

# CITY OF LOMPOC



LOMPOC, CALIFORNIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR FISCAL YEAR ENDED JUNE 30, 2006

***About the Cover:*** From the Lompoc Valley Historical Society's archives, this year's feature photo is a photograph from 1911 of the Lompoc Museum. The Lompoc Museum, located at 200 South H Street, is housed in a former Carnegie Library Building. It was built in 1910 with a \$10,000 grant from Andrew Carnegie, who believed all Americans should have access to library services. In 1969, the City of Lompoc constructed a new library, and the Carnegie building was soon after made the Lompoc Museum. It currently houses many artifacts from the local Chumash culture, and items that are historically significant to the Lompoc Valley. The Lompoc Museum is currently scheduled to undergo improvements over the next five years, the first of which will include roof repairs and basement windows repairs.

**Comprehensive  
Annual Financial Report  
for the  
City of Lompoc  
Lompoc, California  
Fiscal Year Ended June 30, 2006**



**Gary P. Keefe  
City Administrator**

**Issued by the Finance Department**

**Management Services Director.....John C. Walk  
Financial Services Manager.....Rene M. Vise'  
Accounting Supervisor.....Seth M. Bean  
Accountant.....Trisha C. Charbonneau**

City of Lompoc  
 Comprehensive Annual Financial Report  
 Year Ended June 30, 2006  
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November 10, 2006

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 accounting principles generally accepted in the United States of America (US GAAP) and audited in accordance with auditing standards generally accepted in the United States of America 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, 2006.

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 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 US 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.

US GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditors' report.

Moss, Levy & Hartzheim L.L.P./Certified Public Accountants, have audited the City of Lompoc's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Lompoc for the fiscal year ended June 30, 2006 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, 2006, are fairly presented in conformity with US GAAP. The independent auditors' 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 Council also appoints the City Attorney and City Clerk.

Lompoc is a full service City with 392 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 41,915 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 7,444 military, civilian, and contract personnel and the correctional facility employs 547 personnel.

The County of Santa Barbara (which includes the City of Lompoc) has an employed labor force of 208,500. 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 6 years. The County continues to record job growth and declining unemployment rates. While the State of



California has an unemployment rate hovering near 5%, Santa Barbara County has remained stable with an unemployment rate of 4.0%. Other than Marin, San Luis Obispo, Orange, and Napa County, Santa Barbara County has the lowest unemployment rate of all counties in California.

The City of Lompoc has an employed labor force of 17,600 with an unemployment rate of 5.6%. 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 are the fastest growing industry with a projected growth rate of 11.9%, government at 10.8%, and retail trade at 11.8% are also expected to grow rapidly through 2012.

### **Long-Term Financial Planning**

In December 2004, the City began construction on an aquatic center containing three pools – an Olympic size swimming pool, a therapeutic pool and a children’s pool. The aquatic center was completed in the fall of 2006 and opened its doors on September 25, 2006. In August 2002, the property owners of Lompoc approved the formation of the Lompoc Park Maintenance and City Pool Assessment District. Revenue of approximately \$230,000 is generated annually, which is used for improvements and enhanced maintenance of park and recreation facilities, construction of the aquatic center and debt service payments. The total cost of the design, engineering, and construction of the aquatic center was \$12.9 million. The City issued certificates of participation in November 2004 to fund the majority of the aquatic center. Debt service on the certificates 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 the aquatic center’s 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. The estimated cost of the project is \$96.4 million, which includes design, engineering, construction management services, and construction costs. Bids for construction have been received and the contract for construction is scheduled for award in January 2007. The City is funding the project from the proceeds of revenue bonds and a loan from the State Water Resources Control Board through their Federally sponsored State Revolving Fund loan program. The Wastewater Fund, Vandenberg Air Force Base (VAFB), and Vandenberg Village Community Services District (VVCSD) will share debt service on the bonds and loan. The City Council has approved rate increases over the next five years to pay the increased debt service for the Wastewater fund.

The Water Fund will be constructing Well number 10 to augment the supply of water during periods of drought. The estimated cost is \$1.75 million. The Water Fund has completed installing additional filters to the treatment plant to increase daily water treatment capacity. Project Costs were \$3.53 million. The Water Fund will also be making improvements to the booster station. Costs incurred to date are \$430,626. Remaining estimated costs for construction are \$2.4 million. All the Water Fund capital projects are being funded from the proceeds of water revenue bonds issued in March 2005.

### **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 greatest return. Accordingly, deposits were either insured by federal depository insurance or collateralized.

### **Risk Management**

The City joined the California Public Entity Insurance Authority (CPEIA) on July 1, 2003, to provide for the transfer of risk for general liability. The limit of insurance provided on June 30, 2006 was \$15 million, combined single limit occurrence. The insurance deposit paid for this coverage was \$198,517.

The authority is a pool of cities, agencies, and special districts, which has formed a joint powers authority in association with the CSAC Excess Insurance Authority. Each member 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 \$85,866. 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 \$152,714.

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 coverage's.

### **Awards and Acknowledgements**

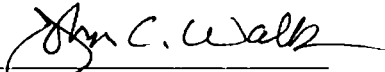
The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lompoc for its comprehensive annual financial report for the fiscal year ended June 30, 2005. The Certificate of Achievement 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 accounting principles generally accepted in the United States of America 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 17 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,

  
\_\_\_\_\_  
John C. Walk  
Management Services Director

APPROVED FOR SUBMITTAL TO CITY COUNCIL:

  
\_\_\_\_\_  
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, 2005

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



A handwritten signature in cursive script, appearing to read "Ronald J. Hawn".

President

A handwritten signature in cursive script, appearing to read "Jeffrey R. Emery".

Executive Director

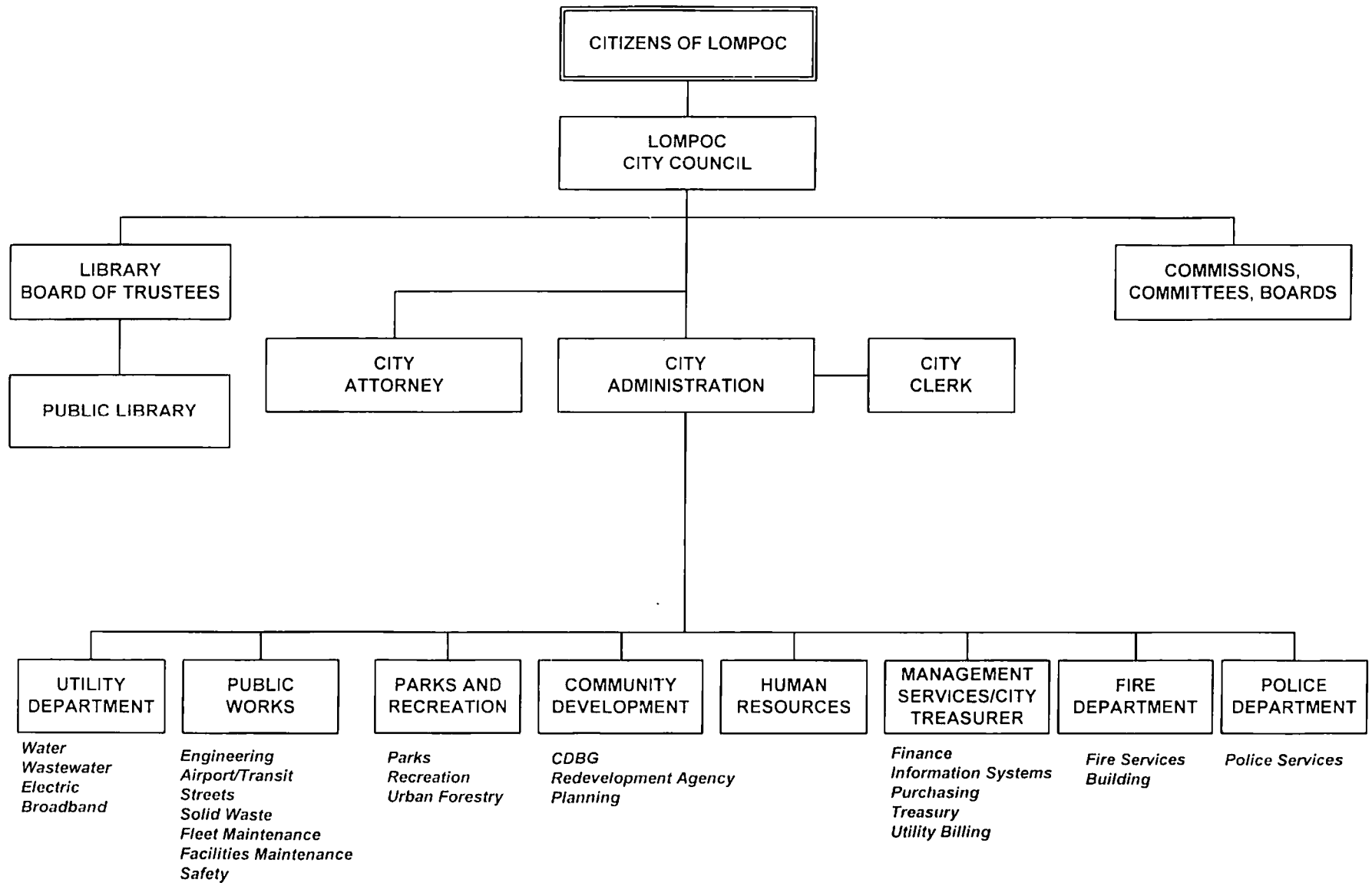
**City Council**

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

**Administrative Personnel**

City Administrator.....	Gary P. Keefe
City Attorney.....	Sharon Stuart
City Clerk.....	Donna Terrones
Utility Director.....	Jim Beck
Public Works Director.....	Larry Bean
Parks and Recreation Director.....	Dan McCaffrey
Community Development Director.....	Arleen Pelster
Human Resources Director.....	William J. Yanonis
Management Services Director / City Treasurer.....	John Walk
Fire Chief.....	Linual White
Police Chief.....	William Brown, Jr.

# CITY OF LOMPOC ORGANIZATION CHART





# MOSS, LEVY & HARTZHEIM L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

**PARTNERS:**

ROBERT M. MOSS, C.P.A.  
RONALD A. LEVY, C.P.A.  
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## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and City Council  
City of Lompoc, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lompoc, as of and for the fiscal year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Lompoc at June 30, 2006, and the respective changes in financial position and cash flows, where applicable thereof, and the respective budgetary comparison for the General Fund for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 1 of the notes to basic financial statements, the City of Lompoc adopted Governmental Accounting Standards Board Statement No. 46, *Net Assets Restricted by Enabling Legislation – an Amendment of No. 34* and GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, effective July 1, 2005.

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

OFFICES: BEVERLY HILLS • SANTA MARIA



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

In accordance with *Government Auditing Standards*, we have also issued a report dated November 10, 2006, on our consideration of the City of Lompoc's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The introductory section and the statistical section listed in the table of contents were not audited by us, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

MOSS, LEVY & HARTZHEIM L.L.P.

*Moss, Levy & Hartzheim LLP*

November 10, 2006

## Management's Discussion and Analysis

As management of the City of Lompoc (the "City"), we offer readers of the City's financial statements this discussion and analysis of the financial activities of the City for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with the letter of transmittal on pages iii – ix and the City's financial statements, which begin on page 19 of this report.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements, which can be found on pages 35 - 79 of this report. In addition to these required elements, we have included combining and individual statements and schedules that provide details about our nonmajor governmental funds, nonmajor enterprise funds, and internal service funds, each of which is presented in a column in the basic financial statements.

## Government-wide financial statements

The *government-wide financial statements* (see pages 19 – 21) report information about the City as a whole using accounting methods similar to those used by private-sector companies.

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

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

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

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

## Fund financial statements

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

*Governmental funds* - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation to the fund financial statements. The basic governmental fund financial statements can be found on pages 22 - 28 of this report.

*Proprietary funds* - The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water, Electric, Wastewater, Airport, Aquatic Center, Broadband, Solid Waste, Transit, Recreation, River Park Campground, and Lompoc Valley Community Center. The City uses *internal service funds* to report activities that provide supplies and services for the City's other programs and activities. The City uses internal service funds to account for its fleet of vehicles, insurance, communications, and central stores inventory. The Internal Service Funds predominantly provide services to governmental activity functions and therefore are included within the *governmental activities* of the government-wide financial statements. The basic proprietary fund financial statements can be found on pages 29 - 33 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 34 of this report.

## **FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

As previously noted, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$184.2 million. 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.

During the current fiscal year, the City’s net assets increased by approximately \$4.76 million. The total increase in net assets, including prior period adjustments, was \$4.78 million. The City’s increase in net assets is primarily attributable to increased user charges (“charges for service”) and an increase in tax revenue, specifically property tax revenue.

**CITY OF LOMPOC'S NET ASSETS**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>
Current and other assets	\$ 41,097,652	\$ 44,143,650	\$ 46,681,929	\$ 40,376,047	\$ 87,779,581	\$ 84,519,697
Capital assets	71,665,470	69,903,431	75,712,543	84,912,336	147,378,013	154,815,767
<b>Total assets</b>	<b>112,763,122</b>	<b>114,047,081</b>	<b>122,394,472</b>	<b>125,288,383</b>	<b>235,157,594</b>	<b>239,335,464</b>
Current liabilities	6,975,306	8,785,071	5,955,763	4,365,649	12,931,069	13,150,720
Long-term liabilities	13,480,854	13,520,701	29,327,296	28,462,667	42,808,150	41,983,368
<b>Total liabilities</b>	<b>20,456,160</b>	<b>22,305,772</b>	<b>35,283,059</b>	<b>32,828,316</b>	<b>55,739,219</b>	<b>55,134,088</b>
Net assets:						
Invested in capital assets, net						
of related debt	70,159,940	58,273,483	61,877,655	68,572,041	132,037,595	126,845,524
Restricted	1,651,968	238,558	10,918,849	9,353,263	12,570,817	9,591,821
Unrestricted	20,495,054	33,229,268	14,314,909	14,534,763	34,809,963	47,764,031
<b>Total net assets</b>	<b>\$ 92,306,962</b>	<b>\$ 91,741,309</b>	<b>\$ 87,111,413</b>	<b>\$ 92,460,067</b>	<b>\$ 179,418,375</b>	<b>\$ 184,201,376</b>

The balance of unrestricted net assets of \$47.76 million represents the amount that may be used to meet the government’s ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

The condensed summary of activities, which follows, shows net assets increased by \$4.76 million during the year.

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

	Governmental Activities		Business-type Activities		Total	
	2005	2006	2005	2006	2005	2006
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 6,568,250	\$ 7,314,376	\$ 33,468,175	\$ 35,131,143	\$ 40,036,425	\$ 42,445,519
Operating grants and contributions	8,106,728	7,869,078	1,499,807	1,976,141	9,606,535	9,845,219
Capital grants and contributions	565,305	245,067	2,187,067	841,541	2,752,372	1,086,608
<b>General revenues:</b>						
Property taxes	4,452,256	5,585,321	10,806	10,553	4,463,062	5,595,874
Sales taxes	3,782,713	3,982,470			3,782,713	3,982,470
Other taxes	5,626,614	5,348,571			5,626,614	5,348,571
Grants and contributions not restricted to specific programs	450,354	634,876			450,354	634,876
Unrestricted investment earnings	1,396,865	1,194,016	1,013,477	751,382	2,410,342	1,945,398
Other revenue	138,662	142,576	147,460	187,298	286,122	329,874
<b>Total revenues</b>	<b>31,087,747</b>	<b>32,316,351</b>	<b>38,326,792</b>	<b>38,898,058</b>	<b>69,414,539</b>	<b>71,214,409</b>
<b>Expenses:</b>						
<b>Governmental activities:</b>						
General government	4,391,373	4,049,986			4,391,373	4,049,986
Police protection	7,696,494	7,670,036			7,696,494	7,670,036
Fire protection	3,116,279	2,875,272			3,116,279	2,875,272
Engineering/streets	5,424,780	5,223,912			5,424,780	5,223,912
Building	1,118,628	1,252,888			1,118,628	1,252,888
Community development	2,323,325	2,647,118			2,323,325	2,647,118
Parks and recreation	3,369,895	3,198,170			3,369,895	3,198,170
Nondepartmental	629,344	657,899			629,344	657,899
Health and welfare	56,435	40,002			56,435	40,002
Interest on long-term debt	565,377	622,218			565,377	622,218
<b>Business-type activities:</b>						
Water			6,912,826	7,509,982	6,912,826	7,509,982
Electric			17,307,693	15,482,194	17,307,693	15,482,194
Wastewater			5,686,218	6,142,435	5,686,218	6,142,435
Solid Waste			4,849,059	5,372,226	4,849,059	5,372,226
Aquatic Center				36,474		36,474
Airport			276,422	344,850	276,422	344,850
Transit			1,702,111	1,961,783	1,702,111	1,961,783
Recreation			318,424	307,965	318,424	307,965
River Park			70,336	93,157	70,336	93,157
Lompoc Valley Community Center			160,227	153,588	160,227	153,588
Broadband			231,043	814,370	231,043	814,370
<b>Total expenses</b>	<b>28,691,930</b>	<b>28,237,501</b>	<b>37,514,359</b>	<b>38,219,024</b>	<b>66,206,289</b>	<b>66,456,525</b>
Increase (decrease) in net assets before transfers	2,395,817	4,078,850	812,433	679,034	3,208,250	4,757,884
Transfers	(4,040,232)	(4,720,586)	4,040,232	4,720,586		
<b>Increase (decrease) in net assets</b>	<b>(1,644,415)</b>	<b>(641,736)</b>	<b>4,852,665</b>	<b>5,399,620</b>	<b>3,208,250</b>	<b>4,757,884</b>
Beginning net assets	93,491,504	92,306,962	81,305,573	87,111,413	174,797,077	179,418,375
Prior period adjustments	459,873	76,083	953,175	(50,966)	1,413,048	25,117
<b>Ending net assets</b>	<b>\$ 92,306,962</b>	<b>\$ 91,741,309</b>	<b>\$ 87,111,413</b>	<b>\$ 92,460,067</b>	<b>\$ 179,418,375</b>	<b>\$ 184,201,376</b>

As shown above, the City's revenues for fiscal year 2006 totaled approximately \$71.2 million, with the majority of it (59.6%) generated from charges for services. Compared to fiscal year ending 2005, revenue increased by approximately 2.6%, or \$1.8 million, for the year ended June 30, 2006. The primary factors for this increase in revenue were increased charges for service and an increase in property tax revenue. The combined total increase over the prior fiscal year for the two previously mentioned factors was approximately \$3.5 million.

Expenses to the City remained relatively flat compared to the previous fiscal year. Total expenses for fiscal year 2006 were approximately \$66.46 million, which was not even a 1% increase over the prior year.

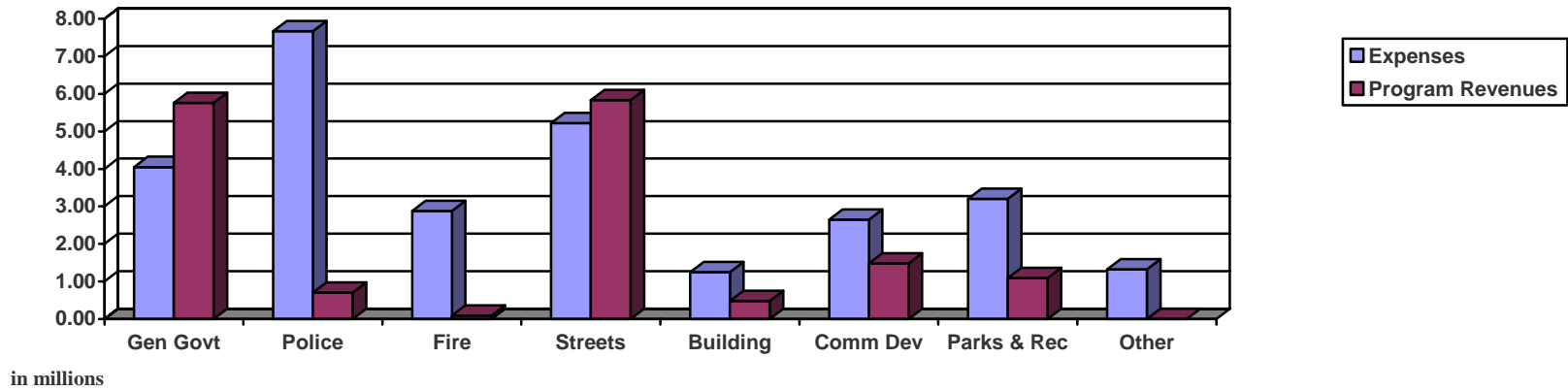
### **Governmental activities**

Governmental activities decreased the City's net assets by \$641,736. The key reason for this decrease was the transfer of \$6.2 million of the aquatic center "construction in progress" from governmental activities to business-type activities. Excluding the transfers between governmental activities and business-type activities, governmental activities actually increased the City's net assets by approximately \$4.1 million.

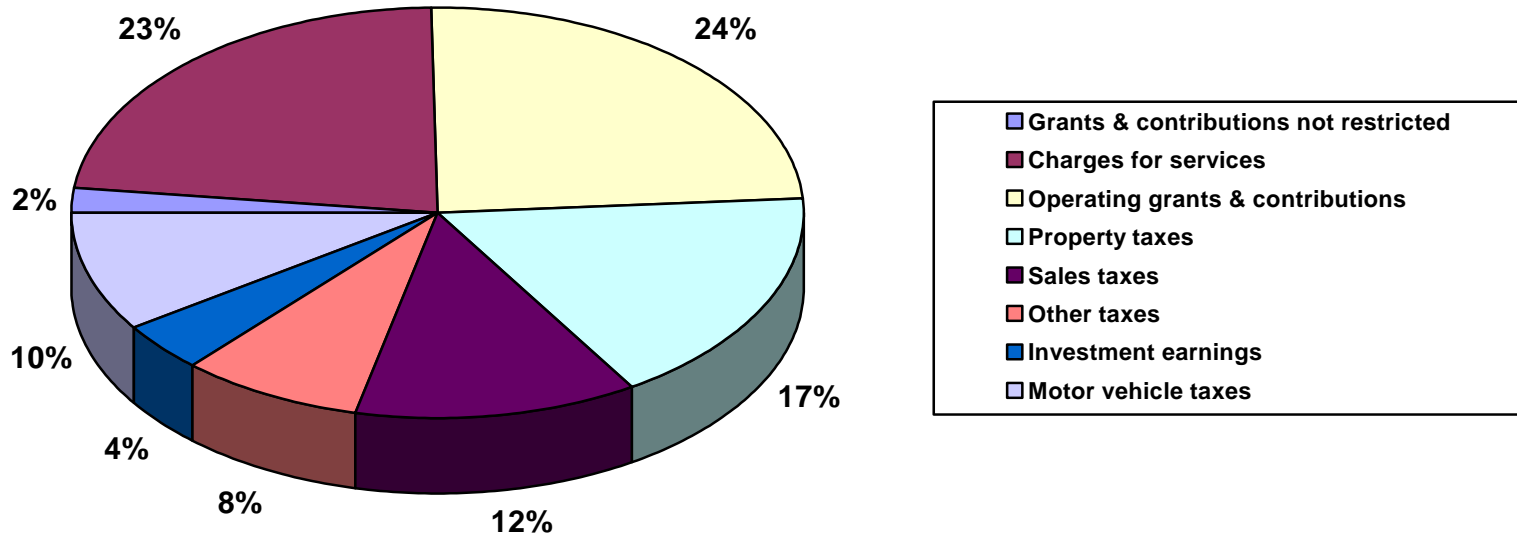
Total revenues for the City's governmental activities were \$32.32 million for the year ended June 30, 2006. Of this total, \$14.9 million (46%) was derived from taxes. This is typical in that traditional services provided by a city such as public safety, parks, recreation, and public works are primarily funded from property, sales, transient occupancy, motor vehicle, and other local taxes. Approximately 22.6%, or \$7.3 million, of total revenues was derived from charges for services, representing fees charged for various services, including planning, engineering, and recreation. Total revenues for governmental activities increased by 3.95%, or \$1.23 million, from fiscal year 2005 to fiscal year 2006.

Total expenses for governmental activities totaled \$28.24 million for the fiscal year ended June 30, 2006, which is a \$454,429 decrease over the previous year. The largest component of total expenses was for public safety, \$10.5 million, which represented 37.2% of the total. Public works expenses, which include engineering and streets, totaled \$5.2 million, or 18.4%, of total expenses in the governmental activities.

**Expenses and Program Revenues – Governmental Activities**



**Revenues by Source – Governmental Activities**





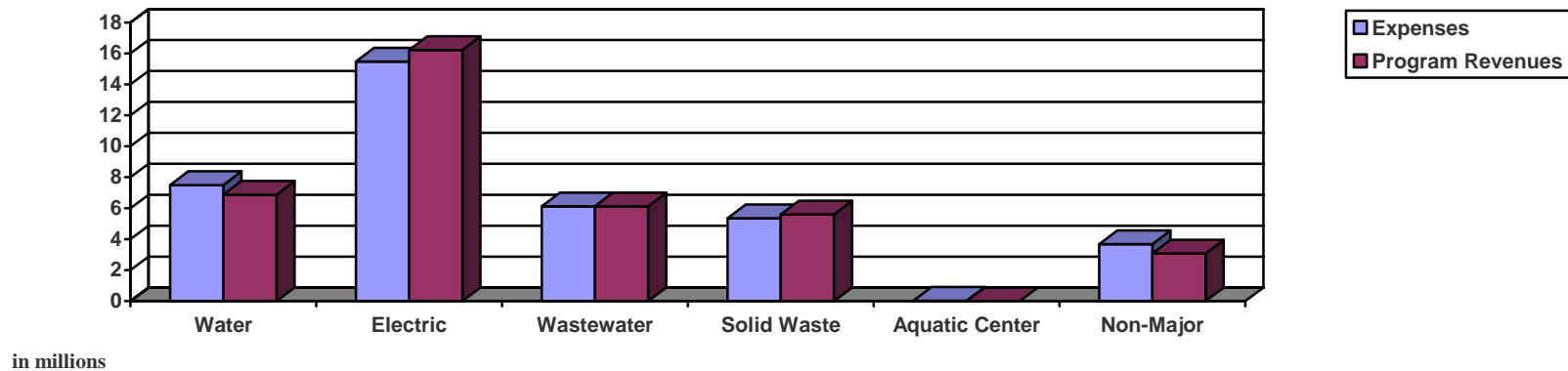
## Business-type activities

Business-type activities increased the City's net assets by \$5.4 million. The increase is primarily due to the transfer of \$6.2 million of aquatic center construction from governmental activities to business-type activities. These increases were partially offset by declines in the net assets in the Water and Electric Funds. Rates have been increased in the Water Fund to prevent these operating losses in future years.

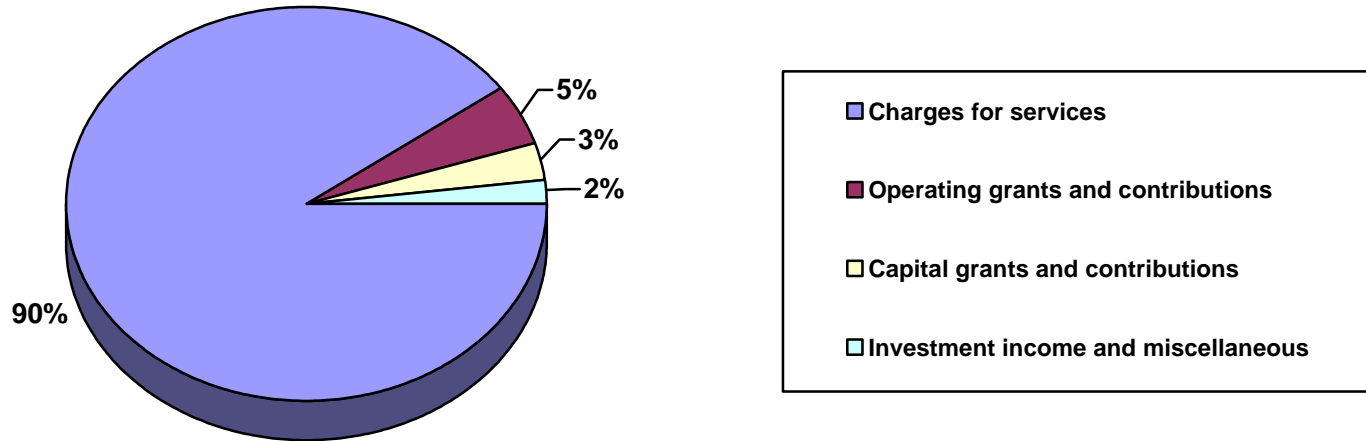
Total revenues for the City's business-type activities were \$38.90 million for the year ended June 30, 2006. Of this total, \$35.13 million (90%) was derived from charges for services. As mentioned previously, business-type activities include enterprise fund operations such as Water, Wastewater, Electric, and Solid Waste funds, all of which recover their costs through user fees and charges. The other majority of revenue is from operating grants and contributions (\$1.98 million). Total revenues for business-type activities increased by approximately 1.5%, or \$570,000, from fiscal year 2005 to fiscal year 2006.

Total expenses for business-type activities totaled \$38.22 million for the year ended June 30, 2006, which is a \$705,000 increase over the previous year. The largest individual category of business-type activities' expense is in Electric, representing 41% of total business-type activities' expenses.

### 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 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 \$27.64 million, a decrease of \$1.17 million over the prior year. Of this amount, approximately 43%, or \$11.90 million, constitutes unreserved fund balance in Special Revenue Funds, and 17%, or \$4.62 million, for the General Fund, which is available for spending at the government’s discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been

committed 1) to liquidate contracts and purchase orders of the prior period (\$1.56 Million), or 2) for a variety of other restricted purposes (\$9.56 million).

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 \$4.62 million, while the total fund balance was approximately \$5.07 million.

Current year operations decreased the fund balance of the City's General Fund by \$939, and, with prior period adjustments of \$81,170, the total fund balance increased by \$80,231 over last year.

*The Redevelopment: Aquatic Center Construction Fund*, a major fund for fiscal year 2006, is used to account for the construction of the aquatic center. The issuance of bonds in November 2004 will provide the majority of financing. The fund balance of the *Redevelopment: Aquatic Center Construction Fund* at year-end was negative \$524,296 due to outstanding payables that will be extinguished in fiscal year 2007 from grant money.

### **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 \$14.53 million, which is an increase of \$220,000, or 1.5% over the course of the year. Positive gains in the net assets of the Solid Waste and Wastewater Fund are offset by losses in the Electric and Water Fund. The Electric Fund's net assets declined by \$296,000. During the current year, the Electric Fund incorporated the Deregulation Cost Adjustment (DCA) of 1.5 cents per kwh into the permanent rates. Future rate increases are likely to stem from the increasing costs of purchased power, which partially resulted from the bankruptcy of CalPine. The City is now required to purchase power in the more volatile open electric market and enter into several short-term electric contracts to satisfy the City's power needs.

The Water Fund also had a decline in unrestricted net assets, due to losses before contributions and transfers, in the amount of \$498,000. Management has taken action to offset these losses by increasing rates for the Water Fund over the next four years. The first of these increases takes effect during fiscal year 2007 and should remedy the losses in following years.

The Solid Waste fund had an increase in net assets of \$339,000, primarily due to a rate increase beginning in July 2005.

Total net assets for the enterprise funds increased by \$5.4 million. The main factor contributing to this increase is the contributed capital for construction of the aquatic center of \$6.2 million, which is partially offset by losses in both the Water and Electric Funds.

## **General Fund Budgetary Highlights**

The final budget for the General Fund at year-end was \$899,777 greater than the original budget. This increase over original is primarily due to the following:

- Appropriation of police grant funds of approximately \$270,000 occurred after the original budget document had been approved. The amount of grant funds is generally not known until after the beginning of the fiscal year.
- Appropriation of approximately \$340,000 in additional funds for capital outlay occurred after the original budget document had been approved. These are the result of unanticipated additional costs on existing projects, or the addition of new projects and equipment purchases as approved by City Council.
- The remaining additional appropriations were due to budget amendments and supplemental appropriations primarily for unanticipated expenditures after adoption of the original budget.

Actual expenditures were \$571,076 less than the amended budget at year-end. This is primarily due to lower than anticipated salary and benefits and capital expenditures that never materialized. Actual revenues were greater than the revised budget by \$797,095, which is due mainly to the larger than forecast receipt of property taxes.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

As of year-end, the City had \$154.82 million invested in a broad range of capital assets, net of depreciation. This amount represents a net increase (including additions and deductions) of \$7.44 million, or 5.05%, over last year.

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>
Land and land rights	\$ 27,826,225	\$ 27,826,225	\$ 7,220,585	\$ 7,220,585	\$ 35,046,810	\$ 35,046,810
Buildings and improvements	3,997,094	3,924,972	17,736,490	17,376,147	21,733,584	21,301,119
Machinery and equipment	8,228,442	7,833,820	32,606,909	40,659,967	40,835,351	48,493,787
Work in process	34,385	202,875	18,148,559	19,655,638	18,182,944	19,858,513
Infrastructure	31,579,324	30,115,539			31,579,324	30,115,539
Totals	<u>\$ 71,665,470</u>	<u>\$ 69,903,431</u>	<u>\$ 75,712,543</u>	<u>\$ 84,912,337</u>	<u>\$ 147,378,013</u>	<u>\$ 154,815,768</u>

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

- Construction of the aquatic center totaled approximately \$6.2 million during the fiscal year. Final construction of the aquatic center was completed in September 2006 at a total cost of approximately \$12.9 million.
- Replacement of City vehicles through the Vehicle Replacement Fund totaled \$644,427.
- Infrastructure additions amounting to \$157,074, all of which was added to the Road System Network.
- Construction of the College Avenue sewer main replacement was completed at a total cost of \$2.85 million.
- The design, engineering, and architecture portions of the Wastewater Treatment Plant Upgrade were completed and total costs for the year amounted to \$2.245 million. Total costs incurred through June 30, 2006 are \$3.367 million.
- The filter additions to the Water Treatment Plant were completed at a total cost of \$3.53 million. This project increased plant capacity to 10 million gallons per day (mgd).
- Sewer main rehabilitations throughout the City totaled \$200,000.

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 \$36.96 million. Of this amount, \$3.8 million represents long-term leases outstanding backed by the equipment purchased, \$31.2 million represents RDA and enterprise fund revenue bonds secured solely by specified revenue sources, \$57,166 represents long-term notes payable, and \$1.9 million represents long-term loans payable for housing assistance.

### Outstanding Debt at Year End

	Governmental Activities		Business-type Activities		Total	
	2005	2006	2005	2006	2005	2006
Revenue bonds	\$ 7,350,000	\$ 7,350,000	\$ 24,439,647	\$ 23,857,020	\$ 31,789,647	\$ 31,207,020
Loans payable	1,223,075	1,908,950			1,223,075	1,908,950
Capital Leases	1,505,530	2,642,358	1,410,000	1,146,856	2,915,530	3,789,214
Notes Payable			73,051	57,166	73,051	57,166
Totals	\$ 10,078,605	\$ 11,901,308	\$ 25,922,698	\$ 25,061,042	\$ 36,001,303	\$ 36,962,350

Total debt increased by \$961,047 during the current fiscal year. The key factors in this increase were:

- A new capital lease was entered into in August 2005 for a total of \$1.6 million. This lease will provide for the financing of new building permit software and the purchase of vehicles in the Vehicle Replacement Fund.
- Issuance of \$645,000 in additional long-term loans payable for housing assistance.

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 for Fiscal Year 2005-2006**

- Received the Government Finance Officer's Award for Excellence in Financial Reporting for fiscal year 2005.
- Construction continued on the aquatic center, nearing completion as of June 30, 2006. The aquatic center was subsequently opened in September 2006.
- Completed installation of sports lighting at Johns-Mansville Park on two little league baseball fields for nighttime events. Total expenditures were \$96,466.
- Incorporated the Deregulation Cost Adjustment of 1.5 cents per kwh into the permanent electric rates.
- Raised rates in the Wastewater and Water Funds to be effective over the next five and four years, respectively.
- Completed the design and engineering of the Wastewater Treatment Plant upgrade.
- Continued construction of WIFI, the wireless Internet system, with expenditures of approximately \$722,000.

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

- The City's assessed valuation of physical property has risen to \$2,007 million in 2006 from \$1,788 million in 2005 (a 12.3% increase), indicating strong demand for property in the City.
- New homes continue to be built and property tax revenues have been steadily increasing over time.
- 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 2007.

During the current fiscal year, fund balance in the general fund increased by \$939. The City's proposed General Fund biennial budget for 2005-07 is approximately \$49.7 million, an increase of 16.6% over the previously adopted 2-year budget. In order to provide for normal contingencies during the coming fiscal years, the General Fund Reserve Balance is currently approximately \$5.1 million. In addition to the General Fund Reserve Balance, the City also has a \$2 million reserve held in the Economic Uncertainty Fund.

The ongoing State budget problems may still affect the General Fund in coming years. However, in the November 2004 election, Proposition 1A, a ballot measure to protect local government tax dollars from state raids on local government revenues, was overwhelmingly approved by the voters. Proposition 1A restricts the state's ability to take local government revenues, including the local government share of existing sales taxes, property taxes, and vehicle license fees. Proposition 1a does allow the State to borrow local government if funds are needed in a fiscal emergency. The State is allowed to borrow local government revenues no more than two times

in a ten-year period. The State must fully repay the loan and interest within three years. The passage of Proposition 1A restored some predictability and certainty to local government funding needed for police, fire, and other essential local services.

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

Management is aware of these uncertainties and is prepared to recommend the necessary measures to mitigate their impact on services. Sound budget policies have allowed the City of Lompoc to weather the economic uncertainties in fiscal year 2006 without interrupting essential services. Although the impacts of the economy and the State budget woes have impacted City revenues, these impacts have been mitigated with proper fiscal management. In addition, by building reserves during the economic "good times" of the 1990's, the City is well positioned to meet the upcoming economic challenges.

In the Electric and Solid Waste Funds, the City will be reviewing the financial status of these two funds and proposing future rate increases.

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

### **Requests for information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Seth M. Bean, 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, 2006  
(Page 1 of 2)

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS:</b>			
<b>Current assets:</b>			
Cash and investments	\$ 34,334,968	\$ 7,539,741	\$ 41,874,709
Receivables (net of allowance for uncollectibles)	3,412,587	6,112,802	9,525,389
Internal balances	154,394	(154,394)	
Receivables - intergovernmental		78,514	78,514
Interest receivable	170,953	188,284	359,237
Loans receivable	5,499,863		5,499,863
Inventories	299,525	1,787,923	2,087,448
Prepaid expenses		1,457,279	1,457,279
<b>Restricted assets:</b>			
<b>Temporarily restricted:</b>			
<b>Cash and investments:</b>			
Bond construction		8,054,744	8,054,744
Debt service		358,824	358,824
Deposits		1,080,303	1,080,303
Fiscal agent		98,254	98,254
Retrofit program		875,951	875,951
Rate stabilization		400,000	400,000
Bond reserves		646,750	646,750
Capital reserve (statutory)		3,824,979	3,824,979
Reserve established by Council		7,360,088	7,360,088
Deferred cost of issuance	271,360	666,005	937,365
Land	27,826,225	7,220,585	35,046,810
Construction in progress	202,875	19,655,638	19,858,513
Capital assets, net of depreciation	41,874,331	58,036,113	99,910,444
<b>Total assets</b>	<b>\$ 114,047,081</b>	<b>\$ 125,288,383</b>	<b>\$ 239,335,464</b>

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

City of Lompoc  
Statement of Net Assets  
June 30, 2006  
(Page 2 of 2)

	Governmental Activities	Primary Government Business-type Activities	Total
<b>LIABILITIES:</b>			
Accounts payable and other current liabilities	\$ 3,953,425	\$ 811,242	\$ 4,764,667
Accrued liabilities	338,121		338,121
Accrued interest payable	130,843	373,978	504,821
Developers deposits	586,213	84,612	670,825
Unearned revenue	107,763	422,803	530,566
Retrofit payable		948,722	948,722
Long-term liabilities:			
Due within one year	3,668,706	1,724,292	5,392,998
Due in more than one year	13,520,701	28,462,667	41,983,368
<b>Total liabilities</b>	<b>22,305,772</b>	<b>32,828,316</b>	<b>55,134,088</b>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	58,273,483	68,572,041	126,845,524
Restricted for:			
Debt service	238,558	1,298,519	1,537,077
Capital projects		8,054,744	8,054,744
Unrestricted	33,229,268	14,534,763	47,764,031
<b>Total net assets</b>	<b>\$ 91,741,309</b>	<b>\$ 92,460,067</b>	<b>\$ 184,201,376</b>

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, 2006

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	\$ 4,049,986	\$ 5,760,903	\$ -	\$ -	\$ 1,710,917	\$ -	\$ 1,710,917
Police protection	7,670,036	314,978	384,947		(6,970,111)		(6,970,111)
Fire protection	2,875,272	91,334			(2,783,938)		(2,783,938)
Engineering/streets	5,223,912	266,982	5,544,140	16,654	603,864		603,864
Building	1,252,888	480,468			(772,420)		(772,420)
Community development	2,647,118	249,343	1,224,503	4,882	(1,168,390)		(1,168,390)
Parks and recreation	3,198,170	150,368	715,488	223,531	(2,108,783)		(2,108,783)
Nondepartmental	657,899				(657,899)		(657,899)
Health & Welfare	40,002				(40,002)		(40,002)
Interest on long term debt	622,218				(622,218)		(622,218)
<b>Total Governmental Activities</b>	<b>28,237,501</b>	<b>7,314,376</b>	<b>7,869,078</b>	<b>245,067</b>	<b>(12,808,980)</b>		<b>(12,808,980)</b>
<b>Business-type activities:</b>							
Water	7,509,982	6,872,582		9,263		(628,137)	(628,137)
Electric	15,482,194	15,693,221		546,333		757,360	757,360
Wastewater	6,142,435	6,121,529		17,188		(3,718)	(3,718)
Solid Waste	5,372,226	5,571,435	26,402	1,255		226,866	226,866
Aquatic Center	36,474	-		-		(36,474)	(36,474)
Airport	344,850	214,807	10,000	78,514		(41,529)	(41,529)
Transit	1,961,783	129,895	1,908,188	188,988		265,288	265,288
Recreation	307,965	288,977	31,551			12,563	12,563
River Park	93,157	156,026				62,869	62,869
Lompoc Valley Community Ctr	153,588	72,763				(80,825)	(80,825)
Broadband	814,370	9,908				(804,462)	(804,462)
<b>Total business-type activities</b>	<b>38,219,024</b>	<b>35,131,143</b>	<b>1,976,141</b>	<b>841,541</b>		<b>(270,199)</b>	<b>(270,199)</b>
<b>Total primary government</b>	<b>\$ 66,456,525</b>	<b>\$ 42,445,519</b>	<b>\$ 9,845,219</b>	<b>\$ 1,086,608</b>	<b>(12,808,980)</b>	<b>(270,199)</b>	<b>(13,079,179)</b>
<b>General revenues:</b>							
<b>Taxes</b>							
Property taxes					5,585,321	10,553	5,595,874
Sales taxes					3,982,470		3,982,470
Other taxes					1,220,688		1,220,688
Franchise taxes					1,044,613		1,044,613
Motor vehicle taxes, unrestricted					3,083,270		3,083,270
Grants & contributions not restricted to specific programs					634,876		634,876
Unrestricted investment earnings					1,194,016	751,382	1,945,398
Other revenue					142,576	187,298	329,874
Transfers					(4,720,586)	4,720,586	
<b>Total general revenues and transfers</b>					<b>12,167,244</b>	<b>5,669,819</b>	<b>17,837,063</b>
<b>Change in net assets</b>					<b>(641,736)</b>	<b>5,399,620</b>	<b>4,757,884</b>
Net assets - beginning of year					92,306,962	87,111,413	179,418,375
Prior period adjustments					76,083	(50,966)	25,117
Net assets - beginning of year, restated					92,383,045	87,060,447	179,443,492
Net assets - ending					<b>\$ 91,741,309</b>	<b>\$ 92,460,067</b>	<b>\$ 184,201,376</b>

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

City of Lompoc  
Balance Sheet  
Governmental Funds  
June 30, 2006

	General	Redevelopment - Aquatic Center Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 4,054,273	\$ 279,168	\$ 18,670,698	\$ 23,004,139
Accounts receivable, net	1,109,879		2,207,480	3,317,359
Interest receivable	10,175		160,778	170,953
Due from other funds	196,394		94,100	290,494
Loans receivable	227,373		5,499,863	5,727,236
Inventories	29,226		4,158	33,384
Total Assets	<u>\$ 5,627,320</u>	<u>\$ 279,168</u>	<u>\$ 26,637,077</u>	<u>\$ 32,543,565</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 381,252	\$ 524,296	\$ 2,604,835	\$ 3,510,383
Accrued liabilities		279,168	403	279,571
Loans payable			227,373	227,373
Deposits	111,100		475,113	586,213
Due to other funds			187,918	187,918
Unearned revenue	61,164		46,599	107,763
Total Liabilities	<u>553,516</u>	<u>803,464</u>	<u>3,542,241</u>	<u>4,899,221</u>
<b>FUND BALANCES</b>				
<b>Reserved for:</b>				
Encumbrances			1,564,866	1,564,866
Land development			335,930	335,930
Loans receivable	227,373		5,499,863	5,727,236
Debt service			369,401	369,401
Low income housing			1,350,191	1,350,191
Inventory	29,226		4,158	33,384
Economic uncertainties			2,000,000	2,000,000
<b>Unreserved, reported in</b>				
General fund	4,817,205			4,817,205
Special revenue funds			11,970,427	11,970,427
Capital projects funds		(524,296)		(524,296)
Total fund balances	<u>5,073,804</u>	<u>(524,296)</u>	<u>23,094,836</u>	<u>27,644,344</u>
Total liabilities and fund balances	<u>\$ 5,627,320</u>	<u>\$ 279,168</u>	<u>\$ 26,637,077</u>	<u>\$ 32,543,565</u>

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, 2006**

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

Total fund balances - governmental funds	\$	27,644,344
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When capital assets (land, building, equipment) that are to be used are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the City as a whole.

Cost of capital assets	\$	102,216,071
Accumulated depreciation		<u>(37,206,102)</u>
		65,009,969

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

Interest on capital leases	\$	(1,855)
Interest on bonds		<u>(105,533)</u>
		(107,388)

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

271,360

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

Bond payable	\$	(7,350,000)
Long term capital leases payable		(326,928)
Long term loans payable		(1,908,950)
Compensated absences		<u>(2,034,826)</u>
		(11,620,704)

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.

10,543,728

Net assets of governmental activities

\$ 91,741,309

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, 2006  
(Page 1 of 2)

Revenues:	General	Redevelopment - Aquatic Center Construction Fund	Other Governmental Funds	Total Governmental Funds
Property taxes	\$ 3,128,746	\$ -	\$ 2,456,575	\$ 5,585,321
Sales and use taxes	3,982,470		3,764,227	7,746,697
Other taxes	2,265,301			2,265,301
Licenses, fees, and permits	214,627		302,534	517,161
Intergovernmental revenues	3,485,918		3,559,857	7,045,775
Charges for services	6,802,589		149,149	6,951,738
Fines, forfeitures, and penalties	85,897			85,897
Use of money and property	265,756	75,289	590,705	931,750
Special assessments			223,531	223,531
Donations			558,339	558,339
Other	212,462		23,864	236,326
<b>Total revenues</b>	<b>20,443,766</b>	<b>75,289</b>	<b>11,628,781</b>	<b>32,147,836</b>
<b>Expenditures:</b>				
<b>Current:</b>				
City Council	95,333			95,333
City administration	4,278,463			4,278,463
Police protection	7,967,447		109,757	8,077,204
Fire protection	3,116,371			3,116,371
Engineering / streets	3,920,573		536,886	4,457,459
Building	1,119,528			1,119,528
Community development	804,965		2,120,189	2,925,154
Parks and recreation	2,028,875		1,329,339	3,358,214
Non-departmental	657,899			657,899
Health			40,002	40,002
Capital outlay	614,384	3,272,612	3,026,462	6,913,458
<b>Debt service:</b>				
Principal retirement			68,203	68,203
Interest			456,695	456,695
<b>Total expenditures</b>	<b>24,603,838</b>	<b>3,272,612</b>	<b>7,687,533</b>	<b>35,563,983</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, 2006  
(Page 2 of 2)

	General	Redevelopment - Aquatic Center Construction Fund	Other Governmental Funds	Total Governmental Funds
Excess of revenues over (under) expenditures	(4,160,072)	(3,197,323)	3,941,248	(3,416,147)
Other financing sources (uses):				
Proceeds from loans			645,000	645,000
Transfers in	4,406,871	1,311,454	1,781,710	7,500,035
Transfers (out)	(247,738)		(5,722,783)	(5,970,521)
Total other financing sources (uses)	4,159,133	1,311,454	(3,296,073)	2,174,514
Net change in fund balances	(939)	(1,885,869)	645,175	(1,241,633)
Fund balance, beginning of year	4,993,573	1,361,573	22,454,748	28,809,894
Prior period adjustments	81,170		(5,087)	76,083
Fund balance, beginning of year, restated	5,074,743	1,361,573	22,449,661	28,885,977
Fund balance, end of year	<u>\$ 5,073,804</u>	<u>\$ (524,296)</u>	<u>\$ 23,094,836</u>	<u>\$ 27,644,344</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, 2006

Net change in fund balance - total governmental funds \$ (1,241,633)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$919,383) exceeds depreciation (\$2,339,177) in the current period (includes infrastructure). (1,419,794)

The net effect of various transactions involving capital assets (I.e., deletions, trade-ins, contributions, and sales) (28,448)

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

Issuance of long-term loans	\$	(645,000)	
Issuance of lease payable		(93,750)	
Principal payments on long-term debt		52,833	
Amortization expense		(9,692)	
Accrued interest on CHFA loans		(40,875)	
Increase in compensated absences		(20,019)	
Accrued interest on capital leases (FYE 2005)		688	
Accrued interest on capital leases (FYE 2006)		(1,855)	
Net adjustment		(757,670)	(757,670)

The net revenue (loss) of certain activities of internal service funds is reported with governmental activities. 2,805,809

Change in net assets of governmental activities \$ (641,736)

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 Balance  
Budget and Actual  
For the Year Ended June 30, 2006  
(Page 1 of 2)

	Budgeted Amounts		Actual Amounts	Variance- Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 2,862,153	\$ 2,862,153	\$ 3,128,746	\$ 266,593
Sales and use taxes	4,028,919	4,028,919	3,982,470	(46,449)
Other taxes	2,149,670	2,149,670	2,265,301	115,631
Licenses, fees, and permits	431,124	431,124	214,627	(216,497)
Intergovernmental revenues	3,071,582	3,322,687	3,485,918	163,231
Charges for services	6,338,070	6,414,230	6,802,589	388,359
Fines, forfeitures, and penalties	93,584	93,584	85,897	(7,687)
Use of money and property	139,414	139,414	265,756	126,342
Other	185,450	204,890	212,462	7,572
<b>Total revenues</b>	<b>19,299,966</b>	<b>19,646,671</b>	<b>20,443,766</b>	<b>797,095</b>
<b>Expenditures:</b>				
<b>Current:</b>				
City Council	105,735	106,941	95,333	11,608
City administration	4,761,180	4,757,580	4,278,463	479,117
Police protection	7,154,458	7,512,258	7,967,447	(455,189)
Fire protection	3,112,395	3,110,518	3,116,371	(5,853)
Engineering / streets	3,969,580	3,969,610	3,920,573	49,037
Building	1,219,799	1,244,118	1,119,528	124,590
Community development	657,740	684,061	804,965	(120,904)
Parks and recreation	2,197,649	2,194,508	2,028,875	165,633
Non-departmental	638,951	639,048	657,899	(18,851)
Capital outlay	457,650	956,272	614,384	341,888
<b>Total expenditures</b>	<b>24,275,137</b>	<b>25,174,914</b>	<b>24,603,838</b>	<b>571,076</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, 2006**  
 (Page 2 of 2)

	Budgeted Amounts		Actual Amounts	Variance- Positive (Negative)
	Original	Final		
Excess of revenues over (under) expenditures	(4,975,171)	(5,528,243)	(4,160,072)	1,368,171
Other financing sources (uses)				
Transfers in	4,771,198	4,713,928	4,406,871	(307,057)
Transfers (out)	(344,699)	(344,699)	(247,738)	96,961
Total other financing sources (uses)	4,426,499	4,369,229	4,159,133	(210,096)
Net change in fund balance	(548,672)	(1,159,014)	(939)	1,158,075
Fund balance, beginning of year	4,993,573	4,993,573	4,993,573	
Adjustments:				
Prior period adjustments			81,170	81,170
Fund balance, beginning of year, restated	4,993,573	4,993,573	5,074,743	81,170
Fund balance, end of year	\$ 4,444,901	\$ 3,834,559	\$ 5,073,804	\$ 1,239,245

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, 2006  
(Page 1 of 2)

Business-type Activities - Enterprise Funds

ASSETS	Water Utility	Electric Utility	Wastewater Utility	Solid Waste Disposal	Aquatic Center	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
<b>Current assets:</b>								
Cash and investments	\$ 2,268,587	\$ 4,708,186	\$ 112,001	\$ 141,950	\$ 204	\$ 308,813	\$ 7,539,741	\$ 11,330,828
<b>Restricted cash and investments:</b>								
Bond construction fund	4,089,422		3,965,322				8,054,744	
Debt service	224,353		134,471				358,824	
Deposits		80,200	985,213			14,890	1,080,303	
Fiscal agent				7,629		90,625	98,254	
Retrofit program	875,951						875,951	
Receivables - trade	840,076	2,605,295	913,458	623,120		1,130,853	6,112,802	95,228
Receivables - grant						78,514	78,514	
Receivables - interest	32,267	90,713	33,464	25,904		5,936	188,284	
Prepaid expenses		1,457,279					1,457,279	
Inventories (at average cost)	236,663	1,492,853	21,379			37,028	1,787,923	266,141
Due from other funds	105,856	2,143,181	194,127				2,443,164	51,818
<b>Total current assets</b>	<b>8,673,175</b>	<b>12,577,707</b>	<b>6,359,435</b>	<b>798,603</b>	<b>204</b>	<b>1,666,659</b>	<b>30,075,783</b>	<b>11,744,015</b>
<b>Noncurrent assets:</b>								
<b>Restricted assets:</b>								
<b>Cash and investments:</b>								
Restricted cash - rate stabilization			400,000				400,000	
Bond reserves	565,946		80,804				646,750	
Capital reserve (statutory)			1,290,825	2,534,154			3,824,979	
Reserve established by Council		7,360,088					7,360,088	
<b>Total noncurrent assets</b>	<b>565,946</b>	<b>7,360,088</b>	<b>1,771,629</b>	<b>2,534,154</b>	<b>-</b>	<b>-</b>	<b>12,231,817</b>	<b>-</b>
Deferred cost of issuance (net)	410,863	-	255,142	-	-	-	666,005	-
<b>Property, plant and equipment:</b>								
Land	529,778	250,304	321,758	262,231		5,856,514	7,220,585	199,018
Utility plant and equipment	38,978,583	28,311,620	38,932,144	2,740,254		8,358,641	117,321,242	14,157,587
Construction in progress	888,409	1,320,103	3,523,990		12,356,916	1,566,220	19,655,638	
	40,396,770	29,882,027	42,777,892	3,002,485	12,356,916	15,781,375	144,197,465	14,356,605
(Less) accumulated depreciation	(19,139,051)	(12,920,790)	(22,506,249)	(1,673,134)		(3,045,905)	(59,285,129)	(9,463,143)
<b>Total property, plant and equipment</b>	<b>21,257,719</b>	<b>16,961,237</b>	<b>20,271,643</b>	<b>1,329,351</b>	<b>12,356,916</b>	<b>12,735,470</b>	<b>84,912,336</b>	<b>4,893,462</b>
<b>Total assets</b>	<b>\$ 30,907,703</b>	<b>\$ 36,899,032</b>	<b>\$ 28,657,849</b>	<b>\$ 4,662,108</b>	<b>\$ 12,357,120</b>	<b>\$ 14,402,129</b>	<b>\$ 127,885,941</b>	<b>\$ 16,637,477</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, 2006  
(Page 2 of 2)

Business-type Activities - Enterprise Funds

LIABILITIES	Water Utility	Electric Utility	Wastewater Utility	Solid Waste Disposal	Aquatic Center	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
<b>Current liabilities:</b>								
Accounts payable	\$ 222,284	\$ 178,088	\$ 154,494	\$ 71,953	\$ 204	\$ 184,219	\$ 811,242	\$ 443,041
Accrued interest	224,353	363	134,471	5,576		9,215	373,978	23,455
Due to other funds				194,127		2,403,431	2,597,558	
Developers deposits	4,412	80,200					84,612	
Unearned revenue			418,693			4,110	422,803	
Retrofit program	948,722						948,722	
Current portion of long-term liabilities	693,099	340,483	355,418	242,543		92,749	1,724,292	1,407,461
<b>Total current liabilities</b>	<b>2,092,870</b>	<b>599,134</b>	<b>1,063,076</b>	<b>514,199</b>	<b>204</b>	<b>2,693,724</b>	<b>6,963,207</b>	<b>1,873,957</b>
<b>Noncurrent liabilities:</b>								
Accrued liabilities								2,276,533
Compensated absences	5,141	5,873	2,952	3,395		427	17,788	1,083
Landfill closure and postclosure payable				3,825,307			3,825,307	
Trust deposits						5,370	5,370	
Capital lease payable	103,453	121,247		106,297		630,015	961,012	1,942,176
Loans payable	52,735						52,735	
Revenue bonds	14,189,822		9,077,188				23,267,010	
Reserve fund - VVCSD			333,445				333,445	
<b>Total noncurrent liabilities</b>	<b>14,351,151</b>	<b>127,120</b>	<b>9,413,585</b>	<b>3,934,999</b>	<b>-</b>	<b>635,812</b>	<b>28,462,667</b>	<b>4,219,792</b>
<b>Total liabilities</b>	<b>16,444,021</b>	<b>726,254</b>	<b>10,476,661</b>	<b>4,449,198</b>	<b>204</b>	<b>3,329,536</b>	<b>35,425,874</b>	<b>6,093,749</b>
<b>NET ASSETS</b>								
Invested in capital assets, net of related debt	10,991,717	16,811,208	15,216,186	1,160,680	12,356,916	12,035,334	68,572,041	2,519,482
Restricted for debt service	565,946		732,573				1,298,519	2,316,513
Restricted for capital projects	4,089,422		3,965,322				8,054,744	
Unrestricted	(1,183,403)	19,361,570	(1,732,893)	(947,770)		(962,741)	14,534,763	5,707,733
<b>Total net assets</b>	<b>\$ 14,463,682</b>	<b>\$ 36,172,778</b>	<b>\$ 18,181,188</b>	<b>\$ 212,910</b>	<b>\$ 12,356,916</b>	<b>\$ 11,072,593</b>	<b>\$ 92,460,067</b>	<b>\$ 10,543,728</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, 2006

Business-type Activities - Enterprise Funds

	Water Utility	Electric Utility	Wastewater Utility	Solid Waste Disposal	Aquatic Center	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
<b>Operating revenues:</b>								
User fees and charges for services	\$ 6,769,660	\$ 15,536,271	\$ 5,263,963	\$ 4,285,326	\$ -	\$ 408,864	\$ 32,264,084	\$ 12,883,738
Vehicle and facilities rental						463,512	463,512	3,019,142
Other operating revenues	50,635		691,390	1,271,668			2,013,693	
<b>Total operating revenues</b>	<b>6,820,295</b>	<b>15,536,271</b>	<b>5,955,353</b>	<b>5,556,994</b>	<b>-</b>	<b>872,376</b>	<b>34,741,289</b>	<b>15,902,880</b>
<b>Operating expenses:</b>								
Cost of power and water	513,485	9,927,156					10,440,641	
Operations and maintenance	4,853,338	3,905,247	4,433,308	4,816,222	36,474	3,110,553	21,155,142	12,392,921
Administration	577,613	680,405	432,294	383,499			2,073,811	
Depreciation and amortization	851,839	962,031	860,521	148,868		452,853	3,276,112	941,597
<b>Total operating expenses</b>	<b>6,796,275</b>	<b>15,474,839</b>	<b>5,726,123</b>	<b>5,348,589</b>	<b>36,474</b>	<b>3,563,406</b>	<b>36,945,706</b>	<b>13,334,518</b>
<b>Income (loss) from operations</b>	<b>24,020</b>	<b>61,432</b>	<b>229,230</b>	<b>208,405</b>	<b>(36,474)</b>	<b>(2,691,030)</b>	<b>(2,204,417)</b>	<b>2,568,362</b>
<b>Nonoperating incomes (expenses):</b>								
Fees	61,550	156,950	167,719	15,696			401,915	
Interest income	109,897	452,533	101,426	69,964		17,561	751,381	262,266
Intergovernmental				26,402		1,960,293	1,986,695	
Miscellaneous	20,329	111,225	9,495	41,777		4,472	187,298	
Sale of capital assets								20,351
Interest (expense)	(713,707)	(7,355)	(416,312)	(23,637)		(112,307)	(1,273,318)	(98,419)
<b>Total nonoperating incomes (expenses)</b>	<b>(521,931)</b>	<b>713,353</b>	<b>(137,672)</b>	<b>130,202</b>	<b>-</b>	<b>1,870,019</b>	<b>2,053,971</b>	<b>184,198</b>
<b>Income (loss) before contributions and transfers</b>	<b>(497,911)</b>	<b>774,785</b>	<b>91,558</b>	<b>338,607</b>	<b>(36,474)</b>	<b>(821,011)</b>	<b>(150,446)</b>	<b>2,752,560</b>
<b>Capital Contributions</b>		<b>546,333</b>	<b>15,645</b>		<b>6,235,973</b>	<b>267,502</b>	<b>7,065,453</b>	<b>67,377</b>
<b>Transfers in (out)</b>		<b>(1,616,861)</b>			<b>36,474</b>	<b>65,000</b>	<b>(1,515,387)</b>	<b>(14,128)</b>
<b>Change in net assets</b>	<b>(497,911)</b>	<b>(295,743)</b>	<b>107,203</b>	<b>338,607</b>	<b>6,235,973</b>	<b>(488,509)</b>	<b>5,399,620</b>	<b>2,805,809</b>
<b>Net assets - beginning of the year</b>	<b>14,921,466</b>	<b>36,549,691</b>	<b>18,073,985</b>	<b>(125,697)</b>	<b>6,120,943</b>	<b>11,571,025</b>	<b>87,111,413</b>	<b>7,737,919</b>
<b>Prior period adjustments</b>	<b>40,127</b>	<b>(81,170)</b>				<b>(9,923)</b>	<b>(50,966)</b>	
<b>Net assets - beginning of the year, restated</b>	<b>14,961,593</b>	<b>36,468,521</b>	<b>18,073,985</b>	<b>(125,697)</b>	<b>6,120,943</b>	<b>11,561,102</b>	<b>87,060,447</b>	<b>7,737,919</b>
<b>Net assets - end of the year</b>	<b>\$ 14,463,682</b>	<b>\$ 36,172,778</b>	<b>\$ 18,181,188</b>	<b>\$ 212,910</b>	<b>\$ 12,356,916</b>	<b>\$ 11,072,593</b>	<b>\$ 92,460,067</b>	<b>\$ 10,543,728</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, 2006  
(Page 1 of 2)

Business-type Activities - Enterprise Funds

	Water Utility	Electric Utility	Wastewater Utility	Solid Waste Disposal	Aquatic Center	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
<b>Cash flows from operating activities:</b>								
Cash received from customers	\$ 6,922,600	\$ 15,408,045	\$ 6,072,383	\$ 5,584,637	\$ -	\$ 802,755	\$ 34,790,420	\$ 15,853,515
Cash payments to suppliers for goods and services	(3,546,652)	(13,696,653)	(3,614,681)	(3,306,858)	(36,270)	(2,834,712)	(27,035,826)	(13,377,802)
Cash payments to employees for services	(2,491,227)	(1,665,623)	(1,864,637)	(1,959,583)		(555,501)	(8,536,571)	(796,403)
Net cash provided (used) by operating activities	<u>884,721</u>	<u>45,769</u>	<u>593,065</u>	<u>318,196</u>	<u>(36,270)</u>	<u>(2,587,458)</u>	<u>(781,977)</u>	<u>1,679,310</u>
<b>Cash flows from noncapital financing activities:</b>								
Net borrowings (repayments) under revolving loan arrangement						818,594	818,594	
Loans (to) payments from other funds	96,292	(882,606)					(786,314)	
Increase (decrease) in trust accounts			1,550			9,440	10,990	
Received from other agencies						1,960,293	1,960,293	
Transfers in (out)		(1,584,888)			36,474	65,000	(1,483,414)	(14,128)
Net cash provided (used) by noncapital financing activities	<u>96,292</u>	<u>(2,467,494)</u>	<u>1,550</u>	<u>-</u>	<u>36,474</u>	<u>2,853,327</u>	<u>520,149</u>	<u>(14,128)</u>
<b>Cash flows from capital and related financing activities:</b>								
Proceeds from bonds, lease purchases and equipment contracts								1,463,631
Retention from contractor		(256,900)					(256,900)	
Acquisition and construction of capital assets	(1,639,714)	(1,335,736)	(2,831,638)	(137,511)		(308,082)	(6,252,681)	(628,395)
Principal paid on revenue bonds/loans /leases and equipment contracts	(425,278)	(27,578)	(212,484)	(164,296)		(85,663)	(915,299)	(367,719)
Interest paid on revenue bonds/loans/leases and equipment contracts	(705,211)	(7,421)	(404,739)	(26,336)		(113,138)	(1,256,845)	(98,418)
Proceeds from equipment sale								20,947
Transfers in (out)		(31,973)					(31,973)	
Contributed capital		546,333	15,645			267,502	829,480	67,377
Net cash provided (used) for capital and related financing activities	<u>(2,770,203)</u>	<u>(1,113,275)</u>	<u>(3,433,216)</u>	<u>(328,143)</u>	<u>-</u>	<u>(239,381)</u>	<u>(7,884,218)</u>	<u>457,423</u>
<b>Cash flows from investing activities:</b>								
Interest and dividends on investments	126,868	481,937	116,363	73,238	-	16,263	814,669	262,266
Net increase (decrease) in cash and cash equivalents	(1,662,322)	(3,053,063)	(2,722,238)	63,291	204	42,751	(7,331,377)	2,384,871
Cash and cash equivalents at beginning of year	9,686,581	15,201,537	9,690,874	2,620,442	-	371,577	37,571,011	8,945,957
Cash and cash equivalents at end of year	<u>\$ 8,024,259</u>	<u>\$ 12,148,474</u>	<u>\$ 6,968,636</u>	<u>\$ 2,683,733</u>	<u>\$ 204</u>	<u>\$ 414,328</u>	<u>\$ 30,239,634</u>	<u>\$ 11,330,828</u>

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

Statement of Cash Flows for the Year Ended June 30, 2006  
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	Aquatic Center	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
Income (loss) from operations	\$ 24,020	\$ 61,432	\$ 229,230	\$ 208,405	\$ (36,474)	\$ (2,691,030)	\$ (2,204,417)	\$ 2,568,362
Adjustment for nonoperating incomes and (expenses)	81,879	268,175	177,214	83,875		4,473	615,616	
Adjustments to reconcile operating income to net cash used by operating activities:								
Depreciation	851,839	962,031	860,521	148,868		452,853	3,276,112	941,595
Deferred costs of issuance	16,303		9,168				25,471	
Change in assets and liabilities:								
(Increase)decrease in accounts receivable	20,426	(396,401)	(60,184)	(56,232)		(66,352)	(558,743)	2,453
(Increase)decrease in intergovernmental receivable						(78,514)	(78,514)	
(Increase)decrease in inventory	25,030	(362,936)	(4,715)			(10,530)	(353,151)	(4,414)
(Increase)decrease in prepaid expenses		158,707				37,450	196,157	
(Decrease)increase in accounts payable	(35,712)	(42,212)	(461,798)	5,731	204	37,864	(495,923)	(12,629)
(Decrease)increase in developer's deposits	(650)					20	(630)	
(Decrease)increase in unearned credits/revenues			(106,515)			3,268	(103,247)	
(Decrease)increase in due to other funds						(250,000)	(250,000)	(51,818)
(Decrease)increase in accrued liabilities	(98,414)	(603,027)	(49,856)	(72,451)		(26,960)	(850,708)	(1,764,239)
Net cash used by operating activities	<u>\$ 884,721</u>	<u>\$ 45,769</u>	<u>\$ 593,065</u>	<u>\$ 318,196</u>	<u>\$ (36,270)</u>	<u>\$ (2,587,458)</u>	<u>\$ (781,977)</u>	<u>\$ 1,679,310</u>
Noncash investing, capital, and financing activities:								
Contributions of capital assets from government					6,235,973			67,377

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



City of Lompoc  
**Statement of Fiduciary Net Assets**  
 Fiduciary Funds  
 June 30, 2006

<b>ASSETS</b>	<u>Agency Fund</u>
Cash and investments	\$ 934,076
Receivables:	
Accounts receivable, net	9,738
Interest receivable	5,796
<b>Total assets</b>	<u>949,610</u>
<b>LIABILITIES</b>	
<b>Liabilities:</b>	
Accounts payable	19,702
Refundable deposits and accruals	929,908
<b>Total liabilities</b>	<u>949,610</u>
<b>NET ASSETS</b>	
Held in trust for utility customers and other purposes	<u>\$ -</u>

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

CITY OF LOMPOC  
Notes to the Financial Statements  
June 30, 2006

The City of Lompoc has adopted accounting procedures and methods that conform to accounting principles generally accepted in the United States of America as applied to governmental entities. The following notes are an integral part of the City's 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 (GASB), as amended by GASB Statement No. 39, the LRA is reported as if it were part of the primary government because the City Council is also the governing body of the LRA. In addition, the City's General Fund provided substantial loans to the LRA. Payments are made monthly, and the loans are scheduled to be retired in the years ranging from 2009 through 2014. Separate financial statements are prepared by the Lompoc Redevelopment Agency and are available from the Agency upon request by writing Lompoc City Hall, P. O. Box 8001, Lompoc, California 93438-8001. The financial activities of the Agency have been included in the City's financial statements as 1) a Capital Projects Fund in the Nonmajor Governmental Funds and 2) as a Major Fund in the Basic Financial Statements.

The City currently has no discretely presented component units.

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

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

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the 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 emphasis is on the major funds in either the governmental or business-type categories. Non-major funds, by category or fund type, are summarized into a single column.

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

### **C) Measurement focus, basis of accounting, and financial 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 and non-major governmental funds whose activities are not self-evident from the title of the fund:

### **MAJOR FUNDS**

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

Redevelopment – Aquatic Center Construction Fund – Established to account for the construction of the aquatic center with financing provided by the proceeds from the issuance of Revenue Bonds in November 2004.

### **NONMAJOR FUNDS**

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

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

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

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

### **MAJOR FUNDS**

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

Aquatic Center Fund - Established to account for the operations of the City’s aquatic center.

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

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

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

### **NONMAJOR FUNDS**

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

Internal Service Funds – These funds account for fleet management, telecommunication services, for the buying, distribution, and receiving for the City’s warehouse system, and for general liability, worker’s compensation, and property insurance coverage’s 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, and then unrestricted resources as they are needed.

### **D) Taxes Receivable**

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

### **E) Interfund Transactions**

Interfund transactions are reflected by loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting

fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental and proprietary funds are netted as part of the reconciliation to the government-wide columnar presentation.

**F) Assets, liabilities, and net assets or equity**

**1. Cash, investments and cash equivalents**

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

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

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

**2. Inventories**

At 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 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.

#### **4. Restricted assets**

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

#### **5. Capital assets**

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

Utility plants and stations	30 Years
Buildings	10-30 Years
Improvements other than buildings	4-40 Years
Equipment, furnishings and vehicles	6-25 Years
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, 2006. This category is the largest asset class of the government and has historically not been reflected in the financial statements nor a measure of its consumption charged. Infrastructure assets include roads, bridges, underground pipe (other than related utilities), traffic signals, etc.

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

## **6. Long-term obligations**

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

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

### **G) Vacation and sick pay**

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

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

The City accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee. The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is

maintained separately and represents a reconciling item between the fund and government-wide presentations. Proprietary funds accrue compensated absences in the period they are earned as a long-term debt.

#### **H) Self-insurance**

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

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

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

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

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

#### **I) Comparative data**

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

#### **J) Use of estimates**

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

### **K) New GASB Pronouncements**

The City adopted the following new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

Statement No. 44, *Economic Condition Reporting: The Statistical Section*  
Statement No. 46, *Net Assets Restricted by Enabling Legislation*

GASB Statement No. 44 enhances and updates the statistical section that accompanies a local government's basic financial statements to reflect the significant changes that have taken place in the government. The statistical section is comprised of schedules presenting trend information on revenues and expenses, the government's significant revenue source, outstanding debt, economics and demographics, and operating information. Implementation of GASB Statement No. 44 did not have an impact on the City's basic financial statements for the fiscal year ended June 30, 2006.

GASB Statement No. 46 is an amendment of GASB Statement No. 34. It requires that limitations on the use of net assets imposed by enabling legislation be reported as restricted net assets. A legally enforceable enabling legislation restriction is one that a party external to the City – such as citizens, public interest groups, or the judiciary – can compel a government to honor. Implementation of GASB Statement No. 46 did not have an impact on the City's basic financial statements for the fiscal year ended June 30, 2006.

## **II. Stewardship, compliance, and accountability**

### **A) Budgetary data**

Formal budgetary accounting is used as a management control for the funds of the City that have expenditures planned. A two-year budget is legally adopted for all funds by the City Council prior to July 1 of odd years. The legal level of budgetary control is defined as the level

at which the governing body must approve any over-expenditures of appropriations or transfers of appropriated amounts. The appropriations are legally adopted at the major expenditure classification level (salaries and benefits, supplies and services, and capital outlay) for each department within each fund. Thereafter, the Management Services Director must review all budget transfers. The City Administrator is authorized to approve departmental transfers and inter-fund transfers in excess of \$10,000; the City Council approves any new appropriations of \$1,000 or more. Expenditures may not legally exceed appropriations at the department level. Budget information is prepared on a basis consistent with accounting principles generally accepted in the United States of America, as 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) and Fiduciary Fund Types (Agency). The provisions of the debt agreements and other management controls in essence control the Debt Service Funds. The City adopts no formal Debt Service Fund budgets. The Capital Project Fund is subject to the bid and contract process. While budgets are prepared for the City's Capital Projects Funds, capital projects generally span more than one year and are effectively controlled at the project level. Proprietary Fund Types are subject to changes in activity, as demand for services increase, that fixed budgets cannot reflect. The City acts in a custodial capacity for others in the Fiduciary Fund Types, therefore control of Agency budgets does not rest with the City.

## **B) Deficit fund equity/net assets**

### **Recreation Fund**

The Recreation Fund has a \$149,034 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. Recreation management is reviewing the programs to determine the steps needed to reduce the deficit.

### **Broadband Fund**

The Broadband Fund is a new fund with deficit net assets of \$1,035,964. The fund is being used to account for the design and construction of wireless fidelity (Wi-Fi) and broadband infrastructure in the City. The project is currently being financed with loans and equipment leases and is expected to have negative net assets until the fund generates sufficient revenue to offset expenses.

**Redevelopment-Aquatic Center Construction Fund**

The Redevelopment-Aquatic Center Construction Fund has a deficit fund balance of \$524,296. The fund is being used to account for the design and construction of the City's new Aquatic Center. The project is currently being financed with revenue bonds. The deficit is due to the fund incurring costs in excess of revenues.

**Traffic Offender Fund**

The Traffic Offender Fund has a deficit fund balance of \$41,031. This deficit will be eliminated through transfers from other funds.

**Literacy Grant Fund**

The Literacy Grant Fund has a deficit fund balance of \$3,027. This deficit is due to the grant revenues being insufficient to cover the program costs. Library management is determining the steps needed to reduce the deficit.

**III. Detailed notes on all funds**

**1) Cash and Investments**

**Cash Deposits**

The carrying amounts of the City's time and demand deposits were \$9,845,305 at June 30, 2006. The total bank balance was collateralized or insured with securities held by the pledging financial institutions in the City's name as discussed below.

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

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits that are fully insured up to \$100,000 by the Federal Deposit Insurance Corporation.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents. Interest income earned on pooled cash and investments is allocated on a monthly basis to the various funds based on average monthly cash balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

### **Investments**

As defined in the California Government Code Section 53601 and the City's investment policy adopted September 20, 2005, the following investment instruments are authorized:

- Securities of the U.S. Government, or its agencies
- Repurchase Agreements
- Bankers' Acceptances
- Commercial Paper
- Medium Term Corporate Notes
- Time Certificates of Deposit
- Mutual Funds
- California Local Agency Investment Fund (LAIF)

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

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

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

**Summary of Cash and Investments**

Deposits and investments were categorized as follows with the corresponding rating at June 30, 2006:



	<b>Credit Quality Ratings</b>	<b>2006</b>
<b>City Treasury Deposits:</b>		
Deposits	Not Rated	\$ 1,343,018
Petty Cash	Not Rated	3,150
<b>Total City Treasury Deposits</b>		<u>1,346,168</u>
<b>City Treasury Investments</b>		
Securities of U.S. Government Agencies		
FFCB	AAA	1,942,813
FHLB	AAA	18,553,236
FHLMC	AAA	1,925,183
FNMA	AAA	6,685,000
Commercial Paper	AAA	2,031,133
Time Deposits	Not Rated	8,499,137
Local Agency Investment Funds	Not Rated	10,181,194
<b>Total City Treasury Investments</b>		<u>49,817,696</u>
<b>Total City Treasury</b>		<u>51,163,864</u>
<b>Cash and Investments with Fiscal Agents:</b>		
FHLMC Discount Notes	AAA	4,389,754
Cost of Bond Issuance Funds	Not Rated	691,966
Commercial Paper	AAA	1,008,029
Time Deposits	Not Rated	1,626,517
Developer Deposits	Not Rated	279,168
Municipal Leasing	Not Rated	1,762,659
NCPA Funds	Not Rated	4,586,721
<b>Total Cash and Investments with Fiscal Agents</b>		<u>14,344,814</u>
<b>Total Cash and Investments</b>		<u>\$ 65,508,678</u>

## Risk Disclosures

*Interest Rate Risk:* The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the City’s investment portfolio shall remain sufficiently liquid to enable the City to meet its cash flow requirements. An adequate portion of the portfolio shall be maintained in liquid short term securities which can be converted to cash and guarantee the City’s ability to meet operating expenditures. At June 30, 2006 the City had the following investment maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>	
		<u>Less than 1</u>	<u>1-5</u>
U.S. Government Agencies	\$ 33,495,986	\$ 6,515,315	\$ 26,980,671
Commercial Paper	3,039,162	3,039,162	
Time Deposits	11,471,822	10,878,822	593,000
Developer Deposits	279,168	279,168	
Municipal Leasing	1,762,659	1,762,659	
NCPA Funds	4,586,721		4,586,721
Cost of Bond Issuance Funds	691,966	691,966	
Local Agency Investment Fund	10,181,194	10,181,194	
	<u>\$ 65,508,678</u>	<u>\$ 33,348,286</u>	<u>\$ 32,160,392</u>

*Credit Risk:* State law authorizes the City to invest in commercial paper and corporate bonds rated A-1 by Standard & Poor’s Corporation or P-1 by Moody’s Investors Service, Inc. The City’s investment policy follows the state guidelines for ratings in these investment types. All of the City’s investments were rated AAA at June 30, 2006.

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

<u>Investment Type</u>	<u>City Policy Limit</u>
------------------------	--------------------------

Bankers' Acceptances	40%
Commercial Paper	15%
Medium Term Corporate Notes	25%
Negotiable Certificates of Deposit	30%
Mutual Funds	10%

The City also limits the allowable amount to be invested in the State's Investment Pool (LAIF) to \$40,000,00. The City is unlimited in the amount and percentage of the total portfolio it may invest in Certificates of Deposit. As of June 30, 2006 the City is in compliance with these provisions of the policy.

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

**2) Receivables and payables**

Receivables in the General Fund consist primarily of inter-fund loans, and the remainder consists of 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, Aquatic Center, and Solid Waste funds consist primarily of accounts receivable.

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

**3) Loans receivable**

General Fund - A 16 year loan receivable dated June 29, 1993, from the Lompoc Redevelopment Agency, for the construction of a parking facility in the downtown area. The principal balance of \$133,791 plus interest of 5.5% will be repaid from the agency's tax increment payments.

On August 3, 1999, and November 2, 2000, the City entered into two long-term loan agreements with the Lompoc Redevelopment Agency for \$22,700 and \$119,801. 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, 2006, the principal balances remaining on the loans are \$15,201 and \$78,381.

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 \$288,825 in additional loans to be used for low-income housing. In fiscal year 2004, the Agency issued an additional \$105,000 in loans to be used for low-income housing. In fiscal year 2006, the Agency issued an additional \$645,000 in loans 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. At June 30, 2006 the accrued interest for these loans is \$158,950, accruing at 3% per annum. At June 30, 2006, the balance of the loans, including interest, is \$1,908,950 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, 2006, is as follows:

	<u>Receivable</u>	<u>Payable</u>
GENERAL FUND	\$ 196,394	\$ -
NONMAJOR GOVERNMENTAL FUNDS	94,100	187,918
INTERNAL SERVICE FUNDS	51,818	
ENTERPRISE FUNDS:		
Water Utility Fund	105,856	
Electric Utility Fund	2,143,181	
Wastewater Utility Fund	194,127	
Solid Waste Fund		194,127
NONMAJOR ENTERPRISE FUNDS		2,403,431
	<u>\$ 2,785,476</u>	<u>\$ 2,785,476</u>

The balance owed to the General Fund of \$196,394 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 eight years.

The balance due from the Solid Waste Fund of \$194,127 consists of a loan of from the Wastewater Fund to purchase land from Cal-Trans in 1998 for \$314,280. The loan is being amortized over the next ten years.

The balance of \$2.14 million owed to the Electric Fund consists of loans made to the Airport Fund and Broadband Fund to purchase land and construct a taxiway, and continue design work of the wireless fidelity system. The loans are being amortized over eighteen and nine years, respectively.

## 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	\$ 4,406,871	\$ 247,738
NONMAJOR GOVERNMENTAL FUNDS	3,093,165	5,722,783
INTERNAL SERVICE FUNDS	33,692	47,820
ENTERPRISE FUNDS		
Electric Utility Fund		1,616,861
Aquatic Center Fund	36,474	
NONMAJOR ENTERPRISE FUNDS	65,000	
	<u>\$ 7,635,202</u>	<u>\$ 7,635,202</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 \$2.92 million, which are routine transfers. The transfer of \$1.62 million from the Electric Fund consists of transfers to the General Fund of \$1.25 million as an in-lieu franchise fee, \$31,973 to the Vehicle Fund for capital equipment, and \$330,212 to the Aquatic Center Fund for construction of a fuel cell structure at the Aquatic Center. 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, 2006 was as follows:

<b>Primary Government</b>	<b>Beginning Balance</b>	<b>Adjustments to Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Governmental activities:</b>					
Non-depreciable assets:					
Land	\$ 27,826,225	\$ -	\$ -	\$ -	\$ 27,826,225
Construction in progress	34,385	23,620	144,870		202,875
Depreciable assets:					
Buildings and improvements	12,307,885	(52,068)	335,727		12,591,544
Machinery and equipment	20,214,107	(54,428)	931,521	(210,195)	20,881,005
Infrastructure	54,913,955		157,074		55,071,029
<b>Totals at historical cost</b>	<u>115,296,557</u>	<u>(82,876)</u>	<u>1,569,192</u>	<u>(210,195)</u>	<u>116,572,678</u>
Less: accumulated depreciation for:					
Buildings and improvements	(8,310,791)		(355,781)		(8,666,572)
Machinery and equipment	(11,985,665)	33,014	(1,304,134)	209,600	(13,047,185)
Infrastructure	(23,334,631)		(1,620,859)		(24,955,490)
<b>Totals accumulated depreciation</b>	<u>(43,631,087)</u>	<u>33,014</u>	<u>(3,280,774)</u>	<u>209,600</u>	<u>(46,669,247)</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 71,665,470</u>	<u>\$ (49,862)</u>	<u>\$ (1,711,582)</u>	<u>\$ (595)</u>	<u>\$ 69,903,431</u>

<b><u>Primary Government</u></b>	<b><u>Beginning Balance</u></b>	<b><u>Adjustments to Beginning Balance</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Ending Balance</u></b>
<b>Business-type activities:</b>					
Non-depreciable assets:					
Land	\$ 7,220,585	\$ -	\$ -	\$ -	\$ 7,220,585
Construction in progress	18,148,559	(9,924)	9,605,153	(8,088,150)	\$ 19,655,638
Depreciable assets:					
Buildings and improvements	20,584,214				\$ 20,584,214
Machinery and equipment	85,860,569	(11,202)	10,936,509	(48,847)	\$ 96,737,029
<b>Totals at historical cost</b>	<u>131,813,927</u>	<u>(21,126)</u>	<u>20,541,662</u>	<u>(8,136,997)</u>	<u>144,197,466</u>
Less: accumulated depreciation for:					
Buildings and improvements	(2,847,724)		(360,343)		\$ (3,208,067)
Machinery and equipment	(53,253,660)	43,520	(2,915,769)	48,847	\$ (56,077,062)
<b>Totals accumulated depreciation</b>	<u>(56,101,384)</u>	<u>43,520</u>	<u>(3,276,112)</u>	<u>48,847</u>	<u>(59,285,129)</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 75,712,543</u>	<u>\$ 22,394</u>	<u>\$ 17,265,550</u>	<u>\$ (8,088,150)</u>	<u>\$ 84,912,337</u>



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

**Governmental activities:**

General government	\$	105,795
Police protection		268,659
Fire protection		31,000
Engineering/streets		1,719,237
Building		85,387
Community development		56,055
Parks and recreation		73,044
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		941,597

**Total depreciation expense**

\$ 3,280,774

**Business-type activities:**

Water	\$	851,839
Electric		962,031
Wastewater		860,521
Solid Waste		148,868
Airport		116,602
Transit		265,856
Recreation		424
River Park Campground		6,279
Health and welfare		63,692

**Total depreciation expense**

\$ 3,276,112

**6) Joint ventures**

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

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

	PARTICIPATING PERCENTAGE	INVESTMENT	DATE OF LATEST AUDITED FINANCIAL STATEMENTS
NCPA	3.938%	\$ 744,597	June 30, 2005
TANC	0.408%	1,509	June 30, 2005
Total		<u>\$ 746,106</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	\$ 63,962	\$ 22,880	\$ 86,842
Property, equipment and capital project costs	440,334	331,720	772,054
Restricted assets and other assets	452,222	111,628	563,850
<b>TOTAL ASSETS</b>	<u>\$ 956,518</u>	<u>\$ 466,228</u>	<u>\$ 1,422,746</u>
<b>LIABILITIES AND CAPITALIZATION:</b>			
Current liabilities	\$ 48,894	\$ 73,305	\$ 122,199
Member advances	1,677		1,677
Long-term debt and other liabilities	887,039	392,552	1,279,591
Members' capital	18,908	371	19,279
<b>TOTAL LIABILITIES AND CAPITALIZATION</b>	<u>\$ 956,518</u>	<u>\$ 466,228</u>	<u>\$ 1,422,746</u>
<b>REVENUE:</b>			
Interest	\$ 7,712	\$ 2,781	\$ 10,493
Operating revenues and other revenues	249,033	39,869	288,902
<b>TOTAL REVENUE</b>	<u>256,745</u>	<u>42,650</u>	<u>299,395</u>

**COSTS AND EXPENSES:**

General and other operating costs	189,421	19,653	209,074
Interest and other financing costs	52,137	22,985	75,122
<b>TOTAL COSTS AND EXPENSES</b>	<b>241,558</b>	<b>42,638</b>	<b>284,196</b>
Reserve additions and refunds	7,079		7,079
<b>NET INCOME (LOSS)</b>	<b>8,108</b>	<b>12</b>	<b>8,120</b>
<b>ACCUMULATED NET REVENUES</b>			
Beginning of year	10,800	358	11,158
Additional contributions			-
Change in unrealized holding losses			-
End of year	\$ 18,908	\$ 370	\$ 19,278

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, 2005, for approximately \$54.51 million (TANC principal \$1.57 million, TANC interest \$716,785; NCPA principal \$29.98 million, NCPA interest \$22.24 million). Under certain circumstances, such as default or bankruptcy of the other participants, the City may also be liable to pay a portion of the debt of these agencies on behalf of the other participants in these agencies.

Northern California Power Agency

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

7) **Leases under governmental activities**

During the fiscal years ended June 30, 2002, and 2006 the City entered into long-term leases as lessee for financing the purchase of \$4,002,252 of certain equipment utilized in the General 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:

FISCAL YEAR ENDED JUNE 30	CAPITAL LEASES
2007	\$ 544,793
2008	497,631
2009	468,362
2010	439,093
2011	428,664
2012-2016	667,310
Total minimum lease payments	3,045,853
Amount representing interest	(403,495)
Present value of minimum lease payments	<u>\$ 2,642,358</u>

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

8) Leases under business-type activities

During the fiscal years ended June 30, 2002 and 2005, the City entered into long-term leases as lessee for financing purchases of \$1,835,045 of certain equipment utilized in the Solid Waste, Water, Electric and Broadband Funds. These lease agreements allow the City, upon 30 days written notice, to terminate the leases as of the end of that fiscal year based solely on the City's failure to appropriate funds for the subsequent years' rental payments after exercising reasonable efforts to appropriate funds from any and all of its legally available sources. These leases qualified as capital leases for accounting purposes and therefore, were recorded at the present value of the future minimum lease payments at the date of inception of the leases.

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

FISCAL YEAR ENDED JUNE 30	CAPITAL LEASES
2007	\$ 232,926
2008	194,339
2009	183,694
2010	173,049
2011	173,049
2012-2015	382,955
Total minimum lease payments	1,340,012
Amount representing interest	(193,156)
Present value of minimum lease payments	<u>\$ 1,146,856</u>

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

9) Long-term liability activity for the year ended June 30, 2006 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	\$ 2,015,890	\$ 1,934,190	\$ (1,914,171)	\$ 2,035,909	\$ 1,998,256
Accrued Liabilities	5,035,541	64,568	(1,847,919)	3,252,190	975,657
Capital leases	1,505,530	1,557,381	(420,553)	2,642,358	544,793
Bonds Payable	7,350,000			7,350,000	150,000
Loans payable	1,223,075	685,875		1,908,950	
<b>Governmental activities long-term liabilities</b>	<u>\$ 17,130,036</u>	<u>\$ 4,242,014</u>	<u>\$ (4,182,643)</u>	<u>\$ 17,189,407</u>	<u>\$ 3,668,706</u>
<b>Business-type activities</b>					
<b>Bonds and notes payable:</b>					
Water notes payable	\$ 61,387	\$ -	\$ (4,220)	\$ 57,167	\$ 4,432
Airport notes payable	11,664		(11,664)	-	
Water revenue bonds	15,313,571		(397,516)	14,916,055	391,270
Wastewater revenue bonds	9,591,429		(212,484)	9,378,945	198,730
	<u>24,978,051</u>	<u>-</u>	<u>(625,884)</u>	<u>24,352,167</u>	<u>594,432</u>
Less: deferred amount on refundings	(465,353)		27,373	(437,980)	
<b>Total bonds and notes payable</b>	24,512,698		(598,512)	23,914,187	594,441
Compensated absences	918,282	970,845	(927,333)	961,794	944,005
Capital leases-Solid Waste	313,428		(144,758)	168,670	62,373
Capital leases-Water	151,564		(23,542)	128,022	24,569
Capital leases-Electric	177,607		(27,578)	150,029	28,782
Capital leases-Broadband	767,401		(67,266)	700,135	70,121
Landfill closure & postclosure	3,825,307			3,825,307	
Trust deposits	5,350	20		5,370	
Reserve Fund - VVCSD	331,895	1,550		333,445	
<b>Business-type activities Long-term liabilities</b>	<u>\$ 31,003,532</u>	<u>\$ 972,415</u>	<u>\$ (1,788,989)</u>	<u>\$ 30,186,959</u>	<u>\$ 1,724,291</u>

Long-term debt other than capital leases at June 30, 2006 was comprised of the following individual issues:

**Revenue Bonds**

**1998 Water and Wastewater Revenue Bonds:**

On July 7, 1998, Revenue Bonds in the amount of \$9,535,000 were sold. \$4,470,000 of this bond issue was to be used to finance three new Water Capital projects and the remaining amount of \$5,065,000 was used to advance refund the 1992 Water and Wastewater Revenue Bonds. The advance refunding resulted in a difference of \$656,970 between the reacquisition price and the net carrying amount of the old debt (\$502,435 in Water and \$154,535 in Wastewater). This difference is reported in the accompanying financial statements as a deduction from bonds payable and is being charged to operations as additional interest expense through the year 2022 using the straight line method. The City completed the advance refunding to reduce its total debt service payments over the next 23 years by \$822,774 and to obtain an economic gain (difference between the present value of the old debt and the new debt service payments) of \$497,677. At June 30, 2003, the defeased debt from the 1992 Water and Wastewater Revenue 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	\$ 7,675,000	
Deferred amount of refunding	(437,980)	
	<u>7,237,020</u>	
Amount shown on financial statements		<u>7,237,020</u>
Total revenue bonds		<u>\$ 7,237,020</u>



**2005 Water and Wastewater Revenue Bonds**

On March 22, 2005, Revenue Bonds in the amount of \$16,970,000 were sold. \$8,370,000 of this bond issue is to be used to finance four new Water Fund Capital projects and the remaining amount is to be used to finance two Wastewater Fund Capital projects. \$10,990,000 are serial bonds with interest rates ranging from 3.50% to 4.50% due in annual installments from \$350,000 to \$715,000 from March 1, 2006 to March 1, 2028; \$1,525,000 term bonds, 4.50% due March 1, 2030; \$4,455,000 term bonds, 4.50% due March 1, 2035.

Principal Outstanding

\$16,620,000

**Loan payable (Water Utility Fund)**

U.S. Department of Commerce, Economic Development Administration, Wet Well Loan, Contract Number 078100237-01; a 1978 simple interest loan of 5% payable June 30; annual payment of \$7,290; final payment is due June 30, 2017. Proceeds were used toward the construction of a wet well.  
Original issue \$124,000

\$ 57,166

The annual requirements in the Enterprise Funds to amortize Revenue Bonds and Loans Payable outstanding as of June 30, 2006 are as follows:

YEAR ENDING JUNE 30	REVENUE BONDS		
	PRINCIPAL	INTEREST	TOTAL
2007	\$ 590,000	\$ 1,075,543	\$ 1,665,543
2008	610,000	1,052,868	1,662,868
2009	635,000	1,029,418	1,664,418
2010	655,000	1,004,407	1,659,407
2011	685,000	977,863	1,662,863
2012-2016	3,890,000	4,424,978	8,314,978
2017-2021	4,810,000	3,491,675	8,301,675
2022-2026	4,500,000	2,393,781	6,893,781
2027-2031	4,280,000	1,379,275	5,659,275
2032-2036	3,640,000	418,500	4,058,500
	<u>\$ 24,295,000</u>	<u>\$ 17,248,308</u>	<u>\$ 41,543,308</u>

YEAR ENDING JUNE 30	LOANS PAYABLE		
	PRINCIPAL	INTEREST	TOTAL
2007	\$ 4,432	\$ 2,858	\$ 7,290
2008	4,653	2,637	7,290
2009	4,886	2,404	7,290
2010	5,130	2,160	7,290
2011	5,386	1,903	7,289
2012-2016	31,253	5,196	36,449
2017-2019	1,426	71	1,497
	<u>\$ 57,166</u>	<u>\$ 17,229</u>	<u>\$ 74,395</u>

**Revenue Bonds**

**2004 Aquatic Center Revenue Bonds**

On November 23, 2004, Revenue Bonds in the amount of \$7,350,000 were sold. All proceeds of this bond issue are being used to finance the construction of the City's new Aquatic Center. \$4,345,000 are serial bonds with interest rates ranging from 2.75% to 4.75% due in annual installments from \$150,000 to \$300,000 from September 2, 2006 to September 2, 2026; \$1,360,000 term bonds, 4.80% due in annual installments from \$315,000 to \$365,000 from September 2, 2027 to September 2, 2030; \$1,645,000 term bonds, 4.85% due in annual installments from \$385,000 to \$440,000 from September 2, 2031 to September 2, 2034.

Principal Outstanding

\$7,350,000

The Redevelopment Debt Service Fund will pay remaining debt service from future property tax revenue. The annual debt service requirements to maturity as of June 30, 2006 are as follows:

YEAR ENDING JUNE 30	REVENUE BONDS		
	PRINCIPAL	INTEREST	TOTAL
2007	\$ 150,000	\$ 314,535	\$ 464,535
2008	150,000	310,410	460,410
2009	155,000	306,216	461,216
2010	160,000	301,685	461,685
2011	160,000	296,884	456,884
2012-2016	885,000	1,394,337	2,279,337
2017-2021	1,065,000	1,206,999	2,271,999
2022-2026	1,320,000	953,646	2,273,646
2027-2031	1,660,000	605,960	2,265,960
2032-2036	1,645,000	164,052	1,809,052
	<u>\$ 7,350,000</u>	<u>\$ 5,854,724</u>	<u>\$ 13,204,724</u>

10) **Other Long Term Liabilities**

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

**Revenue Bonds**

**2004 Park & Maintenance Assessment District Bonds**

On November 23, 2004, Revenue Bonds in the amount of \$2,605,000 were sold. All proceeds of this bond issue are being used to finance park improvements, maintenance, and other capital improvements. \$1,515,000 are serial bonds with interest rates ranging from 2.75% to 4.75% due in annual installments from \$30,000 to \$110,000 from September 2, 2006 to September 2, 2026; \$490,000 term bonds, 4.8% due in annual installments from \$115,000 to \$130,000 from September 2, 2027 to September 2, 2030; \$600,000 term bonds, 4.85% due in annual installments from \$140,000 to \$160,000 from September 2, 2031 to September 2, 2034.

Principal Outstanding

\$2,605,000

11) **Loans payable**

The Lompoc Redevelopment Agency issued loans payable as follows:

	<u>Loan Amount</u>	<u>Principal Due at June 30, 2006</u>
City of Lompoc (General Fund)	233,000	\$133,791
	119,801	78,381
	<u>22,700</u>	<u>15,201</u>
	<u>\$375,501</u>	<u>\$227,373</u>
 CHFA	 <u>\$1,908,950</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, 2006, the balance of the loans is \$1.91 million and the Redevelopment Agency is contingently liable for payments of the loans if the recipients default on their payments.

12) **Deferred compensation plan**

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

13) **Defined benefit pension plan**

## Public Employees Retirement System

**Plan Description:** The City contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office – 400 P Street – Sacramento, 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, 2006 were 15.811% for non-safety members and 25.252% for safety members. Non-safety members contribute 8% and safety members contribute 9% of their annual covered salary. The City makes the contributions required of non-safety employees on their behalf and pays a portion of the contributions of safety employees for their behalf and for their accounts. The contribution requirements of the City and plan members are established and may be amended by PERS.

**Annual Pension Cost:** For fiscal year 2005/06, the City's annual pension cost of \$5,009,611 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2003 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected annual salary increases that vary by duration of service; and (c) 3.25% annual payroll growth. Both (a) and (b) include an inflation component of 3.0%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a fifteen-year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2005, were 17 years for safety and 30 years for miscellaneous. June 30, 2005 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
6/30/2003	\$ 944,190	100.00%	\$ -
6/30/2004	\$ 1,051,612	100.00%	\$ -
6/30/2005	\$ 1,053,477	100.00%	\$ -

Safety Employees:

6/30/2003	\$ 432,533	100.00%	\$ -
6/30/2004	\$ 682,643	100.00%	\$ -
6/30/2005	\$ 1,840,504	100.00%	\$ -

**REQUIRED SUPPLEMENTARY INFORMATION**

	(A)	(B)	(C)	(D)	(E)	(F)
<u>Miscellaneous Employees:</u>		Entry Age	Unfunded	Funded	Covered	Unfunded (Overfunded) Liability as Percentage of Covered Payroll
Actuarial Valuation Date	Actuarial Asset Value	Actuarial Accrued Liability	Liability/ (Excess Assets) {(B) - (A)}	Ratio {(A) / (B)}	Payroll	{[(B) - (A)]/(E)}
6/30/2003	\$ 65,804,229	\$ 64,595,859	\$ (1,208,370)	101.9%	\$ 13,448,297	-8.985%
6/30/2004	\$ 69,763,418	\$ 78,172,083	\$ 8,408,665	89.2%	\$ 14,897,986	56.442%
6/30/2005	\$ 74,999,263	\$ 83,171,016	\$ 8,171,753	90.2%	\$ 14,177,817	57.638%
<u>Safety Employees (Pool)*:</u>						
6/30/2003	\$ 33,078,033	\$ 37,774,296	\$ 4,696,263	87.6%	\$ 4,577,484	102.595%
6/30/2004	\$ 35,369,490	\$ 40,522,288	\$ 5,152,798	87.3%	\$ 5,022,670	102.591%
6/30/2005	\$ 5,295,150,375	\$ 6,367,049,264	\$ 1,071,898,889	83.2%	\$ 664,147,796	161.395%

\*Effective July 1, 2004, the Safety Employees Plan joined a risk pool. All information presented for fiscal year ended June 30, 2005 is for the risk pool in its entirety. Data shown prior to June 30, 2005 is for the City of Lompoc's Safety Employees only.



Post-employment Benefits

In addition to the pension benefits described in Note 13, the City provides post-employment health care insurance, in accordance with Memorandums of Understanding, to all employees who retire from the City on or after attaining age 55 with at least 15 years of service. Currently, thirty-two 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 thirty-three retirees eligible for Medicare. Expenditures for post-employment health care benefits are recognized as monthly premiums are paid. During the year, expenditures of \$217,418 were recognized for post-employment 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, 2006:

**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 -

\$ 29,226

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

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

227,373

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

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

1,350,191

**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 - 335,930

**RESERVE FOR ECONOMIC UNCERTAINTIES - SPECIAL REVENUE FUNDS,  
ECONOMIC UNCERTAINTIES FUND:**

Used to maintain emergency reserves for unforeseen economic conditions - 2,000,000

**RESERVE FOR DEBT REDEMPTION – DEBT SERVICE FUNDS:**

Used to indicate reserves established to pay long-term debt - 369,401

**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 - 4,158

**RESERVE FOR CAPITAL PROJECTS – CAPITAL DEVELOPMENT FUNDS:**

Used to indicate reserves established to pay for construction of the  
aquatic center - 67,126

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

Used to indicate commitments related to unperformed (executory) contracts  
for goods or services - 1,564,866

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

Used to indicate a portion of fund balance that is not available for current resources - 5,499,863

**15) Risk management**

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

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

On July 1, 2003, the City joined the California Public Entity Insurance Authority (CPEIA) for the purpose of purchasing excess liability and workers' compensation insurance. The CPEIA was formed under the Joint Powers Agreement (JPA) provision of state law (Government Codes 990, 990.4, 990.8, and 6500-6515). In addition, CPEIA is governed by bylaws adopted by the JPA members. The fund is directed by a board of directors comprised of representatives elected from the various participating municipal agencies. The allocation of the liability insurance policy costs are calculated based on the recommendations of insurance brokers/consultants using recognized insurance experience rating techniques. Separate financial statements of CPEIA may be obtained by writing the Accounting Department, CSAC – Excess Insurance Authority, 3017 Gold Canal Drive, Suite 300, Rancho Cordova, California 95670, or by phoning (916) 631-7363.

The City is self-insured for the first \$100,000 per occurrence, and excess insurance through CPEIA provides coverage to a maximum of \$15,000,000 per occurrence. The City's self-insured retention (SIR) for workers' compensation is \$300,000. There were no significant reductions in insurance coverage from the prior year. For fiscal years ended June 30, 1995 through 2006, no claims settlements have exceeded insurance coverage.

The City's self-insurance fund is financed through contributions made by the City's general fund and enterprise funds. Third party administration provides data on estimated claim liabilities (paid and reserves). As of June 30, 2006 the estimated outstanding liability was \$3.03 million for workers' compensation and \$220,348 for general liability. The Insurance Control Fund has total net assets of \$3.88 million, all of which is available for the known outstanding liabilities and for future catastrophic losses. Estimated liabilities for incurred but not reported (IBNR) claims are \$0 at June 30, 2006. Therefore no amounts have been accrued in the accompanying financial statements in the self-insurance internal service fund.

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

	<u>General Liability</u>	<u>Workers Comp.</u>
Unpaid claims liability, June 30, 2004	\$ 146,012	\$ 4,128,196
Incurred claims (including IBNR)	1,222,835	(182,297)
Claim payments	<u>(35,324)</u>	<u>(243,881)</u>
Unpaid claims liability, June 30, 2005	1,333,523	3,702,018
Incurred claims (including IBNR)	(1,085,540) <span style="color: red;">▲</span>	(512,259) <span style="color: red;">▲</span>
Claim payments	<u>(27,635) <span style="color: red;">▲</span></u>	<u>(157,917) <span style="color: red;">▲</span></u>
Unpaid claims liability, June 30, 2006	<u>\$ 220,348</u>	<u>\$ 3,031,842</u>

**16) Prior period adjustments**

Certain adjustments have been made to July 1, 2005 fund balances and net assets as follows:

	<u>Increase (Decrease) in Fund Balances and Net Assets</u>
<b><u>GENERAL FUND</u></b>	
Adjustment from prior year error in double billing Parks & Recreation	\$ 81,170
<b><u>SPECIAL REVENUE FUNDS</u></b>	
Street Development Fund	
Adjustment from prior year error in recording of grants receivable	(5,087)
<b><u>ENTERPRISE FUNDS</u></b>	
Water Fund	
Adjustment from prior year error in recording of depreciation expense.	40,127

Electric Fund	
Adjustment from prior years error in over-billing on electric revenue.	(81,170)
River Park Campground Fund	
Adjustment from prior year error in recording of construction in progress.	(9,923)

**17) 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	\$455,189
Fire Protection	5,853
Community Development	120,904
Non-Departmental	18,851

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

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

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

The over expenditures in the Non-Departmental category were due to higher than anticipated expenditures

**18) 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 \$3.83 million reported as landfill closure and postclosure care liability at June 30, 2006 represents the cumulative amount to date based on the use of 60.3 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 2006. 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, 2006, restricted cash in the amount of \$2.53 million is held for these purposes. The City expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional 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.

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City of Lompoc  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2006  
(Page 1 of 6)

	Special Revenue Funds				
	Transportation Improvement Fund	Civic Center Fund	Street Development Fund	Special Gas Tax Fund	Capital Development Fund
<b>ASSETS</b>					
Cash and investments	\$ 4,289,679	\$ 81,424	\$ 2,421,062	\$ 494,879	\$ 424,141
Receivables:					
Accounts receivable, net	391,273			71,163	
Interest receivable	37,844	784	23,049	4,763	7,877
Due from other funds			91,000		
Loans receivable					
Inventory				4,158	
<b>Total assets</b>	<b>\$ 4,718,796</b>	<b>\$ 82,208</b>	<b>\$ 2,535,111</b>	<b>\$ 574,963</b>	<b>\$ 432,018</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 737,777	\$ -	\$ 509	\$ 22,196	\$ -
Accrued liabilities					
Loans payable					
Deposits			475,113		
Due to other funds					51,818
Unearned revenue					
<b>Total liabilities</b>	<b>737,777</b>	<b>-</b>	<b>475,622</b>	<b>22,196</b>	<b>51,818</b>
Fund balances:					
Reserved for encumbrances	804,011		7,126	309,066	44,270
Reserved for land development					335,930
Reserved for loans receivable					
Reserved for debt service					
Reserved for low income housing					
Reserved for inventories				4,158	
Reserved for economic uncertainties					
Unreserved:					
Undesignated	3,177,008	82,208	2,052,363	239,543	-
<b>Total fund balances (deficit)</b>	<b>3,981,019</b>	<b>82,208</b>	<b>2,059,489</b>	<b>552,767</b>	<b>380,200</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,718,796</b>	<b>\$ 82,208</b>	<b>\$ 2,535,111</b>	<b>\$ 574,963</b>	<b>\$ 432,018</b>



City of Lompoc  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2006  
(Page 2 of 6)

	Special Revenue Funds				
	Local Transportation Fund	Parking Maintenance Funds	Jailer - Dispatcher Training Fund	Community Development Funds	Human Services Fund
<b>ASSETS</b>					
Cash and investments	\$ 252,659	\$ 59,808	\$ 3,862	\$ 2,316,582	\$ 65,692
Receivables:					
Accounts receivable, net	173,061			237,712	1,315
Interest receivable	26	401		22,316	632
Due from other funds					
Loans receivable				3,229,975	
Inventory					
<b>Total assets</b>	<b>\$ 425,746</b>	<b>\$ 60,209</b>	<b>\$ 3,862</b>	<b>\$ 5,806,585</b>	<b>\$ 67,639</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ 34	\$ -	\$ 179,972	\$ 16,675
Accrued liabilities					
Loans payable					
Deposits					
Due to other funds	86,000				
Unearned revenue				30,399	
<b>Total liabilities</b>	<b>86,000</b>	<b>34</b>	<b>-</b>	<b>210,371</b>	<b>16,675</b>
Fund balances:					
Reserved for encumbrances				345,068	
Reserved for land development					
Reserved for loans receivable				3,229,975	
Reserved for debt service					
Reserved for low income housing					
Reserved for inventories					
Reserved for economic uncertainties					
Unreserved:					
Undesignated	339,746	60,175	3,862	2,021,171	50,964
<b>Total fund balances (deficit)</b>	<b>339,746</b>	<b>60,175</b>	<b>3,862</b>	<b>5,596,214</b>	<b>50,964</b>
<b>Total liabilities and fund balances</b>	<b>\$ 425,746</b>	<b>\$ 60,209</b>	<b>\$ 3,862</b>	<b>\$ 5,806,585</b>	<b>\$ 67,639</b>

City of Lompoc  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2006  
(Page 3 of 6)

	Special Revenue Funds				
	Beautification Fund	Library Funds	Literacy Grant Fund	SLTPP Fund	Economic Uncertainty Fund
<b>ASSETS</b>					
Cash and investments	\$ 24,162	\$ 369,247	\$ 116	\$ 106,816	\$ 2,000,000
Receivables:					
Accounts receivable, net	93	477		200,000	
Interest receivable	233	3,514			
Due from other funds		3,100			
Loans receivable					
Inventory					
<b>Total assets</b>	<u>\$ 24,488</u>	<u>\$ 376,338</u>	<u>\$ 116</u>	<u>\$ 306,816</u>	<u>\$ 2,000,000</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 327	\$ 6,902	\$ 15	\$ 200,000	\$ -
Accrued liabilities			28		
Loans payable					
Deposits					
Due to other funds			3,100		
Unearned revenue		16,200			
<b>Total liabilities</b>	<u>327</u>	<u>23,102</u>	<u>3,143</u>	<u>200,000</u>	<u>-</u>
Fund balances:					
Reserved for encumbrances		15,577			
Reserved for land development					
Reserved for loans receivable					
Reserved for debt service					
Reserved for low income housing					
Reserved for inventories					
Reserved for economic uncertainties					2,000,000
Unreserved:					
Undesignated	24,161	337,659	(3,027)	106,816	
<b>Total fund balances (deficit)</b>	<u>24,161</u>	<u>353,236</u>	<u>(3,027)</u>	<u>106,816</u>	<u>2,000,000</u>
<b>Total liabilities and fund balances</b>	<u>\$ 24,488</u>	<u>\$ 376,338</u>	<u>\$ 116</u>	<u>\$ 306,816</u>	<u>\$ 2,000,000</u>

City of Lompoc  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2006  
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	Special Revenue Funds				
	COPS Grant Fund	Federal Road Fund	Traffic Offender Fund	Local STP Fund	Traffic Congestion Fund
<b>ASSETS</b>					
Cash and investments	\$ -	\$ 244,715	\$ 2,989	\$ 581	\$ 203
Receivables:					
Accounts receivable, net				1,079,396	52,990
Interest receivable	1,005				75
Due from other funds					
Loans receivable					
Inventory					
<b>Total assets</b>	<u>\$ 1,005</u>	<u>\$ 244,715</u>	<u>\$ 2,989</u>	<u>\$ 1,079,977</u>	<u>\$ 53,268</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 1,645	\$ 907,396	\$ 30,493
Accrued liabilities			375		
Loans payable					
Deposits					
Due to other funds			42,000		5,000
Unearned revenue					
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>44,020</u>	<u>907,396</u>	<u>35,493</u>
Fund balances:					
Reserved for encumbrances					
Reserved for land development					
Reserved for loans receivable					
Reserved for debt service					
Reserved for low income housing					
Reserved for inventories					
Reserved for economic uncertainties					
Unreserved:					
Undesignated	<u>1,005</u>	<u>244,715</u>	<u>(41,031)</u>	<u>172,581</u>	<u>17,775</u>
<b>Total fund balances (deficit)</b>	<u>1,005</u>	<u>244,715</u>	<u>(41,031)</u>	<u>172,581</u>	<u>17,775</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,005</u>	<u>\$ 244,715</u>	<u>\$ 2,989</u>	<u>\$ 1,079,977</u>	<u>\$ 53,268</u>

City of Lompoc  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2006  
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	Special Revenue Funds			Capital Project Funds	
	Public Education & Government Access Fund	Housing In-Lieu Fund	Redevelopment Housing Fund	Redevelopment Agency Fund	Park Assessment District Fund
<b>ASSETS</b>					
Cash and investments	\$ 429,012	\$ 1,345,239	\$ 1,338,030	\$ 1,872,075	\$ 176,339
Receivables:					
Accounts receivable, net					
Interest receivable	4,129	12,949	12,889	8,328	840
Due from other funds					
Loans receivable			1,690,688	579,200	
Inventory					
<b>Total assets</b>	<u>\$ 433,141</u>	<u>\$ 1,358,188</u>	<u>\$ 3,041,607</u>	<u>\$ 2,459,603</u>	<u>\$ 177,179</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 4,927	\$ 2,200	\$ 728	\$ 491,930	\$ -
Accrued liabilities					
Loans payable				227,373	
Deposits					
Due to other funds					
Unearned revenue					
<b>Total liabilities</b>	<u>4,927</u>	<u>2,200</u>	<u>728</u>	<u>719,303</u>	<u>-</u>
Fund balances:					
Reserved for encumbrances	3,835			35,913	
Reserved for land development					
Reserved for loans receivable			1,690,688	579,200	
Reserved for debt service					
Reserved for low income housing			1,350,191		
Reserved for inventories					
Reserved for economic uncertainties					
Unreserved:					
Undesignated	<u>424,379</u>	<u>1,355,988</u>	<u>-</u>	<u>1,125,187</u>	<u>177,179</u>
<b>Total fund balances (deficit)</b>	<u>428,214</u>	<u>1,355,988</u>	<u>3,040,879</u>	<u>1,740,300</u>	<u>177,179</u>
<b>Total liabilities and fund balances</b>	<u>\$ 433,141</u>	<u>\$ 1,358,188</u>	<u>\$ 3,041,607</u>	<u>\$ 2,459,603</u>	<u>\$ 177,179</u>

City of Lompoc  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2006  
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	Capital Project Funds		Debt Service Funds		Total Nonmajor Governmental Funds
	City - Aquatic Center Construction Fund	Redevelopment - Aquatic Center Debt Service Fund	Assessment District Debt Service Fund	Lease Purchase Fund	
<b>ASSETS</b>					
Cash and investments	\$ -	\$ 268,570	\$ 82,816	\$ -	\$ 18,670,698
Receivables:					
Accounts receivable, net					2,207,480
Interest receivable		17,470	1,654		160,778
Due from other funds					94,100
Loans receivable					5,499,863
Inventory					4,158
<b>Total assets</b>	<u>\$ -</u>	<u>\$ 286,040</u>	<u>\$ 84,470</u>	<u>\$ -</u>	<u>\$ 26,637,077</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ 1,109	\$ -	\$ -	\$ 2,604,835
Accrued liabilities					403
Loans payable					227,373
Deposits					475,113
Due to other funds					187,918
Unearned revenue					46,599
<b>Total liabilities</b>	<u>-</u>	<u>1,109</u>	<u>-</u>	<u>-</u>	<u>3,542,241</u>
Fund balances:					
Reserved for encumbrances					1,564,866
Reserved for land development					335,930
Reserved for loans receivable					5,499,863
Reserved for debt service		284,931	84,470		369,401
Reserved for low income housing					1,350,191
Reserved for inventories					4,158
Reserved for economic uncertainties					2,000,000
Unreserved:					
Undesignated					11,970,427
<b>Total fund balances (deficit)</b>	<u>-</u>	<u>284,931</u>	<u>84,470</u>	<u>-</u>	<u>23,094,836</u>
<b>Total liabilities and fund balances</b>	<u>\$ -</u>	<u>\$ 286,040</u>	<u>\$ 84,470</u>	<u>\$ -</u>	<u>\$ 26,637,077</u>

City of Lompoc  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2006  
(Page 1 of 5)

	<u>Special Revenue Funds</u>					
	<u>Transportation Improvement Fund</u>	<u>Civic Center Fund</u>	<u>Street Development Fund</u>	<u>Special Gas Tax Fund</u>	<u>Capital Development Fund</u>	<u>Local Transportation Fund</u>
<b>Revenues:</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	2,226,959			746,533		790,735
Licenses, fees and permits		4,882	51,850		16,654	
Intergovernmental						
Charges for current services						
Use of money and property	100,384	2,034	42,985	9,286	20,528	(3,175)
Special assessments						
Donations						
Other revenue						
<b>Total revenues</b>	<u>2,327,343</u>	<u>6,916</u>	<u>94,835</u>	<u>755,819</u>	<u>37,182</u>	<u>787,560</u>
<b>Expenditures:</b>						
<b>Current:</b>						
Police protection						
Engineering / streets			5,034	531,407		
Community development						
Parks and recreation						
Health						
<b>Debt service:</b>						
Principal						
Interest						
Capital outlay	790,292		14,347	16,716	36,481	
<b>Total expenditures</b>	<u>790,292</u>	<u>-</u>	<u>19,381</u>	<u>548,123</u>	<u>36,481</u>	<u>-</u>
<b>Excess of revenues over (under) expenditures</b>	<u>1,537,051</u>	<u>6,916</u>	<u>75,454</u>	<u>207,696</u>	<u>701</u>	<u>787,560</u>
<b>Other financing sources (uses):</b>						
Proceeds from loans						
Transfers in						
Transfers (out)	(1,740,385)			(100,000)	(446,073)	(714,500)
<b>Total other financing sources (uses)</b>	<u>(1,740,385)</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>	<u>(446,073)</u>	<u>(714,500)</u>
<b>Net change in fund balances</b>	(203,334)	6,916	75,454	107,696	(445,372)	73,060
<b>Fund balances, beginning of year</b>	4,184,353	75,292	1,989,122	445,071	825,572	266,686
<b>Prior period adjustments</b>			(5,087)			
<b>Fund balances, beginning of year, restated</b>	<u>4,184,353</u>	<u>75,292</u>	<u>1,984,035</u>	<u>445,071</u>	<u>825,572</u>	<u>266,686</u>
<b>Fund balances (deficit), end of year</b>	<u>\$ 3,981,019</u>	<u>\$ 82,208</u>	<u>\$ 2,059,489</u>	<u>\$ 552,767</u>	<u>\$ 380,200</u>	<u>\$ 339,746</u>

City of Lompoc  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2006  
(Page 2 of 5)

	<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 Funds</u>
<b>Revenues:</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use taxes						
Licenses, fees and permits	4,500					1,409
Intergovernmental			1,213,990			457,729
Charges for current services						145,853
Use of money and property	1,067		157,876	1,274	626	10,351
Special assessments						
Donations				41,464	2,095	492,698
Other revenue			2,839			1,291
<b>Total revenues</b>	<u>5,567</u>	<u>-</u>	<u>1,374,705</u>	<u>42,738</u>	<u>2,721</u>	<u>1,109,331</u>
<b>Expenditures:</b>						
<b>Current:</b>						
Police protection						
Engineering / streets	445					
Community development			1,127,552		2,958	
Parks and recreation						969,286
Health				40,002		
Debt service:						
Principal						
Interest						
Capital outlay			397,393			86,364
<b>Total expenditures</b>	<u>445</u>	<u>-</u>	<u>1,524,945</u>	<u>40,002</u>	<u>2,958</u>	<u>1,055,650</u>
<b>Excess of revenues over (under) expenditures</b>	<u>5,122</u>	<u>-</u>	<u>(150,240)</u>	<u>2,736</u>	<u>(237)</u>	<u>53,681</u>
<b>Other financing sources (uses):</b>						
Proceeds from loans						
Transfers in						
Transfers (out)						
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	5,122	-	(150,240)	2,736	(237)	53,681
<b>Fund balances, beginning of year</b>	55,053	3,862	5,746,454	48,228	24,398	299,555
<b>Prior period adjustments</b>						
<b>Fund balances, beginning of year, restated</b>	<u>55,053</u>	<u>3,862</u>	<u>5,746,454</u>	<u>48,228</u>	<u>24,398</u>	<u>299,555</u>
<b>Fund balances (deficit), end of year</b>	<u>\$ 60,175</u>	<u>\$ 3,862</u>	<u>\$ 5,596,214</u>	<u>\$ 50,964</u>	<u>\$ 24,161</u>	<u>\$ 353,236</u>

City of Lompoc  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2006  
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Special Revenue Funds

	<u>Literacy Grant Fund</u>	<u>SLTPP Fund</u>	<u>Economic Uncertainty Fund</u>	<u>COPS Grant Fund</u>	<u>Federal Road Fund</u>	<u>Traffic Offender Fund</u>
<b>Revenues:</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use taxes						
Licenses, fees and permits						25,205
Intergovernmental	60,075	200,000		100,000	80,989	
Charges for current services						1,140
Use of money and property	117		80,073	3,799		(1,423)
Special assessments						
Donations	22,082					
Other revenue						
<b>Total revenues</b>	<u>82,274</u>	<u>200,000</u>	<u>80,073</u>	<u>103,799</u>	<u>80,989</u>	<u>24,922</u>
<b>Expenditures:</b>						
<b>Current:</b>						
Police protection						109,757
Engineering / streets						
Community development						
Parks and recreation	89,399					
Health						
<b>Debt service:</b>						
Principal						
Interest						
Capital outlay		200,000			6,307	
<b>Total expenditures</b>	<u>89,399</u>	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>6,307</u>	<u>109,757</u>
<b>Excess of revenues over (under) expenditures</b>	<u>(7,125)</u>	<u>-</u>	<u>80,073</u>	<u>103,799</u>	<u>74,682</u>	<u>(84,835)</u>
<b>Other financing sources (uses):</b>						
Proceeds from loans						
Transfers in						79,699
Transfers (out)			(80,073)	(104,417)		
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>(80,073)</u>	<u>(104,417)</u>	<u>-</u>	<u>79,699</u>
<b>Net change in fund balances</b>	<u>(7,125)</u>	<u>-</u>	<u>-</u>	<u>(618)</u>	<u>74,682</u>	<u>(5,136)</u>
<b>Fund balances, beginning of year</b>	<u>4,098</u>	<u>106,816</u>	<u>2,000,000</u>	<u>1,623</u>	<u>170,033</u>	<u>(35,895)</u>
<b>Prior period adjustments</b>						
<b>Fund balances, beginning of year, restated</b>	<u>4,098</u>	<u>106,816</u>	<u>2,000,000</u>	<u>1,623</u>	<u>170,033</u>	<u>(35,895)</u>
<b>Fund balances (deficit), end of year</b>	<u>\$ (3,027)</u>	<u>\$ 106,816</u>	<u>\$ 2,000,000</u>	<u>\$ 1,005</u>	<u>\$ 244,715</u>	<u>\$ (41,031)</u>



City of Lompoc  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2006  
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	Special Revenue Funds					Capital Project Funds
	Local STP Fund	Traffic Congestion Relief Fund	Public Education & Government Access Fund	Housing In-Lieu Fund	Redevelopment Housing Fund	Redevelopment Agency Fund
<b>Revenues:</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 490,614	\$ -
Sales and use taxes						
Licenses, fees and permits			197,684	350		
Intergovernmental	1,258,396	188,678				
Charges for current services			2,156			
Use of money and property		2,310	10,976	34,413	48,430	30,608
Special assessments						
Donations						
Other revenue			200		19,476	58
<b>Total revenues</b>	<u>1,258,396</u>	<u>190,988</u>	<u>211,016</u>	<u>34,763</u>	<u>558,520</u>	<u>30,666</u>
<b>Expenditures:</b>						
<b>Current:</b>						
Police protection						
Engineering / streets						
Community development				2,550	151,895	829,609
Parks and recreation			198,890			
Health						
Debt service:						
Principal						15,370
Interest						12,967
Capital outlay	907,396	191,004	9,637			3,399
<b>Total expenditures</b>	<u>907,396</u>	<u>191,004</u>	<u>208,527</u>	<u>2,550</u>	<u>151,895</u>	<u>861,345</u>
Excess of revenues over (under) expenditures	<u>351,000</u>	<u>(16)</u>	<u>2,489</u>	<u>32,213</u>	<u>406,625</u>	<u>(830,679)</u>
<b>Other financing sources (uses):</b>						
Proceeds from loans					645,000	
Transfers in						1,546,407
Transfers (out)	(365,000)					(536,889)
<b>Total other financing sources (uses)</b>	<u>(365,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>645,000</u>	<u>1,009,518</u>
<b>Net change in fund balances</b>	<u>(14,000)</u>	<u>(16)</u>	<u>2,489</u>	<u>32,213</u>	<u>1,051,625</u>	<u>178,839</u>
<b>Fund balances, beginning of year</b>	<u>186,581</u>	<u>17,791</u>	<u>425,725</u>	<u>1,323,775</u>	<u>1,989,254</u>	<u>1,561,461</u>
<b>Prior period adjustments</b>						
<b>Fund balances, beginning of year, restated</b>	<u>186,581</u>	<u>17,791</u>	<u>425,725</u>	<u>1,323,775</u>	<u>1,989,254</u>	<u>1,561,461</u>
<b>Fund balances (deficit), end of year</b>	<u>\$ 172,581</u>	<u>\$ 17,775</u>	<u>\$ 428,214</u>	<u>\$ 1,355,988</u>	<u>\$ 3,040,879</u>	<u>\$ 1,740,300</u>

City of Lompoc  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2006  
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	Capital Project Funds		Debt Service Funds			Total Nonmajor Governmental Funds
	Park Assessment District Fund	City - Aquatic Center Construction Fund	Redevelopment - Aquatic Center Debt Service Fund	Assessment District Debt Service Fund	Lease Purchase Fund	
<b>Revenues:</b>						
Property taxes	\$ -	\$ -	\$ 1,962,459	\$ 3,502	\$ -	\$ 2,456,575
Sales and use taxes						3,764,227
Licenses, fees and permits						302,534
Intergovernmental						3,559,857
Charges for current services						149,149
Use of money and property	10,459		24,575	3,132		590,705
Special assessments				223,531		223,531
Donations						558,339
Other revenue						23,864
<b>Total revenues</b>	<b>10,459</b>	<b>-</b>	<b>1,987,034</b>	<b>230,165</b>	<b>-</b>	<b>11,628,781</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Police protection						109,757
Engineering / streets						536,886
Community development			5,625			2,120,189
Parks and recreation	71,764					1,329,339
Health						40,002
<b>Debt service:</b>						
Principal					52,833	68,203
Interest			316,439	113,557	13,732	456,695
Capital outlay	300,000	67,126				3,026,462
<b>Total expenditures</b>	<b>371,764</b>	<b>67,126</b>	<b>322,064</b>	<b>113,557</b>	<b>66,565</b>	<b>7,687,533</b>
Excess of revenues over (under) expenditures	(361,305)	(67,126)	1,664,970	116,608	(66,565)	3,941,248
<b>Other financing sources (uses):</b>						
Proceeds from loans						645,000
Transfers in	89,039				66,565	1,781,710
Transfers (out)			(1,546,407)	(89,039)		(5,722,783)
<b>Total other financing sources (uses)</b>	<b>89,039</b>	<b>-</b>	<b>(1,546,407)</b>	<b>(89,039)</b>	<b>66,565</b>	<b>(3,296,073)</b>
<b>Net change in fund balances</b>	<b>(272,266)</b>	<b>(67,126)</b>	<b>118,563</b>	<b>27,569</b>	<b>-</b>	<b>645,175</b>
<b>Fund balances, beginning of year</b>	<b>449,445</b>	<b>67,126</b>	<b>166,368</b>	<b>56,901</b>	<b>-</b>	<b>22,454,748</b>
<b>Prior period adjustments</b>						<b>(5,087)</b>
<b>Fund balances, beginning of year, restated</b>	<b>449,445</b>	<b>67,126</b>	<b>166,368</b>	<b>56,901</b>	<b>-</b>	<b>22,449,661</b>
<b>Fund balances (deficit), end of year</b>	<b>\$ 177,179</b>	<b>\$ -</b>	<b>\$ 284,931</b>	<b>\$ 84,470</b>	<b>\$ -</b>	<b>\$ 23,094,836</b>

City of Lompoc  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balances - Budget and Actual  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2006  
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	Transportation Improvement Fund			Civic Center Fund			Street Development 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	2,111,660	2,226,959	115,299						
Licenses, fees, and permits				30,000	4,882	(25,118)	148,500	51,850	(96,650)
Intergovernmental									
Charges for current services									
Use of money and property	122,189	100,384	(21,805)	2,000	2,034	34	60,000	42,985	(17,015)
Special assessments									
Donations									
Other revenue									
<b>Total revenues</b>	<u>2,233,849</u>	<u>2,327,343</u>	<u>93,494</u>	<u>32,000</u>	<u>6,916</u>	<u>(25,084)</u>	<u>208,500</u>	<u>94,835</u>	<u>(113,665)</u>
<b>Expenditures:</b>									
<b>Current:</b>									
Police protection									
Engineering / streets							7,645	5,034	2,611
Community development									
Parks and recreation									
Health									
Debt service:									
Principal									
Interest									
Capital outlay	2,785,440	790,292	1,995,148				32,768	14,347	18,421
<b>Total expenditures</b>	<u>2,785,440</u>	<u>790,292</u>	<u>1,995,148</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,413</u>	<u>19,381</u>	<u>21,032</u>
<b>Excess of revenues over (under) expenditures</b>	<u>(551,591)</u>	<u>1,537,051</u>	<u>2,088,642</u>	<u>32,000</u>	<u>6,916</u>	<u>(25,084)</u>	<u>168,087</u>	<u>75,454</u>	<u>(92,633)</u>
<b>Other financing sources (uses):</b>									
Proceeds from loans									
Transfers in									
Transfers out	(1,981,932)	(1,740,385)	241,547						
<b>Total other financing sources (uses)</b>	<u>(1,981,932)</u>	<u>(1,740,385)</u>	<u>241,547</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>(2,533,523)</u>	<u>(203,334)</u>	<u>2,330,189</u>	<u>32,000</u>	<u>6,916</u>	<u>(25,084)</u>	<u>168,087</u>	<u>75,454</u>	<u>(92,633)</u>
<b>Fund balances, beginning of year</b>	<u>4,184,353</u>	<u>4,184,353</u>		<u>75,292</u>	<u>75,292</u>		<u>1,989,122</u>	<u>1,989,122</u>	
<b>Prior period adjustments</b>								<u>(5,087)</u>	<u>(5,087)</u>
<b>Fund balances, beginning of year, restated</b>	<u>4,184,353</u>	<u>4,184,353</u>	<u>-</u>	<u>75,292</u>	<u>75,292</u>	<u>-</u>	<u>1,989,122</u>	<u>1,984,035</u>	<u>(5,087)</u>
<b>Fund balances (deficit), end of year</b>	<u>\$ 1,650,830</u>	<u>\$ 3,981,019</u>	<u>\$ 2,330,189</u>	<u>\$ 107,292</u>	<u>\$ 82,208</u>	<u>\$ (25,084)</u>	<u>\$ 2,157,209</u>	<u>\$ 2,059,489</u>	<u>\$ (97,720)</u>

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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	713,880	746,533	32,653				827,891	790,735	(37,156)
Licenses, fees, and permits				160,000	16,654	(143,346)			
Intergovernmental									
Charges for current services									
Use of money and property	7,040	9,286	2,246	19,250	20,528	1,278	13,500	(3,175)	(16,675)
Special assessments									
Donations									
Other revenue						-			
<b>Total revenues</b>	<b>720,920</b>	<b>755,819</b>	<b>34,899</b>	<b>179,250</b>	<b>37,182</b>	<b>(142,068)</b>	<b>841,391</b>	<b>787,560</b>	<b>(53,831)</b>
<b>Expenditures:</b>									
<b>Current:</b>									
Police protection									
Engineering / streets	717,632	531,407	186,225						
Community development									
Parks and recreation									
Health									
Debt service:									
Principal									
Interest									
Capital outlay	96,000	16,716	79,284	61,890	36,481	25,409	60,500		60,500
<b>Total expenditures</b>	<b>813,632</b>	<b>548,123</b>	<b>265,509</b>	<b>61,890</b>	<b>36,481</b>	<b>25,409</b>	<b>60,500</b>	<b>-</b>	<b>60,500</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(92,712)</b>	<b>207,696</b>	<b>300,408</b>	<b>117,360</b>	<b>701</b>	<b>(116,659)</b>	<b>780,891</b>	<b>787,560</b>	<b>6,669</b>
<b>Other financing sources (uses):</b>									
Proceeds from loans									
Transfers in									
Transfers out	(100,000)	(100,000)	-		(446,073)	(446,073)	(714,500)	(714,500)	-
<b>Total other financing sources (uses)</b>	<b>(100,000)</b>	<b>(100,000)</b>	<b>-</b>	<b>-</b>	<b>(446,073)</b>	<b>(446,073)</b>	<b>(714,500)</b>	<b>(714,500)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(192,712)</b>	<b>107,696</b>	<b>300,408</b>	<b>117,360</b>	<b>(445,372)</b>	<b>(562,732)</b>	<b>66,391</b>	<b>73,060</b>	<b>6,669</b>
<b>Fund balances, beginning of year</b>	<b>445,071</b>	<b>445,071</b>		<b>825,572</b>	<b>825,572</b>		<b>266,686</b>	<b>266,686</b>	
<b>Prior period adjustments</b>									
<b>Fund balances, beginning of year, restated</b>	<b>445,071</b>	<b>445,071</b>	<b>-</b>	<b>825,572</b>	<b>825,572</b>	<b>-</b>	<b>266,686</b>	<b>266,686</b>	<b>-</b>
<b>Fund balances (deficit), end of year</b>	<b>\$ 252,359</b>	<b>\$ 552,767</b>	<b>\$ 300,408</b>	<b>\$ 942,932</b>	<b>\$ 380,200</b>	<b>\$ (562,732)</b>	<b>\$ 333,077</b>	<b>\$ 339,746</b>	<b>\$ 6,669</b>

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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	4,500	4,500	-						
Intergovernmental								1,213,990	1,213,990
Charges for current services									
Use of money and property		1,067	1,067					157,876	157,876
Special assessments									
Donations									
Other revenue								2,839	2,839
<b>Total revenues</b>	<b>4,500</b>	<b>5,567</b>	<b>1,067</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,374,705</b>	<b>1,374,705</b>
<b>Expenditures:</b>									
<b>Current:</b>									
Police protection									
Engineering / streets	4,694	445	4,249						
Community development							406,829	1,127,552	(720,723)
Parks and recreation									
Health									
Debt service:									
Principal									
Interest									
Capital outlay							796,474	397,393	399,081
<b>Total expenditures</b>	<b>4,694</b>	<b>445</b>	<b>4,249</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,203,303</b>	<b>1,524,945</b>	<b>(321,642)</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(194)</b>	<b>5,122</b>	<b>5,316</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,203,303)</b>	<b>(150,240)</b>	<b>1,053,063</b>
<b>Other financing sources (uses):</b>									
Proceeds from loans									
Transfers in									
Transfers out									
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(194)</b>	<b>5,122</b>	<b>5,316</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,203,303)</b>	<b>(150,240)</b>	<b>1,053,063</b>
<b>Fund balances, beginning of year</b>	<b>55,053</b>	<b>55,053</b>		<b>3,862</b>	<b>3,862</b>		<b>5,746,454</b>	<b>5,746,454</b>	
<b>Prior period adjustments</b>									
<b>Fund balances, beginning of year, restated</b>	<b>55,053</b>	<b>55,053</b>	<b>-</b>	<b>3,862</b>	<b>3,862</b>	<b>-</b>	<b>5,746,454</b>	<b>5,746,454</b>	<b>-</b>
<b>Fund balances (deficit), end of year</b>	<b>\$ 54,859</b>	<b>\$ 60,175</b>	<b>\$ 5,316</b>	<b>\$ 3,862</b>	<b>\$ 3,862</b>	<b>\$ -</b>	<b>\$ 4,543,151</b>	<b>\$ 5,596,214</b>	<b>\$ 1,053,063</b>

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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								1,409	1,409
Intergovernmental							469,403	457,729	(11,674)
Charges for current services							140,334	145,853	5,519
Use of money and property	2,225	1,274	(951)	600	626	26	9,467	10,351	884
Special assessments									
Donations	42,200	41,464	(736)	2,212	2,095	(117)	500,885	492,698	(8,187)
Other revenue							869	1,291	422
<b>Total revenues</b>	<b>44,425</b>	<b>42,738</b>	<b>(1,687)</b>	<b>2,812</b>	<b>2,721</b>	<b>(91)</b>	<b>1,120,958</b>	<b>1,109,331</b>	<b>(11,627)</b>
<b>Expenditures:</b>									
<b>Current:</b>									
Police protection									
Engineering / streets									
Community development				6,359	2,958	3,401			
Parks and recreation							1,005,351	969,286	36,065
Health	40,000	40,002	(2)						
Debt service:									
Principal									
Interest									
Capital outlay							91,364	86,364	5,000
<b>Total expenditures</b>	<b>40,000</b>	<b>40,002</b>	<b>(2)</b>	<b>6,359</b>	<b>2,958</b>	<b>3,401</b>	<b>1,096,715</b>	<b>1,055,650</b>	<b>41,065</b>
<b>Excess of revenues over (under) expenditures</b>	<b>4,425</b>	<b>2,736</b>	<b>(1,689)</b>	<b>(3,547)</b>	<b>(237)</b>	<b>3,310</b>	<b>24,243</b>	<b>53,681</b>	<b>29,438</b>
<b>Other financing sources (uses):</b>									
Proceeds from loans									
Transfers in									
Transfers out									
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>4,425</b>	<b>2,736</b>	<b>(1,689)</b>	<b>(3,547)</b>	<b>(237)</b>	<b>3,310</b>	<b>24,243</b>	<b>53,681</b>	<b>29,438</b>
<b>Fund balances, beginning of year</b>	<b>48,228</b>	<b>48,228</b>		<b>24,398</b>	<b>24,398</b>		<b>299,555</b>	<b>299,555</b>	
<b>Prior period adjustments</b>									
<b>Fund balances, beginning of year, restated</b>	<b>48,228</b>	<b>48,228</b>	<b>-</b>	<b>24,398</b>	<b>24,398</b>	<b>-</b>	<b>299,555</b>	<b>299,555</b>	<b>-</b>
<b>Fund balances (deficit), end of year</b>	<b>\$ 52,653</b>	<b>\$ 50,964</b>	<b>\$ (1,689)</b>	<b>\$ 20,851</b>	<b>\$ 24,161</b>	<b>\$ 3,310</b>	<b>\$ 323,798</b>	<b>\$ 353,236</b>	<b>\$ 29,438</b>

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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	61,123	60,075	(1,048)	200,000	200,000	-			
Charges for current services									
Use of money and property	375	117	(258)				50,000	80,073	30,073
Special assessments									
Donations	19,459	22,082	2,623						
Other revenue									
<b>Total revenues</b>	<u>80,957</u>	<u>82,274</u>	<u>1,317</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>50,000</u>	<u>80,073</u>	<u>30,073</u>
<b>Expenditures:</b>									
<b>Current:</b>									
Police protection									
Engineering / streets									
Community development									
Parks and recreation	87,857	89,399	(1,542)						
Health									
Debt service:									
Principal									
Interest									
Capital outlay				306,816	200,000	106,816			
<b>Total expenditures</b>	<u>87,857</u>	<u>89,399</u>	<u>(1,542)</u>	<u>306,816</u>	<u>200,000</u>	<u>106,816</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of revenues over (under) expenditures</b>	<u>(6,900)</u>	<u>(7,125)</u>	<u>(225)</u>	<u>(106,816)</u>	<u>-</u>	<u>106,816</u>	<u>50,000</u>	<u>80,073</u>	<u>30,073</u>
<b>Other financing sources (uses):</b>									
Proceeds from loans									
Transfers in									
Transfers out							(50,000)	(80,073)	(30,073)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,000)</u>	<u>(80,073)</u>	<u>(30,073)</u>
<b>Net change in fund balances</b>	<u>(6,900)</u>	<u>(7,125)</u>	<u>(225)</u>	<u>(106,816)</u>	<u>-</u>	<u>106,816</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances, beginning of year</b>	<u>4,098</u>	<u>4,098</u>		<u>106,816</u>	<u>106,816</u>		<u>2,000,000</u>	<u>2,000,000</u>	
<b>Prior period adjustments</b>									
<b>Fund balances, beginning of year, restated</b>	<u>4,098</u>	<u>4,098</u>	<u>-</u>	<u>106,816</u>	<u>106,816</u>	<u>-</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>-</u>
<b>Fund balances (deficit), end of year</b>	<u>\$ (2,802)</u>	<u>\$ (3,027)</u>	<u>\$ (225)</u>	<u>\$ -</u>	<u>\$ 106,816</u>	<u>\$ 106,816</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ -</u>

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	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							26,000	25,205	(795)
Intergovernmental	100,000	100,000	-	1,620,396	80,989	(1,539,407)		1,140	1,140
Charges for current services								(1,423)	(1,423)
Use of money and property	1,500	3,799	2,299						
Special assessments									
Donations									
Other revenue									
<b>Total revenues</b>	<b>101,500</b>	<b>103,799</b>	<b>2,299</b>	<b>1,620,396</b>	<b>80,989</b>	<b>(1,539,407)</b>	<b>26,000</b>	<b>24,922</b>	<b>(1,078)</b>
<b>Expenditures:</b>									
<b>Current:</b>									
Police protection							105,699	109,757	(4,058)
Engineering / streets									
Community development									
Parks and recreation									
Health									
Debt service:									
Principal									
Interest									
Capital outlay				1,621,518	6,307	1,615,211			
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,621,518</b>	<b>6,307</b>	<b>1,615,211</b>	<b>105,699</b>	<b>109,757</b>	<b>(4,058)</b>
<b>Excess of revenues over (under) expenditures</b>	<b>101,500</b>	<b>103,799</b>	<b>2,299</b>	<b>(1,122)</b>	<b>74,682</b>	<b>75,804</b>	<b>(79,699)</b>	<b>(84,835)</b>	<b>(5,136)</b>
<b>Other financing sources (uses):</b>									
Proceeds from loans									
Transfers in							79,699	79,699	-
Transfers out	(100,000)	(104,417)	(4,417)						
<b>Total other financing sources (uses)</b>	<b>(100,000)</b>	<b>(104,417)</b>	<b>(4,417)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>79,699</b>	<b>79,699</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>1,500</b>	<b>(618)</b>	<b>(2,118)</b>	<b>(1,122)</b>	<b>74,682</b>	<b>75,804</b>	<b>-</b>	<b>(5,136)</b>	<b>(5,136)</b>
<b>Fund balances, beginning of year</b>	<b>1,623</b>	<b>1,623</b>		<b>170,033</b>	<b>170,033</b>		<b>(35,895)</b>	<b>(35,895)</b>	
<b>Prior period adjustments</b>									
<b>Fund balances, beginning of year, restated</b>	<b>1,623</b>	<b>1,623</b>	<b>-</b>	<b>170,033</b>	<b>170,033</b>	<b>-</b>	<b>(35,895)</b>	<b>(35,895)</b>	<b>-</b>
<b>Fund balances (deficit), end of year</b>	<b>\$ 3,123</b>	<b>\$ 1,005</b>	<b>\$ (2,118)</b>	<b>\$ 168,911</b>	<b>\$ 244,715</b>	<b>\$ 75,804</b>	<b>\$ (35,895)</b>	<b>\$ (41,031)</b>	<b>\$ (5,136)</b>



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	Local STP Fund			Traffic Congestion Relief Fund			Public Education and Government Cable Access 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							195,407	197,684	2,277
Intergovernmental	178,600	1,258,396	1,079,796	188,678	188,678	-	1,200	2,156	956
Charges for current services							8,125	10,976	2,851
Use of money and property				2,326	2,310	(16)			
Special assessments									
Donations									
Other revenue							100	200	100
<b>Total revenues</b>	<u>178,600</u>	<u>1,258,396</u>	<u>1,079,796</u>	<u>191,004</u>	<u>190,988</u>	<u>(16)</u>	<u>204,832</u>	<u>211,016</u>	<u>6,184</u>
<b>Expenditures:</b>									
<b>Current:</b>									
Police protection									
Engineering / streets									
Community development									
Parks and recreation							205,956	198,890	7,066
Health									
Debt service:									
Principal									
Interest									
Capital outlay		907,396	(907,396)	191,004	191,004	-	153,750	9,637	144,113
<b>Total expenditures</b>	<u>-</u>	<u>907,396</u>	<u>(907,396)</u>	<u>191,004</u>	<u>191,004</u>	<u>-</u>	<u>359,706</u>	<u>208,527</u>	<u>151,179</u>
<b>Excess of revenues over (under) expenditures</b>	<u>178,600</u>	<u>351,000</u>	<u>172,400</u>	<u>-</u>	<u>(16)</u>	<u>(16)</u>	<u>(154,874)</u>	<u>2,489</u>	<u>157,363</u>
<b>Other financing sources (uses):</b>									
Proceeds from loans									
Transfers in									
Transfers out	(365,000)	(365,000)	-						
<b>Total other financing sources (uses)</b>	<u>(365,000)</u>	<u>(365,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>(186,400)</u>	<u>(14,000)</u>	<u>172,400</u>	<u>-</u>	<u>(16)</u>	<u>(16)</u>	<u>(154,874)</u>	<u>2,489</u>	<u>157,363</u>
<b>Fund balances, beginning of year</b>	<u>186,581</u>	<u>186,581</u>		<u>17,791</u>	<u>17,791</u>		<u>425,725</u>	<u>425,725</u>	
<b>Prior period adjustments</b>									
<b>Fund balances, beginning of year, restated</b>	<u>186,581</u>	<u>186,581</u>	<u>-</u>	<u>17,791</u>	<u>17,791</u>	<u>-</u>	<u>425,725</u>	<u>425,725</u>	<u>-</u>
<b>Fund balances (deficit), end of year</b>	<u>\$ 181</u>	<u>\$ 172,581</u>	<u>\$ 172,400</u>	<u>\$ 17,791</u>	<u>\$ 17,775</u>	<u>\$ (16)</u>	<u>\$ 270,851</u>	<u>\$ 428,214</u>	<u>\$ 157,363</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, 2006  
(Page 8 of 8)

	Housing In-Lieu Fund			Redevelopment Housing Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>						
Property taxes	\$ -	\$ -	\$ -	\$ 368,000	\$ 490,614	\$ 122,614
Sales and use taxes						
Licenses, fees, and permits		350	350			
Intergovernmental						
Charges for current services						
Use of money and property		34,413	34,413	77,250	48,430	(28,820)
Special assessments						
Donations						
Other revenue				15,250	19,476	4,226
<b>Total revenues</b>	<u>-</u>	<u>34,763</u>	<u>34,763</u>	<u>460,500</u>	<u>558,520</u>	<u>98,020</u>
<b>Expenditures:</b>						
<b>Current:</b>						
Police protection						
Engineering / streets						
Community development		2,550	(2,550)	2,777,050	151,895	2,625,155
Parks and recreation						
Health						
Debt service:						
Principal						
Interest						
Capital outlay						
<b>Total expenditures</b>	<u>-</u>	<u>2,550</u>	<u>(2,550)</u>	<u>2,777,050</u>	<u>151,895</u>	<u>2,625,155</u>
<b>Excess of revenues over (under) expenditures</b>	<u>-</u>	<u>32,213</u>	<u>32,213</u>	<u>(2,316,550)</u>	<u>406,625</u>	<u>2,723,175</u>
<b>Other financing sources (uses):</b>						
Proceeds from loans				1,399,000	645,000	(754,000)
Transfers in						
Transfers out						
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,399,000</u>	<u>645,000</u>	<u>(754,000)</u>
<b>Net change in fund balances</b>	<u>-</u>	<u>32,213</u>	<u>32,213</u>	<u>(917,550)</u>	<u>1,051,625</u>	<u>1,969,175</u>
<b>Fund balances, beginning of year</b>	<u>1,323,775</u>	<u>1,323,775</u>		<u>1,989,254</u>	<u>1,989,254</u>	
<b>Prior period adjustments</b>						
<b>Fund balances, beginning of year, restated</b>	<u>1,323,775</u>	<u>1,323,775</u>	<u>-</u>	<u>1,989,254</u>	<u>1,989,254</u>	<u>-</u>
<b>Fund balances (deficit), end of year</b>	<u>\$ 1,323,775</u>	<u>\$ 1,355,988</u>	<u>\$ 32,213</u>	<u>\$ 1,071,704</u>	<u>\$ 3,040,879</u>	<u>\$ 1,969,175</u>

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City of Lompoc  
Combining Statement of Net Assets  
Nonmajor Enterprise Funds  
June 30, 2006  
(Page 1 of 2)

ASSETS	Lompoc Airport	Lompoc Transit	Recreation	River Park Campground	Lompoc Valley Community Center	Broadband	Totals
<b>Current assets:</b>							
Cash and investments	\$2,345	\$126,948	\$7,687	\$18,698	\$148,124	\$5,011	\$308,813
<b>Restricted cash and investments:</b>							
Deposits	5,350					9,540	14,890
Fiscal agent						90,625	90,625
Receivables - trade	661	1,130,192					1,130,853
Receivables - grant	78,514						78,514
Receivables - interest	81	3,585	5	849	1,416		5,936
Inventories (at average cost)	27,956	9,072					37,028
<b>Total current assets</b>	<b>114,907</b>	<b>1,269,797</b>	<b>7,692</b>	<b>19,547</b>	<b>149,540</b>	<b>105,176</b>	<b>1,666,659</b>
<b>Property, plant and equipment:</b>							
Land	5,401,514				455,000		5,856,514
Utility plant and equipment	4,070,253	2,783,013	22,082	228,518	1,235,101	19,674	8,358,641
Construction in progress	97,260					1,468,960	1,566,220
	9,569,027	2,783,013	22,082	228,518	1,690,101	1,488,634	15,781,375
(Less) accumulated depreciation	(718,726)	(1,787,047)	(20,413)	(150,553)	(369,166)		(3,045,905)
<b>Total property, plant and equipment</b>	<b>8,850,301</b>	<b>995,966</b>	<b>1,669</b>	<b>77,965</b>	<b>1,320,935</b>	<b>1,488,634</b>	<b>12,735,470</b>
<b>Total assets</b>	<b>\$8,965,208</b>	<b>\$2,265,763</b>	<b>\$9,361</b>	<b>\$97,512</b>	<b>\$1,470,475</b>	<b>\$1,593,810</b>	<b>\$14,402,129</b>

City of Lompoc  
Combining Statement of Net Assets  
Nonmajor Enterprise Funds  
June 30, 2006  
(Page 2 of 2)

LIABILITIES	Lompoc Airport	Lompoc Transit	Recreation	River Park Campground	Lompoc Valley Community Center	Broadband	Totals
<b>Current liabilities:</b>							
Accounts payable	\$34,407	\$121,835	\$16,224	\$400	\$3,905	\$7,448	\$184,219
Accrued interest	5,621					3,594	9,215
Due to other funds	330,441		133,900	20,494		1,918,596	2,403,431
Unearned revenue			4,110				4,110
Current portion of noncurrent liabilities	3,914	8,310	4,084	4,516	1,804	70,121	92,749
<b>Total current liabilities</b>	<b>374,383</b>	<b>130,145</b>	<b>158,318</b>	<b>25,410</b>	<b>5,709</b>	<b>1,999,759</b>	<b>2,693,724</b>
<b>Noncurrent liabilities:</b>							
Compensated absences	74	157	77	85	34		427
Leases payable						630,015	630,015
Trust deposits	5,350	20					5,370
<b>Total noncurrent liabilities</b>	<b>5,424</b>	<b>177</b>	<b>77</b>	<b>85</b>	<b>34</b>	<b>630,015</b>	<b>635,812</b>
<b>Total liabilities</b>	<b>379,807</b>	<b>130,322</b>	<b>158,395</b>	<b>25,495</b>	<b>5,743</b>	<b>2,629,774</b>	<b>3,329,536</b>
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	8,850,301	995,966	1,669	77,965	1,320,935	788,498	12,035,334
Unrestricted	(264,900)	1,139,475	(150,703)	(5,948)	143,797	(1,824,462)	(962,741)
<b>Total net assets</b>	<b>\$8,585,401</b>	<b>\$2,135,441</b>	<b>(\$149,034)</b>	<b>\$72,017</b>	<b>\$1,464,732</b>	<b>(\$1,035,964)</b>	<b>\$11,072,593</b>

City of Lompoc  
Combining Statement of Revenues, Expenses  
and Changes in Fund Net Assets  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2006

	Lompoc Airport	Lompoc Transit	Recreation	River Park Campground	Lompoc Valley Community Center	Broadband	Totals
<b>Operating revenues:</b>							
User fees and charges for services	\$71,200	\$129,895	\$185,996		\$11,865	\$9,908	\$408,864
Facilities rental	143,607		102,981	\$156,026	60,898		463,512
<b>Total operating revenues</b>	<b>214,807</b>	<b>129,895</b>	<b>288,977</b>	<b>156,026</b>	<b>72,763</b>	<b>9,908</b>	<b>872,376</b>
<b>Operating expenses:</b>							
Operations and maintenance	208,183	1,695,927	307,541	86,878	89,896	722,128	3,110,553
Depreciation and amortization	116,602	265,856	424	6,279	63,692		452,853
<b>Total operating expenses</b>	<b>324,785</b>	<b>1,961,783</b>	<b>307,965</b>	<b>93,157</b>	<b>153,588</b>	<b>722,128</b>	<b>3,563,406</b>
<b>Income (loss) from operations</b>	<b>(109,978)</b>	<b>(1,831,888)</b>	<b>(18,988)</b>	<b>62,869</b>	<b>(80,825)</b>	<b>(712,220)</b>	<b>(2,691,030)</b>
<b>Nonoperating incomes (expenses):</b>							
Interest income	1,762	10,300	(744)	3,339	2,904		17,561
Intergovernmental	20,554	1,908,188	31,551				1,960,293
Miscellaneous	2,372	2,100					4,472
Interest (expense)	(20,065)					(92,242)	(112,307)
<b>Total nonoperating incomes (expenses)</b>	<b>4,623</b>	<b>1,920,588</b>	<b>30,807</b>	<b>3,339</b>	<b>2,904</b>	<b>(92,242)</b>	<b>1,870,019</b>
<b>Income (loss) before contributions and transfers</b>	<b>(105,355)</b>	<b>88,700</b>	<b>11,819</b>	<b>66,208</b>	<b>(77,921)</b>	<b>(804,462)</b>	<b>(821,011)</b>
Capital contributions	78,514	188,988					267,502
Transfers in (out)					65,000		65,000
<b>Change in net assets</b>	<b>(26,841)</b>	<b>277,688</b>	<b>11,819</b>	<b>66,208</b>	<b>(12,921)</b>	<b>(804,462)</b>	<b>(488,509)</b>
<b>Net assets - beginning of the year</b>	<b>8,612,242</b>	<b>1,857,753</b>	<b>(160,853)</b>	<b>15,732</b>	<b>1,477,653</b>	<b>(231,502)</b>	<b>11,571,025</b>
<b>Prior period adjustments</b>				<b>(9,923)</b>			<b>(9,923)</b>
<b>Net assets - beginning of the year, restated</b>	<b>8,612,242</b>	<b>1,857,753</b>	<b>(160,853)</b>	<b>5,809</b>	<b>1,477,653</b>	<b>(231,502)</b>	<b>11,561,102</b>
<b>Net assets - end of the year</b>	<b>\$8,585,401</b>	<b>\$2,135,441</b>	<b>(\$149,034)</b>	<b>\$72,017</b>	<b>\$1,464,732</b>	<b>(\$1,035,964)</b>	<b>\$11,072,593</b>

City of Lompoc  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2006  
(Page 1 of 2)

	Lompoc Airport	Lompoc Transit	Recreation	River Park Campgrounds	Lompoc Valley Community Center	Broadband	Totals
<b>Cash flows from operating activities:</b>							
Cash received from customers	\$215,580	\$62,769	\$285,709	\$156,026	\$72,763	\$9,908	\$802,755
Cash payments to suppliers for goods and services	(201,008)	(1,807,795)	(161,635)	(25,200)	(37,543)	(603,660)	(2,836,841)
Cash payments to employees for services	(60,920)	(123,530)	(151,722)	(63,080)	(53,748)	(102,501)	(555,501)
Net cash provided (used) by operating activities	(46,348)	(1,868,556)	(27,648)	67,746	(18,528)	(696,253)	(2,589,587)
<b>Cash flows from noncapital financing activities:</b>							
Net borrowings (repayments) under revolving loan arrangement	5,988			(70,000)		882,606	818,594
Received from other agencies	20,554	1,908,188	31,551				1,960,293
Increase (decrease) in trust accounts						9,440	9,440
Transfers in (out)					65,000		65,000
Net cash provided (used) by noncapital financing activities	26,542	1,908,188	31,551	(70,000)	65,000	892,046	2,853,327
<b>Cash flows from capital and related financing activities:</b>							
Proceeds from loans, lease purchases and equipment contracts							
Acquisition and construction of capital assets	(97,260)	(188,988)				(21,834)	(308,082)
Principal paid on revenue bonds/loans /leases and equipment contracts	(18,397)					(67,266)	(85,663)
Interest paid on revenue bonds/loans and equipment contracts	(20,065)					(92,242)	(112,307)
Contributed capital	78,514	188,988					267,502
Net cash provided (used) for capital and related financing activities	(57,208)	0	0	0	0	(181,342)	(238,550)
<b>Cash flows from investing activities:</b>							
Interest and dividends on investments	1,762	10,300	(744)	3,339	2,904		17,561
Net increase (decrease) in cash and cash equivalents	(75,252)	49,932	3,159	1,085	49,376	14,451	42,751
Cash and cash equivalents at beginning of year	82,947	77,016	4,528	17,613	98,748	90,725	371,577
Cash and cash equivalents at end of year	<u>\$7,695</u>	<u>\$126,948</u>	<u>\$7,687</u>	<u>\$18,698</u>	<u>\$148,124</u>	<u>\$105,176</u>	<u>\$414,328</u>

City of Lompoc  
Reconciliation of Operating Income to Net Cash Provided by Operating Activities  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2006  
(Page 2 of 2)

	Lompoc Airport	Lompoc Transit	Recreation	River Park Campgrounds	Lompoc Valley Community Center	Broadband	Totals
Income (loss) from operations	(\$109,978)	(\$1,831,888)	(\$18,988)	\$62,869	(\$80,825)	(\$712,220)	(\$2,691,030)
Adjustment for nonoperating incomes and (expenses)	2,373	2,100					4,473
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation	116,602	265,856	424	6,279	63,692		452,853
Change in assets and liabilities:							
(Increase)decrease in accounts receivable	773	(67,125)					(66,352)
(Increase)decrease in prepaid expenses						37,450	37,450
(Increase)decrease in interest receivable	854	(2,820)	(5)	999	(326)		(1,298)
(Increase)decrease in grants receivable	(78,514)						(78,514)
(Increase)decrease in inventory	(7,635)	(2,895)					(10,530)
(Decrease)increase in deposits		20					20
(Decrease)increase in accounts payable	30,751	21,500	3,739	76	747	(18,949)	37,864
(Decrease)increase in accrued interest payable	(168)		(318)			(345)	(831)
(Decrease)increase in unearned credits/revenues			3,268				3,268
(Decrease)increase in due to other funds		(250,000)					(250,000)
(Decrease)increase in accrued payroll	(1,406)	(3,304)	(15,768)	(2,477)	(1,816)	(2,189)	(26,960)
Net cash provided by operating activities	<u>(\$46,348)</u>	<u>(\$1,868,556)</u>	<u>(\$27,648)</u>	<u>\$67,746</u>	<u>(\$18,528)</u>	<u>(\$696,253)</u>	<u>(\$2,589,587)</u>



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City of Lompoc  
Combining Statement of Net Assets  
Internal Service Funds  
June 30, 2006

	Insurance Control Fund	Vehicle Fund	Communication Fund	Stores Inventory Fund	Total Internal Service Funds
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and investments	\$7,263,689	\$3,960,078	\$20,185	\$86,876	\$11,330,828
Accounts receivable, net	71,584	22,808		836	95,228
Due from other funds	51,818				51,818
Inventory		203,783		62,358	266,141
<b>Total current assets</b>	<b>7,387,091</b>	<b>4,186,669</b>	<b>20,185</b>	<b>150,070</b>	<b>11,744,015</b>
<b>Property and equipment:</b>					
Improvements		199,018			199,018
Automotive equipment		13,728,610			13,728,610
Furnishings and equipment		80,005	210,497	138,475	428,977
		14,007,633	210,497	138,475	14,356,605
(Less) accumulated depreciation		(9,232,089)	(134,830)	(96,224)	(9,463,143)
<b>Total property and equipment</b>		<b>4,775,544</b>	<b>75,667</b>	<b>42,251</b>	<b>4,893,462</b>
<b>Total assets</b>	<b>7,387,091</b>	<b>8,962,213</b>	<b>95,852</b>	<b>192,321</b>	<b>16,637,477</b>
<b>LIABILITIES</b>					
<b>Current liabilities:</b>					
Accounts payable	277,320	153,326		12,395	443,041
Accrued interest		23,455			23,455
Current portion of accrued liabilities	975,657				975,657
Current portion of compensated absences		57,468			57,468
Current portion of lease purchase contract		374,336			374,336
<b>Total current liabilities</b>	<b>1,252,977</b>	<b>608,585</b>	<b>-</b>	<b>12,395</b>	<b>1,816,489</b>
<b>Noncurrent liabilities:</b>					
Accrued liabilities	2,276,533				2,276,533
Compensated absences		1,083			1,083
Lease purchase contract		1,942,176			1,942,176
<b>Total noncurrent liabilities</b>	<b>2,276,533</b>	<b>1,943,259</b>	<b>-</b>	<b>-</b>	<b>4,219,792</b>
<b>Total liabilities</b>	<b>3,529,510</b>	<b>2,551,844</b>	<b>-</b>	<b>12,395</b>	<b>6,036,281</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt		2,459,032	75,667	42,251	2,576,950
Restricted for debt service		2,316,513			2,316,513
Unrestricted	3,857,581	1,634,824	20,185	137,675	5,650,265
<b>Total Net Assets</b>	<b>\$3,857,581</b>	<b>\$6,410,369</b>	<b>\$95,852</b>	<b>\$179,926</b>	<b>\$10,543,728</b>

City of Lompoc  
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets  
Internal Service Funds  
For the Year Ended June 30, 2006

	Insurance Control Fund	Vehicle Fund	Communication Fund	Stores Inventory Fund	Total Internal Service Funds
<b>Operating revenues:</b>					
Charge for services	\$12,515,595		\$118,550	\$249,593	\$12,883,738
Vehicle equipment rental		\$3,019,142			\$3,019,142
<b>Total operating revenues</b>	<b>12,515,595</b>	<b>3,019,142</b>	<b>118,550</b>	<b>249,593</b>	<b>15,902,880</b>
<b>Operating Expenses:</b>					
Maintenance, operations and administration	9,724,378	2,281,905	98,365	288,273	12,392,921
Depreciation		902,798	20,185	18,614	941,597
<b>Total operating expenses</b>	<b>9,724,378</b>	<b>3,184,703</b>	<b>118,550</b>	<b>306,887</b>	<b>13,334,518</b>
<b>Income (loss) from operations</b>	<b>2,791,217</b>	<b>(165,561)</b>	<b>0</b>	<b>(57,294)</b>	<b>2,568,362</b>
<b>Nonoperating income (expenses):</b>					
Interest income	266,900	131,227		3,626	401,753
Increase (decrease) in fair value of investments	(108,575)	(30,067)		(845)	(139,487)
Sale of capital assets		20,558		(207)	20,351
Interest (expense)		(98,419)			(98,419)
<b>Total nonoperating incomes (expenses)</b>	<b>158,325</b>	<b>23,299</b>	<b>0</b>	<b>2,574</b>	<b>184,198</b>
<b>Income (loss) before contributions and transfers</b>	<b>2,949,542</b>	<b>(142,262)</b>	<b>0</b>	<b>(54,720)</b>	<b>2,752,560</b>
<b>Capital contributions</b>		<b>67,377</b>			<b>67,377</b>
<b>Transfers in (out)</b>	<b>(47,820)</b>	<b>33,692</b>			<b>(14,128)</b>
<b>Changes in net assets</b>	<b>2,901,722</b>	<b>(41,193)</b>	<b>0</b>	<b>(54,720)</b>	<b>2,805,809</b>
<b>Net assets - beginning</b>	<b>955,859</b>	<b>6,451,562</b>	<b>95,852</b>	<b>234,646</b>	<b>7,737,919</b>
<b>Net assets - ending</b>	<b>\$3,857,581</b>	<b>\$6,410,369</b>	<b>\$95,852</b>	<b>\$179,926</b>	<b>\$10,543,728</b>

City of Lompoc  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2006  
(Page 1 of 2)

	Insurance Control Fund	Vehicle Fund	Communication Fund	Stores Inventory Fund	Total Internal Service Funds
<b>Cash flows from operating activities:</b>					
Cash received from customers	\$12,461,164	\$3,023,717	\$118,550	\$250,084	\$15,853,515
Cash payments to suppliers for goods and services	(11,318,590)	(1,679,460)	(98,365)	(281,387)	(13,377,802)
Cash payment to employees for services		(796,403)			(796,403)
Net cash provided (used) by operating activities	<u>1,142,574</u>	<u>547,854</u>	<u>20,185</u>	<u>(31,303)</u>	<u>1,679,310</u>
<b>Cash flows from noncapital financing activities:</b>					
Transfers in (out)	(47,820)	33,692			(14,128)
Net cash provided (used) by noncapital financing activities	<u>(47,820)</u>	<u>33,692</u>			<u>(14,128)</u>
<b>Cash flows from capital and related financing activities:</b>					
Proceeds from lease financing		1,463,631			1,463,631
Acquisition of capital assets		(623,013)		(5,382)	(628,395)
Principal paid on loans/leases and equipment contracts		(367,719)			(367,719)
Interest paid on loans/leases and equipment contracts		(98,418)			(98,418)
Proceeds from equipment sale		20,947			20,947
Contributed capital		67,377			67,377
Net cash provided (used) by capital and related financing activities		<u>462,805</u>		<u>(5,382)</u>	<u>457,423</u>
<b>Cash flows from investing activities:</b>					
Interest and dividends on investments	158,325	101,160		2,781	262,266
Net increase (decrease) in cash and cash equivalents	1,253,079	1,145,511	20,185	(33,904)	2,384,871
Cash and cash equivalents at beginning of year	6,010,610	2,814,567		120,780	8,945,957
Cash and cash equivalents at end of year	<u>\$7,263,689</u>	<u>\$3,960,078</u>	<u>\$20,185</u>	<u>\$86,876</u>	<u>\$11,330,828</u>

City of Lompoc  
Combining Statement of Cash Flows for the Year Ended June 30, 2006  
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>Total Internal Service Funds</u>
Income (loss) from operations	\$2,791,217	(\$165,561)		(\$57,294)	\$2,568,362
Adjustment for nonoperating income (expenses)					
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation		902,797	\$20,185	18,613	941,595
Changes in assets and liabilities:					
(Increase)decrease in accounts receivable	(2,613)	4,574		492	2,453
(Increase)decrease in inventory		(19,486)		15,072	(4,414)
(Increase)decrease in due from other funds	(51,818)				(51,818)
(Decrease)increase in accounts payable	189,442	(193,885)		(8,186)	(12,629)
(Decrease)increase in accrued liabilities	(1,783,654)	19,415			(1,764,239)
Net cash provided (used) by operating activities	<u>\$1,142,574</u>	<u>\$547,854</u>	<u>\$20,185</u>	<u>(\$31,303)</u>	<u>\$1,679,310</u>

City of Lompoc  
**Net Assets by Component**  
 Last Four Fiscal Years  
 (accrual basis of accounting)

	<b>Fiscal Year</b>			
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>Governmental Activities</b>				
Invested in capital assets, net of related debt	\$ 69,077,648	\$ 69,390,659	\$ 61,867,917	\$ 58,273,483
Restricted	2,830,524	3,103,215	1,540,615	238,558
Unrestricted	20,937,093	20,997,635	28,898,430	33,229,268
Total governmental activities net assets	<u>92,845,265</u>	<u>93,491,509</u>	<u>92,306,962</u>	<u>91,741,309</u>
<b>Business Type Activities</b>				
Invested in capital assets, net of related debt	52,023,742	54,644,798	61,877,655	68,572,041
Restricted	9,570,038	8,604,637	10,918,849	9,353,263
Unrestricted	21,913,749	18,056,138	14,314,909	14,534,763
Total business-type activities net assets	<u>83,507,529</u>	<u>81,305,573</u>	<u>87,111,413</u>	<u>92,460,067</u>
<b>Primary Government</b>				
Invested in capital assets, net of related debt	121,101,390	124,035,457	123,745,572	126,845,524
Restricted	12,400,562	11,707,852	12,459,464	9,591,821
Unrestricted	42,850,842	39,053,773	43,213,339	47,764,031
Total primary government net assets	<u>\$ 176,352,794</u>	<u>\$ 174,797,082</u>	<u>\$ 179,418,375</u>	<u>\$ 184,201,376</u>

Source: City of Lompoc Annual Financial Report

The City of Lompoc implemented GASB 34 for the fiscal year ended June 30, 2003.  
 Information prior to the implementation of GASB 34 is not available.

City of Lompoc  
**Changes in Net Assets**  
 Last Four Fiscal Years  
 (accrual basis of accounting)  
 Page 1 of 2

Expenses	Fiscal Year			
	2003	2004	2005	2006
Governmental activities:				
General government	\$ 4,318,323	\$ 4,260,148	\$ 4,391,374	\$ 4,049,986
Police protection	6,623,919	6,692,487	7,696,494	7,670,036
Fire protection	2,560,856	2,750,997	3,116,279	2,875,272
Engineering/Streets	6,715,619	5,484,234	5,424,780	5,223,912
Building	980,837	1,120,148	1,118,628	1,252,888
Community Development	1,825,864	2,497,063	2,323,325	2,647,118
Parks and recreation	3,075,006	3,165,885	3,369,895	3,198,170
Nondepartmental	698,583	638,033	629,344	657,899
Health & welfare	27,930	44,727	56,435	40,002
Interest on long-term debt	71,502	149,890	565,377	622,218
Total governmental activities expenses	<u>26,898,439</u>	<u>26,803,612</u>	<u>28,691,931</u>	<u>28,237,501</u>
Business-type activities:				
Water	6,065,424	6,297,870	6,912,826	7,509,982
Electric	15,898,849	15,220,268	17,307,692	15,482,194
Wastewater	5,293,930	5,557,643	5,686,218	6,142,435
Solid waste	4,720,041	4,647,291	4,849,059	5,372,226
Aquatic center	-	-	-	36,474
Airport	295,501	284,345	276,422	344,850
Transit	1,192,911	1,533,273	1,702,111	1,961,783
Recreation	262,688	326,431	318,424	307,965
River Park	69,438	45,077	70,336	93,157
Lompoc Valley Community Center	146,458	155,073	160,227	153,588
Broadband	-	166,520	231,043	814,370
Total business-type activities	<u>33,945,240</u>	<u>34,233,791</u>	<u>37,514,358</u>	<u>38,219,024</u>
Total primary government expenses	<u>\$ 60,843,679</u>	<u>\$ 61,037,403</u>	<u>\$ 66,206,289</u>	<u>\$ 66,456,525</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	4,192,317	4,238,514	4,814,985	5,760,903
Building	655,218	792,336	701,983	480,468
Community development	475,354	270,441	304,398	249,343
Other activities	557,178	514,815	746,884	823,662
Operating grants and contributions	6,568,136	7,001,808	8,106,728	7,869,078
Capital grants and contributions	354,608	537,113	565,305	245,067
Total governmental activities program revenues	<u>12,802,811</u>	<u>13,355,027</u>	<u>15,240,283</u>	<u>15,428,521</u>
Business-type activities:				
Charges for services:				
Water	5,230,675	5,658,433	6,188,642	6,872,582
Electric	15,423,195	15,375,500	15,681,656	15,693,221
Wastewater	4,125,444	4,864,663	5,553,615	6,121,529
Solid waste	4,443,540	4,576,805	5,235,857	5,571,435
Recreation	281,109	293,603	281,464	288,977
Other activities	471,528	496,505	526,941	583,399

City of Lompoc  
**Changes in Net Assets**  
 Last Four Fiscal Years  
 (accrual basis of accounting)  
 Page 2 of 2

	<b>Fiscal Year</b>			
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Operating grants and contributions	930,967	1,742,414	1,499,807	1,976,141
Capital grants and contributions	2,077,148	746,224	2,187,067	841,541
Total business-type activities program revenues	<u>32,983,606</u>	<u>33,754,147</u>	<u>37,155,049</u>	<u>37,948,825</u>
Total primary government program revenues	<u>\$ 45,786,417</u>	<u>\$ 47,109,174</u>	<u>\$ 52,395,332</u>	<u>\$ 53,377,346</u>
Net (expense) revenue				
Governmental activities	\$ (14,095,628)	\$ (13,448,585)	\$ (13,451,648)	\$ (12,808,980)
Business-type activities	(961,634)	(479,644)	(359,309)	(270,199)
Total primary government net expense	<u>\$ (15,057,262)</u>	<u>\$ (13,928,229)</u>	<u>\$ (13,810,957)</u>	<u>\$ (13,079,179)</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities:				
Taxes				
Property taxes	3,373,475	3,886,913	4,452,256	5,585,321
Sales taxes	3,397,116	3,546,540	3,782,713	3,982,470
Other taxes	1,395,449	1,568,384	1,418,801	1,220,688
Franchise taxes	375,509	439,662	807,172	1,044,613
Motor vehicle taxes, unrestricted	2,484,440	1,880,443	3,400,641	3,083,270
Grants & contributions not restricted to specific programs	662,147	515,874	450,354	634,876
Unrestricted investment earnings	1,138,792	(15,186)	1,396,865	1,194,016
Other revenue	177,532	101,671	138,662	142,576
Transfers	1,202,249	1,066,864	(4,040,231)	(4,720,586)
Total governmental activities	<u>14,206,709</u>	<u>12,991,165</u>	<u>11,807,233</u>	<u>12,167,244</u>
Business-type activities:				
Property taxes	11,147	10,212	10,806	10,553
Unrestricted investment earnings	1,158,583	55,515	1,013,477	751,382
Other revenue	225,912	108,478	147,460	187,298
Transfers	(1,202,249)	(1,066,864)	4,040,231	4,720,586
Total business-type activities	<u>193,393</u>	<u>(892,659)</u>	<u>5,211,974</u>	<u>5,669,819</u>
Total primary government	<u>\$ 14,400,102</u>	<u>\$ 12,098,506</u>	<u>\$ 17,019,207</u>	<u>\$ 17,837,063</u>
<b>Change in Net Assets</b>				
Governmental activities	111,081	(457,420)	(1,644,415)	(641,736)
Business-type activities	(768,241)	(1,372,303)	4,852,665	5,399,620
Total primary government	<u>\$ (657,160)</u>	<u>\$ (1,829,723)</u>	<u>\$ 3,208,250</u>	<u>\$ 4,757,884</u>

Source: City of Lompoc Annual Financial Report

The City of Lompoc implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.



City of Lompoc  
**Fund Balances of Governmental Funds**  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund										
Reserved	\$ 1,088,810	\$ 909,940	\$ 893,823	\$ 1,194,062	\$ 1,042,926	\$ 1,182,977	\$ 1,520,379	\$ 2,012,679	\$ 530,234	\$ 256,599
Unreserved	89,351	240,782	521,521	1,136,712	2,378,678	3,357,086	4,075,331	1,581,517	4,463,339	4,817,205
Total general fund	<u>\$ 1,178,161</u>	<u>\$ 1,150,722</u>	<u>\$ 1,415,344</u>	<u>\$ 2,330,774</u>	<u>\$ 3,421,604</u>	<u>\$ 4,540,063</u>	<u>\$ 5,595,710</u>	<u>\$ 3,594,196</u>	<u>\$ 4,993,573</u>	<u>\$ 5,073,804</u>
All other governmental funds										
Reserved	\$ 2,310,018	\$ 2,404,457	\$ 2,303,467	\$ 2,219,364	\$ 2,328,761	\$ 3,516,182	\$ 4,751,458	\$ 6,102,363	\$ 7,881,765	\$ 11,124,409
Unreserved, reported in:										
Special revenue funds	6,708,285	7,428,142	8,853,258	8,619,370	10,104,108	11,864,971	11,601,097	12,185,569	13,923,650	11,970,427
Capital projects funds	163,004	87,751	114,256	455,331	500,896	720,000	825,249	900,229	2,010,906	(524,296)
Total all other governmental funds	<u>\$ 9,181,307</u>	<u>\$ 9,920,350</u>	<u>\$ 11,270,981</u>	<u>\$ 11,294,065</u>	<u>\$ 12,933,765</u>	<u>\$ 16,101,153</u>	<u>\$ 17,177,804</u>	<u>\$ 19,188,161</u>	<u>\$ 23,816,321</u>	<u>\$ 22,570,540</u>

Source: City of Lompoc Annual Financial Report

City of Lompoc  
**Changes in Fund Balances of Governmental Funds**  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)  
 Page 1 of 2

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Revenues</b>										
Taxes	\$ 8,528,096	\$ 9,241,025	\$ 9,293,692	\$ 10,796,808	\$ 11,637,842	\$ 12,608,093	\$ 12,249,062	\$ 13,180,239	\$ 14,078,381	\$ 15,597,319
Licenses, fees, and permits	160,594	125,870	358,826	435,109	295,886	473,805	602,452	1,549,802	2,942,521	517,161
Intergovernmental revenues	3,329,201	5,223,570	3,967,996	4,059,055	7,113,598	4,702,210	5,477,098	4,466,124	5,832,194	7,045,775
Charges for services	3,243,213	3,983,770	4,087,410	4,346,396	4,241,246	4,857,392	5,301,625	5,214,806	5,944,360	6,951,738
Fines, forfeitures, and penalties	26,655	27,969	26,935	23,468	24,131	28,720	122,907	78,615	122,185	85,897
Use of money and property	700,841	828,246	571,191	400,313	1,396,411	865,885	840,364	37,427	1,052,816	931,750
Special assessments	-	-	-	-	-	-	207,692	213,643	216,401	223,531
Donations	333,670	376,680	350,660	353,024	423,182	422,410	530,113	489,608	416,178	558,339
Other	12,944	270,530	487,972	128,524	104,517	79,802	177,533	101,671	138,662	236,326
<b>Total revenues</b>	<b>16,335,214</b>	<b>20,077,660</b>	<b>19,144,681</b>	<b>20,542,697</b>	<b>25,236,813</b>	<b>24,038,317</b>	<b>25,508,846</b>	<b>25,331,935</b>	<b>30,743,698</b>	<b>32,147,836</b>
<b>Expenditures</b>										
General government	2,739,761	2,743,583	2,865,967	2,938,930	3,221,355	3,431,836	3,831,249	3,980,780	4,145,117	4,373,796
Police protection	4,369,620	4,769,801	4,935,928	5,241,416	5,339,507	6,073,113	6,059,266	6,521,112	7,248,332	8,077,204
Fire protection	2,096,258	2,173,654	2,210,998	2,243,774	2,440,700	2,641,876	2,389,619	2,676,172	3,009,881	3,116,371
Engineering/streets	3,592,674	4,153,004	3,317,034	4,537,833	6,301,218	4,390,273	4,909,770	5,794,881	4,125,263	4,457,459
Building	576,418	657,796	683,819	712,153	716,889	713,014	870,363	1,071,559	1,014,723	1,119,528
Community development	631,498	2,602,546	944,401	1,525,384	1,563,258	1,455,000	1,711,843	2,407,076	2,226,382	2,925,154
Parks and recreation	1,988,150	2,139,427	2,149,301	2,462,846	2,464,043	2,527,630	2,765,614	3,050,138	3,212,597	3,358,214
Non-departmental	687,099	519,118	794,534	557,970	568,217	613,526	698,583	638,033	629,344	657,899
Health	35,819	25,424	30,652	32,897	49,262	39,784	27,930	44,727	56,435	40,002
Capital outlay	206,068	400,648	270,016	862,168	857,618	489,106	642,180	1,296,040	7,199,928	6,913,458
Debt Service										
Principal	36,019	38,249	99,800	59,739	34,790	58,745	79,842	81,082	271,074	68,203
Interest	21,216	18,986	24,856	26,429	22,830	33,596	36,937	31,757	150,789	456,695
Cost of issuance	-	-	-	-	-	-	-	-	305,885	-
<b>Total expenditures</b>	<b>16,980,600</b>	<b>20,242,236</b>	<b>18,327,305</b>	<b>21,201,538</b>	<b>23,579,687</b>	<b>22,467,499</b>	<b>24,023,198</b>	<b>27,593,357</b>	<b>33,595,750</b>	<b>35,563,983</b>
Excess of revenues over (under) expenditures	(645,386)	(164,576)	817,376	(658,841)	1,657,126	1,570,818	1,485,648	(2,261,422)	(2,852,052)	(3,416,147)

**Changes in Fund Balances of Governmental Funds**

Last Ten Fiscal Years

(modified accrual basis of accounting)

Page 2 of 2

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Other financing sources (uses):</b>										
Loan proceeds	-	-	31,428	142,501	4,821	1,297,272	230,000	137,556	-	645,000
Gain on sale of fixed assets	-	-	-	16,542	-	-	-	-	-	-
Issuance of bonds	-	-	-	-	-	-	-	-	7,350,000	-
Bond premium	-	-	-	-	-	-	-	-	15,141	-
Transfers in	3,361,390	3,437,403	3,058,994	3,661,322	3,650,417	3,797,531	4,220,732	4,445,037	5,822,271	7,500,035
Transfers out	(1,918,097)	(2,494,537)	(2,058,745)	(2,284,858)	(2,575,234)	(2,652,064)	(3,222,159)	(3,415,992)	(4,720,314)	(5,970,521)
Total other financing sources (uses)	1,443,293	942,866	1,031,677	1,535,507	1,080,004	2,442,738	1,228,573	1,166,601	8,467,098	2,174,514
Net change in fund balance	\$ 797,907	\$ 778,290	\$ 1,849,053	\$ 876,666	\$ 2,737,130	\$ 4,013,556	\$ 2,714,220	\$ (1,094,821)	\$ 5,615,046	\$ (1,241,633)
Debt service as a percentage of noncapital expenditures	*	*	*	*	0.26%	0.43%	0.51%	0.47%	2.79%	1.88%

Source: Basic Financial Statements

\*Data is not available for these years.

City of Lompoc  
**General Fund Tax Revenues by Source**  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

<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>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>
<b>2003-2004</b>	2,684,243	3,546,540	1,077,819	214,179	384,974	278,990	52,083	<b>8,238,828</b>
<b>2004-2005</b>	2,698,751	3,782,713	1,224,291	201,449	389,581	339,979	70,673	<b>8,707,437</b>
<b>2005-2006</b>	3,128,746	3,982,470	1,232,019	167,871	405,861	350,903	108,647	<b>9,376,517</b>

Source: City of Lompoc Annual Financial Report

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

Fiscal Year	Secured Roll		Unsecured Roll		Totals		Total Direct Tax Rate
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
<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	0.1726%
<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	0.1697%
<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	0.1709%
<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	0.1446%
<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	0.1404%
<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	0.1421%
<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	0.1410%
<b>2003-2004</b>	1,855,779,959	1,855,779,959	110,405,943	110,405,943	1,966,185,902	1,966,185,902	0.1365%
<b>2004-2005</b>	2,107,660,503	2,107,660,503	90,824,399	90,824,399	2,198,484,902	2,198,484,902	0.1228%
<b>2005-2006</b>	2,384,619,420	2,384,619,420	93,455,739	93,455,739	2,478,075,159	2,478,075,159	0.1263%

Note: Property values include supplemental tax rolls.

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

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>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>
<b>2003-2004</b>	1.00000%	-	-	-	<b>1.00000%</b>
<b>2004-2005</b>	1.00000%	-	-	-	<b>1.00000%</b>
<b>2005-2006</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 XIIA 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  
**Principal Property Taxpayers**  
 Current Year and Nine Years Ago

Taxpayer	Types of Business	2006			1997		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
Windscape Village LLC	Real Estate	\$ 27,617,790	1	1.30%			
Shoot The Breeze Limited	Real Estate	18,154,360	2	0.86%			
Centro Watt Property Owner II LLC	Commercial	17,587,860	3	0.83%			
Raytheon Company	Industrial	16,379,478	4	0.77%			
KW Ravenswood LLC	Apartments	12,940,303	5	0.61%			
Bascal Properties II LLC	Apartments	12,192,447	6	0.57%			
Lompoc Housing & Community Development	Housing	11,745,633	7	0.55%			
Kailani Village Limited	Real Estate	9,943,008	8	0.47%	\$ 4,470,000	8	0.39%
Nesbitt Partners Lompoc Ventures	Real Estate	9,691,749	9	0.46%	7,406,730	2	0.64%
Patel Family Trust	Real Estate	9,263,372	10	0.44%			
SKW Real Estate Limited Partnership	Apartments				11,672,000	1	1.01%
Lincoln Ravenswood	Apartments				7,318,000	3	0.63%
Walmart Stores	Retail Store				6,065,733	4	0.52%
Willows Mobile Home Park Inc	Mobile Home Park				5,430,385	5	0.47%
Mervyns	Retail Store				4,931,670	6	0.43%
California Community Center Associates	Shopping Center				4,845,000	7	0.42%
Albertsons Inc	Retail Grocery Store				4,293,524	9	0.37%
Taft, John E. Trustee	Retail				4,102,200	10	0.35%
<b>Total:</b>		<u>\$ 145,516,000</u>		<u>6.86%</u>	<u>\$ 60,535,242</u>		<u>5.23%</u>

Source: Santa Barbara County Assessor's Tax Rolls

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>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%
<b>2003-2004</b>	2,716,636	2,534,721	93.30%	32,530	2,567,251	94.50%	36,726	1.35%
<b>2004-2005</b>	3,029,089	2,763,652	91.24%	24,697	2,788,349	92.05%	35,511	1.17%
<b>2005-2006</b>	3,427,862	3,037,877	88.62%	47,572	3,085,449	90.01%	48,374	1.41%

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



City Of Lompoc  
**Ratios of Outstanding Debt by Type**  
 Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	% of Estimated Actual Value of Taxable Property	Outstanding Debt Per Capita
	Redevelopment Bonds	Redevelopment Agency Loan	Capital Leases	Revenue Bonds	Notes	Capital Leases			
1996-1997	\$ -	\$ 197,352	\$ 103,321	\$ 4,944,745	\$ 295,026	\$ 1,113,446	\$ 6,653,890	0.57%	\$ 159.79
1997-1998	-	186,579	216,962	4,768,844	336,626	1,314,579	6,823,590	0.57%	161.41
1998-1999	-	175,026	169,369	9,374,408	296,103	1,135,723	11,150,629	0.92%	262.79
1999-2000	-	308,126	130,335	8,477,778	252,761	1,908,275	11,077,275	0.74%	255.92
2000-2001	-	594,310	91,197	8,295,152	206,487	1,610,335	10,797,481	0.68%	256.14
2001-2002	-	1,379,241	544,793	8,102,525	157,213	3,368,230	13,552,002	0.81%	325.21
2002-2003	-	1,052,369	1,778,154	7,904,900	104,856	1,560,282	12,400,561	0.69%	296.20
2003-2004	-	1,189,925	1,913,290	7,692,274	89,636	822,729	11,707,854	0.60%	277.11
2004-2005	7,350,000	1,223,075	1,505,530	24,439,647	73,051	1,410,000	36,001,303	1.64%	850.69
2005-2006	7,350,000	1,908,950	2,660,255	24,295,000	57,166	1,161,499	37,432,870	1.51%	893.07

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

City Of Lompoc  
**Ratios of General Bonded Debt Outstanding**  
 Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>General Bonded Debt</b>	<b>Less: Amount Available in Debt Service Funds</b>	<b>Net General Bonded Debt</b>	<b>Estimated Actual Taxable Value of Property</b>	<b>Ratio of Net Bonded Debt to Assessed Value</b>	<b>Population</b>	<b>Net Bonded Debt Per Capita</b>
<b>1996-1997</b>	0	0	0	\$ 1,158,051,022	0.0%	41,641	0
<b>1997-1998</b>	0	0	0	1,193,270,562	0.0%	42,275	0
<b>1998-1999</b>	0	0	0	1,217,654,139	0.0%	42,432	0
<b>1999-2000</b>	0	0	0	1,500,578,984	0.0%	43,284	0
<b>2000-2001</b>	0	0	0	1,583,151,689	0.0%	42,155	0
<b>2001-2002</b>	0	0	0	1,682,420,660	0.0%	41,671	0
<b>2002-2003</b>	0	0	0	1,797,238,830	0.0%	41,865	0
<b>2003-2004</b>	0	0	0	1,966,185,902	0.0%	42,250	0
<b>2004-2005</b>	0	0	0	2,198,484,902	0.0%	42,320	0
<b>2005-2006</b>	0	0	0	2,478,075,159	0.0%	41,915	0

Source: Santa Barbara County Tax Assessor Rolls  
 California Department of Finance

City of Lompoc  
**Computation of Direct and Overlapping Debt**  
 June 30, 2006

<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	\$ 25,675,000	55.391%	\$ 14,221,639
City of Lompoc	0	100.000%	0
Lompoc Park Maintenance and City Pool Assessment District No. 2	2,605,000	100.000%	2,605,000
Santa Barbara County Public Safety Authority and Certificates of Participation	52,890,000	3.971%	2,100,262
Allan Hancock Community College District District Certificates of Participation	8,015,000	10.754%	861,933
Combined Total Debt	<u>\$ 89,185,000</u>		<u>\$ 19,788,834</u>

Total Assessed Valuation: \$1,843,623,798 \*

Ratios to Assessed Valuation:

Direct Debt	0.00%
Total Direct and Overlapping Tax and Assessment Debt	0.82%
Combined Total Debt	1.07%

\* Assessed valuation calculated as follows:

Net Taxable Value	\$2,045,008,001
Less: Redevelopment Agency Tax Increment	<u>(201,384,203)</u>
Total Assessed Valuation	<u>\$1,843,623,798</u>

Source: California Municipal Statistics

City of Lompoc  
**Legal Debt Margin Information**  
 Last Ten Fiscal Years

	Fiscal Year									
	1996-1997	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
Debt Limit	\$ 43,426,913	\$ 44,747,646	\$ 45,662,030	\$ 56,271,712	\$ 59,368,188	\$ 63,090,775	\$ 67,396,456	\$ 73,731,971	\$ 82,443,184	\$ 92,927,818
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 43,426,913</u>	<u>\$ 44,747,646</u>	<u>\$ 45,662,030</u>	<u>\$ 56,271,712</u>	<u>\$ 59,368,188</u>	<u>\$ 63,090,775</u>	<u>\$ 67,396,456</u>	<u>\$ 73,731,971</u>	<u>\$ 82,443,184</u>	<u>\$ 92,927,818</u>
Total net debt applicable to the limit as a percentage of the limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

**Legal Debt Margin Calculation for Fiscal Year 2006**

Assessed Value	<u>\$ 2,478,075,159</u>
Debt Limit - 3.75 of Total Assessed Value	\$ 92,927,818
Amount of Debt Applicable to the Limit	<u>0</u>
<b>Legal Debt Margin</b>	<u>\$ 92,927,818</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  
**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	
1996-1997	\$ 4,384,189	\$ 3,389,988	\$ 994,201	\$ 109,851	\$ 91,568	\$ 201,419	4.94
1997-1998	4,478,473	3,666,202	812,271	114,720	84,848	199,568	4.07
1998-1999	4,483,980	3,773,643	710,337	131,295	45,168	176,463	4.03
1999-2000	3,942,209	4,052,450	(110,241)	119,396	60,730	180,126	(0.61)
2000-2001	4,004,270	4,014,692	(10,422)	26,237	53,490	79,727	(0.13)
2001-2002	3,995,163	4,087,417	(92,254)	27,486	52,466	79,952	(1.15)
2002-2003	4,264,184	4,484,795	(220,611)	28,111	51,368	79,479	(2.78)
2003-2004	4,849,429	4,728,553	120,876	29,985	50,230	80,215	1.51
2004-2005	5,639,946	4,764,178	875,768	31,234	49,000	80,234	10.92
2005-2006	6,096,714	4,864,383	1,232,331	212,484	389,892	602,376	2.05

(1) Operating and nonoperating revenues

(2) Excludes depreciation

Source: City of Lompoc Annual Financial Report

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

<b>Fiscal Year</b>	<b>Gross Revenue (1)</b>	<b>Direct Operating Expense (2)</b>	<b>Net Revenue Available for Debt Service</b>	<b>Debt Service Requirements</b>			<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
<b>1996-1997</b>	5,401,718	3,859,890	1,541,828	57,358	238,194	295,552	5.22
<b>1997-1998</b>	5,221,305	4,294,347	926,958	61,182	234,927	296,109	3.13
<b>1998-1999</b>	5,510,319	4,160,152	1,350,167	223,141	259,288	482,429	2.80
<b>1999-2000</b>	5,747,780	4,347,199	1,400,581	175,012	381,122	556,134	2.52
<b>2000-2001</b>	5,650,959	4,322,681	1,328,278	183,763	374,646	558,409	2.38
<b>2001-2002</b>	5,555,978	5,014,759	541,219	195,994	371,297	567,291	0.95
<b>2002-2003</b>	5,395,179	4,912,044	483,135	200,535	363,422	563,957	0.86
<b>2003-2004</b>	5,668,004	5,106,815	561,189	213,843	355,266	569,109	0.99
<b>2004-2005</b>	6,316,772	5,541,136	775,636	222,786	346,464	569,250	1.36
<b>2005-2006</b>	6,881,076	5,935,895	945,181	401,736	670,179	1,071,915	0.88

(1) Operating and nonoperating revenues

(2) Excludes depreciation

Source: City of Lompoc Annual Financial Report

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

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Median Income (2)</b>	<b>High School Drop Out Rate (3)</b>	<b>School Enrollment (3)</b>	<b>Unemployment Rates (4)</b>
<b>1996-1997</b>	41,641	-	3.1%	11,220	5.7%
<b>1997-1998</b>	42,275	-	3.9%	11,275	5.8%
<b>1998-1999</b>	42,432	-	3.7%	11,384	4.4%
<b>1999-2000</b>	43,284	-	4.2%	11,232	4.2%
<b>2000-2001</b>	42,155	-	4.3%	11,552	5.6%
<b>2001-2002</b>	41,671	-	4.3%	11,287	4.9%
<b>2002-2003</b>	41,865	-	2.5%	11,618	5.1%
<b>2003-2004</b>	42,250	-	1.5%	11,559	4.8%
<b>2004-2005</b>	42,320	-	1.9%	11,336	5.5%
<b>2005-2006</b>	41,915	-	1.2%	10,794	5.6%

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

City of Lompoc  
**Principal Employers**  
 Current Year and Nine Years Ago

Employer	2006			1997		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Vandenberg AFB*	7,444	1	42.30%	5,290	1	32.65%
Lompoc Unified School District	1,618	2	9.19%	993	2	6.13%
U.S. Department of Justice	547	3	3.11%	783	4	4.83%
City of Lompoc	531	4	3.02%	434	8	2.68%
Lompoc Hospital	472	5	2.68%	500	7	3.09%
World Minerals (Imerys)	415	6	2.36%	600	6	3.70%
Wal*Mart	243	7	1.38%	276	10	1.70%
Allan Hancock College	150	8	0.85%	-	-	-
Vons	132	9	0.75%	-	-	-
Home Depot	121	10	0.69%	-	-	-
Mervyn's	108	11	0.61%	-	-	-
Albertsons	100	12	0.57%	-	-	-
Lockheed Martin	-	-	-	925	3	5.71%
ITT/Federal Services	-	-	-	780	5	4.81%
Pactucco	-	-	-	200	9	1.23%
Boeing	-	-	-	150	11	0.93%
Vandenberg Federal Credit Union	-	-	-	119	12	0.73%
<b>Total</b>	<b>11,881</b>			<b>11,050</b>		

\*Includes private contractors on the base.

Source: California Economic Forecast



City of Lompoc  
**Full-time Equivalent City Government Employees by Function**  
 Last Ten Fiscal Years

	<b>Fiscal Year</b>									
	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
General Government	64.6	66.4	68.4	69.6	70.2	75.4	75.4	77.2	78.2	77.8
Police	63.5	61.5	62.5	64.5	71.5	77.0	71.0	72.0	72.0	71.0
Fire	25.0	25.0	25.0	26.0	26.0	27.0	26.0	25.5	25.5	25.5
Community Development	11.4	9.9	9.9	12.2	13.6	15.5	16.5	17.0	18.8	18.6
Parks & Recreation	33.5	33.5	33.5	35.1	34.0	33.5	34.5	34.5	34.8	32.8
Engineering/Streets	27.2	28.5	26.5	27.5	28.5	27.0	27.0	27.0	27.3	27.3
Transit/Airport	2.6	2.6	3.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Water	32.0	34.5	34.5	34.5	34.5	36.2	36.2	36.2	36.2	36.6
Wastewater	27.5	27.5	27.5	27.5	27.5	29.2	29.2	29.2	29.2	28.6
Electric	25.5	21.0	21.0	21.1	21.0	23.2	23.2	23.2	23.2	24.1
Broadband	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.2
Landfill/Solid Waste	25.8	27.4	27.4	28.4	28.3	30.0	29.9	29.9	29.9	29.9
Library	5.5	7.0	8.0	8.0	9.0	9.0	9.0	9.0	8.0	8.0
<b>Total</b>	<b>344.0</b>	<b>344.8</b>	<b>347.8</b>	<b>357.0</b>	<b>366.6</b>	<b>385.4</b>	<b>380.4</b>	<b>383.1</b>	<b>385.4</b>	<b>383.9</b>

Source: City of Lompoc Budget Records

City of Lompoc  
**Operating Indicators by Function**  
 Last Ten Fiscal Years

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Police</b>										
Number of officers	44	46	46	46	49	49	48	49	49	50
Calls for service	16,399	17,321	16,136	15,707	15,482	16,118	21,485	25,619	28,302	25,896
Police reports written	7,243	7,215	6,682	6,914	6,769	6,898	6,976	5,857	12,796	14,009
Traffic citations issued	*	*	*	*	*	3,573	2,774	2,843	2,800	3,148
Violent crimes	546	414	504	524	470	979	533	531	579	509
<b>Fire</b>										
Medical responses	*	*	*	*	*	1,488	1,584	1,686	2,026	1,923
Fire suppression responses	*	*	*	*	*	171	218	194	194	152
Hazardous materials response	*	*	*	*	*	40	22	30	41	30
Other responses	*	*	*	*	*	457	466	583	597	558
Total Service Responses	*	*	*	*	*	2,156	2,290	2,493	2,858	2,663
Fire and safety inspections	1,240	936	535	677	1,194	833	1,000	969	1,067	1,024
<b>Engineering/Streets/Transit</b>										
Tons of asphalt placed	*	*	*	*	3,748	1,378	5,026	5,249	1,995	1,476
Cubic yards of concrete placed	*	*	*	*	172	205	151	171	196	255
Street overlay & reconstruction by contract (square yards)	*	30,678	125,969	117,896	0	79,272	0	48,632	41,550	117,779
Transit passengers	132,667	127,268	128,506	105,904	137,855	165,746	170,679	200,321	253,688	275,563
<b>Community Development</b>										
Development plans submitted	*	*	*	*	*	20	25	31	33	35
Environmental impact reports	*	*	*	*	*	1	1	2	3	4
Maps issued	*	*	*	*	*	5	7	4	11	10
Persons assisted through CD Block Grants	*	*	*	*	*	22,837	26,811	36,411	42,230	35,834
<b>Parks &amp; Recreation</b>										
New trees planted	2,162	1,143	976	2,051	583	1,013	987	1,017	854	2,019
Parks bookings	2,250	2,275	2,300	2,333	2,352	2,381	2,409	2,462	2,511	2,600
Facility bookings	1,860	1,982	2,101	2,342	2,433	2,572	2,642	2,784	2,844	2,975
Youth sports programs	5	5	5	5	5	5	5	5	5	5
<b>Water</b>										
Water customer accounts	9,135	9,153	9,167	9,177	9,196	9,225	9,355	9,427	9,465	9,535
Acre feet of water consumed	4,710	4,453	4,530	4,833	4,635	4,696	4,644	4,901	4,632	4,529
<b>Wastewater</b>										
Flow (millions gallons per day)	3.7	4.1	3.5	3.9	3.9	3.4	3.4	3.2	3.5	3.3
Bio-chemical oxygen demand	239	228	222	275	260	211	202	229	224	285
Suspended solids	197	211	214	275	286	275	268	309	322	304
<b>Electric</b>										
Electric customer accounts	14,485	14,502	14,504	14,552	14,636	14,675	14,689	14,872	14,989	15,022
Total Mwh consumption	117,896	122,054	125,717	129,362	131,784	130,278	131,090	131,070	133,839	134,526
Purchased power costs	\$ 7,051,519	\$ 6,380,941	\$ 5,160,054	\$ 7,259,821	\$ 10,950,869	\$ 13,272,208	\$ 10,556,891	\$ 9,799,543	\$ 11,380,445	\$ 9,927,156
<b>Solid Waste</b>										
Refuse collected (tons/day)	107	109	120	128	129	133	142	140	159	149
Recyclables collected (tons/day)	12	14	15	13	12	14	18	27	32	30
<b>Airport</b>										
Gallons of aircraft fuel sold	*	12,614	21,256	27,691	21,610	28,006	39,168	30,755	24,171	19,778

\*Data Not Available

City of Lompoc  
**Capital Asset Statistics by Function**  
 Last Ten Fiscal Years

	<b>Fiscal Year</b>									
	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	11	11	11	11	11	11	11	11	11	11
<b>Fire</b>										
Stations	2	2	2	2	2	2	2	2	2	2
Fire Trucks	2	2	2	2	2	2	2	2	2	2
<b>Engineering/Streets/Transit</b>										
Streets (miles)	94.3	94.3	94.3	94.3	94.3	94.6	94.6	96.8	96.8	96.8
Transit buses	6	6	8	8	8	12	12	12	12	12
<b>Parks &amp; Recreation</b>										
Parks	10	10	10	10	10	13	13	13	13	13
Acreage of Parks	200	200	200	200	200	500	500	500	500	500
Community/Rec Centers	3	3	3	3	2	2	2	2	2	3
Swimming Pools	1	1	1	1	0	0	0	0	0	3
<b>Water</b>										
Water mains (miles)	125	127	128	129	129	131	132	132	133	133
Water capacity (millions of gallons)	7-8	7-8	7-8	7-8	7-8	7-8	7-8	7-8	10	10
<b>Solid Waste</b>										
Estimated remaining capacity of landfill	56%	55%	53%	52%	50%	48%	47%	45%	43%	42%
<b>Airport</b>										
Number of airport hangars	41	41	41	42	42	50	60	63	77	79
Miles of runway	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.90	0.90