

# **CITY OF LOMPOC**

**Basic Financial Statements  
Fiscal Year Ended June 30, 2010**



City of Lompoc  
 Basic Financial Statements  
 Fiscal Year Ended June 30, 2010  
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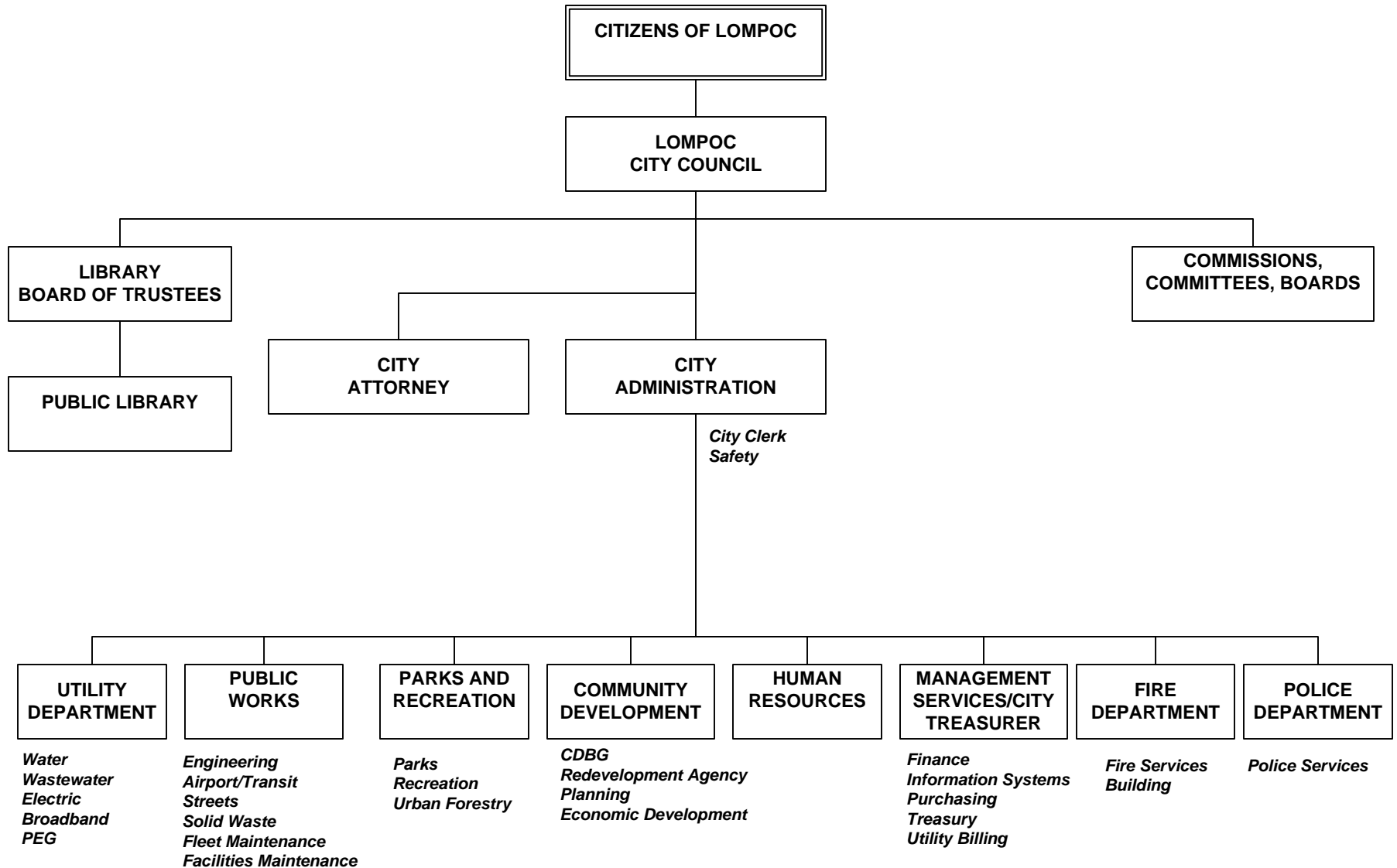
City Council

Mayor.....Michael Siminski  
 Councilmember.....Ann Ruhge  
 Councilmember.....Cecilia Martner  
 Councilmember.....Tony Durham  
 Councilmember.....Bob Lingl

Administrative Personnel

City Administrator.....Laurel M. Barcelona  
 City Attorney.....Joseph W. Pannone  
 City Clerk.....Stacey Alvarez  
 Utility Director.....Ron Stassi  
 Public Works Director.....Larry Bean  
 Parks and Recreation Director.....Dan McCaffrey  
 Community Development Director.....Arleen Pelster  
 Management Services Director/City Treasurer.....Brad Wilkie  
 Fire Chief.....Jeff States  
 Police Chief.....Tim Dabney

# CITY OF LOMPOC ORGANIZATION CHART



Revised as of  
June 2009

## **FINANCIAL SECTION**





MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

**PARTNERS**

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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, 2010, 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, 2010, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 18, the budgetary information on pages 79 and 80, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

As discussed in note 1 of the notes to basic financial statements effective July 1, 2009, the City of Lompoc adopted Governmental Accounting Standards Board (GASB) Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lompoc's financial statements as a whole. The introductory section and combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 17, 2011, 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.

MOSS, LEVY & HARTZHEIM LLP

*Moss, Levy & Hartzheim LLP*

April 17, 2011

## 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, 2010. We encourage readers to consider the information presented here in conjunction with the City's financial statements, which begin on page 19 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 33 – 78 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 19 – 21) 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 22 – 26 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 27 – 31 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 32 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 \$206.3 million. The largest portion of the City's net assets (71.7 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 \$119,985. The total increase in net assets, including prior period adjustments, was \$5.3 million. The City’s increase in net assets is primarily attributable to revenues in excess of expenses of enterprise fund activities.

**CITY OF LOMPOC'S NET ASSETS**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>
Current and other assets	\$ 51,476,648	\$ 59,081,801	\$ 33,306,293	\$ 28,858,115	\$ 84,782,941	\$ 87,939,916
Capital assets	93,719,239	93,216,398	192,496,825	204,657,241	286,216,064	297,873,639
<b>Total assets</b>	<b>145,195,887</b>	<b>152,298,199</b>	<b>225,803,118</b>	<b>233,515,356</b>	<b>370,999,005</b>	<b>385,813,555</b>
Current liabilities	2,896,912	2,345,224	7,426,320	9,030,055	10,323,232	11,224,738
Long-term liabilities	19,767,477	27,301,492	139,963,483	140,886,404	159,730,960	168,338,437
<b>Total liabilities</b>	<b>22,664,389</b>	<b>29,646,716</b>	<b>147,389,803</b>	<b>149,916,459</b>	<b>170,054,192</b>	<b>179,563,175</b>
Net assets:						
Invested in capital assets, net of related debt	81,172,160	72,170,297	56,551,473	75,798,806	137,723,633	147,969,103
Restricted						
Construction			4,951,591	4,194,407	4,951,591	4,194,407
Debt Service	320,997	152,775	652,968	651,716	973,965	804,491
Unrestricted	41,038,341	50,328,411	16,257,283	2,953,968	57,295,624	53,282,379
<b>Total net assets</b>	<b>\$ 122,531,498</b>	<b>\$ 122,651,483</b>	<b>\$ 78,413,315</b>	<b>\$ 83,598,897</b>	<b>\$ 200,944,813</b>	<b>\$ 206,250,380</b>

The balance of unrestricted net assets of \$53.3 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 \$5.3 million during the year.

**CHANGES IN CITY OF LOMPOC'S NET ASSETS**

	Governmental		Business-type		Total	
	Activities		Activities			
	2009	2010	2009	2010	2009	2010
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 7,204,108	\$ 6,628,577	\$ 42,364,150	\$ 44,902,271	\$ 49,568,258	\$ 51,530,848
Operating grants and contributions	3,747,966	5,341,607	2,657,357	4,646,876	6,405,323	9,988,483
Capital grants and contributions	9,044,531	1,332,422	2,316,619	3,044,767	11,361,150	4,377,189
<b>General revenues:</b>						
Property taxes	6,940,278	6,516,498	5,536	6,997	6,945,814	6,523,495
Sales taxes	3,565,542	3,153,547	102,699		3,668,241	3,153,547
Other taxes	6,697,447	6,445,946			6,697,447	6,445,946
Grants and contributions not restricted to specific programs	663,839	545,800			663,839	545,800
Unrestricted investment earnings	1,019,009	323,091	855,627	295,737	1,874,636	618,828
Other revenue	2,187,513	444,792	212,195	327,343	2,399,708	772,135
<b>Total revenues</b>	<b>41,070,233</b>	<b>30,732,280</b>	<b>48,514,183</b>	<b>53,223,991</b>	<b>89,584,416</b>	<b>83,956,271</b>
<b>Expenses:</b>						
<b>Governmental activities:</b>						
General government	5,186,661	4,191,815			5,186,661	4,191,815
Police protection	9,820,151	9,208,223			9,820,151	9,208,223
Fire protection	3,428,887	3,086,651			3,428,887	3,086,651
Engineering/streets	4,575,157	5,792,045			4,575,157	5,792,045
Building	1,447,321	1,339,337			1,447,321	1,339,337
Community development	3,999,598	4,102,075			3,999,598	4,102,075
Parks and recreation	4,997,748	3,817,677			4,997,748	3,817,677
Nondepartmental	991,118	757,706			991,118	757,706
Interest on long-term debt	533,445	817,332			533,445	817,332
<b>Business-type activities:</b>						
Water			8,729,329	8,455,776	8,729,329	8,455,776
Electric			20,361,948	16,686,612	20,361,948	16,686,612
Wastewater			7,721,483	7,361,398	7,721,483	7,361,398
Solid Waste			6,240,184	5,959,283	6,240,184	5,959,283
Aquatic Center			646,459	553,184	646,459	553,184
Airport			494,205	526,748	494,205	526,748
Transit			2,380,866	3,110,684	2,380,866	3,110,684
Recreation			299,576	390,615	299,576	390,615
River Park			203,376	206,372	203,376	206,372
Lompoc Valley Community Center			206,972	72,806	206,972	72,806
Broadband			816,591	842,742	816,591	842,742
<b>Total expenses</b>	<b>34,980,086</b>	<b>33,112,861</b>	<b>48,100,989</b>	<b>44,166,220</b>	<b>83,081,075</b>	<b>77,279,081</b>
Increase (decrease) in net assets before transfers	6,090,147	(2,380,581)	413,194	9,057,771	6,503,341	6,677,190
Transfers	1,025,481	1,074,283	(1,025,481)	(1,074,283)		
<b>Increase (decrease) in net assets</b>	<b>7,115,628</b>	<b>(1,306,298)</b>	<b>(612,287)</b>	<b>7,983,488</b>	<b>6,503,341</b>	<b>6,677,190</b>
Beginning net assets	115,462,118	122,531,498	79,420,893	78,413,315	194,883,011	200,944,813
Prior period adjustments	(46,248)	1,426,283	(395,291)	(2,797,906)	(441,539)	(1,371,623)
<b>Ending net assets</b>	<b>\$ 122,531,498</b>	<b>\$ 122,651,483</b>	<b>\$ 78,413,315</b>	<b>\$ 83,598,897</b>	<b>\$ 200,944,813</b>	<b>\$ 206,250,380</b>

As shown above, the City's revenues for fiscal year 2010 totaled approximately \$84 million, with the majority of it (61.4%) generated from charges for services. Revenue decreased by approximately 6.3%, or \$5.63 million for the year ended June 30, 2010 as compared to fiscal year ending June 30, 2009. The primary factors for this decrease in revenue were decreased capital grants and contributions, taxes, unrestricted investment earnings and in other revenues. The combined total decrease over the prior fiscal year for the four previously mentioned revenue sources was approximately \$11.17 million. Developer contributions of infrastructure assets in fiscal year ending June 30, accounted for \$5.76 million of the decrease. Offsetting decreases in these four areas were increases in charges for service and operating grants and contributions of \$5.55 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, 2010 were approximately \$33.1 million, which was a 5.33% decrease (\$1,867,255) compared with the prior year. Total Business-Type Activities' expenses for the fiscal year ending June 30, 2010 were approximately \$44.1 million, which was a 8.24% decrease (\$3.96 million) compared with the prior fiscal year. This decrease is due primarily to decreased procurement costs of electricity during the year (\$3.68 million).

### **Governmental Activities**

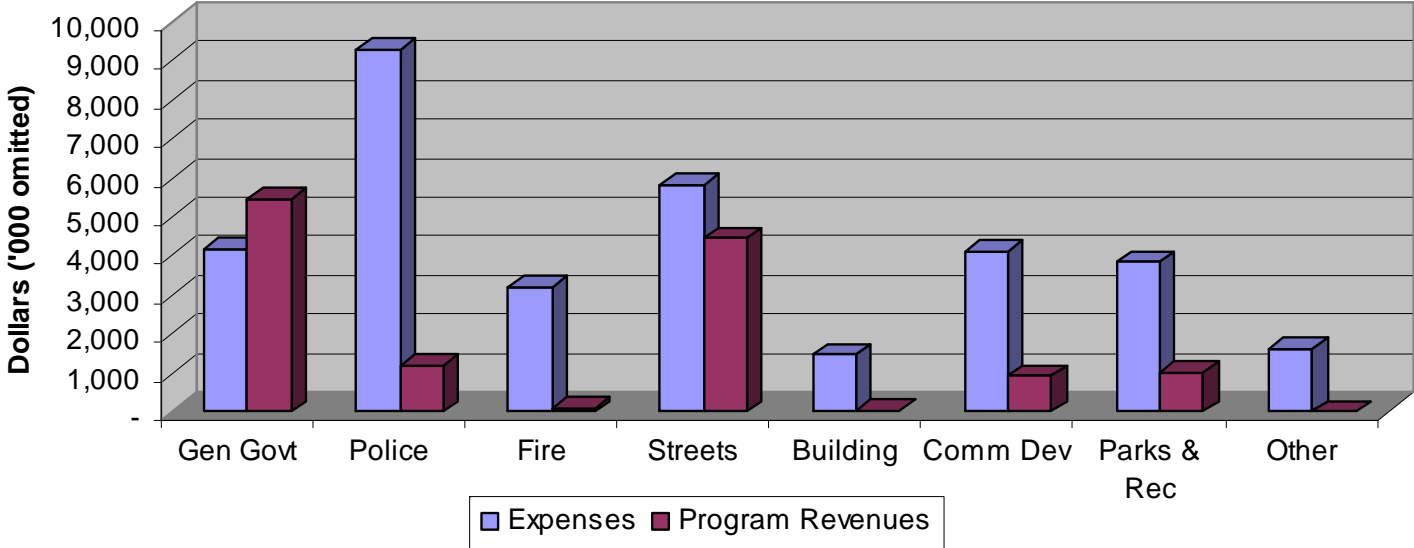
Governmental Activities increased the City's net assets by \$119,985. The primary reason for this modest increase was the reduction in charges for services as compared with the prior fiscal year by \$575,531. Excluding the reduction in charges for services, governmental activities increased the City's net assets by approximately \$695,516.

Total revenues for the City's Governmental Activities were \$30.73 million for the year ended June 30, 2010. Of this total, \$16.1 million (52.4% 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 21.7%, or \$6.6 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 decreased 25.5%, or \$10.45 million, from fiscal year 2009 to fiscal year 2010. This decrease in revenues is primarily due to the acceptance of \$5.76 million of infrastructure (as capital grants and contributions) in 2009 with no corresponding activity in 2010. Other decreases were in charges for services (\$575,500), taxes (\$1,087,300), investment earnings (\$695,900) and other revenues (\$1,742,700).

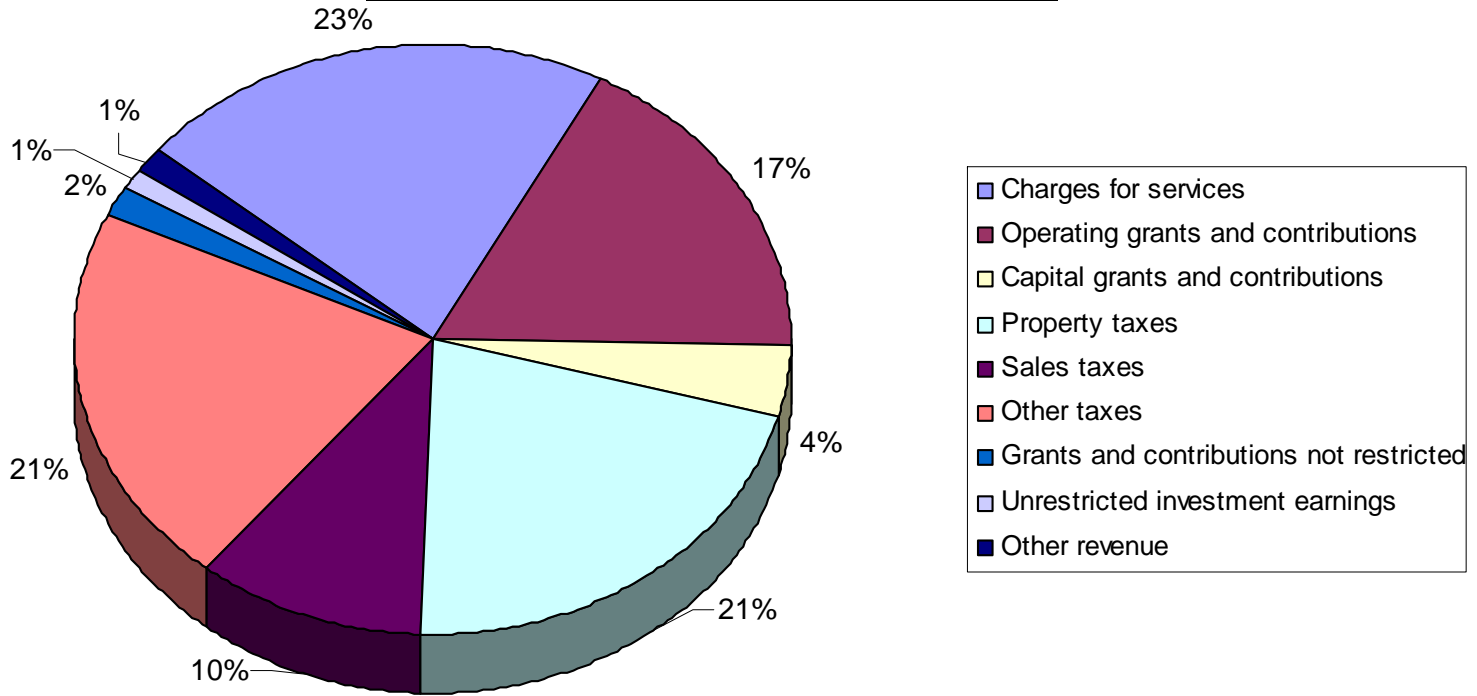
Total expenses for Governmental Activities totaled \$33.1 million for the fiscal year ended June 30, 2010, which is a \$1,867,255 decrease compared with the previous year. The largest component of total expenses was for public safety at \$12.3 million, which represented 37.2% of the total governmental activities' expenses. The next largest component of total expenses was for engineering/streets at \$5.8 million, or 17.4%, 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 increased the City’s net assets by \$5.19 million. The increase in Business-type Activities’ net assets resulted primarily from increased revenues and decreased expenses for the fiscal year ending June 30, 2010 as compared with the prior year.

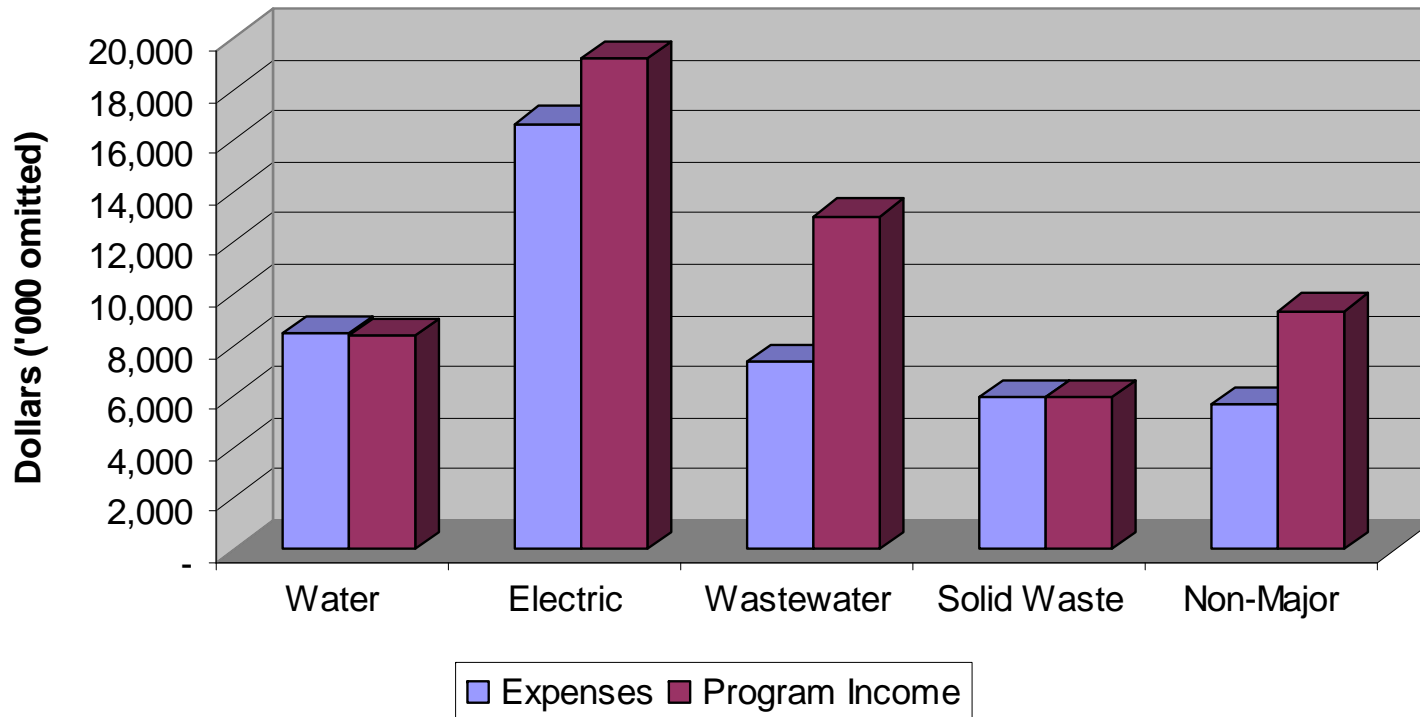
Total revenues for the City’s business-type activities were \$53.22 million for the year ended June 30, 2010. Of this total, \$44.9 million (84.4% of the total revenues) was derived from charges for services. As mentioned previously, Business-type Activities include enterprise fund operations such as 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 (\$4.6 million). Total revenues increased by 9.7% or \$4.7 million for Business-type Activities from fiscal year 2009 to fiscal year 2010.

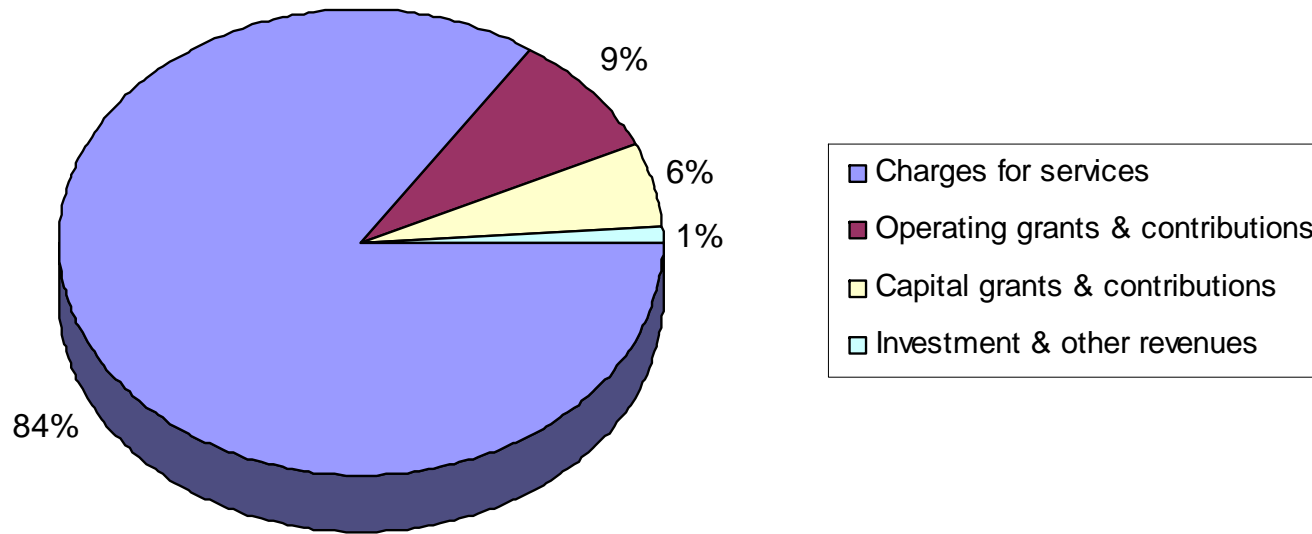
Total expenses for Business-type Activities totaled \$44.1 million for the year ended June 30, 2010, which is a \$3.96 million decrease compared with the previous year. The Electric utility is the largest individual category of Business-type Activities' expenses, representing 37.8% or \$16.7 million of the \$44.1 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 \$42.4 million, an increase of \$6.94 million over the prior year. Of the ending fund balance amounts, approximately 47.8% or \$20.29 million constitutes unreserved fund balance in Special Revenue Funds; 8.6% or \$3.66 million, for Capital Project Funds; and 7.6%, or \$3.23 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 (\$1.9 million), or 2) for a variety of other restricted purposes (\$13.33 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 \$3.23 million, while the total fund balance was approximately \$3.8 million.

Current year operations decreased the fund balance of the City's General Fund by \$269,503. Key factors in this reduction are as follows:

- Reduction in revenues of 8.0% or \$1,807,017 primarily due to a 7.9% drop in tax revenues (\$767,185), a 7.2% drop in charges for services (\$559,294), a 32.5% drop in interest revenues (\$57,759) and a 58.4% drop in other revenue offset by a 5.5% increase in intergovernmental revenue of \$202,562.
- Decrease of expenditures of 12.9% or \$3,660,319 primarily due to a 18.4% decrease in city administration (\$995,242), a 20.1% decrease in engineering/streets (\$853,984), a 49.5% decrease in community development services (\$680,464), a 5.1% decrease in public safety (\$635,590), a 12.9% decrease in parks and recreation (\$295,684).
- Decrease of transfers in from other funds of \$780,541 as compared with transfers in 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 \$9.46 million. Positive gains in the net assets of the Wastewater and Electric Funds are offset by losses in the Water Fund.

Electric Fund net assets increased by \$1.5 million, excluding prior period adjustments. The City has experienced significant fluctuations in the cost of electricity over the past few fiscal years. A second round of rate adjustments was initiated during the 2010 fiscal year for the Electric Fund. 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 decreased by \$0.21 million, due primarily to stagnate revenue growth. The growth of expenses over the prior fiscal year exceeded the revenue received during the year.

The Wastewater Fund's net assets increased by \$5.85 million due primarily to the growth in net income as well as a one time contribution on the construction of the wastewater treatment plant. Previously established rate increases added \$502,000 in charges for services as compared with the prior fiscal year. 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 increased by \$0.71 million, excluding prior period adjustments. The increase is primarily due to the reduction in operational expenses as compared with the prior fiscal year. A rate adjustment was implemented in June 2010 to reestablish revenue at levels similar to expenditures and to repay borrowings incurred in previous fiscal years.

Total net assets for business-type activities increased by \$5.19 million. The main factors contributing to this increase are revenues over expenses in the Wastewater, Electric, Solid Waste, and Transit funds offset by expenses over revenues in the Water and Broadband funds.

### **General Fund Budgetary Highlights**

The final expenditure budget for the General Fund at year-end was \$2.2 million greater than the original budget. This increase over original is primarily due to the following:

- Encumbrances at June 30, 2009 of \$880,338 carried over to the 2009-2010 budget increased the final expenditure budget.
- Appropriation of police grant funds of approximately \$1,151,900 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.
- 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 \$2,826,412 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 \$297.87 million invested in a broad range of capital assets, net of depreciation. This amount represents a net increase (including additions and deductions) of \$11.66 million, or 4%, over last year. The increase is due primarily from the new wastewater treatment plant that is under construction and resulted in \$10.47 million of the increase.

#### Capital Assets at Year End (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2009	2010	2009	2010	2009	2010
Land and land rights	\$ 27,826,225	\$ 27,826,225	\$ 7,601,096	\$ 7,146,096	\$ 35,427,321	\$ 34,972,321
Buildings and improvements	16,737,963	16,476,248	27,428,778	30,253,320	44,166,741	46,729,568
Machinery and equipment	9,317,104	8,635,872	41,276,716	39,497,400	50,593,820	48,133,272
Work in process	2,139,950	3,770,087	116,190,235	127,760,425	118,330,185	131,530,512
Infrastructure	37,697,997	36,507,966			37,697,997	36,507,966
Totals	\$ 93,719,239	\$ 93,216,398	\$ 192,496,825	\$ 204,657,241	\$ 286,216,064	\$ 297,873,639

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

- Replacement of City vehicles through the Vehicle Replacement Fund and the Transit Fund totaled \$1.86 million.
- Infrastructure additions of \$0.67 million.
- The efficiency improvement project continues with \$0.32 million of costs incurred on a project valued at \$5.57 million.
- The construction of the upgrade to the Wastewater Plant continued with cumulative costs incurred of \$100.96 million, which is approximately 99.9% 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 \$162.59 million. Of this amount, \$10.52 million represents long-term leases outstanding backed by the equipment purchased, \$52.85 million represents RDA and enterprise fund revenue bonds secured solely by specified revenue sources, \$38,066 represents long-term notes payable, and \$92.45 million represents long-term loans payable (\$91.61 million of this is for the wastewater plant upgrade).

### Outstanding Debt at Year End

	Governmental Activities		Business-type Activities		Total	
	2009	2010	2009	2010	2009	2010
Compensated absences	\$ 2,183,589	\$ 2,292,700	\$ 985,873	\$ 1,016,923	\$ 3,169,462	\$ 3,309,623
Accrued liabilities	3,952,552	3,412,478			3,952,552	3,412,478
Revenue bonds	6,895,000	15,120,000	38,698,692	37,733,553	45,593,692	52,853,553
Loans payable	2,066,450	846,225	90,739,388	91,605,815	92,805,838	92,452,040
Long Term Capital Leases	4,669,886	5,630,089	5,310,899	4,890,137	9,980,785	10,520,226
Notes Payable			43,196	38,066	43,196	38,066
Totals	<u>\$ 19,767,477</u>	<u>\$ 27,301,492</u>	<u>\$ 135,778,048</u>	<u>\$ 135,284,494</u>	<u>\$ 155,545,525</u>	<u>\$ 162,585,986</u>

Total debt increased by \$7.04 million during the current fiscal year. The key factors in this increase were:

- Increase of \$8.38 million of bond proceeds for the Lompoc Redevelopment Agency.
- Decreases of \$1.39 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 ending June 30, 2010

- Sale of approximately \$8.4 million of Tax Allocation Bonds by the Lompoc Redevelopment Agency to facilitate the construction of the City's Dick Dewees Senior and Community Center and installation of a dehumidification system at the Lompoc Aquatic Center.

- Reconstruction of arterial roadways utilizing American Recovery and Reinvestment Act. Various other street improvements were completed throughout the City.
- Phase I of the General Plan update was substantially completed with the review of Draft Environmental Impact Report (DEIR), General Plan Amendment and Zone Change sections of the plan.
- The Allan Hancock Bikeway Connector project design work was completed and federal funding of the entire project was secured.
- Transitioned from the local Measure D transportation funding to the voter approved Measure A transportation funding which will provide a stable source of funding for transportation projects for 30 years.

### **Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate for Santa Barbara County was approximately 8.9% at June 2010 versus 8.4% in 2009, 5.4% in 2008 and 5.8% in 2007. The County unemployment rate is better than the State's June 2010 rate of approximately 12.2%.
- The City's assessed valuation of physical property has decreased to \$2,245 million in 2010 from \$2,384 million in 2009 (a 5.8% decrease).
- The slowing of reductions in receipts from Sales Tax and Transient Occupancy Tax 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, 2010, fund balance in the general fund decreased by \$269,503. 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 2010-2011, the State plans to take \$198,000 from the City's redevelopment agency restricting its ability to provide for economic growth locally and the elimination of blight. The Governor's proposal to eliminate redevelopment agencies entirely and confiscate their property tax revenues is an extreme example of the state's fiscal crisis for the 2011-2012 fiscal year and beyond. In the November 2010 election, voters approved Proposition 22 which further restricts the State's ability to confiscate funds from local governments.

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 2010 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 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 attention of the Financial Services Manager at P.O. Box 8001, Lompoc, CA 93438-8001.

City of Lompoc  
Statement of Net Assets  
June 30, 2010  
(Page 1 of 2)

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS:</b>			
Cash and investments	\$ 46,919,573	\$ (670,798)	\$ 46,248,775
Receivables (net of allowance for uncollectibles)	2,033,898	8,607,651	10,641,549
Internal balances	1,449,943	(1,449,943)	
Interest receivable	35,270		35,270
Loans receivable	6,885,152		6,885,152
Inventories	322,970	2,189,371	2,512,341
Other Post-Employment Benefits (OPEB) prepaid expenses	881,582		881,582
Prepaid expenses	3,200	224,413	227,613
Restricted assets:			
Temporarily restricted:			
Cash and investments:			
Bond construction		4,194,407	4,194,407
Debt service		558,133	558,133
Deposits		4,140,274	4,140,274
Fiscal agent		935,253	935,253
Retrofit program		1,599,543	1,599,543
Rate stabilization		1,900,000	1,900,000
Bond reserves		646,750	646,750
Capital reserve (statutory)		3,081,828	3,081,828
Operating reserve		1,444,828	
Reserve established by Council		357,168	357,168
Deferred cost of issuance	550,213	1,099,237	1,649,450
Land	27,826,225	7,146,096	34,972,321
Construction in progress	3,770,087	127,760,425	131,530,512
Capital assets, net of depreciation	61,620,086	69,750,720	131,370,806
<b>Total assets</b>	<b>\$ 152,298,199</b>	<b>\$ 233,515,356</b>	<b>\$ 384,368,727</b>

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

Continued

City of Lompoc  
Statement of Net Assets  
June 30, 2010  
(Page 2 of 2)

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>LIABILITIES:</b>			
Accounts payable and other current liabilities	\$ 718,726	\$ 2,523,111	\$ 3,241,837
Accrued liabilities	296,476		296,476
Accrued interest payable	283,206	568,075	851,281
Accrued payroll and benefits	12,534	150,541	163,075
Developers deposits	917,306	864,037	1,781,343
Unearned revenue	116,976	3,001,250	3,118,226
Retentions payable		250,000	250,000
Retrofit payable		1,673,041	1,673,041
Long-term liabilities:			
Due within one year	2,090,558	1,449,298	3,539,856
Due in more than one year	25,210,934	139,437,106	164,648,040
<b>Total liabilities</b>	<b>29,646,716</b>	<b>149,916,459</b>	<b>179,563,175</b>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	72,170,297	75,798,806	147,969,103
Restricted for:			
Construction		4,194,407	4,194,407
Debt service	152,775	651,716	804,491
Unrestricted	50,328,411	2,953,968	53,282,379
<b>Total net assets</b>	<b>\$ 122,651,483</b>	<b>\$ 83,598,897</b>	<b>\$ 204,805,552</b>

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, 2010

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	
<b>Primary government:</b>							
<b>Governmental activities:</b>							
General government	\$ 4,191,815	\$ 5,249,110	\$ 210,783	\$ -	\$ 1,268,078	\$ -	\$ 1,268,078
Police protection	9,208,223	383,344	789,385		(8,035,494)		(8,035,494)
Fire protection	3,086,651	96,940			(2,989,711)		(2,989,711)
Engineering/streets	5,792,045	244,154	3,342,285	873,290	(1,332,316)		(1,332,316)
Building	1,339,337	50,217			(1,289,120)		(1,289,120)
Community development	4,102,075	450,132	465,893		(3,186,050)		(3,186,050)
Parks and recreation	3,817,677	154,680	533,261	459,132	(2,670,604)		(2,670,604)
Nondepartmental	723,071				(723,071)		(723,071)
Health & Welfare	34,635				(34,635)		(34,635)
Interest on long term debt	817,332				(817,332)		(817,332)
<b>Total Governmental Activities</b>	<b>33,112,861</b>	<b>6,628,577</b>	<b>5,341,607</b>	<b>1,332,422</b>	<b>(19,810,255)</b>		<b>(19,810,255)</b>
<b>Business-type activities:</b>							
Water	8,455,776	8,309,682		88,304		(57,790)	(57,790)
Electric	16,686,612	19,149,174	30,038		84,327	2,576,927	2,576,927
Wastewater	7,361,398	8,823,531	1,390,119	2,849,731		5,701,983	5,701,983
Solid Waste	5,959,283	5,917,798	6,430	22,405		(12,650)	(12,650)
Aquatic Center	553,184	285,353				(267,831)	(267,831)
Airport	526,748	372,545	196,097			41,894	41,894
Transit	3,110,684	1,070,381	3,015,905			975,602	975,602
Recreation	390,615	405,804	8,287			23,476	23,476
River Park	206,372	170,369				(36,003)	(36,003)
Lompoc Valley Community Ctr	72,806	17,923				(54,883)	(54,883)
Broadband	842,742	379,711				(463,031)	(463,031)
<b>Total business-type activities</b>	<b>44,166,220</b>	<b>44,902,271</b>	<b>4,646,876</b>	<b>3,044,767</b>		<b>8,427,694</b>	<b>8,427,694</b>
<b>Total primary government</b>	<b>\$ 77,279,081</b>	<b>\$ 51,530,848</b>	<b>\$ 9,988,483</b>	<b>\$ 4,377,189</b>	<b>(19,810,255)</b>	<b>8,427,694</b>	<b>(11,382,561)</b>
<b>General revenues:</b>							
<b>Taxes</b>							
Property taxes					6,516,498	6,997	6,523,495
Sales taxes					3,153,547		3,153,547
Other taxes					2,255,151		2,255,151
Franchise taxes					1,200,839		1,200,839
Motor vehicle in-lieu taxes					2,989,956		2,989,956
Grants & contributions not restricted to specific programs					545,800		545,800
Investment earnings					323,091	295,737	618,828
Other revenue					444,792	327,343	772,135
<b>Transfers</b>							
					1,074,283	(1,074,283)	
<b>Total general revenues and transfers</b>					<b>18,503,957</b>	<b>(444,206)</b>	<b>18,059,751</b>
<b>Change in net assets</b>					<b>(1,306,298)</b>	<b>7,983,488</b>	<b>6,677,190</b>
Net assets - beginning of fiscal year					122,531,498	78,413,315	200,944,813
Prior period adjustments					1,426,283	(2,797,906)	(1,371,623)
Net assets - beginning of fiscal year, restated					123,957,781	75,615,409	199,573,190
<b>Net assets - end of fiscal year</b>					<b>\$ 122,651,483</b>	<b>\$ 83,598,897</b>	<b>\$ 206,250,380</b>

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

City of Lompoc  
Balance Sheet  
Governmental Funds  
June 30, 2010

	General	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 3,160,525	\$ 32,057,251	\$ 35,217,776
Accounts receivable, net	1,285,896	725,058	2,010,954
Interest receivable	2,864	32,406	35,270
Due from other funds	124,000	40,000	164,000
Loans receivable	156,719	6,885,152	7,041,871
Prepaid items	3,200		3,200
Inventories	30,878	7,923	38,801
<b>Total Assets</b>	<b>\$ 4,764,082</b>	<b>\$ 39,747,790</b>	<b>\$ 44,511,872</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 354,952	\$ 170,936	\$ 525,888
Accrued liabilities	273,574	22,902	296,476
Loans payable		156,719	156,719
Deposits	216,801	700,505	917,306
Due to other funds		84,000	84,000
Unearned revenue	115,641	1,335	116,976
<b>Total Liabilities</b>	<b>960,968</b>	<b>1,136,397</b>	<b>2,097,365</b>
<b>FUND BALANCES</b>			
<b>Reserved for:</b>			
Encumbrances	377,549	1,527,158	1,904,707
Land development		1,601,432	1,601,432
Loans receivable	156,719	6,885,152	7,041,871
Debt service		435,981	435,981
Low income housing		2,204,077	2,204,077
Prepaid expenditures	3,200		3,200
Inventory	30,878	7,923	38,801
Economic uncertainties		2,000,000	2,000,000
<b>Unreserved, reported in</b>			
General fund	3,234,768		3,234,768
Special revenue funds		20,286,017	20,286,017
Capital projects funds		3,663,653	3,663,653
<b>Total fund balances</b>	<b>3,803,114</b>	<b>38,611,393</b>	<b>42,414,507</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,764,082</b>	<b>\$ 39,747,790</b>	<b>\$ 44,511,872</b>

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, 2010**

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

Total fund balances - governmental funds	\$	42,414,507
<p>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.</p>		
Cost of capital assets	\$ 135,342,005	
Accumulated depreciation	<u>(48,709,863)</u>	86,632,142
<p>Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.</p>		
Interest on capital leases	(48,433)	
Interest on bonds	<u>(193,817)</u>	(242,250)
<p>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.</p>		
		550,213
<p>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.</p>		
Bond payable	(15,120,000)	
Long term capital leases payable	(1,183,207)	
Long term loans payable	(846,225)	
Compensated absences	<u>(2,240,328)</u>	(19,389,760)
<p>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.</p>		
		<u>12,686,631</u>
Net assets of governmental activities	\$	<u>122,651,483</u>

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, 2010  
(Page 1 of 2)

Revenues:	General	Other Governmental Funds	Total Governmental Funds
Property taxes	\$ 3,478,621	\$ 2,791,020	\$ 6,269,641
Sales and use taxes	3,153,547	2,780,102	5,933,649
Other taxes	2,255,151		2,255,151
Licenses, fees, and permits	118,701	603,956	722,657
Intergovernmental revenues	3,884,239	2,536,512	6,420,751
Charges for services	7,206,513	175,259	7,381,772
Fines, forfeitures, and penalties	72,423		72,423
Use of money and property	119,872	149,118	268,990
Special assessments		246,857	246,857
Donations		545,800	545,800
Other	421,222	23,570	444,792
<b>Total revenues</b>	<b>20,710,289</b>	<b>9,852,194</b>	<b>30,562,483</b>
<b>Expenditures:</b>			
<b>Current:</b>			
City council	70,221		70,221
City administration	4,413,849		4,413,849
Police protection	8,796,190	120,166	8,916,356
Fire protection	3,139,294		3,139,294
Engineering / streets	3,389,010	335,507	3,724,517
Building	1,174,981		1,174,981
Community development	693,094	2,890,948	3,584,042
Parks and recreation	1,993,465	1,683,025	3,676,490
Non-departmental	760,486		760,486
Health		42,806	42,806
Capital outlay	318,364	1,654,231	1,972,595
<b>Debt service:</b>			
Principal retirement		1,533,179	1,533,179
Interest		470,217	470,217
<b>Total expenditures</b>	<b>24,748,954</b>	<b>8,730,079</b>	<b>33,479,033</b>

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, 2010  
(Page 2 of 2)

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Excess of revenues over (under) expenditures	(4,038,665)	1,122,115	(2,916,550)
Other financing sources (uses):			
Transfers in	4,268,790	2,060,484	6,329,274
Transfers (out)	(491,883)	(4,448,894)	(4,940,777)
Proceeds from issuance of bonds		8,385,000	8,385,000
Total other financing sources (uses)	3,776,907	5,996,590	9,773,497
Net change in fund balances	(261,758)	7,118,705	6,856,947
Fund balances, beginning of fiscal year	4,072,617	31,401,548	35,474,165
Prior period adjustments	(7,745)	91,140	83,395
Fund balances, beginning of fiscal year, restated	4,064,872	31,492,688	35,557,560
Fund balances, end of fiscal year	<u>\$ 3,803,114</u>	<u>\$ 38,611,393</u>	<u>\$ 42,414,507</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, 2010**

<b>Net change in fund balances - total governmental funds</b>	<b>\$</b>	<b>6,856,947</b>
 <b>Amounts reported for governmental activities in the statement of activities are different because:</b>		
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 depreciation of (\$3,162,990) exceeds capital outlay of (\$2,124,080) in the current period (includes infrastructure).		(1,038,910)
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:		(211,549)
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	\$ 1,533,179	
Issuance of bonds	(8,385,000)	
Amortization expense	307,929	
Accrued interest on CHFA loans	(51,000)	
Increase in compensated absences	(102,109)	
Accrued interest on bonds payable	(94,117)	
Accrued interest on capital leases	(46,511)	
Net adjustment	(6,837,629)	
The net revenue (loss) of certain activities of internal service funds is reported with governmental activities.		(75,157)
Change in net assets of governmental activities	<b>\$</b>	<b>(1,306,298)</b>

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, 2010  
(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
<b>ASSETS</b>							
<b>Current assets:</b>							
Cash and investments	\$589,380	(\$2,475,946)	(\$188,404)	\$211,436	\$1,192,736	(\$670,798)	\$11,701,797
<b>Restricted cash and investments:</b>							
Bond construction fund	1,335,243		2,859,164			4,194,407	
Bond reserves	565,946		80,804			646,750	
Capital reserve (statutory)			290,825	2,791,003		3,081,828	
Debt service	236,423		321,710			558,133	
Deposits		858,600	2,364,141		917,533	4,140,274	
Fiscal agent	584,694	88,298	256,345	3,582	2,334	935,253	
Operating Reserve		1,444,828				1,444,828	
Reserve established by Council		357,168				357,168	
Restricted cash - rate stabilization			1,900,000			1,900,000	
Retrofit program	1,599,543					1,599,543	
Receivables - trade	1,201,649	2,757,814	1,965,172	832,443	1,833,118	8,590,196	22,944
Receivables - interest	3,724	(4,261)	11,659	3,142	3,191	17,455	
Prepaid expenses		222,210			2,203	224,413	881,582
Inventories (at average cost)	275,401	1,843,350	28,251		42,369	2,189,371	284,169
Due from other funds	120,659	4,760,713				4,881,372	1,439,864
<b>Total current assets</b>	<b>6,512,662</b>	<b>9,852,774</b>	<b>9,889,667</b>	<b>3,841,606</b>	<b>3,993,484</b>	<b>34,090,193</b>	<b>14,330,356</b>
<b>Noncurrent assets:</b>							
Deferred cost of issuance (net)	398,237		701,000			1,099,237	
<b>Property, plant and equipment:</b>							
Land	529,778	250,304	321,758	262,231	5,782,025	7,146,096	
Utility plant and equipment	48,407,896	37,339,399	42,398,955	3,152,751	11,113,893	142,412,894	17,876,462
Construction in progress	1,075,228	5,967,134	120,087,747	287,162	343,154	127,760,425	165,452
	50,012,902	43,556,837	162,808,460	3,702,144	17,239,072	277,319,415	18,041,914
(Less) accumulated depreciation	(22,884,215)	(17,159,269)	(25,955,249)	(2,247,592)	(4,415,849)	(72,662,174)	(11,457,658)
<b>Total property, plant and equipment</b>	<b>27,128,687</b>	<b>26,397,568</b>	<b>136,853,211</b>	<b>1,454,552</b>	<b>12,823,223</b>	<b>204,657,241</b>	<b>6,584,256</b>
<b>Total assets</b>	<b>\$34,039,586</b>	<b>\$36,250,342</b>	<b>\$147,443,878</b>	<b>\$5,296,158</b>	<b>\$16,816,707</b>	<b>\$239,846,671</b>	<b>\$20,914,612</b>

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, 2010  
(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
<b>Current liabilities:</b>							
Accounts payable	\$319,246	\$383,143	\$630,189	\$81,968	\$1,108,565	\$2,523,111	\$192,838
Accrued interest	235,417	6,517	317,750	1,032	7,359	568,075	40,956
Accrued payroll and benefits	37,990	34,530	30,773	29,439	17,809	150,541	12,534
Due to other funds				955,855	5,375,460	6,331,315	69,921
Retentions payable			250,000			250,000	
Developers deposits	5,437	858,600				864,037	
Unearned revenue		135,562	2,844,007		21,681	3,001,250	
Retrofit program	1,673,041					1,673,041	
Current portion of long-term liabilities	641,819	160,357	515,164	46,728	85,230	1,449,298	1,837,941
<b>Total current liabilities</b>	<b>2,912,950</b>	<b>1,578,709</b>	<b>4,587,883</b>	<b>1,115,022</b>	<b>6,616,104</b>	<b>16,810,668</b>	<b>2,154,190</b>
<b>Noncurrent liabilities:</b>							
Accrued liabilities							2,388,735
Compensated absences	295,668	311,992	136,115	210,003	63,145	1,016,923	52,372
Landfill closure and postclosure payable				5,348,575		5,348,575	
Trust deposits					5,800	5,800	
Capital lease payable	961,899	2,541,572	158,696	412,590	376,608	4,451,365	3,632,684
Loans payable	32,679		91,605,815			91,638,494	
Revenue bonds	14,914,002		21,814,412			36,728,414	
Reserve fund - VVCSD			247,535			247,535	
<b>Total noncurrent liabilities</b>	<b>16,204,248</b>	<b>2,853,564</b>	<b>113,962,573</b>	<b>5,971,168</b>	<b>445,553</b>	<b>139,437,106</b>	<b>6,073,791</b>
<b>Total liabilities</b>	<b>19,117,198</b>	<b>4,432,273</b>	<b>118,550,456</b>	<b>7,086,190</b>	<b>7,061,657</b>	<b>156,247,774</b>	<b>8,227,981</b>
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	12,798,932	23,695,639	25,947,616	995,234	12,361,385	75,798,806	2,137,374
Construction	1,335,243		2,859,164			4,194,407	
Restricted for debt service	566,952		84,764			651,716	
Unrestricted	221,261	8,122,430	1,878	(2,785,266)	(2,606,335)	2,953,968	10,549,257
<b>Total net assets</b>	<b>\$14,922,388</b>	<b>\$31,818,069</b>	<b>\$28,893,422</b>	<b>(\$1,790,032)</b>	<b>\$9,755,050</b>	<b>\$83,598,897</b>	<b>\$12,686,631</b>

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, 2010

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
<b>Operating revenues:</b>							
User fees and charges for services	\$8,249,337	\$18,991,897	\$7,455,642	\$5,032,034	\$2,229,623	\$41,958,533	\$14,471,895
Vehicle and facilities rental					472,463	472,463	3,623,982
Other operating revenues	54,570		1,292,484	877,734		2,224,788	
<b>Total operating revenues</b>	<b>8,303,907</b>	<b>18,991,897</b>	<b>8,748,126</b>	<b>5,909,768</b>	<b>2,702,086</b>	<b>44,655,784</b>	<b>18,095,877</b>
<b>Operating expenses:</b>							
Cost of power and water	529,723	10,851,339	771,626	34,048		12,186,736	
Operations and maintenance	5,302,574	3,911,506	4,111,304	5,542,249	4,870,069	23,737,702	16,497,895
Administration	623,140	638,772	541,606	216,434		2,019,952	
Depreciation and amortization	1,203,316	1,159,581	906,355	137,636	603,890	4,010,778	1,237,627
<b>Total operating expenses</b>	<b>7,658,753</b>	<b>16,561,198</b>	<b>6,330,891</b>	<b>5,930,367</b>	<b>5,473,959</b>	<b>41,955,168</b>	<b>17,735,522</b>
<b>Income (loss) from operations</b>	<b>645,154</b>	<b>2,430,699</b>	<b>2,417,235</b>	<b>(20,599)</b>	<b>(2,771,873)</b>	<b>2,700,616</b>	<b>360,355</b>
<b>Nonoperating income (expenses):</b>							
Fees	5,775	157,277	75,405	8,030		246,487	
Interest income	3,194	189,886	97,140	4,494	1,023	295,737	36,707
Intergovernmental		30,038	1,390,119	6,430	3,227,286	4,653,873	
Miscellaneous	33,054	159,831	31,432	79,610	8,526	312,453	
Gain on sale of capital assets			14,890			14,890	988
Interest expense	(797,023)	(125,414)	(1,030,507)	(28,916)	(229,192)	(2,211,052)	(158,993)
<b>Total nonoperating income (expenses)</b>	<b>(755,000)</b>	<b>411,618</b>	<b>578,479</b>	<b>69,648</b>	<b>3,007,643</b>	<b>3,312,388</b>	<b>(121,298)</b>
<b>Income (loss) before contributions and transfers</b>	<b>(109,846)</b>	<b>2,842,317</b>	<b>2,995,714</b>	<b>49,049</b>	<b>235,770</b>	<b>6,013,004</b>	<b>239,057</b>
Capital contributions	88,304	84,327	2,849,731	22,405		3,044,767	
Transfers in (out)		(1,396,175)			321,892	(1,074,283)	(314,214)
<b>Change in net assets</b>	<b>(21,542)</b>	<b>1,530,469</b>	<b>5,845,445</b>	<b>71,454</b>	<b>557,662</b>	<b>7,983,488</b>	<b>(75,157)</b>
<b>Net assets - beginning of the fiscal year</b>	<b>14,783,840</b>	<b>30,705,628</b>	<b>23,028,561</b>	<b>(410,666)</b>	<b>10,305,952</b>	<b>78,413,315</b>	<b>12,587,109</b>
<b>Prior period adjustments</b>	<b>160,090</b>	<b>(418,028)</b>	<b>19,416</b>	<b>(1,450,820)</b>	<b>(1,108,564)</b>	<b>(2,797,906)</b>	<b>174,679</b>
<b>Net assets - beginning of the fiscal year, restated</b>	<b>14,943,930</b>	<b>30,287,600</b>	<b>23,047,977</b>	<b>(1,861,486)</b>	<b>9,197,388</b>	<b>75,615,409</b>	<b>12,761,788</b>
<b>Net assets - end of the fiscal year</b>	<b>\$14,922,388</b>	<b>\$31,818,069</b>	<b>\$28,893,422</b>	<b>(\$1,790,032)</b>	<b>\$9,755,050</b>	<b>\$83,598,897</b>	<b>\$12,686,631</b>

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, 2010  
(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
<b>Cash flows from operating activities:</b>							
Cash received from customers	\$8,216,090	\$19,011,940	\$8,286,366	\$5,902,136	\$2,709,820	\$44,126,352	\$18,533,477
Cash payments to suppliers for goods and services	(3,794,487)	(14,552,533)	(2,857,785)	(3,366,508)	(2,593,672)	(27,164,985)	(17,551,696)
Cash payments to employees for services	(2,606,262)	(1,535,831)	(2,139,298)	(2,055,646)	(1,112,574)	(9,449,611)	(1,279,101)
Net cash provided (used) by operating activities	<u>1,815,341</u>	<u>2,923,576</u>	<u>3,289,283</u>	<u>479,982</u>	<u>(996,426)</u>	<u>7,511,756</u>	<u>(297,320)</u>
<b>Cash flows from noncapital financing activities:</b>							
Net borrowings (repayments) under revolving loan arrangement					(14,062)	(14,062)	
Received from other agencies		30,038	4,242,090	6,430	2,970,598	7,249,156	
Transfers in (out)		(1,396,175)			321,892	(1,074,283)	(314,214)
Net cash provided (used) by noncapital financing activities		<u>(1,366,137)</u>	<u>4,242,090</u>	<u>6,430</u>	<u>3,278,428</u>	<u>6,160,811</u>	<u>(314,214)</u>
<b>Cash flows from capital and related financing activities:</b>							
Proceeds from bonds, lease purchases and equipment contracts			866,427			866,427	1,750,411
Acquisition and construction of capital assets	(873,517)	(4,248,907)	(10,959,975)	(234,897)	(1,389,170)	(17,706,466)	(642,358)
Principal paid on revenue bonds/loans /leases and equipment contracts	(612,962)	(153,582)	(497,999)	(44,736)	(81,752)	(1,391,031)	(688,254)
Interest paid on revenue bonds/loans and equipment contracts	(803,872)	(125,739)	(1,036,743)	(25,364)	(229,910)	(2,221,628)	(136,668)
Gain/(loss) on disposal of capital assets	13,760		14,890			28,650	988
Contributed capital	88,304	84,327	2,849,731	22,405		3,044,767	
Net cash provided (used) for capital and related financing activities	<u>(2,188,287)</u>	<u>(4,443,901)</u>	<u>(8,763,669)</u>	<u>(282,592)</u>	<u>(1,700,832)</u>	<u>(17,379,281)</u>	<u>284,119</u>
<b>Cash flows from investing activities:</b>							
Interest and dividends on investments	9,312	189,777	104,409	4,153	4,982	312,633	36,707
Net increase (decrease) in cash and cash equivalents	(363,634)	(2,696,685)	(1,127,887)	207,973	586,152	(3,394,081)	(290,708)
Cash and cash equivalents at beginning of fiscal year	5,274,863	2,969,633	9,012,472	2,798,048	1,526,451	21,581,467	11,992,505
Cash and cash equivalents at end of fiscal year	<u>\$4,911,229</u>	<u>\$272,948</u>	<u>\$7,884,585</u>	<u>\$3,006,021</u>	<u>\$2,112,603</u>	<u>\$18,187,386</u>	<u>\$11,701,797</u>
<b>Reconciliation to Statement of Net Assets:</b>							
Cash and investments	\$589,380	(\$2,475,946)	(\$188,404)	\$211,436	\$1,192,736	(\$670,798)	\$11,701,797
Restricted cash and investments	4,321,849	2,748,894	8,072,989	2,794,585	919,867	18,858,184	
	<u>\$4,911,229</u>	<u>\$272,948</u>	<u>\$7,884,585</u>	<u>\$3,006,021</u>	<u>\$2,112,603</u>	<u>\$18,187,386</u>	<u>\$11,701,797</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, 2010  
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	\$645,154	\$2,430,699	\$2,417,235	(\$20,599)	(\$2,771,873)	\$2,700,616	\$360,355
Adjustment for nonoperating incomes and (expenses)	38,829	317,108	106,837	87,640	8,526	558,940	
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation	1,203,316	1,159,581	906,355	137,636	603,890	4,010,778	1,237,627
Change in assets and liabilities:							
(Increase)decrease in accounts receivable	(35,287)	(432,627)	(568,597)	(95,272)	(131)	(1,131,914)	437,600
(Increase)decrease in due from other funds	5,417	(543,535)	927,423			389,305	(1,354,126)
(Increase)decrease in inventory	(8,730)	(429,390)	(5,177)		2,154	(441,143)	24,874
(Increase)decrease in prepaid expenses		108,619			(661)	107,958	(449,268)
(Decrease)increase in accounts payable	72,025	165,267	852,495	10,764	792,736	1,893,287	(7,796)
(Decrease)increase in retentions payable			(1,385,328)			(1,385,328)	
(Decrease)increase in developer's deposits	(3,250)	31,900				28,650	
(Decrease)increase in deferred credits/revenues	(91,359)	135,562			1,214	45,417	
(Decrease)increase in due to other funds		(50,000)		278,432	367,438	595,870	(15,817)
(Decrease)increase in accrued liabilities	(10,774)	30,392	38,040	81,381	281	139,320	(530,769)
Net cash provided (used) by operating activities	<u>\$1,815,341</u>	<u>\$2,923,576</u>	<u>\$3,289,283</u>	<u>\$479,982</u>	<u>(\$996,426)</u>	<u>\$7,511,756</u>	<u>(\$297,320)</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, 2010

<b>ASSETS</b>	<b>Agency Fund</b>
Cash and investments	\$ 958,861
Receivables:	
Accounts receivable, net	13,710
Interest receivable	904
<b>Total assets</b>	<b>\$ 973,475</b>
<b>LIABILITIES</b>	
<b>Liabilities:</b>	
Accounts payable	12,865
Refundable deposits and accruals	960,610
<b>Total liabilities</b>	<b>\$ 973,475</b>

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

CITY OF LOMPOC  
Notes to Basic Financial Statements  
June 30, 2010

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.

**I) 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. 51

In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement establishes accounting and financial reporting standards for many different types of assets that may be considered intangible assets, including easements, water rights, timber rights, patents, trademarks, and computer software. Implementation of GASB Statement No. 51, did not have an impact on the City's financial statements for the fiscal year ended June 30, 2010.

Governmental Accounting Standards Board Statement No. 53

In June 2008, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement is intended to improve how state and local governments report information about derivative instruments financial arrangements used by governments to manage specific risks or make investments – in their financial statements. The Statement specifically requires

governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements. Implementation of GASB Statement NO. 53, did not have an impact on the City's financial statements for the fiscal year ended June 30, 2010.

#### Governmental Accounting Standards Board Statement No. 57

For the fiscal year ended June 30, 2010, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The Statement is effective December 2009. This Statement amends Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." The requirements in the Statement allow more agent employers to use the alternative measurement method to produce actuarially based information for purposes of financial reporting. As a result of this change, the cost of compliance with the requirements of Statement No. 45 for eligible agent employers may be reduced while achieving an appropriate balance between the goals of reliable measurement of reported information and reasonable cost. Implementation of the GASB Statement No. 57, did not have an impact on the City's financial statements for the fiscal year ended June 30, 2010.

#### Governmental Accounting Standards Board Statement No. 58

In December 2009, the GASB issued Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. The objective of this Statement is to provide accounting and financial reporting guidance for governments that have petitioned for protection from creditor by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. Implementation of GASB Statement No. 58, did not have an impact on City's financial statements for the fiscal year ended June 30, 2010.

## **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, 2010 are as follows:

**Solid Waste Disposal Fund**

The Solid Waste Disposal Fund has a deficit net asset balance of \$1,790,032. 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, 2010 are as follows:

**Traffic Offender Fund**

The Traffic Offender Fund has a deficit fund balance of \$46,601. This deficit will be eliminated through transfers from other funds.

**Literacy Grant Fund**

The Literacy Grant Fund has a deficit fund balance of \$1,689. This deficit will be eliminated through transfers from other funds.

### **Park Assessment District Fund**

The Park Assessment District Fund has a deficit fund balance of \$396. This deficit will be eliminated through transfers from other funds.

### **Broadband Fund**

The Broadband Fund is a newer fund with deficit net assets of \$3,602,992. 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 \$86,175 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.

## **III. Detailed notes on all funds**

### **1) Cash and investments**

#### **Cash Deposits**

The carrying amounts of the City's time and demand deposits were \$1,819,217 at June 30, 2010. 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 February 2, 2010, 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, 2010:

	<b>Credit Quality Ratings</b>	<b>2010</b>
<b>City Treasury Deposits:</b>		
Deposits	Not Rated	\$ 1,815,642
Petty Cash	Not Rated	3,575
<b>Total City Treasury Deposits</b>		<b>1,819,217</b>
<b>City Treasury Investments</b>		
Local Agency Investment Funds	Not Rated	55,120,472
<b>Total City Treasury Investments</b>		<b>55,120,472</b>
<b>Total City Treasury</b>		<b>56,939,689</b>
<b>Cash and Investments with Fiscal Agents:</b>		
Cost of Bond Issuance Funds	Not Rated	1,273,926
Developer Deposits	Not Rated	402,906
Municipal Leasing	Not Rated	2,127,715
NCPA Funds	Not Rated	5,321,584
<b>Total Cash and Investments with Fiscal Agents</b>		<b>9,126,131</b>
<b>Total Cash and Investments</b>		<b>\$ 66,065,820</b>

## 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, 2010, 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	\$ 402,906	\$ 402,906	\$ -
Municipal Leasing	2,127,715	2,127,715	
NCPA Funds	5,321,584	5,321,584	
Cost of Bond Issuance Funds	1,273,926	1,273,926	
Local Agency Investment Fund	55,120,472	55,120,472	
	<u>\$ 64,246,603</u>	<u>\$ 64,246,603</u>	<u>\$ -</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, 2010.

*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, 2010, 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, 2010, 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 \$102,521 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, 2010, the principal balances remaining on the loans are \$8,999 and \$45,199, 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 \$3.23 million, The Housing In-Lieu Fund currently has a loan receivable balance of \$1,180,975 and the Redevelopment Agency currently has a loan receivable balance of \$2.47 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, 2010, is as follows on the next page:

	<u>Receivables</u>	<u>Payables</u>
GENERAL FUND	\$ 124,000	\$ -
NONMAJOR GOVERNMENTAL FUNDS	40,000	84,000
INTERNAL SERVICE FUNDS	1,439,864	69,921
ENTERPRISE FUNDS:		
Water Utility Fund	120,659	
Electric Utility Fund	4,760,713	
Solid Waste Fund		955,855
NONMAJOR ENTERPRISE FUNDS		5,375,460
	<u>\$ 6,485,236</u>	<u>\$ 6,485,236</u>

The balance owed to the General Fund of \$124,000 resulted from loans made to the Revolving Recreation Fund and Traffic Offender Fund.

The balance due from the Solid Waste Fund of \$955,855 consists primarily of a loan from the Insurance Fund to finance prior year deficit.

The balance of \$4.76 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.

**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	\$ 4,268,790	\$ 491,883
NONMAJOR GOVERNMENTAL FUNDS	2,060,484	4,448,894
INTERNAL SERVICE FUNDS		314,214
ENTERPRISE FUND		
Electric Utility Fund		1,396,175
NONMAJOR ENTERPRISE FUNDS	321,892	
	<u>\$ 6,651,166</u>	<u>\$ 6,651,166</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 \$2.47 million, which are routine transfers. The transfer of \$1.40 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, 2010, was as follows:

<b><u>Primary Government</u></b>	<b>Beginning</b>	<b>Adjustments</b>		<b>Ending</b>
	<b>Balance</b>	<b>to Beginning</b>	<b>Increases</b>	<b>Decreases</b>
	<b>Balance</b>	<b>Balance</b>	<b>Increases</b>	<b>Decreases</b>
<b>Governmental activities:</b>				
Non-depreciable assets:				
Land	\$ 27,826,225	\$ -	\$ -	\$ -
Construction in progress	2,139,950	604,396	1,352,987	(327,246)
Depreciable assets:				
Buildings and improvements	27,637,875	421,686	114,058	
Machinery and equipment	24,550,947	36,136	759,209	(24,232)
Infrastructure	67,619,243		672,685	
<b>Totals at historical cost</b>	<b>149,774,240</b>	<b>1,062,218</b>	<b>2,898,939</b>	<b>(351,478)</b>
Less: accumulated depreciation for:				
Buildings and improvements	(10,899,912)	33,650	(831,109)	
Machinery and equipment	(15,233,843)	247,020	(1,706,792)	7,427
Infrastructure	(29,921,246)		(1,862,716)	
<b>Totals accumulated depreciation</b>	<b>(56,055,001)</b>	<b>280,670</b>	<b>(4,400,617)</b>	<b>7,427</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 93,719,239</b>	<b>\$ 1,342,888</b>	<b>\$ (1,501,678)</b>	<b>\$ (344,051)</b>
				<b>\$ 93,216,398</b>

<b><u>Primary Government</u></b>	<b><u>Beginning Balance</u></b>	<b><u>Adjustments to Beginning Balance</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Ending Balance</u></b>
<b>Business-type activities:</b>					
Non-depreciable assets:					
Land	\$ 7,601,096	\$ (455,000)	\$ -	\$ -	\$ 7,146,096
Construction in progress	116,190,235	(136,204)	14,931,975	(3,225,581)	127,760,425
Depreciable assets:					
Buildings and improvements	32,763,863	(1,326,610)	4,682,493	(6,419)	36,113,327
Machinery and equipment	<u>105,042,847</u>	<u>(60,859)</u>	<u>1,317,579</u>		<u>106,299,567</u>
<b>Totals at historical cost</b>	<u>261,598,041</u>	<u>(1,978,673)</u>	<u>20,932,047</u>	<u>(3,232,000)</u>	<u>277,319,415</u>
Less: accumulated depreciation for:					
Buildings and improvements	(5,335,085)	381,433	(906,355)		(5,860,007)
Machinery and equipment	<u>(63,766,131)</u>	<u>68,387</u>	<u>(3,104,423)</u>		<u>(66,802,167)</u>
<b>Totals accumulated depreciation</b>	<u>(69,101,216)</u>	<u>449,820</u>	<u>(4,010,778)</u>		<u>(72,662,174)</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 192,496,825</u>	<u>\$ (1,528,853)</u>	<u>\$ 16,921,269</u>	<u>\$ (3,232,000)</u>	<u>\$ 204,657,241</u>

**Depreciation expense was charged to functions as follows:**

**Governmental activities:**

General government	\$	256,465
Police protection		292,832
Fire protection		31,490
Engineering/streets		1,958,758
Building		56,790
Community development		169,326
Parks and recreation		397,329
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		<u>1,237,627</u>
<b>Total depreciation expense</b>	<b>\$</b>	<b><u><u>4,400,617</u></u></b>

**Business-type activities:**

Water	\$	1,203,316
Electric		1,159,581
Wastewater		906,355
Solid Waste		137,636
Airport		129,844
Transit		232,545
Recreation		219
River Park Campground		6,279
Health and welfare		
Broadband		231,537
Aquatic Center		<u>3,466</u>
<b>Total depreciation expense</b>	<b>\$</b>	<b><u><u>4,010,778</u></u></b>

**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%	\$1,330,296	June 30, 2010
TANC	0.408%	44,394	June 30, 2010
Total		<u>\$1,374,690</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>
<b>ASSETS:</b>			
Current assets	\$ 66,022	\$ 55,493	\$ 121,515
Property, equipment and capital project costs	410,304	334,436	744,740
Restricted assets and other assets	695,239	102,132	797,371
<b>TOTAL ASSETS</b>	<u>\$ 1,171,565</u>	<u>\$ 492,061</u>	<u>\$ 1,663,626</u>
<b>LIABILITIES AND CAPITALIZATION:</b>			
Current liabilities	\$ 84,654	\$ 47,958	\$ 132,612
Member advances	2,108		2,108
Long-term debt and other liabilities	1,051,022	433,222	1,484,244
Members' capital	33,781	10,881	44,662
<b>TOTAL LIABILITIES AND CAPITALIZATION</b>	<u>\$ 1,171,565</u>	<u>\$ 492,061</u>	<u>\$ 1,663,626</u>
<b>REVENUES:</b>			
Interest	\$ 2,261	\$ 490	\$ 2,751
Operating revenues and other revenues	304,714	68,517	373,231
<b>TOTAL REVENUES</b>	<u>306,975</u>	<u>69,007</u>	<u>375,982</u>
<b>COSTS AND EXPENSES:</b>			
General and other operating costs	257,851	30,778	288,629
Interest and other financing costs	32,533	29,024	61,557
<b>TOTAL COSTS AND EXPENSES</b>	<u>290,384</u>	<u>59,802</u>	<u>350,186</u>
Reserve additions and refunds	<u>(14,824)</u>	<u>(2,000)</u>	<u>(16,824)</u>
<b>NET INCOME (LOSS)</b>	1,767	7,205	8,972
<b>ACCUMULATED NET REVENUES</b>			
Beginning of year	32,014	3,676	35,690
End of year	<u>\$ 33,781</u>	<u>\$ 10,881</u>	<u>\$ 44,662</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, 2010, for approximately \$71.87 million (TANC principal \$1.72 million, TANC interest \$564,515; NCPA principal \$38.49 million, NCPA interest \$31.09 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, 2008, and 2010, the City entered into long-term leases as lessee for financing the purchase of \$9,014,484 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
2011	\$ 1,147,809
2012	1,035,263
2013	827,277
2014	721,332
2015	613,031
2016-2020	1,716,389
2021-2025	678,203
2026-2027	216,384
Total minimum lease payments	6,955,688
Amount representing interest	(1,325,599)
Present value of minimum lease payments	<u>\$ 5,630,089</u>

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
2011	\$ 646,561
2012	609,473
2013	572,310
2014	572,310
2015	522,911
2016-2020	1,847,915
2021-2025	1,241,288
2026-2027	461,723
Total minimum lease payments	6,474,491
Amount representing interest	(1,584,354)
Present value of minimum lease payments	<u>\$ 4,890,137</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, 2010, was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amount Due within One Year</b>
<b>Governmental Activities</b>					
Compensated absences	\$ 2,183,589	\$ 109,111	\$ -	\$ 2,292,700	\$ -
Claims payable	3,952,552		(540,074)	3,412,478	1,023,743
Capital leases	4,669,886	1,750,411	(790,208)	5,630,089	906,815
Bonds payable	6,895,000	8,385,000	(160,000)	15,120,000	160,000
Loans payable	2,066,450	51,000	(1,271,225)	846,225	
<b>Governmental activities long-term liabilities</b>	<b>\$ 19,767,477</b>	<b>\$ 10,295,522</b>	<b>\$ (2,761,507)</b>	<b>\$ 27,301,492</b>	<b>\$ 2,090,558</b>
<b>Business-type activities</b>					
<b>Bonds and loans payable:</b>					
Water loan payable	\$ 43,196	\$ -	\$ (5,130)	\$ 38,066	\$ 5,387
Water revenue bonds	16,171,674		(486,894)	15,684,780	510,020
Wastewater revenue bonds	22,898,326		(498,106)	22,400,220	514,980
Wastewater state loan	90,739,388	866,427		91,605,815	
	129,852,584	866,427	(990,130)	129,728,881	1,030,387
Less: deferred amount on refundings	(371,308)		19,861	(351,447)	(19,861)
<b>Total bonds and notes payable</b>	<b>129,481,276</b>	<b>866,427</b>	<b>(970,269)</b>	<b>129,377,434</b>	<b>1,010,526</b>
Compensated absences	985,873	31,050		1,016,923	
Capital leases-Solid Waste	504,054		(44,736)	459,318	46,728
Capital leases-Water	1,236,093		(134,360)	1,101,733	139,834
Capital leases-Electric	2,855,511		(153,582)	2,701,929	160,357
Capital leases-Broadband	480,720		(79,433)	401,287	82,804
Capital leases-Waste Water	171,651		(6,332)	165,319	6,623
Capital leases-Transit	62,870		(2,319)	60,551	2,426
Landfill closure & postclosure	3,825,307	1,523,268		5,348,575	
Trust deposits	6,900		(1,100)	5,800	
Reserve Fund - VVCS	230,771	16,764		247,535	
<b>Business-type activities Long-term liabilities</b>	<b>\$ 139,841,026</b>	<b>\$ 2,437,509</b>	<b>\$ (1,392,131)</b>	<b>\$ 140,886,404</b>	<b>\$ 1,449,298</b>

Long-term debt other than capital leases at June 30, 2010, 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	\$ 6,525,000	
Deferred amount of refunding	(351,447)	
	<u>6,173,553</u>	
Amount shown on financial statements		<u>6,173,553</u>
Total revenue bonds		<u><u>\$ 6,173,553</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	<u><u>\$15,280,000</u></u>
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**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

\$16,280,000

**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

\$38,066

**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

\$91,605,815

The annual requirements in the Enterprise Funds to amortize Revenue Bonds and Loan Payable outstanding as of June 30, 2010 are as follows:

FISCAL YEAR ENDING JUNE 30	REVENUE BONDS		
	PRINCIPAL	INTEREST	TOTAL
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	1,671,579	2,836,579
2015	1,210,000	1,494,473	2,704,473
2016-2020	6,835,000	6,666,124	13,501,124
2021-2025	7,365,000	5,083,342	12,448,342
2026-2030	7,720,000	3,420,733	11,140,733
2031-2035	8,635,000	1,637,100	10,272,100
2036-2037	1,945,000	132,300	2,077,300
	<u>\$ 38,085,000</u>	<u>\$ 25,002,150</u>	<u>\$ 63,087,150</u>

FISCAL YEAR ENDING JUNE 30	LOAN PAYABLE		
	PRINCIPAL	INTEREST	TOTAL
2011	\$ 5,387	\$ 1,903	\$ 7,290
2012	5,656	1,634	7,290
2013	5,939	1,351	7,290
2014	6,236	1,054	7,290
2015	6,548	742	7,290
2016-2017	8,300	486	8,786
	<u>\$ 38,066</u>	<u>\$ 7,170</u>	<u>\$ 45,236</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, 2010, are as follows:

FISCAL YEAR ENDING JUNE 30	REVENUE BONDS		
	PRINCIPAL	INTEREST	TOTAL
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	185,000	272,644	457,644
2016-2020	1,025,000	1,248,941	2,273,941
2021-2025	1,260,000	1,011,185	2,271,185
2026-2030	1,585,000	683,542	2,268,542
2031-2035	2,010,000	252,594	2,262,594
	<u>\$ 6,735,000</u>	<u>\$ 4,621,877</u>	<u>\$ 11,356,877</u>

**2010 Old Town Lompoc Redevelopment Project Bonds**

On June 29, 2010, Tax Allocation Bonds in the amount of \$8,385,000 were sold. All proceeds of this bond issue were used to finance the construction of a Senior Center and purchase a dehumidifier for the Aquatic Center.

\$3,955,000 are serial bonds with interest rates ranging from 2.00% to 5.75% due in annual installments from \$70,000 to \$315,000 from September 1, 2011 to September 1, 2029; \$690,000 are term bonds with an interest rate of 5.75% due in annual installments from \$335,000 to \$355,000 from September 1, 2030 to September 1, 2031; \$3,740,000 are term bonds with an interest rate of 6.00% due in annual installments from \$375,000 to \$570,000 from September 1, 2032 to September 1, 2039.

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, 2010, are as follows:

FISCAL YEAR ENDING JUNE 30	REVENUE BONDS		
	PRINCIPAL	INTEREST	TOTAL
2011	\$ -	\$ 304,937	\$ 304,937
2012	70,000	452,925	522,925
2013	150,000	450,538	600,538
2014	155,000	446,719	601,719
2015	155,000	442,069	597,069
2016-2020	885,000	2,110,652	2,995,652
2021-2025	1,110,000	1,871,287	2,981,287
2026-2030	1,430,000	1,532,470	2,962,470
2031-2035	1,890,000	1,057,250	2,947,250
2036-2040	2,540,000	398,696	2,938,696
	<u>\$ 8,385,000</u>	<u>\$ 9,067,543</u>	<u>\$ 17,452,543</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. During the fiscal year, the City repaid \$288,825 and \$711,175 of the 00-01 and 01-02 loans, respectively, including accrued interest of \$266,225. The principal balance of the remaining loans at June 30, 2010, was \$750,000. The accrued interest for these loans at June 30, 2010, was \$96,225. The loans accrue interest equal to 3% simple per annum. The principal and interest on these loans are due on April 1, 2013.

**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

\$2,440,000

11) **Loans Payable**

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

	<u>Loan Amount</u>	<u>Principal Due at June 30, 2010</u>
City of Lompoc (General Fund)	\$233,000	\$102,522
	119,801	45,199
	<u>22,700</u>	<u>8,999</u>
	<u>\$375,501</u>	<u>\$156,720</u>
CHFA	<u>\$846,225</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, 2010, the balance of the loans is \$846,225 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, 2010, were 14.241% 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 2009/2010, the City's annual pension cost of \$4,810,222 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2007 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 periods at June 30, 2009, were 28 years for safety and 28 years for miscellaneous. June 30, 2009 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
6/30/2008	\$ 3,935,670	100.00%	\$ -
6/30/2009	\$ 3,959,588	100.00%	\$ -
6/30/2010	\$ 3,407,802	100.00%	\$ -

Safety Employees:

6/30/2008	\$ 1,446,937	100.00%	\$ -
6/30/2009	\$ 1,499,994	100.00%	\$ -
6/30/2010	\$ 1,402,420	100.00%	\$ -

**REQUIRED SUPPLEMENTARY INFORMATION**

	(A)	(B)	(C)	(D)	(E)	(F)
<u>Miscellaneous Employees:</u>		Entry Age				Unfunded (Overfunded) Liability as Percentage of Covered Payroll
Actuarial Valuation Date	Actuarial Asset Value	Actuarial Accrued Liability	Unfunded Liability/ (Excess Assets) {(B) - (A)}	Funded Ratio {(A) / (B)}	Covered Payroll	
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%
6/30/2009	\$ 104,111,766	\$ 122,797,890	\$ 18,686,124	84.8%	\$ 16,480,550	113.383%

\*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 \$105 per month in 2010.

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 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 forty 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 2009/2010 was \$943,000.

For the fiscal year 2009/2010, the City contributed \$1,392,268 to the Plan, which fully funded the ARC for GASB 45 purposes. The City paid \$449,268 to the CalPERS Health Benefit Program or directly to retirees during the year and \$943,000 to the CERBT. The expenditure of the \$449,268 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, 2010, the City’s annual OPEB cost (expense) of \$1,392,268 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, 2009 Net OPEB Obligation	\$ (432,314)
2009/2010 Annual Required Contribution	943,000
2009/2010 Contributions	<u>(1,392,268)</u>
June 30, 2010 Net OPEB Obligation (Prepayment)	<u>\$ (881,582)</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, 2010 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>
6/30/2010	\$ 943,000	\$ -	\$ 1,392,268	147.6%	\$ (881,582)

**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)
6/30/2010	\$ 943,000	\$ 1,392,268	147.6%	\$ (881,582)

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 27 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, 2010:

**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 – \$30,878

**RESERVE FOR PREPAID EXPENDITURES – GENERAL FUND:**

Used to segregate a portion of fund balance to indicate that prepaid expenditures does not represent available, spendable resources even though it is a component of assets – \$3,200

**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 – \$156,719

**RESERVE FOR ENCUMBRANCES – GENERAL FUND:**

Used to indicate commitments related to unperformed (executor) contracts for goods or services – \$377,549

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

Used to indicate the reserving of funds for low income housing – \$2,204,077

**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 – \$1,601,432

**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 – \$435,981

**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 – \$7,923

**RESERVE FOR ENCUMBRANCES – SPECIAL REVENUE FUNDS:**

Used to indicate commitments related to unperformed (executory) contracts for goods or services – \$1,527,158

**RESERVE FOR LOANS RECEIVABLE – SPECIAL REVENUE FUNDS:**

Used to indicate a portion of fund balance that is not available for current resources – \$6,885,152

## **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 2010, 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, 2010 the estimated outstanding liability was \$3,275,781 for workers' compensation and \$136,697 for general liability. The Insurance Control Fund has total net assets of \$7,339,154, 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 \$1,758,769 at June 30, 2010. 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, 2008	\$ 81,141	\$ 3,499,437
Incurred claims (including IBNR)	(41,435)	670,210
Claim payments	(36,766)	(220,034)
Unpaid claims liability, June 30, 2009	<u>2,940</u>	<u>3,949,613</u>
Incurred claims (including IBNR)	174,949	(579,964)
Claim payments	(41,192)	(93,868)
Unpaid claims liability, June 30, 2010	<u>\$ 136,697</u>	<u>\$ 3,275,781</u>

**17) Prior period adjustments**

Certain adjustments have been made to July 1, 2009 fund balances and net assets as follows:

**ENTERPRISE FUNDS AND BUSINESS-TYPE GOVERNMENT WIDE FINANCIAL STATEMENTS**

Transit Fund		
Adjustment from prior fiscal year expenses recorded in error		\$(3,593)
Water Fund		
Adjustment from prior fiscal year error in recording developer fees		160,090
Electric Fund		
Adjustment from prior fiscal year error in recording capital assets and depreciation		(418,028)
Wastewater Fund		
Adjustment from prior fiscal year error in recording capital assets and receivables		19,416
Broadband Fund		
Adjustment from prior fiscal year error in recording payable		26,839

Lompoc Valley Community Center Fund	
Adjustment from prior fiscal year error in recording capital assets that were disposed of in prior fiscal year.	(1,131,810)
Solid Waste Fund	
Adjustment from prior fiscal year error in recording closure and post closure liability	<u>(1,450,820)</u>
	<u><u>\$(2,797,906)</u></u>

**GOVERNMENTAL FUNDS, INTERNAL SERVICE FUNDS AND GOVERNMENT-WIDE FINANCIAL STATEMENTS**

General Fund	
Adjustment from prior fiscal year error in deposits	\$(7,745)
Community Development Fund	
Adjustment from prior fiscal year error in loans receivable	8,330
Traffic Congestion Relief Fund	
Adjustment from prior fiscal year error in receivables	86,436
Housing In-Lieu Fund	
Adjustment from prior fiscal year error in loans receivable	(3,626)
Vehicle Fund	
Adjustment for prior year depreciation recorded in error	58,985
Adjustment for prior year capital assets recorded in error	115,694
Governmental activities	
Adjustment for prior year depreciation recorded in error	221,685
Adjustment for prior year capital assets recorded in error	<u>946,524</u>
	<u><u>\$1,426,283</u></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>
Jailer-Dispatcher Training	\$ 671
Traffic Offender	5,219
Human Services Fund	2,406

The over expenditures in the Traffic Safety Fund was attributable to not budgeting appropriations for 2010. The over expenditures in the Traffic Offender Fund were primarily due to revenues available in excess of budgeted expenditures. The over expenditures in the Human Services Fund was attributable to the expenditures of operating costs that were unbudgeted.

**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 \$5.35 million reported as landfill closure and post-closure care liability at June 30, 2010 represents the cumulative amount to date based on the use of 20.5 percent of the estimated capacity of the landfill. These amounts are based on what it would cost to perform all closure and post-closure care in 2010. 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, 2010, restricted cash in the amount of \$2.79 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.

City of Lompoc  
General Fund  
Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2010  
(Page 1 of 2)

	Budgeted Amounts		Actual Amounts	Variance- Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 3,344,665	\$ 3,344,665	\$ 3,478,621	\$ 133,956
Sales and use taxes	3,375,282	3,375,282	3,153,547	(221,735)
Other taxes	2,380,323	2,380,323	2,255,151	(125,172)
Licenses, fees, and permits	194,593	194,593	118,701	(75,892)
Intergovernmental revenues	3,384,078	4,436,042	3,884,239	(551,803)
Charges for services	6,937,383	6,930,957	7,206,513	275,556
Fines, forfeitures, and penalties	23,000	23,000	72,423	49,423
Use of money and property	144,168	159,539	119,872	(39,667)
Other	121,200	138,057	421,222	283,165
<b>Total revenues</b>	<b>19,904,692</b>	<b>20,982,458</b>	<b>20,710,289</b>	<b>(272,169)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
City Council	120,819	120,819	70,221	50,598
City administration	5,065,915	5,114,613	4,413,849	700,764
Police protection	8,288,307	8,940,643	8,796,190	144,453
Fire protection	3,359,743	3,387,009	3,139,294	247,715
Engineering / streets	4,194,567	4,194,942	3,389,010	805,932
Building	1,304,296	1,418,256	1,174,981	243,275
Community development	524,042	1,035,130	693,094	342,036
Parks and recreation	1,938,501	1,954,027	1,993,465	(39,438)
Non-departmental	493,758	494,033	760,486	(266,453)
Capital outlay	107,774	915,894	318,364	597,530
<b>Total expenditures</b>	<b>25,397,722</b>	<b>27,575,366</b>	<b>24,748,954</b>	<b>2,826,412</b>

**City of Lompoc**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2010**  
 (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>(5,493,030)</u>	<u>(6,592,908)</u>	<u>(4,038,665)</u>	<u>2,554,243</u>
Other financing sources (uses)				
Transfers in	5,060,620	5,060,620	4,268,790	(791,830)
Transfers (out)	<u>(386,711)</u>	<u>(386,711)</u>	<u>(491,883)</u>	<u>(105,172)</u>
Total other financing sources (uses)	<u>4,673,909</u>	<u>4,673,909</u>	<u>3,776,907</u>	<u>(897,002)</u>
Net change in fund balance	<u>(819,121)</u>	<u>(1,918,999)</u>	<u>(261,758)</u>	<u>1,657,241</u>
Fund balance, beginning of fiscal year	4,072,617	4,072,617	4,072,617	
Prior Period Adjustments			<u>(7,745)</u>	<u>(7,745)</u>
Fund balance, beginning of fiscal year, restated	<u>4,072,617</u>	<u>4,072,617</u>	<u>4,064,872</u>	<u>(7,745)</u>
Fund balance, end of fiscal year	<u>\$ 3,253,496</u>	<u>\$ 2,153,618</u>	<u>\$ 3,803,114</u>	<u>\$ 1,649,496</u>

City of Lompoc  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2010  
(Page 1 of 6)

	Special Revenue Funds				
	Transportation Improvement Fund	Civic Center Fund	Street Development Fund	Special Gas Tax Fund	Capital Development Fund
<b>ASSETS</b>					
Cash and investments	\$ 2,633,965	\$ 169,787	\$ 4,238,317	\$ 1,036,052	\$ 1,615,056
Receivables:					
Accounts receivable, net	186,467			65,064	
Interest receivable	2,880	258	6,392	1,595	2,425
Due from other funds			25,000	15,000	
Loans receivable					
Inventory				7,923	
<b>Total assets</b>	<b>\$ 2,823,312</b>	<b>\$ 170,045</b>	<b>\$ 4,269,709</b>	<b>\$ 1,125,634</b>	<b>\$ 1,617,481</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 16,258	\$ -	\$ 1,010	\$ 70,721	\$ -
Accrued liabilities				2,100	
Loans payable					
Deposits			676,330		
Due to other funds					
Unearned revenue					
<b>Total liabilities</b>	<b>16,258</b>		<b>677,340</b>	<b>72,821</b>	
<b>Fund balances:</b>					
Reserved for encumbrances					16,049
Reserved for land development					1,601,432
Reserved for loans receivable					
Reserved for debt service					
Reserved for low income housing					
Reserved for inventories				7,923	
Reserved for economic uncertainties					
Unreserved:					
Undesignated	2,807,054	170,045	3,592,369	1,044,890	
<b>Total fund balances (deficit)</b>	<b>2,807,054</b>	<b>170,045</b>	<b>3,592,369</b>	<b>1,052,813</b>	<b>1,617,481</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,823,312</b>	<b>\$ 170,045</b>	<b>\$ 4,269,709</b>	<b>\$ 1,125,634</b>	<b>\$ 1,617,481</b>

City of Lompoc  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2010  
(Page 2 of 6)

	Special Revenue Funds				
	Local Transportation Fund	Parking Maintenance Funds	Jailer - Dispatcher Training Fund	Community Development Funds	Human Services Fund
<b>ASSETS</b>					
Cash and investments	\$ 2,139	\$ 79,264	\$ 17,433	\$ 2,717,678	\$ 56,598
Receivables:					
Accounts receivable, net	105,080		883	23,201	1,494
Interest receivable	(20)	73		4,123	106
Due from other funds					
Loans receivable				3,232,116	
Inventory					
<b>Total assets</b>	<b>\$ 107,199</b>	<b>\$ 79,337</b>	<b>\$ 18,316</b>	<b>\$ 5,977,118</b>	<b>\$ 58,198</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ 42	\$ -	\$ 604	\$ 107
Accrued liabilities					
Loans payable					
Deposits					
Due to other funds	15,000				
Unearned revenue					
<b>Total liabilities</b>	<b>15,000</b>	<b>42</b>		<b>604</b>	<b>107</b>
<b>Fund balances:</b>					
Reserved for encumbrances					
Reserved for land development					
Reserved for loans receivable				3,232,116	
Reserved for debt service					
Reserved for low income housing					
Reserved for inventories					
Reserved for economic uncertainties					
Unreserved:					
Undesignated	92,199	79,295	18,316	2,744,398	58,091
<b>Total fund balances (deficit)</b>	<b>92,199</b>	<b>79,295</b>	<b>18,316</b>	<b>5,976,514</b>	<b>58,091</b>
<b>Total liabilities and fund balances</b>	<b>\$ 107,199</b>	<b>\$ 79,337</b>	<b>\$ 18,316</b>	<b>\$ 5,977,118</b>	<b>\$ 58,198</b>

City of Lompoc  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2010  
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	Special Revenue Funds				
	Beautification Fund	Library Funds	Literacy Grant Fund	SLTPP Fund	Economic Uncertainty Fund
<b>ASSETS</b>					
Cash and investments	\$ 19,353	\$ 860,449	\$ 1,051	\$ 703,036	\$ 2,000,000
Receivables:					
Accounts receivable, net	86	2,664		4,853	
Interest receivable	29	1,282	6		
Due from other funds					
Loans receivable					
Inventory					
<b>Total assets</b>	<b>\$ 19,468</b>	<b>\$ 864,395</b>	<b>\$ 1,057</b>	<b>\$ 707,889</b>	<b>\$ 2,000,000</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ 14,106	\$ 1,896	\$ -	\$ -
Accrued liabilities		11,352	850		
Loans payable					
Deposits		24,175			
Due to other funds					
Unearned revenue		1,335			
<b>Total liabilities</b>		<b>50,968</b>	<b>2,746</b>		
<b>Fund balances:</b>					
Reserved for encumbrances				707,889	
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	19,468	813,427	(1,689)		
<b>Total fund balances (deficit)</b>	<b>19,468</b>	<b>813,427</b>	<b>(1,689)</b>	<b>707,889</b>	<b>2,000,000</b>
<b>Total liabilities and fund balances</b>	<b>\$ 19,468</b>	<b>\$ 864,395</b>	<b>\$ 1,057</b>	<b>\$ 707,889</b>	<b>\$ 2,000,000</b>

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	Special Revenue Funds				
	COPS Grant Fund	Federal Road Fund	Traffic Offender Fund	Local STP Fund	Traffic Congestion Fund
<b>ASSETS</b>					
Cash and investments	\$ 9,757	\$ 416,687	\$ 216	\$ 2,744	\$ 280,877
Receivables:					
Accounts receivable, net		40,000		169,838	107,883
Interest receivable	15		16		989
Due from other funds					
Loans receivable					
Inventory					
<b>Total assets</b>	<b>\$ 9,772</b>	<b>\$ 456,687</b>	<b>\$ 232</b>	<b>\$ 172,582</b>	<b>\$ 389,749</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ 1,330	\$ -	\$ -
Accrued liabilities			1,503		
Loans payable					
Deposits					
Due to other funds			44,000	25,000	
Unearned revenue					
<b>Total liabilities</b>			<b>46,833</b>	<b>25,000</b>	
<b>Fund balances:</b>					
Reserved for encumbrances		456,687		147,582	
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	9,772		(46,601)		389,749
<b>Total fund balances (deficit)</b>	<b>9,772</b>	<b>456,687</b>	<b>(46,601)</b>	<b>147,582</b>	<b>389,749</b>
<b>Total liabilities and fund balances</b>	<b>\$ 9,772</b>	<b>\$ 456,687</b>	<b>\$ 232</b>	<b>\$ 172,582</b>	<b>\$ 389,749</b>

City of Lompoc  
Combining Balance Sheet  
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	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
<b>ASSETS</b>					
Cash and investments	\$ 191,511	\$ 1,275,582	\$ 2,200,461	\$ 3,834,943	\$ 891
Receivables:					
Accounts receivable, net			3,509		
Interest receivable	291	1,935	3,338	3,115	
Due from other funds					
Loans receivable		1,180,975	1,625,560	846,501	
Inventory					
<b>Total assets</b>	<b>\$ 191,802</b>	<b>\$ 2,458,492</b>	<b>\$ 3,832,868</b>	<b>\$ 4,684,559</b>	<b>\$ 891</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 3,435	\$ -	\$ 878	\$ 15,031	\$ 695
Accrued liabilities	1,893		2,353	2,259	592
Loans payable				156,719	
Deposits					
Due to other funds					
Unearned revenue					
<b>Total liabilities</b>	<b>5,328</b>		<b>3,231</b>	<b>174,009</b>	<b>1,287</b>
Fund balances:					
Reserved for encumbrances	26,291				
Reserved for land development					
Reserved for loans receivable		1,180,975	1,625,560	846,501	
Reserved for debt service					
Reserved for low income housing			2,204,077		
Reserved for inventories					
Reserved for economic uncertainties					
Unreserved:					
Undesignated	160,183	1,277,517		3,664,049	(396)
<b>Total fund balances (deficit)</b>	<b>186,474</b>	<b>2,458,492</b>	<b>3,829,637</b>	<b>4,510,550</b>	<b>(396)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 191,802</b>	<b>\$ 2,458,492</b>	<b>\$ 3,832,868</b>	<b>\$ 4,684,559</b>	<b>\$ 891</b>

City of Lompoc  
Combining Balance Sheet  
Nonmajor Governmental Funds  
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	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	
<b>ASSETS</b>						
Cash and investments	\$ -	\$ 7,274,515	\$ 309,643	\$ 109,246	\$ -	\$ 32,057,251
Receivables:						
Accounts receivable, net			14,036			725,058
Interest receivable		104	3,147	307		32,406
Due from other funds						40,000
Loans receivable						6,885,152
Inventory						7,923
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 7,274,619</b>	<b>\$ 326,826</b>	<b>\$ 109,553</b>	<b>\$ -</b>	<b>\$ 39,747,790</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ -	\$ 44,425	\$ 299	\$ 99	\$ -	\$ 170,936
Accrued liabilities						22,902
Loans payable						156,719
Deposits						700,505
Due to other funds						84,000
Unearned revenue						1,335
<b>Total liabilities</b>		<b>44,425</b>	<b>299</b>	<b>99</b>		<b>1,136,397</b>
Fund balances:						
Reserved for encumbrances		172,660				1,527,158
Reserved for land development						1,601,432
Reserved for loans receivable						6,885,152
Reserved for debt service			326,527	109,454		435,981
Reserved for low income housing						2,204,077
Reserved for inventories						7,923
Reserved for economic uncertainties						2,000,000
Unreserved:						
Undesignated		7,057,534				23,949,670
<b>Total fund balances (deficit)</b>		<b>7,230,194</b>	<b>326,527</b>	<b>109,454</b>		<b>38,611,393</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ 7,274,619</b>	<b>\$ 326,826</b>	<b>\$ 109,553</b>	<b>\$ -</b>	<b>\$ 39,747,790</b>

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Combining Statement of Revenues, Expenditures,  
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	Special Revenue Funds				
	Transportation Improvement Fund	Civic Center Fund	Street Development Fund	Special Gas Tax Fund	Capital Development Fund
<b>Revenues:</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	1,580,992			684,471	
Licenses, fees and permits		16,522			343,438
Intergovernmental			133,941		
Charges for current services					
Use of money and property	5,327	368	5,147	1,524	3,533
Special assessments					
Donations					
Other revenue					
<b>Total revenues</b>	<u>1,586,319</u>	<u>16,890</u>	<u>139,088</u>	<u>685,995</u>	<u>346,971</u>
<b>Expenditures:</b>					
<b>Current:</b>					
Police protection					
Engineering / streets				334,914	
Community development					
Parks and recreation					
Health					
<b>Debt service:</b>					
Principal					16,432
Interest					20,084
Capital outlay	186,488		22,247		155,663
<b>Total expenditures</b>	<u>186,488</u>		<u>22,247</u>	<u>334,914</u>	<u>192,179</u>
<b>Excess of revenues over (under) expenditures</b>	<u>1,399,831</u>	<u>16,890</u>	<u>116,841</u>	<u>351,081</u>	<u>154,792</u>
<b>Other financing sources (uses):</b>					
Transfers in					
Transfers (out)	(1,298,210)			(126,000)	
Proceeds from issuance of bonds					
<b>Total other financing sources (uses)</b>	<u>(1,298,210)</u>			<u>(126,000)</u>	
<b>Net change in fund balances</b>	<u>101,621</u>	<u>16,890</u>	<u>116,841</u>	<u>225,081</u>	<u>154,792</u>
<b>Fund balances, beginning of fiscal year</b>	<u>2,705,433</u>	<u>153,155</u>	<u>3,475,528</u>	<u>827,732</u>	<u>1,462,689</u>
<b>Prior period adjustments</b>					
<b>Fund balances, beginning of fiscal year, restated</b>	<u>2,705,433</u>	<u>153,155</u>	<u>3,475,528</u>	<u>827,732</u>	<u>1,462,689</u>
<b>Fund balances (deficit), end of fiscal year</b>	<u>\$ 2,807,054</u>	<u>\$ 170,045</u>	<u>\$ 3,592,369</u>	<u>\$ 1,052,813</u>	<u>\$ 1,617,481</u>

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Combining Statement of Revenues, Expenditures,  
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	Special Revenue Funds				
	Local Transportation Fund	Parking Maintenance Funds	Jailer - Dispatcher Training Fund	Community Development Funds	Human Services Fund
<b>Revenues:</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	514,639				
Licenses, fees and permits		4,000			
Intergovernmental			5,885	465,893	
Charges for current services					
Use of money and property	(40)	99		11,122	132
Special assessments					
Donations					44,281
Other revenue				902	
<b>Total revenues</b>	<u>514,599</u>	<u>4,099</u>	<u>5,885</u>	<u>477,917</u>	<u>44,413</u>
<b>Expenditures:</b>					
<b>Current:</b>					
Police protection			671		
Engineering / streets		593			
Community development				578,471	
Parks and recreation					
Health					42,806
<b>Debt service:</b>					
Principal					
Interest					
Capital outlay					
<b>Total expenditures</b>		<u>593</u>	<u>671</u>	<u>578,471</u>	<u>42,806</u>
<b>Excess of revenues over (under) expenditures</b>	<u>514,599</u>	<u>3,506</u>	<u>5,214</u>	<u>(100,554)</u>	<u>1,607</u>
<b>Other financing sources (uses):</b>					
Transfers in					
Transfers (out)	(850,000)				
Proceeds from issuance of bonds					
<b>Total other financing sources (uses)</b>	<u>(850,000)</u>				
<b>Net change in fund balances</b>	<u>(335,401)</u>	<u>3,506</u>	<u>5,214</u>	<u>(100,554)</u>	<u>1,607</u>
<b>Fund balances, beginning of fiscal year</b>	<u>427,600</u>	<u>75,789</u>	<u>13,102</u>	<u>6,068,738</u>	<u>56,484</u>
<b>Prior period adjustments</b>				<u>8,330</u>	
<b>Fund balances, beginning of fiscal year, restated</b>	<u>427,600</u>	<u>75,789</u>	<u>13,102</u>	<u>6,077,068</u>	<u>56,484</u>
<b>Fund balances (deficit), end of fiscal year</b>	<u>\$ 92,199</u>	<u>\$ 79,295</u>	<u>\$ 18,316</u>	<u>\$ 5,976,514</u>	<u>\$ 58,091</u>

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	Special Revenue Funds				
	Beautification Fund	Library Funds	Literacy Grant Fund	SLTPP Fund	Economic Uncertainty Fund
<b>Revenues:</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use taxes					
Licenses, fees and permits		22,454			
Intergovernmental		490,186	43,075	32,705	
Charges for current services		132,226			
Use of money and property	40	7,388	8		12,191
Special assessments					
Donations	1,180	484,578	15,761		
Other revenue		2,147			
<b>Total revenues</b>	<u>1,220</u>	<u>1,138,979</u>	<u>58,844</u>	<u>32,705</u>	<u>12,191</u>
<b>Expenditures:</b>					
<b>Current:</b>					
Police protection					
Engineering / streets					
Community development	439				
Parks and recreation		1,231,737	61,841		
Health					
<b>Debt service:</b>					
Principal					
Interest					
Capital outlay		2,247		37,374	
<b>Total expenditures</b>	<u>439</u>	<u>1,233,984</u>	<u>61,841</u>	<u>37,374</u>	
<b>Excess of revenues over (under) expenditures</b>	<u>781</u>	<u>(95,005)</u>	<u>(2,997)</u>	<u>(4,669)</u>	<u>12,191</u>
<b>Other financing sources (uses):</b>					
Transfers in					
Transfers (out)					(12,191)
Proceeds from issuance of bonds					
<b>Total other financing sources (uses)</b>					<u>(12,191)</u>
<b>Net change in fund balances</b>	<u>781</u>	<u>(95,005)</u>	<u>(2,997)</u>	<u>(4,669)</u>	
<b>Fund balances, beginning of fiscal year</b>	<u>18,687</u>	<u>908,432</u>	<u>1,308</u>	<u>712,558</u>	<u>2,000,000</u>
<b>Prior period adjustments</b>					
<b>Fund balances, beginning of fiscal year, restated</b>	<u>18,687</u>	<u>908,432</u>	<u>1,308</u>	<u>712,558</u>	<u>2,000,000</u>
<b>Fund balances (deficit), end of fiscal year</b>	<u>\$ 19,468</u>	<u>\$ 813,427</u>	<u>\$ (1,689)</u>	<u>\$ 707,889</u>	<u>\$ 2,000,000</u>

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Combining Statement of Revenues, Expenditures,  
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	Special Revenue Funds				
	COPS Grant Fund	Federal Road Fund	Traffic Offender Fund	Local STP Fund	Traffic Congestion Relief Fund
<b>Revenues:</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use taxes					
Licenses, fees and permits					
Intergovernmental	100,000	706,644		169,838	388,345
Charges for current services			32,400		
Use of money and property	163		7		1,719
Special assessments					
Donations					
Other revenue			1,031		
<b>Total revenues</b>	<u>100,163</u>	<u>706,644</u>	<u>33,438</u>	<u>169,838</u>	<u>390,064</u>
<b>Expenditures:</b>					
<b>Current:</b>					
Police protection			119,495		
Engineering / streets					
Community development					
Parks and recreation					
Health					
<b>Debt service:</b>					
Principal					
Interest					
Capital outlay		553,802		16,237	371,167
<b>Total expenditures</b>		<u>553,802</u>	<u>119,495</u>	<u>16,237</u>	<u>371,167</u>
<b>Excess of revenues over (under) expenditures</b>	<u>100,163</u>	<u>152,842</u>	<u>(86,057)</u>	<u>153,601</u>	<u>18,897</u>
<b>Other financing sources (uses):</b>					
Transfers in			93,347		
Transfers (out)	(100,000)			(172,000)	
Proceeds from issuance of bonds					
<b>Total other financing sources (uses)</b>	<u>(100,000)</u>		<u>93,347</u>	<u>(172,000)</u>	
<b>Net change in fund balances</b>	<u>163</u>	<u>152,842</u>	<u>7,290</u>	<u>(18,399)</u>	<u>18,897</u>
<b>Fund balances, beginning of fiscal year</b>	<u>9,609</u>	<u>303,845</u>	<u>(53,891)</u>	<u>165,981</u>	<u>284,416</u>
<b>Prior period adjustments</b>					<u>86,436</u>
<b>Fund balances, beginning of fiscal year, restated</b>	<u>9,609</u>	<u>303,845</u>	<u>(53,891)</u>	<u>165,981</u>	<u>370,852</u>
<b>Fund balances (deficit), end of fiscal year</b>	<u>\$ 9,772</u>	<u>\$ 456,687</u>	<u>\$ (46,601)</u>	<u>\$ 147,582</u>	<u>\$ 389,749</u>

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Combining Statement of Revenues, Expenditures,  
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	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
<b>Revenues:</b>					
Property taxes	\$ -	\$ -	\$ 556,024	\$ 4,109	\$ -
Sales and use taxes					
Licenses, fees and permits	217,542				
Intergovernmental					
Charges for current services	10,633				
Use of money and property	40	2,729	84,445	9,036	
Special assessments					
Donations					
Other revenue	210		19,063	217	
<b>Total revenues</b>	<u>228,425</u>	<u>2,729</u>	<u>659,532</u>	<u>13,362</u>	
<b>Expenditures:</b>					
<b>Current:</b>					
Police protection					
Engineering / streets					
Community development			193,429	1,800,988	
Parks and recreation	264,027				75,420
Health					
<b>Debt service:</b>					
Principal			1,271,225	2,792	
Interest				12,608	
Capital outlay				40,817	
<b>Total expenditures</b>	<u>264,027</u>		<u>1,464,654</u>	<u>1,857,205</u>	<u>75,420</u>
<b>Excess of revenues over (under) expenditures</b>	<u>(35,602)</u>	<u>2,729</u>	<u>(805,122)</u>	<u>(1,843,843)</u>	<u>(75,420)</u>
<b>Other financing sources (uses):</b>					
Transfers in				1,768,720	93,245
Transfers (out)					(28,528)
Proceeds from issuance of bonds					
<b>Total other financing sources (uses)</b>				<u>1,768,720</u>	<u>64,717</u>
<b>Net change in fund balances</b>	<u>(35,602)</u>	<u>2,729</u>	<u>(805,122)</u>	<u>(75,123)</u>	<u>(10,703)</u>
<b>Fund balances, beginning of fiscal year</b>	<u>222,076</u>	<u>2,459,389</u>	<u>4,634,759</u>	<u>4,585,673</u>	<u>10,307</u>
<b>Prior period adjustments</b>		<u>(3,626)</u>			
<b>Fund balances, beginning of fiscal year, restated</b>	<u>222,076</u>	<u>2,455,763</u>	<u>4,634,759</u>	<u>4,585,673</u>	<u>10,307</u>
<b>Fund balances (deficit), end of fiscal year</b>	<u>\$ 186,474</u>	<u>\$ 2,458,492</u>	<u>\$ 3,829,637</u>	<u>\$ 4,510,550</u>	<u>\$ (396)</u>

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	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	
<b>Revenues:</b>						
Property taxes	\$ -	\$ -	\$ 2,224,096	\$ 6,791	\$ -	\$ 2,791,020
Sales and use taxes						2,780,102
Licenses, fees and permits						603,956
Intergovernmental						2,536,512
Charges for current services						175,259
Use of money and property		105	3,515	520		149,118
Special assessments				246,857		246,857
Donations						545,800
Other revenue						23,570
<b>Total revenues</b>		<u>105</u>	<u>2,227,611</u>	<u>254,168</u>		<u>9,852,194</u>
<b>Expenditures:</b>						
<b>Current:</b>						
Police protection						120,166
Engineering / streets						335,507
Community development		317,621				2,890,948
Parks and recreation				50,000		1,683,025
Health						42,806
<b>Debt service:</b>						
Principal			160,000		82,730	1,533,179
Interest			305,339	109,744	22,442	470,217
Capital outlay	42,578	225,611				1,654,231
<b>Total expenditures</b>	<u>42,578</u>	<u>543,232</u>	<u>465,339</u>	<u>159,744</u>	<u>105,172</u>	<u>8,730,079</u>
<b>Excess of revenues over (under) expenditures</b>	<u>(42,578)</u>	<u>(543,127)</u>	<u>1,762,272</u>	<u>94,424</u>	<u>(105,172)</u>	<u>1,122,115</u>
<b>Other financing sources (uses):</b>						
Transfers in					105,172	2,060,484
Transfers (out)			(1,768,720)	(93,245)		(4,448,894)
Proceeds from issuance of bonds		8,385,000				8,385,000
<b>Total other financing sources (uses)</b>		<u>8,385,000</u>	<u>(1,768,720)</u>	<u>(93,245)</u>	<u>105,172</u>	<u>5,996,590</u>
<b>Net change in fund balances</b>	<u>(42,578)</u>	<u>7,841,873</u>	<u>(6,448)</u>	<u>1,179</u>		<u>7,118,705</u>
<b>Fund balances, beginning of fiscal year</b>	<u>42,578</u>	<u>(611,679)</u>	<u>332,975</u>	<u>108,275</u>		<u>31,401,548</u>
<b>Prior period adjustments</b>						<u>91,140</u>
<b>Fund balances, beginning of fiscal year, restated</b>	<u>42,578</u>	<u>(611,679)</u>	<u>332,975</u>	<u>108,275</u>		<u>31,492,688</u>
<b>Fund balances (deficit), end of fiscal year</b>	<u>\$ -</u>	<u>\$ 7,230,194</u>	<u>\$ 326,527</u>	<u>\$ 109,454</u>	<u>\$ -</u>	<u>\$ 38,611,393</u>

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	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)
<b>Revenues:</b>									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	1,558,798	1,580,992	22,194						
Licenses, fees, and permits				20,000	16,522	(3,478)			
Intergovernmental							22,693	133,941	111,248
Charges for current services									
Use of money and property	52,245	5,327	(46,918)	2,500	368	(2,132)	67,624	5,147	(62,477)
Special assessments									
Donations									
Other revenue									
<b>Total revenues</b>	<u>1,611,043</u>	<u>1,586,319</u>	<u>(24,724)</u>	<u>22,500</u>	<u>16,890</u>	<u>(5,610)</u>	<u>90,317</u>	<u>139,088</u>	<u>48,771</u>
<b>Expenditures:</b>									
<b>Current:</b>									
Police protection									
Engineering / streets									
Community development									
Parks and recreation									
Health									
<b>Debt service:</b>									
Principal									
Interest									
Capital outlay	2,029,373	186,488	1,842,885				40,213	22,247	17,966
<b>Total expenditures</b>	<u>2,029,373</u>	<u>186,488</u>	<u>1,842,885</u>				<u>40,213</u>	<u>22,247</u>	<u>17,966</u>
<b>Excess of revenues over (under) expenditures</b>	<u>(418,330)</u>	<u>1,399,831</u>	<u>1,818,161</u>	<u>22,500</u>	<u>16,890</u>	<u>(5,610)</u>	<u>50,104</u>	<u>116,841</u>	<u>66,737</u>
<b>Other financing sources (uses):</b>									
Transfers in									
Transfers out	(1,584,063)	(1,298,210)	285,853						
<b>Total other financing sources (uses)</b>	<u>(1,584,063)</u>	<u>(1,298,210)</u>	<u>285,853</u>						
<b>Net change in fund balances</b>	<u>(2,002,393)</u>	<u>101,621</u>	<u>2,104,014</u>	<u>22,500</u>	<u>16,890</u>	<u>(5,610)</u>	<u>50,104</u>	<u>116,841</u>	<u>66,737</u>
<b>Fund balances, beginning of fiscal year</b>	<u>2,705,433</u>	<u>2,705,433</u>		<u>153,155</u>	<u>153,155</u>		<u>3,475,528</u>	<u>3,475,528</u>	
<b>Prior period adjustments</b>									
<b>Fund balances, beginning of fiscal year, restated</b>	<u>2,705,433</u>	<u>2,705,433</u>		<u>153,155</u>	<u>153,155</u>		<u>3,475,528</u>	<u>3,475,528</u>	
<b>Fund balances (deficit), end of fiscal year</b>	<u>\$ 703,040</u>	<u>\$ 2,807,054</u>	<u>\$ 2,104,014</u>	<u>\$ 175,655</u>	<u>\$ 170,045</u>	<u>\$ (5,610)</u>	<u>\$ 3,525,632</u>	<u>\$ 3,592,369</u>	<u>\$ 66,737</u>

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	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)
<b>Revenues:</b>									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	724,593	684,471	(40,122)				576,177	514,639	(61,538)
Licenses, fees, and permits				140,000	343,438	203,438			
Intergovernmental									
Charges for current services									
Use of money and property	17,959	1,524	(16,435)	27,000	3,533	(23,467)	9,896	(40)	(9,936)
Special assessments									
Donations									
Other revenue									
<b>Total revenues</b>	<u>742,552</u>	<u>685,995</u>	<u>(56,557)</u>	<u>167,000</u>	<u>346,971</u>	<u>179,971</u>	<u>586,073</u>	<u>514,599</u>	<u>(71,474)</u>
<b>Expenditures:</b>									
<b>Current:</b>									
Police protection									
Engineering / streets	1,274,486	334,914	939,572						
Community development									
Parks and recreation									
Health									
<b>Debt service:</b>									
Principal				16,430	16,432	(2)			
Interest				20,081	20,084	(3)			
Capital outlay				238,559	155,663	82,896			
<b>Total expenditures</b>	<u>1,274,486</u>	<u>334,914</u>	<u>939,572</u>	<u>275,070</u>	<u>192,179</u>	<u>82,891</u>			
<b>Excess of revenues over (under) expenditures</b>	<u>(531,934)</u>	<u>351,081</u>	<u>883,015</u>	<u>(108,070)</u>	<u>154,792</u>	<u>262,862</u>	<u>586,073</u>	<u>514,599</u>	<u>(71,474)</u>
<b>Other financing sources (uses):</b>									
Transfers in									
Transfers out	(126,000)	(126,000)					(850,000)	(850,000)	
<b>Total other financing sources (uses)</b>	<u>(126,000)</u>	<u>(126,000)</u>					<u>(850,000)</u>	<u>(850,000)</u>	
<b>Net change in fund balances</b>	<u>(657,934)</u>	<u>225,081</u>	<u>883,015</u>	<u>(108,070)</u>	<u>154,792</u>	<u>262,862</u>	<u>(263,927)</u>	<u>(335,401)</u>	<u>(71,474)</u>
<b>Fund balances, beginning of fiscal year</b>	<u>827,732</u>	<u>827,732</u>		<u>1,462,689</u>	<u>1,462,689</u>		<u>427,600</u>	<u>427,600</u>	
<b>Prior period adjustments</b>									
<b>Fund balances, beginning of fiscal year, restated</b>	<u>827,732</u>	<u>827,732</u>		<u>1,462,689</u>	<u>1,462,689</u>		<u>427,600</u>	<u>427,600</u>	
<b>Fund balances (deficit), end of fiscal year</b>	<u>\$ 169,798</u>	<u>\$ 1,052,813</u>	<u>\$ 883,015</u>	<u>\$ 1,354,619</u>	<u>\$ 1,617,481</u>	<u>\$ 262,862</u>	<u>\$ 163,673</u>	<u>\$ 92,199</u>	<u>\$ (71,474)</u>

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	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)
<b>Revenues:</b>									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use taxes									
Licenses, fees, and permits	4,000	4,000							
Intergovernmental					5,885	5,885		465,893	465,893
Charges for current services									
Use of money and property		99	99					11,122	11,122
Special assessments									
Donations									
Other revenue								902	902
<b>Total revenues</b>	<b>4,000</b>	<b>4,099</b>	<b>99</b>	<b>-</b>	<b>5,885</b>	<b>5,885</b>		<b>477,917</b>	<b>477,917</b>
<b>Expenditures:</b>									
<b>Current:</b>									
Police protection					671	(671)			
Engineering / streets	4,333	593	3,740						
Community development							704,746	578,471	126,275
Parks and recreation									
Health									
<b>Debt service:</b>									
Principal									
Interest									
<b>Capital outlay</b>									
<b>Total expenditures</b>	<b>4,333</b>	<b>593</b>	<b>3,740</b>		<b>671</b>	<b>(671)</b>	<b>704,746</b>	<b>578,471</b>	<b>126,275</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(333)</b>	<b>3,506</b>	<b>3,839</b>		<b>5,214</b>	<b>5,214</b>	<b>(704,746)</b>	<b>(100,554)</b>	<b>604,192</b>
<b>Other financing sources (uses):</b>									
Transfers in									
Transfers out									
Proceeds from Capital Lease									
<b>Total other financing sources (uses)</b>									
<b>Net change in fund balances</b>	<b>(333)</b>	<b>3,506</b>	<b>3,839</b>		<b>5,214</b>	<b>5,214</b>	<b>(704,746)</b>	<b>(100,554)</b>	<b>604,192</b>
<b>Fund balances, beginning of fiscal year</b>	<b>75,789</b>	<b>75,789</b>		<b>13,102</b>	<b>13,102</b>		<b>6,068,738</b>	<b>6,068,738</b>	
<b>Prior period adjustments</b>								<b>8,330</b>	<b>8,330</b>
<b>Fund balances, beginning of fiscal year, restated</b>	<b>75,789</b>	<b>75,789</b>		<b>13,102</b>	<b>13,102</b>		<b>6,068,738</b>	<b>6,077,068</b>	<b>8,330</b>
<b>Fund balances (deficit), end of fiscal year</b>	<b>\$ 75,456</b>	<b>\$ 79,295</b>	<b>\$ 3,839</b>	<b>\$ 13,102</b>	<b>\$ 18,316</b>	<b>\$ 5,214</b>	<b>\$ 5,363,992</b>	<b>\$ 5,976,514</b>	<b>\$ 612,522</b>

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	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)
<b>Revenues:</b>									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use taxes									
Licenses, fees, and permits								22,454	22,454
Intergovernmental							509,451	490,186	(19,265)
Charges for current services							128,456	132,226	3,770
Use of money and property	1,000	132	(868)	400	40	(360)	13,379	7,388	(5,991)
Special assessments									
Donations	39,400	44,281	4,881	2,360	1,180	(1,180)	536,827	484,578	(52,249)
Other revenue							100	2,147	2,047
<b>Total revenues</b>	<b>40,400</b>	<b>44,413</b>	<b>4,013</b>	<b>2,760</b>	<b>1,220</b>	<b>(1,540)</b>	<b>1,188,213</b>	<b>1,138,979</b>	<b>(49,234)</b>
<b>Expenditures:</b>									
<b>Current:</b>									
Police protection									
Engineering / streets									
Community development				8,648	439	8,209			
Parks and recreation							1,416,139	1,231,737	184,402
Health	40,400	42,806	(2,406)						
<b>Debt service:</b>									
Principal									
Interest									
<b>Capital outlay</b>							1,443,734	2,247	1,441,487
<b>Total expenditures</b>	<b>40,400</b>	<b>42,806</b>	<b>(2,406)</b>	<b>8,648</b>	<b>439</b>	<b>8,209</b>	<b>2,859,873</b>	<b>1,233,984</b>	<b>1,625,889</b>
<b>Excess of revenues over (under) expenditures</b>		<b>1,607</b>	<b>1,607</b>	<b>(5,888)</b>	<b>781</b>	<b>6,669</b>	<b>(1,671,660)</b>	<b>(95,005)</b>	<b>1,576,655</b>
<b>Other financing sources (uses):</b>									
Transfers in									
Transfers out									
Proceeds from Capital Lease									
<b>Total other financing sources (uses)</b>									
<b>Net change in fund balances</b>		<b>1,607</b>	<b>1,607</b>	<b>(5,888)</b>	<b>781</b>	<b>6,669</b>	<b>(1,671,660)</b>	<b>(95,005)</b>	<b>1,576,655</b>
<b>Fund balances, beginning of fiscal year</b>	<b>56,484</b>	<b>56,484</b>		<b>18,687</b>	<b>18,687</b>		<b>908,432</b>	<b>908,432</b>	
<b>Prior period adjustments</b>									
<b>Fund balances, beginning of fiscal year, restated</b>	<b>56,484</b>	<b>56,484</b>		<b>18,687</b>	<b>18,687</b>		<b>908,432</b>	<b>908,432</b>	
<b>Fund balances (deficit), end of fiscal year</b>	<b>\$ 56,484</b>	<b>\$ 58,091</b>	<b>\$ 1,607</b>	<b>\$ 12,799</b>	<b>\$ 19,468</b>	<b>\$ 6,669</b>	<b>\$ (763,228)</b>	<b>\$ 813,427</b>	<b>1,576,655</b>

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	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)
<b>Revenues:</b>									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use taxes									
Licenses, fees, and permits									
Intergovernmental	43,083	43,075	(8)	236,082	32,705	(203,377)			
Charges for current services		8	8				50,000	12,191	(37,809)
Use of money and property									
Special assessments									
Donations	19,381	15,761	(3,620)						
Other revenue									
<b>Total revenues</b>	<b>62,464</b>	<b>58,844</b>	<b>(3,620)</b>	<b>236,082</b>	<b>32,705</b>	<b>(203,377)</b>	<b>50,000</b>	<b>12,191</b>	<b>(37,809)</b>
<b>Expenditures:</b>									
<b>Current:</b>									
Police protection									
Engineering / streets									
Community development									
Parks and recreation	66,879	61,841	5,038						
Health									
<b>Debt service:</b>									
Principal									
Interest									
<b>Capital outlay</b>				860,691	37,374	823,317			
<b>Total expenditures</b>	<b>66,879</b>	<b>61,841</b>	<b>5,038</b>	<b>860,691</b>	<b>37,374</b>	<b>823,317</b>			
<b>Excess of revenues over (under) expenditures</b>	<b>(4,415)</b>	<b>(2,997)</b>	<b>1,418</b>	<b>(624,609)</b>	<b>(4,669)</b>	<b>619,940</b>	<b>50,000</b>	<b>12,191</b>	<b>(37,809)</b>
<b>Other financing sources (uses):</b>									
Transfers in									
Transfers out							(50,000)	(12,191)	37,809
Proceeds from Capital Lease									
<b>Total other financing sources (uses)</b>							<b>(50,000)</b>	<b>(12,191)</b>	<b>37,809</b>
<b>Net change in fund balances</b>	<b>(4,415)</b>	<b>(2,997)</b>	<b>1,418</b>	<b>(624,609)</b>	<b>(4,669)</b>	<b>619,940</b>			
<b>Fund balances, beginning of fiscal year</b>	<b>1,308</b>	<b>1,308</b>		<b>712,558</b>	<b>712,558</b>		<b>2,000,000</b>	<b>2,000,000</b>	
<b>Prior period adjustments</b>									
<b>Fund balances, beginning of fiscal year, restated</b>	<b>1,308</b>	<b>1,308</b>		<b>712,558</b>	<b>712,558</b>		<b>2,000,000</b>	<b>2,000,000</b>	
<b>Fund balances (deficit), end of fiscal year</b>	<b>\$ (3,107)</b>	<b>\$ (1,689)</b>	<b>\$ 1,418</b>	<b>\$ 87,949</b>	<b>\$ 707,889</b>	<b>\$ 619,940</b>	<b>\$ 2,000,000</b>	<b>\$ 2,000,000</b>	<b>\$ -</b>

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	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)
<b>Revenues:</b>									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use taxes									
Licenses, fees, and permits									
Intergovernmental	100,000	100,000		3,326,905	706,644	(2,620,261)	24,000	32,400	8,400
Charges for current services									
Use of money and property	2,000	163	(1,837)					7	7
Special assessments									
Donations									
Other revenue								1,031	1,031
<b>Total revenues</b>	<b>102,000</b>	<b>100,163</b>	<b>(1,837)</b>	<b>3,326,905</b>	<b>706,644</b>	<b>(2,620,261)</b>	<b>24,000</b>	<b>33,438</b>	<b>9,438</b>
<b>Expenditures:</b>									
<b>Current:</b>									
Police protection							114,276	119,495	(5,219)
Engineering / streets									
Community development									
Parks and recreation									
Health									
<b>Debt service:</b>									
Principal									
Interest									
Capital outlay				3,334,398	553,802	2,780,596			
<b>Total expenditures</b>				<b>3,334,398</b>	<b>553,802</b>	<b>2,780,596</b>	<b>114,276</b>	<b>119,495</b>	<b>(5,219)</b>
<b>Excess of revenues over (under) expenditures</b>	<b>102,000</b>	<b>100,163</b>	<b>(1,837)</b>	<b>(7,493)</b>	<b>152,842</b>	<b>160,335</b>	<b>(90,276)</b>	<b>(86,057)</b>	<b>4,219</b>
<b>Other financing sources (uses):</b>									
Transfers in							93,347	93,347	
Transfers out	(100,000)	(100,000)							
Proceeds from Capital Lease									
<b>Total other financing sources (uses)</b>	<b>(100,000)</b>	<b>(100,000)</b>					<b>93,347</b>	<b>93,347</b>	
<b>Net change in fund balances</b>	<b>2,000</b>	<b>163</b>	<b>(1,837)</b>	<b>(7,493)</b>	<b>152,842</b>	<b>160,335</b>	<b>3,071</b>	<b>7,290</b>	<b>4,219</b>
<b>Fund balances, beginning of fiscal year</b>	<b>9,609</b>	<b>9,609</b>		<b>303,845</b>	<b>303,845</b>		<b>(53,891)</b>	<b>(53,891)</b>	
<b>Prior period adjustments</b>									
<b>Fund balances, beginning of fiscal year, restated</b>	<b>9,609</b>	<b>9,609</b>		<b>303,845</b>	<b>303,845</b>		<b>(53,891)</b>	<b>(53,891)</b>	
<b>Fund balances (deficit), end of fiscal year</b>	<b>\$ 11,609</b>	<b>\$ 9,772</b>	<b>\$ (1,837)</b>	<b>\$ 296,352</b>	<b>\$ 456,687</b>	<b>\$ 160,335</b>	<b>\$ (50,820)</b>	<b>\$ (46,601)</b>	<b>\$ 4,219</b>

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	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)
<b>Revenues:</b>									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use taxes									
Licenses, fees, and permits							214,881	217,542	2,661
Intergovernmental	516,000	169,838	(346,162)	406,322	388,345	(17,977)			
Charges for current services							8,837	10,633	1,796
Use of money and property				7,508	1,719	(5,789)	7,500	40	(7,460)
Special assessments									
Donations									
Other revenue								210	210
<b>Total revenues</b>	<b>516,000</b>	<b>169,838</b>	<b>(346,162)</b>	<b>413,830</b>	<b>390,064</b>	<b>(23,766)</b>	<b>231,218</b>	<b>228,425</b>	<b>(2,793)</b>
<b>Expenditures:</b>									
<b>Current:</b>									
Police protection									
Engineering / streets									
Community development									
Parks and recreation									
Health							276,792	264,027	12,765
<b>Debt service:</b>									
Principal									
Interest									
Capital outlay	394,000	16,237	377,763	849,036	371,167	477,869			
<b>Total expenditures</b>	<b>394,000</b>	<b>16,237</b>	<b>377,763</b>	<b>849,036</b>	<b>371,167</b>	<b>477,869</b>	<b>276,792</b>	<b>264,027</b>	<b>12,765</b>
<b>Excess of revenues over (under) expenditures</b>	<b>122,000</b>	<b>153,601</b>	<b>31,601</b>	<b>(435,206)</b>	<b>18,897</b>	<b>454,103</b>	<b>(45,574)</b>	<b>(35,602)</b>	<b>9,972</b>
<b>Other financing sources (uses):</b>									
Transfers in									
Transfers out	(172,000)	(172,000)							
Proceeds from Capital Lease									
<b>Total other financing sources (uses)</b>	<b>(172,000)</b>	<b>(172,000)</b>							
<b>Net change in fund balances</b>	<b>(50,000)</b>	<b>(18,399)</b>	<b>31,601</b>	<b>(435,206)</b>	<b>18,897</b>	<b>454,103</b>	<b>(45,574)</b>	<b>(35,602)</b>	<b>9,972</b>
<b>Fund balances, beginning of fiscal year</b>	<b>165,981</b>	<b>165,981</b>		<b>284,416</b>	<b>284,416</b>		<b>222,076</b>	<b>222,076</b>	
<b>Prior period adjustments</b>					<b>86,436</b>	<b>86,436</b>			
<b>Fund balances, beginning of fiscal year, restated</b>	<b>165,981</b>	<b>165,981</b>		<b>284,416</b>	<b>370,852</b>	<b>86,436</b>	<b>222,076</b>	<b>222,076</b>	
<b>Fund balances (deficit), end of fiscal year</b>	<b>\$ 115,981</b>	<b>\$ 147,582</b>	<b>\$ 31,601</b>	<b>\$ (150,790)</b>	<b>\$ 389,749</b>	<b>\$ 540,539</b>	<b>\$ 176,502</b>	<b>\$ 186,474</b>	<b>\$ 9,972</b>

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, 2010  
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	Housing In-Lieu Fund			Redevelopment Housing Fund		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>						
Property taxes	\$ -	\$ -	\$ -	\$ 480,000	\$ 556,024	\$ 76,024
Sales and use taxes						
Licenses, fees, and permits						
Intergovernmental						
Charges for current services						
Use of money and property		2,729	2,729	1,682,500	84,445	(1,598,055)
Special assessments						
Donations						
Other revenue				26,300	19,063	(7,237)
<b>Total revenues</b>		<u>2,729</u>	<u>2,729</u>	<u>2,188,800</u>	<u>659,532</u>	<u>(1,529,268)</u>
<b>Expenditures:</b>						
<b>Current:</b>						
Police protection						
Engineering / streets						
Community development	560,000		560,000	2,370,000	193,429	2,176,571
Parks and recreation						
Health						
<b>Debt service:</b>						
Principal				1,275,000	1,271,225	3,775
Interest				52,500		52,500
Capital outlay						
<b>Total expenditures</b>	<u>560,000</u>			<u>3,697,500</u>	<u>1,464,654</u>	<u>2,232,846</u>
<b>Excess of revenues over (under) expenditures</b>	<u>(560,000)</u>	<u>2,729</u>	<u>562,729</u>	<u>(1,508,700)</u>	<u>(805,122)</u>	<u>703,578</u>
<b>Other financing sources (uses):</b>						
Transfers in						
Transfers out						
Proceeds from Capital Lease						
<b>Total other financing sources (uses)</b>						
<b>Net change in fund balances</b>	<u>(560,000)</u>	<u>2,729</u>	<u>562,729</u>	<u>(1,508,700)</u>	<u>(805,122)</u>	<u>703,578</u>
<b>Fund balances, beginning of fiscal year</b>	2,459,389	2,459,389		4,634,759	4,634,759	
<b>Prior period adjustments</b>		(3,626)	(3,626)			
<b>Fund balances, beginning of fiscal year, restated</b>	<u>2,459,389</u>	<u>2,459,389</u>	<u>(3,626)</u>	<u>4,634,759</u>	<u>4,634,759</u>	
<b>Fund balances (deficit), end of fiscal year</b>	<u>\$ 1,899,389</u>	<u>\$ 2,458,492</u>	<u>\$ 559,103</u>	<u>\$ 3,126,059</u>	<u>\$ 3,829,637</u>	<u>\$ 703,578</u>

City of Lompoc  
Combining Statement of Net Assets  
Nonmajor Enterprise Funds  
June 30, 2010  
(Page 1 of 2)

ASSETS	Lompoc Airport	Lompoc Transit	Recreation	River Park Campground	Aquatic Center	Lompoc Valley Community Center	Broadband	Totals
<b>Current assets:</b>								
Cash and investments	\$ 82,863	\$ 863,042	\$ 37,445	\$ 31,257	\$ 145,520	\$ 25,370	\$ 7,239	\$ 1,192,736
<b>Restricted cash and investments:</b>								
Deposits	5,800	911,733						917,533
Fiscal agent		2,332			2			2,334
Receivables - trade	42,761	1,758,421	333			1,000	30,603	1,833,118
Receivables - interest	137	2,684	37	47	220	66		3,191
Inventories (at average cost)	34,816	7,553						42,369
Prepaid expenses			2,203					2,203
<b>Total current assets</b>	<b>166,377</b>	<b>3,545,765</b>	<b>40,018</b>	<b>31,304</b>	<b>145,742</b>	<b>26,436</b>	<b>37,842</b>	<b>3,993,484</b>
<b>Property, plant and equipment:</b>								
Land	5,401,514			380,511				5,782,025
Utility plant and equipment	4,436,151	4,418,635	22,082	228,518	17,330		1,991,177	11,113,893
Construction in progress	149,040	194,114						343,154
	9,986,705	4,612,749	22,082	609,029	17,330		1,991,177	17,239,072
(Less) accumulated depreciation	(1,211,969)	(2,381,300)	(22,003)	(175,669)	(4,044)		(620,864)	(4,415,849)
<b>Total property, plant and equipment</b>	<b>8,774,736</b>	<b>2,231,449</b>	<b>79</b>	<b>433,360</b>	<b>13,286</b>		<b>1,370,313</b>	<b>12,823,223</b>
<b>Total assets</b>	<b>\$ 8,941,113</b>	<b>\$ 5,777,214</b>	<b>\$ 40,097</b>	<b>\$ 464,664</b>	<b>\$ 159,028</b>	<b>\$ 26,436</b>	<b>\$ 1,408,155</b>	<b>\$ 16,816,707</b>

City of Lompoc  
Combining Statement of Net Assets  
Nonmajor Enterprise Funds  
June 30, 2010  
(Page 2 of 2)

LIABILITIES	Lompoc Airport	Lompoc Transit	Recreation	River Park Campground	Aquatic Center	Lompoc Valley Community Center	Broadband	Totals
<b>Current liabilities:</b>								
Accounts payable	\$ 7,157	\$ 1,026,052	\$ 20,224	\$ 22	\$ 31,410	\$ 5,779	\$ 17,921	\$ 1,108,565
Accrued interest	4,831						2,528	7,359
Due to other funds	313,688		80,000	414,088			4,567,684	5,375,460
Deferred revenue		1,667	20,014					21,681
Current portion of noncurrent liabilities		<u>2,426</u>					<u>82,804</u>	<u>85,230</u>
<b>Total current liabilities</b>	<u>325,676</u>	<u>1,030,145</u>	<u>120,238</u>	<u>414,110</u>	<u>31,410</u>	<u>5,779</u>	<u>4,670,937</u>	<u>6,598,295</u>
<b>Noncurrent liabilities:</b>								
Accrued payroll and benefits	991	2,043	2,931	1,280	6,761	681	3,122	17,809
Compensated absences	6,798	18,408	3,103	5,373	3,112	7,746	18,605	63,145
Leases payable		58,125					318,483	376,608
Trust deposits	<u>5,800</u>							<u>5,800</u>
<b>Total noncurrent liabilities</b>	<u>13,589</u>	<u>78,576</u>	<u>6,034</u>	<u>6,653</u>	<u>9,873</u>	<u>8,427</u>	<u>340,210</u>	<u>463,362</u>
<b>Total liabilities</b>	<u>339,265</u>	<u>1,108,721</u>	<u>126,272</u>	<u>420,763</u>	<u>41,283</u>	<u>14,206</u>	<u>5,011,147</u>	<u>7,061,657</u>
<b>NET ASSETS</b>								
Invested in capital assets, net of related debt	8,774,736	2,170,898	79	433,360	13,286		969,026	12,361,385
Unrestricted	<u>(172,888)</u>	<u>2,497,595</u>	<u>(86,254)</u>	<u>(389,459)</u>	<u>104,459</u>	<u>12,230</u>	<u>(4,572,018)</u>	<u>(2,606,335)</u>
<b>Total net assets</b>	<u>\$ 8,601,848</u>	<u>\$ 4,668,493</u>	<u>\$ (86,175)</u>	<u>\$ 43,901</u>	<u>\$ 117,745</u>	<u>\$ 12,230</u>	<u>\$ (3,602,992)</u>	<u>\$ 9,755,050</u>

City of Lompoc  
Combining Statement of Revenues, Expenses  
and Changes in Fund Net Assets  
Nonmajor Enterprise Funds  
For the Fiscal Year Ended June 30, 2010

	Lompoc Airport	Lompoc Transit	Recreation	River Park Campground	Aquatic Center	Lompoc Valley Community Center	Broadband	Totals
<b>Operating revenues:</b>								
User fees and charges for services	\$ 208,219	\$ 1,070,381	\$ 285,681	\$ -	\$ 285,353	\$ 278	\$ 379,711	\$ 2,229,623
Facilities rental	164,326		120,123	170,369		17,645		472,463
<b>Total operating revenues</b>	<b>372,545</b>	<b>1,070,381</b>	<b>405,804</b>	<b>170,369</b>	<b>285,353</b>	<b>17,923</b>	<b>379,711</b>	<b>2,702,086</b>
<b>Operating expenses:</b>								
Operations and maintenance	377,269	2,878,139	390,396	182,261	549,718	72,806	419,480	4,870,069
Depreciation and amortization	129,844	232,545	219	6,279	3,466		231,537	603,890
<b>Total operating expenses</b>	<b>507,113</b>	<b>3,110,684</b>	<b>390,615</b>	<b>188,540</b>	<b>553,184</b>	<b>72,806</b>	<b>651,017</b>	<b>5,473,959</b>
<b>Income (loss) from operations</b>	<b>(134,568)</b>	<b>(2,040,303)</b>	<b>15,189</b>	<b>(18,171)</b>	<b>(267,831)</b>	<b>(54,883)</b>	<b>(271,306)</b>	<b>(2,771,873)</b>
<b>Nonoperating income (expenses):</b>								
Interest income	148	489	(56)	80	292	70		1,023
Intergovernmental	203,094	3,015,905	8,287					3,227,286
Miscellaneous	5,727	2,400					399	8,526
Interest expense	(19,635)			(17,832)			(191,725)	(229,192)
<b>Total nonoperating income (expenses)</b>	<b>189,334</b>	<b>3,018,794</b>	<b>8,231</b>	<b>(17,752)</b>	<b>292</b>	<b>70</b>	<b>(191,326)</b>	<b>3,007,643</b>
<b>Income (loss) before transfers</b>	<b>54,766</b>	<b>978,491</b>	<b>23,420</b>	<b>(35,923)</b>	<b>(267,539)</b>	<b>(54,813)</b>	<b>(462,632)</b>	<b>235,770</b>
Transfers in (out)					293,364	28,528		321,892
<b>Change in net assets</b>	<b>54,766</b>	<b>978,491</b>	<b>23,420</b>	<b>(35,923)</b>	<b>25,825</b>	<b>(26,285)</b>	<b>(462,632)</b>	<b>557,662</b>
<b>Net assets - beginning of the fiscal year</b>	<b>8,547,082</b>	<b>3,693,595</b>	<b>(109,595)</b>	<b>79,824</b>	<b>91,920</b>	<b>1,170,325</b>	<b>(3,167,199)</b>	<b>10,305,952</b>
<b>Prior period adjustments</b>		<b>(3,593)</b>				<b>(1,131,810)</b>	<b>26,839</b>	<b>(1,108,564)</b>
<b>Net assets - beginning of the fiscal year, restated</b>	<b>8,547,082</b>	<b>3,690,002</b>	<b>(109,595)</b>	<b>79,824</b>	<b>91,920</b>	<b>38,515</b>	<b>(3,140,360)</b>	<b>9,197,388</b>
<b>Net assets - end of the fiscal year</b>	<b>\$ 8,601,848</b>	<b>\$ 4,668,493</b>	<b>\$ (86,175)</b>	<b>\$ 43,901</b>	<b>\$ 117,745</b>	<b>\$ 12,230</b>	<b>\$ (3,602,992)</b>	<b>\$ 9,755,050</b>

City of Lompoc  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Fiscal Year Ended June 30, 2010  
(Page 1 of 2)

	Lompoc Airport	Lompoc Transit	Recreation	River Park Campgrounds	Aquatic Center	Lompoc Valley Community Center	Broadband	Totals
<b>Cash flows from operating activities:</b>								
Cash received from customers	\$ 381,200	\$ 1,072,781	\$ 404,810	\$ 170,369	\$ 285,353	\$ 16,923	\$ 378,384	\$ 2,709,820
Cash payments to suppliers for goods and services	(309,789)	(1,922,930)	(240,367)	(34,493)	(240,542)	(13,782)	168,231	(2,593,672)
Cash payments to employees for services	(69,764)	(146,020)	(172,941)	(131,875)	(305,288)	(58,142)	(228,544)	(1,112,574)
Net cash provided (used) by operating activities	<u>1,647</u>	<u>(996,169)</u>	<u>(8,498)</u>	<u>4,001</u>	<u>(260,477)</u>	<u>(55,001)</u>	<u>318,071</u>	<u>(996,426)</u>
<b>Cash flows from noncapital financing activities:</b>								
Net borrowings (repayments) under revolving loan arrangement	(14,062)							(14,062)
Received from other agencies	168,464	2,793,847	8,287					2,970,598
Operating transfers in (out)					293,364	28,528		321,892
Net cash provided (used) by noncapital financing activities	<u>154,402</u>	<u>2,793,847</u>	<u>8,287</u>		<u>293,364</u>	<u>28,528</u>		<u>3,278,428</u>
<b>Cash flows from capital and related financing activities:</b>								
Acquisition and construction of capital assets	(107,933)	(1,231,777)					(49,460)	(1,389,170)
Principal paid on revenue bonds/loans /leases and equipment contracts		(2,319)					(79,433)	(81,752)
Interest paid on revenue bonds/loans and equipment contracts	(19,852)			(17,832)			(192,226)	(229,910)
Net cash provided (used) for capital and related financing activities	<u>(127,785)</u>	<u>(1,234,096)</u>		<u>(17,832)</u>			<u>(321,119)</u>	<u>(1,700,832)</u>
<b>Cash flows from investing activities:</b>								
Interest and dividends on investments	326	3,572	132	225	514	213		4,982
Net increase (decrease) in cash and cash equivalents	28,590	567,154	(79)	(13,606)	33,401	(26,260)	(3,048)	586,152
Cash and cash equivalents at beginning of fiscal year	60,073	1,209,953	37,524	44,863	112,121	51,630	10,287	1,526,451
Cash and cash equivalents at end of fiscal year	<u>\$ 88,663</u>	<u>\$ 1,777,107</u>	<u>\$ 37,445</u>	<u>\$ 31,257</u>	<u>\$ 145,522</u>	<u>\$ 25,370</u>	<u>\$ 7,239</u>	<u>\$ 2,112,603</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, 2010  
(Page 2 of 2)

	Lompoc Airport	Lompoc Transit	Recreation	River Park Campgrounds	Aquatic Center	Lompoc Valley Community Center	Broadband	Totals
Income (loss) from operations	\$ (134,568)	\$ (2,040,303)	\$ 15,189	\$ (18,171)	\$ (267,831)	\$ (54,883)	\$ (271,306)	\$ (2,771,873)
Adjustment for nonoperating incomes and (expenses)	5,727	2,400					399	8,526
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation	129,844	232,545	219	6,279	3,466		231,537	603,890
Change in assets and liabilities:								
(Increase)decrease in accounts receivable	2,928		(333)			(1,000)	(1,726)	(131)
(Increase)decrease in prepaid expenses			(661)					(661)
(Increase)decrease in inventory	3,568	(1,414)						2,154
(Decrease)increase in accounts payable	(5,320)	808,072	7,383	(95)	2,229	2,052	(21,585)	792,736
(Decrease)increase in due to other funds			(33,900)	17,831			383,507	367,438
(Decrease)increase in deferred credits/revenues	(1,100)		2,314					1,214
(Decrease)increase in accrued payroll	568	2,531	1,291	(1,843)	1,659	(1,170)	(2,755)	281
Net cash provided (used) by operating activities	<u>\$ 1,647</u>	<u>\$ (996,169)</u>	<u>\$ (8,498)</u>	<u>\$ 4,001</u>	<u>\$ (260,477)</u>	<u>\$ (55,001)</u>	<u>\$ 318,071</u>	<u>\$ (996,426)</u>

City of Lompoc  
Combining Statement of Net Assets  
Internal Service Funds  
June 30, 2010

	Insurance Control Fund	Vehicle Fund	Communication Fund	Stores Fund	Total Internal Service Funds
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and investments	\$8,508,020	\$3,075,646	\$100,925	\$17,206	\$11,701,797
Accounts/Interest receivable, net	20,606	2,312		26	22,944
Other Post-Employment Benefits (OPEB) prepaid expenses	881,582				881,582
Due from other funds	1,439,864				1,439,864
Inventory		196,565		87,604	284,169
<b>Total current assets</b>	<b>10,850,072</b>	<b>3,274,523</b>	<b>100,925</b>	<b>104,836</b>	<b>14,330,356</b>
<b>Property and equipment:</b>					
Improvements		199,018			199,018
Automotive equipment		17,224,263			17,224,263
Furnishings and equipment		88,067	214,492	150,622	453,181
Construction in progress		165,452			165,452
		17,676,800	214,492	150,622	18,041,914
(Less) accumulated depreciation		(11,145,044)	(212,362)	(100,252)	(11,457,658)
<b>Total property and equipment</b>		<b>6,531,756</b>	<b>2,130</b>	<b>50,370</b>	<b>6,584,256</b>
<b>Total assets</b>	<b>10,850,072</b>	<b>9,806,279</b>	<b>103,055</b>	<b>155,206</b>	<b>20,914,612</b>
<b>LIABILITIES</b>					
<b>Current liabilities:</b>					
Accounts payable	98,440	82,848		11,550	192,838
Accrued interest		40,723		233	40,956
Due to other funds				69,921	69,921
Current portion of accrued liabilities	1,023,743				1,023,743
Current portion of lease purchase contract		814,198			814,198
<b>Total current liabilities</b>	<b>1,122,183</b>	<b>937,769</b>		<b>81,704</b>	<b>2,141,656</b>
<b>Noncurrent liabilities:</b>					
Accrued liabilities	2,388,735				2,388,735
Accrued payroll		12,217	317		12,534
Compensated absences		48,905	3,467		52,372
Lease purchase contract		3,632,684			3,632,684
<b>Total noncurrent liabilities</b>	<b>2,388,735</b>	<b>3,693,806</b>	<b>3,784</b>		<b>6,086,325</b>
<b>Total liabilities</b>	<b>3,510,918</b>	<b>4,631,575</b>	<b>3,784</b>	<b>81,704</b>	<b>8,227,981</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt		2,084,874	2,130	50,370	2,137,374
Unrestricted	7,339,154	3,089,830	97,141	23,132	10,549,257
<b>Total Net Assets</b>	<b>\$7,339,154</b>	<b>\$5,174,704</b>	<b>\$99,271</b>	<b>\$73,502</b>	<b>\$12,686,631</b>

City of Lompoc  
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets  
Internal Service Funds  
For the Fiscal Year Ended June 30, 2010

	Insurance Control Fund	Vehicle Fund	Communication Fund	Stores Inventory Fund	Total Internal Service Funds
<b>Operating revenues:</b>					
Charge for services	\$14,044,957	\$ -	\$132,736	\$294,202	\$14,471,895
Vehicle equipment rental		3,623,982			3,623,982
<b>Total operating revenues</b>	<b>14,044,957</b>	<b>3,623,982</b>	<b>132,736</b>	<b>294,202</b>	<b>18,095,877</b>
<b>Operating Expenses:</b>					
Maintenance, operations and administration	13,568,329	2,510,473	116,335	302,758	16,497,895
Depreciation		1,206,164	15,912	15,551	1,237,627
<b>Total operating expenses</b>	<b>13,568,329</b>	<b>3,716,637</b>	<b>132,247</b>	<b>318,309</b>	<b>17,735,522</b>
<b>Income (loss) from operations</b>	<b>476,628</b>	<b>(92,655)</b>	<b>489</b>	<b>(24,107)</b>	<b>360,355</b>
<b>Nonoperating income (expenses):</b>					
Interest income	46,524	7,534		43	54,101
Increase (decrease) in fair value of investments	(15,102)	(2,230)		(62)	(17,394)
Sale of capital assets		988			988
Interest expense		(155,487)		(3,506)	(158,993)
<b>Total nonoperating income (expenses)</b>	<b>31,422</b>	<b>(149,195)</b>		<b>(3,525)</b>	<b>(121,298)</b>
<b>Income (loss) before transfers</b>	<b>508,050</b>	<b>(241,850)</b>	<b>489</b>	<b>(27,632)</b>	<b>239,057</b>
<b>Transfers in (out)</b>	<b>(314,214)</b>				<b>(314,214)</b>
<b>Changes in net assets</b>	<b>193,836</b>	<b>(241,850)</b>	<b>489</b>	<b>(27,632)</b>	<b>(75,157)</b>
<b>Net assets - beginning</b>	<b>7,145,318</b>	<b>5,241,875</b>	<b>98,782</b>	<b>101,134</b>	<b>12,587,109</b>
<b>Prior period adjustments</b>		<b>174,679</b>			<b>174,679</b>
<b>Net assets - beginning, restated</b>	<b>7,145,318</b>	<b>5,416,554</b>	<b>98,782</b>	<b>101,134</b>	<b>12,761,788</b>
<b>Net assets - end</b>	<b>\$7,339,154</b>	<b>\$5,174,704</b>	<b>\$99,271</b>	<b>\$73,502</b>	<b>\$12,686,631</b>

City of Lompoc  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Fiscal Year Ended June 30, 2010  
(Page 1 of 2)

	Insurance Control Fund	Vehicle Fund	Communication Fund	Stores Inventory Fund	Total Internal Service Funds
<b>Cash flows from operating activities:</b>					
Cash received from customers	\$14,478,605	\$3,627,789	\$132,736	\$294,347	\$18,533,477
Cash payments to suppliers for goods and services	(15,459,692)	(1,686,934)	(88,966)	(316,104)	(17,551,696)
Cash payment to employees for services	(449,268)	(806,248)	(23,585)		(1,279,101)
Net cash provided (used) by operating activities	(1,430,355)	1,134,607	20,185	(21,757)	(297,320)
<b>Cash flows from noncapital financing activities:</b>					
Operating transfers in (out)	(314,214)				(314,214)
Net cash provided (used) by noncapital financing activities	(314,214)				(314,214)
<b>Cash flows from capital and related financing activities:</b>					
Proceeds from bonds, lease purchases and equipment contracts		1,750,411			1,750,411
Acquisition of capital assets		(642,358)			(642,358)
Principal paid on loans/leases and equipment contracts		(688,254)			(688,254)
Interest paid on loans/leases and equipment contracts		(133,395)		(3,273)	(136,668)
Proceeds from equipment sale		988			988
Net cash provided (used) by capital and related financing activities		287,392		(3,273)	284,119
<b>Cash flows from investing activities:</b>					
Interest and dividends on investments	31,422	5,304		(19)	36,707
Net increase (decrease) in cash and cash equivalents	(1,713,147)	1,427,303	20,185	(25,049)	(290,708)
Cash and cash equivalents at beginning of fiscal year	10,221,167	1,648,343	80,740	42,255	11,992,505
Cash and cash equivalents at end of fiscal year	\$8,508,020	\$3,075,646	\$100,925	\$17,206	11,701,797

City of Lompoc  
Combining Statement of Cash Flows for the Fiscal Year Ended June 30, 2010  
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	\$476,628	(\$92,655)	\$ 489	(\$24,107)	\$360,355
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation		1,206,164	15,912	15,551	1,237,627
Changes in assets and liabilities:					
(Increase)decrease in accounts receivable	433,648	3,807		145	437,600
(Increase)decrease in inventory		19,043		5,831	24,874
(Increase)decrease in prepaid expenses	(449,268)				(449,268)
(Increase)decrease in due from other funds	(1,354,126)				(1,354,126)
(Decrease)increase in accounts payable	2,838	(7,274)		(3,360)	(7,796)
(Decrease)increase in due to other funds				(15,817)	(15,817)
(Decrease)increase in accrued liabilities	(540,075)	5,522	3,784		(530,769)
Net cash provided (used) by operating activities	<u>(\$1,430,355)</u>	<u>\$1,134,607</u>	<u>\$20,185</u>	<u>(\$21,757)</u>	<u>(\$297,320)</u>