	707,147	546,454	239,680		2,187,420	
Depreciation and amortization	968,736	1,016,856	898,989	144,983	649,546	3,679,110	1,311,298
Total operating expenses	7,903,525	20,207,924	6,691,987	6,207,754	4,846,659	45,857,849	18,916,127
Income (loss) from operations	416,796	(2,909,346)	1,562,386	(269,531)	(3,225,764)	(4,425,459)	(81,693)
Nonoperating income (expenses):							
Fees	136,471	294,498	538,768	4,728		974,465	
Interest income	33,769	220,160	510,530	63,302	27,866	855,627	299,590
Intergovernmental				21,995	2,700,892	2,722,887	
Miscellaneous	15,396	95,897	16,335	76,342	7,662	211,632	(17,187)
Loss on sale of capital assets		(25,910)				(25,910)	
Interest expense	(825,804)	(127,551)	(1,029,496)	(32,430)	(201,386)	(2,216,667)	(155,472)
Total nonoperating income (expenses)	(640,168)	457,094	36,137	133,937	2,535,034	2,522,034	126,931
Income (loss) before contributions and transfers	(223,372)	(2,452,252)	1,598,523	(135,594)	(690,730)	(1,903,425)	45,238
Capital contributions	877,029	807,240	632,350			2,316,619	75,210
Transfers in (out)		(1,355,510)	(16,805)	(22,405)	369,239	(1,025,481)	(219,317)
Change in net assets	653,657	(3,000,522)	2,214,068	(157,999)	(321,491)	(612,287)	(98,869)
Net assets - beginning of the fiscal year	14,278,922	33,973,784	20,814,036	(263,746)	10,617,897	79,420,893	12,685,978
Prior period adjustments	(148,739)	(267,634)	457	11,079	9,546	(395,291)	
Net assets - beginning of the fiscal year, restated	14,130,183	33,706,150	20,814,493	(252,667)	10,627,443	79,025,602	12,685,978
Net assets - end of the fiscal year	\$14,783,840	\$30,705,628	\$23,028,561	(\$410,666)	\$10,305,952	\$78,413,315	\$12,587,109

The notes to basic financial statements are an integral part of this statement.

City of Lompoc
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2009
(Page 1 of 2)

Business-type Activities - Enterprise Funds

	Water Utility	Electric Utility	Wastewater Utility	Solid Waste Disposal	Other Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
Cash flows from operating activities:							
Cash received from customers	\$8,597,247	\$17,399,893	\$8,652,523	\$5,977,718	\$1,616,724	\$42,244,105	\$18,839,220
Cash payments to suppliers for goods and services	(4,315,936)	(17,495,742)	(8,890,245)	(3,936,372)	(2,265,621)	(36,903,916)	(17,764,952)
Cash payments to employees for services	(2,767,812)	(1,727,712)	(2,312,638)	(2,343,621)	(1,177,234)	(10,329,017)	(982,502)
Net cash provided (used) by operating activities	<u>1,513,499</u>	<u>(1,823,561)</u>	<u>(2,550,360)</u>	<u>(302,275)</u>	<u>(1,826,131)</u>	<u>(4,988,828)</u>	<u>91,766</u>
Cash flows from noncapital financing activities:							
Net borrowings (repayments) under revolving loan arrangement					(982)	(982)	
Received from other agencies			1,474,833	21,995	3,370,863	4,867,691	
Transfers in (out)		(1,355,510)	(16,805)	(22,405)	369,239	(1,025,481)	(219,317)
Net cash provided (used) by noncapital financing activities		<u>(1,355,510)</u>	<u>1,458,028</u>	<u>(410)</u>	<u>3,739,120</u>	<u>3,841,228</u>	<u>(219,317)</u>
Cash flows from capital and related financing activities:							
Proceeds from bonds, lease purchases and equipment contracts			29,944,448			29,944,448	
Acquisition and construction of capital assets	(2,890,399)	(3,962,435)	(38,848,639)	(155,747)	(1,307,067)	(47,164,287)	(999,311)
Principal paid on revenue bonds/loans /leases and equipment contracts	(602,142)	(150,916)	(496,159)	(46,177)	(78,416)	(1,373,810)	(627,670)
Interest paid on revenue bonds/loans and equipment contracts	(814,214)	(127,375)	(983,027)	(32,933)	(201,419)	(2,158,968)	(158,951)
Gain/(loss) on disposal of capital assets							19,828
Contributed capital	877,027	807,240	632,352			2,316,619	75,210
Net cash provided (used) for capital and related financing activities	<u>(3,429,728)</u>	<u>(3,433,486)</u>	<u>(9,751,025)</u>	<u>(234,857)</u>	<u>(1,586,902)</u>	<u>(18,435,998)</u>	<u>(1,690,894)</u>
Cash flows from investing activities:							
Interest and dividends on investments	45,195	248,769	543,122	70,239	24,789	932,114	304,241
Net increase (decrease) in cash and cash equivalents	(1,871,034)	(6,363,788)	(10,300,235)	(467,303)	350,876	(18,651,484)	(1,514,204)
Cash and cash equivalents at beginning of fiscal year	7,145,897	9,333,421	19,312,707	3,265,351	1,175,575	40,232,951	13,506,709
Cash and cash equivalents at end of fiscal year	<u>\$5,274,863</u>	<u>\$2,969,633</u>	<u>\$9,012,472</u>	<u>\$2,798,048</u>	<u>\$1,526,451</u>	<u>\$21,581,467</u>	<u>\$11,992,505</u>
Reconciliation to Statement of Net Assets:							
Cash and investments	\$ 463,192	\$ 7,811	\$ 873,023	\$ 4,505	\$937,365	\$ 2,285,896	\$ 11,992,505
Restricted cash and investments	4,811,671	2,961,822	8,139,449	2,793,543	589,086	19,295,571	
	<u>\$ 5,274,863</u>	<u>\$ 2,969,633</u>	<u>\$ 9,012,472</u>	<u>\$ 2,798,048</u>	<u>\$ 1,526,451</u>	<u>\$ 21,581,467</u>	<u>\$ 11,992,505</u>

The notes to basic financial statements are an integral part of this statement.

City of Lompoc
Proprietary Funds
Statement of Cash Flows for the Year Ended June 30, 2009
Reconciliation of Operating Income to Net Cash Provided by Operating Activities
(Page 2 of 2)

Business-type Activities - Enterprise Funds

	Water Utility	Electric Utility	Wastewater Utility	Solid Waste Disposal	Other Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
Income (loss) from operations	\$416,796	(\$2,909,346)	\$1,562,386	(\$269,531)	(\$3,225,764)	(\$4,425,459)	(\$81,693)
Adjustment for nonoperating incomes and (expenses)	151,867	390,395	555,103	81,070	7,662	1,186,097	
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation	968,736	1,016,856	898,989	144,983	649,546	3,679,110	1,311,298
Change in assets and liabilities:							
(Increase)decrease in accounts receivable	(42,314)	(32,480)	(156,953)	(41,575)	(17,337)	(290,659)	36,630
(Increase)decrease in due from other funds	(7,137)	(490,667)	(176,329)			(674,133)	(481,995)
(Increase)decrease in inventory	19,377	426,069	6,918		(5,555)	446,809	(15,459)
(Increase)decrease in prepaid expenses		137,446			16,858	154,304	(432,314)
(Decrease)increase in accounts payable	(185,530)	(68,061)	(2,932,570)	(350,767)	77,794	(3,459,134)	(691,615)
(Decrease)increase in retentions payable			(2,182,330)			(2,182,330)	
(Decrease)increase in developer's deposits	(1,899)	(256,600)	(44,530)			(303,029)	
(Decrease)increase in deferred credits/revenues	169,272		(61,702)		17,749	125,319	
(Decrease)increase in due to other funds		50,000		126,329	636,893	813,222	85,738
(Decrease)increase in accrued liabilities	24,331	(87,173)	(19,342)	7,216	16,023	(58,945)	361,176
Net cash provided (used) by operating activities	<u>\$1,513,499</u>	<u>(\$1,823,561)</u>	<u>(\$2,550,360)</u>	<u>(\$302,275)</u>	<u>(\$1,826,131)</u>	<u>(\$4,988,828)</u>	<u>\$91,766</u>

The notes to basic financial statements are an integral part of this statement.

City of Lompoc
Statement of Fiduciary Net Assets
 Fiduciary Fund
 June 30, 2009

ASSETS	<u>Agency Fund</u>
Cash and investments	\$ 951,218
Receivables:	
Accounts receivable, net	12,889
Interest receivable	2,395
Total assets	<u>966,502</u>
LIABILITIES	
Liabilities:	
Accounts payable	26,541
Refundable deposits and accruals	939,961
Total liabilities	<u>966,502</u>
NET ASSETS	
Held in trust for utility customers and other purposes	<u>\$ -</u>

The notes to basic financial statements are an integral part of this statement.

CITY OF LOMPOC
Notes to Basic Financial Statements
June 30, 2009

The City of Lompoc has adopted accounting procedures and methods that conform to accounting principles generally accepted in the United States of America as applied to governmental entities. The following notes are an integral part of the City's Basic Financial Statements.

I. Summary of Significant Accounting Policies

A) Reporting Entity

The City of Lompoc was incorporated under the State of California in 1888. It operates under an elected Council/Administrator form of government with a five-member Council, four council members elected for four-year overlapping terms, and the mayor elected for a two-year term. The major services the City provides to the community are Public Safety, Fire Protection, Parks and Recreation, Utilities, Solid Waste Collection and Disposal, Municipal Airport Management, Public Transportation, and General Administrative Services.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Lompoc (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

Blended Component Unit. The Lompoc Redevelopment Agency (LRA) is a separate legal entity established to plan, rehabilitate and redevelop blighted areas within the City. In accordance with Statement No. 14 of the Governmental Accounting Standards Board (GASB), as amended by GASB Statement No. 39, the LRA is reported as if it were part of the primary government because the City Council is also the governing body of the LRA. In addition, the City's General Fund provided substantial loans to the LRA. Payments are made monthly, and the loans are scheduled to be retired in the years ranging from 2009 through 2014. Separate financial statements are prepared by the Lompoc Redevelopment Agency and are available from the Agency upon request by writing Lompoc City Hall, P.O. Box 8001, Lompoc, California 93438-8001. The financial activities of the Agency have been included in the City's financial statements.

The City currently has no discretely presented component units.

B) Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. This government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Eliminations have been made in the statement of activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). General government expenses have been allocated as indirect expenses to the various functions of the City.

The fund financial statements emphasis is on the major funds in either the governmental or business-type categories. Non-major funds, by category or fund type, are summarized into a single column.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Agency funds are the only type of Fiduciary Fund that the City reports. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C) **Measurement focus, basis of accounting, and financial statements presentation**

The basic financial statements of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to basic financial statements

Financial reporting is based upon all GASB pronouncements, as well as the FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins that were passed on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989 are not followed in the preparation of the accompanying financial statements.

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, special assessments, franchise taxes, licenses, charges for services, and interest associated with the current fiscal period when received within 60 days of the end of the fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Internal service funds (see definition under proprietary funds below) of a government are presented in the summary form as part of the proprietary fund financial statements. The primary users of the services of the Central Stores, Insurance, Communications, and Vehicle funds are the City's governmental activities. Therefore, financial statements of these internal service funds are consolidated into the governmental column when presented at the government-wide level. To the extent possible, the costs of these services are reflected in the appropriate functional activity (police, fire, community development, etc.).

The City reports the following major and nonmajor governmental funds whose activities are not self-evident from the title of the fund:

MAJOR FUNDS

General Fund – Used as the general operating fund of the City to account for all financial resources except those required to be accounted for in another fund.

NONMAJOR FUNDS

Special Revenue Funds – Established to account for the proceeds of specific revenue sources that are legally restricted to expenditure for designated purposes.

Debt Service Funds – Established to account for the accumulation of resources and the payment on long term general obligation debt principal and interest, other than debt issued for and serviced primarily by enterprise funds.

Capital Project Funds – Established for the accounting of the resources to be used for the acquisition and construction of major capital facilities.

The City reports the following major and non-major proprietary funds whose activities are not self-evident from the title of the fund:

MAJOR FUNDS

Water Utility Fund – Established to account for the operation of the City's water utility, a self-supporting activity, which renders a service on a user charge basis to residents and businesses.

Electric Utility Fund – Established to account for the operations of the City's electric utility, a self-supporting activity, which renders service on a user charge basis to residents and businesses.

Wastewater Utility Fund – Established to account for the operations of the City’s wastewater utility, a self-supporting activity, which renders service on a user charge basis to residents and businesses.

Solid Waste Fund – Established to account for the operations of the City’s solid waste collection and disposal services, a self-supporting activity, which renders service on a user charge basis to residents and businesses.

NONMAJOR FUNDS

Enterprise Funds – Established to account for operations that are financed and operated like private business enterprises, where expenses, including depreciation, to provide goods and services to the general public on a continual basis, are financed or recovered primarily through user charges.

Internal Service Funds – These funds account for fleet management, telecommunication services, for the buying, distribution, and receiving for the City’s warehouse system, and for general liability, workers’ compensation, and property insurance coverages provided to other departments on a cost-reimbursement basis.

FIDUCIARY FUNDS

Agency Funds – These funds account for the collection and disbursement of deposits, bail and sales tax held by the City for others, and to account for utility deposits, NSF checks, and account receivable refunds held as an agency fund for other funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between government’s enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The Water and Wastewater Funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

D) Taxes Receivable

Santa Barbara County assesses, bills, and collects property taxes for the cities of the county, including the City of Lompoc. January 1 is the date that property taxes attach as an enforceable lien on property. Taxes levied on July 1, are due on November 1 and February 1, and become delinquent after December 10 and April 10.

E) Interfund Transactions

Interfund transactions are reflected by loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental and proprietary funds are netted as part of the reconciliation to the government-wide columnar presentation.

F) Assets, liabilities, and net assets or equity

1. Cash, investments and cash equivalents

Investments are reported in the balance sheet or statement of net assets at fair value, except for certain certificates of deposit and investment contracts that are reported at cost because they are not transferable and have terms that are not affected by changes in market interest rates.

Changes in fair value that occur during the fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The City pools cash from all of its various funds for the purpose of cash management. The amount in the pooled cash accounts is available to meet current operating requirements.

2. Inventories

At fiscal year end, a physical count is made of inventories on hand. These inventories are valued at weighted average cost for all funds. During the fiscal year, the consumption method of accounting for inventories is used. Under this method, purchases are recorded as increases in inventory and charged to expenditures when used.

3. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for uncollectables. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectables.

4. Restricted assets

Certain proceeds of the enterprise fund’s revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The “revenue bond operations and maintenance” account is used to report resources set aside to subsidize potential deficiencies from the enterprise fund operations that could adversely affect debt service payments. The “revenue bond construction” account is used to report those proceeds of revenue bond issuances that are restricted for use in construction. The “revenue bond reserve” account is used to report resources set aside to make up potential future deficiencies in the revenue bond current debt service account.

5. Capital assets

Property, plant, and equipment purchased or acquired is carried at historical cost or estimated historical cost. City policy has set the capitalization threshold for reporting capital assets at \$5,000, except for infrastructure, which is set at \$50,000. Contributed assets are recorded at fair value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives and is recorded beginning in the month following acquisition:

Utility plants and stations	10-50 Years
Buildings	10-50 Years
Improvements other than buildings	4-50 Years
Equipment, furnishings and vehicles	6-30 Years
Other infrastructure	10-50 Years

The City completed capitalization of infrastructure assets pursuant to GASB Statement #34 in the fiscal year ended June 30, 2004. This category is the largest asset class of the government and has historically not been reflected in the financial statements nor a measure of its consumption charged. Infrastructure assets include roads, bridges, underground pipe (other than related utilities), traffic signals, etc.

The City owns a museum that displays works of art and historical treasures that are held only for public exhibition and are protected and preserved. The value of the art works and historical treasures is immaterial to the financial statements and is not capitalized.

6. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

G) Vacation and sick pay

Vacation pay for full time employees is vested as it accrues. Each employee may accumulate twice his or her annual leave. Vacation pay is payable upon the retirement or termination of the employee.

Sick leave is not vested and is payable only when the leave is taken. However, management, police, and fire employees employed with the City for ten years or longer may be paid for up to one half (1/2) for management, fire, unrepresented, and library, 22.5 days for police, with a maximum of 45 days, of their accrued sick pay over and above 30 days, as additional termination pay.

The City accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee. The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations. Proprietary funds accrue compensated absences in the period they are earned as a long-term debt.

H) Self-insurance

The City administers self-insurance programs for Liability, Property, and Workers' Compensation. The employee health insurance is carried and administered by the PERS health system.

The liability and contributions by individual funds are carried in the Insurance Control Fund, an Internal Service Fund. Charges are made to the affected operating funds in sufficient amounts to cover the estimated charges for self-insured claims. Charges to operating funds are recorded as expenditures/expenses of such funds and revenues of the Internal Service Fund. Accrual and payment of claims are recorded in the Internal Service Fund.

Workers' Compensation Insurance is administered by a private contractor. The limit of the City's self-insurance is \$300,000 for each accident. Coverage in excess of this amount is obtained through outside insurance carriers.

Liability Insurance is administered as a co-insurance plan. The City is self-insured up to \$100,000, with an insurance company co-insuring claims of \$100,001 to \$15,000,000.

Property Insurance is administered as a co-insurance plan. The City is self-insured for fire and property damage for up to \$25,000. An insurance company co-insures claims over \$25,000.

D) Comparative data

Certain comparative total data between the current fiscal year and the prior fiscal year is presented in the MD&A.

J) Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

K) New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 45

For the fiscal year ended June 30, 2009, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employees for Postemployment Benefits Other than Plan Pensions". The Statement is effective for periods beginning after December 15, 2007 for a Phase II government. This Statement establishes standards for measurement, recognition, and display of other postemployment benefits (OPEB) expenses/expenditures and related liabilities (assets), note disclosures, and if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. Implementation of this Statement and the impact of the City's financial statements is explained in detail in Note 16, Post Employment Benefits Other Than Pensions.

Governmental Accounting Standards Board Statement No. 49

For the fiscal year ended June 30, 2009, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 49, “Accounting and Financial Reporting for Pollution Remediation Obligations”. The Statement is effective for periods beginning after December 15, 2007. The Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and clean ups. The scope of the document excludes pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and postclosure care and nuclear power plant decommissioning. Implementation of the GASB Statement No. 49, did not have an impact on the City’s financial statements for the fiscal year ended June 30, 2009.

Governmental Accounting Standards Board Statement No. 52

For the fiscal year ended June 30, 2009, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 52, “Land and Other Real Estate Held as Investments by Endowments”. The Statement is effective for periods beginning after June 15, 2008. This Statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value. Implementation of the GASB Statement No. 52, did not have an impact on the City’s financial statements for the fiscal year ended June 30, 2009.

Governmental Accounting Standards Board Statement No. 55

For the fiscal year ended June 30, 2009, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 55, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”. The Statement is effective as of April 2, 2009. The objective of this Statement is to incorporate the hierarchy of Generally Accepted Accounting Principles (GAAP) for state and local governments into the Governmental Accounting Standards Board’s authoritative literature. The “GAAP hierarchy” consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. Implementation of the GASB Statement No. 55, did not have an impact on the City’s financial statements for the fiscal year ended June 30, 2009.

Governmental Accounting Standards Board Statement No. 56

For the fiscal year ended June 30, 2009, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 56, “Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statement on Auditing Standards”. The Statement is effective as of April 16, 2009. The objective of this Statement is to incorporate into the Governmental Accounting Standards Board’s (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants’ Statement on Auditing Standards. This Statement addresses three issues not included in the authority’s literature that established accounting principles – related party transactions, going concern considerations, and subsequent events. The presentation of principles used in the preparation of financial statements is more appropriately included in accounting and financial reporting standards rather than in the auditing literature. Implementation of the GASB Statement No. 56, did not have an impact on the City’s financial statements for the fiscal year ended June 30, 2009.

II. Stewardship, compliance, and accountability

A) Budgetary data

Formal budgetary accounting is used as a management control for the funds of the City that have expenditures planned. A two-year budget is legally adopted for all funds by the City Council prior to July 1 of odd years. The legal level of budgetary control is defined as the level at which the governing body must approve any over-expenditures of appropriations or transfers of appropriated amounts. The appropriations are legally adopted at the major expenditure classification level (salaries and benefits, supplies and services, and capital outlay) for each department within each fund. Thereafter, the Management Services Director must review all budget transfers. The City Administrator is authorized to approve departmental transfers and inter-fund transfers in excess of \$10,000; the City Council approves any new appropriations of \$1,000 or more. Expenditures may not legally exceed appropriations at the department level. Budget information is prepared on a basis consistent with accounting principles generally accepted in the United States of America, as actual revenue and expenditures/expenses.

Presented in the financial statements is budget information for two of the Governmental Fund Types (the General and Special Revenue Funds). The presentation represents original appropriations adjusted for amendments and supplemental appropriations made during the fiscal year.

The City Council adopted budget information is not presented for the remaining Governmental Fund Types (Debt Service and Capital Projects), Proprietary Fund Types (Enterprise and Internal Service) and Fiduciary Fund Types (Agency). The provisions of the debt agreements and other management controls in essence control the Debt Service Funds. The City adopts no formal Debt Service Fund

budgets. The Capital Project Fund is subject to the bid and contract process. While budgets are prepared for the City's Capital Projects Funds, capital projects generally span more than one year and are effectively controlled at the project level. Proprietary Fund Types are subject to changes in activity, as demand for services increase, that fixed budgets cannot reflect. The City acts in a custodial capacity for others in the Fiduciary Fund Types, therefore control of Agency budgets does not rest with the City.

B) Deficit fund balance/net assets

Major funds that have a deficit fund balance/net assets position as of June 30, 2009 are as follows:

Solid Waste Disposal Fund

The Solid Waste Disposal Fund has a deficit net asset balance of \$410,666. The deficit is due to the fund incurring costs in excess of revenues.

Non-major funds that have a deficit fund balance/net assets position as of June 30, 2009 are as follows:

Traffic Offender Fund

The Traffic Offender Fund has a deficit fund balance of \$53,891. This deficit will be eliminated through transfers from other funds.

Broadband Fund

The Broadband Fund is a newer fund with deficit net assets of \$3,167,199. The fund was used for the design and construction of wireless fidelity (Wi-Fi) and broadband infrastructure in the City. The project was financed with loans and equipment leases and is expected to have negative net assets until the fund generates sufficient revenues to offset expenses.

Recreation Fund

The Recreation Fund has a \$109,595 deficit in net assets because the recreation programs provided to the adults and youth of the City and County did not generate sufficient revenue for the operating activities for prior fiscal years. The deficit was reduced by \$37,455 during this fiscal year. Recreation management continuing to review the programs to determine steps needed to eliminate the deficit.

Redevelopment Agency – 2008 Project Fund

The Redevelopment Agency – 2008 Project Fund has a deficit fund balance of \$611,679. The deficit is due to the fund incurring costs for projects prior to the issuance of bond debt. Bond process will eliminate the deficit.

III. Detailed notes on all funds

1) Cash and investments

Cash Deposits

The carrying amounts of the City's time and demand deposits were \$1,548,438 at June 30, 2009. The total bank balance was collateralized or insured with securities held by the pledging financial institutions in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This code states that the collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The fair value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits that are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents. Interest income earned on pooled cash and investments is allocated on a monthly basis to the various funds based on average monthly cash balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

Investments

As defined in the California Government Code Section 53601 and the City's investment policy adopted January 6, 2009, the following investment instruments are authorized:

- Securities of the U.S. Government, or its agencies
- Repurchase Agreements
- Bankers' Acceptances
- Commercial Paper
- Medium Term Corporate Notes
- Time Certificates of Deposit

- Mutual Funds
- California Local Agency Investment Fund (LAIF)

The policy, in addition to state statutes, establishes that funds on deposit in banks must be federally insured or collateralized and investments shall have maximum maturity not to exceed five years and be subject to limitations to a certain percent of the portfolio for each of the authorized investments.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid 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. Market value is used as fair value for those securities for which market quotations are readily available.

Per the allowable investments, the City participates in the Local Agency Investment Fund (LAIF), an investment pool managed by outside administrators. The Pool's investment policy may allow for investment in some investment instruments not permitted in the City's policy. The City's policy states that investment in the pool is permitted, assuming a diminutive portion of the Pool's portfolio (10% or less) are tied to these prohibited investment instruments. These investment instruments are subject to market risk as a result of changes in interest rates. LAIF's investments are also subject to credit risk with the full faith and credit of the State of California collateralizing these investments.

Summary of Cash and Investments

Deposits and investments were categorized as follows with the corresponding rating at June 30, 2009:

	Credit Quality Ratings	2009
City Treasury Deposits:		
Deposits	Not Rated	\$ 1,544,863
Petty Cash	Not Rated	3,575
Total City Treasury Deposits		1,548,438
City Treasury Investments		
Local Agency Investment Funds	Not Rated	46,413,640
Total City Treasury Investments		46,413,640
Total City Treasury		47,962,078
Cash and Investments with Fiscal Agents:		
Bond Construction	Not Rated	3,616,566
Cost of Bond Issuance Funds	Not Rated	647,335
Developer Deposits	Not Rated	1,635,328
Municipal Leasing	Not Rated	2,571,171
NCPA Funds	Not Rated	4,219,994
Total Cash and Investments with Fiscal Agents		12,690,394
Total Cash and Investments		\$ 60,652,472

Risk Disclosures

Interest Rate Risk: The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the City's investment portfolio shall remain sufficiently liquid to enable the City to meet its cash flow requirements. An adequate portion of the portfolio shall be maintained in liquid short term securities which can be converted to cash and guarantee the City's ability to meet operating expenditures. At June 30, 2009, the City had the following investment maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>	
		<u>Less than 1</u>	<u>1-5</u>
Developer Deposits	\$ 1,635,328	\$ 1,635,328	
Municipal Leasing	2,571,171	2,571,171	
NCPA Funds	4,219,994		\$ 4,219,994
Cost of Bond Issuance Funds	647,335	647,335	
Bond Construction	3,616,566	3,616,566	
Local Agency Investment Fund	46,413,640	46,413,640	
	<u>\$ 59,104,034</u>	<u>\$ 54,884,040</u>	<u>\$ 4,219,994</u>

Credit Risk: State law authorizes the City to invest in commercial paper and corporate bonds rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Investors Service, Inc. The City's investment policy follows the state guidelines for ratings in these investment types. The City had no investments in commercial paper or corporate bonds at June 30, 2009.

Concentration of Credit Risk: To protect the City from concentration of credit risk, the City's policy places the following limits as a percentage of the City's total portfolio on each investment type:

<u>Investment Type</u>	<u>City Policy Limit</u>
Bankers' Acceptances	40%
Commercial Paper	15%
Medium Term Corporate Notes	25%
Negotiable Certificates of Deposit	30%
Mutual Funds	10%

At June 30, 2009, the allowable amount to be invested in the State's Investment Pool (LAIF) was limited to \$40,000,000 per account. The City has an account for both The City of Lompoc and The City of Lompoc Redevelopment Agency. The City is unlimited in the amount and percentage of the total portfolio it may invest in Certificates of Deposit. As of June 30, 2009, the City is in compliance with these provisions of the policy.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counter-party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. For safekeeping of securities, it is the City's policy that all securities owned by the City shall be held in safekeeping by a third party bank trust department, in which the third party shall act as agents for the City. All trades executed by a dealer will settle delivery vs. payment (DVP) through the City's safekeeping agent.

2) **Receivables and payables**

Receivables in the General Fund consist primarily of inter-fund loans, and the remainder consists of account receivables from the billing of miscellaneous invoices. The remaining receivables in the non-major governmental funds are primarily intergovernmental receivables. Receivables in the major Water, Wastewater, Electric, Aquatic Center, and Solid Waste funds consist primarily of accounts receivable.

Payables in the General Fund and non-major governmental funds are primarily payables to vendors, whereas payments in the Insurance Control Fund are primarily for claims payable. The majority of payables in the Water, Wastewater, Electric, Aquatic Center, and Solid Waste funds are payables to vendors, and the remainder consists of payables to contractors for work on capital projects. Payables in the non-major business-type funds are primarily to vendors.

3) **Loans receivable**

General Fund – A 16 year loan receivable dated June 29, 1993, from the Lompoc Redevelopment Agency, for the construction of a parking facility in the downtown area. The principal balance of \$110,994 plus interest of 5.5% will be repaid from the Agency's tax increment payments. On August 3, 1999, and November 2, 2000, the City entered into two long-term loan agreements with the Lompoc Redevelopment Agency for \$22,700 and \$119,801, respectively. Both loans bear interest at 5.5% and will be repaid from the Agency's tax increment. The proceeds from the loans were used to rehabilitate the City's Senior Center. At June 30, 2009, the principal balances remaining on the loans are \$10,679 and \$54,189, respectively.

Community Development and Redevelopment Agency – The balance of the loans receivable comes from the Community Development Funds, Housing In-Lieu Fund, and the Redevelopment Agency. The Community Development Funds currently has a loans receivable balance of \$3.32 million, The Housing In-Lieu Fund currently has a loan receivable balance of \$808,624 and the Redevelopment Agency currently has a loan receivable balance of \$3.63 million. These loans receivable are from various programs offered by Community Development and the Redevelopment Agency, which include: low-income housing assistance; first time home

buyers assistance; commercial façade improvement program; single and multi-family rehabilitation loans; and the seismic retrofit loan program.

4) Inter-fund receivables, payables, and transfers

Inter-fund receivables and payables

The composition of inter-fund balances as of June 30, 2009, is as follows on the next page:

	<u>Receivables</u>	<u>Payables</u>
GENERAL FUND	\$ 167,900	\$ -
NONMAJOR GOVERNMENTAL FUNDS	503,100	557,100
INTERNAL SERVICE FUNDS	481,995	85,738
ENTERPRISE FUNDS:		
Water Utility Fund	126,076	
Electric Utility Fund	4,217,178	50,000
Wastewater Utility Fund	927,423	
Solid Waste Fund		677,423
NONMAJOR ENTERPRISE FUNDS		5,053,411
	<u>\$ 6,423,672</u>	<u>\$ 6,423,672</u>

The balance owed to the General Fund of \$167,900 resulted from loans made to the Revolving Recreation Fund and Traffic Offender Fund. The Revolving Recreation loan is being amortized over seven years and the Traffic Offender loan will be paid off in fiscal year 2010.

The balance due from the Solid Waste Fund of \$677,423 consists primarily of a loan from the Wastewater Fund to purchase land from Cal-Trans in 1998 for \$314,280. The loan is being amortized over fifteen years and will be paid off in fiscal year 2014.

The balance of \$4.22 million owed to the Electric Fund consists of loans made to the Airport Fund and Broadband Fund to purchase land, construct a taxiway, and for the design work of the wireless fidelity system. The loans are being amortized over sixteen and ten years, respectively.

Inter-fund Transfers

Inter-fund transfers consist of operating and equity transfers from funds receiving revenue to funds through which the resources are to be expended.

	<u>Transfers In</u>	<u>Transfers Out</u>
GENERAL FUND	\$ 5,049,330	\$ 560,904
NONMAJOR GOVERNMENTAL FUNDS	2,289,787	5,533,415
INTERNAL SERVICE FUNDS		219,317
ENTERPRISE FUND		
Electric Utility Fund		1,355,510
Wastewater Utility Fund		16,805
Solid Waste Disposal Fund		22,405
NONMAJOR ENTERPRISE FUNDS	369,239	
	<u>\$ 7,708,356</u>	<u>\$ 7,708,356</u>

Transfers received in the General Fund are primarily for reimbursement of street maintenance and improvement expenditures from the various street special revenue funds for \$3.28 million, which are routine transfers. The transfer of \$1.36 million from the Electric Fund consists of transfers to the General Fund as an in-lieu franchise fee. The remaining transfers are primarily for reimbursements to the General Fund for cash flow purposes and are routine.

5) **Capital Assets**

Capital Assets activity for the fiscal year ended June 30, 2009, was as follows:

Primary Government	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Non-depreciable assets:				
Land	\$ 27,826,225	\$ -	\$ -	\$ 27,826,225
Construction in progress	1,174,066	1,699,337	(733,453)	2,139,950
Depreciable assets:				
Buildings and improvements	26,004,513	1,914,467	(281,105)	27,637,875
Machinery and equipment	24,390,537	1,412,756	(1,252,346)	24,550,947
Infrastructure	<u>58,822,501</u>	<u>8,796,742</u>	<u> </u>	<u>67,619,243</u>
Totals at historical cost	<u>138,217,842</u>	<u>13,823,302</u>	<u>(2,266,904)</u>	<u>149,774,240</u>
Less: accumulated depreciation for:				
Buildings and improvements	(9,693,640)	(1,206,272)		(10,899,912)
Machinery and equipment	(14,405,651)	(1,913,003)	1,084,811	(15,233,843)
Infrastructure	<u>(28,182,840)</u>	<u>(1,738,406)</u>	<u> </u>	<u>(29,921,246)</u>
Totals accumulated depreciation	<u>(52,282,131)</u>	<u>(4,857,681)</u>	<u>1,084,811</u>	<u>(56,055,001)</u>
Governmental activities capital assets, net	<u>\$ 85,935,711</u>	<u>\$ 8,965,621</u>	<u>\$ (1,182,093)</u>	<u>\$ 93,719,239</u>

Primary Government	Beginning Balance	Adjustments to Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:					
Non-depreciable assets:					
Land	\$ 7,220,585	\$ -	\$ 380,511	\$ -	\$ 7,601,096
Construction in progress	82,117,699		40,652,883	(6,580,347)	116,190,235
Depreciable assets:					
Buildings and improvements	20,647,479		12,116,384		32,763,863
Machinery and equipment	104,817,216		595,419	(369,788)	105,042,847
Totals at historical cost	<u>214,802,979</u>		<u>53,745,197</u>	<u>(6,950,135)</u>	<u>261,598,041</u>
Less: accumulated depreciation for:					
Buildings and improvements	(3,568,410)	28,402	(1,795,077)		(5,335,085)
Machinery and equipment	(62,225,976)		(1,884,033)	343,878	(63,766,131)
Totals accumulated depreciation	<u>(65,794,386)</u>	<u>28,402</u>	<u>(3,679,110)</u>	<u>343,878</u>	<u>(69,101,216)</u>
Business-type activities capital assets, net	<u>\$ 149,008,593</u>	<u>\$ 28,402</u>	<u>\$ 50,066,087</u>	<u>\$ (6,606,257)</u>	<u>\$ 192,496,825</u>

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$	251,851
Police protection		484,508
Fire protection		32,810
Engineering/streets		1,782,234
Building		61,105
Community development		68,834
Parks and recreation		865,041
Depreciation on capital assets held by the City's internal service funds is charged to the various functions based on their usage of the assets		1,311,298
Total depreciation expense	\$	4,857,681

Business-type activities:

Water	\$	968,736
Electric		1,016,856
Wastewater		898,989
Solid Waste		144,983
Airport		125,789
Transit		245,060
Recreation		293
River Park Campground		6,279
Health and welfare		62,221
Broadband		209,326
Aquatic Center		578
Total depreciation expense	\$	3,679,110

6) Joint ventures

The City participates in two joint power agencies that are considered joint ventures. These agencies are Northern California Power Agency (NCPA) and Transmission Agency of Northern California (TANC).

NCPA is a nonprofit, joint action agency comprised of 12 cities, one Rural Electric Cooperative, one Public Utility District, one Port Authority, one Irrigation District and one Transit District. The Agency is governed by a Commission comprised of one representative for each member. The Commission is responsible for the general management of the affairs, property and business of the Agency. Separate financial statements of the agency may be obtained by writing NCPA, 651 Commerce Dr, Roseville, California 95678-6411.

TANC was organized under the California government code pursuant to a joint powers agreement entered into by 15 northern California utilities, of which the City is a part of under NCPA. Each TANC member has agreed to pay a pro rate share of the cost to operate TANC and has the right to participate in future project agreements. TANC is the project manager for the California-Oregon Transmission Project. The purpose of the project is to upgrade certain facilities and construct new facilities as needed to allow mutually beneficial power sales between the Pacific Northwest and California. Separate financial statements of the agency may be obtained by writing TANC, P.O. Box 15129, Sacramento, California 95851-0129.

While the City is, in part, contingently liable for a certain portion of the long-term debt of each agency, the joint venture’s continued existence does not depend upon the continued funding and/or participation by the City of Lompoc. The City’s participating percentage in each agency is far below that which would be considered a “controlling” or “significant” influence. Therefore, the City’s interests in NCPA and TANC are not equity interests.

	<u>PARTICIPATING PERCENTAGE</u>	<u>INVESTMENT</u>	<u>DATE OF LATEST AUDITED FINANCIAL STATEMENTS</u>
NCPA	3.938%	\$1,260,711	June 30, 2009
TANC	0.408%	14,998	June 30, 2009
Total		<u>\$1,275,709</u>	

Condensed combined audited financial information of these joint power agencies is as follows (in thousands):

	<u>NCPA</u>	<u>TANC</u>	<u>Total</u>
ASSETS:			
Current assets	\$ 73,916	\$ 35,804	\$ 109,720
Property, equipment and capital project costs	335,481	346,047	681,528
Restricted assets and other assets	493,605	111,741	605,346
TOTAL ASSETS	<u>\$ 903,002</u>	<u>\$ 493,592</u>	<u>\$ 1,396,594</u>
LIABILITIES AND CAPITALIZATION:			
Current liabilities	\$ 91,916	\$ 38,380	\$ 130,296
Member advances	57,299	94	57,393
Long-term debt and other liabilities	721,773	451,442	1,173,215
Members' capital	32,014	3,676	35,690
TOTAL LIABILITIES AND CAPITALIZATION	<u>\$ 903,002</u>	<u>\$ 493,592</u>	<u>\$ 1,396,594</u>
REVENUES:			
Interest	\$ 4,449	\$ 1,644	\$ 6,093
Operating revenues and other revenues	349,687	70,339	420,026
TOTAL REVENUES	<u>354,136</u>	<u>71,983</u>	<u>426,119</u>
COSTS AND EXPENSES:			
General and other operating costs	301,251	35,095	336,346
Interest and other financing costs	36,727	38,954	75,681
TOTAL COSTS AND EXPENSES	<u>337,978</u>	<u>74,049</u>	<u>412,027</u>
Reserve additions and refunds	<u>(10,048)</u>	<u>(618)</u>	<u>(10,666)</u>
NET INCOME (LOSS)	6,110	(2,684)	3,426
ACCUMULATED NET REVENUES			
Beginning of year	25,904	6,360	32,264
End of year	<u>\$ 32,014</u>	<u>\$ 3,676</u>	<u>\$ 35,690</u>

Under the terms of the NCPA and TANC joint power agency agreements, the City is contingently liable, directly or indirectly, for a portion of the long-term debt of these agencies under a take-or-pay or guarantee arrangement. The City was contingently liable at June 30, 2009, for approximately \$41.26 million (TANC principal \$1.74 million, TANC interest \$642,232; NCPA principal \$24.77 million, NCPA interest \$14.11 million). Under certain circumstances, such as default or bankruptcy of the other participants, the City may also be liable to pay a portion of the debt of these agencies on behalf of the other participants in these agencies.

Northern California Power Agency

The NCPA's Geothermal Project has experienced greater than anticipated declines in steam production from existing geothermal wells on its leasehold property. Recent results of the continuing well analysis program indicate that the potential productive capacity of the geothermal steam reservoir is less than previously estimated. Therefore, NCPA has modified the operations of the Geothermal Project to reduce the average annual output from past levels. As a result, the per-unit cost of power generated by the projects will be higher than anticipated.

7) Leases under governmental activities

During the fiscal years ended June 30, 2002, 2005 and 2008, the City entered into long-term leases as lessee for financing the purchase of \$7,264,073 of certain equipment utilized in the General Fund, Vehicle Fund, Capital Development Fund, Library Fund, and Redevelopment Agency Fund. The lease agreements allow the City, upon 30 days written notice, to terminate the leases as of the end of that fiscal year based solely on the City's failure to appropriate funds for the subsequent years' rental payments after exercising reasonable efforts to appropriate funds from any and all of its legally available sources. These leases qualified as capital leases for accounting purposes and therefore, were recorded at the present value of the future minimum lease payments at the date of inception of the leases.

Future minimum lease payments under these capital leases are as follows:

FISCAL YEAR ENDED JUNE 30	CAPITAL LEASES
2010	\$ 922,587
2011	912,157
2012	799,611
2013	579,324
2014	461,077
2015-2019	1,045,825
2020-2024	733,100
2025-2027	324,576
Total minimum lease payments	5,778,257
Amount representing interest	(1,108,371)
Present value of minimum lease payments	\$ 4,669,886

Debt service for the present value of minimum lease payments will be provided by the General Fund, Vehicle Fund, Capital Development Fund, Library Fund and Redevelopment Agency Fund.

8) Leases under business-type activities

During the fiscal years ended June 30, 2002, 2005 and 2008, the City entered into long-term leases as lessee for financing purchases of \$6,553,545 of certain equipment utilized in the Solid Waste, Water, Electric, Broadband, Wastewater and Transit Funds. These lease agreements allow the City, upon 30 days written notice, to terminate the leases as of the end of that fiscal year based solely on the City's failure to appropriate funds for the subsequent years' rental payments after exercising reasonable efforts to appropriate funds from any and all of its legally available sources. These leases qualified as capital leases for accounting purposes and therefore, were recorded at the present value of the future minimum lease payments at the date of inception of the leases.

Future minimum lease payments under these capital leases are as follows:

FISCAL YEAR ENDED JUNE 30	CAPITAL LEASES
2010	\$ 646,561
2011	646,561
2012	609,473
2013	572,310
2014	572,310
2015-2019	2,105,172
2020-2024	1,276,080
2025-2027	692,584
Total minimum lease payments	<u>7,121,051</u>
Amount representing interest	(1,810,152)
Present value of minimum lease payments	<u><u>\$ 5,310,899</u></u>

Debt service for the present value of the minimum lease payments will be provided by the Solid Waste, Water, Electric, Broadband, Wastewater and Transit Funds.

9) Long-term liability activity

Long-term liability activity for the fiscal year ended June 30, 2009, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due within One Year
Governmental Activities					
Compensated absences	\$ 2,271,552		\$ (87,963)	\$ 2,183,589	\$ -
Accrued liabilities	3,580,578	371,974		3,952,552	1,185,766
Capital leases	5,401,320		(731,434)	4,669,886	732,165
Bonds payable	7,050,000		(155,000)	6,895,000	160,000
Loans payable	2,013,950	52,500		2,066,450	
Governmental activities long-term liabilities	\$ 20,317,400	\$ 424,474	\$ (974,397)	\$ 19,767,477	\$ 2,077,931
Business-type activities					
Bonds and loans payable:					
Water loan payable	\$ 48,082	\$ -	\$ (4,886)	\$ 43,196	\$ 5,130
Water revenue bonds	16,649,771		(478,097)	16,171,674	486,894
Wastewater revenue bonds	23,375,229		(476,903)	22,898,326	498,106
Wastewater state loan	60,794,940	29,944,448		90,739,388	
	100,868,022	29,944,448	(959,886)	129,852,584	990,130
Less: deferred amount on refundings	(392,742)		21,434	(371,308)	
Total bonds and notes payable	100,475,280	29,944,448	(938,452)	129,481,276	990,130
Compensated absences	1,087,570		(101,697)	985,873	
Capital leases-Solid Waste	550,231		(46,177)	504,054	69,970
Capital leases-Water	1,368,455		(132,362)	1,236,093	134,360
Capital leases-Electric	3,006,427		(150,916)	2,855,511	153,582
Capital leases-Broadband	556,919		(76,199)	480,720	79,433
Capital leases-Waste Water	177,704		(6,053)	171,651	6,332
Capital leases-Transit	65,087		(2,217)	62,870	2,319
Landfill closure & postclosure	3,825,307			3,825,307	
Trust deposits	5,070	1,850	(20)	6,900	
Reserve Fund - VVCS D	275,301		(44,530)	230,771	
Business-type activities Long-term liabilities	\$ 111,393,351	\$ 29,946,298	\$ (1,498,623)	\$ 139,841,026	\$ 1,436,126

Long-term debt other than capital leases at June 30, 2009, was comprised of the following individual issues:

Revenue Bonds

1998 Water and Wastewater Revenue Bonds

On July 7, 1998, Revenue Bonds in the amount of \$9,535,000 were sold. \$4,470,000 of this bond issue was to be used to finance three new Water Capital projects and the remaining amount of \$5,065,000 was used to advance refund the 1992 Water and Wastewater Revenue Bonds. The advance refunding resulted in a difference of \$656,970 between the reacquisition price and the net carrying amount of the old debt (\$502,435 in Water and \$154,535 in Wastewater). This difference is reported in the accompanying financial statements as a deduction from bonds payable and is being charged to operations as additional interest expense through the year 2022 using the straight-line method. The City completed the advance refunding to reduce its total debt service payments over the next 23 years by \$822,774 and to obtain an economic gain (difference between the present value of the old debt and the new debt service payments) of \$497,677. At June 30, 2003 the defeased debt from the 1992 Water and Wastewater Revenue Bonds was no longer outstanding.

Interest rate from 3.5% to 5.0% payable March 1 and September 1; maturities payable on March 1 in annual redemption from \$210,000 to \$545,000; final payment is due March 1, 2028.

Original issue \$9,535,000	\$ 6,830,000	
Deferred amount of refunding	(371,308)	
	<hr/>	6,458,692
Amount shown on financial statements		<hr/>
Total revenue bonds		<u><u>\$ 6,458,692</u></u>

2005 Water and Wastewater Revenue Bonds

On March 22, 2005, Revenue Bonds in the amount of \$16,970,000 were sold. \$8,370,000 of this bond issue is to be used to finance four new Water Fund Capital projects and the remaining amount is to be used to finance two Wastewater Fund Capital projects.

\$10,990,000 are serial bonds with interest rates ranging from 3.50% to 4.50% due in annual installments from \$350,000 to \$715,000 from March 1, 2006 to March 1, 2028; \$1,525,000 are term bonds with an interest rate of 4.50% due March 1, 2030; \$4,455,000 are term bonds with an interest rate of 4.50% due March 1, 2035.

Principal Outstanding

\$15,630,000

2007 Water and Wastewater Revenue Bonds

On February 14, 2007, Revenue Bonds in the amount of \$17,080,000 were sold. \$14,545,000 of this bond issue is to be used to finance a portion of the Wastewater Treatment Plant upgrade and the remaining amount is to be used to finance a Water Fund Capital project. \$8,855,000 are serial bonds with interest rates ranging from 3.75% to 4.375% due in annual installments from \$150,000 to \$640,000 from March 1, 2008 to March 1, 2027; \$2,100,000 are term bonds with an interest rate of 4.50% due March 1, 2030; \$6,125,000 are term bonds, 4.50% due March 1, 2037.

Principal Outstanding

\$16,610,000

Loan payable (Water Utility Fund)

U.S. Department of Commerce, Economic Development Administration, Wet Well Loan, Contract Number 078100237-01; a 1978 simple interest loan of 5% payable June 30; annual payment of \$7,290; final payment is due June 30, 2017. Proceeds were used toward the construction of a wet well.

Original issue \$124,000

\$43,196

Loan payable (Wastewater Utility Fund)

State Water Resources Control Board (SWRCB), Wastewater Plant Upgrade Loan, Agreement Number 06-811-550-0. Maximum amount of loan is \$91,787,186. Proceeds borrowed through June 30, 2009 are \$90,739,388. Repayment of the loan is scheduled to begin one year after completion of construction. The first payment is currently scheduled to be made in the fiscal year ending June 30, 2011. The loan is considered to be interest free by the SWRCB since the amount that is paid back includes the City's matching portion of 16.667% of the loan proceeds. The imputed interest rate for this matching portion is approximately 2.5% with annual payments over 20 years of \$4,589,360. Approximately 34% of these payments will be reimbursed by the Vandenberg Air Force Base and the Vandenberg Village Community Services District. At the end of the fiscal year there is currently no repayment schedule.

Original Issue \$91,787,186

\$90,739,388

The annual requirements in the Enterprise Funds to amortize Revenue Bonds and Loan Payable outstanding as of June 30, 2009 are as follows:

FISCAL YEAR ENDING JUNE 30	REVENUE BONDS		
	PRINCIPAL	INTEREST	TOTAL
2010	\$ 985,000	\$ 1,713,319	\$ 2,698,319
2011	1,025,000	1,674,399	2,699,399
2012	1,075,000	1,633,105	2,708,105
2013	1,110,000	1,588,995	2,698,995
2014	1,165,000	1,543,070	2,708,070
2015-2019	6,565,000	6,945,022	13,510,022
2020-2024	7,385,000	5,409,046	12,794,046
2025-2029	7,670,000	3,766,553	11,436,553
2030-2034	8,265,000	2,009,025	10,274,025
2035-2037	3,825,000	304,425	4,129,425
	<u>\$ 39,070,000</u>	<u>\$ 26,586,959</u>	<u>\$ 65,656,959</u>

FISCAL YEAR ENDING JUNE 30	LOAN PAYABLE		
	PRINCIPAL	INTEREST	TOTAL
2010	\$ 5,130	\$ 2,160	\$ 7,290
2011	5,386	1,904	7,290
2012	5,656	1,634	7,290
2013	5,939	1,351	7,290
2014	6,236	1,054	7,290
2015-2017	14,849	1,228	16,077
	<u>\$ 43,196</u>	<u>\$ 9,331</u>	<u>\$ 52,527</u>

Revenue Bonds

2004 Aquatic Center Revenue Bonds

On November 23, 2004, Revenue Bonds in the amount of \$7,350,000 were sold. All proceeds of this bond issue were used to finance the construction of the City’s new Aquatic Center.

\$4,345,000 are serial bonds with interest rates ranging from 2.75% to 4.75% due in annual installments from \$150,000 to \$300,000 from September 2, 2006 to September 2, 2026; \$1,360,000 are term bonds with an interest rate of 4.80% due in annual installments from \$315,000 to \$365,000 from September 2, 2027 to September 2, 2030; \$1,645,000 are term bonds with an interest rate of 4.85% due in annual installments from \$385,000 to \$440,000 from September 2, 2031 to September 2, 2034.

The Redevelopment Debt Service Fund will pay remaining debt service from future property tax revenue. The annual debt service requirements to maturity as of June 30, 2009, are as follows:

FISCAL YEAR ENDING JUNE 30	REVENUE BONDS		
	PRINCIPAL	INTEREST	TOTAL
2010	\$ 160,000	\$ 301,685	\$ 461,685
2011	160,000	296,885	456,885
2012	165,000	291,494	456,494
2013	170,000	285,423	455,423
2014	175,000	279,169	454,169
2015-2019	990,000	1,288,550	2,278,550
2020-2024	1,205,000	1,064,953	2,269,953
2025-2029	1,510,000	757,108	2,267,108
2030-2034	1,920,000	347,626	2,267,626
2035	440,000	10,670	450,670
	<u>\$ 6,895,000</u>	<u>\$ 4,923,563</u>	<u>\$ 11,818,563</u>

Redevelopment Agency – In fiscal year 2001, the Agency received authorization from CHFA-HELP to borrow \$1,000,000 to be used for low-income housing, of which the Agency drew down and loaned for projects, \$711,175 in 2001 and \$288,825 in 2002. In fiscal year 2004, an additional \$750,000 was approved by CHFA-HELP for additional low-income housing which was drawn down for loans of \$105,000 in 2004 and \$645,000 in 2006. The loan principal when repaid is recycled into new loans and the interest reported as interest earned. These loans are payable in ten years from the proceeds of loan payments from the low-income recipients. At June 30, 2009, the accrued interest for these loans is \$316,450, accruing at 3% per annum. At June 30, 2009, the balance of the loans, including interest, is \$2,066,450 and the Redevelopment Agency is contingently liable for payment of the loans if the recipients default on their payments.

10) Other long-term liabilities

The following long-term liability represents a revenue bond issue by the Lompoc Parks and Maintenance Assessment District, for which the City is not liable. The payments of these bonds are secured by valid assessment liens upon certain lands in the district and are not direct liabilities of the City. The City acts solely as an agent for those paying assessments and bondholders. Collection of property assessments and payment of the Assessment District Bonds are reflected only in the Agency Funds.

Revenue Bonds

2004 Park & Maintenance Assessment District Bonds:

On November 23, 2004, Revenue Bonds in the amount of \$2,605,000 were sold. All proceeds of this bond issue were used to finance park improvements, maintenance, and other capital improvements.

\$1,515,000 are serial bonds with interest rates ranging from 2.75% to 4.75% due in annual installments from \$30,000 to \$110,000 from September 2, 2006 to September 2, 2026; \$490,000 are term bonds with an interest rate of 4.8% due in annual installments from \$115,000 to \$130,000 from September 2, 2027 to September 2, 2030; \$600,000 are term bonds with an interest rate of 4.85% due in annual installments from \$140,000 to \$160,000 from September 2, 2031 to September 2, 2034.

Principal Outstanding

\$2,490,000

11) Loans Payable

The Lompoc Redevelopment Agency received loans, creating loans payable as follows:

	<u>Loan Amount</u>	<u>Principal Due at June 30, 2009</u>
City of Lompoc (General Fund)	\$233,000	\$110,994
	119,801	54,189
	<u>22,700</u>	<u>10,679</u>
	<u>\$375,501</u>	<u>\$175,862</u>
CHFA	<u>\$2,066,450</u>	

CHFA loans are used to assist residents with low-income housing needs. The funds were received from the State of California through their Development Block Grant programs. These loans are payable in ten years from the proceeds of loan payments from the low-income recipients. The interest on the loans is 3% per annum. At June 30, 2009, the balance of the loans is \$2.07 million and the Redevelopment Agency is contingently liable for payments of the loans if the recipients default on their payments.

12) Deferred compensation plan

The City offers its employees the opportunity to participate in a deferred compensation plan with ICMA Retirement Corporation. The plan has been established to meet the Internal Revenue Code Section 457. Employees may withdraw their contributions only at retirement, termination of employment, death, or unforeseeable emergency.

13) Defined benefit pension plan

Public Employees Retirement System

Plan Description: The City contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City

ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office – 400 P Street, Sacramento, California 95814.

Funding Policy: PERS is a contributory plan deriving funds from employees' contributions as well as from employer contributions and earnings from investments. Employer contribution rates for the year ended June 30, 2009, were 15.79% for non-safety members and 25.923% for safety members. Non-safety members contribute 8% and safety members contribute 9% of their annual covered salary. The City makes the contributions required of non-safety employees on their behalf and pays a portion of the contributions of safety employees for their behalf and for their accounts. The contribution requirements of the City and plan members are established and may be amended by PERS.

Annual Pension Cost: For fiscal year 2008/2009, the City's annual pension cost of \$5,459,582 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2006 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected annual salary increases that vary by duration of service; and (c) 3.25% annual payroll growth. Both (a) and (b) include an inflation component of 3.0%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a fifteen-year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2008, were 16 years for safety and 31 years for miscellaneous. June 30, 2008 is the latest actuarial valuation available.

All full-time and certain part-time City employees are eligible to participate in PERS. Benefits vest after five years of service and the City maintains separate retirement programs for Safety employees (Police and Fire) and Miscellaneous employees. Safety employees with five years of credit service are entitled to an annual retirement benefit, payable monthly for life, and may retire at age 50 with a retirement benefit equal to 3% of their salary. The final compensation is the monthly average of the member's highest 36 consecutive month's full-time equivalent pay. The service retirement benefits are capped at 90% of final compensation. The Miscellaneous employees' retirement program provides an annual retirement benefit payable monthly for life, after five years based on their single highest year of employment for each year of credited service. The service retirement benefit is not capped. PERS also provides death and disability benefits. These benefit provisions are established by State statute and City ordinance.

THREE-YEAR TREND INFORMATION FOR PERS

Miscellaneous Employees:

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2007	\$ 3,684,133	100.00%	\$ -
6/30/2008	\$ 3,935,670	100.00%	\$ -
6/30/2009	\$ 3,959,588	100.00%	\$ -

Safety Employees:

6/30/2007	\$ 1,381,879	100.00%	\$ -
6/30/2008	\$ 1,446,937	100.00%	\$ -
6/30/2009	\$ 1,499,994	100.00%	\$ -

REQUIRED SUPPLEMENTARY INFORMATION

	(A)	(B)	(C)	(D)	(E)	(F)
<u>Miscellaneous Employees:</u>		Entry Age	Unfunded	Funded	Covered	Unfunded (Overfunded) Liability as Percentage of Covered Payroll
Actuarial Valuation Date	Actuarial Asset Value	Actuarial Accrued Liability	Liability/ (Excess Assets) {(B) - (A)}	Ratio {(A) / (B)}	Payroll	{[(B) - (A)]/(E)}
6/30/2006	\$ 82,477,888	\$ 91,998,273	\$ 9,520,385	89.7%	\$ 14,995,525	63.488%
6/30/2007	\$ 91,161,796	\$ 101,910,884	\$ 10,749,088	89.5%	\$ 16,496,221	65.161%
6/30/2008	\$ 98,835,568	\$ 109,297,911	\$ 10,462,343	90.4%	\$ 16,993,147	61.568%

*Effective July 1, 2004, the Safety Employees Plan joined a risk pool.

14) Other Post-Employment Benefits

Retiree Medical Care Benefits

Plan Description. The City's primary OPEB cost obligation is for retiree health benefits under our election to participate in the California Public Employees' Retirement System (CalPERS) Health Benefit Program, an agent multiple-employer defined benefit OPEB plan, under the "unequal contribution option." The City entered the CalPERS medical insurance program in 2000 under the Public Employees' Medical and Hospital Care Act (PEMHCA). The required employer contribution was \$101 per month in 2009.

In addition to the pension benefits described in Note 13, the City provides post-employment health care insurance, in accordance with Memorandums of Understanding, to all employees who retire from the City on or after attaining age 55 with at least 15 years of service. Currently, fifty-two retirees meet those eligibility requirements. The City pays a percentage of the cost incurred by pre-Medicare retirees, toward health and dental insurance, beginning with 50% with 15 years of service and increasing 2.5% with each year, to a maximum of 75% with 25 years of service. The City also reimburses a fixed amount up to \$100 per month for a Medicare supplement for the thirty-seven retirees eligible for Medicare

During the fiscal year ended June 30, 2009, the City entered into an agreement with California Employers' Retiree Benefit Trust (CERBT) to pre-fund the City's OPEB liability.

The City prospectively implemented GASB 45 for the fiscal year ended June 30, 2009.

Funding Policy. The contribution requirements of the plan members and the City are established and may be amended by the City. The City prefunds the plan through CERBT by contributing at least 100% of the annual required contribution.

The City's annual Other Post Employment Benefit (OPEB) cost (expense) is calculated based upon the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45.

The City's ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize the unfunded actuarial liability over a period of 30 years. The ARC for 2008/2009 was \$913,000.

For the fiscal year 2008/2009, the City contributed \$1,345,314 to the Plan, which fully funded the ARC for GASB 45 purposes. The City paid \$432,314 to the CalPERS Health Benefit Program or directly to retirees during the year and \$913,000 to the CERBT. The expenditure of the \$432,314 represented the City's contributions on a pay-as-you-go-basis.

CERBT is a tax-qualified irrevocable trust organized under Internal Revenue Code Section 115 and established to pre-fund retiree healthcare benefits. CERBT issues a publicly available financial report including GASB 43 disclosure information in aggregate with other CERBT participating employers. That report may be obtained by contacting CalPERS, 400 P Street, Sacramento, CA 95814.

Annual OPEB Cost and Net OPEB Obligation. For the fiscal year ended June 30, 2009, the City’s annual OPEB cost (expense) of \$1,345,314 was greater than the annual required contribution.

The following table shows the components of the City’s annual OPEB Cost, the actual amount contributed to the plan, and changes in the City ‘s net OPEB obligation:

June 30, 2008 Net OPEB Obligation	\$-0-
2008/2009 Annual Required Contribution	913,000
2008/2009 Contributions	<u>(1,345,314)</u>
June 30, 2009 Net OPEB Obligation (Prepayment)	<u>\$(432,314)</u>

The City Retiree Medical annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2009 was as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Annual Adjustment</u>	<u>Annual OPEB Cost Contributed</u>	<u>Percentage Contributed</u>	<u>OPEB Obligation (Prepayment)</u>
6/30/2009	\$ 913,000	\$ -	\$ 1,345,314	147.4%	\$ (432,314)

Funded Status and Funding Progress. The funded status of the plan as of June 30, 2009, the plan’s most recent actuarial valuation date, was as follows:

Schedule of Funding Progress (000s Omitted)

<u>Type of Valuation</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percent of Covered Payroll</u>	<u>Interest Rate</u>	<u>Salary Scale</u>
Actual	6/30/2009	\$ 913	\$ 9,451	\$ 8,538	11%	\$ 21,948	38.90%	7.75%	3.25%

Schedule of Employer Contributions

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Annual OPEB Cost Contributed</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation (Prepayment)</u>
6/30/2009	\$ 913,000	\$ 1,345,314	147.4%	\$ (432,314)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts 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 is presented as required supplementary information following the notes to the financial statements. The schedule will present multiyear trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits, and will include additional years in the future as information becomes available. Since this is the first year of including this information in the financial report, the data presented is limited.

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 members) 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 members 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 30, 2009 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 7.75% investment rate of return (net of administrative expenses), which is the expected long-term investment return on CERBT investments and a 3% inflation assumption. The initial health care cost trend rates were 8.4% to 9.3% and the ultimate rate was 4.5%. The actuarial value of assets is equal to the market value. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of projected payroll over 30 years on a closed basis. The remaining amortization period at June 20, 2009 was 28 years.

Interest Rate – 7.75% - This is based on the CalPERS Section 115 Trust’s (CERBT) expected long-term investment return (established by CalPERS).

Payroll Increases – 3.25% - This is the annual rate at which total payroll (\$22 million) is expected to increase and is used in the cost method to calculate the ARC as a level percent of payroll.

Mortality, Disability, Retirement Age & Turnover - Mortality, disability, retirement age & turnover rates developed in the CalPERS 1997-2002 Experience Study were used in the valuation.

15) Fund balance reserves and designations

Following is a list of fund balance reserves and designations used by the City of Lompoc at June 30, 2009:

RESERVE FOR INVENTORY – GENERAL FUND:

Used to segregate a portion of fund balance to indicate that inventory does not represent available, spendable resources even though it is a component of assets – \$32,263

RESERVE FOR LOANS RECEIVABLE – GENERAL FUND:

Used to indicate that the loans due from the Redevelopment Agency do not represent available, spendable resources even though they are a component of assets – \$175,862

RESERVE FOR ENCUMBRANCES – GENERAL FUND:

Used to indicate commitments related to unperformed (executor) contracts for goods or services – \$669,323

RESERVE FOR LOW INCOME HOUSING – SPECIAL REVENUE FUNDS, LOMPOC REDEVELOPMENT AGENCY:

Used to indicate the reserving of funds for low income housing – \$1,929,432

RESERVE FOR LAND DEVELOPMENT – SPECIAL REVENUE FUNDS, CAPITAL DEVELOPMENT:

Used to segregate a portion of fund balance for land development legally restricted to the development of city parks – \$1,225,429

RESERVE FOR ECONOMIC UNCERTAINTIES – SPECIAL REVENUE FUNDS, ECONOMIC UNCERTAINTIES FUND:

Used to maintain emergency reserves for unforeseen economic conditions – \$2,000,000

RESERVE FOR DEBT REDEMPTION – DEBT SERVICE FUNDS:

Used to indicate reserves established to pay long-term debt – \$441,250

RESERVE FOR INVENTORY – SPECIAL GAS TAX FUND:

Used to segregate a portion of fund balance to indicate that inventory does not represent available, spendable resources even though it is a component of assets – \$7,829

RESERVE FOR ENCUMBRANCES – SPECIAL REVENUE FUNDS:

Used to indicate commitments related to unperformed (executory) contracts for goods or services – \$3,428,930

RESERVE FOR LOANS RECEIVABLE – SPECIAL REVENUE FUNDS:

Used to indicate a portion of fund balance that is not available for current resources – \$7,754,602

16) Risk management

The City is partially self-insured for workers' compensation, liability claims, and property losses and fully self-insured for unemployment claims. The City has been partially self-insured for workers' compensation since 1976.

The Self-Insured Retention (SIR) for property insurance is \$25,000. Insurable property is generally covered for all risks, excluding earthquake and flood, by a policy with an aggregate limit of \$76.89 million. Various unique risks, such as boilers, machinery and data processing equipment are also insured.

On July 1, 2003, the City joined the California Public Entity Insurance Authority (CPEIA) for the purpose of purchasing excess liability and workers' compensation insurance. The CPEIA was formed under the Joint Powers Agreement (JPA) provision of state law (Government Codes 990, 990.4, 990.8, and 6500-6515). In addition, CPEIA is governed by bylaws adopted by the JPA members.

The fund is directed by a board of directors comprised of representatives elected from the various participating municipal agencies. The allocation of the liability insurance policy costs are calculated based on the recommendations of insurance brokers/consultants using recognized insurance experience rating techniques. Separate financial statements of CPEIA may be obtained by writing the Accounting Department, CSAC – Excess Insurance Authority, 3017 Gold Canal Drive, Suite 300, Rancho Cordova, California 95670, or by phoning (916) 631-7363.

The City is self-insured for the first \$100,000 per occurrence, and excess insurance through CPEIA provides coverage to a maximum of \$15,000,000 per occurrence. The City's self-insured retention (SIR) for workers' compensation is \$300,000. There were no significant reductions in insurance coverage from the prior year. For fiscal years ended June 30, 1995 through 2009, no claims settlements have exceeded insurance coverage.

The City's self-insurance fund is financed through contributions made by the City's general fund and enterprise funds. Third party administration provides data on estimated claims liabilities (paid and reserves). As of June 30, 2009 the estimated outstanding liability was \$3.95 million for workers' compensation and \$2,940 for general liability. The Insurance Control Fund has total net assets of \$6.71 million, all of which is available for the known outstanding liabilities and for future catastrophic losses. Estimated liabilities for incurred but not reported (IBNR) claims are \$1,600 at June 30, 2009. Such amounts have been accrued in the accompanying financial statements in the self-insurance internal service fund.

Changes in balances of claims liabilities for general liability insurance are as follows:

	<u>General Liability</u>	<u>Workers Comp.</u>
Unpaid claims liability, June 30, 2007	\$ 38,808	\$ 2,520,798
Incurred claims (including IBNR)	106,200	1,184,417
Claim payments	<u>(63,867)</u>	<u>(205,778)</u>
Unpaid claims liability, June 30, 2008	81,141	3,499,437
Incurred claims (including IBNR)	(41,435)	670,210
Claim payments	<u>(36,766)</u>	<u>(220,034)</u>
Unpaid claims liability, June 30, 2009	<u>\$ 2,940</u>	<u>\$ 3,949,613</u>

17) Prior period adjustments

Certain adjustments have been made to July 1, 2008 fund balances and net assets as follows:

ENTERPRISE FUNDS AND BUSINESS-TYPE GOVERNMENT WIDE FINANCIAL STATEMENTS

Airport Fund	
Adjustment from prior fiscal year error in recording property taxes	(6,446)
Water Fund	
Adjustment from prior fiscal year error in recording developer fees	(148,739)
Electric Fund	
Adjustment from prior fiscal year error in recording cost of power and depreciation	(267,634)
Wastewater Fund	
Adjustment from prior fiscal year error in recording amortization and depreciation	457
Broadband Fund	
Adjustment from prior fiscal year error in recording depreciation	15,992

Solid Waste Fund	
Adjustment from prior fiscal year error in recording depreciation	<u>11,079</u>
	<u>\$ (395,291)</u>

GOVERNMENTAL FUNDS AND GOVERNMENT-WIDE FINANCIAL STATEMENTS

General Fund	
Adjustment from prior fiscal year error in receivables and payables	\$ (53,006)
Library Fund	
Adjustment for prior year expenditures recorded in error	<u>6,758</u>
	<u>\$ (46,248)</u>

18) Excess of expenditures over appropriations

There were no major funds that had excess of expenditures over appropriations. Nonmajor funds that had excess of expenditures over appropriations in individual funds are as follows:

<u>Fund</u>	<u>Excess</u>
Traffic Safety	\$14,479
Traffic Offender	14,281
Aquatic Center Debt Service	1,989,777
Insurance Internal Service Fund	2,171,970
Fleet Internal Service Fund	476,545
Community Development Fund	1,506,806
Human Services Fund	5,931

The over expenditures in the Traffic Safety Fund was attributable to available revenues in excess of budgeted resources. The over expenditures in the Traffic Offender Fund were primarily due to higher than anticipated expenditures. The over expenditures in the Aquatic Center Debt Service Fund was attributable to the transfer for debt principal and interest cost not being budgeted in the fund. The over expenditures in the Internal Services Funds (Insurance and Fleet) were attributable to expenses in excess of anticipated expenditures from charges to the departments utilizing their services.

19) Closure and post-closure care costs

State and federal laws and regulations require the City to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$3.83 million reported as landfill closure and post-closure care liability at June 30, 2009 represents the cumulative amount to date based on the use of 62.4 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post-closure care of \$1.42 million as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2009. The City expects to close the landfill in the year 2047. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City is required by state and federal laws and regulations to make annual contributions to a reserve account to finance closure and post-closure care. The City is in compliance with these requirements, and, at June 30, 2009, restricted cash in the amount of \$2.77 million is held for these purposes. The City expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users.

REQUIRED SUPPLEMENTARY INFORMATION

City of Lompoc
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2009
(Page 1 of 2)

	Budgeted Amounts		Actual Amounts	Variance- Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 4,012,709	\$ 4,012,709	\$ 3,723,489	\$ (289,220)
Sales and use taxes	4,376,061	4,376,061	3,565,542	(810,519)
Other taxes	2,440,785	2,440,785	2,365,473	(75,312)
Licenses, fees, and permits	464,864	464,864	212,044	(252,820)
Intergovernmental revenues	4,273,826	4,273,826	3,681,677	(592,149)
Charges for services	7,447,335	7,447,335	7,765,807	318,472
Fines, forfeitures, and penalties	23,000	23,000	13,687	(9,313)
Use of money and property	240,070	240,070	177,631	(62,439)
Other	288,284	288,284	1,011,957	723,673
Total revenues	23,566,934	23,566,934	22,517,307	(1,049,627)
Expenditures:				
Current:				
City Council	127,771	138,729	113,615	25,114
City administration	5,486,997	6,054,670	5,409,091	645,579
Police protection	8,657,467	9,009,518	9,234,428	(224,910)
Fire protection	3,454,884	3,601,295	3,336,646	264,649
Engineering / streets	4,321,163	4,196,708	4,242,994	(46,286)
Building	1,379,561	2,768,346	1,362,456	1,405,890
Community development	780,249	1,376,836	1,373,558	3,278
Parks and recreation	2,271,093	2,199,528	2,289,149	(89,621)
Non-departmental	845,918	899,669	866,023	33,646
Capital outlay	28,741	309,596	181,313	128,283
Total expenditures	27,353,844	30,554,895	28,409,273	2,145,622

City of Lompoc
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2009
 (Page 2 of 2)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Excess of revenues over (under) expenditures	<u>(3,786,910)</u>	<u>(6,987,961)</u>	<u>(5,891,966)</u>	<u>1,095,995</u>
Other financing sources (uses)				
Transfers in	5,077,895	5,077,895	5,049,330	(28,565)
Transfers (out)	(450,510)	(450,510)	(560,904)	(110,394)
Proceeds from lease financing				
Total other financing sources (uses)	<u>4,627,385</u>	<u>4,627,385</u>	<u>4,488,426</u>	<u>(138,959)</u>
Net change in fund balance	840,475	(2,360,576)	(1,403,540)	957,036
Fund balance, beginning of fiscal year	<u>5,529,163</u>	<u>5,529,163</u>	<u>5,529,163</u>	
Prior Period Adjustments			(53,006)	(53,006)
Fund balance, beginning of fiscal year, restated	<u>5,529,163</u>	<u>5,529,163</u>	<u>5,476,157</u>	<u>(53,006)</u>
Fund balance, end of fiscal year	<u>\$ 6,369,638</u>	<u>\$ 3,168,587</u>	<u>\$ 4,072,617</u>	<u>\$ 904,030</u>

SUPPLEMENTARY INFORMATION SECTION

City of Lompoc
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009
(Page 1 of 6)

	Special Revenue Funds				
	Transportation Improvement Fund	Civic Center Fund	Street Development Fund	Special Gas Tax Fund	Capital Development Fund
ASSETS					
Cash and investments	\$ 2,268,848	\$ 152,537	\$ 4,140,824	\$ 815,688	\$ 1,509,544
Receivables:					
Accounts receivable, net	460,278			56,474	
Interest receivable	9,191	618	16,485	3,307	5,519
Due from other funds					
Loans receivable					
Inventory				7,829	
Total assets	\$ 2,738,317	\$ 153,155	\$ 4,157,309	\$ 883,298	\$ 1,515,063
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 32,884	\$ -	\$ 14,462	\$ 55,566	\$ 52,374
Accrued liabilities					
Loans payable					
Deposits			667,319		
Due to other funds					
Unearned revenue					
Total liabilities	32,884		681,781	55,566	52,374
Fund balances:					
Reserved for encumbrances	1,478,227		37,083	145,816	237,260
Reserved for land development					1,225,429
Reserved for loans receivable					
Reserved for debt service					
Reserved for low income housing					
Reserved for inventories				7,829	
Reserved for economic uncertainties					
Unreserved:					
Undesignated	1,227,206	153,155	3,438,445	674,087	
Total fund balances (deficit)	2,705,433	153,155	3,475,528	827,732	1,462,689
Total liabilities and fund balances	\$ 2,738,317	\$ 153,155	\$ 4,157,309	\$ 883,298	\$ 1,515,063

City of Lompoc
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009
(Page 2 of 6)

Special Revenue Funds					
	Local Transportation Fund	Parking Maintenance Funds	Jailer - Dispatcher Training Fund	Community Development Funds	Human Services Fund
ASSETS					
Cash and investments	\$ 306,483	\$ 75,634	\$ 13,102	\$ 1,562,327	\$ 75,406
Receivables:					
Accounts receivable, net	120,847			1,199,815	1,432
Interest receivable	270	193		6,338	306
Due from other funds					
Loans receivable				3,320,227	
Inventory					
Total assets	\$ 427,600	\$ 75,827	\$ 13,102	\$ 6,088,707	\$ 77,144
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 38	\$ -	\$ 19,971	\$ 20,660
Accrued liabilities					
Loans payable					
Deposits					
Due to other funds					
Unearned revenue					
Total liabilities		38		19,971	20,660
Fund balances:					
Reserved for encumbrances				8,000	
Reserved for land development					
Reserved for loans receivable				3,320,227	
Reserved for debt service					
Reserved for low income housing					
Reserved for inventories					
Reserved for economic uncertainties					
Unreserved:					
Undesignated	427,600	75,789	13,102	2,740,509	56,484
Total fund balances (deficit)	427,600	75,789	13,102	6,068,736	56,484
Total liabilities and fund balances	\$ 427,600	\$ 75,827	\$ 13,102	\$ 6,088,707	\$ 77,144

City of Lompoc
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009
(Page 3 of 6)

	Special Revenue Funds				
	Beautification Fund	Library Funds	Literacy Grant Fund	SLTPP Fund	Economic Uncertainty Fund
ASSETS					
Cash and investments	\$ 18,670	\$ 973,810	\$ 6,726	\$ 712,558	\$ 2,000,000
Receivables:					
Accounts receivable, net	78	421			
Interest receivable	76	3,734	27		
Due from other funds		3,100			
Loans receivable					
Inventory					
Total assets	\$ 18,824	\$ 981,065	\$ 6,753	\$ 712,558	\$ 2,000,000
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 137	\$ 28,265	\$ 1,752	\$ -	\$ -
Accrued liabilities		8,911	593		
Loans payable					
Deposits		34,391			
Due to other funds			3,100		
Unearned revenue		1,066			
Total liabilities	137	72,633	5,445		
Fund balances:					
Reserved for encumbrances		188,535		712,558	
Reserved for land development					
Reserved for loans receivable					
Reserved for debt service					
Reserved for low income housing					
Reserved for inventories					
Reserved for economic uncertainties					2,000,000
Unreserved:					
Undesignated	18,687	719,897	1,308		
Total fund balances (deficit)	18,687	908,432	1,308	712,558	2,000,000
Total liabilities and fund balances	\$ 18,824	\$ 981,065	\$ 6,753	\$ 712,558	\$ 2,000,000

City of Lompoc
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009
(Page 4 of 6)

	Special Revenue Funds				
	COPS Grant Fund	Federal Road Fund	Traffic Offender Fund	Local STP Fund	Traffic Congestion Fund
ASSETS					
Cash and investments	\$ 9,538	\$ 304,438	\$ 5,076	\$ 165,981	\$ 283,268
Receivables:					
Accounts receivable, net					
Interest receivable	71		21		1,148
Due from other funds					
Loans receivable					
Inventory					
Total assets	\$ 9,609	\$ 304,438	\$ 5,097	\$ 165,981	\$ 284,416
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 593	\$ 3,239	\$ -	\$ -
Accrued liabilities			1,749		
Loans payable					
Deposits					
Due to other funds			54,000		
Unearned revenue					
Total liabilities		593	58,988		
Fund balances:					
Reserved for encumbrances		303,845		165,981	
Reserved for land development					
Reserved for loans receivable					
Reserved for debt service					
Reserved for low income housing					
Reserved for inventories					
Reserved for economic uncertainties					
Unreserved:					
Undesignated	9,609		(53,891)		284,416
Total fund balances (deficit)	9,609	303,845	(53,891)	165,981	284,416
Total liabilities and fund balances	\$ 9,609	\$ 304,438	\$ 5,097	\$ 165,981	\$ 284,416

City of Lompoc
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009
(Page 5 of 6)

	Special Revenue Funds			Capital Project Funds	
	Public Education & Government Access Fund	Housing In-Lieu Fund	Redevelopment Housing Fund	Redevelopment Agency Fund	Park Assessment District Fund
ASSETS					
Cash and investments	\$ 233,670	\$ 1,644,099	\$ 1,922,604	\$ 3,590,700	\$ 10,840
Receivables:					
Accounts receivable, net			1,920	119,811	
Interest receivable	947	6,666	7,795	8,449	107
Due from other funds				500,000	
Loans receivable		808,624	2,704,265	921,486	
Inventory					
Total assets	\$ 234,617	\$ 2,459,389	\$ 4,636,584	\$ 5,140,446	\$ 10,947
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 10,963	\$ -	\$ 356	\$ 377,227	
Accrued liabilities	1,578		1,469	1,684	640
Loans payable				175,862	
Deposits					
Due to other funds					
Unearned revenue					
Total liabilities	12,541		1,825	554,773	640
Fund balances:					
Reserved for encumbrances	45,623		1,062	99,799	
Reserved for land development					
Reserved for loans receivable		808,624	2,704,265	921,486	
Reserved for debt service					
Reserved for low income housing			1,929,432		
Reserved for inventories					
Reserved for economic uncertainties					
Unreserved:					
Undesignated	176,453	1,650,765		3,564,388	10,307
Total fund balances (deficit)	222,076	2,459,389	4,634,759	4,585,673	10,307
Total liabilities and fund balances	\$ 234,617	\$ 2,459,389	\$ 4,636,584	\$ 5,140,446	\$ 10,947

City of Lompoc
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009
(Page 6 of 6)

	Capital Project Funds		Debt Service Funds			Total Nonmajor Governmental Funds
	Redevelopment - Aquatic Center Construction Fund	Redevelopment 2008 Project Fund	Redevelopment - Aquatic Center Debt Service Fund	Assessment District Debt Service Fund	Lease Purchase Fund	
ASSETS						
Cash and investments	\$ 42,578	\$ 6,862	\$ 316,446	\$ 105,132	\$ -	\$ 23,273,389
Receivables:						
Accounts receivable, net			7,679	2,780		1,971,535
Interest receivable			9,339	363		80,970
Due from other funds						503,100
Loans receivable						7,754,602
Inventory						7,829
Total assets	\$ 42,578	\$ 6,862	\$ 333,464	\$ 108,275	\$ -	\$ 33,591,425
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ 118,541	\$ 489	\$ -	\$ -	\$ 737,517
Accrued liabilities						16,624
Loans payable						175,862
Deposits						701,710
Due to other funds		500,000				557,100
Unearned revenue						1,066
Total liabilities		618,541	489			2,189,879
Fund balances:						
Reserved for encumbrances	5,141					3,428,930
Reserved for land development						1,225,429
Reserved for loans receivable						7,754,602
Reserved for debt service			332,975	108,275		441,250
Reserved for low income housing						1,929,432
Reserved for inventories						7,829
Reserved for economic uncertainties						2,000,000
Unreserved:						
Undesignated	37,437	(611,679)				14,614,074
Total fund balances (deficit)	42,578	(611,679)	332,975	108,275		31,401,546
Total liabilities and fund balances	\$ 42,578	\$ 6,862	\$ 333,464	\$ 108,275	\$ -	\$ 33,591,425

City of Lompoc
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2009
(Page 1 of 6)

	Special Revenue Funds				
	Transportation Improvement Fund	Civic Center Fund	Street Development Fund	Special Gas Tax Fund	Capital Development Fund
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	1,856,426			672,976	
Licenses, fees and permits		19,704			405,750
Intergovernmental			145,446		
Charges for current services					
Use of money and property	59,889	3,558	79,433	17,811	37,337
Special assessments					
Donations					
Other revenue					
Total revenues	<u>1,916,315</u>	<u>23,262</u>	<u>224,879</u>	<u>690,787</u>	<u>443,087</u>
Expenditures:					
Current:					
Police protection					
Engineering / streets				445,370	
Community development					
Parks and recreation					
Health					
Debt service:					
Principal					15,708
Interest					19,884
Capital outlay	1,221,258		52,836		446,651
Total expenditures	<u>1,221,258</u>		<u>52,836</u>	<u>445,370</u>	<u>482,243</u>
Excess of revenues over (under) expenditures	<u>695,057</u>	<u>23,262</u>	<u>172,043</u>	<u>245,417</u>	<u>(39,156)</u>
Other financing sources (uses):					
Transfers in					
Transfers (out)	(1,743,476)			(358,060)	
Total other financing sources (uses)	<u>(1,743,476)</u>			<u>(358,060)</u>	
Net change in fund balances	<u>(1,048,419)</u>	<u>23,262</u>	<u>172,043</u>	<u>(112,643)</u>	<u>(39,156)</u>
Fund balances, beginning of fiscal year	3,753,852	129,893	3,303,485	940,375	1,501,845
Prior period adjustments					
Fund balances, beginning of fiscal year, restated	3,753,852	129,893	3,303,485	940,375	1,501,845
Fund balances (deficit), end of fiscal year	<u>\$ 2,705,433</u>	<u>\$ 153,155</u>	<u>\$ 3,475,528</u>	<u>\$ 827,732</u>	<u>\$ 1,462,689</u>

City of Lompoc
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2009
(Page 2 of 6)

	Special Revenue Funds				
	Local Transportation Fund	Parking Maintenance Funds	Jailer - Dispatcher Training Fund	Community Development Funds	Human Services Fund
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	385,932				
Licenses, fees and permits		4,500			
Intergovernmental			5,001	1,609,638	
Charges for current services					
Use of money and property	9,866	1,114		49,625	1,722
Special assessments					
Donations					41,929
Other revenue				1,036,917	
Total revenues	<u>395,798</u>	<u>5,614</u>	<u>5,001</u>	<u>2,696,180</u>	<u>43,651</u>
Expenditures:					
Current:					
Police protection			1,437		
Engineering / streets		1,920			
Community development				2,037,629	
Parks and recreation					
Health					49,331
Debt service:					
Principal					
Interest					
Capital outlay					
Total expenditures	<u>-</u>	<u>1,920</u>	<u>1,437</u>	<u>2,037,629</u>	<u>49,331</u>
Excess of revenues over (under) expenditures	<u>395,798</u>	<u>3,694</u>	<u>3,564</u>	<u>658,551</u>	<u>(5,680)</u>
Other financing sources (uses):					
Transfers in					
Transfers (out)	(1,009,864)				
Total other financing sources (uses)	<u>(1,009,864)</u>				
Net change in fund balances	<u>(614,066)</u>	<u>3,694</u>	<u>3,564</u>	<u>658,551</u>	<u>(5,680)</u>
Fund balances, beginning of fiscal year	<u>1,041,666</u>	<u>72,095</u>	<u>9,538</u>	<u>5,410,185</u>	<u>62,164</u>
Prior period adjustments					
Fund balances, beginning of fiscal year, restated	<u>1,041,666</u>	<u>72,095</u>	<u>9,538</u>	<u>5,410,185</u>	<u>62,164</u>
Fund balances (deficit), end of fiscal year	<u>\$ 427,600</u>	<u>\$ 75,789</u>	<u>\$ 13,102</u>	<u>\$ 6,068,736</u>	<u>\$ 56,484</u>

City of Lompoc
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2009
(Page 3 of 6)

	Special Revenue Funds				
	Beautification Fund	Library Funds	Literacy Grant Fund	SLTPP Fund	Economic Uncertainty Fund
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use taxes					
Licenses, fees and permits		25,567			
Intergovernmental		530,265	33,902	975,141	
Charges for current services		143,291			
Use of money and property	423	18,230	47		51,893
Special assessments					
Donations	2,693	579,851	39,366		
Other revenue		77			
Total revenues	<u>3,116</u>	<u>1,297,281</u>	<u>73,315</u>	<u>975,141</u>	<u>51,893</u>
Expenditures:					
Current:					
Police protection					
Engineering / streets					
Community development	2,147				
Parks and recreation		1,371,998	68,776		
Health					
Debt service:					
Principal					
Interest					
Capital outlay				913,322	
Total expenditures	<u>2,147</u>	<u>1,371,998</u>	<u>68,776</u>	<u>913,322</u>	
Excess of revenues over (under) expenditures	<u>969</u>	<u>(74,717)</u>	<u>4,539</u>	<u>61,819</u>	<u>51,893</u>
Other financing sources (uses):					
Transfers in					
Transfers (out)					(51,893)
Total other financing sources (uses)					<u>(51,893)</u>
Net change in fund balances	<u>969</u>	<u>(74,717)</u>	<u>4,539</u>	<u>61,819</u>	
Fund balances, beginning of fiscal year	<u>17,718</u>	<u>976,391</u>	<u>(3,231)</u>	<u>650,739</u>	<u>2,000,000</u>
Prior period adjustments		<u>6,758</u>			
Fund balances, beginning of fiscal year, restated	<u>17,718</u>	<u>983,149</u>	<u>(3,231)</u>	<u>650,739</u>	<u>2,000,000</u>
Fund balances (deficit), end of fiscal year	<u>\$ 18,687</u>	<u>\$ 908,432</u>	<u>\$ 1,308</u>	<u>\$ 712,558</u>	<u>\$ 2,000,000</u>

City of Lompoc
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2009
(Page 4 of 6)

	Special Revenue Funds				
	COPS Grant Fund	Federal Road Fund	Traffic Offender Fund	Local STP Fund	Traffic Congestion Relief Fund
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use taxes					
Licenses, fees and permits					
Intergovernmental	100,000	148,351		1,193,000	276,902
Charges for current services			32,042		
Use of money and property	1,910				6,538
Special assessments					
Donations					
Other revenue					
Total revenues	<u>101,910</u>	<u>148,351</u>	<u>32,042</u>	<u>1,193,000</u>	<u>283,440</u>
Expenditures:					
Current:					
Police protection			126,737		
Engineering / streets					
Community development					
Parks and recreation					
Health					
Debt service:					
Principal					
Interest					
Capital outlay		11,995		1,006,000	
Total expenditures		<u>11,995</u>	<u>126,737</u>	<u>1,006,000</u>	
Excess of revenues over (under) expenditures	<u>101,910</u>	<u>136,356</u>	<u>(94,695)</u>	<u>187,000</u>	<u>283,440</u>
Other financing sources (uses):					
Transfers in			93,347		
Transfers (out)	(100,000)			(172,000)	
Proceeds from Capital Lease					
Total other financing sources (uses)	<u>(100,000)</u>		<u>93,347</u>	<u>(172,000)</u>	
Net change in fund balances	<u>1,910</u>	<u>136,356</u>	<u>(1,348)</u>	<u>15,000</u>	<u>283,440</u>
Fund balances, beginning of fiscal year	<u>7,699</u>	<u>167,489</u>	<u>(52,543)</u>	<u>150,981</u>	<u>976</u>
Prior period adjustments					
Fund balances, beginning of fiscal year, restated	<u>7,699</u>	<u>167,489</u>	<u>(52,543)</u>	<u>150,981</u>	<u>976</u>
Fund balances (deficit), end of fiscal year	<u>\$ 9,609</u>	<u>\$ 303,845</u>	<u>\$ (53,891)</u>	<u>\$ 165,981</u>	<u>\$ 284,416</u>

City of Lompoc
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2009
(Page 5 of 6)

	Special Revenue Funds			Capital Project Funds	
	Public Education & Government Access Fund	Housing In-Lieu Fund	Redevelopment Housing Fund	Redevelopment Agency Fund	Park Assessment District Fund
Revenues:					
Property taxes	\$ -	\$ -	\$ 593,413	\$ -	\$ -
Sales and use taxes					
Licenses, fees and permits	212,277	16,258			
Intergovernmental					
Charges for current services	13,469				
Use of money and property	4,339	43,639	48,715	41,478	
Special assessments					
Donations					
Other revenue	210		18,236	119,915	
Total revenues	<u>230,295</u>	<u>59,897</u>	<u>660,364</u>	<u>161,393</u>	
Expenditures:					
Current:					
Police protection					
Engineering / streets					
Community development		7,000	174,468	1,143,509	
Parks and recreation	281,663				84,661
Health					
Debt service:					
Principal					
Interest				13,592	
Capital outlay				107,514	
Total expenditures	<u>281,663</u>	<u>7,000</u>	<u>174,468</u>	<u>1,264,615</u>	<u>84,661</u>
Excess of revenues over (under) expenditures	<u>(51,368)</u>	<u>52,897</u>	<u>485,896</u>	<u>(1,103,222)</u>	<u>(84,661)</u>
Other financing sources (uses):					
Transfers in				1,991,361	94,685
Transfers (out)					(12,076)
Total other financing sources (uses)				<u>1,991,361</u>	<u>82,609</u>
Net change in fund balances	<u>(51,368)</u>	<u>52,897</u>	<u>485,896</u>	<u>888,139</u>	<u>(2,052)</u>
Fund balances, beginning of fiscal year	<u>273,444</u>	<u>2,406,492</u>	<u>4,148,863</u>	<u>3,697,534</u>	<u>12,359</u>
Prior period adjustments					
Fund balances, beginning of fiscal year, restated	<u>273,444</u>	<u>2,406,492</u>	<u>4,148,863</u>	<u>3,697,534</u>	<u>12,359</u>
Fund balances (deficit), end of fiscal year	<u>\$ 222,076</u>	<u>\$ 2,459,389</u>	<u>\$ 4,634,759</u>	<u>\$ 4,585,673</u>	<u>\$ 10,307</u>

City of Lompoc
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2009
(Page 6 of 6)

	Capital Project Funds		Debt Service Funds			Total Nonmajor Governmental Funds
	Redevelopment - Aquatic Center Construction Fund	Redevelopment 2008 Project Fund	Redevelopment - Aquatic Center Debt Service Fund	Assessment District Debt Service Fund	Lease Purchase Fund	
Revenues:						
Property taxes	\$ -	\$ -	\$ 2,373,654	\$ 7,748	\$ -	\$ 2,974,815
Sales and use taxes						2,915,334
Licenses, fees and permits						684,056
Intergovernmental						5,017,646
Charges for current services						188,802
Use of money and property			60,605	3,616		541,788
Special assessments				241,974		241,974
Donations						663,839
Other revenue						1,175,355
Total revenues			2,434,259	253,338		14,403,609
Expenditures:						
Current:						
Police protection						128,174
Engineering / streets						447,290
Community development						3,364,753
Parks and recreation				44,958		1,852,056
Health						49,331
Debt service:						
Principal			155,000		88,057	258,765
Interest			307,073	110,887	22,337	473,773
Capital outlay	5,721	611,679				4,376,976
Total expenditures	5,721	611,679	462,073	155,845	110,394	10,951,118
Excess of revenues over (under) expenditures	(5,721)	(611,679)	1,972,186	97,493	(110,394)	3,452,491
Other financing sources (uses):						
Transfers in					110,394	2,289,787
Transfers (out)			(1,991,361)	(94,685)		(5,533,415)
Total other financing sources (uses)			(1,991,361)	(94,685)	110,394	(3,243,628)
Net change in fund balances	(5,721)	(611,679)	(19,175)	2,808		208,863
Fund balances, beginning of fiscal year	48,299		352,150	105,467		31,185,925
Prior period adjustments						6,758
Fund balances, beginning of fiscal year, restated	48,299	-	352,150	105,467		31,192,683
Fund balances (deficit), end of fiscal year	\$ 42,578	\$ (611,679)	\$ 332,975	\$ 108,275	\$ -	\$ 31,401,546

City of Lompoc
Schedule of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2009
(Page 1 of 8)

	Transportation Improvement Fund			Civic Center Fund			Street Development Fund		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues:									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	2,401,579	1,856,426	(545,153)						
Licenses, fees, and permits				20,000	19,704	(296)			
Intergovernmental								145,446	145,446
Charges for current services									
Use of money and property	131,762	59,889	(71,873)	3,200	3,558	358	12,000	79,433	67,433
Special assessments									
Donations									
Other revenue									
Total revenues	<u>2,533,341</u>	<u>1,916,315</u>	<u>(617,026)</u>	<u>23,200</u>	<u>23,262</u>	<u>62</u>	<u>12,000</u>	<u>224,879</u>	<u>212,879</u>
Expenditures:									
Current:									
Police protection									
Engineering / streets									
Community development				46,200		46,200			
Parks and recreation									
Health									
Debt service:									
Principal									
Interest									
Capital outlay	1,697,920	1,221,258	476,662				88,858	52,836	36,022
Total expenditures	<u>1,697,920</u>	<u>1,221,258</u>	<u>476,662</u>	<u>46,200</u>		<u>46,200</u>	<u>88,858</u>	<u>52,836</u>	<u>36,022</u>
Excess of revenues over (under) expenditures	<u>835,421</u>	<u>695,057</u>	<u>(140,364)</u>	<u>(23,000)</u>	<u>23,262</u>	<u>46,262</u>	<u>(76,858)</u>	<u>172,043</u>	<u>248,901</u>
Other financing sources (uses):									
Transfers in									
Transfers out	(1,745,524)	(1,743,476)	2,048						
Total other financing sources (uses)	<u>(1,745,524)</u>	<u>(1,743,476)</u>	<u>2,048</u>						
Net change in fund balances	<u>(910,103)</u>	<u>(1,048,419)</u>	<u>(138,316)</u>	<u>(23,000)</u>	<u>23,262</u>	<u>46,262</u>	<u>(76,858)</u>	<u>172,043</u>	<u>248,901</u>
Fund balances, beginning of fiscal year	<u>3,753,852</u>	<u>3,753,852</u>		<u>129,893</u>	<u>129,893</u>		<u>3,303,485</u>	<u>3,303,485</u>	
Prior period adjustments									
Fund balances, beginning of fiscal year, restated	<u>3,753,852</u>	<u>3,753,852</u>		<u>129,893</u>	<u>129,893</u>		<u>3,303,485</u>	<u>3,303,485</u>	
Fund balances (deficit), end of fiscal year	<u>\$ 2,843,749</u>	<u>\$ 2,705,433</u>	<u>\$ (138,316)</u>	<u>\$ 106,893</u>	<u>\$ 153,155</u>	<u>\$ 46,262</u>	<u>\$ 3,226,627</u>	<u>\$ 3,475,528</u>	<u>\$ 248,901</u>

City of Lompoc
Schedule of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2009
(Page 2 of 8)

	Special Gas Tax Fund			Capital Development Fund			Local Transportation Fund		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues:									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	1,139,441	672,976	(466,465)				732,000	385,932	(346,068)
Licenses, fees, and permits				200,000	405,750	205,750			
Intergovernmental									
Charges for current services									
Use of money and property	5,200	17,811	12,611	28,600	37,337	8,737	8,200	9,866	1,666
Special assessments									
Donations									
Other revenue									
Total revenues	1,144,641	690,787	(453,854)	228,600	443,087	214,487	740,200	395,798	(344,402)
Expenditures:									
Current:									
Police protection									
Engineering / streets	1,178,981	445,370	733,611						
Community development									
Parks and recreation									
Health									
Debt service:									
Principal				15,707	15,708	(1)			
Interest				4,234	19,884	(15,650)			
Capital outlay				934,446	446,651	487,795			
Total expenditures	1,178,981	445,370	733,611	954,387	482,243	472,144			
Excess of revenues over (under) expenditures	(34,340)	245,417	279,757	(725,787)	(39,156)	686,631	740,200	395,798	(344,402)
Other financing sources (uses):									
Transfers in									
Transfers out	(358,060)	(358,060)					(1,009,864)	(1,009,864)	
Total other financing sources (uses)	(358,060)	(358,060)					(1,009,864)	(1,009,864)	
Net change in fund balances	(392,400)	(112,643)	279,757	(725,787)	(39,156)	686,631	(269,664)	(614,066)	(344,402)
Fund balances, beginning of fiscal year	940,375	940,375		1,501,845	1,501,845		1,041,666	1,041,666	
Prior period adjustments									
Fund balances, beginning of fiscal year, restated	940,375	940,375		1,501,845	1,501,845		1,041,666	1,041,666	
Fund balances (deficit), end of fiscal year	\$ 547,975	\$ 827,732	\$ 279,757	\$ 776,058	\$ 1,462,689	\$ 686,631	\$ 772,002	\$ 427,600	\$ (344,402)

City of Lompoc
Schedule of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2009
(Page 3 of 8)

	Parking Maintenance Funds			Jailer-Dispatcher Training Fund			Community Development Funds		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues:									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use taxes									
Licenses, fees, and permits	4,500	4,500							
Intergovernmental				5,885	5,001	(884)		1,609,638	1,609,638
Charges for current services								49,625	49,625
Use of money and property		1,114	1,114						
Special assessments									
Donations									
Other revenue								1,036,917	1,036,917
Total revenues	<u>4,500</u>	<u>5,614</u>	<u>1,114</u>	<u>5,885</u>	<u>5,001</u>	<u>(884)</u>		<u>2,696,180</u>	<u>2,696,180</u>
Expenditures:									
Current:									
Police protection				5,885	1,437	4,448			
Engineering / streets	6,291	1,920	4,371						
Community development							530,823	2,037,629	(1,506,806)
Parks and recreation									
Health									
Debt service:									
Principal									
Interest									
Capital outlay									
Total expenditures	<u>6,291</u>	<u>1,920</u>	<u>4,371</u>	<u>5,885</u>	<u>1,437</u>	<u>4,448</u>	<u>530,823</u>	<u>2,037,629</u>	<u>(1,506,806)</u>
Excess of revenues over (under) expenditures	<u>(1,791)</u>	<u>3,694</u>	<u>5,485</u>		<u>3,564</u>	<u>3,564</u>	<u>(530,823)</u>	<u>658,551</u>	<u>1,189,374</u>
Other financing sources (uses):									
Transfers in									
Transfers out									
Proceeds from Capital Lease									
Total other financing sources (uses)									
Net change in fund balances	<u>(1,791)</u>	<u>3,694</u>	<u>5,485</u>		<u>3,564</u>	<u>3,564</u>	<u>(530,823)</u>	<u>658,551</u>	<u>1,189,374</u>
Fund balances, beginning of fiscal year	<u>72,095</u>	<u>72,095</u>		<u>9,538</u>	<u>9,538</u>		<u>5,410,185</u>	<u>5,410,185</u>	
Prior period adjustments									
Fund balances, beginning of fiscal year, restated	<u>72,095</u>	<u>72,095</u>		<u>9,538</u>	<u>9,538</u>		<u>5,410,185</u>	<u>5,410,185</u>	
Fund balances (deficit), end of fiscal year	<u>\$ 70,304</u>	<u>\$ 75,789</u>	<u>\$ 5,485</u>	<u>\$ 9,538</u>	<u>\$ 13,102</u>	<u>\$ 3,564</u>	<u>\$ 4,879,362</u>	<u>\$ 6,068,736</u>	<u>\$ 1,189,374</u>

City of Lompoc
Schedule of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2009
(Page 4 of 8)

	Human Services Fund			Beautification Fund			Library Funds		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues:									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use taxes									
Licenses, fees, and permits								25,567	25,567
Intergovernmental							514,939	530,265	15,326
Charges for current services							145,092	143,291	(1,801)
Use of money and property	2,000	1,722	(278)	700	423	(277)	14,869	18,230	3,361
Special assessments									
Donations	41,400	41,929	529	2,550	2,693	143	485,747	579,851	94,104
Other revenue							347	77	(270)
Total revenues	43,400	43,651	251	3,250	3,116	(134)	1,160,994	1,297,281	136,287
Expenditures:									
Current:									
Police protection									
Engineering / streets									
Community development				6,593	2,147	4,446			
Parks and recreation							1,684,484	1,371,998	312,486
Health	43,400	49,331	(5,931)						
Debt service:									
Principal									
Interest									
Capital outlay									
Total expenditures	43,400	49,331	(5,931)	6,593	2,147	4,446	1,684,484	1,371,998	312,486
Excess of revenues over (under) expenditures		(5,680)	(5,680)	(3,343)	969	4,312	(523,490)	(74,717)	448,773
Other financing sources (uses):									
Transfers in									
Transfers out									
Proceeds from Capital Lease									
Total other financing sources (uses)									
Net change in fund balances		(5,680)	(5,680)	(3,343)	969	4,312	(523,490)	(74,717)	448,773
Fund balances, beginning of fiscal year	62,164	62,164		17,718	17,718		976,391	976,391	
Prior period adjustments								6,758	6,758
Fund balances, beginning of fiscal year, restated	62,164	62,164		17,718	17,718		976,391	983,149	6,758
Fund balances (deficit), end of fiscal year	\$ 62,164	\$ 56,484	\$ (5,680)	\$ 14,375	\$ 18,687	\$ 4,312	\$ 452,901	\$ 908,432	455,531

City of Lompoc
Schedule of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2009
(Page 5 of 8)

	Literacy Grant Fund			SLTPP Fund			Economic Uncertainty Fund		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues:									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use taxes									
Licenses, fees, and permits									
Intergovernmental	30,037	33,902	3,865	936,009	975,141	39,132			
Charges for current services									
Use of money and property		47	47				96,000	51,893	(44,107)
Special assessments									
Donations	47,000	39,366	(7,634)						
Other revenue									
Total revenues	<u>77,037</u>	<u>73,315</u>	<u>(3,722)</u>	<u>936,009</u>	<u>975,141</u>	<u>39,132</u>	<u>96,000</u>	<u>51,893</u>	<u>(44,107)</u>
Expenditures:									
Current:									
Police protection									
Engineering / streets									
Community development									
Parks and recreation	77,037	68,776	8,261						
Health									
Debt service:									
Principal									
Interest									
Capital outlay				1,537,931	913,322	624,609			
Total expenditures	<u>77,037</u>	<u>68,776</u>	<u>8,261</u>	<u>1,537,931</u>	<u>913,322</u>	<u>624,609</u>			
Excess of revenues over (under) expenditures		<u>4,539</u>	<u>4,539</u>	<u>(601,922)</u>	<u>61,819</u>	<u>663,741</u>	<u>96,000</u>	<u>51,893</u>	<u>(44,107)</u>
Other financing sources (uses):									
Transfers in									
Transfers out							(96,000)	(51,893)	44,107
Proceeds from Capital Lease									
Total other financing sources (uses)							<u>(96,000)</u>	<u>(51,893)</u>	<u>44,107</u>
Net change in fund balances		<u>4,539</u>	<u>4,539</u>	<u>(601,922)</u>	<u>61,819</u>	<u>663,741</u>			
Fund balances, beginning of fiscal year	<u>(3,231)</u>	<u>(3,231)</u>		<u>650,739</u>	<u>650,739</u>		<u>2,000,000</u>	<u>2,000,000</u>	
Prior period adjustments									
Fund balances, beginning of fiscal year, restated	<u>(3,231)</u>	<u>(3,231)</u>		<u>650,739</u>	<u>650,739</u>		<u>2,000,000</u>	<u>2,000,000</u>	
Fund balances (deficit), end of fiscal year	<u>\$ (3,231)</u>	<u>\$ 1,308</u>	<u>\$ 4,539</u>	<u>\$ 48,817</u>	<u>\$ 712,558</u>	<u>\$ 663,741</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ -</u>

City of Lompoc
Schedule of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2009
(Page 6 of 8)

	COPS Grant Fund			Federal Road Fund			Traffic Offender Fund		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues:									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use taxes									
Licenses, fees, and permits									
Intergovernmental	100,000	100,000			148,351	148,351			
Charges for current services							25,000	32,042	7,042
Use of money and property	3,300	1,910	(1,390)						
Special assessments									
Donations									
Other revenue									
Total revenues	103,300	101,910	(1,390)		148,351	148,351	25,000	32,042	7,042
Expenditures:									
Current:									
Police protection							112,456	126,737	(14,281)
Engineering / streets									
Community development									
Parks and recreation									
Health									
Debt service:									
Principal									
Interest									
Capital outlay				119,524	11,995	107,529			
Total expenditures				119,524	11,995	107,529	112,456	126,737	(14,281)
Excess of revenues over (under) expenditures	103,300	101,910	(1,390)	(119,524)	136,356	255,880	(87,456)	(94,695)	(7,239)
Other financing sources (uses):									
Transfers in							93,347	93,347	
Transfers out	(100,000)	(100,000)							
Proceeds from Capital Lease									
Total other financing sources (uses)	(100,000)	(100,000)					93,347	93,347	
Net change in fund balances	3,300	1,910	(1,390)	(119,524)	136,356	255,880	5,891	(1,348)	(7,239)
Fund balances, beginning of fiscal year	7,699	7,699		167,489	167,489		(52,543)	(52,543)	
Prior period adjustments									
Fund balances, beginning of fiscal year, restated	7,699	7,699		167,489	167,489		(52,543)	(52,543)	
Fund balances (deficit), end of fiscal year	\$ 10,999	\$ 9,609	\$ (1,390)	\$ 47,965	\$ 303,845	\$ 255,880	\$ (46,652)	\$ (53,891)	\$ (7,239)

City of Lompoc
Schedule of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2009
(Page 7 of 8)

	Local STP Fund			Traffic Congestion Relief Fund			Public Education and Government Cable Access Fund		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues:									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use taxes									
Licenses, fees, and permits							214,881	212,277	(2,604)
Intergovernmental	1,193,000	1,193,000		430,461	276,902	(153,559)			
Charges for current services							1,900	13,469	11,569
Use of money and property				10,000	6,538	(3,462)	15,000	4,339	(10,661)
Special assessments									
Donations									
Other revenue								210	210
Total revenues	<u>1,193,000</u>	<u>1,193,000</u>		<u>440,461</u>	<u>283,440</u>	<u>(157,021)</u>	<u>231,781</u>	<u>230,295</u>	<u>(1,486)</u>
Expenditures:									
Current:									
Police protection									
Engineering / streets									
Community development									
Parks and recreation							282,448	281,663	785
Health									
Debt service:									
Principal									
Interest									
Capital outlay	1,021,000	1,006,000	15,000	782,602		782,602			
Total expenditures	<u>1,021,000</u>	<u>1,006,000</u>	<u>15,000</u>	<u>782,602</u>		<u>782,602</u>	<u>282,448</u>	<u>281,663</u>	<u>785</u>
Excess of revenues over (under) expenditures	<u>172,000</u>	<u>187,000</u>	<u>15,000</u>	<u>(342,141)</u>	<u>283,440</u>	<u>625,581</u>	<u>(50,667)</u>	<u>(51,368)</u>	<u>(701)</u>
Other financing sources (uses):									
Transfers in									
Transfers out	(172,000)	(172,000)							
Proceeds from Capital Lease									
Total other financing sources (uses)	<u>(172,000)</u>	<u>(172,000)</u>							
Net change in fund balances		15,000	15,000	(342,141)	283,440	625,581	(50,667)	(51,368)	(701)
Fund balances, beginning of fiscal year	<u>150,981</u>	<u>150,981</u>		<u>976</u>	<u>976</u>		<u>273,444</u>	<u>273,444</u>	
Prior period adjustments									
Fund balances, beginning of fiscal year, restated	<u>150,981</u>	<u>150,981</u>		<u>976</u>	<u>976</u>		<u>273,444</u>	<u>273,444</u>	
Fund balances (deficit), end of fiscal year	<u>\$ 150,981</u>	<u>\$ 165,981</u>	<u>\$ 15,000</u>	<u>\$ (341,165)</u>	<u>\$ 284,416</u>	<u>\$ 625,581</u>	<u>\$ 222,777</u>	<u>\$ 222,076</u>	<u>\$ (701)</u>

City of Lompoc
Schedule of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2009
(Page 8 of 8)

	Housing In-Lieu Fund			Redevelopment Housing Fund		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues:						
Property taxes	\$ -	\$ -	\$ -	\$ 595,800	\$ 593,413	\$ (2,387)
Sales and use taxes						
Licenses, fees, and permits		16,258	16,258			
Intergovernmental						
Charges for current services						
Use of money and property		43,639	43,639	76,500	48,715	(27,785)
Special assessments						
Donations						
Other revenue				18,775	18,236	(539)
Total revenues		<u>59,897</u>	<u>59,897</u>	<u>691,075</u>	<u>660,364</u>	<u>(30,711)</u>
Expenditures:						
Current:						
Police protection						
Engineering / streets						
Community development	7,000	7,000		256,410	174,468	81,942
Parks and recreation						
Health						
Debt service:						
Principal						
Interest						
Capital outlay						
Total expenditures	<u>7,000</u>	<u>7,000</u>		<u>256,410</u>	<u>174,468</u>	<u>81,942</u>
Excess of revenues over (under) expenditures	<u>(7,000)</u>	<u>52,897</u>	<u>59,897</u>	<u>434,665</u>	<u>485,896</u>	<u>51,231</u>
Other financing sources (uses):						
Transfers in						
Transfers out						
Proceeds from Capital Lease						
Total other financing sources (uses)						
Net change in fund balances	<u>(7,000)</u>	<u>52,897</u>	<u>59,897</u>	<u>434,665</u>	<u>485,896</u>	<u>51,231</u>
Fund balances, beginning of fiscal year	2,406,492	2,406,492		4,148,863	4,148,863	
Prior period adjustments					-	
Fund balances, beginning of fiscal year, restated	<u>2,406,492</u>	<u>2,406,492</u>		<u>4,148,863</u>	<u>4,148,863</u>	
Fund balances (deficit), end of fiscal year	<u>\$ 2,399,492</u>	<u>\$ 2,459,389</u>	<u>\$ 59,897</u>	<u>\$ 4,583,528</u>	<u>\$ 4,634,759</u>	<u>\$ 51,231</u>

City of Lompoc
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2009
(Page 1 of 2)

ASSETS	Lompoc Airport	Lompoc Transit	Recreation	River Park Campground	Aquatic Center	Lompoc Valley Community Center	Broadband	Totals
Current assets:								
Cash and investments	\$ 53,173	\$ 627,767	\$ 37,524	\$ 44,863	\$ 112,121	\$ 51,630	\$ 10,287	\$ 937,365
Restricted cash and investments:								
Deposits	6,900	561,087						567,987
Fiscal agent		21,099						21,099
Receivables - trade	11,059	1,536,363					28,877	1,576,299
Receivables - interest	314	5,767	225	192	442	209		7,149
Inventories (at average cost)	38,384	6,139						44,523
Prepaid expenses			1,542					1,542
Total current assets	109,830	2,758,222	39,291	45,055	112,563	51,839	39,164	3,155,964
Property, plant and equipment:								
Land	5,401,514			380,511		455,000		6,237,025
Utility plant and equipment	4,436,151	3,243,924	22,082	228,518	17,330	1,235,101	1,946,205	11,129,311
Construction in progress	41,107	136,669						177,776
	9,878,772	3,380,593	22,082	609,029	17,330	1,690,101	1,946,205	17,544,112
(Less) accumulated depreciation	(1,082,124)	(2,148,755)	(21,784)	(169,390)	(578)	(558,291)	(389,327)	(4,370,249)
Total property, plant and equipment	8,796,648	1,231,838	298	439,639	16,752	1,131,810	1,556,878	13,173,863
Total assets	\$ 8,906,478	\$ 3,990,060	\$ 39,589	\$ 484,694	\$ 129,315	\$ 1,183,649	\$ 1,596,042	\$ 16,329,827

City of Lompoc
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2009
(Page 2 of 2)

LIABILITIES	Lompoc Airport	Lompoc Transit	Recreation	River Park Campground	Aquatic Center	Lompoc Valley Community Center	Broadband	Totals
Current liabilities:								
Accounts payable	\$ 12,477	\$ 214,008	\$ 12,841	\$ 117	\$ 29,181	\$ 3,727	\$ 39,506	\$ 311,857
Accrued interest	5,048						3,029	8,077
Due to other funds	327,750		113,900	396,257			4,215,504	5,053,411
Deferred revenue		1,667	17,700					19,367
Current portion of noncurrent liabilities		2,319					79,433	81,752
Total current liabilities	345,275	217,994	144,441	396,374	29,181	3,727	4,337,472	5,474,464
Noncurrent liabilities:								
Accrued payroll and benefits	780	1,613	2,043	1,617	6,266	803	2,958	16,080
Compensated absences	6,441	16,307	2,700	6,879	1,948	8,794	21,524	64,593
Leases payable		60,551					401,287	461,838
Trust deposits	6,900							6,900
Total noncurrent liabilities	14,121	78,471	4,743	8,496	8,214	9,597	425,769	549,411
Total liabilities	359,396	296,465	149,184	404,870	37,395	13,324	4,763,241	6,023,875
NET ASSETS								
Invested in capital assets, net of related debt	8,796,648	1,168,968	298	439,639	16,752	1,131,810	1,076,158	12,630,273
Unrestricted	(249,566)	2,524,627	(109,893)	(359,815)	75,168	38,515	(4,243,357)	(2,324,321)
Total net assets	\$ 8,547,082	\$ 3,693,595	\$ (109,595)	\$ 79,824	\$ 91,920	\$ 1,170,325	\$ (3,167,199)	\$ 10,305,952

City of Lompoc
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2009

	Lompoc Airport	Lompoc Transit	Recreation	River Park Campground	Aquatic Center	Lompoc Valley Community Center	Broadband	Totals
Operating revenues:								
User fees and charges for services	\$ 230,330	\$ 203,740	\$ 207,758	\$ -	\$ 293,687	\$ 9,597	\$ 182,069	\$ 1,127,181
Facilities rental	173,953		119,001	163,966		36,794		493,714
Total operating revenues	404,283	203,740	326,759	163,966	293,687	46,391	182,069	1,620,895
Operating expenses:								
Operations and maintenance	348,644	2,130,645	299,283	197,097	645,881	144,751	430,812	4,197,113
Depreciation and amortization	125,789	245,060	293	6,279	578	62,221	209,326	649,546
Total operating expenses	474,433	2,375,705	299,576	203,376	646,459	206,972	640,138	4,846,659
Income (loss) from operations	(70,150)	(2,171,965)	27,183	(39,410)	(352,772)	(160,581)	(458,069)	(3,225,764)
Nonoperating income (expenses):								
Interest income	2,712	19,377	425	1,448	2,219	1,685		27,866
Intergovernmental	64,665	2,626,380	9,847					2,700,892
Miscellaneous	3,462	3,970					230	7,662
Interest expense	(19,772)	(5,161)					(176,453)	(201,386)
Total nonoperating income (expenses)	51,067	2,644,566	10,272	1,448	2,219	1,685	(176,223)	2,535,034
Income (loss) before contributions and transfers	(19,083)	472,601	37,455	(37,962)	(350,553)	(158,896)	(634,292)	(690,730)
Transfers in (out)					354,239	15,000		369,239
Change in net assets	(19,083)	472,601	37,455	(37,962)	3,686	(143,896)	(634,292)	(321,491)
Net assets - beginning of the fiscal year	8,572,611	3,220,994	(147,050)	117,786	88,234	1,314,221	(2,548,899)	10,617,897
Prior period adjustments	(6,446)						15992	9,546
Net assets - beginning of the fiscal year, restated	8,566,165	3,220,994	(147,050)	117,786	88,234	1,314,221	(2,532,907)	10,627,443
Net assets - end of the fiscal year	\$ 8,547,082	\$ 3,693,595	\$ (109,595)	\$ 79,824	\$ 91,920	\$ 1,170,325	\$ (3,167,199)	\$ 10,305,952

City of Lompoc
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2009
(Page 1 of 2)

	Lompoc Airport	Lompoc Transit	Recreation	River Park Campgrounds	Aquatic Center	Lompoc Valley Community Center	Broadband	Totals
Cash flows from operating activities:								
Cash received from customers	\$ 390,210	\$ 207,710	\$ 342,860	\$ 163,966	\$ 293,687	\$ 46,391	\$ 171,900	\$ 1,616,724
Cash payments to suppliers for goods and services	(265,380)	(2,100,308)	(226,204)	339,542	(264,119)	(60,938)	311,786	(2,265,621)
Cash payments to employees for services	(73,457)	(152,041)	(93,082)	(141,819)	(392,102)	(80,055)	(244,678)	(1,177,234)
Net cash provided (used) by operating activities	<u>51,373</u>	<u>(2,044,639)</u>	<u>23,574</u>	<u>361,689</u>	<u>(362,534)</u>	<u>(94,602)</u>	<u>239,008</u>	<u>(1,826,131)</u>
Cash flows from noncapital financing activities:								
Net borrowings (repayments) under revolving loan arrangement	(982)							(982)
Received from other agencies	64,665	3,296,351	9,847					3,370,863
Operating transfers in (out)					354,239	15,000		369,239
Net cash provided (used) by noncapital financing activities	<u>63,683</u>	<u>3,296,351</u>	<u>9,847</u>		<u>354,239</u>	<u>15,000</u>		<u>3,739,120</u>
Cash flows from capital and related financing activities:								
Acquisition and construction of capital assets	(122,222)	(615,423)		(380,511)	(2,582)		(186,329)	(1,307,067)
Principal paid on revenue bonds/loans /leases and equipment contracts		(2,217)					(76,199)	(78,416)
Interest paid on revenue bonds/loans and equipment contracts	(19,975)	(5,161)					(176,283)	(201,419)
Net cash provided (used) for capital and related financing activities	<u>(142,197)</u>	<u>(622,801)</u>		<u>(380,511)</u>	<u>(2,582)</u>		<u>(438,811)</u>	<u>(1,586,902)</u>
Cash flows from investing activities:								
Interest and dividends on investments	3,020	15,668	215	1,701	1,777	2,408	-	24,789
Net increase (decrease) in cash and cash equivalents	(24,121)	644,579	33,636	(17,121)	(9,100)	(77,194)	(199,803)	350,876
Cash and cash equivalents at beginning of fiscal year	84,194	565,374	3,888	61,984	121,221	128,824	210,090	1,175,575
Cash and cash equivalents at end of fiscal year	<u>\$ 60,073</u>	<u>\$ 1,209,953</u>	<u>\$ 37,524</u>	<u>\$ 44,863</u>	<u>\$ 112,121</u>	<u>\$ 51,630</u>	<u>\$ 10,287</u>	<u>\$ 1,526,451</u>

City of Lompoc
Reconciliation of Operating Income to Net Cash Provided by Operating Activities
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2009
(Page 2 of 2)

	Lompoc Airport	Lompoc Transit	Recreation	River Park Campgrounds	Aquatic Center	Lompoc Valley Community Center	Broadband	Totals
Income (loss) from operations	\$ (70,150)	\$ (2,171,965)	\$ 27,183	\$ (39,410)	\$ (352,772)	\$ (160,581)	\$ (458,069)	\$ (3,225,764)
Adjustment for nonoperating incomes and (expenses)	3,462	3,970					230	7,662
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation	125,789	245,060	293	6,279	578	62,221	209,326	649,546
Change in assets and liabilities:								
(Increase)decrease in accounts receivable	(6,937)						(10,400)	(17,337)
(Increase)decrease in prepaid expenses		18,400	(1,542)					16,858
(Increase)decrease in inventory	(10,598)	5,043						(5,555)
(Decrease)increase in accounts payable	5,395	86,665	3,893	67	(12,125)	916	(7,017)	77,794
(Decrease)increase in due to other funds	1,850	(240,000)	(20,000)	396,257			498,786	636,893
(Decrease)increase in deferred credits/revenues		1,647	16,102					17,749
(Decrease)increase in accrued payroll	2,562	6,541	(2,355)	(1,504)	1,785	2,842	6,152	16,023
Net cash provided (used) by operating activities	<u>\$ 51,373</u>	<u>\$ (2,044,639)</u>	<u>\$ 23,574</u>	<u>\$ 361,689</u>	<u>\$ (362,534)</u>	<u>\$ (94,602)</u>	<u>\$ 239,008</u>	<u>\$ (1,826,131)</u>

City of Lompoc
Combining Statement of Net Assets
Internal Service Funds
June 30, 2009

	Insurance Control Fund	Vehicle Fund	Communication Fund	Stores Fund	Total Internal Service Funds
ASSETS					
Current assets:					
Cash and investments	\$10,221,167	\$1,648,343	\$80,740	\$42,255	\$11,992,505
Accounts/Interest receivable, net	57,997	6,119		171	64,287
Loans receivable	396,257				396,257
Other Post-Employment Benefits (OPEB) prepaid expenses	432,314				432,314
Due from other funds	85,738				85,738
Inventory		215,608		93,435	309,043
Total current assets	11,193,473	1,870,070	80,740	135,861	13,280,144
Property and equipment:					
Improvements		199,018			199,018
Automotive equipment		16,631,662			16,631,662
Furnishings and equipment		88,067	214,491	150,622	453,180
		16,918,747	214,491	150,622	17,283,860
(Less) accumulated depreciation		(9,997,864)	(196,449)	(84,701)	(10,279,014)
Total property and equipment		6,920,883	18,042	65,921	7,004,846
Total assets	11,193,473	8,790,953	98,782	201,782	20,284,990
LIABILITIES					
Current liabilities:					
Accounts payable	95,602	90,122		14,910	200,634
Accrued interest		18,631			18,631
Due to other funds				\$85,738	85,738
Current portion of accrued liabilities	1,185,766				1,185,766
Current portion of lease purchase contract		630,212			630,212
Total current liabilities	1,281,368	738,965		100,648	2,120,981
Noncurrent liabilities:					
Accrued liabilities	2,766,787				2,766,787
Accrued payroll		10,230			10,230
Compensated absences		45,370			45,370
Lease purchase contract		2,754,513			2,754,513
Total noncurrent liabilities	2,766,787	2,810,113			5,576,900
Total liabilities	4,048,155	3,549,078		100,648	7,697,881
NET ASSETS					
Invested in capital assets, net of related debt		3,536,158	18,042	65,921	3,620,121
Unrestricted	7,145,318	1,705,717	80,740	35,213	8,966,988
Total Net Assets	\$7,145,318	\$5,241,875	\$98,782	\$101,134	\$12,587,109

City of Lompoc
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Fiscal Year Ended June 30, 2009

	Insurance Control Fund	Vehicle Fund	Communication Fund	Stores Inventory Fund	Total Internal Service Funds
Operating revenues:					
Charge for services	\$14,951,821	\$ -	\$108,084	\$351,707	\$15,411,612
Vehicle equipment rental		3,422,822			\$3,422,822
Total operating revenues	14,951,821	3,422,822	108,084	351,707	18,834,434
Operating Expenses:					
Maintenance, operations and administration	14,387,196	2,765,784	83,904	367,945	17,604,829
Depreciation		1,277,243	21,250	12,805	1,311,298
Total operating expenses	14,387,196	4,043,027	105,154	380,750	18,916,127
Income (loss) from operations	564,625	(620,205)	2,930	(29,043)	(81,693)
Nonoperating income (expenses):					
Interest income	243,884	45,533		227	289,644
Increase (decrease) in fair value of investments	8,605	1,305		36	9,946
Sale of capital assets		(17,187)			(17,187)
Interest expense		(155,472)			(155,472)
Total nonoperating income (expenses)	252,489	(125,821)		263	126,931
Income (loss) before contributions and transfers	817,114	(746,026)	2,930	(28,780)	45,238
Capital contributions		75,210			75,210
Transfers in (out)	(258,527)	39,210			(219,317)
Changes in net assets	558,587	(631,606)	2,930	(28,780)	(98,869)
Net assets - beginning	6,586,731	5,873,481	95,852	129,914	12,685,978
Net assets - end	\$7,145,318	\$5,241,875	\$98,782	\$101,134	\$12,587,109

City of Lompoc
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2009
(Page 1 of 2)

	Insurance Control Fund	Vehicle Fund	Communication Fund	Stores Inventory Fund	Total Internal Service Funds
Cash flows from operating activities:					
Cash received from customers	\$14,951,821	\$3,427,476	\$108,084	\$351,839	\$18,839,220
Cash payments to suppliers for goods and services	(14,957,005)	(2,436,784)	(83,904)	(287,259)	(17,764,952)
Cash payment to employees for services		(982,502)			(982,502)
Net cash provided (used) by operating activities	<u>(5,184)</u>	<u>8,190</u>	<u>24,180</u>	<u>64,580</u>	<u>91,766</u>
Cash flows from noncapital financing activities:					
Operating transfers in (out)	<u>(258,527)</u>	<u>39,210</u>			<u>(219,317)</u>
Net cash provided (used) by noncapital financing activities	<u>(258,527)</u>	<u>39,210</u>			<u>(219,317)</u>
Cash flows from capital and related financing activities:					
Proceeds from bonds, lease purchases and equipment contracts					
Acquisition of capital assets		(931,744)	(3,994)	(63,573)	(999,311)
Principal paid on loans/leases and equipment contracts		(627,670)			(627,670)
Interest paid on loans/leases and equipment contracts		(158,951)			(158,951)
Proceeds from equipment sale		19,828			19,828
Contributed capital		75,210			75,210
Net cash provided (used) by capital and related financing activities		<u>(1,623,327)</u>	<u>(3,994)</u>	<u>(63,573)</u>	<u>(1,690,894)</u>
Cash flows from investing activities:					
Interest and dividends on investments	<u>252,489</u>	<u>51,489</u>		<u>263</u>	<u>304,241</u>
Net increase (decrease) in cash and cash equivalents	(11,222)	(1,524,438)	20,186	1,270	(1,514,204)
Cash and cash equivalents at beginning of fiscal year	<u>10,232,389</u>	<u>3,172,781</u>	<u>60,554</u>	<u>40,985</u>	<u>13,506,709</u>
Cash and cash equivalents at end of fiscal year	<u>\$10,221,167</u>	<u>\$1,648,343</u>	<u>\$80,740</u>	<u>\$42,255</u>	<u>11,992,505</u>

City of Lompoc
Combining Statement of Cash Flows for the Fiscal Year Ended June 30, 2009
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities
Internal Service funds
(Page 2 of 2)

	Insurance Control Fund	Vehicle Fund	Communication Fund	Stores Inventory Fund	Total Internal Service Funds
Income (loss) from operations	\$564,625	(\$620,205)	\$ 2,930	(\$29,043)	(\$81,693)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation		1,277,243	21,250	12,805	1,311,298
Changes in assets and liabilities:					
(Increase)decrease in accounts receivable	31,844	4,654		132	36,630
(Increase)decrease in inventory		(8,848)		(6,611)	(15,459)
(Increase)decrease in prepaid expenses	(432,314)				(432,314)
(Increase)decrease in leases rec./due from other funds	(481,995)				(481,995)
(Decrease)increase in accounts payable	(59,319)	(633,855)		1,559	(691,615)
(Decrease)increase in due to other funds				85,738	85,738
(Decrease)increase in accrued liabilities	371,975	(10,799)			361,176
Net cash provided (used) by operating activities	<u>(\$5,184)</u>	<u>\$8,190</u>	<u>\$24,180</u>	<u>\$64,580</u>	<u>\$91,766</u>