

# City of Lompoc



Lompoc, California  
Comprehensive Annual Financial Report  
For Fiscal Year Ended June 30, 2003

*About the Cover:*

The photo featured on our cover was taken in the late 1800's. It was the site of the Tolbert's Fashion Stables. The actual building was constructed in 1878 and torn down in the 1960's. It was located on East Ocean Avenue, just west of the northwest corner of "F" street. The Lompoc Historical society provided this photo and accompanying information.

City of Lompoc  
 Comprehensive Annual Financial Report  
 Year Ended June 30, 2003

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October 29, 2003

Honorable Mayor, Members of the City Council  
Lompoc, California 93438

Honorable Members:

State law requires that all general-purpose local governments publish within six months of the close of the fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a licensed certified public accountant(s). Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Lompoc for the fiscal year ended June 30, 2003.

This report consists of management's representations concerning the finances of the City of Lompoc. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Lompoc has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Lompoc's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Lompoc's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

This year's report has been reformatted to comply with the new financial reporting model developed by the Governmental Accounting Standards Board (GASB) 34. The new financial reporting model completely changes the format of the City's financial statements. It is intended to improve financial reporting by adding significant information not previously available in local government financial statements.

In addition to the fund-by-fund financial information currently presented in the City's financial statements, we are now including government-wide financial statements. The government-wide financial statements include a Statement of Net Assets that provides the total net equity of the City including current year infrastructure and the Statement of Activities that shows the cost of providing government services. These statements have been prepared using the accrual basis of accounting versus the modified accrual method used in the fund financial statements. A reconciliation report is provided as a key to understanding the changes between the two reporting methods. In addition, the new reporting model includes an emphasis on the City's major funds as shown in the Governmental Fund Statements. These new statements combined with other information are further analyzed in a new narrative section called Management's Discussion and Analysis (MD&A). The MD&A provides "financial highlights" and interprets the financial reports by analyzing trends and by explaining changes, fluctuations and variances in the financial data. In addition, the MD&A is intended to disclose any known significant events or decisions that affect the financial condition of the City. The MD&A begins on page 3.

The City of Lompoc's financial statements have been audited by Paul Moe, Certified Public Accountant. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Lompoc for the fiscal year ended June 30, 2003 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Lompoc's financial statements for the fiscal year ended June 30, 2003, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The City is also financially accountable for the City of Lompoc's Redevelopment Agency. This entity is considered to be a component unit of the City of Lompoc and the activities of the Agency have been blended into the reporting entity.

This report has been prepared under the "single audit" concept. Under this approach, one Federal agency is recognized as the cognizant audit agency as assigned by the Office of Management and Budget. In the case of the City of Lompoc, Housing and Urban Development has been assigned this responsibility. The financial report is forwarded to the cognizant agency only when any one of six conditions established by the agency are met. The City did not meet any of these conditions, therefore, was not required to file a financial report with the cognizant agency.

## **Profile of Government**

The City of Lompoc is a general law city, incorporated under the laws of the State of California in 1888. The City has the council-administrator form of government with a five-member council with four council members being elected for four-year overlapping terms and the mayor being elected for a two-year term. The position of City Administrator is filled by appointment of the Council to serve as administrator of the staff and to carry out the policies of the Council. The City Attorney, City Clerk and City Treasurer are also appointed by the Council.

Lompoc is a full service City with 380 budgeted full-time employees. This includes public safety (police and fire), highways and streets, public improvements, planning and zoning, building inspections, municipal airport, public transit, library, parks and recreation, utilities (water, electric, wastewater, refuse collection and landfill), and general administrative services.

Lompoc is located in northern Santa Barbara County, approximately ten miles inland from the Pacific Ocean. The City is 150 miles northwest of Los Angeles and 290 miles southeast of San Francisco. The City has an estimated population of 41,865 and its boundaries encompass 10.5 square miles.

The City enjoys a mild climate. Average temperatures range from 64 degrees in the winter to 72 degrees in the summer, with an average of over 300 clear or partly cloudy days per year. Precipitation averages 14 inches per year, with most rainfall occurring from December through March.

## **Budgetary Controls**

The annual budget serves as the foundation for the City's financial planning and control. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Budgetary control is maintained at the department level. The City Administrator may transfer funds between departments within any fund; however, any revision that requires new appropriations in any fund by more than one thousand dollars must be approved by the City Council.

The City also utilizes the encumbrance accounting system as a management control technique to assist in controlling expenditures.



## **Factors Affecting Financial Condition**

The City of Lompoc currently enjoys a favorable economic environment and local indicators point to continued stability. The City has a diversified economy based on commerce, agriculture and natural resources industries. The key economic areas vital to the City's tax base are: food product retail establishments and general retail centers, auto sales, restaurants and hotels. Additionally, government activities at Vandenberg Air Force Base and the Federal Correction Facility are an important factor with regards to the economic well-being. The Air Force Base employs 7,509 military, civilian and contract personnel and the correctional facility employs 739 personnel.

The County of Santa Barbara (which includes the City of Lompoc) has an employed labor force of 202,300. Labor market conditions in Santa Barbara County, also known as the Santa Barbara-Santa Maria-Lompoc Metropolitan Statistical Area, have been steadily improving over the last 5 years. The County continues to record job growth and declining unemployment rates. While the State of California has an unemployment rate of over 6%, Santa Barbara County has remained stable with an unemployment rate of under 4%. Other than San Luis Obispo County, Santa Barbara County has the lowest unemployment rate of all counties in California.

The City of Lompoc has an employed labor force of 18,900 with an unemployment rate of 5.1%. Employment is dominated by services, retail trade and government. It is expected that the greatest future, nonagricultural, job growth will be in the same three areas. Services is the fastest growing industry with a projected growth rate of 18.2%. Government at 9.6% and retail trade at 11.4% are also expected to grow rapidly the next five years.

## **Long-term Financial Planning**

The City will be developing plans to construct an aquatic center containing three pools; an Olympic size swimming pool, a therapeutic pool and a children's pool. In August, 2002, the property owners of Lompoc approved the formation of the Lompoc Park Maintenance and City Pool Assessment District. Revenue of approximately \$214,000 will be generated annually to be used for improvements and enhanced maintenance of park and recreation facilities as well as construction of the aquatic center. The estimated cost to construct the aquatic center is \$8.5 million. The City anticipates issuing certificates of participation bonds with construction beginning in the spring of 2004. Debt service of the bonds will primarily come from three sources; General Fund revenues, Redevelopment Agency tax increment and the revenue from the assessment district. It is anticipated that the majority of operating costs will be financed with user fees generated from pool use.

A major capital upgrade will be made to the Wastewater Treatment Plant to provide needed process redundancy and to comply with the Water Resources Control Board permit requirements. Preliminary cost estimates are \$50,000,000 with an estimated completion date of 2006. The City will fund approximately \$33,500,000 of the improvements with the issuance of sewer revenue bonds and loan proceeds from the state revolving loan fund. The remaining financing will be provided by the Vandenberg Air Force Base and the Vandenberg Village Community Services District. The project is part of the Wastewater Treatment Plant Master Plan.

The Water Fund will be constructing Well number 10 to augment the supply of water during periods of drought. The estimated cost is approximately \$1,750,000. The Water Fund will also be reconstructing the administration building, installing additional filters to the treatment plant and making improvements to the booster station at the water treatment plant. The estimated costs for these projects are \$1,650,000, \$2,800,000 and \$2,390,000. All the Water Fund capital projects will be funded through the issuance of water revenue bonds.

### **Cash Management**

Cash Resources of the individual funds are combined to form a pool of cash and investments. Cash temporarily idle during the year was invested in obligations of the U.S. Government or its agencies, certificates of deposit, passbook savings demand deposits, Corporate Notes and the Local Agency Investment Fund, consistent with the City Council Investment Policy.

The City's investment policy is designed to maximize the productive use of assets entrusted to its care and to invest and manage those funds wisely and prudently. Criteria for selecting investments and the order of priority are: (1) safety, (2) liquidity and (3) yield. The basic premise underlying the City's investment policy is to ensure that money is always available when needed while at the same time reaping the highest and best return. Accordingly, deposits were either insured by Federal depository insurance or collateralized.

### **Risk Management**

The City joined the Central Coast Cities Self Insurance Fund in 1987 to provide for the transfer of risk for general liability. The limit of insurance provided on June 30, 2003 was \$15 million, combined single limit occurrence. The insurance deposit paid for this coverage was \$171,755.

The authority is a pool of cities, which has formed an insurance group. Each member city pays into the pool annual deposits. In addition, various risk control techniques, including annual safety audits and employee accident prevention training, have been implemented to minimize loss.

Additionally, the City has all risk property insurance as indicated on a list of scheduled property. The annual premium for property insurance was \$82,027. The policy provides replacement cost coverage with varying deductibles as scheduled.

The City is partially self-insured for Worker's Compensation. The self-insured retention is \$300,000 and the related premium for this coverage was \$52,030.

All claims are investigated, valued, reserved, defended and/or settled in accordance with generally accepted insurance industry practices. There are no known existing claims that would exceed the City's applicable coverages.

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lompoc for its comprehensive annual financial report for the fiscal year ended June 30, 2002. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such comprehensive annual financial report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Lompoc has received a Certificate for the last 14 years. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA.

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the Finance Department. Each member of the department has my sincere appreciation for the contribution made in the generation of this report. My thanks to the Mayor, the City Council and the City Administrator for their support of the financial operations of the City.

Respectfully submitted,

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John C. Walk  
Management Services Director

APPROVED FOR SUBMITTAL TO CITY COUNCIL:

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Gary P. Keefe  
City Administrator

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

City of Lompoc,  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2002

A Certificate of Achievement for Excellence in Financial  
Reporting is presented by the Government Finance Officers  
Association of the United States and Canada to  
governments and public employee retirement  
systems whose comprehensive annual financial  
reports (CAFRs) achieve the highest  
standards in government accounting  
and financial reporting.



*William R. Hahn*  
President

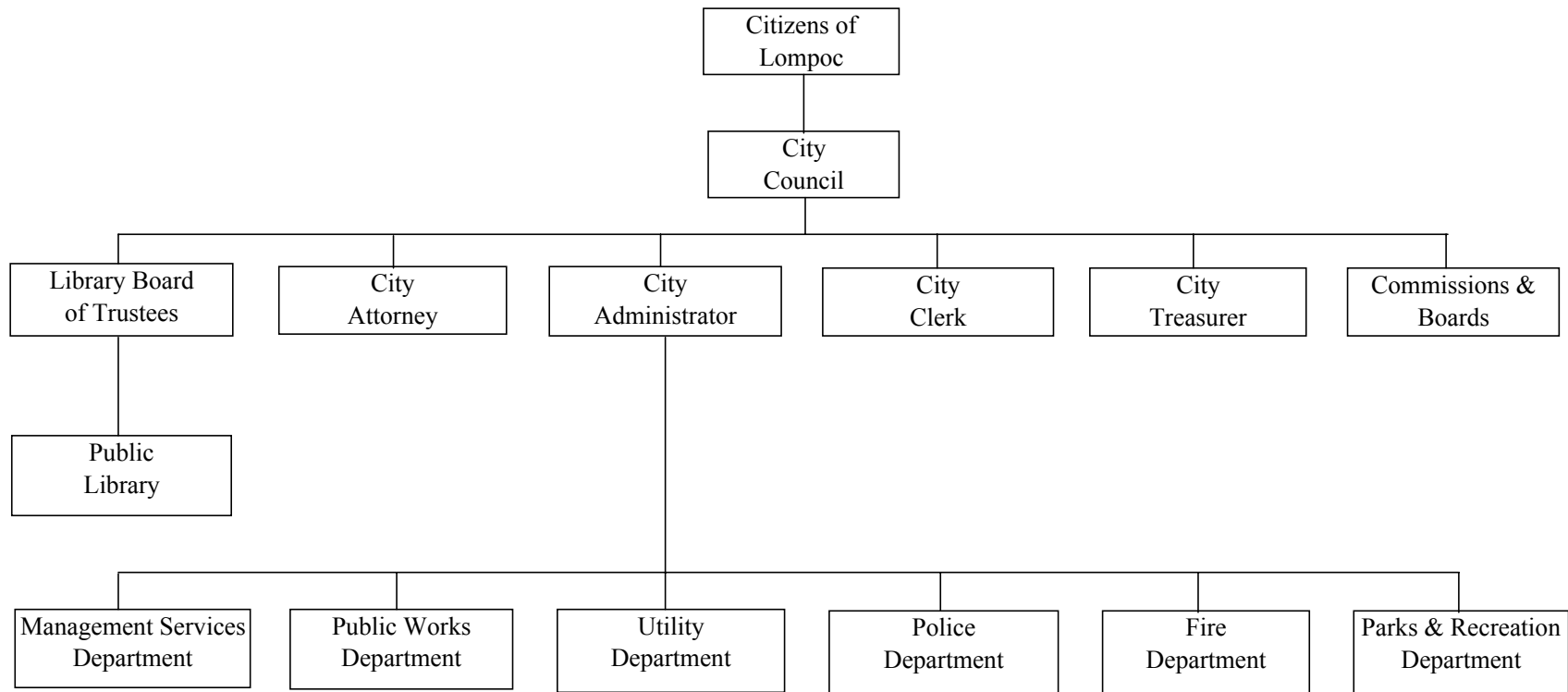
*Jeffrey P. Lewis*  
Executive Director

**City Council**

Mayor.....	Dick DeWees
Councilmember.....	DeWayne Holmdahl
Councilmember.....	Janice Keller
Councilmember.....	Michael Siminski
Councilmember.....	Will Schuyler

**Administrative Personnel**

City Administrator.....	Gary P. Keefe
City Attorney.....	Sharon Stuart
City Clerk.....	Jane Green
City Treasurer.....	Liane Scott
Management Services Director.....	John Walk
Parks and Recreation Director.....	Vince Elizondo
Personnel Services Director.....	Jennifer Weston
Public Works Director.....	Larry Bean
Utility Director.....	Jim Beck
Fire Chief.....	Linual White
Police Chief.....	William Brown, Jr.



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**Paul B. Moe**  
**Certified Public Accountant**  
**127 W. Clark Avenue, Suite 210**  
Orcutt, CA 93455  
(805) 937-7195

Member American Institute of  
Certified Public Accountants  
and California Society of  
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of Lompoc  
Lompoc, California

I 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 year ended June 30, 2003, 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. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lompoc, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and Street Development Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated October 29, 2003 on my consideration of the City of Lompoc's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

The accompanying schedule of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the City of Lompoc. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Management's Discussion and Analysis on pages 3 through 17 is not a required part of the basic financial statements but is required supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise

the City of Lompoc's basic financial statements. The supplementary information, such as the introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.

October 29, 2003

**Paul B. Moe, C.P.A.**

## Management's Discussion and Analysis

As management of the City of Lompoc (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2003. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iv – x of this report.

### Using this Annual Report

The primary focus of local government's financial statements for the last 20 years (summarized fund type information) has been discarded. The new (and clearly preferable) focus is on both the City as a whole (government-wide) and the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the City's accountability.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government wide financial statements (see pages 19 – 21) are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns which add to a total for the Primary government. The focus of 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, for the first time, 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).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, highways and streets, parks and recreation, and community development. The business-type activities of the City include electric distribution, water, sewer, solid waste services, transit, recreation, airport services and community center.

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 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 a reconciliation at the bottom of the fund financial statements. The basic governmental fund financial statements can be found on pages 22 - 29 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, 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 30 - 34 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 35 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37 - 82 of this report.

**Financial Analysis of the City as a Whole.**

Since this is the first year of GASB 34 implementation, there is no prior year comparable financial information. Therefore, discussion of financial analysis will be limited to current year activities only. Future MD&A's will present current and prior year financial information for comparative purposes.

As noted earlier, 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 \$176,352,794. The largest portion of the City's net assets (69 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.

**CITY OF LOMPOC'S NET ASSETS**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
	<b>2003</b>	<b>2003</b>	<b>2003</b>
Current and other assets	\$ 34,621,694	\$ 39,143,390	\$ 73,765,084
Capital assets	70,855,803	61,558,159	132,413,962
<b>Total assets</b>	<b>105,477,497</b>	<b>100,701,549</b>	<b>206,179,046</b>
Current liabilities	6,483,548	3,753,585	10,237,133
Long-term liabilities	6,148,684	13,440,435	19,589,119
<b>Total liabilities</b>	<b>12,632,232</b>	<b>17,194,020</b>	<b>29,826,252</b>
Net assets:			
Invested in capital assets, net of related debt	69,077,648	52,023,742	121,101,390
Restricted	2,830,524	9,570,038	12,400,562
Unrestricted	20,937,093	21,913,749	42,850,842
<b>Total net assets</b>	<b>\$ 92,845,265</b>	<b>\$ 83,507,529</b>	<b>\$ 176,352,794</b>

The balance of unrestricted net assets of \$42,850,842 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 net assets decreased by \$657,160 during the year.

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
	<u>2003</u>	<u>2003</u>	<u>2003</u>
<b>Revenues:</b>			
<b>Program revenues:</b>			
Charges for services	\$ 5,880,066	\$ 29,975,491	\$ 35,855,557
Operating grants and contributions	6,568,136	930,967	7,499,103
Capital grants and contributions	354,608	2,077,148	2,431,756
<b>General revenues:</b>			
Property taxes	3,373,475	11,147	3,384,622
Sales taxes	3,397,116		3,397,116
Other taxes	4,255,398		4,255,398
Grants and contributions not restricted to specific programs	662,147		662,147
Unrestricted investment earnings	1,138,792	1,158,583	2,297,375
Other revenue	177,532	225,912	403,444
<b>Total revenues</b>	<b>\$ 25,807,270</b>	<b>\$ 34,379,248</b>	<b>\$ 60,186,518</b>
<b>Expenses:</b>			
<b>Governmental activities:</b>			
General government	4,318,323		4,318,323
Police protection	6,623,919		6,623,919
Fire protection	2,560,856		2,560,856
Engineering/streets	6,715,619		6,715,619
Building	980,837		980,837
Community Development	1,825,864		1,825,864
Parks and recreation	3,075,006		3,075,006
Nondepartmental	698,583		698,583
Health and welfare	27,930		27,930
Interest on long-term debt	71,502		71,502

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
	<b>2003</b>	<b>2003</b>	<b>2003</b>
<b>Business-type activities:</b>			
Water		6,065,424	6,065,424
Electric		15,898,849	15,898,849
Wastewater		5,293,930	5,293,930
Solid Waste		4,720,041	4,720,041
Airport		295,501	295,501
Transit		1,192,911	1,192,911
Recreation		262,688	262,688
River Park		69,438	69,438
Lompoc Valley Community Center		146,458	146,458
<b>Total expenses</b>	<b>26,898,438</b>	<b>33,945,240</b>	<b>60,843,678</b>
Increase (decrease) in net assets before transfers	(1,091,168)	434,008	(657,160)
Transfers	1,202,249	(1,202,249)	-
<b>Increase (decrease) in net assets</b>	<b>\$ 111,081</b>	<b>\$ (768,241)</b>	<b>\$ (657,160)</b>
Beginning net assets	92,759,087	85,183,372	177,942,459
Prior period adjustments	(24,903)	(907,602)	(932,505)
Ending net assets	<b>\$ 92,845,265</b>	<b>\$ 83,507,529</b>	<b>\$ 176,352,794</b>

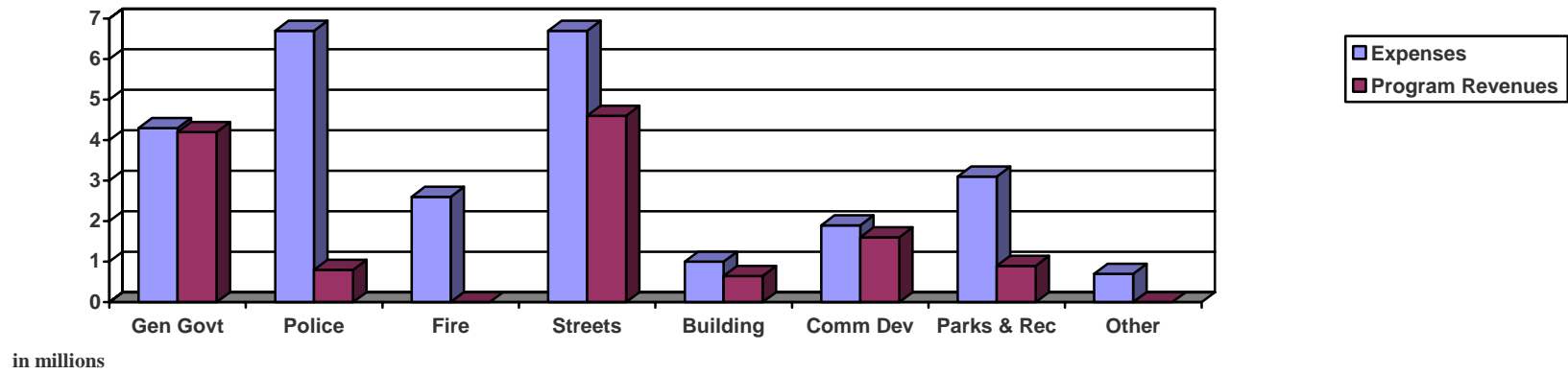
As shown above, the City's revenues totaled \$60.1 million, with 60% generated from Charges from Services. Of this percentage, only 16% of Charges for Services is generated from Governmental Activities. The largest source of revenue for Governmental Activities comes from taxes at 43%. This is typical in that 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. In contrast, Charges for Services represents 89% of total Business-Type Activity revenues. 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.



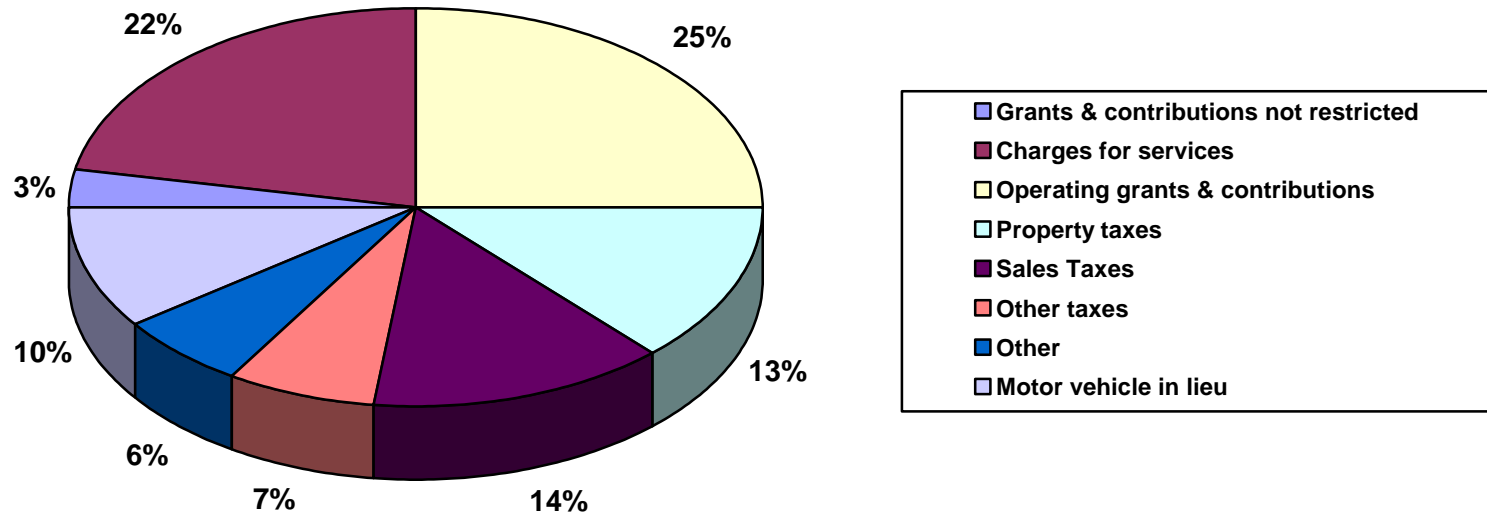
Expenses to the City totaled \$61.0 million. The largest individual category of Governmental Activities' expense in public safety, representing 34% of total Governmental Activities' expenses.

The net assets of Governmental Activities increased only \$111,081, effectively breaking even for the year. The net assets of the Business-Type Activities declined by \$768,241 reflecting operating losses in the Wastewater, Water and Electric Funds. Rates have been increased in both the Water and Wastewater Fund to offset these operating losses in future years.

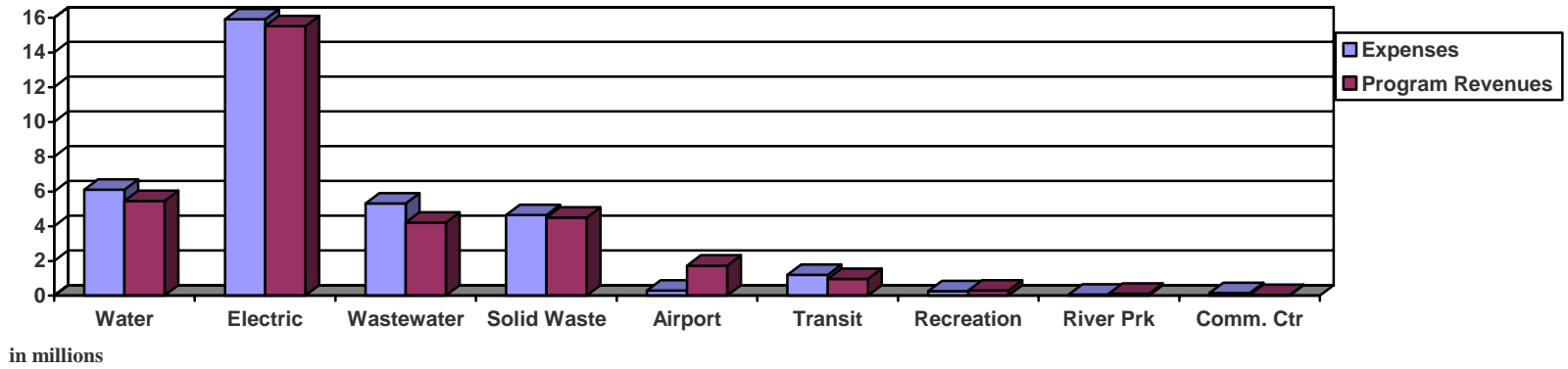
**Expenses and Program Revenues – Governmental Activities**



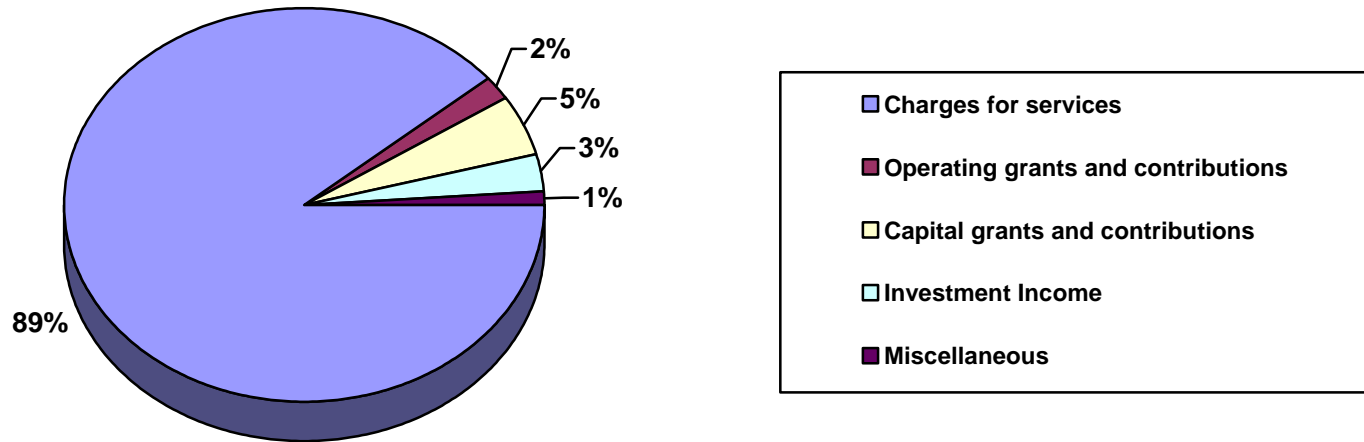
**Revenues by Source – Governmental Activities**



**Expenses and Program Revenues – Business-type Activities**



**Revenues by Source – Business-type Activities**



## Financial Analysis of the City's Funds

As noted earlier, the City's 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 \$22,773,512.

Approximately 75 percent of this amount (\$16,501,677) constitutes *unreserved fund balance*, 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 (\$1,225,359), or 2) for a variety of other restricted purposes (\$5,046,475).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$4,075,332, while the total fund balance was \$5,595,710.

The fund balance of the City's General Fund increased by \$1,089,665 during the current fiscal year. Key factors in this growth are as follows:

- An increase in property tax revenue of \$143,012 or 7% over the prior fiscal year due primarily to increase assessed values and residential development.
- An increase in sales tax revenue of 3 percent or \$104,663 over the prior fiscal year due primarily to better local economic conditions.
- An increase in licenses and permit fees of \$177,000 resulting from increased building permit activity and plan check fees.
- Other financing sources increased by \$178,000 due to the greater operating transfers resulting from reimbursements from the Street and Road Funds (Special Revenue Funds) to the General Fund. These transfers have been eliminated in the basic financial statements.
- An increase in vehicle license fees of \$167,000 or 7% from the prior year.
- The increase in revenue items was partially offset by salary increases.
- The City also maintains tight control on all general fund expenditures.

The Street Development Fund is used to account for receipts and disbursements of street development funds. Financing is provided by development impact fees which are restricted for street improvement purposes. Minor activity occurred in the Street Development Fund with expenditures on streets and capital outlay of \$58,766. Revenue was \$36,098 less than forecast because developer impact fees did not materialize as forecast.

**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 \$21,913,749. Total net assets for the enterprise funds declined by \$768,242. The factors contributing to this are general increase in operating expenses for the primary major funds of Water, Wastewater, Electric and Solid Waste Funds. These operating increases have resulted in operating losses for the current fiscal year. Management has taken action to offset these losses by increasing rates for the Water, Wastewater and Solid Waste Funds. These increases take effect in fiscal year 2004 and should remedy the losses sustained in the current year.

### **General Fund Budgetary Highlights**

The final budget for the General fund at year-end was \$4,062,933 greater than the original budget. This increase over original is primarily due to the additional appropriation of \$2,000,000 in capital expenditures for the anticipated construction of the three-pool aquatic center. However, at June 30, 2003, construction had not begun. The City plans on issuing bonds in the spring of 2004 at which time construction should begin. Appropriation of police grant funds of \$431,357 occurred after the original budget document had been approved. The amount of grant funds are generally not known until after the beginning of the fiscal year. There was also \$626,000 of additional appropriations resulting from a carryover from the prior budget for the installation of new carpet and furniture replacement. The project had been scheduled for the current year's budget but had been delayed until fiscal year 2004. The remaining additional appropriations were due to budget amendments and supplemental appropriations primarily for salary increases and for unanticipated expenditures after adoption of the original budget. Actual expenditures were \$9,148,528 less than the amended budget at year-end. This is primarily due to the anticipated construction of the aquatic center not occurring.

Actual revenues were less than the revised budget by \$4,744,964. However, it was anticipated that other financing sources from the issuance of bonds for the construction of the aquatic center would be realized. Excluding this revenue source, actual revenue was \$1,263,496 greater than the revised budget. The factors contributing to the enhanced revenues have been discussed under *Governmental Funds*.

## Capital Asset and Debt Administration

### Capital Assets

As of year-end, the City had \$132,413,962 invested in a broad range of capital assets, net of depreciation, as reflected in the following schedule:

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
	<u>2003</u>	<u>2003</u>
Land and land rights	\$ 27,826,225	\$ 7,220,585
Buildings and improvements	3,705,600	16,510,696
Machinery and equipment	7,607,912	33,384,088
Work in process	1,085,966	4,442,790
Infrastructure	30,630,100	
Totals	<u>\$ 70,855,803</u>	<u>\$ 61,558,159</u>

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

- Payments of \$282,997 on computer aided dispatch and records management system (CAD/RMS) and mobile data system in the Police Department.
- Replacement of City vehicles through the Vehicle Replacement Fund totaled \$663,918.
- Construction of the runway extension at the Airport cost \$1,472,651. Project should be completed in fiscal year 2004.
- Design for the College Avenue sewer main replacement project has been completed for \$308,938. The actual upgrade will occur in fiscal year 2004 and should cost approximately \$2.8 million.
- Sewer main rehabilitations throughout the City totaled \$210,522.

The City's fiscal year 2004 capital budget projects spending approximately \$8,500,000 for a three-pool aquatic center. This project will be financed from the proceeds of certificate of participation bonds scheduled to occur in the spring of 2004. The City is also scheduled to purchase two refuse packers for approximately \$372,000 and a sewer flusher truck for approximately \$276,000.

Major capital expenditures in the Water Enterprise Fund include the work on the Water Plant Administration offices for \$1,650,000 and booster station improvements for \$2,390,000. \$2,800,000 is budgeted to be spent on the filter addition at the Water Treatment Plant.

The Wastewater Fund is scheduled to begin design work on the treatment plant upgrade estimated to cost approximately \$7.5 million with an estimated total construction cost of \$50,000,000. This project is required to comply with more stringent permit standards, replace outdated equipment and add needed redundancy to the plant. The project is expected to be financed with a combination of revenue bonds and a loan from the state revolving loan program. For more detailed information on capital assets, see the notes to the financial statements.

**Long Term debt**

At the end of the current fiscal year, the City had long-term debt outstanding of \$12,400,562. Of the amount, \$3,338,437 represent long-term leases outstanding backed by the equipment purchased. \$7,904,900 represents enterprise fund revenue bonds secured solely by specified revenue sources, \$104,856 represents long-term notes payable, and \$1,052,369 represents long-term loans payable.

**Outstanding Debt at Year End**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
	<b>2003</b>	<b>2003</b>
Revenue bonds	\$ -	\$ 7,904,900
Loans payable	1,052,369	
Long Term Capital Leases	1,778,155	1,560,282
Notes Payable		104,856
Totals	<b>\$ 2,830,524</b>	<b>\$ 9,570,038</b>

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

### **Significant Accomplishments of Fiscal Year 2002-2003**

- Created a Parks Maintenance and Assessment District to fund the pool complex and maintain and improve parks and recreation facilities.
- Approved loan of \$250,000 from the City's Community Development program to California Chrysler, Dodge and Jeep to be used for working capital after the facility is constructed.
- Staff proceeded to update the City's developer AB1600 impact fees, which were last updated in 1990.
- Staff updated the City's Quimby Act fees which are used for developing community park and/or recreational purposes.
- Completed construction of Water Well #9 for \$793,617 which will add reliability in accessing the City's water supply.
- The University Park underground electrical rebuild project continued which included the conversion from the 2400 volt capacity to the 12kv capacity. \$580,954 was spent on the project for the year.
- Began design work on the City's \$8.5 million aquatic center.
- Completed construction of the SCADA system at the receiving station to automate control and monitoring of electrical operations.
- Completed design work of the College Avenue sewer main rehabilitation for \$31,528. Estimated construction is \$2,800,000.

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

- The unemployment rate for the City is 5.1% versus 4.8% in 2002 and 5.1% in 2001. The current year unemployment rate is in line with the State's June, 2003 rate of 6.2%. The City's labor force has increased from 18,140 to 18,900 in June 2003.
- The City's assessed valuation of physical property has risen to \$1,797 million in 2003 from 1,682 million in 2002 (a 6.8% increase), indicating strong demand for property in the City.
- Increased residential construction has resulted in increased building and plan check revenue of \$177,000.
- Sales tax revenue should increase in the future as Home Depot will be adding a store in the City.
- Inflationary trends in the region compared favorably to national indices.

These indicators were taken into account when preparing the City's budget for fiscal year 2004.

During the current fiscal year, unreserved fund balance in the general fund increased by \$1,089,655, an increase of 24% over the prior year. The City's general fund biennial budget is 36,158,931, an increase of 16.0% over the previous 2-year budget. However, nearly two-thirds of this increase can be attributed to one time funding for the Aquatic Center (\$2,750,000) and furniture purchased as a result of the City Hall Space Allocation Study and Plan (\$500,000). Absent these expenditures, the General Fund Budget is up 7% from the previous budget.



Because of the need to provide for normal contingencies during the coming fiscal years, the budget provides for a General Fund Reserve of approximately \$7,595,000. The General Fund Reserve Balance includes \$2,000,000 held in the Economic Uncertainty Fund.

The ongoing state budget crisis could have a dramatic effect on the General Fund in coming years. Potential reductions in major General Fund revenue sources such as sales taxes, property taxes and/or vehicle license fees would severely effect operations normally financed by these funds such as police and fire protection, parks and recreation services and community development. Management is aware of the potential consequences and is prepared to recommend the necessary measures to mitigate the revenue reductions.

In the Electric Fund, the City will be required to continue charging the 1½ cents per kWh Deregulation Cost Adjustment (DCA), which was scheduled to sunset on December 31, 2001. The DCA will need to be kept in place for the next five years to avoid the more costly rate increases being charged by the investor-owned utilities. At the end of five years, the need for the DCA will be reviewed. Currently, no rate increases are expected for the Electric Fund. However, this may change depending on the actions of the legislature.

As mentioned previously, rate increases have been implemented for the Water, Wastewater and Solid Waste Funds. Currently, the Wastewater Fund is not able to meet its bond covenant requirements. Additional rate increases will likely occur to pay the debt service used for the Wastewater Plant upgrade estimated to cost approximately \$50 million.

### **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 Rene M. Vise', Utility Accounting Supervisor. He can be reached at 100 Civic Center Plaza, Lompoc, CA 93436.

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**City of Lompoc**  
**Statement of Net Assets**  
**June 30, 2003**  
**(Page 1 of 2)**

	<u>Governmental</u> Activities	<u>Primary Government</u> Business-type Activities	<u>Total</u>
<b>ASSETS:</b>			
Cash and investments	\$ 27,226,495	\$ 13,126,631	\$ 40,353,126
Receivables (net of allowance for uncollectibles)	1,437,333	4,589,369	6,026,702
Internal balances	619,394	(619,394)	-
Receivables - intergovernmental		275,691	275,691
Interest receivable		12,844	12,844
Loans receivable	5,015,573	28,177	5,043,750
Inventories	322,899	1,584,419	1,907,318
Prepaid expenses		3,070,051	3,070,051
<b>Restricted assets:</b>			
<b>Cash and investments:</b>			
Bond reserves/construction fund		1,810,998	1,810,998
Capital reserve (statutory)		4,933,812	4,933,812
Reserve established by Council		8,855,683	8,855,683
Deposits		775,733	775,733
Retrofit program		455,338	455,338
Deferred cost of issuance		244,038	244,038
Capital assets, net of depreciation (Note 5)	<u>70,855,803</u>	<u>61,558,159</u>	<u>132,413,962</u>
<b>Total assets</b>	<b>\$ 105,477,497</b>	<b>\$ 100,701,549</b>	<b>\$ 206,179,046</b>

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

Continued

City of Lompoc  
Statement of Net Assets  
June 30, 2003  
(Page 2 of 2)

	<u>Governmental Activities</u>	<u>Primary Government Business-type Activities</u>	<u>Total</u>
<b>LIABILITIES:</b>			
Accounts payable and other current liabilities	\$ 1,265,681	\$ 1,007,809	\$ 2,273,490
Deferred credit		394,002	394,002
Accrued interest payable	10,072	153,221	163,293
Developers deposits	1,581,384	446,532	2,027,916
Deferred revenue	353,209	6,075	359,284
Retrofit payable		526,498	526,498
Long-term liabilities (Note 9):			
Due within one year	3,273,202	1,219,448	4,492,650
Due in more than one year	6,148,684	13,440,435	19,589,119
<b>Total liabilities</b>	<u>12,632,232</u>	<u>17,194,020</u>	<u>29,826,252</u>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	69,077,648	52,023,742	121,101,390
Restricted for:			
Debt service	2,830,524	9,570,038	12,400,562
Unrestricted	20,937,093	21,913,749	42,850,842
<b>Total net assets</b>	<u>\$ 92,845,265</u>	<u>\$ 83,507,529</u>	<u>\$ 176,352,794</u>

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

City of Lompoc  
Statement of Activities  
For the Year Ended June 30, 2003

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	\$ 4,318,323	\$ 4,192,317			\$ (126,006)		\$ (126,006)
Police protection	6,623,919	267,771	\$ 557,331		(5,798,817)		(5,798,817)
Fire protection	2,560,856	20,465			(2,540,391)		(2,540,391)
Engineering/streets	6,715,619	162,496	4,322,481	130,227	(2,100,415)		(2,100,415)
Building	980,837	655,218			(325,619)		(325,619)
Community development	1,825,864	475,354	1,067,512	16,689	(266,309)		(266,309)
Parks and recreation	3,075,006	106,446	620,812	207,692	(2,140,056)		(2,140,056)
Nondepartmental	698,583				(698,583)		(698,583)
Health & Welfare	27,930				(27,930)		(27,930)
Interest on long term debt	71,502				(71,502)		(71,502)
<b>Total Governmental Activities</b>	<b>26,898,439</b>	<b>5,880,066</b>	<b>6,568,136</b>	<b>354,608</b>	<b>(14,095,629)</b>		<b>(14,095,629)</b>
<b>Business-type activities:</b>							
Water	6,065,424	5,230,675		217,058		(617,691)	(617,691)
Electric	15,898,849	15,423,195	24,000	96,146		(355,508)	(355,508)
Wastewater	5,293,930	4,125,444		44,334		(1,124,152)	(1,124,152)
Solid Waste	4,720,041	4,443,540	30,581	12,095		(233,825)	(233,825)
Airport	295,501	217,602		1,514,519		1,436,620	1,436,620
Transit	1,192,911	95,671	867,963	192,996		(36,281)	(36,281)
Recreation	262,688	281,109	8,423			26,844	26,844
River Park	69,438	111,872				42,434	42,434
Lompoc Valley Community Ctr	146,458	46,383				(100,075)	(100,075)
<b>Total business-type activities</b>	<b>33,945,240</b>	<b>29,975,491</b>	<b>930,967</b>	<b>2,077,148</b>		<b>(961,634)</b>	<b>(961,634)</b>
<b>Total primary government</b>	<b>\$ 60,843,679</b>	<b>\$ 35,855,557</b>	<b>\$ 7,499,103</b>	<b>\$ 2,431,756</b>		<b>(14,095,629)</b>	<b>(15,057,263)</b>
<b>General revenues:</b>							
<b>Taxes</b>							
Property taxes					3,373,475	11,147	3,384,622
Sales taxes					3,397,116		3,397,116
Other taxes					1,395,449		1,395,449
Franchise taxes					375,509		375,509
Motor vehicle in-lieu taxes					2,484,440		2,484,440
Grants & contributions not restricted to specific programs					662,147		662,147
Unrestricted investment earnings less interest expense					1,138,792	1,158,583	2,297,375
Other revenue					177,532	225,912	403,446
Transfers					1,202,249	(1,202,249)	-
<b>Total general revenues and transfers</b>					<b>14,206,710</b>	<b>193,393</b>	<b>14,400,103</b>
Change in net assets					111,081	(768,241)	(657,160)
Net assets - beginning of year, as restated (Note 19)					92,759,087	85,183,372	177,942,459
Prior period adjustment					(24,903)	(907,602)	(932,505)
<b>Net assets - ending</b>					<b>\$ 92,845,265</b>	<b>\$ 83,507,529</b>	<b>\$ 176,352,794</b>

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

City of Lompoc  
Balance Sheet  
Governmental Funds  
June 30, 2003

	General	Street Development	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 5,069,160	\$ 1,914,191	\$ 11,985,160	\$ 18,968,511
Receivables (net of allowance for uncollectibles)	658,531		772,854	1,431,385
Due from other funds	373,590		267,814	641,404
Loans receivable	557,020		5,015,573	5,572,593
Inventories	31,156		4,025	35,181
<b>Total Assets</b>	<b>6,689,456</b>	<b>1,914,191</b>	<b>18,045,427</b>	<b>26,649,074</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	410,891	2,002	489,508	902,401
Accrued Liabilities	441,699		17,837	459,536
Loans payable			557,020	557,020
Deposits	73,000	1,508,384	-	1,581,384
Due to other funds			22,011	22,011
Deferred revenue	168,156		185,053	353,209
<b>Total Liabilities</b>	<b>1,093,746</b>	<b>1,510,386</b>	<b>1,271,428</b>	<b>3,875,561</b>
<b>FUND BALANCES</b>				
<b>Reserved for:</b>				
Encumbrances	558,613	9,231	657,516	1,225,359
Land development			117,482	117,482
Debt service			1,609,389	1,609,389
Low income housing			353,815	353,815
Inventory	31,156		4,025	35,181
Interfund loans	930,610			930,610
Economic uncertainties			2,000,000	2,000,000
<b>Unreserved, reported in</b>				
General fund	4,075,331			4,075,331
Special revenue funds		394,574	11,206,523	11,601,097
Capital projects funds			825,249	825,249
<b>Total fund balances</b>	<b>5,595,710</b>	<b>403,805</b>	<b>16,773,999</b>	<b>22,773,512</b>
<b>Total liabilities and fund balances</b>	<b>\$ 6,689,456</b>	<b>\$ 1,914,191</b>	<b>\$ 18,045,427</b>	<b>\$ 26,649,073</b>

The notes to the 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, 2003

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

Total fund balances - governmental funds		22,773,512
<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	\$ 96,132,472	
Accumulated depreciation	<u>(30,867,528)</u>	65,264,944
<p>Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.</p>		
		(1,715)
<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>		
Long term capital leases payable		(430,200)
Long term loans payable		(1,052,369)
Compensated absences		(1,614,948)
<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>7,906,041</u>
Net assets of governmental activities	\$	<u><u>92,845,265</u></u>

The notes to the 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 Year Ended June 30, 2003  
(Page 1 of 2)

Revenues:	General	Street Development	Other Governmental Funds	Total Governmental Funds
Property taxes	\$2,534,370		\$839,106	\$3,373,476
Sales and use taxes	3,397,116		3,707,511	7,104,627
Other taxes	1,770,959			1,770,959
Licenses, fees and permits	440,533	\$15,927	145,992	602,452
Intergovernmental revenues	3,153,776		2,323,322	5,477,098
Charges for services	5,146,755		154,870	5,301,625
Fines, forfeitures and penalties	122,907			122,907
Use of money and property	281,388	12,203	546,773	840,364
Special Assessments			207,692	207,692
Donations			530,113	530,113
Other	110,647		66,886	177,533
<b>Total revenues</b>	<b>16,958,453</b>	<b>28,130</b>	<b>8,522,264</b>	<b>25,508,846</b>
<b>Expenditures:</b>				
<b>Current:</b>				
City Council	83,826			83,826
City administration	3,747,423			3,747,423
Police protection	6,051,732		7,534	6,059,266
Fire protection	2,389,619			2,389,619
Engineering / streets	3,173,890	44,737	1,691,144	4,909,770
Building	870,363			870,363
Community development	664,616		1,047,227	1,711,843
Parks and recreation	1,641,035		1,124,579	2,765,614
Non-departmental	698,583			698,583
Health			27,930	27,930
Capital outlay	504,260	14,030	123,890	642,180
<b>Debt service:</b>				
Principal retirement			79,842	79,842
Interest and fiscal charges			36,937	36,937
<b>Total expenditures</b>	<b>19,825,348</b>	<b>58,766</b>	<b>4,139,084</b>	<b>24,023,198</b>

The notes to the 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 Year Ended June 30, 2003  
(Page 2 of 2)

	<u>General</u>	<u>Street Development</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Excess of revenues over (under) expenditures	(2,866,895)	(30,636)	4,383,180	1,485,648
Other financing sources (uses):				
Proceeds from loan			230,000	230,000
Transfers in	4,121,993		98,739	4,220,732
Transfers (out)	(165,433)		(3,056,726)	(3,222,159)
Total other financing sources (uses)	3,956,560	0	(2,727,987)	1,228,573
Net change in fund balances	1,089,665	(30,636)	1,655,193	2,714,220
Fund balance, beginning of year, as restated	4,540,063	434,441	15,109,691	20,084,195
Prior period adjustments	(34,018)		9,115	(24,903)
Fund balance, end of year	<u>\$5,595,710</u>	<u>\$403,805</u>	<u>\$16,773,999</u>	<u>\$22,773,512</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 Year Ended June 30, 2003**

Net change in fund balance - total governmental funds \$ 2,714,220

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current period. (1,495,318)

In the Governmental Funds, debt issuance was recorded as an Other Source of Revenue, while principal debt repayments was recorded as an expenditure. Additionally, 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	79,842	
Adjustment to capital lease	47,788	
Proceeds from long term loans	(230,000)	
Adjustments to interfund loans	186,963	
Expenditure for compensated absences	72,768	157,361

Accrued interest on capital leases (1,715)

The net revenue of certain activities of internal service funds is reported with governmental activities. (1,263,467)

Change in net assets of governmental activities \$ 111,081

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

City of Lompoc  
General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2003  
(Page 1 of 2)

	Budgeted Amounts		Actual Amounts	Variance- Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$2,338,920	\$2,338,920	2,534,370	\$195,450
Sales and use taxes	3,250,881	3,250,881	3,397,116	146,235
Other taxes	1,700,580	1,700,580	1,770,959	70,379
Licenses and permits	249,981	249,981	440,533	190,552
Intergovernmental revenues	2,558,897	2,934,302	3,153,776	219,474
Charges for services	4,726,158	4,831,326	5,146,755	315,430
Fines, forfeitures and penalties	112,000	112,000	122,907	10,907
Use of money and property	166,320	166,320	281,388	115,068
Other	6,086,800	6,119,107	110,647	(6,008,460)
<b>Total revenues</b>	<b>21,190,537</b>	<b>21,703,417</b>	<b>16,958,453</b>	<b>(4,744,964)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
City Council	89,512	90,468	83,826	6,642
City administration	3,683,658	4,116,401	3,747,423	368,978
Police protection	5,441,781	5,840,276	6,051,732	(211,456)
Fire protection	2,494,240	2,446,651	2,389,619	57,032
Engineering / streets	3,457,223	3,963,449	3,173,890	789,559
Building	876,561	908,721	870,363	38,358
Community development	430,858	395,576	664,616	(269,040)
Parks and recreation	1,549,282	2,092,488	1,641,035	451,453
Non-departmental	782,499	1,113,377	698,583	414,795
Capital outlay	6,105,329	8,006,468	504,260	7,502,208
<b>Total expenditures</b>	<b>24,910,943</b>	<b>28,973,876</b>	<b>19,825,348</b>	<b>9,148,528</b>

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

**City of Lompoc**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**For the Year Ended June 30, 2003**  
**(Page 2 of 2)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Excess of revenues over (under) expenditures	<u>(3,720,406)</u>	<u>(7,270,459)</u>	<u>(2,866,895)</u>	<u>4,403,564</u>
Other financing sources (uses)				
Transfers in	3,972,006	3,972,006	4,121,993	149,987
Transfers (out)	<u>(66,694)</u>	<u>(76,991)</u>	<u>(165,433)</u>	<u>(88,442)</u>
Total other financing sources (uses)	<u>3,905,312</u>	<u>3,895,015</u>	<u>3,956,560</u>	<u>61,545</u>
Net change in fund balances	\$184,906	(\$3,375,444)	1,089,665	\$4,465,109
Fund balance, beginning of year, as restated	4,540,063	4,540,063	4,540,063	
Adjustments:				
Prior period adjustments			<u>(34,018)</u>	<u>(34,018)</u>
Fund balance, end of year	<u>\$4,724,969</u>	<u>\$1,164,619</u>	<u>\$5,595,710</u>	<u>\$4,431,091</u>

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

**City of Lompoc**  
**Street Development Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**For the Year Ended June 30, 2003**

	Budgeted Amounts		Actual Amounts	Variance- Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Licenses, fees and permits	\$10,000	\$44,228	\$15,927	(\$28,301)
Intergovernmental revenues				
Use of money and property	20,000	20,000	12,203	(7,797)
Other				
<b>Total revenues</b>	<b>30,000</b>	<b>64,228</b>	<b>28,130</b>	<b>(36,098)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Engineering / streets	17,473	38,211	44,736	(6,525)
Capital outlay	12,482	62,733	14,030	48,703
<b>Total expenditures</b>	<b>29,955</b>	<b>100,944</b>	<b>58,766</b>	<b>42,178</b>
<b>Excess of revenues over (under) expenditures</b>	<b>45</b>	<b>(36,716)</b>	<b>(30,636)</b>	<b>6,081</b>
<b>Other financing sources (uses)</b>				
Transfers in				
Transfers (out)				
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net change in fund balances</b>	<b>45</b>	<b>(36,716)</b>	<b>(30,636)</b>	<b>6,081</b>
<b>Fund balance, beginning of year, as restated</b>	<b>434,441</b>	<b>434,441</b>	<b>434,441</b>	<b></b>
<b>Fund balance, end of year</b>	<b>\$434,486</b>	<b>\$397,725</b>	<b>\$403,805</b>	<b>\$6,081</b>

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

City of Lompoc  
Statement of Fund Net Assets  
Proprietary Funds  
June 30, 2003  
(Page 1 of 2)

Business-type Activities - Enterprise Funds

ASSETS	Water Utility	Electric Utility	Wastewater Utility	Solid Waste Disposal	Other Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
<b>Current assets:</b>							
Cash and investments	\$4,604,145	\$8,193,823	\$53,994	\$164,519	\$110,150	\$13,126,631	\$8,257,984
Receivables - trade	924,003	2,049,700	467,833	438,759	709,074	4,589,369	5,948
Receivables - intergovernmental					275,691	275,691	
Receivables - interest		6,096	6,749			12,844	
Loans receivable		28,177				28,177	
Inventories (at average cost)	212,712	1,283,034	67,230		21,443	1,584,419	287,721
Prepaid expenses		3,070,051				3,070,051	
Due from other funds	88,878	308,599	249,184			646,662	
<b>Total current assets</b>	<b>5,829,739</b>	<b>14,939,480</b>	<b>844,990</b>	<b>603,278</b>	<b>1,116,358</b>	<b>23,333,844</b>	<b>8,551,653</b>
<b>Noncurrent assets:</b>							
<b>Restricted assets:</b>							
<b>Cash and investments:</b>							
Bond reserves/construction fund	1,723,083		80,804	7,111		1,810,998	
Capital reserve (statutory)			2,690,825	2,242,987		4,933,812	
Reserve established by Council		8,855,683				8,855,683	
Deposits		441,151	329,182		5,400	775,733	
Retrofit program	455,338					455,338	
<b>Total restricted assets</b>	<b>2,178,421</b>	<b>9,296,834</b>	<b>3,100,811</b>	<b>2,250,098</b>	<b>5,400</b>	<b>16,831,563</b>	<b>0</b>
Deferred cost of issuance (net)	213,548		30,490			244,038	0
<b>Property, plant and equipment:</b>							
Land	529,778	250,304	321,758	262,231	5,856,514	7,220,585	166,555
Utility plant and equipment	32,259,029	24,508,799	34,817,482	2,398,819	6,039,202	100,023,331	12,940,657
Construction in progress	695,328	1,366,307	652,380	6,048	1,722,727	4,442,790	
	33,484,136	26,125,411	35,791,620	2,667,098	13,618,443	111,686,707	13,107,212
(Less) accumulated depreciation	(16,643,383)	(10,171,013)	(20,158,846)	(1,248,211)	(1,907,094)	(50,128,547)	(7,516,353)
<b>Total property, plant and equipment</b>	<b>16,840,753</b>	<b>15,954,398</b>	<b>15,632,773</b>	<b>1,418,887</b>	<b>11,711,349</b>	<b>61,558,160</b>	<b>5,590,859</b>
<b>Total assets</b>	<b>\$25,062,461</b>	<b>\$40,190,711</b>	<b>\$19,609,064</b>	<b>\$4,272,262</b>	<b>\$12,833,107</b>	<b>\$101,967,606</b>	<b>\$14,142,512</b>

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

City of Lompoc  
Statement of Fund Net Assets  
Proprietary Funds  
June 30, 2003  
(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	\$161,104	\$351,170	\$165,220	\$65,994	\$264,321	\$1,007,809	\$363,280
Deferred credit					394,002	394,002	
Accrued interest	119,003	569	16,743	10,810	6,096	153,221	8,358
Due to other funds				249,183	1,016,872	1,266,055	
Developers deposits	5,381	441,151				446,532	
Deferred revenue					6,075	6,075	
Retrofit program	526,498					526,498	
Current portion of long-term liabilities	502,701	243,125	139,571	310,048	24,004	1,219,448	301,518
<b>Total current liabilities</b>	<b>1,314,687</b>	<b>1,036,014</b>	<b>321,534</b>	<b>636,036</b>	<b>1,711,370</b>	<b>5,019,640</b>	<b>673,156</b>
<b>Noncurrent liabilities:</b>							
Accrued liabilities							4,451,876
Compensated absences	10,729	11,141	5,499	7,018	636	35,022	2,277
Accrued payroll and benefits	55,398	51,301	45,215	47,591	8,417	207,923	17,337
Landfill closure and postclosure payable				3,825,307		3,825,307	
Trust deposits					5,400	5,400	
Capital lease payable	640,479	209,915		432,673		1,283,067	1,091,825
Notes payable	65,408				24,228	89,636	
Revenue bonds	6,764,577		900,322			7,664,899	
Reserve fund - VVCSD			329,182			329,182	
<b>Total noncurrent liabilities</b>	<b>7,536,590</b>	<b>272,357</b>	<b>1,280,219</b>	<b>4,312,589</b>	<b>38,681</b>	<b>13,440,436</b>	<b>5,563,315</b>
<b>Total liabilities</b>	<b>8,851,277</b>	<b>1,308,371</b>	<b>1,601,753</b>	<b>4,948,625</b>	<b>1,750,051</b>	<b>18,460,077</b>	<b>6,236,471</b>
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	9,076,963	15,718,438	14,702,466	814,527	11,711,349	52,023,742	4,197,516
Restricted for debt service	7,763,790	235,960	930,307	604,360	35,620	9,570,038	1,347,955
Unrestricted	(629,569)	22,927,943	2,374,538	(2,095,250)	(663,913)	21,913,747	2,360,570
<b>Total net assets</b>	<b>\$16,211,184</b>	<b>\$38,882,341</b>	<b>\$18,007,312</b>	<b>(\$676,363)</b>	<b>\$11,083,056</b>	<b>\$83,507,529</b>	<b>\$7,906,041</b>

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

City of Lompoc  
Statement of Revenues, Expenses  
and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2003  
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	\$5,139,338	\$13,268,756	\$3,332,526	\$3,490,988	\$376,308	\$25,607,917	\$7,850,688
Vehicle and facilities rental					376,328	376,328	2,478,766
Other operating revenues	252,360	1,886,968	732,917	964,647		3,836,892	
<b>Total operating revenues</b>	<b>5,391,698</b>	<b>15,155,724</b>	<b>4,065,444</b>	<b>4,455,635</b>	<b>752,636</b>	<b>29,821,137</b>	<b>10,329,454</b>
<b>Operating expenses:</b>							
Cost of power and water	469,417	10,556,891				11,026,308	
Operations and maintenance	3,959,287	3,863,198	4,113,479	4,179,068	1,599,457	17,714,489	11,146,799
Administration	483,340	650,973	371,316	326,239		1,831,868	
Depreciation and amortization	728,750	816,117	751,742	164,059	342,455	2,803,123	910,784
<b>Total operating expenses</b>	<b>5,640,794</b>	<b>15,887,179</b>	<b>5,236,537</b>	<b>4,669,366</b>	<b>1,941,912</b>	<b>33,375,788</b>	<b>12,057,583</b>
<b>Income (loss) from operations</b>	<b>(249,096)</b>	<b>(731,454)</b>	<b>(1,171,094)</b>	<b>(213,731)</b>	<b>(1,189,276)</b>	<b>(3,554,651)</b>	<b>(1,728,129)</b>
<b>Nonoperating incomes (expenses):</b>							
Fees	56,035	267,471	81,063			404,569	
Interest income	194,017	718,474	139,699	95,239	11,155	1,158,583	303,760
Intergovernmental		24,000		30,581	2,402,054	2,456,635	
Miscellaneous	25,682	115,648	13,715	62,277	2,987	220,309	
Gain on sale of property					5,603	5,603	25,045
Interest (expense)	(424,630)	(11,670)	(57,393)	(50,675)	(25,085)	(569,454)	(67,600)
<b>Total nonoperating incomes (expenses)</b>	<b>(148,896)</b>	<b>1,113,923</b>	<b>177,084</b>	<b>137,422</b>	<b>2,396,714</b>	<b>3,676,245</b>	<b>261,205</b>
<b>Income (loss) before contributions and transfers</b>	<b>(397,992)</b>	<b>382,468</b>	<b>(994,010)</b>	<b>(76,309)</b>	<b>1,207,438</b>	<b>121,595</b>	<b>(1,466,924)</b>
<b>Capital Contributions</b>		96,146	23,271		192,996	312,413	156,495
<b>Transfers in (out)</b>		(1,112,448)		(156,495)	66,694	(1,202,249)	47,181
<b>Change in net assets</b>	<b>(397,992)</b>	<b>(633,834)</b>	<b>(970,739)</b>	<b>(232,804)</b>	<b>1,467,129</b>	<b>(768,242)</b>	<b>(1,263,247)</b>
<b>Net assets - beginning of the year</b>	<b>16,610,315</b>	<b>39,517,407</b>	<b>19,884,905</b>	<b>(445,182)</b>	<b>9,615,927</b>	<b>85,183,372</b>	<b>9,169,508</b>
<b>Prior period adjustments</b>	<b>(1,139)</b>	<b>(1,232)</b>	<b>(906,854)</b>	<b>1,623</b>		<b>(907,602)</b>	<b>(220)</b>
<b>Net assets - end of the year</b>	<b>\$16,211,184</b>	<b>\$38,882,341</b>	<b>\$18,007,312</b>	<b>(\$676,363)</b>	<b>\$11,083,056</b>	<b>\$83,507,529</b>	<b>\$7,906,041</b>

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



City of Lompoc  
Proprietary Funds  
Statement of Cash Flows  
For the Year Ended June 30, 2003  
(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	\$5,530,916	\$15,900,007	\$4,037,108	\$4,528,111	\$1,517,993	\$31,514,135	\$10,503,131
Cash payments to suppliers for goods and services	(3,572,866)	(13,546,494)	(2,817,151)	(2,586,745)	(1,215,309)	(23,738,565)	(8,490,491)
Cash payments to employees for services	(1,729,063)	(1,762,512)	(1,718,080)	(1,666,825)	(406,269)	(7,282,749)	(655,029)
Net cash provided (used) by operating activities	228,987	591,001	(498,123)	274,541	(103,585)	492,821	1,357,611
<b>Cash flows from noncapital financing activities:</b>							
Net borrowings (repayments) under revolving loan arrangement		(38,492)			(80,000)	(118,492)	
Loans (to) payments from other funds	123,400	(92,557)	16,126			46,969	
Increase in trust accounts	(5,030)		7,748		1,650	4,368	
Received from other agencies					1,525,667	1,525,667	
Operating transfers in (out)		(1,112,448)			66,694	(1,045,754)	47,181
Net cash provided (used) by noncapital financing activities	118,370	(1,243,497)	23,874	0	1,514,011	412,758	47,181
<b>Cash flows from capital and related financing activities:</b>							
Proceeds from loans, lease purchases and equipment contracts		47,788			107,000	154,788	
Retention from contractor		191,406				191,406	
Acquisition and construction of capital assets	(614,581)	(1,680,059)	(735,779)	(42,847)	(1,677,723)	(4,750,989)	(817,366)
Principal paid on revenue bonds/loans /leases and equipment contracts	(276,724)	(24,956)	(28,082)	(178,457)	(14,662)	(522,881)	(244,333)
Interest paid on revenue bonds/loans and equipment contracts	(424,630)	(11,670)	(57,393)	(50,675)	(25,085)	(569,453)	(67,600)
Proceeds from sale of assets					5,603	5,603	28,639
Residual equity transfers				(156,495)		(156,495)	
Contributed capital		96,146	23,271		192,996	312,413	156,495
Net cash provided (used) for capital and related financing activities	(1,315,935)	(1,381,345)	(797,983)	(428,474)	(1,411,871)	(5,335,608)	(944,165)
<b>Cash flows from investing activities:</b>							
Interest and dividends on investments	194,017	718,474	139,699	95,239	11,157	1,158,586	303,761
Net increase (decrease) in cash and cash equivalents	(774,561)	(1,315,367)	(1,132,533)	(58,694)	9,712	(3,271,443)	764,388
Cash and cash equivalents at beginning of year	7,557,127	18,806,024	4,287,338	2,473,311	105,838	33,229,638	7,493,596
Cash and cash equivalents at end of year	\$6,782,566	\$17,490,657	\$3,154,805	\$2,414,617	\$115,550	\$29,958,195	\$8,257,984

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

City of Lompoc  
Proprietary Funds  
Statement of Cash Flows for the Year Ended June 30, 2003  
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	(\$249,096)	(\$731,454)	(\$1,171,094)	(\$213,731)	(\$1,189,276)	(\$3,554,651)	(\$1,728,127)
Adjustment for nonoperating incomes and (expenses)	81,717	407,119	94,778	92,858	879,373	1,555,845	
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation	728,750	816,117	751,742	164,059	342,454	2,803,122	910,783
Deferred costs of issuance	8,542		1,220			9,762	
Deferred amount of refunding issue							
Landfill closure/postclosure expense				216,126		216,126	
Change in assets and liabilities:							
(Increase)decrease in accounts receivable	57,501	337,164	(123,114)	(20,382)	(115,791)	135,378	(2,508)
(Increase)decrease in interest receivable		(2,294)	436			(1,858)	
(Increase)decrease in intergovernmental receivable					(260,498)	(260,498)	
(Increase)decrease in inventory	(26,128)	(78,118)	(33,194)		33	(137,407)	(50,163)
(Increase)decrease in due from other funds							176,183
(Increase)decrease in prepaid expenses	180	(153,671)				(153,491)	
(Decrease)increase in accounts payable	(329,254)	13,459	3,358	21,820	48,966	(241,651)	103,250
(Decrease)increase in accrued interest payable	(2,841)	568	(380)	(1,596)	2,294	(1,955)	
(Decrease)increase in developer's deposits	3,431					3,431	
(Decrease)increase in deferred credits/revenues					265,032	265,032	
(Decrease)increase in due to other funds					(76,183)	(76,183)	
(Decrease)increase in accrued liabilities	(43,815)	(17,889)	(21,875)	15,387	11	(68,181)	1,948,193
Net cash provided by operating activities	<u>\$228,987</u>	<u>\$591,001</u>	<u>(\$498,123)</u>	<u>\$274,541</u>	<u>(\$103,585)</u>	<u>\$492,821</u>	<u>\$1,357,611</u>

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

City of Lompoc  
**Statement of Fiduciary Net Assets**  
 Fiduciary Fund - Agency Fund  
 June 30, 2003

<b>ASSETS</b>	<b>Agency Funds</b>
Cash and investments	\$670,132
Receivables:	
Accounts receivable, net	3,343
<b>Total assets</b>	<b>673,475</b>
<b>LIABILITIES</b>	
<b>Liabilities:</b>	
Accounts payable	\$7,519
Refundable deposits and accruals	665,956
<b>Total liabilities</b>	<b>673,475</b>
<b>NET ASSETS</b>	
Held in trust for utility customers and other purposes	<b>\$0</b>

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

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CITY OF LOMPOC  
Notes to the Financial Statements  
June 30, 2003

The City of Lompoc has adopted accounting procedures and methods that conform to generally accepted accounting principles as applied to governmental entities. The following notes are an integral part of the City's Comprehensive Annual Financial Report.

**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, 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 statement as a special revenue fund and a capital projects fund.

The City currently has no discretely presented component units.

## **B) Government-wide and fund financial statements**

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approve Statement #34 “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments.” This statement provides for the most significant change in financial reporting in over twenty years and is scheduled for a phased implementation (based on size of government) starting with fiscal years ending 2002 (for larger California local governments with a June 30 fiscal year). As part of this Statement, there is a new reporting requirement regarding the local government’s infrastructure (roads, bridges, traffic signals, sidewalks, etc.). This years government-wide financial statements include the City’s infrastructure as part of capital assets.

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. While the previous model emphasized fund types, (the total of all funds of a particular type), in the new reporting model the focus is on either the City as a whole or major individual funds (within the 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 nonfiduciary 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 are, in substance, very similar to the financial statements presented in the previous model. Emphasis here 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. 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 statement presentation**

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

- Government-wide financial statements
- Fund financial statements
- Notes to the 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 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 cost of these services are reflected in the appropriate functional activity (police, fire, community development, etc.)

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

### **GOVERNMENTAL 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.

Street Development Fund - to account for receipts and disbursements of street development funds. Financing is provided by development impact fees which are restricted to street improvement purposes.

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

Debt Service Funds - 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 - for the accounting of the resources to be used for the acquisition and construction of major capital facilities.

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

**PROPRIETARY 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.

Enterprise Funds - 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, worker’s 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 *nonoperating* 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 nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, 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 are levied on July 1, are due on November 1 and February 1 and become delinquent December 10 and April 10.

**E) Interfund Transactions**

Interfund transactions reflects either 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 or 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 accompanying balance sheet 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 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.

For purposes of the statements of cash flows, cash and cash equivalents include restricted and unrestricted cash and restricted and unrestricted short term investments with original maturities of three months or less from the date of acquisition.

**2. Inventories**

At year end a physical count is made of inventories on hand. These inventories are valued at weighted average cost for all funds. During the 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/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 and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to 3 percent of outstanding property taxes at December 31, 2002.

#### **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 balance sheet 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 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 market 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	30 Years
Buildings	10-30 Years
Improvements other than buildings	4-40 Years
Equipment, furnishings and vehicles	6-25 Years
Assets under capital lease	Lesser of lease term or useful life
Other infrastructure	10-50 Years

Pursuant to GASB Statement #34, the City of Lompoc has included the City's infrastructure assets as part of capital assets at June 30, 2003. 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.

GASB Statement #34 requires the reporting and depreciation of current year infrastructure expenditures effective with the beginning of the implementation year.

The City of Lompoc owns a museum that displays works of art and historical treasures that are held only for public exhibition and are protected and preserved.

## **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 propriety 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 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 their 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 year and the prior year is generally presented in the fund financial statements to provide an understanding of the changes in the financial position and operations of the funds. However, since this is the first year of implementation of GASB Statement 34, the Statement permits the omission of prior data in the year of implementation. Prior year data will be presented in the fund financial statements next year.

**J) Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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.

**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 generally accepted accounting principles, as is 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 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) nor Fiduciary Fund Types (Agency). The Debt Service Funds are in essence controlled by the provisions of the debt agreements and other management controls. No formal Debt Service Fund budgets are adopted by the City. 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 equity**

**Solid Waste Disposal**

The Solid Waste Disposal Fund has a \$676,363 deficit in net assets because of the recalculation of Closure and Post Closure requirements. Solid Waste rates have been increased to offset this deficit.

**Recreation Fund**

The Recreation Fund has a \$98,365 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 this year and prior years. Note the deficit in the prior year was \$125,487.

**River Park Campgrounds**

The campground has a \$171,644 deficit in net assets because the revenue from new campsites has not yet returned the initial investment needed to renovate and build new campgrounds. Note the deficit in the prior year was \$216,220.

**Traffic Offender Fund**

The Traffic Offender Fund has a deficit fund balance of \$5,125. This deficit will be eliminated through reimbursements from other funds.



### III. Detailed notes on all funds

#### 1) Cash and Investments

The City maintains a cash and investment pool that is available for use by all funds. Each fund's portion of the cash and investment pool is displayed on the combined balance sheet as "Cash and Investments" and "Restricted cash."

Interest earned on pooled cash and investments is allocated monthly to the various funds based on an average monthly cash balance. Interest income from cash and investments with fiscal agents and in the deferred compensation plan is credited directly to the related funds.

Cash and investments at June 30, 2003 consisted of the following:

Pooled cash and investments:	
Cash	\$4,763,328
Less: warrants outstanding	( 603,275)
Available cash	<u>4,160,053</u>
Certificates of deposit	2,477,000
State Local Agency Investment Fund	7,803,746
U.S. Government issues	35,149,131
Corporate bonds	<u>1,012,880</u>
Total pooled cash and investments	50,602,810
Funds with fiscal agents:	
Cash and cash equivalents	<u>7,252,012</u>
Total cash and investments	<u><u>\$57,854,822</u></u>

Cash and investments listed above are presented on the accompanying financial statements as follows:

Cash and investments	\$41,023,258
Restricted cash and investments	<u>16,831,564</u>
Total cash and investments	<u>\$57,854,822</u>

**Cash:**

The City of Lompoc's deposits at year end were entirely covered by federal depository insurance, securities investment protection corporation insurance, or by securities held by the City's custodial bank, acting as the City's agent, in the City of Lompoc's name.

**Investments:**

The California government code authorizes the City to invest in obligations, certificates of participation or other instruments of the U.S. Government or its agencies, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, banker's acceptance, repurchase agreements and the State Treasurer's Investment Pool. The City is also authorized to invest in mutual funds and medium term corporate bonds.

The City's investments at year end are shown and categorized below. These categories are intended to indicate the level of non-market risk assumed by the City in its investments, and are defined as follows:

Category 1 - Includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name.

Category 2 - Includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name.

Category 3 - Includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent, but not specifically in the City's name.

Investments in pools managed by other governments are not required to be categorized.

At June 30, 2003, the City maintained no category 3 investments. Based upon these criteria, the City's investments at June 30, 2003 are as follows:

**INVESTMENT RISK CATEGORIZATION**

	Category 1	Category 2	Not Subject to Categorization	Carrying Amount (Fair Value)
<b><u>Pooled investments</u></b>				
State pool (LAIF)			\$7,803,746	\$7,803,746
U.S. Government issues		\$35,149,131		35,149,131
Corporate bonds		1,012,880		1,012,880
	-	36,162,011	7,803,746	43,965,757
<b><u>With fiscal agent</u></b>				
Municipal Leasing		1,337,424		1,337,424
NCPA			4,110,700	4,110,700
U.S. Government issues		1,803,888		1,803,888
	-	3,141,312	4,110,700	7,252,012
Total investments	-	39,303,323	11,914,446	51,217,769
Deposits	\$6,637,053			6,637,053
Net cash and investments	\$6,637,053	\$39,303,323	\$11,914,446	\$57,854,822

The Carrying amount of all investments reflected in the above table is at fair value, except for nonparticipating investment contracts which are carried at cost because they are not transferable and they have terms that are not affected by changes in market interest rates. The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage

obligations, mortgage-backed securities, other asset-backed securities, loans to certain funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations.

**2) Receivables and payables**

Receivables in the General Fund consist primarily of inter-fund loans (46%), and the remainder consists of accounts 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 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. Payables in the Water, Wastewater, Electric and Solid Waste funds are 70 percent payables to vendors and 30 percent payables to contractors for work on capital projects. Payables in the non-major business-type funds are primarily to vendors.

**3) Notes receivable**

General Fund - A 16 year note 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 \$153,128 plus interest of 7% 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. Both loans bear interest at 5.5% and will be repaid from the Agency's tax increment. The proceeds from the loans will be used to rehabilitate the City's Senior Center. At June 30, 2003, the principal balances remaining on the loans are \$19,036 and \$98,902.

On December 19, 2000, the City entered into a long-term loan agreement with the Lompoc Redevelopment Agency for \$85,000. The proceeds from this loan will be used to pay expenses incurred to analyze and consider the adoption of a new project area. As of June 30, 2003, the City had advanced \$80,621 to the Agency for this loan. This loan bears interest at 6% and will be repaid within one year after the adoption of a new project area or termination of litigation to defend against any action seeking to invalidate the project area, whichever is later.

Redevelopment Agency - In fiscal year 2001, the Agency received three CHFA-HELP loans amounting to \$711,175 to be used for low - income housing. In fiscal year 2002, the Agency issued an additional \$288,825 to be used for low-income housing. 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, 2003, the balance of the loans is \$1,052,369 and the Redevelopment Agency is contingently liable for payment of the loans if the recipients default on their payments.

4) **Inter-fund receivables, payables and transfers**

**Inter-fund receivables and payables**

The composition of inter-fund balances as of June 30, 2003, is as follows:

	<u>R e c e i v a b l e</u>	<u>P a y a b l e</u>
GENERAL FUND	\$ 373,590	
NONMAJOR GOVERNMENTAL FUNDS	267,814	\$ 22,010
ENTERPRISE FUNDS:		
Water Utility Fund	88,878	
Electric Utility Fund	308,600	
Wastewater Utility Fund	249,183	
Solid Waste Fund		249,183
NONMAJOR ENTERPRISE FUNDS		1,016,872
	<u>\$ 1,288,065</u>	<u>\$ 1,288,065</u>

The balance owed to the General Fund of \$373,590 resulted from loans made to the Revolving Recreation Fund and the River Park Campground Fund to finance campground improvements. The loans are being amortized over the next ten years.

The balance owed of \$249,183 from the Solid Waste Fund to the Wastewater Fund was a loan used by the Solid Waste Fund to purchase land from Cal Trans in 1998 for \$314,280. The loan is being amortized over the next eleven years.

The balance of \$308,600 owed to the Electric Fund consists of loans made to the Airport to purchase land and construct a taxi-way. The loans are being amortized over the next nineteen years.

**Interfund Transfers**

Interfund 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	\$ 4,121,993	\$ 165,433
NONMAJOR GOVERNMENTAL FUNDS	98,739	3,056,726
INTERNAL SERVICE FUNDS	220,128	16,452
ENTERPRISE FUNDS		
Electric Utility Fund		1,112,448
Solid Waste		156,495
NONMAJOR ENTERPRISE FUNDS	66,694	
	<u>\$ 4,507,554</u>	<u>\$ 4,507,554</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 \$2,471,627, which are routine transfers. The transfer of \$1,112,448 from the Electric Fund to the General Fund is an in-lieu franchise fee.

The remaining transfers are primarily for reimbursement to the General Fund for cash flow purposes and are routine.

## 5) Capital Assets

Capital Asset activity for the year ended June 30, 2003 was as follows:

<b>Primary Government</b>	<b>Beginning Balance</b>	<b>Adjustments to Beginning Balance</b>	<b>Beginning Balance Restated</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Governmental activities:</b>						
Non-depreciable assets:						
Land	\$ 3,561,801	\$ 24,254,924	\$ 27,816,725	\$ 9,500		\$ 27,826,225
Construction in progress	656,953		656,953	429,013		1,085,966
Depreciable assets:						
Buildings and improvements	11,091,374	158,964	11,250,338	71,326		11,321,664
Machinery and equipment	17,852,469	(177,851)	17,674,618	959,690	(803,443)	17,830,865
Infrastructure		51,174,964	51,174,964			51,174,964
<b>Totals at historical cost</b>	<b>33,162,597</b>	<b>75,411,001</b>	<b>108,573,598</b>	<b>1,469,529</b>	<b>(803,443)</b>	<b>109,239,684</b>
Less: accumulated depreciation for:						
Buildings and improvements	(6,742,181)	(463,615)	(7,205,796)	\$ (410,269)		\$ (7,616,065)
Machinery and equipment	(9,904,258)	(4,483)	(9,908,741)	(1,103,853)	\$ 789,641	(10,222,953)
Infrastructure		(19,010,705)	(19,010,705)	(1,534,159)		(20,544,864)
<b>Totals accumulated depreciation</b>	<b>(16,646,439)</b>	<b>(19,478,803)</b>	<b>(36,125,242)</b>	<b>(3,048,281)</b>	<b>789,641</b>	<b>(38,383,882)</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 16,516,158</b>	<b>\$ 55,932,198</b>	<b>\$ 72,448,356</b>	<b>\$ (1,578,752)</b>	<b>\$ (13,802)</b>	<b>\$ 70,855,802</b>



**Primary Government**

	<b>Beginning Balance</b>	<b>Adjustments to Beginning Balance</b>	<b>Beginning Balance Restated</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Business-type activities:</b>						
Non-depreciable assets:						
Land	\$ 7,220,585		\$ 7,220,585			\$ 7,220,585
Construction in progress	2,598,652		2,598,652	3,216,635	(1,372,497)	4,442,790
Depreciable assets:						
Buildings and improvements	18,632,640		18,632,640			18,632,640
Machinery and equipment	78,441,352		78,441,352	3,110,232	(160,892)	81,390,692
<b>Totals at historical cost</b>	<u>106,893,229</u>	<u>-</u>	<u>106,893,229</u>	<u>6,326,867</u>	<u>(1,533,389)</u>	<u>111,686,707</u>
Less: accumulated depreciation for:						
Buildings and improvements	(1,758,854)		(1,758,854)	\$ (363,090)		(2,121,944)
Machinery and equipment	(44,664,112)	\$ (906,854)	(45,570,966)	(2,440,035)	4,398	(48,006,603)
<b>Totals accumulated depreciation</b>	<u>(46,422,966)</u>	<u>(906,854)</u>	<u>(47,329,820)</u>	<u>(2,803,125)</u>	<u>4,398</u>	<u>(50,128,547)</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 60,470,263</u>	<u>\$ (906,854)</u>	<u>\$ 59,563,409</u>	<u>\$ 3,523,742</u>	<u>\$ (1,528,991)</u>	<u>\$ 61,558,160</u>

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

**Governmental activities:**

General government	\$	138,975
Police protection		137,462
Fire protection		29,616
Engineering/streets		1,653,239
Building		24,441
Community development		70,940
Parks and recreation		82,824
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		910,784

**Total depreciation expense**

\$ 3,048,281

**Business-type activities:**

Water	\$	728,750
Electric		816,117
Wastewater		751,742
Solid Waste		164,059
Airport		60,473
Transit		216,266
Recreation		
River Park Campground		3,140
Health and welfare		62,577

**Total depreciation expense**

\$ 2,803,125

**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 11 cities, one Rural Electric Cooperative, one Public Utility District, one Port Authority and one Irrigation 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, 180 Cirby Way, Roseville, California 95678.

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 rata 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 661030, Sacramento, California 95866.

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%	\$ 721,245	June 30, 2002
TANC	0.408%	6,712	June 30, 2002
Total		<u><u>\$ 727,957</u></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	\$ 67,981	\$ 8,272	\$ 76,253
Property, equipment and capital project costs	531,125	357,855	888,980
Restricted assets and other assets	554,343	112,449	666,792
TOTAL ASSETS	<u>\$ 1,153,449</u>	<u>\$ 478,576</u>	<u>\$ 1,632,025</u>
<b>LIABILITIES AND CAPITALIZATION:</b>			
Current liabilities	\$ 34,072	\$ 101,126	\$ 135,198
Member advances	1,918		1,918
Long-term debt and other liabilities	1,099,144	375,805	1,474,949
Members' capital	18,315	1,645	19,960
TOTAL LIABILITIES AND CAPITALIZATION	<u>\$ 1,153,449</u>	<u>\$ 478,576</u>	<u>\$ 1,632,025</u>
<b>REVENUE:</b>			
Interest	\$ 8,883	\$ 13,216	\$ 22,099
Operating revenues and other revenues	305,541	44,031	349,572
TOTAL REVENUE	<u>314,424</u>	<u>57,247</u>	<u>371,671</u>

**COSTS AND EXPENSES:**

General and other operating costs	220,720	20,991	241,711
Interest and other financing costs	81,342	36,544	117,886
<b>TOTAL COSTS AND EXPENSES</b>	<b>302,062</b>	<b>57,535</b>	<b>359,597</b>
Reserve additions and refunds	3,536		3,536
NET INCOME (LOSS)	8,826	(288)	8,538
<b>ACCUMULATED NET REVENUES</b>			
Beginning of year	9,489	1,933	11,422
Additional contributions			-
Change in unrealized holding losses			-
End of year	<u>\$ 18,315</u>	<u>\$ 1,645</u>	<u>\$ 19,960</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, 2003 for approximately \$72,887,139 (TANC principal \$1,512,556, TANC interest \$1,221,791; NCPA principal \$38,964,541, NCPA interest \$31,188,251). 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, 1996, 1997, 2000, and 2002, the City entered into long-term leases as lessee for financing the purchase of \$2,765,000 of certain equipment utilized in the General Fund, Capital Development Fund, Communications Fund, and Vehicle 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:

<u>FISCAL YEAR</u> <u>ENDED</u> <u>JUNE 30</u>	<u>CAPITAL</u> <u>LEASES</u>
2004	\$ 402,281
2005	369,844
2006	306,307
2007	256,177
2008	191,119
2009-2013	<u>541,166</u>
Total minimum lease payments	2,066,894
Amount representing interest	<u>(288,739)</u>
Present value of minimum lease payments	<u><u>\$1,778,155</u></u>

Debt service for the present value of minimum lease payments will be provided by the General Fund, Vehicle Fund, and Communications Fund.

**8) Leases under business-type activities**

During the fiscal years ended June 30, 1996, 1997, 1999, and 2002 the City entered into long-term leases as lessee for financing purchases of \$2,780,979 of certain equipment utilized in the Solid Waste, Water, and Electric 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:

<u>FISCAL YEAR</u> <u>ENDED</u> <u>JUNE 30</u>	<u>CAPITAL</u> <u>LEASES</u>
2004	\$ 343,487
2005	332,187
2006	278,402
2007	220,347
2008	167,117
2009-2013	<u>473,177</u>
Total minimum lease payments	1,814,716
Amount representing interest	<u>(254,433)</u>
Present value of minimum lease payments	<u>\$ 1,560,283</u>

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

9) Long-term liability activity for the year ended June 30, 2003 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due within One Year</u>
<b>Governmental Activities</b>					
Compensated absences	\$ 1,687,716	\$ 1,566,349	\$ (1,639,117)	\$ 1,614,948	\$ 1,534,200
Accrued Liabilities	3,016,447	2,155,173	(195,207)	4,976,413	1,336,721
Capital leases	2,137,080	2,212	(361,138)	1,778,154	402,281
Loans payable	1,022,369	30,000		1,052,369	
<b>Governmental activities long-term liabilities</b>	<u>\$ 7,863,612</u>	<u>\$ 3,753,734</u>	<u>\$ (2,195,462)</u>	<u>\$ 9,421,884</u>	<u>\$ 3,273,202</u>
<b>Business-type activities</b>					
<b>Bonds and notes payable:</b>					
Electric notes payable	\$ 38,492		\$ (38,492)	\$ -	\$ -
Water notes payable	72,882		(3,646)	69,236	3,828
Airport notes payable	45,840		(10,220)	35,620	11,392
Water revenue bonds	7,569,270		(196,918)	7,372,352	210,015
Wastewater revenue bonds	1,080,730		(28,082)	1,052,648	29,985
	<u>8,807,214</u>	<u>-</u>	<u>(277,358)</u>	<u>8,529,856</u>	<u>255,220</u>
Less: deferred amount on refundings	<u>(547,474)</u>	<u>-</u>	<u>27,374</u>	<u>(520,100)</u>	
<b>Total bonds and notes payable</b>	8,259,740	-	(249,984)	8,009,756	255,220
Compensated absences	693,902	883,053	(876,524)	700,431	665,410
Accrued payroll and benefits	304,235	21,603	(96,312)	229,526	21,603
Capital leases-Solid Waste	766,692		(162,332)	604,360	171,687
Capital leases-Water	796,123		(76,160)	719,963	79,484
Capital leases-Electric	213,128	47,787	(24,956)	235,959	26,045
<b>Business-type activities Long-term liabilities</b>	<u>\$ 11,033,820</u>	<u>\$ 952,443</u>	<u>\$ (1,486,268)</u>	<u>\$ 10,499,995</u>	<u>\$ 1,219,448</u>



Long-term debt other than capital leases at June 30, 2003 was comprised of the following individual issues:

Revenue bonds

1994 Sewer Revenue Refunding Parity Bond

Principal amount sold \$470,321

Interest rate of 6.0% payable March 1 and September 1; maturities payable on September 1 in annual redemptions from \$88,367 to \$94,408; final payment was made on September 1, 1999

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 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	\$ 8,425,000	
Deferred amount of refunding	(520,100)	
	<u>7,904,900</u>	<u>7,904,900</u>
Amount shown on financial statements		
Total revenue bonds		<u><u>\$ 7,904,900</u></u>

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

\$ 69,236

Loan payable (Airport Fund)

State of California, Department of Transportation Aeronautics Program, Loan No. SB-12-96-L-1, Aircraft Fuel Facility Loan; a 1997 simple interest loan at 5.5094% payable yearly; principal portion of the loan increases each year to reflect the anticipated increase in fuel sales; final payment is due July 21, 2005. The proceeds were used to construct a 10,000 gallon self-fueling aircraft fueling system.

\$ 35,620

The annual requirements in the Enterprise Funds to amortize Revenue Bonds and Loans Payable outstanding as of June 30, 2003 are as follows:

YEAR ENDING JUNE 30	REVENUE BONDS		
	PRINCIPAL	INTEREST	TOTAL
2004	240,000	402,034	642,034
2005	250,000	392,194	642,194
2006	260,000	381,568	641,568
2007	270,000	370,518	640,518
2008	280,000	359,044	639,044
2009-2013	1,605,000	1,600,506	3,205,506
2014-2018	2,035,000	1,184,796	3,219,796
2019-2023	2,230,000	626,000	2,856,000
2024-2028	1,255,000	194,500	1,449,500
	<u>\$ 8,425,000</u>	<u>\$ 5,511,160</u>	<u>\$ 13,936,160</u>

YEAR ENDING JUNE 30	LOANS PAYABLE		
	PRINCIPAL	INTEREST	TOTAL
2004	15,220	5,424	20,644
2005	16,584	4,605	21,189
2006	15,885	3,712	19,597
2007	4,432	2,858	7,290
2008	4,653	2,637	7,290
2009-2013	26,996	9,452	36,448
2014-2018	21,086	2,282	23,368
	<u>\$ 104,856</u>	<u>\$ 30,970</u>	<u>\$ 135,826</u>

**10) Notes payable**

The Lompoc Redevelopment Agency issued notes payable as follows:

	<u>Loan Amount</u>	<u>Principal Due at June 30, 2003</u>
City of Lompoc (General Fund)	233,000	\$153,128
	119,801	98,902
	72,769	80,621
	22,700	19,036
	<u>205,333</u>	<u>205,333</u>
	<u>\$653,603</u>	<u>\$557,020</u>
 CHFA	 <u>\$1,052,369</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, 2003, the balance of the loans is \$1,052,369 and the Redevelopment Agency is contingently liable for payments of the loans if the recipients default on their payments.

**11) Bond requirements**

At June 30, 2003, the City was not in compliance with the Wastewater Revenue Bond covenant which stipulates that net revenues are at least 125% of the total installment payments each fiscal year. Net revenues are gross revenues less direct operating expenses. The current ratio is negative (220%). Management has raised Wastewater collection rates for each of the next two years and believes that these rate increases will eliminate the shortfall in net revenues and bring the City in compliance with this rate covenant.

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, CA 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, 2003 were 0.0% for non-safety members and 9.997% for safety members. Non-safety members contribute 7% 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 2002/03, the City's annual pension cost of \$1,376,723 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2001 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses); (b) projected annual salary increases that vary by duration of service; and (c) 3.75% annual payroll growth. Both (a) and (b) include an inflation component of 3.5%. 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 four-year period (smoothed

market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2002, was 14 years for safety and 22 years for miscellaneous. June 30, 2002 is the latest actuarial valuation.

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 credited 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 employee's 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
6/30/2000	806,154	100.00%	0
6/30/2001	844,381	100.00%	0
6/30/2002	878,683	100.00%	0

**Safety Employees:**

6/30/2000	289,780	100.00%	0
6/30/2001	524,773	100.00%	0
6/30/2002	482,626	100.00%	0

**REQUIRED SUPPLEMENTARY INFORMATION**

	(A)	(B)	(C)	(D)	(E)	(F)
<b><u>Miscellaneous Employees:</u></b>		Entry Age				Unfunded (Overfunded) Liability as Percentage of Covered Payroll
Actuarial Valuation Date	Actuarial Asset Value	Actuarial Accrued Liability	Unfunded Liability/ (Excess Assets)	Funded Ratio	Covered Payroll	
			{(B) - (A)}	{(A) / (B)}		{[(B) - (A)]/(E)}
6/30/2000	66,815,539	47,414,988	(19,400,551)	140.9%	11,694,874	-165.889%
6/30/2001	69,059,036	51,639,309	(17,419,727)	133.7%	12,504,488	-139.308%
6/30/2002	64,432,099	55,793,630	(8,638,469)	115.5%	12,932,847	-66.795%
<b><u>Safety Employees:</u></b>						
6/30/2000	33,234,347	30,464,882	(2,769,465)	109.1%	3,958,814	-69.957%
6/30/2001	34,325,192	32,239,229	(2,085,963)	106.5%	4,059,170	-51.389%
6/30/2002	32,503,544	35,880,716	3,377,172	90.6%	4,385,775	77.003%

Post-employment Benefits

In addition to the pension benefits described in Note 13, the City provides postemployment 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, twenty-seven retirees meet those eligibility requirements. The City's contributions are financed on a pay-as-you-go basis. 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 of up to \$100 per month for a Medicare supplement for the twenty-four retirees eligible for Medicare. Expenditures for postemployment health care benefits are recognized as monthly premiums when paid. During the year, expenditures of \$122,681 were recognized for postemployment health care.

**14) Fund balance reserves and designations**

Following is a list of fund balance reserves and designations used by the City of Lompoc at June 30, 2003:

**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 -

\$ 31,156

**RESERVE FOR INTERFUND LOANS - GENERAL FUND:**

Used to indicate that the loans due from other funds do not represent available, spendable resources even though they are a component of assets -

930,610

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

Used to indicate the reserving of funds for low income housing -

353,815



**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 - 117,482

**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 – SPECIAL REVENUE FUNDS:**

Used to indicate reserves established to pay long-term debt. 1,609,389

**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 - 4,025

**15) Risk management**

The City is partially self-insured for workers' compensation, liability claims, 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 \$68,242,344. Various unique risks, such as boilers, machinery and data processing equipment are also insured.

On November 24, 1987 the City joined the Central Coast Cities Self-Insurance Fund (CCCSIF) for the purpose of purchasing excess liability insurance only. The City does not participate in the Workers' Compensation Insurance Program. The CCCSIF was formed under the Joint Powers Agreement (JPA) provision of state law (Government Codes 990, 990.4, 990.8 and 6500-6515). In addition, CCCSIF is governed by bylaws adopted by the JPA members. The fund is directed by a board of directors comprised of a representative appointed by the city council of each member agency. The allocation of the liability insurance policy cost are calculated based on the recommendations of insurance brokers/consultants using recognized insurance experience rating techniques. Separate financial statements of CCCSIF may be obtained by writing the City Administrator, City of San Luis Obispo, P.O. Box 8100, San Luis Obispo, California 83403-8100, or by phoning (805) 549-7101.

Condensed financial information for CCCSIF for the year ended June 30, 2002, the latest information available, is as follows:

	Workers' Compensation Insurance Program	Public Liability Insurance Program
Current assets	16,033,300	2,664,000
Total assets	<u>\$ 16,033,300</u>	<u>\$ 2,664,000</u>
Current liabilities	526,500	47,100
Long-term debt and other liabilities	15,506,800	2,616,900
Total liabilities	<u>\$ 16,033,300</u>	<u>\$ 2,664,000</u>
Interest	642,700	143,900
Operating revenue and other revenue	3,637,900	1,873,600
Total revenue	<u>4,280,600</u>	<u>2,017,500</u>
General and other operating costs	4,280,600	2,017,500
Total costs and expenses	<u>4,280,600</u>	<u>2,017,500</u>
Net income (loss)	-	-
Accumulated net revenues, beginning of year	-	-
Accumulated net revenues, end of year	<u>\$ -</u>	<u>\$ -</u>

The City is self-insured for the first \$100,000 per occurrence, and excess insurance through CCCSIF 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 coverage in the prior year. For fiscal years ended June 30, 1994 through 2003, no claims settlements have exceeded insurance coverage.

The City's self-insurance fund is financed through contributions made by the City's general and enterprise funds. Third party administration provides data on estimated claim liabilities (paid and reserves). As of June 30, 2003 the estimated outstanding liability was \$3,995,564 for workers' compensation and \$449,326 for general liability. The Insurance Control Fund has total net assets of \$431,452 all of which are available for the known outstanding liabilities and for future catastrophic losses. Estimated

liabilities for incurred but not reported (IBNR) claims are \$6,986 at June 30, 2003. Such amounts have been accrued in the accompanying combined financial statements in the self-insurance internal service fund.

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

	General Liability	Workers Comp.
Unpaid claims liability, June 30, 2001	\$ 96,583	\$ 1,192,448
Incurred claims (including IBNR)	75,093	1,754,477
Claim payments	<u>(20,709)</u>	<u>(706,378)</u>
Unpaid claims liability, June 30, 2002	150,967	2,240,547
Incurred claims (including IBNR)	359,501	2,302,832
Claim payments	<u>(61,142)</u>	<u>(547,815)</u>
Unpaid claims liability, June 30, 2003	<u><u>\$ 449,326</u></u>	<u><u>\$ 3,995,564</u></u>

16) **Prior period adjustments**

Certain adjustments have been made to July 1, 2002 fund balances and net assets as follows:

	Increase (Decrease) in Fund Balances <u>and Net Assets</u>
<b>GENERAL FUND</b>	
Correction of allocation of lease proceeds from prior year	(34,018)
<b>SPECIAL REVENUE FUNDS</b>	
Traffic Congestion Relief Fund	
Correction of posting of revenue from prior year	9,115
<b>ENTERPRISE FUNDS</b>	
Wastewater Fund	
Adjustment from prior year error in posting of lease proceeds	(1,139)
Electric Fund	
Adjustment from prior year error in posting of lease proceeds	(1,232)
Wastewater Fund	
Adjustment from prior year error in posting of depreciation expense	(906,854)
Solid Waster Fund	
Adjustment from prior year error in posting of lease proceeds	1,623
<b>INTERNAL SERVICE FUNDS</b>	
Vehicle Fund	
Adjustment from prior year error in posting of lease proceeds	(220)

17) **Segment information for enterprise funds**

Summary financial information, as of and for the fiscal year ended June 30, 2003 for the City's non-major enterprise funds is as follows:

*Condensed Statement of Net Assets*

	<b>Lompoc Airport</b>	<b>Lompoc Transit</b>	<b>Recreation</b>	<b>River Park Campgrounds</b>	<b>Lompoc Valley Community Center</b>	<b>Total</b>
<b>Assets:</b>						
Current assets	\$295,466	\$727,711	\$18,980	\$15,119	\$59,083	\$1,116,359
Noncurrent assets	5,400					5,400
Capital assets	8,981,916	1,121,430	2,093	91,706	1,514,203	11,711,348
<b>Total assets</b>	<b>9,282,782</b>	<b>1,849,141</b>	<b>21,073</b>	<b>106,825</b>	<b>1,573,286</b>	<b>12,833,107</b>
<b>Liabilities:</b>						
Current liabilities	583,968	724,985	117,363	276,785	8,269	1,711,370
Noncurrent liabilities	31,648	2,725	2,075	1,684	549	38,681
<b>Total liabilities</b>	<b>615,616</b>	<b>727,710</b>	<b>119,438</b>	<b>278,469</b>	<b>8,818</b>	<b>1,750,051</b>
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	8,981,916	1,121,430	2,093	91,706	1,514,203	11,711,348
Restricted	35,620					35,620
Unrestricted	(350,370)		(100,457)	(263,350)	50,265	(663,912)
<b>Total Net Assets</b>	<b>\$8,667,166</b>	<b>\$1,121,430</b>	<b>(\$98,364)</b>	<b>(\$171,644)</b>	<b>\$1,564,468</b>	<b>\$11,083,056</b>

*Condensed Statement of Revenues, Expenses, and Changes in Net Assets*

	<b>Lompoc Airport</b>	<b>Lompoc Transit</b>	<b>Recreation</b>	<b>River Park Campgrounds</b>	<b>Lompoc Valley Community Center</b>	<b>Total</b>
Operating revenues	\$217,602	\$95,671	\$281,109	\$111,872	\$46,383	\$752,637
Depreciation expense	(60,473)	(216,266)		(3,138)	(62,577)	(342,454)
Other operating expense	(209,943)	(976,644)	(262,688)	(66,300)	(83,881)	(1,599,456)
Operating income	(52,814)	(1,097,239)	18,421	42,434	(100,075)	(1,189,273)
Nonoperating revenues (expenses)						
Interest income	1,686	5,253	278	2,142	1,796	11,155
Intergovernmental	1,525,667	867,963	8,423			2,402,053
Other income	832	7,758				8,590
Interest expense	(25,085)					(25,085)
Capital contributions		192,996				192,996
Transfers					66,694	66,694
Change in net assets	1,450,286	(23,269)	27,122	44,576	(31,585)	1,467,130
Beginning net assets	7,216,881	1,144,700	(125,487)	(216,220)	1,596,053	9,615,927
Ending net assets	<u>\$8,667,167</u>	<u>\$1,121,431</u>	<u>(\$98,365)</u>	<u>(\$171,644)</u>	<u>\$1,564,468</u>	<u>\$11,083,056</u>

*Condensed Statement of Cash Flows*

	<b>Lompoc Airport</b>	<b>Lompoc Transit</b>	<b>Recreation</b>	<b>River Park Campgrounds</b>	<b>Lompoc Valley Community Center</b>	<b>Total</b>
Net cash provided (used) by:						
Operating activities	(\$141,269)	(\$8,713)	\$31,992	\$48,080	(\$33,674)	(\$103,585)
Noncapital financing activities	1,517,317		(20,000)	(50,000)	66,694	1,514,011
Capital and related financing activities	(1,405,398)	5,603			(12,076)	(1,411,871)
Investing activities	1,686	5,253	279	2,143	1,796	11,157
Net increase (decrease)	(27,664)	2,143	12,271	223	22,740	9,712
Beginning cash and cash equivalents	34,443	13,447	6,709	14,896	36,343	105,838
Ending cash and cash equivalents	<u>\$6,779</u>	<u>\$15,590</u>	<u>\$18,980</u>	<u>\$15,119</u>	<u>\$59,083</u>	<u>\$115,550</u>

18) **Excess of expenditures over appropriations**

Excess of expenditures over appropriations in individual major funds are as follows:

<u>Fund/Department</u>	<u>Excess</u>
General Fund:	
Police Protection	\$211,456
Community Development	269,040
Street Development:	
Engineering/Streets	6,525

The over expenditures in the Police Department were due to greater than forecast overtime charges.

The over expenditures in the Community Development were due to greater than forecast charges for planning projects.

The over expenditures in the Street Development Fund were due to greater than forecast charges on street projects.



**19) Restatement of beginning fund balances/net assets**

The City's beginning fund balances/net assets have been restated to reflect the cumulative effect of the implementation of GASB 34. The following table provides a reconciliation of fund balances at June 30, 2002, as previously reported, to fund net assets at June 30, 2002, as restated:

	<u>Governmental Funds</u>
Fund balances/net assets as of June 30, 2002, as previously reported	\$20,641,215
Recognition of internal long-term loans from the Redevelopment Agency to the General Fund	(557,020)
Fund balances/net assets as of June 30, 2002, as restated	<u>20,084,195</u>
Reconciliation of fund balances/net assets at June 30, 2002, as restated to net assets at June 30, 2002, as restated:	
Capital assets, net of depreciation	66,760,262
Outstanding long-term leases payable	(544,793)
Compensated absences payable	(1,687,716)
Long-term loans payable	(1,022,369)
Reclassifications of net assets of internal service fund to governmental activities	9,169,508
Net assets at June 30, 2002, as restated	<u><u>\$92,759,087</u></u>

**20) Closure and postclosure care cost**

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 postclosure 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 postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$3.82 million reported as landfill closure and postclosure care liability at June 30, 2003 represents the cumulative amount to date based on the use of 54.2 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$3.23 million as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2003. 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 postclosure care. The City is in compliance with these requirements, and, at June 30, 2003, restricted cash in the amount of \$2,242,987 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 postclosure 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  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2003  
(Page 1 of 5)

	Special Revenue Funds				
	Transportation Improvement Fund	Civic Center Fund	Redevelopment Housing Fund	Special Gas Tax Funds	Capital Development Fund
<b>ASSETS</b>					
Cash and investments	\$3,810,227	\$57,549	\$346,441	\$758,217	\$406,422
Receivables:					
Accounts receivable, net	267,617			77,677	
Due from other funds				13,923	
Loans receivable			1,060,860		
Inventory				4,025	
<b>Total assets</b>	<b>\$4,077,844</b>	<b>\$57,549</b>	<b>\$1,407,301</b>	<b>\$853,842</b>	<b>\$406,422</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities:</b>					
Accounts payable	\$73,730		\$387	\$101,288	
Accrued liabilities			731		
Loans payable					
Due to other funds					
Deferred revenue					
<b>Total liabilities</b>	<b>73,730</b>	<b>0</b>	<b>1,118</b>	<b>101,288</b>	<b>0</b>
<b>Fund balance:</b>					
Reserved for encumbrances	227,252			263,658	
Reserved for land development					117,482
Reserved for debt service			1,052,369		
Reserved for low income housing			353,815		
Reserved for inventories				4,025	
Reserved for economic uncertainties					
Unreserved:					
Undesignated	3,776,863	57,549		484,871	288,940
<b>Total fund balance (deficit)</b>	<b>4,004,114</b>	<b>57,549</b>	<b>1,406,184</b>	<b>752,554</b>	<b>406,422</b>
<b>Total liabilities and fund balance</b>	<b>\$4,077,844</b>	<b>\$57,549</b>	<b>\$1,407,301</b>	<b>\$853,842</b>	<b>\$406,422</b>

City of Lompoc  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2003  
(Page 2 of 5)

	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	\$509,225	\$48,607	\$2,603	\$1,706,260	\$79,068
Receivables:					
Accounts receivable, net	101,206			152,065	1,415
Due from other funds	250,000				
Loans receivable				3,916,499	
Inventory					
<b>Total assets</b>	<b>\$860,432</b>	<b>\$48,607</b>	<b>\$2,603</b>	<b>\$5,774,824</b>	<b>\$80,483</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities:</b>					
Accounts payable		\$78		\$12,825	\$20,024
Accrued liabilities				191	
Loans payable					
Due to other funds					
Deferred revenue				183,378	
<b>Total liabilities</b>	<b>0</b>	<b>78</b>	<b>0</b>	<b>196,393</b>	<b>20,024</b>
<b>Fund balance:</b>					
Reserved for encumbrances	157,867				
Reserved for land development					
Reserved for debt service					
Reserved for low income housing					
Reserved for inventories					
Reserved for economic uncertainties					
Unreserved:					
Undesignated	702,565	48,529	2,603	5,578,431	60,459
<b>Total fund balance (deficit)</b>	<b>860,432</b>	<b>48,529</b>	<b>2,603</b>	<b>5,578,431</b>	<b>60,459</b>
<b>Total liabilities and fund balance</b>	<b>\$860,432</b>	<b>\$48,607</b>	<b>\$2,603</b>	<b>\$5,774,824</b>	<b>\$80,483</b>

City of Lompoc  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2003  
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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	\$24,772	\$339,917		\$112,641	\$2,000,000
Receivables:					
Accounts receivable, net	109	533	\$14,836		
Due from other funds		3,891			
Loans receivable					
Inventory					
<b>Total assets</b>	<b>\$24,881</b>	<b>\$344,341</b>	<b>\$14,836</b>	<b>\$112,641</b>	<b>\$2,000,000</b>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Accounts payable	\$165	\$14,526	\$4,215		
Accrued liabilities		12,636	1,612		
Loans payable					
Due to other funds			3,891		
Deferred revenue		1,675			
<b>Total liabilities</b>	<b>165</b>	<b>28,837</b>	<b>9,718</b>	<b>0</b>	<b>0</b>
Fund balance:					
Reserved for encumbrances		8,740			
Reserved for land development					
Reserved for debt service					
Reserved for low income housing					
Reserved for inventories					
Reserved for economic uncertainties					2,000,000
Unreserved:					
Undesignated	24,716	306,764	5,118	112,641	
<b>Total fund balance (deficit)</b>	<b>24,716</b>	<b>315,504</b>	<b>5,118</b>	<b>112,641</b>	<b>2,000,000</b>
<b>Total liabilities and fund balance</b>	<b>\$24,881</b>	<b>\$344,341</b>	<b>\$14,836</b>	<b>\$112,641</b>	<b>\$2,000,000</b>

City of Lompoc  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2003  
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	<u>Special Revenue Funds</u>				
	<u>COPS Grant Fund</u>	<u>Federal Road Fund</u>	<u>Traffic Offender Fund</u>	<u>Local STP Fund</u>	<u>Traffic Congestion Fund</u>
<b>ASSETS</b>					
Cash and investments	\$90,981	\$28,396		\$186,581	\$437
Receivables:					
Accounts receivable, net		128,795			28,602
Due from other funds					
Loans receivable					
Inventory					
<b>Total assets</b>	<b><u>\$90,981</u></b>	<b><u>\$157,190</u></b>	<b><u>\$0</u></b>	<b><u>\$186,581</u></b>	<b><u>\$29,039</u></b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities:</b>					
Accounts payable		\$131,249	\$929		
Accrued liabilities					
Loans payable					
Due to other funds			4,196		\$13,923
Deferred revenue					
<b>Total liabilities</b>	<b><u>0</u></b>	<b><u>131,249</u></b>	<b><u>5,125</u></b>	<b><u>0</u></b>	<b><u>13,923</u></b>
<b>Fund balance:</b>					
Reserved for encumbrances					
Reserved for land development					
Reserved for debt service					
Reserved for low income housing					
Reserved for inventories					
Reserved for economic uncertainties					
Unreserved:					
Undesignated	90,981	25,941	(5,125)	186,581	15,116
<b>Total fund balance (deficit)</b>	<b><u>90,981</u></b>	<b><u>25,941</u></b>	<b><u>(5,125)</u></b>	<b><u>186,581</u></b>	<b><u>15,116</u></b>
<b>Total liabilities and fund balance</b>	<b><u>\$90,981</u></b>	<b><u>\$157,190</u></b>	<b><u>\$0</u></b>	<b><u>\$186,581</u></b>	<b><u>\$29,039</u></b>

City of Lompoc  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2003  
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**Capital Projects Funds**

	<u>Park Assessment District Fund</u>	<u>Redevelopment Agency Fund</u>	<u>Alley Improvement Fund</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>					
Cash and investments	\$212,265	\$1,264,550			\$11,985,160
Receivables:					
Accounts receivable, net					772,854
Due from other funds					267,814
Loans receivable		38,213			5,015,573
Inventory					4,025
<b>Total assets</b>	<u>\$212,265</u>	<u>\$1,302,763</u>	<u>\$0</u>	<u>\$0</u>	<u>\$18,045,427</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Accounts payable		\$130,092			\$489,508
Accrued liabilities		2,667			17,837
Loans payable		557,020			557,020
Due to other funds					22,011
Deferred revenue					185,053
<b>Total liabilities</b>	<u>0</u>	<u>689,779</u>	<u>0</u>	<u>0</u>	<u>1,271,428</u>
Fund balance:					
Reserved for encumbrances					657,516
Reserved for land development					117,482
Reserved for debt service		557,020			1,609,389
Reserved for low income housing					353,815
Reserved for inventories					4,025
Reserved for economic uncertainties					2,000,000
Unreserved:					
Undesignated	212,265	55,964			12,031,772
<b>Total fund balance (deficit)</b>	<u>212,265</u>	<u>612,984</u>	<u>0</u>	<u>0</u>	<u>16,773,999</u>
<b>Total liabilities and fund balance</b>	<u>\$212,265</u>	<u>\$1,302,763</u>	<u>\$0</u>	<u>\$0</u>	<u>\$18,045,427</u>

City of Lompoc  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2003  
(Page 1 of 4)

	Special Revenue Funds					
	Transportation Improvement Fund	Civic Center Fund	Redevelopment Housing Fund	Special Gas Tax Fund	Capital Development Fund	Local Transportation Fund
<b>Revenues:</b>						
Property taxes			\$167,821			
Sales and use taxes	\$1,922,090			\$830,670		\$954,751
Licenses, fees and permits		\$16,689	15,000		\$114,304	
Intergovernmental						
Charges for current services						
Use of money and property	143,282	7,432	20,211	20,857	13,221	14,517
Special assessments						
Donations						
Other Revenue					63,633	
Total revenues	<u>2,065,373</u>	<u>24,121</u>	<u>203,032</u>	<u>851,527</u>	<u>191,157</u>	<u>969,268</u>
<b>Expenditures:</b>						
<b>Current:</b>						
Police Protection						
Fire Protection						
Engineering / streets	253,073			583,257		133,723
Community development		13,797	68,572			
Parks and recreation					1,764	
Health						
Debt Service:						
Principal						
Interest						
Capital outlay						
Total expenditures	<u>253,073</u>	<u>13,797</u>	<u>68,572</u>	<u>583,257</u>	<u>1,764</u>	<u>133,723</u>
Excess of revenues over (under) expenditures	<u>1,812,300</u>	<u>10,324</u>	<u>134,460</u>	<u>268,270</u>	<u>189,394</u>	<u>835,545</u>
<b>Other financing sources (uses):</b>						
Proceeds from loans			30,000			
Transfers in						
Transfers (out)	(1,350,000)	(150,000)			(63,633)	(962,627)
Total other financing sources (uses)	<u>(1,350,000)</u>	<u>(150,000)</u>	<u>30,000</u>	<u>0</u>	<u>(63,633)</u>	<u>(962,627)</u>
Net change in fund balances	462,300	(139,676)	164,460	268,270	125,761	(127,082)
Fund balance, beginning of year, as restated	3,541,814	197,226	1,241,724	484,284	280,661	987,514
Prior period adjustments						
Fund balance (deficit), end of year	<u>\$4,004,114</u>	<u>\$57,550</u>	<u>\$1,406,184</u>	<u>\$752,554</u>	<u>\$406,422</u>	<u>\$860,432</u>



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	<u>Special Revenue Funds</u>					
	<u>Parking Maintenance Funds</u>	<u>Jailer - Dispatcher Training Fund</u>	<u>Community Development Funds</u>	<u>Human Services Fund</u>	<u>Beautification Fund</u>	<u>Library Services Funds</u>
<b>Revenues:</b>						
Property taxes						
Sales and use taxes						
Licenses, fees and permits						
Intergovernmental		\$7,621	\$1,059,512			\$448,682
Charges for current services	\$3,600					106,147
Use of money and property	1,543		162,699	\$1,808	\$982	16,877
Special assessments						
Donations				67,413	2,377	437,436
Other Revenue			1,253			
<b>Total revenues</b>	<u>5,143</u>	<u>7,621</u>	<u>1,223,464</u>	<u>69,221</u>	<u>3,359</u>	<u>1,009,142</u>
<b>Expenditures:</b>						
<b>Current:</b>						
Police Protection		7,534				
Fire Protection						
Engineering / streets	653					
Community development			587,856		3,620	
Parks and recreation						1,018,294
Health				27,930		
Debt Service:						
Principal						
Interest						
Capital outlay			59,305			55,085
<b>Total expenditures</b>	<u>653</u>	<u>7,534</u>	<u>647,161</u>	<u>27,930</u>	<u>3,620</u>	<u>1,073,379</u>
<b>Excess of revenues over (under) expenditures</b>	<u>4,490</u>	<u>87</u>	<u>576,303</u>	<u>41,291</u>	<u>(261)</u>	<u>(64,237)</u>
<b>Other financing sources (uses):</b>						
Proceeds from loans						
Transfers in						
Transfers (out)						
<b>Total other financing sources (uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net change in fund balances</b>	4,490	87	576,303	41,291	(261)	(64,237)
<b>Fund balance, beginning of year, as restated</b>	44,039	2,516	5,002,128	19,169	24,977	379,741
<b>Prior period adjustments</b>						
<b>Fund balance (deficit), end of year</b>	<u>\$48,529</u>	<u>\$2,603</u>	<u>\$5,578,431</u>	<u>\$60,460</u>	<u>\$24,716</u>	<u>\$315,504</u>

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Special Revenue Funds						
	Literacy Grant Fund	SLTPP Fund	Economic Uncertainty Fund	COPS Grant Fund	Federal Road Fund	Traffic Offender Fund
<b>Revenues:</b>						
Property taxes						
Sales and use taxes						
Licenses, fees and permits						
Intergovernmental	\$83,317			\$100,000	\$506,207	\$9,221
Charges for current services						45,123
Use of money and property	(137)		\$86,490	5,997		65
Special assessments						
Donations	22,887					
Other Revenue						
Total revenues	<u>106,067</u>	<u>0</u>	<u>86,490</u>	<u>105,997</u>	<u>506,207</u>	<u>54,409</u>
<b>Expenditures:</b>						
<b>Current:</b>						
Police Protection						
Fire Protection						
Engineering / streets					507,343	
Community development						87,263
Parks and recreation	104,522					
Health						
<b>Debt Service:</b>						
Principal						
Interest						
Capital outlay						
Total expenditures	<u>104,522</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>507,343</u>	<u>87,263</u>
Excess of revenues over (under) expenditures	<u>1,545</u>	<u>0</u>	<u>86,490</u>	<u>105,997</u>	<u>(1,136)</u>	<u>(32,854)</u>
<b>Other financing sources (uses):</b>						
Proceeds from loans						
Transfers in						10,297
Transfers (out)			(86,490)	(145,499)		
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>(86,490)</u>	<u>(145,499)</u>	<u>0</u>	<u>10,297</u>
Net change in fund balances	1,545	0	0	(39,502)	(1,136)	(22,557)
Fund balance, beginning of year, as restated	3,573	112,641	2,000,000	130,484	27,077	17,432
Prior period adjustments						
Fund balance (deficit), end of year	<u>\$5,118</u>	<u>\$112,641</u>	<u>\$2,000,000</u>	<u>\$90,982</u>	<u>\$25,941</u>	<u>(\$5,125)</u>

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	Special Revenue Funds		Capital Projects Funds				Total Nonmajor Governmental Funds
	Local STP Fund	Traffic Congestion Relief Fund	Park Assessment District Fund	Redevelopment Agency Fund	Alley Improvement Fund		
<b>Revenues:</b>							
Property taxes				\$671,285			\$839,106
Sales and use taxes							3,707,511
Licenses, fees and permits							145,992
Intergovernmental		\$108,763					2,323,322
Charges for current services							154,870
Use of money and property		6,205	\$4,572	40,152			546,773
Special assessments			207,692				207,692
Donations							530,113
Other Revenue				2,000			66,886
<b>Total revenues</b>	<b>0</b>	<b>114,967</b>	<b>212,264</b>	<b>713,437</b>	<b>0</b>	<b>0</b>	<b>8,522,264</b>
<b>Expenditures:</b>							
<b>Current:</b>							
Police Protection							7,534
Fire Protection							
Engineering / streets	63	213,032					1,691,144
Community development				286,118			1,047,227
Parks and recreation							1,124,579
Health							27,930
<b>Debt Service:</b>							
Principal				13,037		66,805	79,842
Interest				15,300		21,637	36,937
Capital outlay				9,500			123,890
<b>Total expenditures</b>	<b>63</b>	<b>213,032</b>	<b>0</b>	<b>323,956</b>	<b>0</b>	<b>88,442</b>	<b>4,139,085</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(63)</b>	<b>(98,065)</b>	<b>212,264</b>	<b>389,481</b>	<b>0</b>	<b>(88,442)</b>	<b>4,383,180</b>
<b>Other financing sources (uses):</b>							
Proceeds from loans				200,000			230,000
Transfers in						88,442	98,739
Transfers (out)	(159,000)				(139,477)		(3,056,726)
<b>Total other financing sources (uses)</b>	<b>(159,000)</b>	<b>0</b>	<b>0</b>	<b>200,000</b>	<b>(139,477)</b>	<b>88,442</b>	<b>(2,727,987)</b>
<b>Net change in fund balances</b>	<b>(159,063)</b>	<b>(98,065)</b>	<b>212,264</b>	<b>589,481</b>	<b>(139,477)</b>		<b>1,655,194</b>
<b>Fund balance, beginning of year, as restated</b>	<b>345,644</b>	<b>104,067</b>	<b>0</b>	<b>23,503</b>	<b>139,477</b>	<b>0</b>	<b>15,109,690</b>
<b>Prior period adjustments</b>		<b>9,115</b>					<b>9,115</b>
<b>Fund balance (deficit), end of year</b>	<b>\$186,581</b>	<b>\$15,117</b>	<b>\$212,264</b>	<b>\$612,984</b>	<b>\$0</b>	<b>\$0</b>	<b>\$16,773,999</b>

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Schedule of Revenues, Expenditures and Changes  
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	Transportation Improvement Fund			Civic Center Fund			Redevelopment Agency Housing Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>									
Property taxes							\$ 102,549	\$ 167,821	\$ 65,272
Sales and use taxes	\$ 2,020,410	\$ 1,922,090	\$ (98,320)						
Licenses, fees and permits				\$ 10,000	\$ 16,689	\$ 6,689		15,000	15,000
Intergovernmental									
Charges for current services									
Use of money and property	90,000	143,282	53,282	2,200	7,432	5,232	32,698	20,211	(12,488)
Special assessments									
Donations									
Other Revenue									
<b>Total revenues</b>	<u>2,110,410</u>	<u>2,065,373</u>	<u>(45,037)</u>	<u>12,200</u>	<u>24,121</u>	<u>11,921</u>	<u>135,247</u>	<u>203,032</u>	<u>67,785</u>
<b>Expenditures:</b>									
<b>Current:</b>									
Police Protection									
Fire Protection									
Engineering / streets	1,356,608	253,073	1,103,535						
Community development				18,301	13,797	4,504	460,223	68,572	391,651
Parks and recreation									
Health									
Debt Service:									
Principal									
Interest									
Capital outlay									
<b>Total expenditures</b>	<u>1,356,608</u>	<u>253,073</u>	<u>1,103,535</u>	<u>18,301</u>	<u>13,797</u>	<u>4,504</u>	<u>460,223</u>	<u>68,572</u>	<u>391,651</u>
<b>Excess of revenues over (under) expenditures</b>	<u>753,802</u>	<u>1,812,300</u>	<u>1,058,498</u>	<u>(6,101)</u>	<u>10,324</u>	<u>16,425</u>	<u>(324,976)</u>	<u>134,459</u>	<u>459,435</u>
<b>Other financing sources (uses):</b>									
Proceeds from loans							75,000	30,000	(45,000)
Transfers in									
Transfers out	(1,350,000)	(1,350,000)	0	(150,000)	(150,000)	0			
<b>Total other financing sources (uses)</b>	<u>(1,350,000)</u>	<u>(1,350,000)</u>	<u>0</u>	<u>(150,000)</u>	<u>(150,000)</u>	<u>0</u>	<u>75,000</u>	<u>30,000</u>	<u>(45,000)</u>
<b>Net change in fund balances</b>	<u>(596,198)</u>	<u>462,300</u>	<u>1,058,498</u>	<u>(156,101)</u>	<u>(139,676)</u>	<u>16,425</u>	<u>(249,976)</u>	<u>164,459</u>	<u>414,435</u>
<b>Fund balance, beginning of year, as restated</b>	<u>3,541,814</u>	<u>3,541,814</u>		<u>197,226</u>	<u>197,226</u>		<u>1,241,724</u>	<u>1,241,724</u>	
<b>Prior period adjustments</b>									
<b>Fund balance (deficit), end of year</b>	<u>\$ 2,945,616</u>	<u>\$ 4,004,114</u>	<u>\$ 1,058,498</u>	<u>\$ 41,125</u>	<u>\$ 57,550</u>	<u>\$ 16,425</u>	<u>\$ 991,748</u>	<u>\$ 1,406,183</u>	<u>\$ 414,435</u>

City of Lompoc  
Schedule of Revenues, Expenditures and Changes  
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	Special Gas Tax Fund			Capital Development Fund			Local Transportation Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>									
Property taxes									
Sales and use taxes	\$ 801,050	\$ 830,670	\$ 29,620				\$ 1,254,478	\$ 954,751	\$ (299,727)
Licenses, fees and permits				\$ 186,801	\$ 114,304	\$ (72,497)			
Intergovernmental									
Charges for current services									
Use of money and property	2,000	20,857	18,857	12,447	13,221	774	36,400	14,517	(21,883)
Special assessments									
Donations									
Other Revenue					63,633	63,633			
<b>Total revenues</b>	<u>803,050</u>	<u>851,527</u>	<u>48,477</u>	<u>199,248</u>	<u>191,157</u>	<u>(8,090)</u>	<u>1,290,878</u>	<u>969,268</u>	<u>(321,610)</u>
<b>Expenditures:</b>									
<b>Current:</b>									
Police Protection									
Fire Protection				6,300	1,764	4,536			
Engineering / streets	1,220,220	583,257	636,963				269,942	133,723	136,219
Community development									
Parks and recreation				373,602		373,602			
Health									
Debt Service:									
Principal									
Interest									
Capital outlay									
<b>Total expenditures</b>	<u>1,220,220</u>	<u>583,257</u>	<u>636,963</u>	<u>379,902</u>	<u>1,764</u>	<u>378,138</u>	<u>269,942</u>	<u>133,723</u>	<u>136,219</u>
<b>Excess of revenues over (under) expenditures</b>	<u>(417,170)</u>	<u>268,270</u>	<u>685,440</u>	<u>(180,655)</u>	<u>189,394</u>	<u>370,048</u>	<u>1,020,936</u>	<u>835,545</u>	<u>(185,391)</u>
<b>Other financing sources (uses):</b>									
Proceeds from loans									
Transfers in									
Transfers out					(63,633)	(63,633)	(1,138,099)	(962,627)	175,472
<b>Total other financing sources (uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(63,633)</u>	<u>(63,633)</u>	<u>(1,138,099)</u>	<u>(962,627)</u>	<u>175,472</u>
<b>Net change in fund balances</b>	<u>(417,170)</u>	<u>268,270</u>	<u>685,440</u>	<u>(180,655)</u>	<u>125,761</u>	<u>306,415</u>	<u>(117,163)</u>	<u>(127,082)</u>	<u>(9,919)</u>
<b>Fund balance, beginning of year, as restated</b>	<u>484,284</u>	<u>484,284</u>		<u>280,661</u>	<u>280,661</u>		<u>987,514</u>	<u>987,514</u>	
<b>Prior period adjustments</b>									
<b>Fund balance (deficit), end of year</b>	<u>\$ 67,114</u>	<u>\$ 752,554</u>	<u>\$ 685,440</u>	<u>\$ 100,007</u>	<u>\$ 406,422</u>	<u>\$ 306,415</u>	<u>\$ 870,351</u>	<u>\$ 860,432</u>	<u>\$ (9,919)</u>

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	Parking Maintenance Funds			Jailer-Dispatcher Training Fund			Community Development Funds		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>									
Property taxes									
Sales and use taxes									
Licenses, fees and permits									
Intergovernmental				\$ 7,534	\$ 7,621	\$ 87		\$ 1,059,512	\$ 1,059,512
Charges for current services	\$ 3,500	\$ 3,600	\$ 100						
Use of money and property		1,543	1,543					162,699	162,699
Special assessments									
Donations									
Other Revenue								1,253	1,253
<b>Total revenues</b>	<u>3,500</u>	<u>5,143</u>	<u>1,643</u>	<u>7,534</u>	<u>7,621</u>	<u>87</u>	<u>0</u>	<u>1,223,464</u>	<u>1,223,464</u>
<b>Expenditures:</b>									
<b>Current:</b>									
Police Protection				7,535	7,535				
Fire Protection									
Engineering / streets	8,405	653	7,752						
Community development							1,459,511	587,856	871,655
Parks and recreation									
Health									
Debt Service:									
Principal									
Interest									
Capital outlay								59,305	(59,305)
<b>Total expenditures</b>	<u>8,405</u>	<u>653</u>	<u>7,752</u>	<u>7,535</u>	<u>7,535</u>	<u>0</u>	<u>1,459,511</u>	<u>647,161</u>	<u>812,350</u>
<b>Excess of revenues over (under) expenditures</b>	<u>(4,905)</u>	<u>4,490</u>	<u>9,395</u>	<u>(1)</u>	<u>87</u>	<u>88</u>	<u>(1,459,511)</u>	<u>576,303</u>	<u>2,035,814</u>
<b>Other financing sources (uses):</b>									
Proceeds from loans									
Transfers in									
Transfers out									
<b>Total other financing sources (uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net change in fund balances</b>	<u>(4,905)</u>	<u>4,490</u>	<u>9,395</u>	<u>(1)</u>	<u>87</u>	<u>88</u>	<u>(1,459,511)</u>	<u>576,303</u>	<u>2,035,814</u>
<b>Fund balance, beginning of year, as restated</b>	<u>44,039</u>	<u>44,039</u>		<u>2,516</u>	<u>2,516</u>		<u>5,002,128</u>	<u>5,002,128</u>	
<b>Prior period adjustments</b>									
<b>Fund balance (deficit), end of year</b>	<u>\$ 39,134</u>	<u>\$ 48,529</u>	<u>\$ 9,395</u>	<u>\$ 2,515</u>	<u>\$ 2,603</u>	<u>\$ 88</u>	<u>\$ 3,542,617</u>	<u>\$ 5,578,431</u>	<u>\$ 2,035,814</u>

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	Human Services Fund			Beautification Fund			Library Funds		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>									
Property taxes									
Sales and use taxes									
Licenses, fees and permits									
Intergovernmental							\$ 476,547	\$ 448,682	\$ (27,865)
Charges for current services							107,147	106,147	(1,000)
Use of money and property	\$ 2,000	\$ 1,808	\$ (192)	\$ 1,050	\$ 982	\$ (68)	16,200	16,877	677
Special assessments									
Donations	36,260	67,413	31,153	2,552	2,377	(176)	420,571	437,436	16,865
Other Revenue									
<b>Total revenues</b>	<b>38,260</b>	<b>69,221</b>	<b>30,961</b>	<b>3,602</b>	<b>3,359</b>	<b>(243)</b>	<b>1,020,465</b>	<b>1,009,142</b>	<b>(11,323)</b>
<b>Expenditures:</b>									
<b>Current:</b>									
Police Protection									
Fire Protection									
Engineering / streets									
Community development				10,580	3,620	6,960			
Parks and recreation							1,082,008	1,018,294	63,714
Health	58	27,930	(27,872)						
Debt Service:									
Principal									
Interest									
Capital outlay							77,632	55,085	22,547
<b>Total expenditures</b>	<b>58</b>	<b>27,930</b>	<b>(27,872)</b>	<b>10,580</b>	<b>3,620</b>	<b>6,960</b>	<b>1,159,640</b>	<b>1,073,379</b>	<b>86,261</b>
<b>Excess of revenues over (under) expenditures</b>	<b>38,202</b>	<b>41,291</b>	<b>3,089</b>	<b>(6,978)</b>	<b>(262)</b>	<b>6,716</b>	<b>(139,175)</b>	<b>(64,237)</b>	<b>74,938</b>
<b>Other financing sources (uses):</b>									
Proceeds from loans									
Transfers in									
Transfers out									
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net change in fund balances</b>	<b>38,202</b>	<b>41,291</b>	<b>3,089</b>	<b>(6,978)</b>	<b>(262)</b>	<b>6,716</b>	<b>(139,175)</b>	<b>(64,237)</b>	<b>74,938</b>
<b>Fund balance, beginning of year, as restated</b>	<b>19,169</b>	<b>19,169</b>		<b>24,977</b>	<b>24,977</b>		<b>379,741</b>	<b>379,741</b>	
<b>Prior period adjustments</b>									
<b>Fund balance (deficit), end of year</b>	<b>\$ 57,371</b>	<b>\$ 60,460</b>	<b>\$ 3,089</b>	<b>\$ 17,999</b>	<b>\$ 24,715</b>	<b>\$ 6,716</b>	<b>\$ 240,566</b>	<b>\$ 315,504</b>	<b>\$ 74,938</b>

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Schedule of Revenues, Expenditures and Changes  
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	Literacy Grant Fund			SLTPP Fund			Economic Uncertainty Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>									
Property taxes									
Sales and use taxes									
Licenses, fees and permits									
Intergovernmental	\$ 93,920	\$ 83,317	\$ (10,603)						
Charges for current services									
Use of money and property	308	(137)	(445)				\$ 100,000	\$ 86,490	\$ (13,510)
Special assessments									
Donations	14,000	22,887	8,887						
Other Revenue									
<b>Total revenues</b>	<u>108,228</u>	<u>106,067</u>	<u>(2,161)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>100,000</u>	<u>86,490</u>	<u>(13,510)</u>
<b>Expenditures:</b>									
<b>Current:</b>									
Police Protection									
Fire Protection									
Engineering / streets									
Community development									
Parks and recreation	108,228	104,522	3,706						
Health									
Debt Service:									
Principal									
Interest									
Capital outlay									
<b>Total expenditures</b>	<u>108,228</u>	<u>104,522</u>	<u>3,706</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Excess of revenues over (under) expenditures</b>	<u>0</u>	<u>1,545</u>	<u>1,545</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>100,000</u>	<u>86,490</u>	<u>(13,510)</u>
<b>Other financing sources (uses):</b>									
Proceeds from loans									
Transfers in									
Transfers out							(100,000)	(86,490)	13,510
<b>Total other financing sources (uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(100,000)</u>	<u>(86,490)</u>	<u>13,510</u>
<b>Net change in fund balances</b>	<u>0</u>	<u>1,545</u>	<u>1,545</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund balance, beginning of year, as restated</b>	<u>3,573</u>	<u>3,573</u>		<u>112,641</u>	<u>112,641</u>		<u>2,000,000</u>	<u>2,000,000</u>	
<b>Prior period adjustments</b>									
<b>Fund balance (deficit), end of year</b>	<u>\$ 3,573</u>	<u>\$ 5,118</u>	<u>\$ 1,545</u>	<u>\$ 112,641</u>	<u>\$ 112,641</u>	<u>\$ 0</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 0</u>



City of Lompoc  
Schedule of Revenues, Expenditures and Changes  
in Fund Balances - Budget and Actual  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2003  
(Page 6 of 7)

	COPS Grant Fund			Federal Road Fund			Traffic Offender Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>									
Property taxes									
Sales and use taxes									
Licenses, fees and permits									
Intergovernmental	\$ 100,000	\$ 100,000			\$ 506,207	\$ 506,207		\$ 9,221	\$9,221
Charges for current services							\$ 73,778	45,123	(28,655)
Use of money and property	7,500	5,997	(1,503)					65	65
Special assessments									
Donations									
Other Revenue									
<b>Total revenues</b>	<u>107,500</u>	<u>105,997</u>	<u>(1,503)</u>	<u>0</u>	<u>506,207</u>	<u>506,207</u>	<u>73,778</u>	<u>54,409</u>	<u>(19,369)</u>
<b>Expenditures:</b>									
<b>Current:</b>									
Police Protection									
Fire Protection									
Engineering / streets				716,519	507,343	209,176			
Community development							82,368	87,263	(4,895)
Parks and recreation									
Health									
Debt Service:									
Principal									
Interest									
Capital outlay									
<b>Total expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>716,519</u>	<u>507,343</u>	<u>209,176</u>	<u>82,368</u>	<u>87,263</u>	<u>(4,895)</u>
<b>Excess of revenues over (under) expenditures</b>	<u>107,500</u>	<u>105,997</u>	<u>(1,503)</u>	<u>(716,519)</u>	<u>(1,136)</u>	<u>715,383</u>	<u>(8,590)</u>	<u>(32,854)</u>	<u>(24,264)</u>
<b>Other financing sources (uses):</b>									
Proceeds from loans									
Transfers in							10,297	10,297	0
Transfers out	(232,724)	(145,499)	87,225						
<b>Total other financing sources (uses)</b>	<u>(232,724)</u>	<u>(145,499)</u>	<u>87,225</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,297</u>	<u>10,297</u>	<u>0</u>
<b>Net change in fund balances</b>	<u>(125,224)</u>	<u>(39,502)</u>	<u>85,722</u>	<u>(716,519)</u>	<u>(1,136)</u>	<u>715,383</u>	<u>1,707</u>	<u>(22,557)</u>	<u>(24,264)</u>
<b>Fund balance, beginning of year, as restated</b>	<u>130,484</u>	<u>130,484</u>		<u>27,077</u>	<u>27,077</u>		<u>17,432</u>	<u>17,432</u>	
<b>Prior period adjustments</b>									
<b>Fund balance (deficit), end of year</b>	<u>\$ 5,260</u>	<u>\$ 90,982</u>	<u>\$ 85,722</u>	<u>\$ (689,442)</u>	<u>\$ 25,941</u>	<u>\$ 715,383</u>	<u>\$ 19,139</u>	<u>\$ (5,125)</u>	<u>\$ (24,264)</u>

City of Lompoc  
Schedule of Revenues, Expenditures and Changes  
in Fund Balances - Budget and Actual  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2003  
(Page 7 of 7)

	Local STP Fund			Traffic Congestion Relief Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>						
Property taxes						
Sales and use taxes	\$ 159,000		\$ (159,000)			
Licenses, fees and permits						
Intergovernmental				\$ 108,763		\$ 108,763
Charges for current services						
Use of money and property				6,205		6,205
Special assessments						
Donations						
Other Revenue						
<b>Total revenues</b>	<u>159,000</u>	<u>0</u>	<u>(159,000)</u>	<u>0</u>	<u>114,967</u>	<u>114,967</u>
<b>Expenditures:</b>						
<b>Current:</b>						
Police Protection						
Fire Protection						
Engineering / streets	394,000	63	393,937	213,032		(213,032)
Community development						
Parks and recreation						
Health						
Debt Service:						
Principal						
Interest						
Capital outlay						
<b>Total expenditures</b>	<u>394,000</u>	<u>63</u>	<u>393,937</u>	<u>0</u>	<u>213,032</u>	<u>(213,032)</u>
<b>Excess of revenues over (under) expenditures</b>	<u>(235,000)</u>	<u>(63)</u>	<u>234,937</u>	<u>0</u>	<u>(98,065)</u>	<u>(98,065)</u>
<b>Other financing sources (uses):</b>						
Proceeds from loans						
Transfers in						
Transfers out	(159,000)	(159,000)	0			
<b>Total other financing sources (uses)</b>	<u>(159,000)</u>	<u>(159,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net change in fund balances</b>	(394,000)	(159,063)	234,937	0	(98,065)	(98,065)
<b>Fund balance, beginning of year, as restated</b>	345,644	345,644		104,067	104,067	
<b>Prior period adjustments</b>					9,115	9,115
<b>Fund balance (deficit), end of year</b>	<u>\$ (48,356)</u>	<u>\$ 186,581</u>	<u>\$ 234,937</u>	<u>\$ 104,067</u>	<u>\$ 15,117</u>	<u>\$ (88,950)</u>

City of Lompoc  
Combining Statement of Net Assets  
Nonmajor Enterprise Funds  
June 30, 2003  
(Page 1 of 2)

ASSETS	Lompoc Airport	Lompoc Transit	Recreation	River Park Campground	Lompoc Valley Community Center	Totals
<b>Current assets:</b>						
Cash and investments	\$1,379	\$15,590	\$18,980	\$15,119	\$59,083	\$110,150
Receivables - trade	3,451	705,623				709,074
Receivables - intergovernmental	275,691					275,691
Inventories (at average cost)	14,945	6,498				21,443
<b>Total current assets</b>	<b>295,466</b>	<b>727,711</b>	<b>18,980</b>	<b>15,119</b>	<b>59,083</b>	<b>1,116,359</b>
<b>Noncurrent assets:</b>						
<b>Restricted assets:</b>						
<b>Cash and investments:</b>						
Deposits	5,400					5,400
<b>Total restricted assets</b>	<b>5,400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,400</b>
<b>Property, plant and equipment:</b>						
Land	5,401,514				455,000	5,856,514
Utility plant and equipment	2,382,076	2,169,909	22,082	228,518	1,236,616	6,039,202
Construction in progress	1,679,596	43,131				1,722,727
	9,463,186	2,213,040	22,082	228,518	1,691,616	13,618,442
(Less) accumulated depreciation	(481,270)	(1,091,610)	(19,989)	(136,812)	(177,413)	(1,907,094)
<b>Total property, plant and equipment</b>	<b>8,981,916</b>	<b>1,121,430</b>	<b>2,093</b>	<b>91,706</b>	<b>1,514,203</b>	<b>11,711,348</b>
<b>Total assets</b>	<b>\$9,282,783</b>	<b>\$1,849,141</b>	<b>\$21,073</b>	<b>\$106,825</b>	<b>\$1,573,286</b>	<b>\$12,833,107</b>

City of Lompoc  
Combining Statement of Net Assets  
Nonmajor Enterprise Funds  
June 30, 2003  
(Page 2 of 2)

LIABILITIES	Lompoc Airport	Lompoc Transit	Recreation	River Park Campground	Lompoc Valley Community Center	Totals
<b>Current liabilities:</b>						
Accounts payable	\$165,469	\$76,457	\$11,573	\$2,553	\$8,269	\$264,321
Deferred credit		394,002				394,002
Accrued interest	6,096					6,096
Due to other funds	397,478	250,000	98,900	270,494		1,016,872
Deferred revenue			6,075			6,075
Current portion of noncurrent liabilities	14,925	4,526	815	3,738		24,004
<b>Total current liabilities</b>	<b>583,968</b>	<b>724,985</b>	<b>117,363</b>	<b>276,785</b>	<b>8,269</b>	<b>1,711,370</b>
<b>Noncurrent liabilities:</b>						
Accrued payroll and benefits	1,841	2,495	2,034	1,498	549	8,417
Compensated absences	179	230	41	186		636
Trust deposits	5,400					5,400
Notes payable	24,228					24,228
<b>Total noncurrent liabilities</b>	<b>31,648</b>	<b>2,725</b>	<b>2,075</b>	<b>1,684</b>	<b>549</b>	<b>38,681</b>
<b>Total liabilities</b>	<b>615,616</b>	<b>727,711</b>	<b>119,438</b>	<b>278,469</b>	<b>8,818</b>	<b>1,750,052</b>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	8,981,916	1,121,430	2,093	91,706	1,514,203	11,711,348
Restricted for debt service	35,620					35,620
Unrestricted	(350,370)		(100,457)	(263,350)	50,265	(663,913)
<b>Total net assets</b>	<b>\$8,667,167</b>	<b>\$1,121,430</b>	<b>(\$98,365)</b>	<b>(\$171,644)</b>	<b>\$1,564,468</b>	<b>\$11,083,056</b>

City of Lompoc  
Combining Statement of Revenues, Expenses  
and Changes in Fund Net Assets  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2003

	Lompoc Airport	Lompoc Transit	Recreation	River Park Campground	Lompoc Valley Community Center	Totals
<b>Operating revenues:</b>						
User fees and charges for services	\$84,859	\$95,671	\$187,082		\$8,696	\$376,308
Facilities rental	132,743		94,027	\$111,872	37,687	376,328
<b>Total operating revenues</b>	<b>217,602</b>	<b>95,671</b>	<b>281,109</b>	<b>111,872</b>	<b>46,383</b>	<b>752,636</b>
<b>Operating expenses:</b>						
Operations and maintenance	209,943	976,644	262,688	66,300	83,881	1,599,457
Depreciation and amortization	60,473	216,266		3,138	62,577	342,455
<b>Total operating expenses</b>	<b>270,416</b>	<b>1,192,911</b>	<b>262,688</b>	<b>69,438</b>	<b>146,458</b>	<b>1,941,911</b>
<b>Income (loss) from operations</b>	<b>(52,815)</b>	<b>(1,097,240)</b>	<b>18,421</b>	<b>42,433</b>	<b>(100,075)</b>	<b>(1,189,275)</b>
<b>Nonoperating incomes (expenses):</b>						
Interest income	1,686	5,253	278		1,796	11,155
Intergovernmental	1,525,667	867,963	8,423			2,402,054
Miscellaneous	832	2,155				2,987
Gain on sale of property		5,603				5,603
Interest (expense)	(25,085)					(25,085)
<b>Total nonoperating incomes (expenses)</b>	<b>1,503,100</b>	<b>880,974</b>	<b>8,701</b>	<b>2,142</b>	<b>1,796</b>	<b>2,396,715</b>
<b>Income (loss) before contributions and transfers</b>	<b>1,450,286</b>	<b>(216,266)</b>	<b>27,122</b>	<b>44,576</b>	<b>(98,279)</b>	<b>1,207,439</b>
Capital Contributions		192,996				192,996
Transfers in (out)					66,694	66,694
<b>Change in net assets</b>	<b>1,450,286</b>	<b>(23,270)</b>	<b>27,122</b>	<b>44,576</b>	<b>(31,585)</b>	<b>1,467,129</b>
<b>Net assets - beginning of the year</b>	<b>7,216,881</b>	<b>1,144,700</b>	<b>(125,487)</b>	<b>(216,220)</b>	<b>1,596,053</b>	<b>9,615,927</b>
<b>Net assets - end of the year</b>	<b>\$8,667,167</b>	<b>\$1,121,430</b>	<b>(\$98,365)</b>	<b>(\$171,644)</b>	<b>\$1,564,468</b>	<b>\$11,083,056</b>

City of Lompoc  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2003  
(Page 1 of 2)

	Lompoc Airport	Lompoc Transit	Recreation	River Park Campgrounds	Lompoc Valley Community Center	Totals
<b>Cash flows from operating activities:</b>						
Cash received from customers	\$215,850	\$842,341	\$301,547	\$111,872	\$46,383	\$1,517,993
Cash payments to suppliers for goods and services	(291,441)	(762,099)	(123,528)	(8,441)	(29,800)	(1,215,309)
Cash payments to employees for services	(65,678)	(88,955)	(146,027)	(55,352)	(50,257)	(406,269)
Net cash provided (used) by operating activities	(141,269)	(8,713)	31,992	48,080	(33,674)	(103,585)
<b>Cash flows from noncapital financing activities:</b>						
Net borrowings (repayments) under revolving loan arrangement	(10,000)		(20,000)	(50,000)		(80,000)
Received from other agencies	1,525,667					1,525,667
Increase (decrease) in trust accounts	1,650					1,650
Operating transfers in (out)					66,694	66,694
Net cash provided (used) by noncapital financing activities	1,517,317	0	(20,000)	(50,000)	66,694	1,514,011
<b>Cash flows from capital and related financing activities:</b>						
Proceeds from loans, lease purchases and equipment contracts	107,000					107,000
Acquisition and construction of capital assets	(1,472,651)	(192,996)			(12,076)	(1,677,723)
Principal paid on revenue bonds/loans /leases and equipment contracts	(14,662)					(14,662)
Interest paid on revenue bonds/loans and equipment contracts	(25,085)					(25,085)
Proceeds from sale of assets		5,603				5,603
Contributed capital		192,996				192,996
Net cash provided (used) for capital and related financing activities	(1,405,398)	5,603	0	0	(12,076)	(1,411,871)
<b>Cash flows from investing activities:</b>						
Interest and dividends on investments	1,686	5,253	279	2,143	1,796	11,157
Net increase (decrease) in cash and cash equivalents	(27,664)	2,143	12,271	223	22,740	9,712
Cash and cash equivalents at beginning of year	34,443	13,447	6,709	14,896	36,343	105,838
Cash and cash equivalents at end of year	\$6,779	\$15,590	\$18,980	\$15,119	\$59,083	\$115,550

City of Lompoc  
Reconciliation of Operating Income to Net Cash Provided by Operating Activities  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2003  
(Page 2 of 2)

	Lompoc Airport	Lompoc Transit	Recreation	River Park Campgrounds	Lompoc Valley Community Center	Totals
Income (loss) from operations	(\$52,815)	(\$1,097,240)	\$18,421	\$42,433	(\$100,075)	(\$1,189,276)
Adjustment for nonoperating incomes and (expenses)	832	870,118	8,423			879,373
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	60,473	216,266		3,138	62,577	342,454
Change in assets and liabilities:						
(Increase)decrease in accounts receivable	(2,584)	(123,447)	10,240			(115,791)
(Increase)decrease in interest receivable						
(Increase)decrease in grants receivable	(260,498)					(260,498)
(Increase)decrease in inventory	(1,980)	2,013				33
(Decrease)increase in accounts payable	111,652	(66,071)	(3,139)	2,498	4,026	48,966
(Decrease)increase in accrued interest payable	2,294					2,294
(Decrease)increase in deferred credits/revenues		263,257	1,775			265,032
(Decrease)increase in due to other funds		(76,183)				(76,183)
(Decrease)increase in accrued payroll	1,357	2,574	(3,728)	11	(202)	12
Net cash provided by operating activities	<u>(\$141,269)</u>	<u>(\$8,713)</u>	<u>\$31,992</u>	<u>\$48,080</u>	<u>(\$33,674)</u>	<u>(\$103,585)</u>

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City of Lompoc  
Combining Statement of Net Assets  
Internal Service Funds  
June 30, 2003

	Insurance Control Fund	Vehicle Fund	Communication Fund	Stores Inventory Fund	Totals
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and investments	\$4,977,833	\$3,138,330		\$141,821	\$8,257,984
Accounts receivable, net	5,948				5,948
Inventory		226,370		61,351	287,721
<b>Total current assets</b>	<b>4,983,781</b>	<b>3,364,700</b>	<b>0</b>	<b>203,172</b>	<b>8,551,653</b>
<b>Property and equipment:</b>					
Improvements		166,555			166,555
Automotive equipment		12,503,186			12,503,186
Furnishings and equipment		80,005	\$210,497	146,969	437,471
	0	12,749,746	210,497	146,969	13,107,212
(Less) accumulated depreciation		(7,376,957)	(73,786)	(65,610)	(7,516,353)
<b>Total property and equipment</b>	<b>0</b>	<b>5,372,789</b>	<b>136,711</b>	<b>81,359</b>	<b>5,590,859</b>
<b>Total assets</b>	<b>\$4,983,781</b>	<b>\$8,737,489</b>	<b>\$136,711</b>	<b>\$284,531</b>	<b>\$14,142,512</b>
<b>LIABILITIES</b>					
<b>Current liabilities:</b>					
Accounts payable	\$100,454	\$251,897		\$10,929	\$363,280
Accrued interest		7,401	\$957		8,358
Current portion of long-term liabilities		268,131	33,387		301,518
<b>Total current liabilities</b>	<b>100,454</b>	<b>527,429</b>	<b>34,344</b>	<b>10,929</b>	<b>673,156</b>
<b>Long-term liabilities:</b>					
Accrued liabilities	4,451,876				4,451,876
Accrued payroll and benefits		17,337			17,337
Compensated absences		2,277			2,277
Lease purchase contract		1,074,421	17,404		1,091,825
<b>Total noncurrent liabilities</b>	<b>4,451,876</b>	<b>1,094,035</b>	<b>17,404</b>	<b>0</b>	<b>5,563,315</b>
<b>Total liabilities</b>	<b>4,552,330</b>	<b>1,621,464</b>	<b>51,748</b>	<b>10,929</b>	<b>6,236,471</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt		4,030,237	85,920	81,359	4,197,516
Restricted for debt service		1,297,164	50,791		1,347,955
Unrestricted	431,451	1,788,624	(51,748)	192,243	2,360,570
<b>Total Net Assets</b>	<b>\$431,451</b>	<b>\$7,116,025</b>	<b>\$84,963</b>	<b>\$273,602</b>	<b>\$7,906,041</b>

City of Lompoc  
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets  
Internal Service Funds  
For the Year Ended June 30, 2003

	Insurance Control Fund	Vehicle Fund	Communication Fund	Stores Inventory Fund	Totals
<b>Operating revenues:</b>					
Charge for services	\$7,468,249		\$147,557	\$234,882	\$7,850,688
Vehicle equipment rental		\$2,478,766			2,478,766
<b>Total operating revenues</b>	<u>7,468,249</u>	<u>2,478,766</u>	<u>147,557</u>	<u>234,882</u>	<u>10,329,454</u>
<b>Operating Expenses:</b>					
Maintenance, operations and administration	9,028,509	1,758,182	111,765	248,342	11,146,799
Depreciation		869,846	20,674	20,263	910,784
<b>Total operating expenses</b>	<u>9,028,509</u>	<u>2,628,028</u>	<u>132,439</u>	<u>268,605</u>	<u>12,057,583</u>
<b>Income (loss) from operations</b>	<u>(1,560,260)</u>	<u>(149,262)</u>	<u>15,118</u>	<u>(33,723)</u>	<u>(1,728,129)</u>
<b>Nonoperating income (expenses):</b>					
Interest income	185,424	112,524		5,813	303,760
Sale of fixed assets		28,639		(3,594)	25,045
Interest (expense)		(63,981)	(3,619)		(67,600)
<b>Total nonoperating incomes (expenses)</b>	<u>185,424</u>	<u>77,182</u>	<u>(3,619)</u>	<u>2,219</u>	<u>261,205</u>
<b>Income (loss) before contributions and transfers</b>	<u>(1,374,836)</u>	<u>(72,081)</u>	<u>11,499</u>	<u>(31,504)</u>	<u>(1,466,924)</u>
<b>Capital contributions</b>		156,495			156,495
<b>Transfers in (out)</b>		47,181			47,181
<b>Changes in net assets</b>	<u>(1,374,836)</u>	<u>131,596</u>	<u>11,499</u>	<u>(31,504)</u>	<u>(1,263,248)</u>
<b>Net assets - beginning</b>	<u>1,806,288</u>	<u>6,984,649</u>	<u>73,464</u>	<u>305,106</u>	<u>9,169,507</u>
<b>Prior period adjustments</b>		(220)			(220)
<b>Net assets - ending</b>	<u>\$431,451</u>	<u>\$7,116,025</u>	<u>\$84,963</u>	<u>\$273,602</u>	<u>\$7,906,041</u>

City of Lompoc  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2003  
(Page 1 of 2)

	Insurance Control Fund	Vehicle Fund	Communication Fund	Stores Inventory Fund	Totals
<b>Cash flows from operating activities:</b>					
Cash received from customers	\$7,465,740	\$2,654,950	\$147,557	\$234,882	\$10,503,131
Cash payments to suppliers for goods and services	(7,132,845)	(993,161)	(112,360)	(252,125)	(8,490,491)
Cash payment to employees for services		(655,029)			(655,029)
Net cash provided (used) by operating activities	<u>332,895</u>	<u>1,006,760</u>	<u>35,197</u>	<u>(17,243)</u>	<u>1,357,611</u>
<b>Cash flows from noncapital financing activities:</b>					
Operating transfers (out)		47,181			47,181
Net cash provided (used) by noncapital financing activities	<u>0</u>	<u>47,181</u>	<u>0</u>	<u>0</u>	<u>47,181</u>
<b>Cash flows from capital and related financing activities:</b>					
Acquisition of capital assets		(817,362)			(817,365)
Principal paid on loans/leases and equipment contracts		(212,755)	(31,578)		(244,333)
Interest paid on loans/leases and equipment contracts		(63,981)	(3,619)		(67,600)
Proceeds from equipment sale		28,639			28,639
Contributed capital		156,495			156,495
Net cash provided (used) by capital and related financing activities	<u>0</u>	<u>(908,964)</u>	<u>(35,197)</u>	<u>0</u>	<u>(944,164)</u>
<b>Cash flows from investing activities:</b>					
Interest and dividends on investments	185,423	112,524		5,813	303,760
Net increase (decrease) in cash and cash equivalents	518,318	257,501	0	(11,430)	764,388
Cash and cash equivalents at beginning of year	4,459,515	2,880,829	0	153,252	7,493,596
Cash and cash equivalents at end of year	<u>\$4,977,833</u>	<u>\$3,138,330</u>	<u>\$0</u>	<u>\$141,822</u>	<u>\$8,257,984</u>

City of Lompoc  
Combining Statement of Cash Flows for the Year Ended June 30, 2003  
Reconciliation of Operating Income to Net Cash Provided by Operating Activities  
Internal Service funds  
(Page 2 of 2)

	<u>Insurance Control Fund</u>	<u>Vehicle Fund</u>	<u>Communication Fund</u>	<u>Stores Inventory Fund</u>	<u>Totals</u>
Income (loss) from operations	(\$1,560,260)	(\$149,262)	\$15,118	(\$33,723)	(\$1,728,127)
Adjustment for nonoperating income (expenses)					
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation		869,846	20,674	20,263	910,783
Changes in assets and liabilities:					
(Increase)decrease in accounts receivable	(2,508)				(2,508)
(Increase)decrease in inventory		(42,802)		(7,361)	(50,163)
(Increase)decrease in due from other funds		176,183			176,183
(Decrease)increase in accounts payable	(61,209)	160,881		3,578	103,250
(Decrease)increase in accrued liabilities	1,956,873	(8,086)	(595)		1,948,193
Net cash provided (used) by operating activities	<u>\$332,895</u>	<u>\$1,006,760</u>	<u>\$35,197</u>	<u>(\$17,243)</u>	<u>\$1,357,611</u>

City of Lompoc  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2003

Grantor Agency and Grant Title	CFDA Number	Grant/Project Number	Personnel Expenditures	Operating Expenditures	Capital Expenditures	Total Program Expenditures
<b>Direct Federal Assistance</b>						
<b>Department of Housing and Urban Development:</b>						
Community Dev Block/Entitlement	14.218	B-97	\$7,606	\$18,622		\$26,228
Community Dev Block/Entitlement	14.218	B-98	0	0		0
Community Dev Block/Entitlement	14.218	B-99	16,483	40,354		56,837
Community Dev Block/Entitlement	14.218	B-00	73,700	180,437		254,137
Community Dev Block/Entitlement	14.218	B-01	85,515	209,366		294,881
Community Dev Block/Entitlement	14.218	B-02	119,453	292,457		411,910
<b>Total Department of Housing and Urban Development</b>			<b>302,757</b>	<b>741,236</b>	<b>0</b>	<b>1,043,993</b>
<b>Federal Aviation Administration:</b>						
Runway Extension	20.106	3-06-0125-07			1,477,683	1,477,683
<b>Total Federal Aviation Administration</b>			<b>0</b>	<b>0</b>	<b>1,477,683</b>	<b>1,477,683</b>
<b>Department of Transportation</b>						
Federal Road Funds	20.205	STPLER5080012			507,343	507,343
<b>Total Department of Transportation</b>			<b>0</b>	<b>0</b>	<b>507,343</b>	<b>507,343</b>
<b>Department of Justice</b>						
COPS IN SCHOOL	16.710	2000SHWX0471	33,460			33,460
COPS IN SCHOOL MATCH	16.710	2000SHWX0471	11,153			11,153
OCJP Domestic Violence	16.588	LE97017237	59,000	30,857	3,718	93,575
OCJP Domestic Violence Match	16.588	LE97017237	26,096	5,095		31,191
Local Law Enforcement Block Grant	16.592	00-LB-VX-1381			6,524	6,524
Local Law Enforcement Block Grant Match	16.592	00-LB-VX-1381				0
Local Law Enforcement Block Grant	16.592	01-LB-BX-1066			41,083	41,083
Local Law Enforcement Block Grant Match	16.592	01-LB-BX-1066			4,565	4,565
Local Law Enforcement Block Grant	16.592	02-LB-BX-1728			34,987	34,987
Local Law Enforcement Block Grant Match	16.592	02-LB-BX-1728			3,887	3,887
<b>Total Department of Justice</b>			<b>129,709</b>	<b>35,952</b>	<b>94,764</b>	<b>260,425</b>
<b>Pass through - Other Agencies</b>						
<b>Department of Transportation</b>						
Pass through California Dept of Transit Administration						
Transit Administration	20.509	CA90-Y218		520,000		520,000
Transit Administration	20.509	CA90-Y007			100,661	100,661
<b>Total Department of Transportation</b>			<b>0</b>	<b>520,000</b>	<b>100,661</b>	<b>620,661</b>
<b>Total Federal Assistance</b>			<b>\$432,466</b>	<b>\$1,297,188</b>	<b>\$2,180,451</b>	<b>\$3,910,105</b>

1 OMB Circular A-133 requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with OMB Circular A-133 and state requirements.

**Paul B. Moe**  
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**127 W. Clark Avenue, Suite 210**  
Orcutt, CA 93455  
(805) 937-7195

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and California Society of  
Certified Public Accountants

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

Honorable Mayor and City Council  
City of Lompoc  
Lompoc, California

I have audited the financial statements of the City of Lompoc, as of and for the year ended June 30, 2003, and have issued my report thereon dated October 29, 2003. I conducted my 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.

Compliance

As part of obtaining reasonable assurance about whether the City of Lompoc's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants,

noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the City of Lompoc's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial

reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of management, others within the organization, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

October 29, 2003

**Paul B. Moe, C.P.A.**

**Paul B. Moe**  
**Certified Public Accountant**  
**127 W. Clark Avenue, Suite 210**  
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REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Mayor and City Council  
City of Lompoc  
Lompoc, California

Compliance

I have audited the compliance of the City of Lompoc, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. The City of Lompoc's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Lompoc's management. My responsibility is to express an opinion on the City of Lompoc's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government auditing standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of



Lompoc's compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of the City of Lompoc's compliance with those requirements.

In my opinion, the City of Lompoc complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

#### Internal Control Over Compliance

The management of the City of Lompoc is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the City of Lompoc's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that

would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of management, others within the organization, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

October 29, 2003

**Paul B. Moe, C.P.A.**

## **FINDINGS AND RECOMMENDATIONS SECTION**

**CITY OF LOMPOC**

**STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**

No findings or recommendations for the year ended June 30, 2002.

**CITY OF LOMPOC**  
Schedule of Audit Findings and Questioned Costs  
Year Ended June 30, 2003  
Page 1 of 2

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**Section I – Summary of Auditor’s Results**

*Financial Statements*

Type of auditor’s report issued:

**Unqualified**

Internal Control over financial reporting:

Material weakness(es) identified?

\_\_\_ Yes X No

Reporting condition(s) identified not considered  
to be material weaknesses?

\_\_\_ Yes X None

Noncompliance material to financial statements noted?

\_\_\_ Yes X No

*Federal Awards*

Internal control over major programs:

Material weakness(es) identified?

\_\_\_ Yes X No

Reporting condition(s) identified not considered  
to be material weaknesses?

\_\_\_ Yes X None

Type of auditor’s report issued on compliance for major programs:

**Unqualified**

Any audit findings disclosed that are required to be reported  
in accordance with Circular A-133, Section .510(a)

\_\_\_ Yes X No

**CITY OF LOMPOC**  
Schedule of Audit Findings and Questioned Costs  
Year Ended June 30, 2003  
Page 2 of 2

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Identification of major programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>14.218</u>	<u>Community Development Block Grants</u>
<u>20.106</u>	<u>Federal Aviation Administration</u>
<u>20.509</u>	<u>Transit Administration</u>
<u>20.205</u>	<u>Department of Transportation</u>

Dollar threshold used to distinguish between  
Type A and Type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

X Yes    \_\_\_ None reported

Section II – Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

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City of Lompoc  
**General Expenditures by Function**  
 Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Public Works</b>	<b>Culture &amp; Recreation</b>	<b>Other Expenditures</b>	<b>Capital Outlay</b>	<b>Total</b>
<b>1993-1994</b>	\$ 3,603,721	\$ 6,040,803	\$ 2,164,239	\$ 1,347,830	\$ 594,117	\$ 97,072	<b>\$ 13,847,782</b>
<b>1994-1995</b>	3,557,908	5,849,494	2,367,196	1,306,428	635,680	88,517	<b>13,805,223</b>
<b>1995-1996</b>	3,525,102	6,049,199	2,350,961	1,305,813	473,960	84,313	<b>13,789,348</b>
<b>1996-1997</b>	2,739,761	6,454,155	3,320,248	1,331,875	687,099	127,920	<b>14,661,058</b>
<b>1997-1998</b>	2,743,583	6,890,818	3,450,852	1,314,867	519,118	396,843	<b>15,316,081</b>
<b>1998-1999</b>	2,865,967	7,111,117	3,527,376	1,345,740	794,534	216,226	<b>15,860,960</b>
<b>1999-2000</b>	2,938,930	7,476,568	3,731,300	1,388,121	557,970	764,747	<b>16,857,636</b>
<b>2000-2001</b>	3,221,355	7,775,470	3,915,565	1,527,873	568,217	804,509	<b>17,812,989</b>
<b>2001-2002</b>	3,431,836	8,526,516	4,122,480	1,580,306	613,526	455,148	<b>18,729,812</b>
<b>2002-2003</b>	\$ 3,831,249	\$ 8,441,351	\$ 4,708,869	\$ 1,641,035	\$ 698,583	\$ 504,260	<b>\$ 19,825,347</b>

Source: City of Lompoc Annual Financial Report - General Fund

City Of Lompoc  
**General Revenues by Source**  
 Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Taxes</b>	<b>Licenses and Permits</b>	<b>Intergovernmental Revenue</b>	<b>Charges for Services</b>	<b>Fines and Penalties</b>	<b>Use of Money and Property</b>	<b>Miscellaneous</b>	<b>Total</b>
<b>1993-1994</b>	\$ 5,232,841	\$ 240,149	\$ 1,620,925	\$ 3,254,935	\$ 49,124	\$ 355,014	\$ 109,297	\$ <b>10,862,285</b>
<b>1994-1995</b>	5,372,111	194,680	1,584,254	3,287,911	31,539	243,815	11,400	<b>10,725,710</b>
<b>1995-1996</b>	5,515,928	189,638	1,758,895	3,213,897	34,937	174,764	35,425	<b>10,923,484</b>
<b>1996-1997</b>	5,649,649	157,823	2,022,134	3,155,331	26,655	350,011	1,434	<b>11,363,037</b>
<b>1997-1998</b>	6,026,051	124,926	2,022,760	3,893,587	27,969	412,407	240,273	<b>12,747,973</b>
<b>1998-1999</b>	6,099,447	353,608	2,420,131	3,989,309	26,935	188,932	82,332	<b>13,160,694</b>
<b>1999-2000</b>	6,723,631	395,219	2,654,739	4,237,337	23,468	95,484	122,241	<b>14,252,118</b>
<b>2000-2001</b>	7,134,894	279,909	3,172,453	4,092,120	24,131	410,571	103,583	<b>15,217,660</b>
<b>2001-2002</b>	7,392,771	421,094	2,959,794	4,701,676	28,720	331,724	576,694	<b>16,412,473</b>
<b>2002-2003</b>	\$ 7,702,445	\$ 440,533	\$ 3,153,776	\$ 5,146,755	\$ 122,907	\$ 281,388	\$ 110,647	\$ <b>16,958,451</b>

Source: City of Lompoc Annual Financial Report - General Fund



City of Lompoc  
**Tax and Franchise Fee Revenues by Source**  
 Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales and Use Tax</b>	<b>Transient Occupancy Tax</b>	<b>Property Transfer Tax</b>	<b>Franchise Fee</b>	<b>License Tax</b>	<b>Other</b>	<b>Total</b>
<b>1993-1994</b>	\$ 1,846,545	\$ 2,258,619	\$ 583,355	\$ 46,405	\$ 292,100	\$ 205,817	-	<b>\$ 5,232,841</b>
<b>1994-1995</b>	1,928,522	2,316,973	593,369	36,524	278,536	218,187	-	<b>5,372,111</b>
<b>1995-1996</b>	1,951,988	2,375,808	643,911	43,415	281,870	218,936	-	<b>5,515,928</b>
<b>1996-1997</b>	1,999,254	2,485,180	651,247	42,541	289,525	181,902	-	<b>5,649,649</b>
<b>1997-1998</b>	2,025,422	2,713,094	723,735	31,740	329,708	202,352	-	<b>6,026,051</b>
<b>1998-1999</b>	2,081,391	2,698,030	649,771	46,615	349,979	233,530	40,132	<b>6,099,447</b>
<b>1999-2000</b>	2,170,524	2,969,246	807,653	61,079	367,064	235,556	112,510	<b>6,723,631</b>
<b>2000-2001</b>	2,222,011	3,107,456	940,851	77,125	377,536	255,855	154,060	<b>7,134,894</b>
<b>2001-2002</b>	2,391,358	3,292,453	961,762	83,692	400,202	250,254	13,050	<b>7,392,771</b>
<b>2002-2003</b>	\$ 2,534,370	\$ 3,397,116	\$ 968,308	\$ 136,715	\$ 375,509	\$ 268,439	\$ 21,988	<b>\$ 7,702,445</b>

Source: City of Lompoc Annual Financial Report - General Fund

City Of Lompoc  
**Property Tax Levies and Collections**  
 Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Percent of Total Tax Collections to Tax Levy</b>	<b>Outstanding Delinquent Taxes</b>	<b>Percent Delinquent Taxes to Tax Levy</b>
<b>1993-1994</b>	\$ 1,927,734	\$ 1,701,812	88.28	\$ 64,283	\$ 1,766,095	91.62	\$ 68,796	3.57
<b>1994-1995</b>	1,928,274	1,801,358	93.42	66,450	1,867,808	96.86	56,878	2.95
<b>1995-1996</b>	1,949,813	1,912,211	98.07	53,901	1,966,112	100.84	50,371	2.58
<b>1996-1997</b>	1,980,261	1,945,237	98.23	54,017	1,999,254	100.96	26,727	1.35
<b>1997-1998</b>	1,992,087	1,983,522	99.57	41,900	2,025,422	101.67	28,153	1.41
<b>1998-1999</b>	2,020,488	2,000,189	99.00	28,414	2,028,603	100.40	24,657	1.22
<b>1999-2000</b>	2,113,526	2,058,516	97.40	28,091	2,086,607	98.73	38,411	1.82
<b>2000-2001</b>	2,202,562	2,109,479	95.77	47,415	2,156,894	97.93	38,947	1.77
<b>2001-2002</b>	2,335,440	2,251,472	96.40	28,790	2,280,262	97.64	33,451	1.43
<b>2002-2003</b>	\$ 2,492,657	\$ 2,362,715	94.79	\$ 24,554	\$ 2,387,269	95.77	\$ 36,726	1.47

Source: City of Lompoc Annual Financial Report  
 State Controller's Report of Cities of California

City of Lompoc  
**Assessed and Estimated**  
**Actual Value of Taxable Property**  
 Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Secured Roll</b>		<b>Unsecured Roll</b>		<b>Totals</b>	
	<b>Assessed Value</b>	<b>Estimated Actual Value</b>	<b>Assessed Value</b>	<b>Estimated Actual Value</b>	<b>Assessed Value</b>	<b>Estimated Actual Value</b>
<b>1993-1994</b>	\$ 1,039,533,717	\$ 1,039,533,717	\$ 54,218,854	\$ 54,218,854	\$ 1,093,752,571	\$ 1,093,752,571
<b>1994-1995</b>	1,075,183,325	1,075,183,325	54,270,749	54,270,749	1,129,454,074	1,129,454,074
<b>1995-1996</b>	1,094,473,001	1,094,473,001	53,257,781	53,257,781	1,147,730,782	1,147,730,782
<b>1996-1997</b>	1,106,087,297	1,106,087,297	51,963,725	51,963,725	1,158,051,022	1,158,051,022
<b>1997-1998</b>	1,131,933,745	1,131,933,745	61,336,817	61,336,817	1,193,270,562	1,193,270,562
<b>1998-1999</b>	1,154,581,744	1,154,581,744	63,072,395	63,072,395	1,217,654,139	1,217,654,139
<b>1999-2000</b>	1,429,827,230	1,429,827,230	70,751,754	70,751,754	1,500,578,984	1,500,578,984
<b>2000-2001</b>	1,491,090,115	1,491,090,115	92,061,574	92,061,574	1,583,151,689	1,583,151,689
<b>2001-2002</b>	1,587,607,680	1,587,607,680	94,812,980	94,812,980	1,682,420,660	1,682,420,660
<b>2002-2003</b>	\$ 1,691,731,091	\$ 1,691,731,091	\$ 105,507,739	\$ 105,507,739	\$ 1,797,238,830	\$ 1,797,238,830

Note: Property values include supplemental tax rolls.

Source: Santa Barbara County Tax Rates and Assessed Valuation

City of Lompoc  
**Property Tax Rates**  
**Direct and Overlapping Governments**  
 Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Basic County Tax</b>	<b>School Districts</b>	<b>State Water Bond</b>	<b>Hospital District Bond</b>	<b>Total</b>
<b>1993-1994</b>	1.00000%	-	-	-	<b>1.00000%</b>
<b>1994-1995</b>	1.00000%	-	-	-	<b>1.00000%</b>
<b>1995-1996</b>	1.00000%	-	-	-	<b>1.00000%</b>
<b>1996-1997</b>	1.00000%	-	-	-	<b>1.00000%</b>
<b>1997-1998</b>	1.00000%	-	-	-	<b>1.00000%</b>
<b>1998-1999</b>	1.00000%	-	-	-	<b>1.00000%</b>
<b>1999-2000</b>	1.00000%	-	-	-	<b>1.00000%</b>
<b>2000-2001</b>	1.00000%	-	-	-	<b>1.00000%</b>
<b>2001-2002</b>	1.00000%	-	-	-	<b>1.00000%</b>
<b>2002-2003</b>	1.00000%	-	-	-	<b>1.00000%</b>

Note: Valuations are established by the County Assessor of the County of Santa Barbara, except for property owned by private utility companies, which is valued by the State of California. Under the provisions of Article XIII A of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978) properties are assessed at 100% of full value and subsequently increase at a maximum rate of 2% per year. The County collects property taxes and distributes the appropriate amount to each city. Each \$1.00 of property tax is distributed to various local government agencies based upon fixed allocation factors.

Source: Santa Barbara County Tax Rates and Assessed Valuations

City of Lompoc  
**Special Assessment Collections**  
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Current Assesments Due</u>	<u>Current Assessments Collected</u>	<u>Ratio of Collections to Amount Due</u>	<u>Total Outstanding Assessments</u>
<b>1993-1994</b>	\$ 28,253	\$ 28,979	1.03	\$ 72,118
<b>1994-1995</b>	27,765	29,149	1.05	43,217
<b>1995-1996</b>	27,765	26,470	0.95	15,452
<b>1996-1997</b>	15,452	13,743	0.89	5,978
<b>1997-1998</b>	5,978	3,757	0.63	3,315
<b>1998-1999</b>	3,315	2,664	0.80	651
<b>1999-2000</b>	651	361	0.55	290
<b>2000-2001</b>	290	249	0.86	41
<b>2001-2002</b>	41	41	1.00	0
<b>2002-2003</b>	\$ -	\$ -	0.00	\$ -

City of Lompoc  
**Statement of Legal Debt Margin**  
June 30, 2003

Assessed Value	<u><u>\$1,797,238,830</u></u>
Debt Limit - 3.75 of Total Assessed Value	\$67,396,456
Amount of Debt Applicable to the Limit	<u>0</u>
<b>Legal Debt Margin</b>	<u><u>\$67,396,456</u></u>

Note: Section 43605 of California Government Code, which established the debt limit of 15%, is based on assessed valuation being equivalent to 25% of full market value. In 1981-82, assessed valuation became equal to full market valuation. As a result, 1981-82 and subsequent years charter debt limit is computed at 1/4 of 15% or 3.75 of full market valuation.

Source: Santa Barbara County Tax Rates and Assessed Valuations

City of Lompoc  
**Computation of Direct and Overlapping Debt**  
 June 30, 2003

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Lompoc</u>	<u>Amount Applicable to City of Lompoc</u>
Lompoc Unified School District	\$ 17,500,000	55.338%	\$ 9,684,150
City of Lompoc		100.000%	0
Santa Barbara County Public Safety Authority and Certificates of Participation	67,860,010	4.006%	2,718,472
Allan Hancock Community College District District Certificates of Participation	5,585,000	11.153%	622,895
Combined Total Debt	<u>\$ 90,945,010</u>		<u>\$ 13,025,517</u>

Total Assessed Valuation: \$1,441,574,769 \*

Ratios to Assessed Valuation:

Direct Debt	0.00%
Total Direct and Overlapping Tax and Assessment Debt	0.64%
Combined Total Debt	0.90%

\* Assessed valuation calculated as follows:

Net Taxable Value	\$1,505,850,723
Less: Redevelopment Agency Tax Increment	(64,275,954)
Total Assessed Valuation	<u>\$1,441,574,769</u>

Source: California Municipal Statistics

City of Lompoc  
**Schedule of Debt Ratios**  
 Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Assessed Value (2)</b>	<b>Net General Bond Debt (3)</b>	<b>Ratio of Net Bonded Debt to Assessed Value</b>	<b>Net Bonded Debt per Capita</b>
<b>1993-1994</b>	40,861	\$ 1,093,752,571	0	0	0
<b>1994-1995</b>	41,093	1,129,454,074	0	0	0
<b>1995-1996</b>	41,002	1,147,730,782	0	0	0
<b>1996-1997</b>	41,641	1,158,051,022	0	0	0
<b>1997-1998</b>	42,275	1,193,270,562	0	0	0
<b>1998-1999</b>	42,432	1,217,654,139	0	0	0
<b>1999-2000</b>	43,284	1,500,578,984	0	0	0
<b>2000-2001</b>	42,155	1,583,151,689	0	0	0
<b>2001-2002</b>	41,671	1,682,420,660	0	0	0
<b>2002-2003</b>	41,865	\$ 1,797,238,830	0	0	0

Note: Property values include supplemental tax rolls

Source: (1) California Department of Finance  
 (2) Santa Barbara County Tax Rates and Assessed Valuation  
 (3) City of Lompoc Annual Financial Report



City of Lompoc  
**Ratio of Annual Debt Service**  
 For General Obligation Debt to Total General Expenditures  
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Expenditures</u>	<u>Ratio of Debt Service to General Expenditures</u>
1993-1994	0	0	0	\$ 13,847,782	0
1994-1995	0	0	0	13,805,223	0
1995-1996	0	0	0	13,789,348	0
1996-1997	0	0	0	14,661,058	0
1997-1998	0	0	0	15,316,081	0
1998-1999	0	0	0	15,860,959	0
1999-2000	0	0	0	16,857,636	0
2000-2001	0	0	0	17,812,989	0
2001-2002	0	0	0	18,729,812	0
2002-2003	0	0	0	\$ 19,825,348	0

Source: City of Lompoc Annual Financial Report

City of Lompoc  
**Schedule of Revenue Bond Coverage**  
Wastewater Utility Fund  
Last Ten Fiscal Years

Fiscal Year	Gross Revenue (1)	Direct Operating Expense (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1993-1994	\$ 3,742,920	\$ 3,147,130	\$ 595,790	\$ 90,290	\$ 130,127	\$ 220,417	2.7
1994-1995	4,089,058	3,264,649	824,409	204,679	114,743	319,422	2.6
1995-1996	3,968,289	3,419,468	548,821	104,832	97,963	202,795	2.7
1996-1997	4,388,884	3,389,988	998,896	109,851	91,568	201,419	5.0
1997-1998	4,485,473	3,666,202	819,271	114,720	84,848	199,568	4.1
1998-1999	4,488,666	3,773,643	715,023	131,295	45,168	176,463	4.1
1999-2000	3,939,398	4,052,450	(113,052)	119,396	60,730	180,126	(0.6)
2000-2001	4,002,031	4,014,692	(12,661)	26,229	53,490	79,719	(0.2)
2001-2002	4,001,499	4,087,417	(85,918)	27,477	52,466	79,943	(1.1)
2002-2003	\$ 4,299,921	\$ 4,484,795	\$ (184,874)	\$ 28,082	\$ 51,368	\$ 79,450	(2.3)

(1) Operating and nonoperating revenues

(2) Excludes depreciation

Source: City of Lompoc Annual Financial Report

Note: 1994-1995 debt service requirements include additional amounts paid to retire a portion of bonds before a refunding

Note: In fiscal year 1999, the City advance refunded the 1992 revenue bonds resulting in reduced interest expense.

City of Lompoc  
**Schedule of Revenue Bond Coverage**  
 Water Utility Fund  
 Last Ten Fiscal Years

Fiscal Year	Gross Revenue (1)	Direct Operating Expense (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1993-1994	\$ 5,003,966	\$ 3,499,748	\$ 1,504,218	\$ 49,710	\$ 247,018	\$ 296,728	5.1
1994-1995	4,985,132	3,872,755	1,112,377	53,534	244,732	298,266	3.7
1995-1996	5,220,683	3,905,360	1,315,323	53,534	242,056	295,590	4.4
1996-1997	5,443,522	3,859,890	1,583,632	57,358	238,194	295,552	5.4
1997-1998	5,325,214	4,294,347	1,030,867	61,182	234,927	296,109	3.5
1998-1999	5,534,188	4,160,152	1,374,036	223,141	259,288	482,429	2.8
1999-2000	5,857,458	4,347,199	1,510,259	175,012	381,122	556,134	2.7
2000-2001	5,908,886	4,322,681	1,586,205	183,771	374,646	558,417	2.8
2001-2002	5,569,836	5,014,759	555,077	192,522	367,480	560,002	1.0
2002-2003	\$ 5,667,432	\$ 4,912,044	\$ 755,388	\$ 196,889	\$ 359,778	\$ 556,667	1.4

(1) Operating and nonoperating revenues

(2) Excludes depreciation

Source: City of Lompoc Annual Financial Report

Note: In fiscal year 1999, the City advance refunded the 1992 revenue bonds and issued an additional \$4,470,000 in revenue bonds for Water Fund capital projects.

City of Lompoc  
**Demographic Statistics**  
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Median Income (2)</u>	<u>High School Drop Out Rate (3)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rates (4)</u>
1993-1994	40,861	-	6.1%	10,888	8.9%
1994-1995	41,093	-	6.0%	10,774	8.7%
1995-1996	41,002	-	6.0%	11,188	7.0%
1996-1997	41,641	-	3.1%	11,220	5.7%
1997-1998	42,275	-	3.9%	11,275	5.8%
1998-1999	42,432	-	3.7%	11,384	4.4%
1999-2000	43,284	-	4.2%	11,232	4.2%
2000-2001	42,155	-	4.3%	11,552	5.6%
2001-2002	41,671	-	4.3%	11,287	4.9%
2002-2003	41,865	-	2.5%	11,618	5.1%

Sources: (1) State of California Department of Finance  
 (2) Not available  
 (3) Lompoc Unified School District  
 (4) California Employment Development Department

City of Lompoc  
**Property Value, Construction and Bank Deposits**  
 Last Ten Fiscal Years

Fiscal Year	Commercial Construction (1)		Residential Construction (1)		Bank Deposits (2)	Property Values (3)		
	Number of Permits	Value	Number of Permits	Value		State Assessed	Locally Assessed	Exemptions
<b>1993-1994</b>	103	\$ 3,661,035	521	\$ 16,737,777	\$ 223,571,000	\$ 851,878	\$ 1,148,652,447	\$ 54,899,876
<b>1994-1995</b>	104	3,667,296	440	13,611,989	214,009,000	975,977	1,188,388,782	59,910,685
<b>1995-1996</b>	91	4,168,509	474	7,844,725	257,474,000	730,577	1,210,050,171	63,049,966
<b>1996-1997</b>	96	5,136,051	428	6,282,026	257,533,000	629,647	1,225,908,015	68,486,640
<b>1997-1998</b>	72	3,708,942	537	2,880,600	266,769,000	699,524	1,262,353,008	69,781,970
<b>1998-1999</b>	97	4,181,132	263	13,926,214	277,921,000	754,181	1,287,987,090	71,087,132
<b>1999-2000</b>	81	15,681,423	213	10,471,800	278,121,000	1,095,676	1,588,296,162	88,812,854
<b>2000-2001</b>	44	8,249,828	344	3,389,857	300,437,000	1,080,349	1,576,273,665	89,528,653
<b>2001-2002</b>	179	8,403,322	1,003	12,964,315	319,114,000	1,098,125	1,684,262,159	103,493,746
<b>2002-2003</b>	101	\$ 9,919,754	796	\$ 26,022,399	\$ 344,176,000	\$ 2,384,589	\$ 1,792,842,615	\$ 105,488,373

(1) Source: City of Lompoc Building Department

(2) Source: State Banking Department:

(3) Source: Santa Barbara County Tax Rates and Assessed Value 1993-94 through 2002-03

City of Lompoc  
**Principal Property Taxpayers**  
June 30, 2003

	<b>Taxpayer</b>	<b>Types of Business</b>	<b>2003 Assessed Valuation</b>	<b>Percentage of Total Principal Taxpayers</b>	<b>Percentage of Total Assessed Valuation</b>
1	F & F Park Place Associates LLC	Apartments	\$ 18,089,708	14.53%	1.01%
2	Optical Concepts Inc.	Research & Development	15,892,180	12.77%	0.88%
3	Bascal Properties II LLC	Real Estate	11,504,220	9.24%	0.64%
4	Nesbitt Partners Lompoc Ventures Limited	Hotel	9,203,238	7.39%	0.51%
5	M & H Realty Partners III	Real Estate	8,727,422	7.01%	0.49%
6	Lincoln Ravenswood	Apartments	8,456,858	6.79%	0.47%
7	Wal Mart Real Estate Business Trust	Retail Stores	7,914,063	6.36%	0.44%
8	Nadel Properties	Real Estate	6,757,684	5.43%	0.38%
9	Kailani Village Limited	Apartments	6,423,360	5.16%	0.36%
10	Mervyns	Department Store	6,164,370	4.95%	0.34%
11	Central Coast Convalescent Hospital	Hospital	6,016,297	4.83%	0.33%
12	The Willows Mobile Home Park	Mobile Home Park	5,986,938	4.81%	0.33%
13	VH Valli Hi Associates LP	Apartments	5,170,000	4.15%	0.29%
14	North Star Management Company	Apartments	4,233,655	3.40%	0.24%
15	Marshall M. Litchmann	Real Estate	3,948,675	3.17%	0.22%
<b>Totals</b>			<b>\$ 124,488,668</b>	<b>100.00%</b>	<b>6.93%</b>

City of Lompoc  
**Miscellaneous Statistical Information**  
June 30, 2003

Date Incorporated	- August 13, 1888
Type of City	- General Law
Form of Government	- Council / City Administrator
Police Services	- 1 Station - 1 Jail - 46 Sworn Officers - 13 Dispatchers / Jailers - 8 Support Staff - 42 Reserves / Volunteers
Fire Services	- 2 Stations - 25 Personnel - 1 Support Staff - 0 Reserves / Volunteers
Cultural / Recreational	- 1 Museum - 3 Libraries (2 outside City Limits) - 1 Recreation Center - 11 Parks - 1 Private Professional Golf Course (outside City Limits) - 1 Public Professional Golf Course (outside City Limits) - 2 Swimming Pools - 1 Campground (outside City Limits)
City Personnel	- 360 Full-Time - 194 Other Part-time

Note: Positions listed are authorized/budgeted positions  
and are not necessarily filled.

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