



AGENDA

REGULAR MEETING OF THE LAKEPORT CITY COUNCIL

(ALSO MEETS AS THE CITY OF LAKEPORT MUNICIPAL SEWER DISTRICT, THE LAKEPORT INDUSTRIAL DEVELOPMENT AUTHORITY, THE MUNICIPAL FINANCING AGENCY OF LAKEPORT and THE SUCCESSOR AGENCY TO THE FORMER LAKEPORT REDEVELOPMENT AGENCY)

Tuesday, March 2, 2021 6:00 p.m.

Location: See Teleconferencing Instructions Below

PUBLIC ADVISORY: THE CITY COUNCIL CHAMBERS WILL NOT BE OPEN TO THE PUBLIC

Pursuant to Section 3 of Executive Order N-29-20, issued by Governor Newsom on March 17, 2020, the regular meeting of the City Council for **March 2, 2021** will be conducted telephonically through Zoom. Please be advised that pursuant to the Executive Order, and to ensure the health and safety of the public by limiting human contact that could spread the COVID-19 virus, the Council Chambers will not be open for the meeting. Council Members will be participating telephonically and will not be physically present in the Council Chambers.

If you would like to speak on an agenda item, you can access the **Zoom** meeting remotely:

Join from a PC, Mac, iPad, iPhone or Android device:

Please click this URL to join. <https://zoom.us/j/97368201787?pwd=a2NvVnN6MEFjQ2Exc2pTZkpldU1sQT09>

Passcode: 477973

Or join by phone:

Dial (for higher quality, dial a number based on your current location):

US: +1 669 900 9128 or +1 346 248 7799 or +1 253 215 8782 or +1 646 558 8656 or +1 301 715 8592 or +1 312 626 6799

Webinar ID: 973 6820 1787

Passcode: 477973

International numbers available: <https://zoom.us/u/abNyiaqY1I>

The City wants you to know that you can also submit your comments by email to virtualhost@cityoflakeport.com. To give the City Clerk adequate time to print out your comments for consideration at the meeting, please submit your written comments prior to **3:30 p.m. on Tuesday, March 2, 2021.**

Please indicate in the email Subject Line "FOR PUBLIC COMMENT" and list the item number you wish to comment on. Comments that you want read to the Council will be subject to the three minute time limitation (approximately 350 words). Written comments that are only to be provided to Council and not read at the meeting will be distributed to the Council prior to the meeting.

The City of Lakeport thanks you in advance for taking all precautions to prevent spreading the COVID-19 virus.



AGENDA

REGULAR MEETING OF THE LAKEPORT CITY COUNCIL (ALSO MEETS AS THE CITY OF LAKEPORT MUNICIPAL SEWER DISTRICT, THE LAKEPORT INDUSTRIAL DEVELOPMENT AUTHORITY, THE MUNICIPAL FINANCING AGENCY OF LAKEPORT and THE SUCCESSOR AGENCY TO THE FORMER LAKEPORT REDEVELOPMENT AGENCY)

Tuesday, March 2, 2021

6:00 p.m.

- I. CALL TO ORDER & ROLL CALL:**
- II. PLEDGE OF ALLEGIANCE:**
- III. ACCEPTANCE OF AGENDA/ URGENCY ITEMS:** Move to accept agenda as posted, or move to add or delete items.
To add item, Council is required to make a majority decision that an urgency exists (as defined in the Brown Act) and a 2/3rds determination that the need to take action arose subsequent to the Agenda being posted.
- IV. CONSENT AGENDA:**
The following Consent Agenda items are expected to be routine and noncontroversial. They will be acted upon by the Council at one time without any discussion. Any Council Member may request that any item be removed from the Consent Agenda for discussion under the regular Agenda. Removed items will be considered following the Consent Calendar portion of this agenda.
- A. Ordinances: Waive reading except by title, of any ordinances under consideration at this meeting for either introduction or passage per *Government Code* Section 36934.
- B. Minutes: Approve minutes of the City Council regular meeting of February 16, 2021.
- C. Renew Emergency Resolution: COVID-19 Confirm the continuing existence of a local emergency for the COVID-19 Public Health Emergency.
- V. PUBLIC PRESENTATIONS/REQUESTS:**
- A. Public Input: *Any person may speak for 3 minutes about any subject within the authority of the City Council, provided that the subject is not already on tonight's agenda. Per Government Code §54954.3(a), the City Council cannot take action or express a consensus of approval or disapproval on any public comments regarding matters which do not appear on the printed agenda*
- B. Presentation: Presentation by NHA Advisors on the Unfunded Accrued Liability Pension Program. *(Due to the availability of NHA Advisors, this item will be heard at the end of Council Business)*
- C. New Employee Introduction: Introduction of Lakeport Police Department Intern Pualani Kiao Erickson.
- VI. COUNCIL BUSINESS:**
- A. Administrative Services Director
1. Employment Risk Management Authority (ERMA): Adopt a resolution to approve joining the Employment Risk Management Authority (ERMA) JPA for employment practices liability coverage.
- B. Community Development Director
1. Consultant Selection: Authorize the City Manager to execute a Professional Service Agreement with Mintier Harnish for the completion of Objective Design and Development Standards.
2. Community Development Block Grant – Disaster Relief (CDBG-DR): Adopt the Resolution Approving an Allocation of Funding and the Execution of a Grant Agreement and any Amendments thereto from the CDBG-DR Program.

C. Finance Director

1. Comprehensive Annual Financial Report (CAFR) Accept the CAFR for the year ended June 30, 2020.
2. AB 1600 Report: Adopt the proposed resolution to reaffirm the necessity of AB 1600 development impact fees.

D. Public Works Director

1. Roads Report: Informational item providing a basic overview of City roads and the methods used to manage them.

VII. CITY COUNCIL COMMUNICATIONS:

A. Miscellaneous Reports, if any:

VIII. ADJOURNMENT:

Materials related to an item on this Agenda submitted to the Council after distribution of the agenda packet are available for public inspection in the City Clerk's Office at 225 Park Street, Lakeport, California, during normal business hours. Such documents are also available on the City of Lakeport's website, www.cityoflakeport.com, subject to staff's ability to post the documents before the meeting.

The City of Lakeport, in complying with the *Americans with Disabilities Act (ADA)*, requests individuals who require special accommodations to access, attend and/or participate in the City meeting due to disability, to please contact the City Clerk's Office, (707) 263-5615, 72 hours prior to the scheduled meeting to ensure reasonable accommodations are provided.

Hilary Britton, Deputy City Clerk



MINUTES

REGULAR MEETING OF THE LAKEPORT CITY COUNCIL (ALSO MEETS AS THE CITY OF LAKEPORT MUNICIPAL SEWER DISTRICT, THE LAKEPORT INDUSTRIAL DEVELOPMENT AUTHORITY, THE MUNICIPAL FINANCING AGENCY OF LAKEPORT and THE SUCCESSOR AGENCY TO THE FORMER LAKEPORT REDEVELOPMENT AGENCY)

Tuesday, February 16, 2021

Mayor Parlet called the meeting to order at 5:33 p.m. Mayor Parlet adjourned the meeting to Closed Session at 5:35 p.m. to discuss:

1. Conference with Labor Negotiator (Gov. Code § 54957.6)
Name of Agency Negotiators: Administrative Services Director Buendia and Margaret Long
Employee Organization: Lakeport Employees Association

CLOSED SESSION:

Report out of Closed Session:

City Attorney Ruderman reported that the Council appointed Administrative Services Director Buendia and Margaret Long as agency negotiators in regard to labor negotiations for the Lakeport Employees Association.

Mayor Parlet called the meeting to order at 6:12 p.m., with Council Members Froio, Green, Mattina, Turner, and Mayor Parlet present.

The Pledge of Allegiance was observed via video.

I. CALL TO ORDER & ROLL CALL:

II. PLEDGE OF ALLEGIANCE:

III. ACCEPTANCE OF AGENDA/ URGENCY ITEMS:

A motion was made by Council Member Mattina, seconded by Council Member Turner, and passed 5-0-0-0 by the following roll call vote: Froio – aye; Green – aye; Mattina – aye; Turner – aye; Parlet – aye to accept agenda as posted, or move to add or delete items.

The following Consent Agenda items are expected to be routine and noncontroversial. They will be acted upon by the Council at one time without any discussion. Any Council Member may request that any item be removed from the Consent Agenda for discussion under the regular Agenda. Removed items will be considered following the Consent Calendar portion of this agenda.

IV. CONSENT AGENDA:

A. Ordinances:

Waive reading except by title, of any ordinances under consideration at this meeting for either introduction or passage per *Government Code* Section 36934.

B. Minutes:

Approve minutes of the City Council regular meeting of February 2, 2021.

Vote on the Consent Agenda:

A motion was made by Council Member Turner, seconded by Council Member Froio, and passed 5-0-0-0 by the following roll call vote: Froio – aye; Green – aye; Mattina – aye; Turner – aye; Parlet – aye to approve the Consent Agenda, items A-B.

V. PUBLIC PRESENTATIONS/REQUESTS:

A. Public Input:

Nancy Ruzicka commented that she would prefer that Council Meetings be held live rather than via Zoom. She also requested that weed abatement start earlier.

B. Proclamation:

Mayor Parlet presented a proclamation honoring Ken Wicks, Jr. for his years of service to the City of Lakeport.

VI. COUNCIL BUSINESS:

A. City Manager

1. Contract Amendment:

The staff report was presented by City Manager Ingram.

Nancy Ruzicka spoke in support of the contract with Retail Coach.

A motion was made by Council Member Mattina, seconded by Council Member Green, and passed 5-0-0-0 by the following roll call vote: Froio – aye; Green – aye; Mattina – aye; Turner – aye; Parlet – aye to approve and authorize the City Manager

to execute the first extension in the form of an amendment to the Professional Services Agreement with The Retail Coach for retail strategies.

2. Traffic Safety Bi-Annual Review:

The staff report was presented by City Manager Ingram

Nancy Ruzicka commented that she would like to see a traffic study done on which routes visitors take when leaving the City compared to the route they take when they arrive.

This item was informational only, and no action was taken.

B. Police Chief

1. Police Statistics & Training Summary Report for 2020:

The staff report was presented by Chief Rasmussen.

Nancy Ruzicka described having encounters with homeless people in businesses and was unable to get a police report.

A motion was made by Council Member Mattina, seconded by Council Member Turner, and passed 5-0-0-0 by the following roll call vote: Froio – aye; Green – aye; Mattina – aye; Turner – aye; Parlet – aye to receive and file the police statistics & update report for 2020.

C. Community Development Director

1. Microenterprise Home Kitchen Permits:

The staff report was presented by Community Development Director Byers.

A motion was made by Council Member Turner, seconded by Council Member Mattina, and passed 5-0-0-0 by the following roll call vote: Froio – aye; Green – aye; Mattina – aye; Turner – aye; Parlet – aye to approve, by minute order, staff to initiate a text amendment to the Zoning Ordinance to address Microenterprise Home Kitchen Operations and work with Lake County staff so that the text amendment would be in effect if the County proposed to continue with a permanent program after July 1, 2021.

VII. CITY COUNCIL COMMUNICATIONS:

A. Miscellaneous Reports, if any:

Council Member Froio had no report.

Council Member Mattina reported that the LTA is seeing decreased ridership, and the Lake Link service is running well.

Mayor Parlet reported on a potential unified transport system in the State.

Council Member Turner had no report.

Council Member Green reported on the success of the Covid-19 testing sites and vaccination sites.

Administrative Services Director Buendia had no report.

City Attorney Ruderman had no report.

City Manager Ingram advised that Dr. Pace was unable to update tonight due to setting up drive-through vaccination locations.

Community Development Director Byers had no report.

Finance Director Walker was absent.

Police Chief Rasmussen no report.

Public Works Director Grider had no report.

VIII. ADJOURNMENT:

Mayor Parlet adjourned the meeting at 8:37 p.m.

Attest:

Kenneth Parlet, II, Mayor

Kelly Buendia, City Clerk



CITY OF LAKEPORT

- City Council
- City of Lakeport Municipal Sewer District
- Lakeport Redevelopment Successor Agency
- Lakeport Industrial Development Authority
- Municipal Financing Agency of Lakeport

STAFF REPORT	
RE: Continuation of Local Emergency Declaration – COVID-19	MEETING DATE: 03/02/2021
SUBMITTED BY: Kevin Ingram, City Manager	
PURPOSE OF REPORT: <input type="checkbox"/> Information only <input type="checkbox"/> Discussion <input checked="" type="checkbox"/> Action Item	

WHAT IS BEING ASKED OF THE CITY COUNCIL/BOARD:

The City Council is being asked to review the need to continue the proclamation declaring a Local State of Emergency due to the State of Emergency declared by Governor Newsome on March 4, 2020, and the Public Health Emergency declared by the Lake County Health Officer on March 9, 2020 as a result of the COVID-19 virus pandemic.

BACKGROUND/DISCUSSION:

On March 11, 2020, the Director of Emergency Services for the City of Lakeport declared a local State of Emergency in connection with the conditions of extreme peril to the safety of persons and property within the city as a result of the State of Emergency due to the threat of COVID-19 as declared by the Governor of the State of California on March 4, 2020; and the Local Public Health Emergency due to the threat of COVID-19 as declared by the Lake County Public Health Officer on March 9, 2020, in accordance with the Emergency Services Act Section 8630(b) and Lakeport Municipal Code section 2.28.130, the City Council ratified the declared emergency on March 17, 2020, under Resolution 2747 (2020). Under Lakeport Municipal Code section 2.28.150, the City Council shall review, at least every 60 days, the need for continuing the emergency declaration until the local emergency is terminated.

The City Council, at a special meeting on March 17, 2020, ratified the emergency declaration via Resolution 2747 (2020). The City Council subsequently continued the emergency declaration on April 7, 2020, April 21, 2020, May 5, 2020, May 19, 2020, June 2, 2020, June 16, 2020, July 7, 2020, July 21, 2020, August 4, 2020, August 18, 2020, September 1, 2020, September 15, 2020, October 6, 2020, October 20, 2020, November 3, 2020, and January 5, 2021.

Since a need still exists for the declaration, Council is asked to review and continue the declaration. Should the need continue, staff will return this item at the next regularly scheduled City Council meeting.

OPTIONS:

Approve the need for the continuation of the proclamation declaring a Local State of Emergency due to the COVID-19 virus pandemic; or proclaim the termination of the Local State of Emergency.

FISCAL IMPACT:

None \$ Budgeted Item? Yes No

Budget Adjustment Needed? Yes No If yes, amount of appropriation increase: \$

Affected fund(s): General Fund Water OM Fund Sewer OM Fund Other:

Comments:

SUGGESTED MOTIONS: Move to confirm the continuing existence of a local emergency in the City of Lakeport due to COVID-19

- Attachments:**
1. Resolution No. 2747 (2020)
 2. Emergency Proclamation

RESOLUTION NO. 2747 (2020)

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKEPORT,
CALIFORNIA, PROCLAIMING A LOCAL EMERGENCY DUE TO THE OUTBREAK
OF COVID-19**

WHEREAS, in December 2019, a novel coronavirus known as SARS-CoV-2 was first detected in Wuhan, Hubei Province, People's Republic of China, causing outbreaks of the coronavirus disease COVID-19 that has now spread globally;

WHEREAS, on January 31, 2020, the United States Secretary of Health and Human Services declared a public health emergency in response to COVID-19;

WHEREAS, on March 4, 2020, Governor Gavin Newsom declared a state of emergency to exist in California as a result of COVID-19;

WHEREAS, on March 9, 2020, the Lake County Health Officer declared a local health emergency, respectively, as a result of COVID-19;

WHEREAS, the Director of Emergency Services of the City of Lakeport did proclaim the existence of a local emergency within the City on the 11th day of March, 2020; and

WHEREAS, on March 12, 2020, Governor Gavin Newsom's signed Executive Order N-25-20 giving state and local public health officials the authority to issue guidance limiting or recommending limitations upon attendance at public assemblies, conferences or other mass events;

WHEREAS, on March 13, 2020, President Donald Trump declared a national emergency as a result of COVID-19;

WHEREAS, on March 15, 2020, Governor Gavin Newsom called for the closure of all bars, pubs, and wineries in the State and restrictions on restaurants;

WHEREAS, despite sustained efforts, COVID-19 remains a threat, and further efforts to control the spread of the virus to reduce and minimize the risk of infection are needed;

WHEREAS, the spread of COVID-19 and its consequences are or are likely to be beyond the control of the services, personnel, equipment, and facilities of the City of Lakeport;

WHEREAS, the mobilization of local resources, the ability to coordinate interagency response, accelerate procurement of vital supplies, use mutual aid, and allow for future reimbursement by the state and federal governments will be critical to successfully respond to COVID-19;

WHEREAS, these conditions warrant and necessitate that the City proclaim the existence of a local emergency.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF LAKEPORT, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. Recitals. The City Council finds that all of the preceding recitals are true and correct and are hereby incorporated and adopted as findings and determinations by the City Council as if fully set forth herein.

SECTION 2. Proclamation. Pursuant to Government Code section 8630, subdivision (a), the City Council proclaims a local emergency due to the outbreak of COVID-19.

SECTION 3. Regulation of Public Gatherings. Commencing immediately, all City departments are directed to postpone or cancel all non-essential public community events or group activities in City-owned properties that require close contact and involve ten or more participants.

SECTION 4. Regulation of Public Facilities. Commencing immediately, all City departments are directed to close all non-essential City-owned facilities that require close contact of vulnerable individuals, including those over 60 years old or with compromised immune systems.

SECTION 5. Emergency Authority. Pursuant to Government Code section 8634, the City Council authorizes the City Manager to take any measures necessary to protect and preserve public health and safety, including activation of the Emergency Operations Center.

SECTION 6. Public Health Officials. The City Council authorizes the City Manager to implement any guidance, recommendations, or requirements imposed by state and local public health officials.

SECTION 7. Termination. Pursuant to Government Code section 8630, subdivision (d), the City Council will proclaim the termination of the emergency at the earliest possible date that conditions warrant.

SECTION 8. Review. Pursuant to Government Code section 8630, subdivision (c), the City Council will review the need for continuing the local emergency at each City Council meeting following this Resolution, but in no event later than 14 days from the previous declaration or review, until the City Council terminates the local emergency.

SECTION 9. Cost Accounting. City staff will begin accounting for their time and expenses related to addressing the local emergency caused by COVID-19.

SECTION 10. Cost Recovery. The City will seek recovery for the cost of responding to COVID-19, as this proclamation is made within 10 days of the Governor's Executive Order N-25-20 and the President's declaration of a national emergency, qualifying the City for

assistance under the California Disaster Assistance Act and for reimbursement from the Federal Emergency Management Agency.

SECTION 11. Submissions. The City Clerk will transmit a copy of this Resolution at the earliest opportunity to the the California Governor's Office of Emergency Services.

SECTION 12. Certification. The City Clerk will certify to the passage and adoption of this Resolution and its approval by the City Council and shall cause the same to be listed in the records of the City.

PASSED, APPROVED AND ADOPTED on this 17th day of March, 2020.


George Spurr, Mayor

ATTEST:


Hilary Britton, Deputy City Clerk

I HEREBY CERTIFY the foregoing resolution was duly adopted by the City Council of the City of Lakeport, California, at a regular meeting held on the 17th day of March, 2020, by the following vote:

AYES: Mayor Spurr, Council Members Barnes, Mattina, and Turner

NOES: Council Member Parlet

ABSENT: None

ABSTAINED: None


Hilary Britton, Deputy City Clerk

**PROCLAMATION BY THE
DIRECTOR OF EMERGENCY SERVICES
DECLARING A LOCAL EMERGENCY**

WHEREAS, Chapter 2.28 of the Lakeport Municipal Code, adopted as Ordinance Number 832 of the City of Lakeport empowers the Director of Emergency Services to proclaim the existence or threatened existence of a local emergency when the City of Lakeport is affected or likely to be affected by a public calamity and the City Council is not in session; and

WHEREAS, the Director of Emergency Services of the City of Lakeport does hereby find:


THAT conditions of extreme peril to the safety of persons and property have arisen within this City as a result of the local State of Emergency due to the threat of COVID-19 declared by the Governor of the State of California on March 4, 2020; and the Local Public Health Emergency due to the threat of COVID-19 declared by the Lake County Public Health Officer on March 9, 2020.

THAT the City Council of the City of Lakeport is not in session; and

NOW, THEREFORE, IT IS HEREBY PROCLAIMED that a local emergency now exists throughout the City of Lakeport, California; and

IT IS FURTHER PROCLAIMED AND ORDERED that during the existence of said local emergency that powers, functions and duties of the emergency organization of this City shall be prescribed by state law, by ordinances, and resolutions of this City, and by Chapter 2.28 of the Lakeport Municipal Code.

Dated: March 11, 2020



MARGARET SILVEIRA
Director of Emergency Services
City Manager, City of Lakeport



CITY OF LAKEPORT

ADDRESSING CALPERS PENSION COST INCREASES

“REFRESHER” TO UAL RESTRUCTURING CONCEPT

NHA | ADVISORS
Financial & Policy Strategies.
Delivered.

MARCH 2021

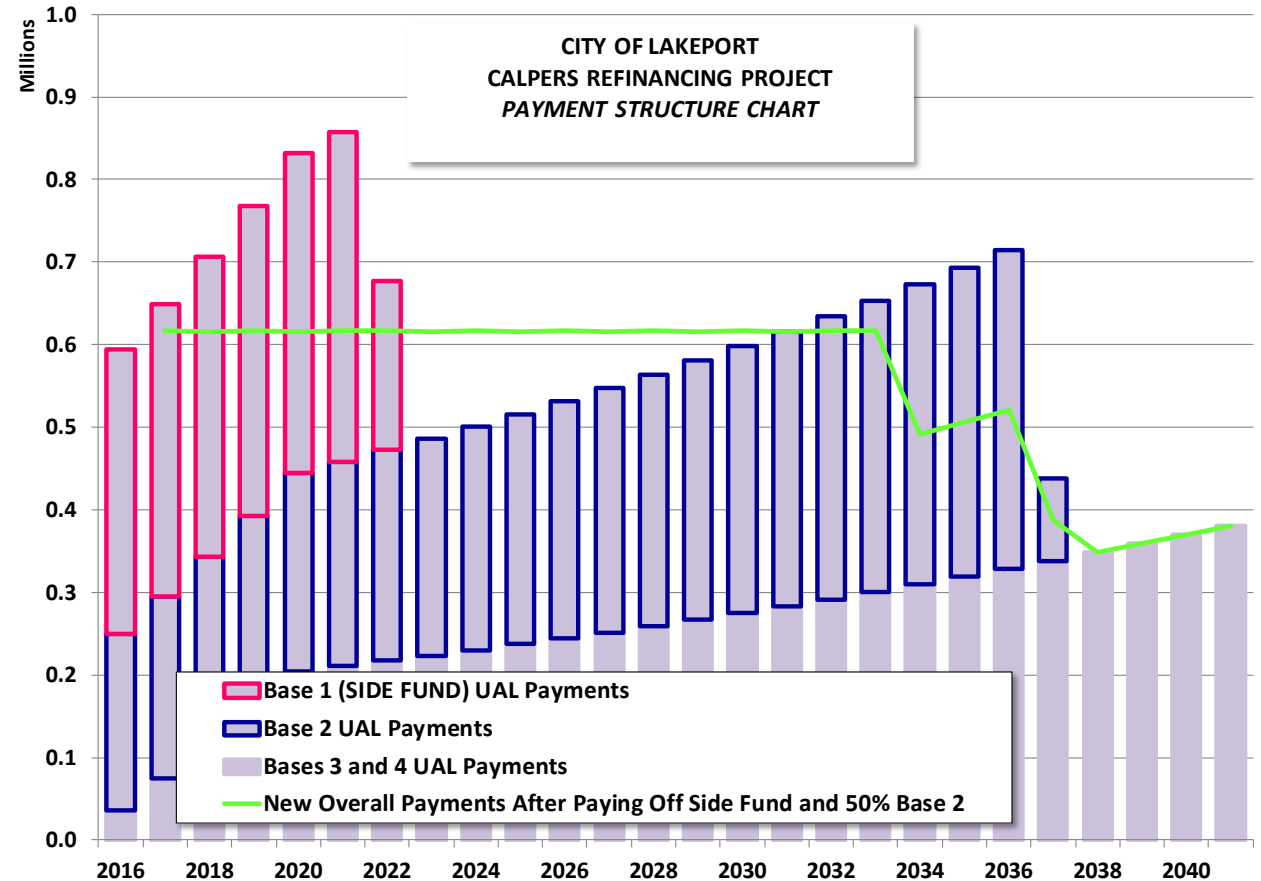
Background & Presentation Focus

- ▶ City of Lakeport has about \$10.4 million in pension liability on its balance sheet
 - ▶ \$8.4M Unfunded Accrued Liability (UAL) with CalPERS + \$2M outstanding on 2015 Lease
- ▶ 2015 Lease paid off portion of UAL and strategically “smoothed” payments through FY 2022
 - ▶ Restructuring was limited to small size at the time given requirement for collateral/assets
- ▶ UAL has increased from \$6.9M in 2014 to \$8.4M currently; primarily due to CalPERS assumptions changes (lowering of discount rate to 7%)
 - ▶ Rapidly increasing UAL repayment schedule continues to put extreme pressure on City’s budgeting and “crowds out” other community priorities
 - ▶ Creating, discussing, and evaluating a CalPERS pension funding plan, with a full array of options reviewed, is essential for long-term fiscal sustainability and, importantly, to meet the needs/priorities of the community
 - ▶ Past, present and future cost management strategies must be well understood
 - ▶ Past/Present: Annual UAL prepayment, cost-sharing, migration to PEPRAs workforce
 - ▶ Others Available: Section 115, “ADPs” to CalPERS, and restructuring the UAL
- ▶ Given the complexity, potential risks and ability to secure potentially very significant benefits for a public agency, the UAL restructuring strategy will be the focus of this presentation
 - ▶ Converts interest rate from 7% to $\approx 3.50\%$, achieves more level repayment shape; PLUS: can refinance 2015 Lease for savings (at no penalty) and remove lien from the assets being utilized to collateralize this Lease



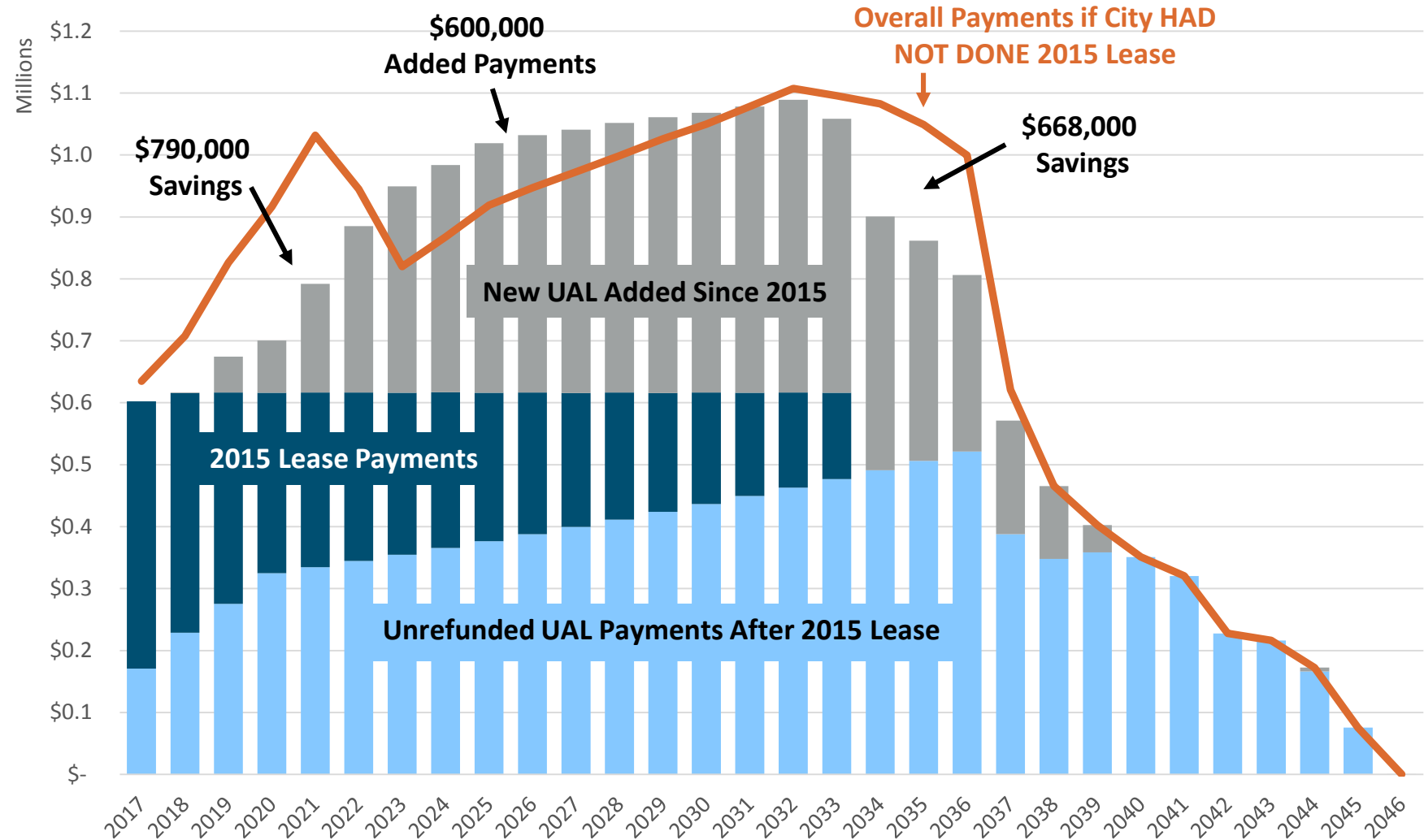
2015 UAL Restructuring – Strategy Revisited

- ▶ \$3.1 million UAL paid off
 - ▶ 41% of total \$7.4MM UAL (June 2015 valuation)
- ▶ 4.25% interest rate on loan
- ▶ Collateralized with assets (City Hall, Fire Dept., Westside Park)
 - ▶ No market for unsecured pension bond at that time
- ▶ Structured to remove the peak in payments through FY 2022 and smooth out payments (lease + UAL) for first 15 years (see green line to right)

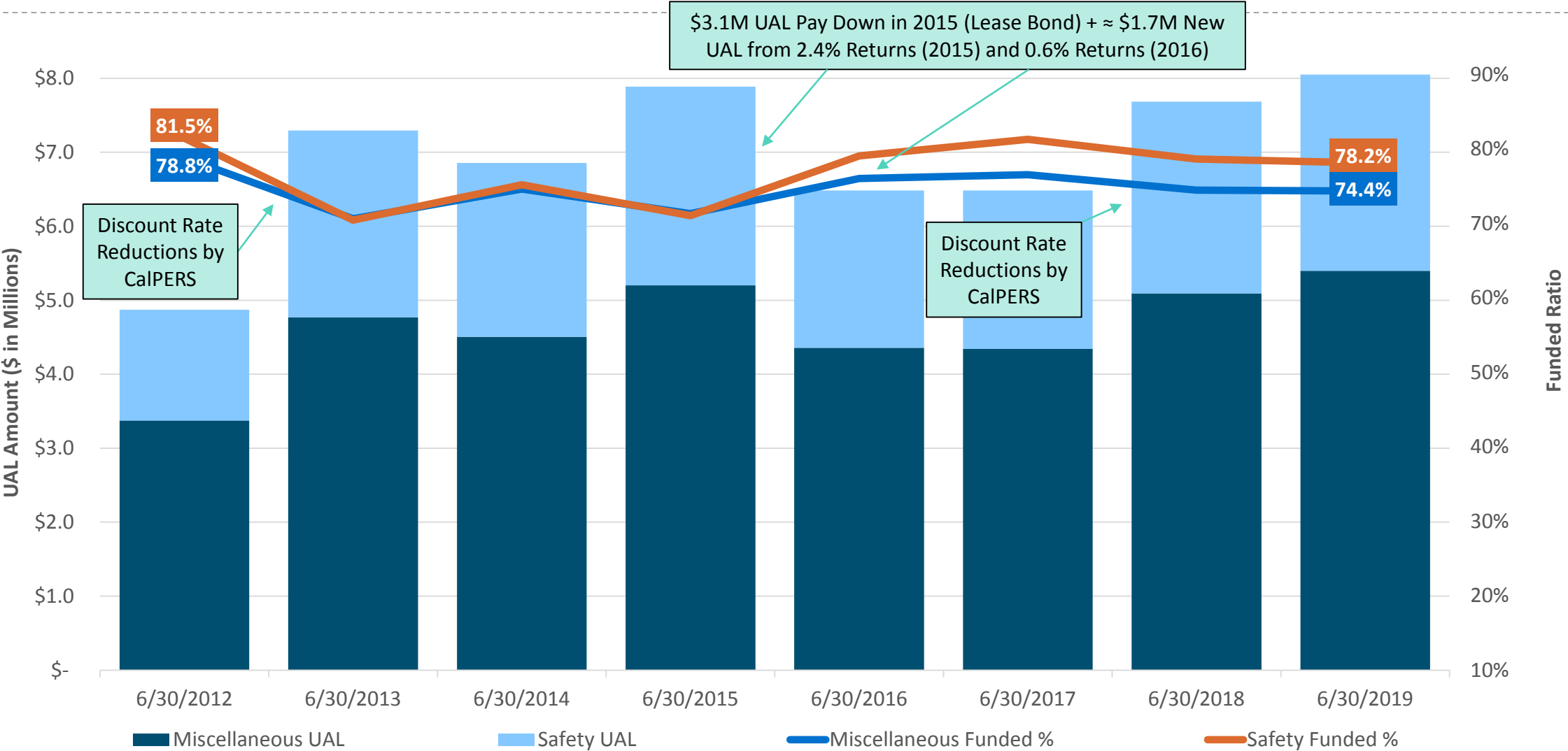


2015 UAL Restructuring for Budget Smoothing - UPDATE

- ▶ UAL Restructure achieved objective of enhancing payment smoothing and budget predictability
- ▶ 2015 pay down reduced CalPERS UAL from \$7.4MM to \$4.3MM; but UAL has since grown to \$8.4MM over last 5 years (November 2020 valuation)
 - ▶ City's payment shape has "shifted upwards" due to CalPERS UAL increase
 - ▶ Still lower and smoother than if 2015 UAL Restructuring had not been executed

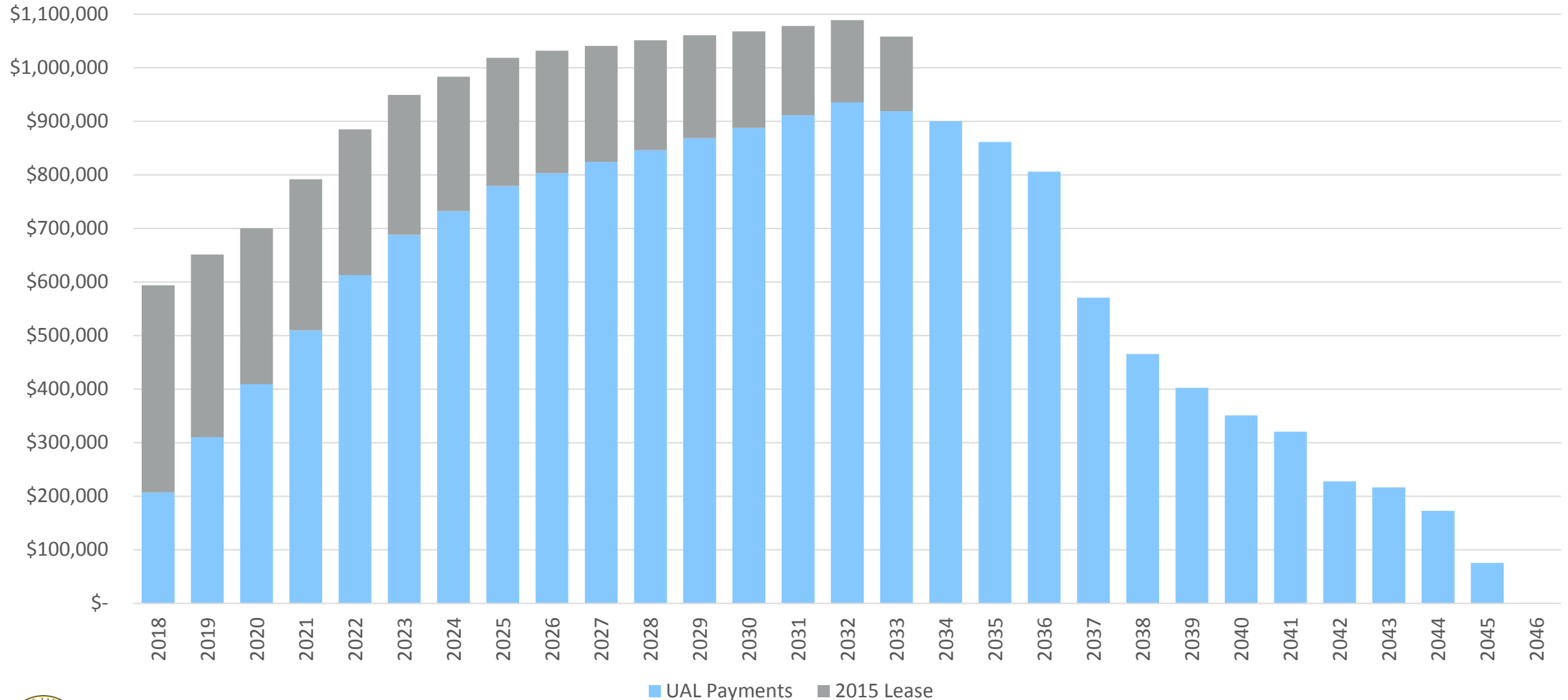


Historical Growth in Unfunded Accrued Liability (UAL)



CalPERS Projected UAL Repayment Schedule

\$8.4M UAL @ 7% Interest Rate + 2015 Lease @ 4.25% Interest Rate



Strategies to Address Rising Pension Costs

(1) Prepay UAL early in Fiscal Year ($\approx 3.4\%$ discount) – **City uses this strategy**

(2) Negotiate Cost Sharing With Employees – **City has completed**

- Require employees to pay their share; New employees already governed by lower cost/benefit PEPRAs plans

(3) Fresh Start Amortization w/ CalPERS

- Pros: Smooths payment, shortens repayment period; reduces overall interest paid from shorter amortization period
- Cons: New structure “locked-in” (no flexibility) + increased annual payments in near term; still amortized at 7% interest rate

(4) Use Cash Reserves to Pay Extra (two options)

- Section 115 Trust - Separate trust solely dedicated to pension/OPEB
 - Offered by PARS, CalPERS, Keenan, PFM and others
- Lump Sum Pay Down of UAL – Reduce UAL through ADPs (Additional Discretionary Payments)
 - Choose optimal amortization bases to pay off

(5) Restructure All or Portion of Remaining UAL

- Restructure portion of UAL at lower bond interest rate (i.e. 3.50% vs. 7.0%) and “smooth out” payments for enhanced budget predictability, near and mid term savings, and preservation of cash for other critical projects



Restructuring UAL Debt – Conceptual Overview

- ▶ Borrow money to pay off all or a portion of UAL with CalPERS
 - ▶ Pension Obligation Bond (POB) is typically utilized
 - ▶ Unsecured debt (no collateral required)
 - ▶ “Court Validation” to confirm UAL is a “debt” that can be refinanced (3-to-4-month process)
 - ▶ Validation provides foundation to issue POBs now or anytime in the future if approved by City Council
- ▶ POB market re-emerged in 2018/19 – about 40 agencies have issued \$4 billion recently
 - ▶ Previously, UAL restructuring was required to be executed as a lease structure (like Lakeport in 2015)
- ▶ Interest rate paid on a POB significantly lower than the 7% CalPERS charges
 - ▶ Current market is 3.00% to 3.75% depending on length of term and credit rating
- ▶ Restructuring the annual payments into a smoother, predictable schedule is core objective
- ▶ Key risk / consideration: re-investment and market timing risk



Preliminary UAL Restructuring Options for Lakeport

Three Baseline Options for Presentation Purposes

OPTION 1

20 Year – Level
Payments

OPTION 2

25 Year – Level
Payments

OPTION 3

24 Year – 1% Escalating
+ Linear Decline

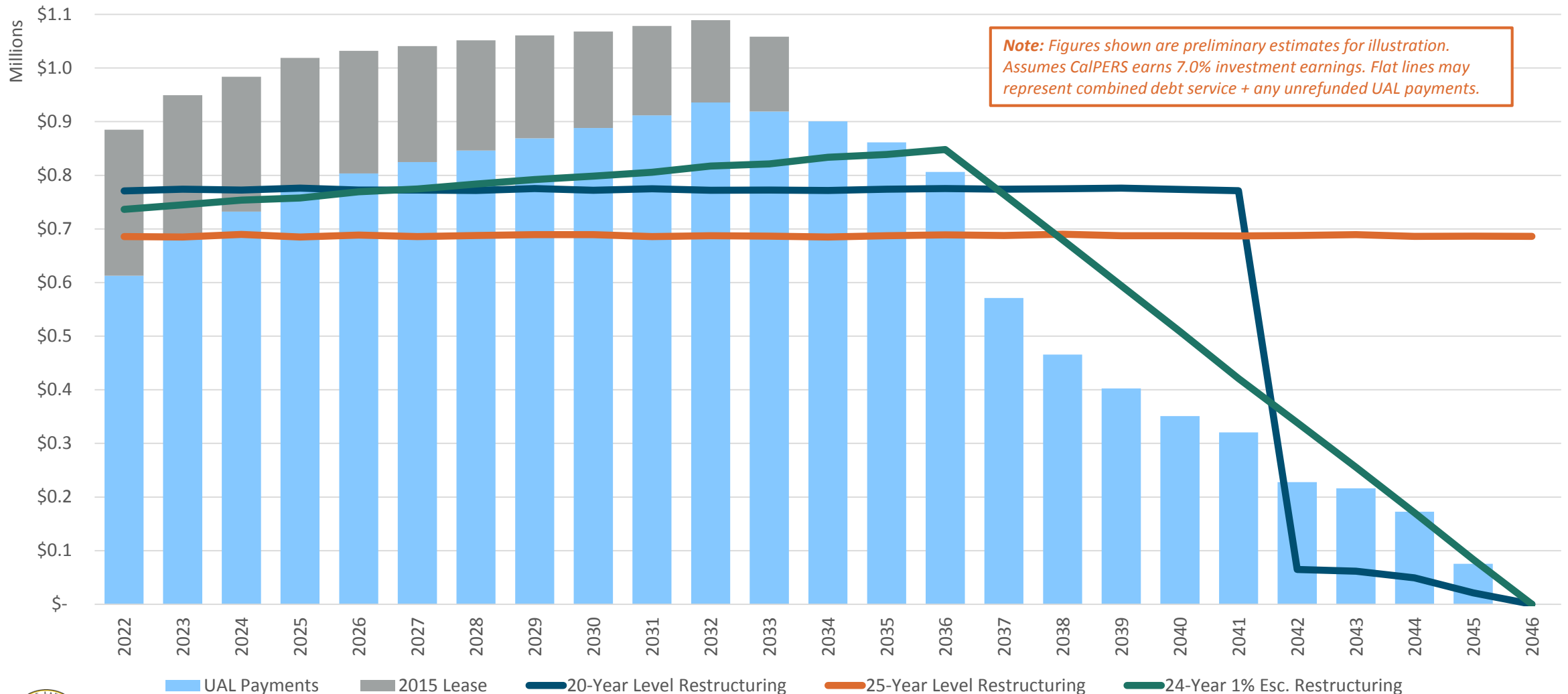
Assumptions

- ▶ 71% of UAL Paid Off (95% Funding Ratio)
- ▶ 2015 Lease Paid Off (no penalty) and release of assets from Lease lien
- ▶ Interest Rates from Recent “AA” Chula Vista POB + 1.00% (conservative)
- ▶ POB issued in June 2021 with savings beginning in FY 2022 (aggressive)
- ▶ Bonds are “callable”
 - ▶ i.e. City has ability to pay off (or refinance) the POBs early if desired



Illustrative UAL Restructuring Options for Lakeport

(1) 20 Year Level; (2) 25-Year Level; (3) 1% Escalating + Linear Decline



Illustrative UAL Restructuring Options for Lakeport

Summary of Estimated Savings

- ▶ Est. present value savings range from **\$1.47M – \$1.70M**
 - ▶ 18.3% - 21.1% of refunded UAL
- ▶ Cumulative savings range from **\$370K - \$1.89M**
- ▶ Average annual savings range from **\$241K - \$330K**

Metrics	20-Year Level Restructuring	24-Year 1% Esc. Restructuring	25-Year Level Restructuring
Par Amount	\$8,120,000	\$8,120,000	\$8,120,000
Lease Refunding	Yes	Yes	Yes
UAL Funded (\$)	\$6,000,000	\$6,000,000	\$6,000,000
UAL Funded (%)	71%	71%	71%
Funded Ratio	94%	94%	94%
Maturity	20 Years	24 Years	25 Years
Average Life	11.8 Years	11.9 Years	15.9 Years
All-In Interest Rate	3.59%	3.57%	3.83%
Present Value Savings (%)	21.09%	21.20%	18.34%
Present Value Savings (\$)	\$1,687,644	\$1,696,336	\$1,467,545
Cumulative Savings	\$1,887,394	\$1,860,485	\$370,830
Savings (2022-2032)	\$2,688,368	\$2,659,189	\$3,633,112
Avg. Annual Savings (2022-2032)	\$244,397	\$241,744	\$330,283

Note: Figures shown are preliminary estimates for illustration. Assumes CalPERS earns 7.0% investment earnings. Flat lines may represent combined debt service + any unrefunded UAL payments.




Pension Bonds - Benefits and Risks

Primary Benefits

- Fiscal Sustainability Tool: Ability to “re-shape” the City’s pension debt payments
- Near-Term Budgetary Savings
- Interest Rate Savings “Arbitrage”: City can borrow at rates much lower (currently $\approx 3.50\%$) than what CalPERS charges on UAL debt (7%)
- Increase Funding Ratio
- Flexibility to Modify Maturity

Primary Risk: *Reinvestment & Market Timing Risk*

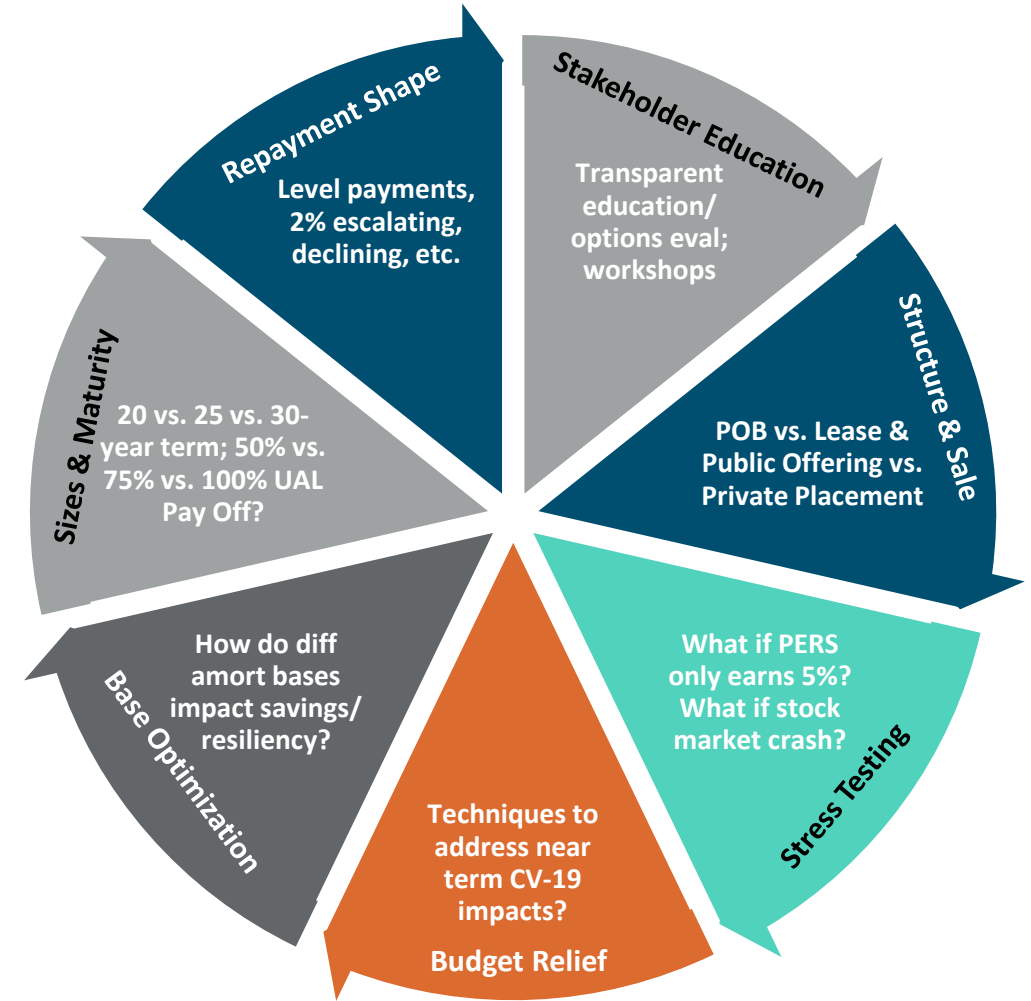
- Savings is ultimately dependent on future CalPERS returns, which are unknown at time of issuance (primary concern of GFOA)
- Present value savings occur if PERS earns greater returns than pension bond interest rate
- Near-term losses exacerbate this risk given large lump sum deposit into the market



*These risks should be quantified through a **stress testing process** to better understand the impacts of potential poor investment performance by CalPERS*

Components of a Thoughtful Evaluation Process

- ▶ Proper Stakeholder education
 - ▶ Full exploration of options
 - ▶ Shapes, sizes, durations
 - ▶ Tailor to City's financial objectives, risk tolerance and other constraints
- ▶ **Stress testing process to quantify risks**
- ▶ Structuring techniques to optimize savings / resiliency to future PERS volatility
- ▶ Market timing of investing proceeds
- ▶ Restructuring strategy and use of future savings should be governed by a **Pension Funding Policy**



Next Steps

- ▶ Council direction on whether restructuring concept should be evaluated further
 - ▶ If so, a detailed workshop(s) should be scheduled to provide additional information and answer questions
- ▶ If Council wanted to initiate a legal validation process, staff and financing team would bring back documents at some future City Council meeting
 - ▶ During validation period, staff and financing team could continue the evaluation/education process and conduct more robust options and stress testing analysis
 - ▶ Validation process does not lock City into a transaction; future City Council approvals required to issue bonds





CITY OF LAKEPORT

- City Council
City of Lakeport Municipal Sewer District
Lakeport Redevelopment Successor Agency
Lakeport Industrial Development Authority
Municipal Financing Agency of Lakeport

STAFF REPORT	
RE: Participation in the Employment Risk Management Authority	MEETING DATE: 03/02/2021
SUBMITTED BY: Kelly Buendia, Administrative Services Director	
PURPOSE OF REPORT: <input type="checkbox"/> Information only <input type="checkbox"/> Discussion <input checked="" type="checkbox"/> Action Item	

WHAT IS BEING ASKED OF THE CITY COUNCIL/BOARD:

The City Council is being asked to adopt a resolution to approve joining the Employment Risk Management Authority (ERMA) JPA for employment practices liability coverage.

BACKGROUND/DISCUSSION:

The City of Lakeport will become a member of the California Intergovernmental Risk Authority (CIRA) on July 1, 2021, which will obtain employment practices liability (EPL) coverage for its members from ERMA, a statewide risk sharing pool that provides EPL coverage and loss prevention services to California public entities. REMIF has not been a member of ERMA in the past but rather covered employment related claims in the general liability program.

ERMA reduces employment practices risk by proactive claims management, innovative training and education and subject matter expertise. They are the first and only state-wide public section employment practices liability risk sharing pool. They have over 200 public entity members and are CAJPA accredited. They are financially stable and well-funded. Some of the advantages of joining ERMA are: share cost of risk among similar entities, pool determines scope of coverage, development of governing documents, development of risk control programs, targeted performance standards, and proactive litigation management.

To be considered by the ERMA Board of Directors, the City is required to submit a Council Resolution authorizing participation in ERMA, complete an application, submit seven years of EPL loss information, and the most recent financial audit. If approved by the ERMA Board, the City would join as an underlying member of CIRA.

There is no direct fiscal impact as a result of the recommended action. However, the goal in use of ERMA is an overall lowering of risk and costs associated with employee claims for the whole CIRA pool, which would eventually be reflected in lower or stabilized contributions.

Staff recommends Council Adopt the enclosed Resolution authorizing participation in the Employment Risk Management Authority (ERMA).

OPTIONS:

1. The City Council may adopt a resolution to approve joining the Employment Risk Management Authority (ERMA) JPA for employment practices liability coverage.

2. The City Council could decide not to approve participation in ERMA which could result in a requirement for Lakeport to self-insure the layer to be covered by ERMA.
3. The City Council could provide other direction.

FISCAL IMPACT:

None \$ Budgeted Item? Yes No

Budget Adjustment Needed? Yes No If yes, amount of appropriation increase: \$

Affected fund(s): General Fund Water OM Fund Sewer OM Fund Other:

Comments:

SUGGESTED MOTIONS:

Make a motion to adopt a resolution to approve joining the Employment Risk Management Authority (ERMA) JPA for employment practices liability coverage.

Attachments: 1. Resolution

RESOLUTION NO. XXXX (2021)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKEPORT AUTHORIZING PARTICIPATION IN THE EMPLOYMENT RISK MANAGEMENT AUTHORITY

WHEREAS, the City of Lakeport wishes to obtain Employment Practices Liability coverage beginning July 1, 2021; and

WHEREAS, the Employment Risk Management Authority (ERMA) is a self-insured joint powers authority created for the sole purpose of Employment Practices Liability Coverage. ERMA is comprised of various public entities who risk share up to \$1 million against potentially unlawful employment practices and discrimination claims; and

WHEREAS, the ERMA formed primarily due to the fact that government entities have not historically been able to secure Employment Practices Liability (EPL) coverage at a competitive cost through the commercial insurance marketplace; and

WHEREAS, ERMA has met all of the high professional standards established by the California Association of Joint Powers Authorities (CAJPA) in the areas of governance, finance, claims control, safety and loss control and ERMA is fully accredited by CAJPA. CAJPA's accreditation process requires reviews by independent consultants in the areas of accounting, claims adjusting, and actuarial analysis; and

WHEREAS, ERMA provides services to both Joint Powers Insurance Authorities and individual public entities; and

WHEREAS, the City of Lakeport has determined that it is in the best interest to become a member of ERMA for the purpose of obtaining Employment Practices Liability coverage; and

WHEREAS, ERMA requires the City Council of the City of Lakeport to pass a resolution expressing the desire and commitment of the City of Lakeport's participation in ERMA, which requires a three year minimum participation period. The City Council also understands our entity will be bound by the provisions in the ERMA Joint Powers Agreement just as though it were fully set forth and incorporated herein whether our entity had signed it individually or through an underlying Joint Powers Insurance Authority.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LAKEPORT HEREBY:

1. approves participation in ERMA beginning July 1, 2021; and
2. authorizes the City Manager on behalf of the City of Lakeport to take any and all actions necessary to implement the foregoing resolution.

The foregoing Resolution was passed and adopted at a regular meeting of the City Council of the City of Lakeport on the 2nd day of March, 2021 by the following vote:

AYES:

NOES:

ABSTAIN:
ABSENT:

Kenneth Parlet, Mayor

ATTEST:

Kelly Buendia, City Clerk



CITY OF LAKEPORT

City Council
City of Lakeport Municipal Sewer District
Lakeport Redevelopment Successor Agency

STAFF REPORT

RE: Objective Design and Development Standards Zoning Ordinance Update Consultant Selection

MEETING DATE: 03/02/2021

SUBMITTED BY: Jennifer M. Byers, Community Development Director

PURPOSE OF REPORT: Information only Discussion Action Item

WHAT IS BEING ASKED OF THE CITY COUNCIL/BOARD:

The City Council is being asked to authorize the City Manager to execute a Professional Service Agreement (“PSA”) with Mintier Harnish for the development of Objective Design and Development Standards for the City’s Zoning Ordinance and updates to its Accessory Dwelling Unit rules.

BACKGROUND/DISCUSSION:

As part of the 2017 California Legislative Housing Package, Senate Bill 35 requires that local jurisdictions provide a streamlined ministerial approval process for multi-family residential developments that meet specific eligibility requirements. In addition to the 2017 Legislative Housing Package, there have been numerous bills in recent years which focus on promoting the development of Accessory Dwelling Units (ADUs). The Lakeport Sixth Cycle Housing Element, adopted on July 7, 2020, identified several areas where the Zoning Ordinance would need revisions in order to facility and encourage the development of housing.

The City of Lakeport released a Request for Proposals (RFP) from qualified consulting firms to update the Lakeport Zoning Ordinance, as well as development procedures, for conformance with the Housing Element and recently adopted State legislative housing laws.

The tasks to be included are as follows:

Multi-Family Housing and Mixed-Use Projects:

- Evaluate the Housing Element’s available land inventory, making recommendations for retention of existing sites and identifying possible additional sites to include possible zoning district changes to accommodate more accessory dwelling units and mixed-use, multi-family and townhouse development, meeting state and federal code regulations.
- Identify the characteristics of existing single family, multi-family and mixed-use sites, as well as adjacent properties, including prominent architectural style, streetscape pattern, access, building materials, building articulation, landscape, window and door design and materials, and other characteristics.
- Analyze requirements and consider best practices for “objective zoning standards” and “objective design review standards” for single family, multi-family and mixed-use development. Develop objective standards for construction and rehabilitation of residential buildings. Recommendations on design standards should meet requirements in applicable law including those in SB 35 and SB 330.
- Develop standards to support sustainability, green building practices, and community health in housing production in Lakeport, including best practices to design housing for all ages and backgrounds with energy-efficient construction, efficient site planning, amenities supporting public health, and planning for ADA and transit access.

Accessory Dwelling Unit Housing:

- Review regulations for ADUs for conformance with State of California law and consistency with local best practices.
- Identify available incentives for affordable ADU construction such as county, state, and federal grant programs for income-restricted ADUs and collaborate with one or more non-governmental organization with expertise in affordable housing.
- Recommend an Accessory Dwelling Unit Ordinance to create new incentives for the construction of ADUs that are affordable to residents with low and very low incomes.

Public Outreach and Environmental Review:

- Hold a minimum of two stakeholder meetings.
- Draft ordinance and design guidelines for Planning Commission and City Council review and action
- Present ordinance and design guidelines to Planning Commission and City Council at public hearings.
- Prepare associated environmental review documents, including at a minimum an Initial Study pursuant to Appendix G of the California Environmental Quality Act (CEQA) Guidelines.

It is the City’s intent to utilize Local Early Action Planning (LEAP) Grant Program (“Program”) and other grant funding (e.g. Regional Early Action Planning grant funds) available to local jurisdictions throughout California for planning activities that demonstrate a nexus to increasing housing production.

As provided for in the LEAP Grant Program, the contract with the selected consultant for the Project is required to provide for compliance with all the requirements of the Program, including expenses and reimbursements, clear deliverables, and records retention.

The RFP generated two proposals with notification from one firm declining to submit. A three-person committee made up of City staff reviewed the proposals and selected Mintier Harnish as the top consultant. A copy of the proposal is attached for reference.

The selected firm proposed a budget of \$65,140. The City of Lakeport was awarded \$65,000 from the Local Early Action Planning Grants (“LEAP”) for projects that assist in the preparation and adoption of planning documents and process improvements that accelerate housing production and facilitate compliance to the implementation of the Sixth Cycle Housing Element. On 1/19/21, City Council authorized \$11,712 of those grant funds to be used in the implementation of the SmartGov e-permitting function. The Lake County APC additionally applied for Regional Early Action Planning Grant (“REAP”) for which the City of Lakeport is eligible for \$29,862.23. The combination of these two grants would accomplish the proposed project.

OPTIONS:

1. Authorize the City Manager to execute a PSA with Mintier Harnish.
2. Do not authorize and provide staff direction.

FISCAL IMPACT:

None \$ Budgeted Item? Yes No

Budget Adjustment Needed? Yes No If yes, amount of appropriation increase: \$

Affected fund(s): General Fund Water OM Fund Sewer OM Fund Other: LEAP and REAP Grant

Comments: None

SUGGESTED MOTION:

Move to authorize the City Manager to execute a Professional Service Agreement with Mintier Harnish for the completion of Objective Design and Development Standards for the City's Zoning Ordinance and updates to its ADU rules.

Attachments:

1. Mintier Harnish Proposal



City of Lakeport

OBJECTIVE DESIGN AND DEVELOPMENT STANDARDS UPDATE

PROPOSAL FOR SERVICES

January 7, 2021

SUBMITTED TO:

Jennifer M. Byers
Community Development Director
City of Lakeport
225 Park Street
Lakeport, CA 95453

SUBMITTED BY:

Mintier Harnish
1415 20th Street
Sacramento, CA 95811
916.446.0522
mintierharnish.com

January 7, 2021

Jennifer M. Byers
Community Development Director
City of Lakeport
225 Park Street
Lakeport, CA 95453

RE: Objective Design And Development Standards Update

Dear Ms. Byers:

Mintier Harnish is pleased to submit this proposal to assist the City of Lakeport with the preparation of the Objective Design and Development Standards Update. Since 1985, we have served over 100 public agencies and have established ourselves as a leader in general plan, housing element, and zoning code updates in California. In response to your request for proposals, the City will likely receive responses from several qualified firms. We feel there are several key factors that distinguish us.

Zoning Code Preparation Experience. Our team has extensive experience with drafting and ensuring adoption of zoning codes and other types of development regulations. We are able to create innovative and practical solutions to both routine and unique zoning and planning problems.

Familiarity with Contemporary Zoning Practice. We are familiar with new and emerging zoning practice trends and issues. We produce zoning ordinances that are user-friendly and rely extensively on graphics and illustrations. We are addressing the changing housing-related provisions in zoning codes, including ADUs, density bonus, employee housing, emergency shelters, transitional housing, and objective design standards. We are also at the forefront in the development of web-based zoning codes.

Comprehensive Objective Design Standards Experience and Implementation. We have a comprehensive understanding of the State requirements of objective design standards and have provided innovative ways for successful implementation. We have or are currently assisting 10 communities of all sizes adapt and implement objective design standards. We like to think beyond the development box, creating standards that are not only acceptable to the community and are easy to understand, but are also acceptable to the development community.

Local Government Experience. We have extensive experience as local government staff. We have “hands-on” experience with all levels of zoning code administration, ranging from answering zoning inquiries at the front counter, to processing land use permit applications and preparing staff reports, to managing planning divisions and departments. We have personally drafted zoning codes and then been responsible

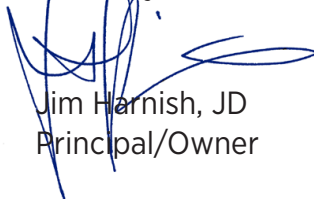
for the administration and enforcement of those regulations. We understand the wide array of day-to-day issues City staff must address in code administration, as well as the needs of the public for timely, accurate responses to their questions.

Active Principal Involvement. I am personally leading the Mintier Harnish Team. I will be fully engaged in every aspect of the Objective Design Standards project. As noted above, I have been a Planning Director for several cities and prepared and administered dozens of zoning codes. I will be involved in the project daily and in regular contact with City staff, the community, and decision-makers.

Work Style. As part of this effort, we will be working closely with City staff, the community, Planning Commission, and City Council. To have an effective, stress free, and enjoyable process, you need a team that is great to work with. Our team has a very approachable, collegial, and comfortable work style with our clients. We bring a great process experience and tailor it to the needs and personality of each community. We develop close, collaborative working relationships with each of our clients that last well beyond the completion of a project. We strongly urge you to confirm this with our references.

As the owner of Mintier Harnish, I am authorized to bind the firm contractually on this project. Please contact me if you have any questions at 916-446-0522 or jim@mintierharnish.com. I look forward to the opportunity to present our proposal and team in person.

Sincerely,

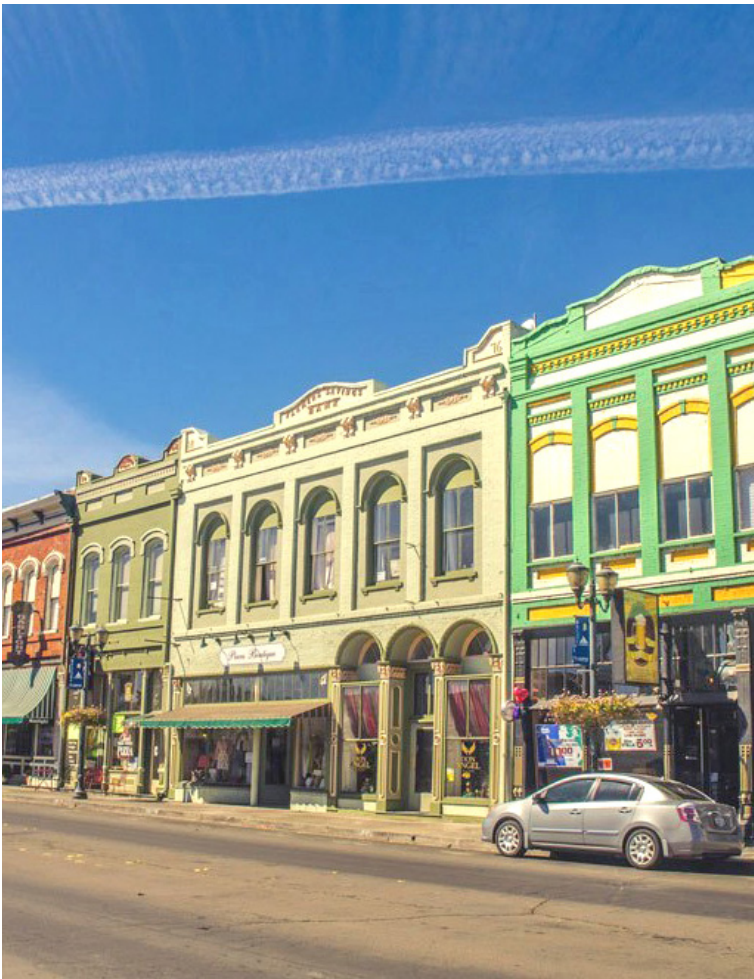


Jim Harnish, JD
Principal/Owner



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A. Introduction

Project Understanding

The City of Lakeport is seeking proposals from qualified consultants to prepare objective design and development standards. Our understanding of the Project is based on a combination of the Request for Proposals, our experience assisting numerous other communities in successfully crafting standards, our overall understanding of the housing crisis in California, and our knowledge from preparing zoning codes for dozens of cities and counties throughout the state. This Project is the City's opportunity to establish clear and unambiguous, internally consistent, legally defensible residential design standards and development regulations that reflect a contemporary Lakeport. The objective design and development standards will comply with the requirements of State law and set the stage for continued positive change in the community. Based on our understanding, we have identified four objectives for the Project:

Evaluate the Housing Element. The City expects the Consultant to evaluate the City's existing Housing Element for housing related policies and programs that will aid in the development of objective standards. Through the evaluation, the Consultant and City staff will review and consider additional sites where the new objective standards and accessory dwelling unit ordinance would apply.

Create more developer certainty in the residential project approval process. Developers evaluate project certainty as part of the pre-development project evaluation phase. Emphasizing production of quality housing through the standards in the Zoning Code will better position the City to meet housing demand and fulfill the State-mandated Regional Housing Needs Allocation, while maintaining community character and preserving neighborhoods.

Ensure consistency with City policies and California law. A primary purpose of the Project is to ensure that the City complies with all State laws while ensuring residential development projects satisfy the City's expectations. As part of this update the City expects the Consultant to prepare a new Accessory Dwelling Unit Ordinance that is fully compliant with new State regulations.

Streamline project review and permitting. The City expects the objective design and development standards to establish clear review processes for residential development, reduce unnecessary bureaucracy, and resolve internal inconsistencies. Simultaneously, the objective residential design and development standards should foster quality residential development projects and protect and enhance Lakeport's distinctive community character.

Our Approach

Based on our understanding of the City's expectations for the objective design and development standards, we identified five themes for our approach to the Project.

Collaborate with Staff. Close collaboration with City staff throughout the project is an essential part of our approach. While we have broad experience with zoning code updates, City staff has detailed working knowledge of Lakeport's regulatory structure and development approval process. We will establish a close working relationship and regular communication with City staff throughout the project. We will work with City staff early on to define work responsibilities and communication protocols. We will form an integrated and seamless staff/consultant project team. We will also provide optional staff training opportunities at the beginning of the process to understand the details and mechanics of preparing objective design and development standards and methods for streamlining residential development approvals.

Clearly Define Issues and Opportunities. Key to the success of the objective design and development standards is clearly identifying the types of residential development projects that are preferred in the city, projects that did not work, obstacles in the project approval process, and opportunities for improvement. Early in the Project, we will facilitate meetings and conference calls to refine the work scope, thoroughly define and explore issues and opportunities, and prioritize tasks. We will meet with stakeholders selected by staff to understand the perspectives of the regulated community. We will also facilitate a study session with the City Council and Planning Commission to understand their expectations for future residential development and additional desired outcomes of the project.

Build on Successes. Every process requires a solid foundation on which to build. We will identify successful residential design that has worked well for the City. We will research and analyze existing City planning documents to extract design approaches that could be implemented citywide.

Create New Ideas. At each step in the process, we will present City staff with new ideas and innovative approaches for establishing objective design and development standards and streamlining the residential development approval process. We will base these approaches and choices on our understanding of best practices in residential and mixed-use zoning regulations and our extensive experience working with a wide array of cities throughout California.

Deliver User-Friendly Objective Design Standards for Residential and Mixed-Use Development. We recognize the City's desire for more user-friendly residential design and development standards in a format that is easily read and understood by residents, permit applicants, City staff, the Planning Commission, and the City Council. While technical and regulatory, there is no need for standards in the Zoning Code to be difficult to use and understand. The content, format, and presentation of the objective design and development standards will provide all users with a clear understanding of the land use regulations and development standards, and expectations for the project approval and permitting processes. We will provide graphic illustrations and consolidated tables, where useful and appropriate. We will eliminate internal inconsistencies and clarify cross-referencing.

Scope of Work

Task 1: Initial Kick-Off Work Session and City Tour

The Consultant will facilitate a kick-off work session with City staff to discuss the project background, objectives, and expectations for the project. We will discuss information needs, a range of options, and develop a consensus on our approach to the work. We will provide a range of examples of objective design and development standards implemented in other communities and discuss the relevance of these standards to Lakeport. City staff will provide existing community design guidelines and standards and conditions of approval for multi-family and mixed-use projects. We will also discuss other housing-related issues to be addressed in our research.

Following the work session, the Consultant and City staff will tour existing multi-family and mixed-use developments as well other projects or structures of architectural and design interest. The tour is meant to identify design characteristics that are preferred or discouraged for Lakeport development. Based on the results of the work session and tour, we will prepare a summary of the work session and tour results, an outline of the topics to be addressed, and likely direction for the standards.

Deliverables:

- Memorandum summarizing the work session, tour, and expectations
- Initial objective design standards matrix

Task 2: Stakeholder Interviews

The Consultant will conduct one day of eight one-on-one and group interviews via Zoom or conference call with local housing developers, architects, housing advocates, and others, to gain an understanding of the ideas and expectations of housing and subsequent development regulations in the City. We will summarize the results of the interviews in a memorandum.

Deliverable:

- Memorandum summarizing stakeholder interviews

Task 3: Housing Element Evaluation and Analysis

The Consultant will evaluate the Housing Element available sites inventory and analyze where there might be additional areas that can accommodate accessory dwelling units and mixed-use development through zoning district changes. We will make recommendations to City staff, and if necessary, coordinate with City staff on the specific revisions.

Deliverable:

- Memorandum summarizing Housing Element evaluation and analysis

Task 4: Joint Study Session

The Consultant will facilitate a joint study session with the City Council and Planning Commission to provide an overview of current State housing law and policy and the objectives of the work effort, summarize the research and work to date, provide examples of objective design and development standards, and discuss Council and Commission expectations, concerns, and ideas. We will structure the joint study session to allow for and encourage community and stakeholder participation. We will refine and summarize the results of the joint study session in a memorandum.

Deliverables:

- Joint Study Session background materials
- PowerPoint presentation
- Memorandum summarizing study session results

Task 5: Community Design Assessment

The Consultant will assess existing community and architectural design in Lakeport. We will identify the characteristics of the existing single-family stock, and multi-family and mixed-use developments in the city. Our assessment will address architectural style, streetscape pattern, open spaces areas (common and private), frontage applications, structure materials articulation, and fenestration, and landscaping. We will summarize our findings in a memorandum.

Deliverable:

- Memorandum summarizing community design assessment findings

Task 6: Review and Refinement

Based on the input from the stakeholder interviews, study session, Housing Element analysis, and community design assessment, we will refine our initial outline of recommended objective design standards matrix. We will, if appropriate, refine our work scope to respond to the direction of the Joint Study Session. We will facilitate a second work session with City staff to discuss our recommendations and reach consensus on the approach and content of the objective design and development standards appropriate for by-right multi-family development projects. We will prepare a final table of contents prior to preparation of the Administrative Draft Objective Design and Development Standards.

Deliverables:

- Refined list of potential Objective Design and Development Standards
- Objective Design and Development Standards Table of Contents

Task 7: Preparation of Objective Design and Development Standards

The Consultant will prepare an Administrative Draft Objective Design and Development Standards that reflects current State law (SB 35 and SB 330). The Administrative Draft will incorporate all comments and feedback from the community, City staff, the Planning Commission and City Council, as well as the findings from the Community Design Assessment. We will include graphics illustrations and photo examples as appropriate. Based on comments from City staff, we will prepare a Public Review Draft Objective Design and Development Standards.

Deliverables:

- Administrative Draft Objective Design and Development Standards
- Public Review Draft Objective Design and Development Standards

Task 8: Stakeholder Follow-up

The Consultant and City staff will facilitate a stakeholder follow-up meeting. The meeting will enable the stakeholders to provide feedback on the Public Review Draft Objective Design and Development Standards prior to Planning Commission review and City Council adoption. If necessary, the Consultant will prepare a Revised Public Review Draft Objective Design and Development Standards with City staff direction.

Deliverable:

- Revised Public Review Draft Objective Design and Development Standards

Task 9: Accessory Dwelling Unit Ordinance

The Consultant will prepare an Administrative Draft Accessory Dwelling Unit Ordinance that conforms with State Law and provides regulations and standards for the construction of accessory dwelling units. We will also research available incentives for affordable ADU construction that income-restricted community members can potentially participate in to

boost local affordable housing options. Based on comments from City staff, we will prepare a Public Review Accessory Dwelling Unit Ordinance.

Deliverables:

- Administrative Draft Accessory Dwelling Unit Ordinance
- Public Review Draft Accessory Dwelling Unit Ordinance

Task 10: Environmental Review

The Consultant will conduct an environmental review of the Revised Public Review Draft Objective Design and Development Standards and Draft Accessory Dwelling Unit Ordinance consistent with the requirements of CEQA. It is anticipated that we will prepare an Addendum to the General Plan Environmental Impact Report (EIR).

Deliverable:

- Environmental analysis consistent with CEQA

Task 11: Public Review and Adoption

The Consultant will facilitate one Planning Commission public hearing and one City Council public hearing to present the Objective Design and Development Standards, and Accessory Dwelling Unit Ordinance for Planning Commission review and City Council adoption. We will make any revisions necessary to the final documents.

Deliverables:

- Adopted Objective Design and Development Standards
- Adopted Accessory Dwelling Unit Ordinance

Project Management

We will manage the consultant team, facilitate internal meetings, conduct project administration, prepare project invoicing.

Deliverables:

- Coordination meeting/call agendas
- Project status reports
- Invoices

Direct Expenses

Printing, travel, and other related expenses

Project Management Approach

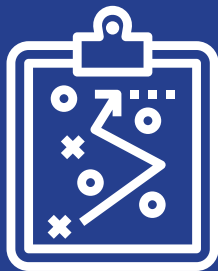
We take project management seriously. Effective project management can make the difference in the success of this Objective Design Standards Update. Ineffective project management can doom a project. While project management may not be as creative or rewarding as facilitating public outreach or crafting design and development standards, it is every bit as essential to the success of this major planning project. Here is our basic guidebook:



OBJECTIVES

Project Management Objectives

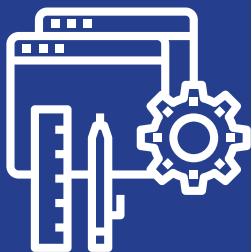
1. **Stay on schedule.** It is very easy for a project such as formulating objective design standards that includes community engagement and coordination with City staff to fall behind schedule.
2. **Manage the budget.** Again, a multitude of participants, unanticipated demands, additional meetings all can contribute to budget creep.
3. **Frequent client communication.** Perhaps the single most important component of effective project management is regular communication between the Consultant and City staff.
4. **Quality control.** We strive to produce results that are of the highest quality, internally consistent, and completely satisfy our clients.



APPROACH

Project Management Approach

1. Facilitate a **kick-off meeting** with City staff and the consultant team to discuss the project work scope, schedule, budget, and communication protocols.
2. Identify the **roles and responsibilities** of key staff and consultants.
3. Identify the **core project management team** and establish a schedule for reoccurring check-in conference calls and face-to-face meetings.
4. Prepare call/meeting **agendas and action minutes.**
5. Provide monthly **project status reports.**



TOOLS & PROCEDURES

Project Management Tools and Procedures

1. Standardized **file naming** protocols
2. Consistent **e-mail subject** line project naming
3. **E-mail copying** protocols to assure team communication
4. Standardized document **format and style guide**
5. Conference call **agendas and action minutes**
6. **Data needs lists**
7. **Document review checklists**
8. **Design guidelines and standards** fix-it list
9. Community engagement **guides/checklists**

B. Personnel, Equipment, and Facilities

Qualifications

Mintier Harnish

Mintier Harnish is a Sacramento-based consulting firm specializing in the preparation of general plans, housing elements, zoning codes, and specific plans. Our mission as a firm is to help public agencies, residents, businesses, and other stakeholders plan their communities and improve their quality of life through solid research, community involvement, innovation, and policy leadership. Since our founding in 1985, we have prepared more than 60 general plans and over two dozen zoning codes, and provided a range of planning services to more than 140 public agencies, law firms, and other organizations. We are currently leading 11 objective design and development standards updates for both cities and counties across the state. We are a leader in preparing implementable plans for the future that solve community policy and design issues. Our staff includes planning experts, each with his/her own unique mixture of education, training, and experience. We are all dedicated to providing the highest quality service to our clients.

Mintier Harnish has extensive experience in planning, zoning, and urban design. We are currently preparing objective design standards for the cities of Folsom, Gilroy, Kerman, Santa Clara, South Lake Tahoe, Ukiah, the Town of Windsor, and the counties of Calaveras, Fresno, Madera, and Mariposa.

Staffing



**Jim Harnish, JD,
Principal/Owner
Project Role: Project Director**

Jim Harnish will be the Project Director. He has been a planner since 1970. He is also an attorney with extensive experience in regulatory and environmental

compliance. He has managed large organizations for both public agencies and private consulting firms. He is familiar with every aspect of the local government planning process and regulatory environment. Jim has been the Planning Director for the cities of Galt, Folsom, and South San Francisco.

Jim has a wide range of professional skills. He is very effective interacting with staff, elected officials, and large groups of people. He has extensive experience in public outreach and consensus building. He relates well to a broad spectrum of people and has an understanding of competing community interests, making him an effective problem solver.

Jim has prepared zoning ordinance revisions or updates for the cities of Folsom, Gilroy, Roseville, Santa Clara, Santa Rosa; the counties of Fresno, Mariposa, Merced, Kern, Sierra; and the Mountain House New Town in San Joaquin County.

Jim's most recent planning projects include general plan updates for the cities of Folsom, Gilroy, Millbrae, Hayward, Sacramento, Union City, and Windsor; the counties of Fresno, Merced, and San Joaquin. Jim holds a Juris Doctor from McGeorge School of Law (University of the Pacific) and a BA in History from UC Davis.



Brent Gibbons, AICP
Project Manager
Project Role: Project Manager

Brent Gibbons will be the day-to-day Project Manager. Brent has been a planner in both the public and private sectors. He specializes in

zoning code interpretation and preparation, urban design, site design, community engagement, land use planning, public policy, and geographic information systems. Prior to working with Mintier Harnish, Brent served as a Planner for both Madera County and the City of Turlock. His experience includes permit processing, formation of community/area plans, and project management, as well as zoning ordinance development. Brent also had the opportunity to serve on several committees pertaining to the drought and well water demand in the Central Valley, as well as community park planning and design in conjunction with public health agencies.

Brent has extensive experience in zoning, having been tasked with drafting ordinances and interpreting the code during his service in the public sector. Brent's comprehensive understanding of zoning codes from both sides of the planning spectrum has proven beneficial during the formation of zoning code updates for counties and communities.

Brent has managed or is currently managing comprehensive zoning code updates for the counties of Fresno, Madera, Mariposa, Merced, and Sierra, and the cities of Folsom, Gilroy, Kerman Santa Clara, Walnut Creek, and Windsor. Brent has also managed objective standards updates for the counties of Fresno, Mariposa, and Madera, and the cities of Folsom, Gilroy, Kerman, Santa Clara, Ukiah, South Lake Tahoe, and Windsor.

Brent holds a Bachelor's Degree in City and Regional Planning from California Polytechnic State University (Cal Poly), San Luis Obispo.



Rick Rust, AICP, GISP
Principal Planner
Role: Housing Element Advisor

Rick Rust, AICP, GISP has more than 38 years of experience in the management and preparation of general

and comprehensive plans, housing elements, specific plans, zoning codes, and environmental compliance documents. His work is based on a comprehensive set of skills in community planning, downtown planning, urban design, economic development, environmental compliance, and community engagement. He also has an extensive background in the application of GIS technologies to planning. Rick has been working with Mintier Harnish on a range of housing elements, general plans, and environmental compliance documents for 20 years. Rick officially joined Mintier Harnish as a Principal Planner over two years ago.

For meeting the housing needs of a community or county, Rick brings extensive experience managing successful projects in California and nationwide. This mix of experience gives Rick insight into a wide range of issues and solutions developed in consultation with dozens of communities.

Rick also has extensive experience in active public participation, such as workshops, charrettes, surveys, and in presenting technical issues in a simple and understandable manner at public meetings and hearings. This includes extensive experience in successful electronic outreach methods, specializing in ArcGIS online applications, website design and development, online surveys, and use of a variety of collaboration systems.

Rick holds a masters degree in Urban and Regional Planning from California Polytechnic University, Pomona, and a bachelors degree in Environmental Sciences, from the University of California, Riverside.



Ryan Lester, Planner
Project Role: Project Planner

Ryan is a planner with an eye for design. A skilled user of industry-standard graphic design software, Ryan specializes in preparing accessible, user-friendly materials that present planning

concepts to the public in concise, easy-to-understand, and engaging ways. Ryan applies these skills while crafting existing conditions and trends analyses, objective design standards, land use alternatives analyses, and general plan elements for cities and counties throughout the state.

Additionally, Ryan specializes in objective design and development standards. In these projects, Ryan conducts stakeholder interviews, analyzes current guidelines, drafts objective standards, and produces informative graphics to illustrate key standards.

In seven years with Mintier Harnish, Ryan has worked on over a dozen General Plans and has contributed to nearly fifteen Housing Elements, including both 5th and 6th cycle updates. Ryan is currently drafting Objective Design and Development Standards for a half dozen cities/towns.

C. Qualifications and References

Relevant Experience:

- City of South Lake Tahoe
Objective Residential Design and Development Standards and Permit Process Streamlining for Residential Development
- City of Santa Clara
Comprehensive Zoning Code Update and Objective Design and Development Standards Update
- City of Ukiah Multi-Family
Objective Standards and Zoning Amendments for Housing
- City of Gilroy Zoning Ordinance Update and Objective Design and Development Standards Update
- Town of Windsor Multifamily
Objective Design Standards

References

City of South Lake Tahoe

Objective Design and Development Standards and Permit Process Streamlining for Residential Development

Mintier Harnish is assisting the City of South Lake Tahoe with preparing objective design and development standards and permit process streamlining for residential development. The Project objective is to establish clear and unambiguous, internally consistent, legally defensible residential development regulations that reflect contemporary South Lake Tahoe. The objective design and development standards will comply with the TRPA Code of Ordinances and requirements of State law and set the stage for continued positive change in the community. The Project includes close collaboration with City staff, stakeholder interviews, two community workshops, and coordination with a City Council/Planning Commission subcommittee. This project is slated for completion in December 2020.

Contact: Hilary Roverud, AICP
 Interim Director of Development Services
 City of South Lake Tahoe
 (530) 542-6024
 hroverud@cityofslt.us

City of Ukiah Objective Standards and Zoning Amendments for Housing

Mintier Harnish is currently preparing objective multifamily residential design standards and an update to the Ukiah Zoning Ordinance to address flexible standards for housing development. The objective design standards and zoning ordinance amendments will reflect changes in State law and implementation of the City's Housing Element, which was adopted in early 2020. Mintier Harnish is also leading a team to work with the City to update the General Plan. The update includes broad community engagement, visioning, alternatives, policy development and a Program EIR, will be prepared by Rincon Consultants. This project is slated for completion in June 2021.

Contact: Mireya G. Turner, MPA
Interim Senior Planner – Special Projects
Department of Community Development
300 Seminary Avenue, Ukiah, CA 95482
(707) 463-6203
mturner@cityofukiah.com

City of Gilroy Zoning Ordinance Update

Our team is currently preparing a comprehensive update of the City's Zoning Ordinance, as well as a comprehensive set of Objective Standards and an ADU Development Guidebook. This update is being undertaken in conjunction with an update of the General Plan. The Zoning Ordinance Update includes compliance with changes in Federal and State law and implementation of the updated General Plan. This project is slated for completion in December 2021.

Contact: Julie Wyrick
Customer Service Manager
City of Gilroy
(408) 846-0451
Julie.Wyrick@cityofgilroy.org

D. Comments on City Standard Consulting Services Agreement

We have reviewed the City's Standard Consulting Services Agreement and found it to be acceptable. We have no modifications to suggest at this time.

We will also adhere to the requirements of the LEAP Grant Program.

Appendix A: Budget

We have included our proposed project budget on the following page.

LAKEPORT OBJECTIVE DESIGN AND DEVELOPMENT STANDARDS UPDATE	MINTIER HARNISH					SUBTOTAL HOURS	TOTAL COSTS
	HARNISH Principal	GIBBONS Project Manager	RUST Housing Element Advisor	LESTER/M. GIBBONS Planner	Support		
Tasks							
Task 1: Initial Kick-Off Work Session and City Tour	8	8		8		24	\$4,440
Task 2: Stakeholder Interviews	8	8		8		24	\$4,440
Task 3: Joint Study Session	6	8				14	\$2,840
Task 4: Housing Element Evaluation and Analysis	4	10	12	10		36	\$6,570
Task 5: Community Design Assessment	2	6		8		16	\$2,650
Task 6: Review and Refinement	8	10		8		26	\$4,790
Task 7: Preparation of Objective Design and Development Standards	8	20		60		88	\$13,820
Task 8: Stakeholder Follow-up	4	4				8	\$1,660
Task 9: Accessory Dwelling Unit Ordinance	4	6		20		30	\$4,810
Task 10: Environmental Review	14					14	\$3,360
Task 11: Public Review and Adoption	8	16		8		32	\$5,840
Subtotal	74	96	12	130	0	312	\$55,220
Project Management							
Subtotal	8	28			20	56	\$8,920
TOTAL							
Total Hours	82	124	12	130	20	368	-
2021 Billing Rates (subject to change every January 1st)	\$240	\$175	\$205	\$140	\$105	-	-
Labor Subtotals	\$19,680	\$21,700	\$2,460	\$18,200	\$2,100	-	\$64,140
Direct Expenses (e.g., printing, travel)							\$1,000
TOTAL COST							\$65,140

1) This represents a total cost based on the provided scope of work.
 2) The distribution of hours between firms, staff categories, and tasks are an estimate. While the total costs will not change, the distribution of hours/costs may vary depending on actual execution.

Appendix B: Detailed Resumes

We have included our detailed resumes on the following pages.



JIM HARNISH, JD

PRINCIPAL/OWNER

EDUCATION

Juris Doctor
McGeorge School of Law,
University of the Pacific

Bachelor of Arts, History
University of California, Davis

CERTIFICATIONS/ AFFILIATIONS

California State Bar Association
(Bar No. 99326)

American Planning Association

Urban Land Institute

EXPERIENCE

Mintier Harnish
Principal/Owner

City of South San Francisco
Chief Planner

Sugnet & Associates
Vice President

City of Folsom
Community Development Director

City of Sacramento
Environmental Coordinator

Balfrey & Abbott
Attorney

Mintier Harnish & Associates
Partner

Sacramento Area Council of Governments
Planner

County of Sacramento
Planner

PROJECTS

General plans for over 23 cities and counties throughout California

Environmental impact reports for over 100 general plans and other projects

Zoning and subdivision ordinance revisions for several cities and counties

Jim Harnish is the Principal/Owner of Mintier Harnish. He has been a planner and project manager since 1970. He is also an attorney with extensive experience in land use and CEQA. He has managed public agencies and private consulting firms. He specializes in project management for general plans, specific plans, and large private planning projects; CEQA compliance and environmental document peer review; zoning and regulatory ordinance preparation; and public outreach and consensus-building.

Jim is currently Project Director on general plan updates for the cities of Gilroy, Los Gatos, Rohnert Park, American Canyon, and Livingston, and the counties of Fresno, Sierra, and Ventura, and zoning code updates for the cities of Folsom, Gilroy, and Santa Clara, and the counties of Fresno, Mariposa, Merced, and Sierra.

Jim's broad experience, in both the public and private sector, in land use planning, regulatory codes and ordinances, permit processing, environmental analysis, toxics and hazardous materials, wetlands and endangered species, and legal analysis enables him to bring a wealth of experience to every project.

Jim has extensive experience in supervising large planning staffs and managing interdisciplinary consultant teams on complex planning projects. Jim has managed or prepared general plans for the cities of Alturas, Folsom, Galt, Hayward, Healdsburg, Isleton, Sacramento, South San Francisco, Wheatland, and Windsor and the counties of Calaveras, Fresno, Merced, Modoc, San Benito, and San Joaquin.

He has managed the preparation of specific plans for Southwest Live Oak, the Mountain House New Town in San Joaquin County, and the Gold Rush Ranch in Sutter Creek. He also assisted Genentech with the preparation and approval of its South San Francisco Campus Master Plan and EIR. Jim has also prepared zoning ordinance updates for several jurisdictions, including, Kern, Sierra, and San Joaquin Counties and the cities of Folsom, Gilroy, Santa Clara, Santa Rosa, and South San Francisco.

Jim has been principal-in-charge of several regional planning projects in the San Joaquin Valley, including the San Joaquin Valley Blueprint implementation project, which included the Valley Planners Toolkit. He also managed the Metro Rural Loop Study for the Fresno Council of Governments and the San Joaquin Valley Greenprint II program.

Jim has managed the preparation of or conducted critical third party review of numerous EIRs and negative declarations. As Environmental Coordinator for the City of Sacramento, he led the restructuring of the City's environmental review procedures. He has worked extensively with State and Federal regulatory agencies in creating and negotiating Habitat Conservation Plans (Coalinga), 404 permits, and wetland mitigation plans.



BRENT GIBBONS, AICP

PROJECT MANAGER

EDUCATION

Bachelor of Science,
City and Regional Planning
Cal Poly, San Luis Obispo

CERTIFICATIONS/ AFFILIATIONS

American Institute of Certified Planners

American Planning Association,
Sacramento Valley Section

enCode user Certification

EXPERIENCE

Mintier Harnish
Project Manager, Associate

City of Turlock
Assistant Planner

Madera County
Planner II

San Mateo County Housing Authority
Housing and Community
Development (HCD) Intern

Hathaway Dinwiddie, Santa Clara
Project Engineer Intern

PROJECTS

General plans for the City of Gilroy,
the Town Los Gatos, the Town of
Windsor, and the Counties of Fresno,
Sierra County, and Ventura

SB244: Disadvantaged Communities
Report for Merced County

Zoning Ordinance updates for the
Counties of Fresno, Merced, and Sierra,
the Cities of Folsom, Gilroy and Santa
Clara, and the Placer County Sunset Area
Plan Implementing Zoning Regulations

Objective Design and Development
Standards for the Cities of Folsom, Gilroy,
South Lake Tahoe, and Ukiah, the town
of Windsor, and the county of Mariposa

Town of Windsor Housing Element Update

Brent Gibbons has been a planner in both the public and private sectors since 2013. He specializes in architectural applications, urban design, site design, land use planning, public policy, geographic information systems, regulatory code and ordinances, CEQA analysis, and community engagement.

Brent started his professional career as a Planner I with Madera County, which included the review of project plans with the zoning administrator, operating the front planning counter, and regularly evaluating setback variances and zoning permits. Brent was promoted to Planner II after a year, and managed projects with greater responsibility. His overall experience at Madera County included the intake of permits, zoning ordinance development, presentations to the Planning Commission, formation of community/area plans, and serving as the lead on solar facility and wireless tower projects. Brent also had the opportunity to serve on several committees pertaining to the drought and well water demand, as well as community park planning and design in conjunction with public health agencies. Additionally, Brent worked as an Assistant Planner for the City of Turlock where he conducted project permitting, development of maps, the General Plan Annual Report, and project management. His work included interfacing with a multitude of stakeholders ranging from community members to real estate developers.

Prior experience includes an internship with Hathaway Dinwiddie (Santa Clara office) in 2008 on the Solyndra Project, where Brent served as the onsite contact between the City of Milpitas and the Project Engineer. Tasks delegated included project permitting, editing plans, and construction administration. Brent also interned for the Housing Authority of San Mateo County, where he amended the HOME Affordability Covenant, performed HOME rent reviews for 2004-2009, and evaluated year-end fiscal performance data.

Brent holds a Bachelor's Degree in City and Regional Planning from California Polytechnic State University (Cal Poly), San Luis Obispo. While at Cal Poly San Luis Obispo, Brent served as the Associated Students in Planning (ASP) President, and the American Institute of Architecture Students (AIAS) President, where he sat on a national board that provided student connection to the American Institute of Architects (AIA). He represented Cal Poly at two international student architecture conferences in Minneapolis in 2009 and Toronto, Ontario, in 2010. Brent also was part of the project team that took 1st Place in the Bank of America Low Income Housing Challenge in 2012 for the Alere development.



RICK RUST, AICP, GISP

PRINCIPAL PLANNER

EDUCATION

Bachelor of Science, Environmental Sciences, UC Riverside, 1983

Masters of Urban and Regional Planning, California Polytechnic University, Pomona, 1990

CERTIFICATIONS/ AFFILIATIONS

American Institute of Certified Planners

Geographic Information Systems Professional

EXPERIENCE

Matrix Design Group, Inc.
Vice President

BRW / URS
Planning Director

Jones & Stokes
Associate Principal

Chambers Group
Planning Director

TRW
Socioeconomics Analyst

City of Norco
Planning Technician

PROJECTS

Housing Element Updates for cities and counties throughout California

General plans for cities and counties throughout California

Environmental impact reports for general plans and other plans

Zoning codes for several cities and counties

Rick Rust, AICP, GISP, has more than 38 years of experience in the management and preparation of general and comprehensive plans, housing elements, specific plans, zoning codes, and environmental compliance documents. His work is based on a comprehensive set of skills in community planning, downtown planning, urban design, economic development, environmental compliance, and community engagement. He also has an extensive background in the application of GIS technologies to planning.

For general and comprehensive plans, Rick brings extensive experience managing successful projects in California and nationwide. This mix of experience gives Rick insight into a wide range of issues and solutions developed in consultation with dozens of communities. The following is a partial listing of the general planning projects that Rick has managed or is currently managing:

- Del Norte County, CA, General Plan and EIR
- Fresno County, General Plan, Zoning Code Update, Objective Design Standards
- Kern County Existing Conditions, Policy Framework, SB 1000/SB 244
- Lake County, CA, General Plan, Zoning Code Update, EIR, Housing Element
- Tulare County, CA, General Plan and EIR
- Ventura County, CA General Plan, Zoning Code, EIR, Housing Element Sites Inventory
- City of American Canyon, General Plan and EIR
- City of Carlsbad Housing Element Update (6th-Cycle)
- City of Indio, CA General Plan, EIR, Housing Element
- City of Lincoln, CA, General Plan, Housing Element
- City of Los Gatos, CA, General Plan and EIR
- City of Oxnard, CA, General Plan and EIR, Housing Element
- City of Pleasant Hill, CA, General Plan and EIR
- City of Ridgecrest, CA, General Plan, EIR, Housing Element
- City of Rohnert Park, CA, General Plan and EIR
- City of San Luis Obispo, CA, Land Use and Circulation Elements
- City of Stockton, CA, General Plan, EIR, Infrastructure Master Plan, Housing Element
- City of Tulare, CA, General Plan
- City of Union City, CA, General Plan and EIR
- City of Newport, RI, Comprehensive Plan
- Hagåtña, GU, Master Plan, Design Guidelines, Zoning, Governance Plan
- Pennington County, SD, Comprehensive Plan
- City of La Junta, CO, Comprehensive Plan
- Town of Lochbuie, CO, Comprehensive Plan and Land Development Code

Rick also has extensive experience in active public participation, such as workshops, charrettes, surveys, and in presenting technical issues in a simple and understandable manner at public meetings and hearings. This includes extensive experience in successful electronic outreach methods, specializing in ArcGIS online applications, website design and development, online surveys, and use of a variety of collaboration systems.



RYAN LESTER

PLANNER

EDUCATION

Master of Arts, U.S. Social and Cultural History
California State University, Sacramento

Bachelor of Arts, U.S. History
California State University, Sacramento

EXPERIENCE

Mintier Harnish
Planner

The League of California Cities
Member Services Representative

PROJECTS

General Plans for the Cities of American Canyon, Folsom, Gilroy, Kerman, Millbrae, Pleasant Hill, Sacramento, Ukiah, and Union City, the Towns of Los Gatos, Truckee, and Windsor, and the Counties of Fresno, Kern, and Ventura

Housing Elements for the Cities of American Canyon, Isleton, Livingston, Madera, Mt. Shasta, Patterson, Shasta Lake, Tulare, and Walnut Creek, the Town of Moraga, and the Counties of Fresno, Madera, Merced, and San Joaquin

Zoning Code Updates for the Cities of Folsom and Santa Clara, and the County of Merced

Objective Design and Development Standards for the cities of Folsom, Gilroy, Santa Clara, South Lake Tahoe, and Ukiah, the town of Windsor, and Fresno County

Additional Projects:

San Joaquin County Greenprint Phase II, SMUD Environmental Sustainability Plan, Sunset Area Plan Update (Placer County)

SOFTWARE/ WEB DESIGN

Adobe Illustrator, InDesign, Photoshop
HTML and CSS
Microsoft Office

Ryan Lester is a planner with an eye for design. A skilled user of industry-standard graphic design software, Ryan specializes in preparing accessible, user-friendly materials that present planning concepts to the public in concise, easy-to-understand, and engaging ways. Beyond research and writing, he designs branding, builds project websites, produces digestible engagement materials and infographics, and constructs Bang the Table/EngagementHQ project sites for a variety of projects.

In seven years with Mintier Harnish, Ryan has worked on General Plans for the Cities of American Canyon, Folsom, Gilroy, Kerman, Millbrae, Pleasant Hill, Sacramento, Ukiah, and Union City, the Towns of Los Gatos, Truckee, and Windsor, and Fresno, Kern, and Ventura Counties, and has contributed to more than a dozen Housing Element Updates. Ryan is also currently crafting objective design and development standards for the cities of Folsom, Gilroy, Santa Clara, South Lake Tahoe, and Ukiah, the Town of Windsor, and the County of Fresno.

Ryan holds a Master's Degree in U.S. Social and Cultural History from California State University, Sacramento, as well as a Bachelor's Degree in U.S. History from the same institution.

Mintier Harnish

City Housing Element Experience



- | | | |
|-----------------|------------|------------------|
| Alameda | Fowler | Mt. Shasta |
| American Canyon | Fresno | Newman |
| Benicia | Galt | Parlier |
| Carlsbad | Gilroy | Patterson |
| Ceres | Hayward | Placerville |
| Clayton | Healdsburg | Point Arena |
| Clovis | Hughson | Reedley |
| Coalinga | Huron | Rohnert Park |
| Crescent City | Isleton | Sacramento |
| El Cerrito | Kerman | Sanger |
| Eureka | Kingsburg | Selma |
| Folsom | Livingston | Shasta Lake |
| | Lodi | Sonoma |
| | Madera | South Lake Tahoe |
| | Manteca | Stockton |
| | Mendota | Sutter Creek |
| | Menlo Park | Tulare |
| | Moraga | Union City |
| | | Visalia |
| | | Walnut Creek |
| | | West Sacramento |
| | | Wheatland |
| | | Windsor |
| | | Winters |
| | | Woodland |

- City/Town Housing Element
- County Housing Element

County Housing Element Experience

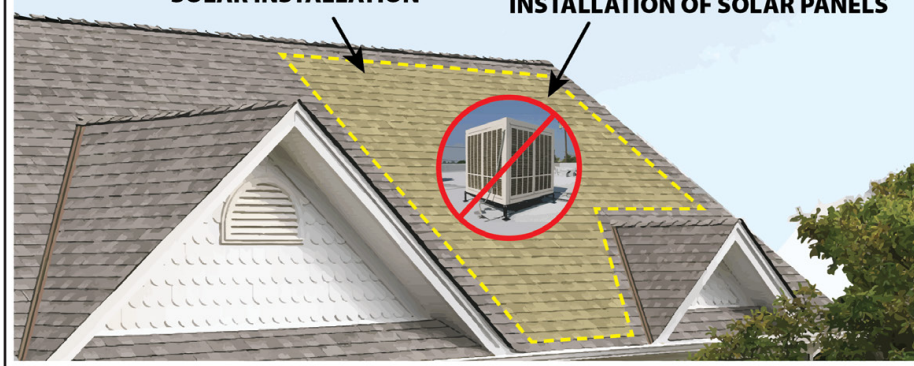

- | | | | |
|-----------|--------|-------------|--------|
| Butte | Fresno | Merced | Sierra |
| Calaveras | Lake | Placer | Yolo |
| Del Norte | Madera | San Joaquin | |

Appendix C: Objective Design and Development Standards Graphics

STRUCTURES SHALL BE DESIGNED TO ALLOW FOR INSTALLATION OF ALTERNATE ENERGY TECHNOLOGIES

SPACE ALLOWED FOR SOLAR INSTALLATION

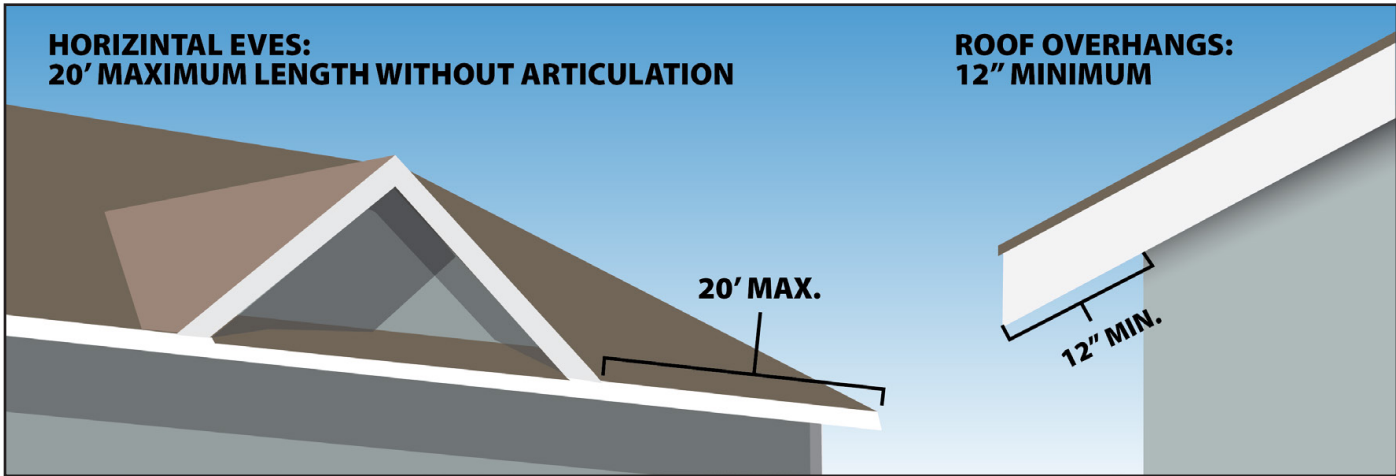
ROOF-MOUNTED EQUIPMENT MUST NOT PRECLUDE THE INSTALLATION OF SOLAR PANELS

SOLAR TECHNOLOGY: SHALL BE INSTALLED IN ACCORDANCE WITH THE STATE FIRE MARSHAL SAFETY REGULATIONS AND GUIDELINES.

HORIZONTAL EAVES: 20' MAXIMUM LENGTH WITHOUT ARTICULATION

ROOF OVERHANGS: 12" MINIMUM



VEGETATION: 3' MAX. HEIGHT ADJACENT TO PEDESTRIAN PATHS AND BUILDING FACADES

TREE PLANTINGS SHALL BE EQUIVALENT TO A 15-GALLON CONTAINER OR LARGER

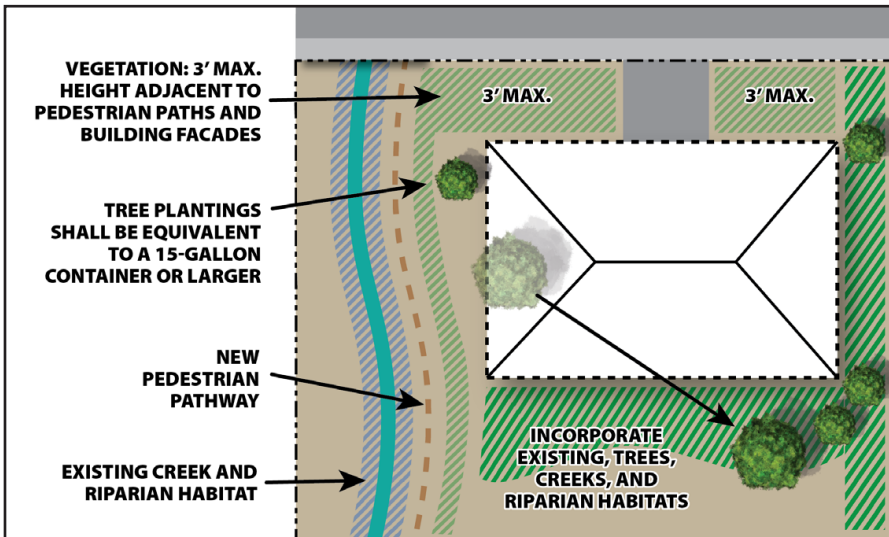
NEW PEDESTRIAN PATHWAY

EXISTING CREEK AND RIPARIAN HABITAT

3' MAX.

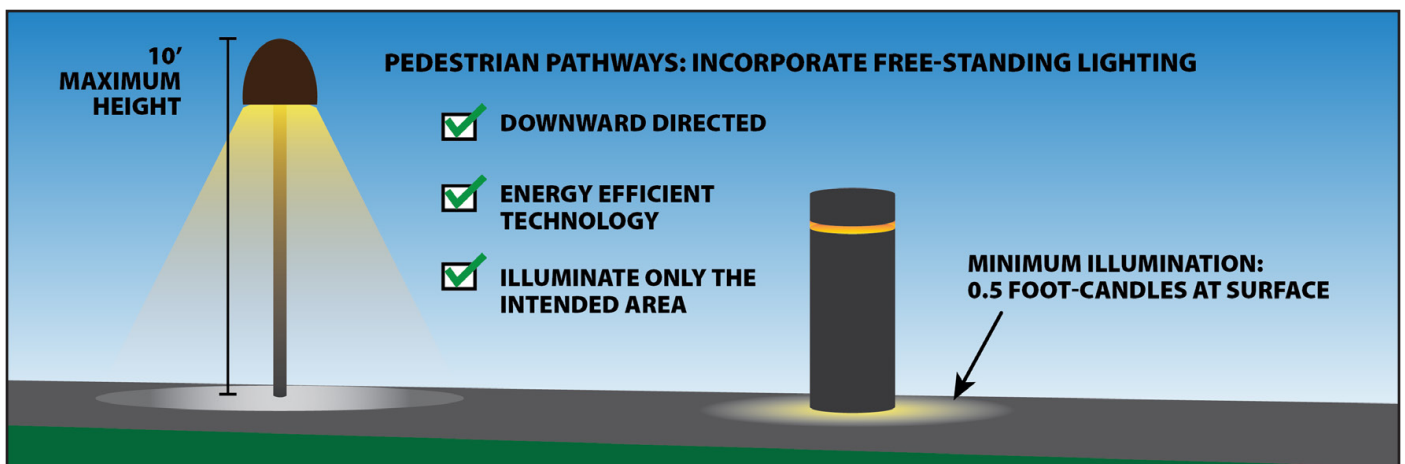
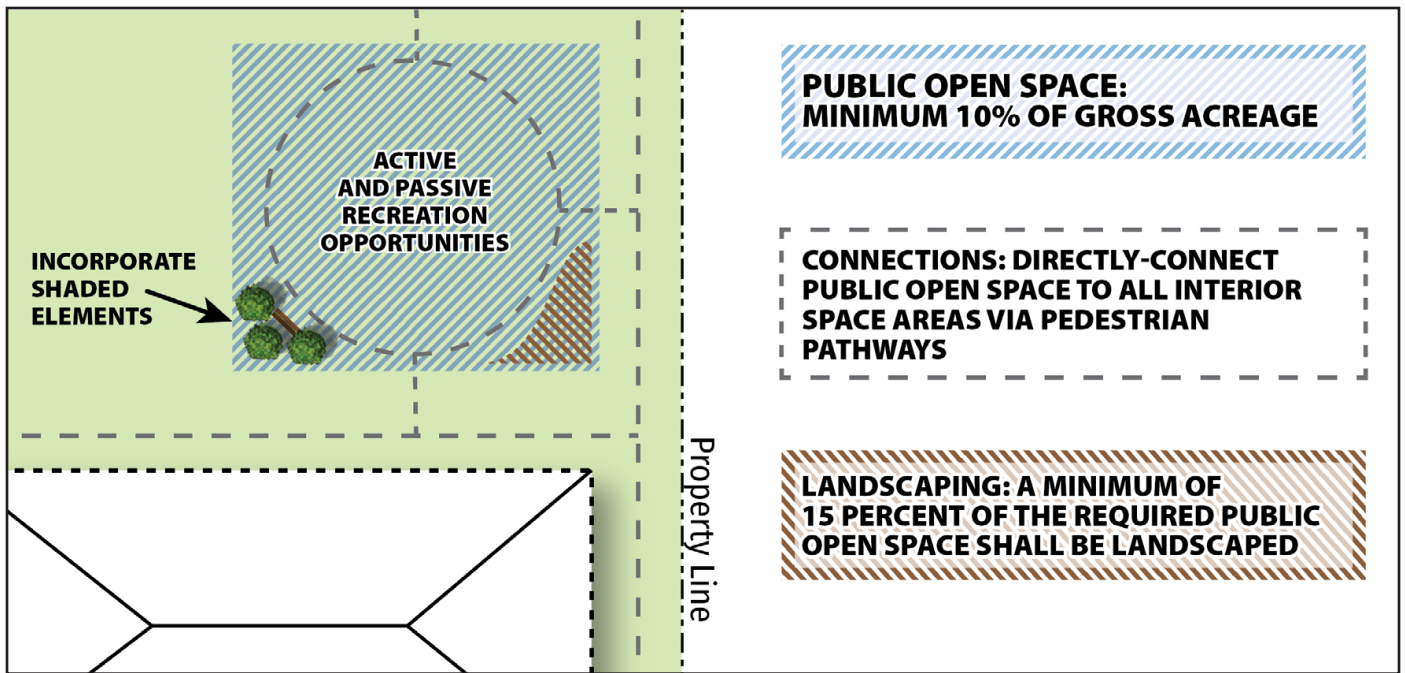
3' MAX.

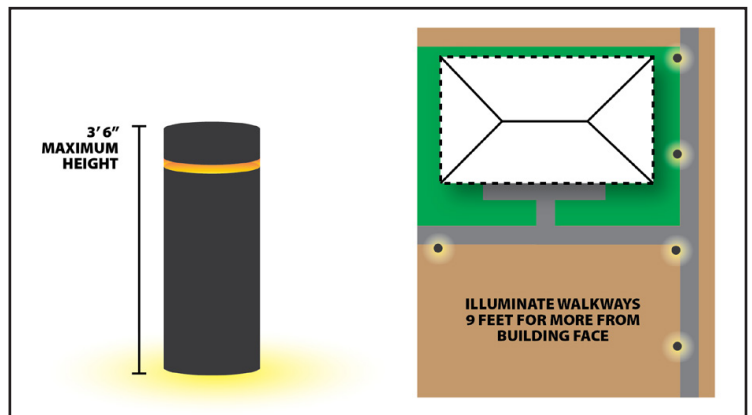
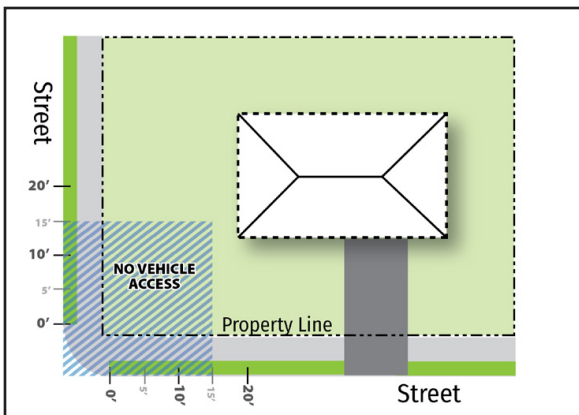
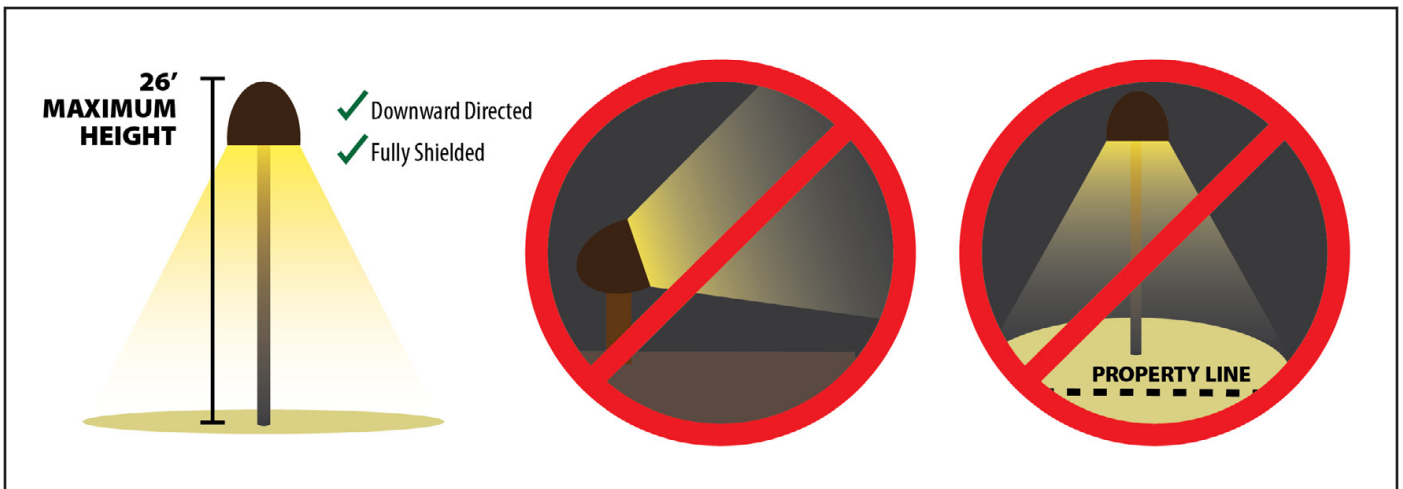
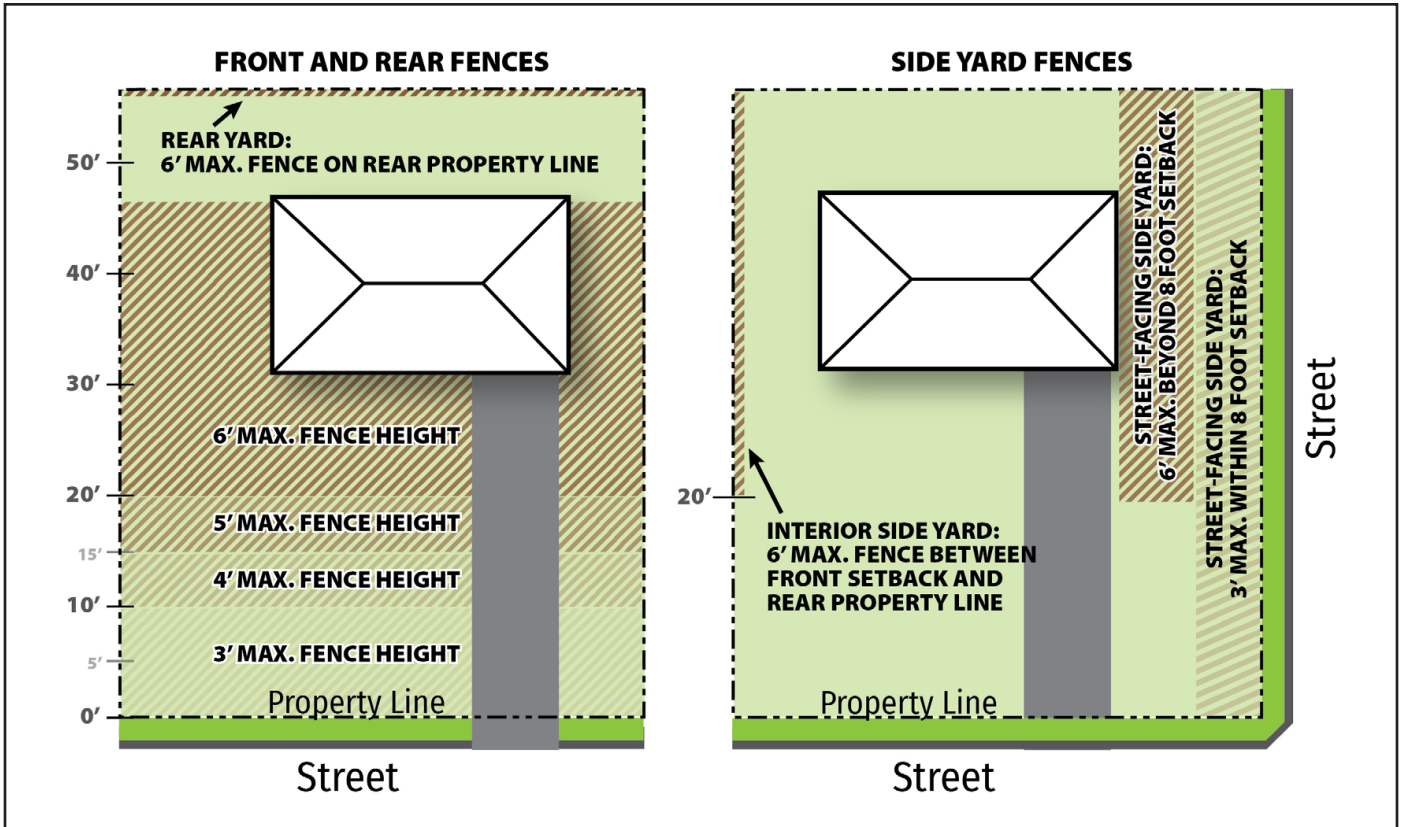
INCORPORATE EXISTING, TREES, CREEKS, AND RIPARIAN HABITATS



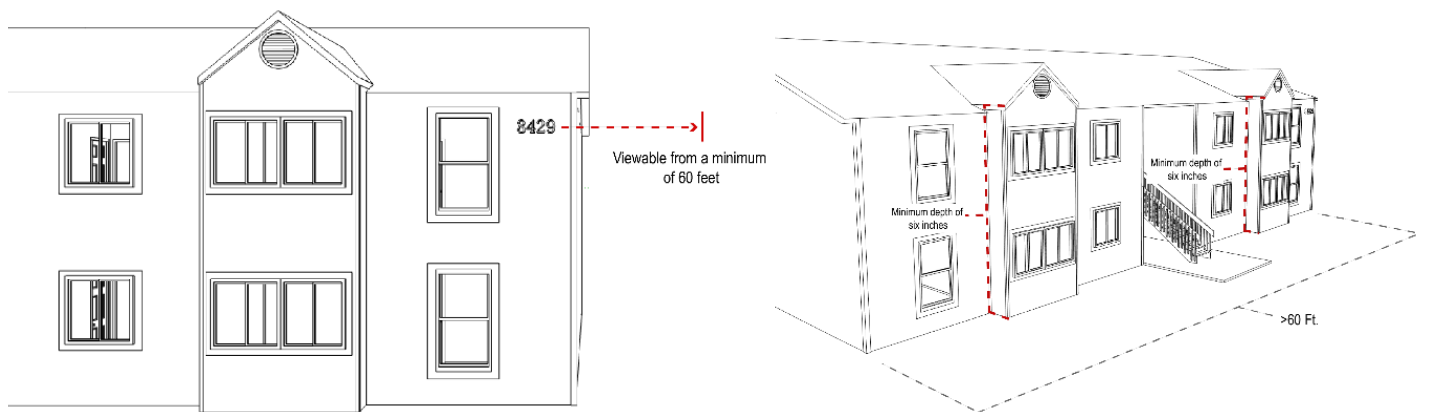
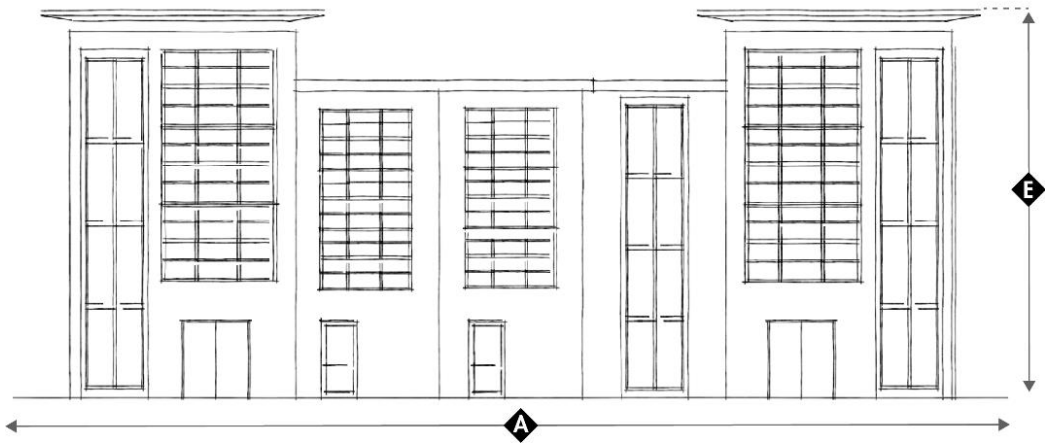
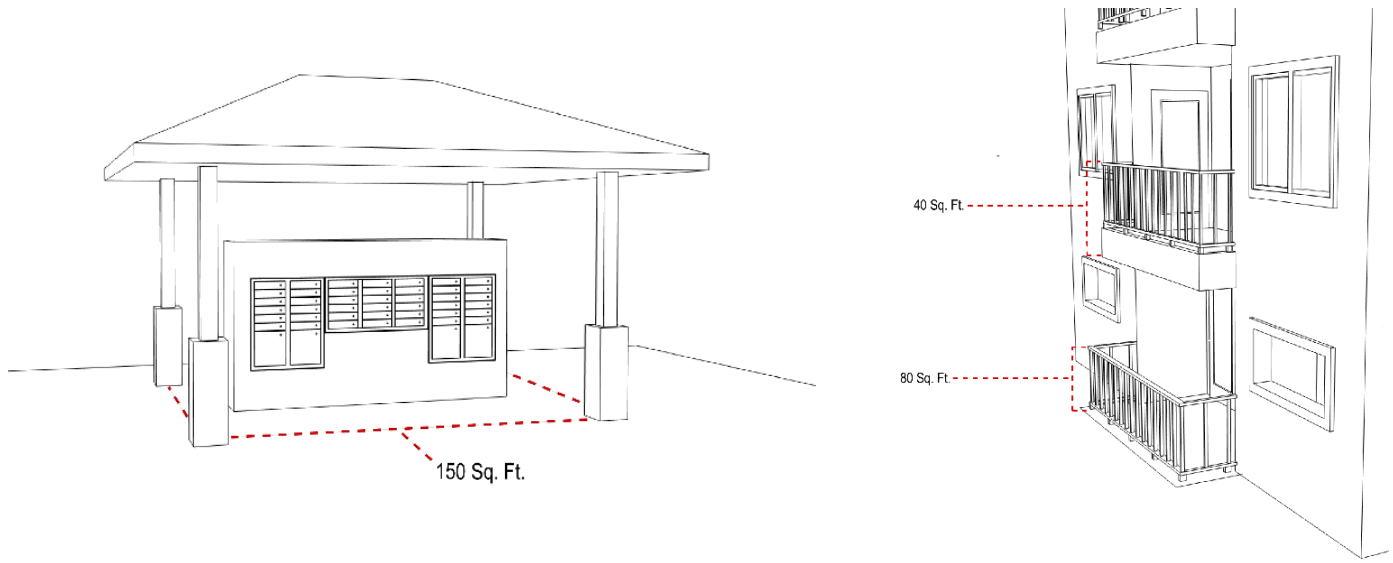
IRRIGATION: INCLUDE AN AUTOMATED IRRIGATION SYSTEM WITH A MINIMUM OF 75% DRIP IRRIGATION

PLANT SELECTION: MINIMUM 75 PERCENT NATIVE, DROUGHT-TOLERANT PLANTS AND/OR FLOWERING PLANTS.





Zoning Structure Graphics with Minimal Architectural Detail





CITY OF LAKEPORT

- City Council
- City of Lakeport Municipal Sewer District
- Lakeport Redevelopment Successor Agency
- Lakeport Industrial Development Agency
- Municipal Financing Agency of Lakeport

STAFF REPORT	
RE: Community Development Block Grant – Disaster Relief	MEETING DATE: 3/2/2021
SUBMITTED BY: Jennifer M. Byers, Community Development Director; Nicholas Walker, Finance Director	
PURPOSE OF REPORT: <input type="checkbox"/> Information only <input checked="" type="checkbox"/> Discussion <input checked="" type="checkbox"/> Action Item	

WHAT IS BEING ASKED OF THE CITY COUNCIL/BOARD:

The City Council is being requested to adopt a Resolution approving an Allocation of Funding and the Execution of a Grant Agreement and any Amendments thereto from the Community Development Block Grant – Disaster Relief (CDBG-DR) Program.

BACKGROUND/DISCUSSION: Due to the 2018 Mendocino Complex Fire, which threatened the City Lakeport for over a week and resulted in the mandatory evacuation of all City businesses and residents, several allocations of Disaster Recovery funds have been allocated through the CDBG program. The City of Lakeport is eligible for \$2,433,284 as part of the Multi-Family Housing Program. This funding must be used to develop multifamily housing. The program is administered through the state department of Housing and Community Development (HCD). While the process is frustratingly slow, it is moving forward, but in order to proceed in the process, the City needs to submit its due diligence package, which includes a Council resolution. While there is still time to decide which final project would be the best use of the funds, the City has several developers interested in proposing housing projects for these funds. The City does not need to determine the use of the funds at this time, but the funds must be spent within the City of Lakeport.

Further information about the funding program can be found here: [Community Development Block Grant Program \(CDBG\) - Disaster Recovery \(DR\) \(ca.gov\)](#)

[While the resolution being presented for approval authorized the City Manager to execute a Master Standard Agreement, staff plans to bring back the referenced Master Standard Agreement for approval prior to execution by the City Manager.](#)

OPTIONS:

1. Direct staff to proceed with the preparation of the CDBG-DR application.
2. Take no action or provide other direction to staff.

FISCAL IMPACT:

None \$ Budgeted Item? Yes No

Budget Adjustment Needed? Yes No If yes, amount of appropriation increase: \$

Affected fund(s): General Fund Water OM Fund Sewer OM Fund Other: Fund

The City’s grant consultant for CDBG, Adams Ashby Group, will be preparing the application. The application cost is an eligible expenditure under the City’s open contract with general administration funds. It is believed that the grant will have enough funds to cover this cost with no additional funds being needed. If awarded, CDBG funds are a 100% grant with no matching fund requirements. Up front expenditures for preparation of any bids and specifications by the City Engineer or other consultants may be required. If awarded these funds may be eligible for reimbursement (OTC Projects).

SUGGESTED MOTION:

Move to Adopt the Resolution Approving an Allocation of Funding and the Execution of a Grant Agreement and any Amendments thereto from the CDBG-DR Program

- Attachments:**
1. Resolution approving an Allocation of Funding and the Execution of a Grant Agreement

RESOLUTION NO. ___

A RESOLUTION APPROVING AN ALLOCATION OF FUNDING AND THE EXECUTION OF A GRANT AGREEMENT AND ANY AMENDMENTS THERETO FROM THE CDBG-DR PROGRAM

BE IT RESOLVED by the **City Council** of the **City of Lakeport** as follows:

SECTION 1:

The City Council has reviewed the State of California's CDBG-DR Action Plan for 2018 disasters, which allocates funds to the City and hereby approves the execution of a Master Standard Agreement ("Agreement") in the aggregate amount, not to exceed, \$2,433,284 ("Grant").

The City Council agrees to perform the following activities, as further detailed in the Agreement, as a means to facilitate the development of multifamily housing (rehabilitation, reconstruction, or new construction), pursuant to the Disaster Recovery Multifamily Housing Program (DR-MHP) Policies and Procedures:

- Implement a project solicitation process to receive multifamily development project applications from Developers;
- Underwrite, select, and prioritize those projects in accordance with the DR-MHP Policies and Procedures;
- Submit those selected and prioritized project applications to the Department; and
- Oversee and monitor the construction and lease up of Department approved projects during the construction period through the affordability period.

SECTION 2:

The City hereby authorizes and directs the City Manager to enter into, execute and deliver the Agreement and any and all subsequent amendments thereto with the State of California for the purposes of the Grant.

SECTION 3:

The City Manager is authorized to execute and deliver all project applications or any and all related documentation, as needed for the purpose of effectuating the terms of the Agreement; and to act on the City's behalf in all matters pertaining to all such applications and documentation necessary to carry out the Agreement.

SECTION 4:

If an application is approved, the City Manger is authorized to enter into, execute and deliver the Notice(s) to Proceed, and any and all subsequent amendments thereto with the State of California for the purposes of the Grant.

SECTION 5:

If an application is approved, the City Manger or designee is authorized to sign and submit Funds Requests and all required reporting forms and other documentation as may be required by the State of California from time to time in connection with the Agreement for purposes of the Grant.

PASSED AND ADOPTED at a regular meeting of the **City Council** of the **City of Lakeport** held on March 2, 2021 by the following vote:

AYES:

NOES: None

ABSENT: None

ABSTAIN: None

Kenneth Parlet, II, Mayor

STATE OF CALIFORNIA

City/County of Lake

I, Kelly Buendia, City Clerk of the City of Lakeport, State of California, hereby certify the above and foregoing to be a full, true and correct copy of a resolution adopted by said City Council on this 2nd day of March, 2021.

Kelly Buendia, City Clerk of the City of Lakeport, State of California



CITY OF LAKEPORT

- City Council
- City of Lakeport Municipal Sewer District
- Lakeport Redevelopment Successor Agency
- Lakeport Industrial Development Agency
- Municipal Financing Agency of Lakeport

STAFF REPORT	
RE: Comprehensive Annual Financial Report (CAFR), Fiscal Year 2019-20	MEETING DATE: 03/02/2021
SUBMITTED BY: Nicholas Walker, Finance Director	
PURPOSE OF REPORT: <input checked="" type="checkbox"/> Information only <input type="checkbox"/> Discussion <input type="checkbox"/> Action Item	

WHAT IS BEING ASKED OF THE CITY COUNCIL/BOARD:

The City Council, City of Lakeport Municipal Sewer District and the Lakeport Redevelopment Successor Agency is being asked to receive and file the City’s CAFR and Single Audit Report for the fiscal year ended June 30, 2020.

BACKGROUND/DISCUSSION:

Management is pleased to present the City’s CAFR for the year ended June 30, 2020. This document is the official, audited financial report of the City and includes the audit report from the City’s external, independent auditor, JJACPA. It was issued on February 5th, 2020 and has been posted to the City’s website.

The information presented throughout the year has not been materially revised in the CAFR, and the auditor recommended no significant changes to the City’s financial report. A letter in this regard from the City’s auditor to the City Council is attached.

The CAFR communicates the City’s financial condition and activity in a transparent and organized manner and in compliance with accounting and financial reporting standards established by the Governmental Accounting Standards Board (GASB). The report presents historical and comparative information that can be useful to City staff, elected officials, and external users such as debt rating agencies, businesses, other public agencies, and the City’s residents. The most recent CAFR and 8 years of prior year reports are available on the City’s Finance website at:

https://www.cityoflakeport.com/finance_it_and_utility_accounts_and_billing/publications_finance.php#outer-306

As required by California Government Code sections 25250 and 25253, financial statements are prepared by the City and audited by independent auditors. The City selects its independent auditor through a competitive procurement process. The City’s current independent auditor is Joe Arch CPA, Inc. (JJACPA).

The quality of the City’s financial reporting and the CAFR are measured in two ways: (1) an unmodified audit report by the independent auditors; and (2) the Certificate of Achievement for Excellence in Financial Reporting, awarded by GFOA. The attainment of the latter is the highest form of recognition in governmental accounting and financial reporting.

Auditors follow audit industry standards established by the American Institute of Certified Public Accountants (AICPA). These standards require auditors to provide an opinion on specific areas of the City’s financial statements based on observations, inquiries, testing of transactions, and analysis.

The City's CAFR includes the following major sections and information:

Introductory Section

- Letter of Transmittal – prepared by management and used to communicate information on areas that may have an impact on the City's finances now and in the future. This includes economic factors as well as budget and management factors.

Financial Section (the main body of the CAFR for current year information)

- Independent Auditors' Report – the City's report card on the content of the CAFR
- Management's Discussion and Analysis (MD&A) – provides an analytical overview of the City's financial status and results for the year
- Basic Financial Statements – reports finances at a point in time (assets - liabilities) and throughout the year (revenues - expenditures), and cash flows
- City-Wide Statements – overview of financial information including all of the City's operations by financial activity
- Fund Financial Statements – a detailed look at funds, reporting the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance
- Notes to the Financial Statements (Notes) – a narrative explanation that accompanies the Basic Financial Statements

Required Supplementary and Supplementary Information Sections

- Budget to Actual Comparisons – for all governmental funds with a legally adopted budget
- Notes to Required Supplementary Information
- Pension Information – schedule of changes in the net pension liability and related ratios; schedule of contributions by plan
- OPEB Information – schedule of changes in the net Other Post-Employment Benefits (OPEB) liability and related ratios; schedule of contributions
- A breakout of individual non-major funds – for funds that were presented in a cumulative manner in the Financial Section

Statistical Section (current and historical information – up to 10 years)

- Financial Trends
- Revenue Capacity Information
- Debt Capacity Information
- Demographic and Economic Information
- Operating Information

The attached CAFR for FY 2019-20 has received an unmodified opinion by JJACPA. An unmodified opinion communicates that the financial statements are fairly presented and that the information used in the report is reliable. In their written communications to Council (Attachment B), the auditors note that they encountered no significant difficulties with management in performing or completing the audit. Statement on Auditing Standards (SAS) 114 establishes standards for the auditors' communication with those charged with governance.

The Single Audit (attachment C), also known as the OMB Uniform Guidance, is an organization-wide audit of an entity that expends \$750,000 or more in federal financial assistance annually. Local governments are required to obtain an audit pursuant to the Federal Single Audit Act Amendments of 1996 (31 U.S.C. 7501-7507). These audits are performed in accordance with Generally Accepted Governmental Auditing Standards and are an assessment of internal controls over federal programs, a test of how those controls are working, and tests for compliance with federal requirements.

SAS 115 provides guidance on communicating matters related to the City's internal controls over financial reporting that have been identified in an audit of the financial statements. These statements require the auditors to consider and report on internal controls, significant audit findings, and other matters as prescribed in the standards as they relate to the audit of the financial statements. The letters that satisfy the SAS requirements are also included in attachment C.

OPTIONS:

Receive and file the communication letter, CAFR and single audit for the fiscal year 2019-20.

FISCAL IMPACT:

None \$ Budgeted Item? Yes No

Budget Adjustment Needed? Yes No If yes, amount of appropriation increase: \$

Affected fund(s): General Fund Water OM Fund Sewer OM Fund Other:

Comments:

SUGGESTED MOTIONS:

Move to accept the CAFR for the year ended June 30, 2020.

- Attachments:**
- A. Lakeport CAFR, 2019-20
 - B. Auditor Communications Letter to Those Charged with Governance
 - C. Lakeport Single Audit Report



COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF LAKEPORT, CALIFORNIA
FISCAL YEAR ENDED JUNE 30, 2020



COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of Lakeport, California
Fiscal Year Ended June 30, 2020

Prepared By
Finance Department
City of Lakeport



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City of Lakeport, California
 Comprehensive Annual Financial Report
 For the year ended June 30, 2020

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Introductory Section



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MEMORANDUM

DATE: February 5, 2021

TO: Citizens of the City of Lakeport
Honorable Mayor and Members of the City Council and City Manager

FROM: City Manager Kevin M. Ingram

RE: Presentation of the Comprehensive Annual Financial Report

California Government Code sections 25250 and 25253 require that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. The Comprehensive Annual Financial Report (CAFR) of the City of Lakeport (City) for the fiscal year ended June 30, 2020, is hereby published to fulfill that requirement.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that are established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The City's basic financial statements have been audited by JJACPA, Inc., an accounting firm fully licensed and qualified to perform audits of local governments within the State of California. The financial statements included in this report were audited in accordance with generally accepted auditing standards and government auditing standards. The independent auditors concluded that there was a reasonable basis for rendering an unmodified ("clean") opinion that the City's basic financial statements for the fiscal year ended June 30, 2020 are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

As the City did expend over \$750,000 of federal money during this reporting period, and will be required to conduct a broader, federally mandated CFR 200 Uniform Guidance "Single Audit" designed to meet the special needs of federal grantor agencies. This report will be provided by the independent auditor in a separate document.

Management's Discussion and Analysis (MD&A) immediately follows the report of the independent auditors and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A was designed to complement this letter of transmittal and should be read in conjunction with it.

This report combines the financial statements of the City, the Successor Agency to the Lakeport Redevelopment Agency (Successor Agency), and the City of Lakeport Municipal Sewer District (CLMSD) in accordance with principles defining the governmental reporting entity adopted by the Governmental Accounting Standards Board (GASB). The financial operations of the Successor Agency and CLMSD, though legally separate from the City, are closely related to the City. The City Council members serve as the governing board of the CLMSD, which is presented as a blended component unit in the financial statements. Component units are legally separate entities for which the primary government is financially accountable. For a more detailed overview of the City's component units, see the Management Discussion and Analysis (MD&A) and the Notes to the Basic Financial.

Profile of the Government

The City of Lakeport is a partial service city (as opposed to full service) in that it provides most typical municipal functions, including public safety (police), public works, community development and parks and recreation. In addition, the City provides water and wastewater services. It does not provide library or fire protection, as those are activities of the County of Lake and the Lakeport Fire Protection District, respectively.

It operates in a council-manager form of government, whereby the council serves as the legislative body and the City Manager its executive. The City Manager is responsible for directing and supervising the administration of all departments of the City, to ensure that laws, ordinances, orders, resolutions, contracts, leases, and franchises are enforced and executed, and for appointing all City employees.

The Lakeport City Council consists of five members, elected at-large to four-year overlapping terms. Council members must be residents of the City. The positions of Mayor and Mayor Pro Tem are chosen by the Council through its own policy. The Mayor conducts the Council meetings and represents the City in ceremonial occasions.

The City Council serves as the policy board for the municipality. It provides policy direction, establishes goals, and sets priorities for the City government. In addition to serving as the policy makers for the community, the City Council also is responsible for numerous land use decisions within its borders, including the General Plan. The City Council appoints the City Manager, City Attorney, City Clerk, and all members of advisory boards and commissions.

Incorporated on April 30, 1888 as a general law city, Lakeport serves as the administrative seat for the County of Lake and with a residential population of 4,806¹ in a 2.4 square-mile area, Lakeport is graced with a strong business base and a well-established residential community.

Lakeport is a travel and recreation-oriented destination and fortunate to have a large area serving as a hub for recreational activities for Lake County. The Lakeport business environment is positive and well organized. Driven by an active chamber of commerce, local businesses are community-oriented and engaged in City-business partnerships, including Main Street renovations, façade improvements, events and promotions. The

¹ 2020 California Department of Finance, Demographic Research Unit, E-1 Population Estimates for Cities, Counties and the State, January 1, 2020.

City's primary retail trade area population is approximately 63,583 and includes the communities surrounding Clear Lake and up to Cobb Mountain². Lakeport's historic downtown area is the center of commercial activity within the community. There are also commercial areas located along all the primary corridors leading into Lakeport including: Lakeport Boulevard, Parallel Drive, Eleventh Street, North High Street, and South Main Street.

The annual budget provides a comprehensive statement of the City's organization, operations and resources and it expresses City Council and CLMSD Board policies and priorities in all areas of the City's operations. The budget process is the vehicle through which the City establishes goals and objectives, and prioritizes the desired programs or services that the City should provide, and which can be financed by the City's projected revenue for the budget year. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). It is the means through which policy decisions are made, effected, controlled and monitored. Department heads submit budget requests to the City Manager. The City Manager prepares an estimate of revenues and prepares recommendations for the next year's budget. The preliminary budget may or may not be amended by the City Council and is adopted by resolution by the City Council on or before June 30.

In addition to the budget planning process, the City maintains budgetary controls. The City's objective in maintaining budgetary control is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The City Manager is authorized to transfer budgeted amounts within funds as deemed necessary in order to meet the City's needs subject to policy defined in the City's Administrative Regulations. The City Council may amend the budget by resolution during the fiscal year.

Citywide Achievements in FY 2019/20

The economic uncertainties created as a result of the COVID-19 global pandemic cast a shadow over the last quarter of the 2019/20 fiscal year. In anticipation of reduced revenues resulting from the Governor's and local public health issued stay-at-home orders, the City of Lakeport pre-emptively enacted a number of spending cuts principally to capital improvement projects.

In addition to the uncertainties brought on by the COVID-19 pandemic, local businesses and residents continue to struggle economically with the rebuild efforts of the past several years of record wildfire activity and destruction in the region. These recovery efforts have been further aggravated by frequent PG&E Public Safety Power Shutoff (PSPS) events scattered throughout the summer and fall months. In 2019 alone, the region was without electrical power for more than a dozen days as a result of a series of PG&E PSPS events. The greatest of which lasted for seven (7) consecutive days.

Despite these economic hardships the City was still able to complete work on a number capital improvement projects, and make progress on various public safety and economic development related initiatives. These projects and initiatives are highlighted in more detail below:

Capital Projects: Fiscal Year 2019/20 saw the completed reconstruction of the Library Park seawall, damaged in the 2017 winter storms, and completed the first installment of the lakefront promenade adjacent to the wall. The City was also able to continue to make progress on the improvement of pedestrian and roadways within the downtown area with the installation of new sidewalk, lighting, landscaping and roadway improvements along Second Street between Main and Park Streets in front of City Hall. The City also completed the

² Retail Market Profile 2019, Prepared by The Retail Coach on behalf of the City of Lakeport, August 2019.

reconstruction of a segment of Main Street between Peckham Court, the last segment in the rehabilitation of the portion of South Main Street from Lakeport Boulevard to the City Limits. A number of other improvements to local roadways also occurred this past fiscal year including; repaving of First Street (between Park and Main), the repaving of Fourteenth Street (between Orchid & Palm) and chip-seal added to rural roadways including Berry and Armstrong Streets.

In most instances, improvements to water and sewer infrastructure accompanied the aforementioned roadway improvements. These utility upgrades included: the installation of 350 feet of water main along Berry Street, extension of the 14-inch water Main along South Main Street between Peckham Court and the City limits, and the replacement of over 250 feet of water and sewer line on Second Street between Main and Park Streets. Other notable utilities related capital improvement projects completed in FY 2019/20 included the installation of flow meters at the Larrecou lift station, fencing around solar panels at the wastewater treatment plant and the purchase of a Skid Steer for blackberry mitigation to ensure the proper functioning of wastewater spray fields.

Public Safety Programs: Recruitment and retention of law enforcement officers remains challenging at both the local and national level. Despite this the City was able to fill two vacant law enforcement officer positions this year through the hiring of local community members and sending them to the academy to complete their training. This program has the added benefit of increasing officer retention and better community relations through the employment of individuals with existing ties to the local area.

Economic Development Initiatives. The City was awarded \$5,900,000 through the Statewide Park Development and Community Revitalization Grant Program funded through Proposition 68 for the development of new lakefront park. The park is to be located on approximately six (6) acres located on the old Natural High property (800 and 810 North Main Street). The City has already purchased the property from the Lakeport Unified School District and construction is slated to begin in early 2021. The City also completed the installation of Public-WiFi network in the downtown and Library Park area. The WiFi network is free to all users in the downtown and lakefront area. The City also completed land use entitlements for the second phase of the Martin Street Apartments project adding an additional 48 units of affordable housing to the City's overall housing inventory. Construction on the new units is progressing and will be completed in early 2021. Additionally, the City secured \$650,000 in CDBG grant monies for the construction of pedestrian off-site improvement providing better connectivity between the Martin Apartments and other areas of the City.

Economic Condition and Fiscal Outlook

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates. Understanding that property and sales taxes generate the City's largest two sources of revenue, it is important to look at the economy in the context of people's wherewithal for producing general fund tax revenues.

Lake County's economy has seen a continual slow recovery following the Great Recession of 2008-09. This recovery is best evidenced by slight improvements in the unemployment rate, consumer spending (through sales tax analysis), building permits, and planning work for the past several years. However, this recovery was interrupted this past year by the COVID-19 pandemic and the accompanying economic uncertainty due to State and Local Public Health Orders that have severely restricted economic commerce. The City is hopeful that these economic setbacks will be short lived but concern grows as the State and Local restrictions to control the pandemic continue. The City enacted a number of budget cuts primarily to capital improvement

projects that were not grant funded. At this time these actions have been adequate to keep City finances stable through the course of the ongoing pandemic.

Despite the economic uncertainties brought on by the COVID-19 pandemic, the City remains committed to an economic development and fiscal strategy intended to help promote Lakeport's long-term fiscal stability. This effort has included the implementation of revised financial policies and guides management's approach to debt structuring, capital improvement planning, labor negotiations, and service delivery.

According to the State of California Employment Development Department Labor Market Information, the City saw a drastic increase in unemployment as a result of the COVID-19 pandemic. As of June 30, 2020, the unemployment was 11.7% compared to 4.9% at the end of the previous fiscal year. The 4.9% rate was the lowest unemployment rate in at least the last 10 years.

Sales and use taxes decreased by \$184k or 5%. This reduction is a direct result of shelter-in-place orders issued by the state and local health officers in response to the COVID-19 global pandemic.

Median home prices increased 15% to \$298,800 over June 2017 (according to the California Association of Realtors). Total property taxes increased slightly as the housing market continues to recover.

Overall revenue results for FY 2019/20 improved positively over the prior year. Pension costs, energy market volatility and actions by the federal and state governments, continue to cause concern about the sustainability of a healthy economy. The City, along with governments at all levels, remains under pressure to contain operating expenditures to ensure that such costs do not grow at a rate that exceeds revenue growth. A balanced budget in the short- and long-term can quickly become unbalanced if costs are not managed closely. Many of the current economic uncertainties however are offset by positive economic developments, leading to an overall outlook of cautious optimism.

Long-term Financial Planning

For the City, as with governmental jurisdictions throughout the nation, continuing fiscal challenges have required a redoubling of efforts to address current and future budget shortfalls while working to prioritize and maintain the level of services that the residents of Lakeport have come to expect. Traditional funding sources for parks, public safety, and community development are shrinking or have disappeared but with the passage of Measure Z, some of this pressure will ease. The immediate challenges continue to be regional recovery efforts following several major wildfire incidents and unknown long-term effects of the COVID-19 pandemic on the national and local economy. Concern also exists in regards to the ongoing trend seen in cuts in revenues distributed through Federal and State grant programs and increasing health and pension costs.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2018. The CAFR submission for the fiscal year ended June 30, 2019 is still in review by the GFOA. 2018 was the fourth year in a row that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

Preparation of this comprehensive annual financial report could not have been accomplished on a timely basis without the support and cooperation of many members of the City of Lakeport's staff. Their efforts made it possible to improve the quality of the information being reported to the citizens, the City Council, and other users on a timely basis. Appreciation is also expressed to the Mayor and the City Council for their interest and support in planning and conducting the financial activities of the City in a responsible and responsive manner.

Respectively Submitted



Kevin M. Ingram
City Manager



Nicholas Walker, CPA
Finance Director

City of Lakeport, California
Comprehensive Annual Financial Report
For the year ended June 30, 2020

Certificate of Achievement for Excellence in Financial Reporting



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Lakeport
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

City of Lakeport, California
Comprehensive Annual Financial Report
For the year ended June 30, 2020

List of Officials

CITY COUNCIL
LAKEPORT REDEVELOPMENT SUCCESSOR AGENCY BOARD OF
DIRECTORS CITY OF LAKEPORT MUNICIPAL SEWER DISTRICT BOARD OF DIRECTORS

George Spurr	Mayor
Kenneth Parlet, III	Mayor Pro Tem
Mireya Turner	Council Member
Stacey Mattina	Council Member
Tim Barnes	Council Member

MANAGEMENT TEAM

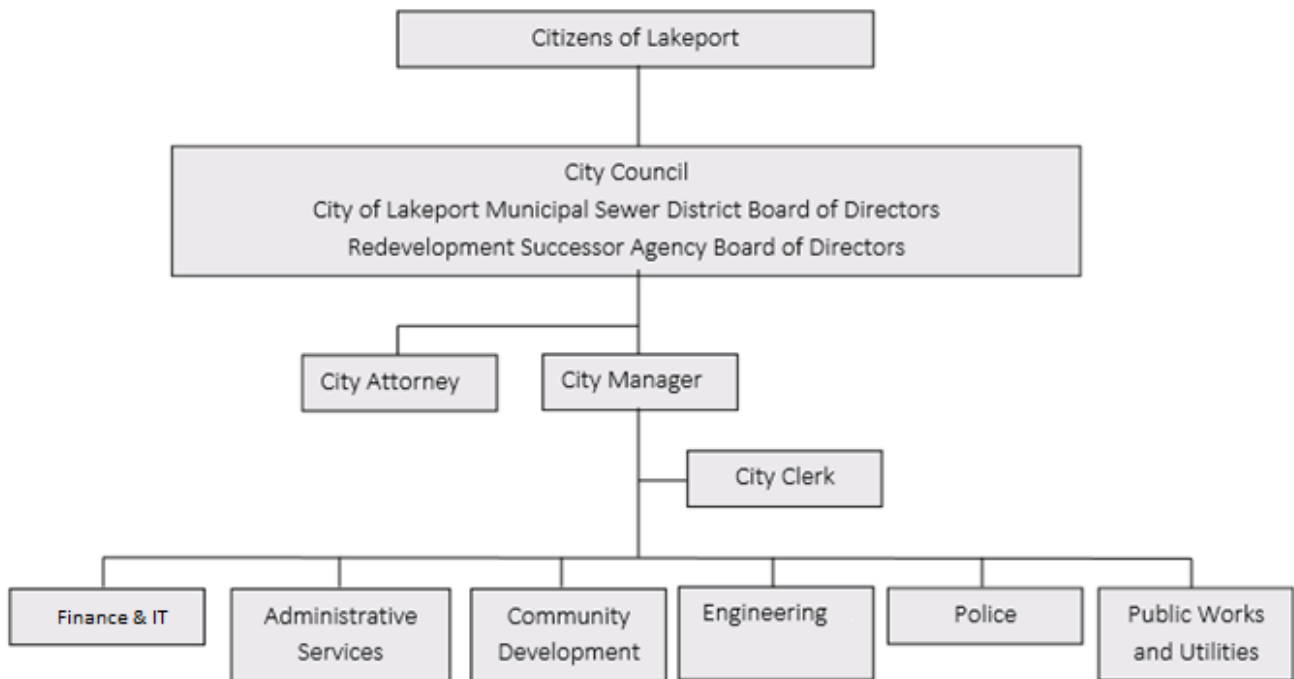
Kevin Ingram	City Manager
David Ruderman	City Attorney
Brad Rasmussen	Chief of Police
Nicholas Walker	Finance Director
Kelly Buendia	City Clerk/Administrative Services Director
Doug Grider	Public Works Director
Jennifer Byers	Community Development Director



City of Lakeport, California
Comprehensive Annual Financial Report
For the year ended June 30, 2020

City Organizational Chart

City Organizational Chart





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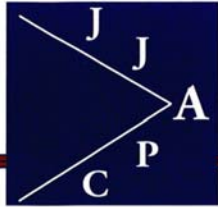


FINANCIAL SECTION

- Independent Auditor's Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Notes to the Basic Financial Statements
- Required Supplementary Information
- Combining and Individual Fund Statements and Schedules



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**JJACPA, Inc.**

A Professional Accounting Services Corp.

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Lakeport
Lakeport, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the City of Lakeport, California (City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the City, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Honorable Mayor and City Council
The City of Lakeport
Lakeport, California
Page 2

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–17, the Schedule of Changes in the Net OPEB Liability and Related Ratios on page 100, the Net OPEB Liability Schedule of Contributions on page 101, the City's Schedules of Contributions, Pensions on pages 102, and the Schedules of the City's Proportionate Share of the Net Pension Liability on pages 103, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and the introductory section and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2021 on our consideration of the City's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

February 5, 2021

JJACPA, Inc.
JJACPA, Inc.

City of Lakeport, California
Comprehensive Annual Financial Report
For the year ended June 30, 2020

Management's Discussion and Analysis

This section provides a narrative overview and analysis of the financial activities of the City of Lakeport (City) for the fiscal year ended June 30, 2020. It should be read in conjunction with the accompanying transmittal letter and basic financial statements.

FINANCIAL HIGHLIGHTS

- The City's Net Position increased from \$23.2 million to \$25.6 million. Components of this increase are discussed in more detail subsequently in the analysis.
- At the close of the most recent fiscal year the City's governmental funds reported combined fund balances of \$10.7 million, a decrease of \$513,113 from the prior fiscal year. Approximately 61% of combined fund balance at June 30, 2020, (\$6.5 million) is available for spending at the government's discretion (*unassigned and assigned fund balances*). The balance of the General Fund increased from \$4.5 million to \$5.7 million.
- The Budget vs. Actual had a positive variance in the General Fund of \$1.5 million.
- The Water Enterprise Net Position increased \$267 thousand and the Sewer Enterprise Net Position increased \$1 million.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

This Comprehensive Annual Financial Report is in three major parts:

- 1) **Introductory section**, which includes the Transmittal Letter and general information.
- 2) **Financial section**, which includes the Management's Discussion and Analysis (this part), the Basic Financial Statements, which include the Government-wide and the Fund Financial Statements along with the notes to these financial statements, and Combining and Individual Fund Financial Statements and Schedules.
- 3) **Statistical section**, which includes detailed information as a context for understanding what the information in the financial statements, and footnotes says about the City's overall financial health.

The Basic Financial Statements

The Basic Financial Statements are comprised of the Government-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of the City's financial activities and financial position.

City of Lakeport, California
Comprehensive Annual Financial Report
For the year ended June 30, 2020

Management's Discussion and Analysis, Continued

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

Government-wide Financial Statements

The Government-wide Financial Statements provide a broad overview of the City's activities as a whole and comprise the Statement of Net position and the Statement of Activities. The Statement of Net position provides information about the financial position of the City as a whole, including all its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. The Statement of Activities provides information about all the City's revenues and all its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each the City's programs. The Statement of Activities explains in detail the change in Net position for the year.

All of the City's activities are grouped into Governmental Activities and Business-type activities, as explained below. All the amounts in the Statement of Net position and the Statement of Activities are separated into Governmental Activities and Business-type Activities in order to provide a summary of these two activities of the City as a whole.

- ◆ **Governmental activities** – All of the City's basic services are considered to be governmental activities, including general government, community development, public safety, public works and administration. These services are supported by general City revenues such as taxes and by specific program revenues such as developer fees.
- ◆ **Business-type activities** – All the City's enterprise activities are reported here, including Water and Sewer. Unlike governmental services, these services are supported by charges paid by users based on the amount of the service they use.

Fund Financial Statements

A fund is a grouping 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 two categories: governmental funds and proprietary funds

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, Governmental Fund Financial Statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

City of Lakeport, California
Comprehensive Annual Financial Report
For the year ended June 30, 2020

Management's Discussion and Analysis, Continued

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

Fund Financial Statements, Continued

Because the focus of the Governmental Fund Financial Statements is narrower than that of the Government-wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-wide Financial Statement. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The Governmental Fund Financial Statements provide detailed information about each of the City's most significant funds, called major funds. The concept of major funds, and the determination of which are major funds, was established by GASB Statement No. 34 and replaces the concept of combining like funds and presenting them as one total. Instead, each major fund is presented individually, with all nonmajor funds summarized and presented only in a single column. Subordinate schedules present the detail of these nonmajor funds. Major funds present the major activities of the City for the year, and may change from year to year as a result of changes in the pattern of the City's activities.

For the fiscal year ended June 30, 2020, the City's major funds are as follows:

Governmental Funds:

- ◆ General Fund
- ◆ HOME Grant 2018 Special Revenue Fund
- ◆ 2017 Storm Capital Projects

For the fiscal year ended June 30, 2020, the City adopted annual appropriated budgets for all funds. Budgetary comparison schedules have been provided for the general fund and major governmental funds to demonstrate compliance with this budget and may be found on pages 34-35.

Proprietary funds. The City maintains Enterprise-type and Internal Service 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 Water and Sewer activities. Internal service funds are an accounting methodology used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its building maintenance, information technology assets, and its fleet of vehicles.

City of Lakeport, California
Comprehensive Annual Financial Report
For the year ended June 30, 2020

Management's Discussion and Analysis, Continued

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

Fund Financial Statements, Continued

Proprietary funds provide the same type of information as the Government-wide Financial Statements, only in more detail. The proprietary fund financial statements provide separate information for all of these operations.

Proprietary Funds:

- ◆ Water Enterprise Fund
- ◆ Sewer Enterprise Fund

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements. The notes to the basic financial statements can be found on pages 48–97 of this report. Required Supplementary Information follows the notes on page 99.

Combining and Individual Fund Financial Statements and Schedules

The combining statements referred to earlier in connection with nonmajor governmental funds are presented on pages 104-139 of this report.

City of Lakeport, California
 Comprehensive Annual Financial Report
 For the year ended June 30, 2020

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$25,628,881 as of June 30, 2020. The following table represents a comparative analysis of the net position of governmental and business-type activities as of June 30, 2020 and June 30, 2019.

Summary of Net Position

	2020			2019		
	Govern- mental Activities	Business- type Activities	Total	Govern- mental Activities	Business- type Activities	Total
Current and other assets	\$ 11,160,560	\$ 8,863,520	\$ 20,024,080	\$ 11,992,440	\$ 8,851,040	\$ 20,843,480
Capital assets	15,863,787	25,576,279	41,440,066	13,384,758	24,712,681	38,097,439
Total assets	27,024,347	34,439,799	61,464,146	25,377,198	33,563,721	58,940,919
Deferred outflows of resources	1,494,458	603,195	2,097,653	1,178,639	381,319	1,559,958
Total assets and deferred outflows of resources	28,518,805	35,042,994	63,561,799	26,555,837	33,945,040	60,500,877
Current and other liabilities	814,037	1,247,854	2,061,891	944,415	1,230,612	2,175,027
Long-term liabilities	12,660,998	22,184,153	34,845,151	11,457,733	22,289,595	33,747,328
Total liabilities	13,475,035	23,432,007	36,907,042	12,402,148	23,520,207	35,922,355
Deferred inflows of resources	732,204	293,672	1,025,876	875,008	380,818	1,255,826
Total liabilities and deferred inflows of resources	14,207,239	23,725,679	37,932,918	13,277,156	23,901,025	37,178,181
Net position:						
Net investment in						
Capital Assets	12,382,072	8,647,680	21,029,752	13,384,758	7,149,800	20,534,558
Restricted	1,180,096	813,470	1,993,566	1,040,845	784,742	1,825,587
Unrestricted (deficit)	749,398	1,856,165	2,605,563	(1,146,922)	2,109,473	962,551
Total net position	\$ 14,311,566	\$ 11,317,315	\$ 25,628,881	\$ 13,278,681	\$ 10,044,015	\$ 23,322,696

Overall, total Net Position increased by approximately \$2.3 million. With most balances remaining relatively stable over the prior year, this increase was mostly a result of continued investment in capital assets.

City of Lakeport, California
 Comprehensive Annual Financial Report
 For the year ended June 30, 2020

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The change in net position for the fiscal years ended June 30, 2020, and 2019, follows:

	Changes in Net Position					
	2020			2019		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 113,396	\$ 6,574,753	\$ 6,688,149	\$ 79,384	\$ 5,125,316	\$ 5,204,700
Grants and contributions:						
Operating	3,293,293	-	3,293,293	3,452,149	-	3,452,149
Capital	685,283	-	685,283	530,770	-	530,770
General revenues:						
Sales taxes	3,567,487	-	3,567,487	3,751,230	-	3,751,230
Property taxes	1,105,592	342,085	1,447,677	869,506	290,086	1,159,592
Transient and other taxes	161,535	-	161,535	197,785	-	197,785
Licenses and franchises	585,981	-	585,981	520,443	-	520,443
Fines, forfeitures and penalties	-	-	-	27,107	-	27,107
Use of money and property	162,230	136,846	299,076	146,691	125,160	271,851
Other revenues	41,325	-	41,325	934,749	-	934,749
Total revenues	<u>9,716,122</u>	<u>7,053,684</u>	<u>16,769,806</u>	<u>10,509,814</u>	<u>5,540,562</u>	<u>16,050,376</u>
Expenses:						
Governmental activities:						
General government	2,506,522	-	2,506,522	1,217,094	-	1,217,094
Community development	510,022	-	510,022	319,286	-	319,286
Roads and infrastructure	1,337,372	-	1,337,372	1,221,717	-	1,221,717
Housing and support programs	1,533,497	-	1,533,497	2,750,724	-	2,750,724
Economic development	164,999	-	164,999	97,186	-	97,186
Public safety	2,179,650	-	2,179,650	2,042,734	-	2,042,734
Parks, buildings, and grounds	331,588	-	331,588	704,434	-	704,434
Interest and fiscal charges	119,587	-	119,587	142,559	-	142,559
Business-type activities:						
Water	-	2,432,471	2,432,471	-	2,261,177	2,261,177
Sewer	-	3,347,913	3,347,913	-	3,142,170	3,142,170
Total expenses	<u>8,683,237</u>	<u>5,780,384</u>	<u>14,463,621</u>	<u>8,495,734</u>	<u>5,403,347</u>	<u>13,899,081</u>
Excess (Deficiency) of revenues over expenditures before transfers	1,032,885	1,273,300	2,306,185	2,014,080	137,215	2,151,295
Net position:						
Beginning of year	13,278,681	10,044,015	23,322,696	11,264,601	9,906,800	21,171,401
End of year	<u>\$ 14,311,566</u>	<u>\$ 11,317,315</u>	<u>\$ 25,628,881</u>	<u>\$ 13,278,681</u>	<u>\$ 10,044,015</u>	<u>\$ 23,322,696</u>

City of Lakeport, California
Comprehensive Annual Financial Report
For the year ended June 30, 2020

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Revenues

The City's total revenues for governmental and business-type activities were \$16,769,806 for the fiscal year ended June 30, 2020, which represents a 4% increase over the previous fiscal year. Significant revenues for the City for fiscal year 2019/20 were derived from charges for services (40%) operating grants and contributions (19%), sales and use tax (21%) and property tax (10%).

Following is a discussion of variances in key revenues from the prior fiscal year:

- 1. Charges for Services.** Charges for Services increased approximately 28%. While the normal charges for services consisting entirely of usage of water, sewer and solid waste remained consistent compared to the prior year, the city collected significant AB1600 expansion fees in enterprise funds for the development of low-income housing projects on Martin St.
- 2. Grants and Contributions.** Annual receipts totaled approximately \$3.8 million as the City received a large HOME grant for the development of low-income housing and a Proposition 68 Parks and Recreation Grant for the construction of a new park in Lakeport.
- 3. Sales and Use Tax.** Sales and use taxes decreased by \$184k or 5%. This reduction is a direct result of shelter-in-place orders issued by the state and local health officers in response to the COVID-19 global pandemic.
- 4. Property Tax.** Property taxes increased relatively significantly. We believe this is a result of a strong housing market and recent development.

City of Lakeport, California
Comprehensive Annual Financial Report
For the year ended June 30, 2020

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Expenses

Governmental and business-type activity expenses of the City for the year totaled \$14,463,621 which represents a 4% increase over the previous fiscal year. Governmental activity expenses totaled \$8,683,291 or 60% of total expenses. Of the governmental activities the most significant categories were represented by general government (28%), followed by public safety (25%), housing and support program costs (17%) and roads and infrastructure (15%). Business-type activities incurred \$5,780,384 of expenses during the fiscal year or 40% of the total City expenses.

Following is a discussion of significant variances in key expense categories from the prior fiscal year:

1. **General Government.** Expenditures in this category more than doubled over the prior year. This is a result of a \$1 million increase in the general government related portion of OPEB liability which was recognized in a single year due to the liabilities sensitivity to changes in assumptions. This increase is expected to be isolated and is not anticipated in the coming years.
2. **Housing and support programs.** The City incurred an additional \$1.5 million in 2019/20 for costs associated with the construction of a new low-income housing apartment complex.
3. **Public Safety.** Expenses increased \$137k or 7% as a result of increases to personnel related costs.
4. **Roads and infrastructure.** Expenses remained relatively stable as a result of increased commitment to street repair and improvement projects to achieve the community goal of improving the City's streets and roads.
5. **Water Enterprise.** Expenses increased \$171k or 8% due to increases to personnel and pension related costs.
6. **Sewer Enterprise.** Expenses increased \$205k or 7% due to increases to personnel and pension related costs.

City of Lakeport, California
 Comprehensive Annual Financial Report
 For the year ended June 30, 2020

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Governmental Activities

The following table shows the cost of each of the City's major programs and the net cost of the programs. Net cost is the total cost less fees and other direct revenue generated by the activities. The net cost reflects the financial burden that was placed on the City's taxpayers by each of the programs. The total cost of services and the net cost of services for the fiscal years ended June 30, 2020, and 2019, are as follows:

	2020		2019	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 2,506,522	\$ (1,401,385)	\$ 1,217,094	\$ (670,132)
Community development	510,022	(457,781)	319,286	(268,872)
Roads and infrastructure	1,337,372	(1,091,743)	1,221,717	(544,314)
Housing and support programs	1,533,497	338,825	2,750,724	(16,256)
Economic development	164,999	(82,441)	97,186	(76,271)
Public safety	2,179,650	(2,130,848)	2,042,734	(2,010,593)
Parks, buildings, and grounds	331,588	353,695	704,434	(704,434)
Interest and fiscal charges	119,587	(119,587)	142,559	(142,559)
Total	<u>\$ 8,683,237</u>	<u>\$ (4,591,265)</u>	<u>\$ 8,495,734</u>	<u>\$ (4,433,431)</u>

City of Lakeport, California
 Comprehensive Annual Financial Report
 For the year ended June 30, 2020

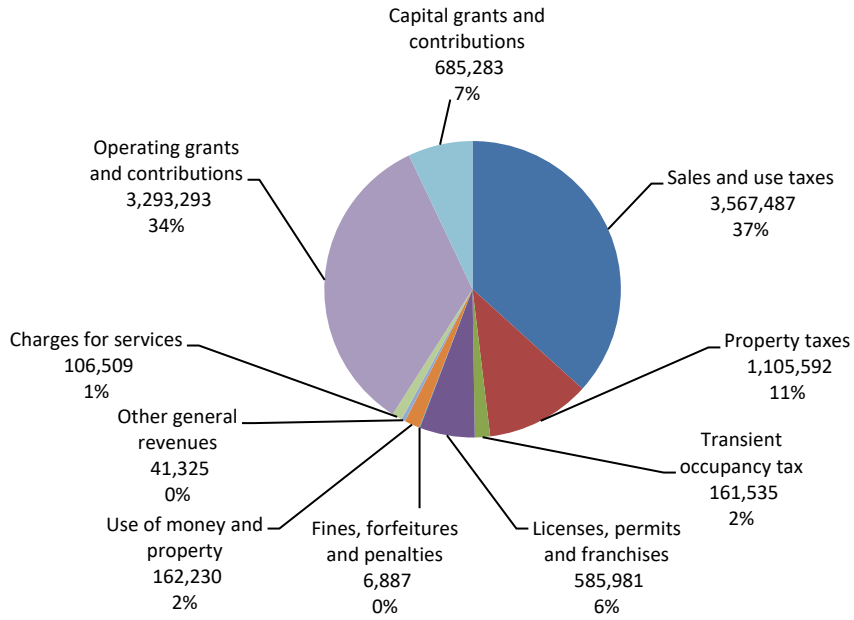
Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

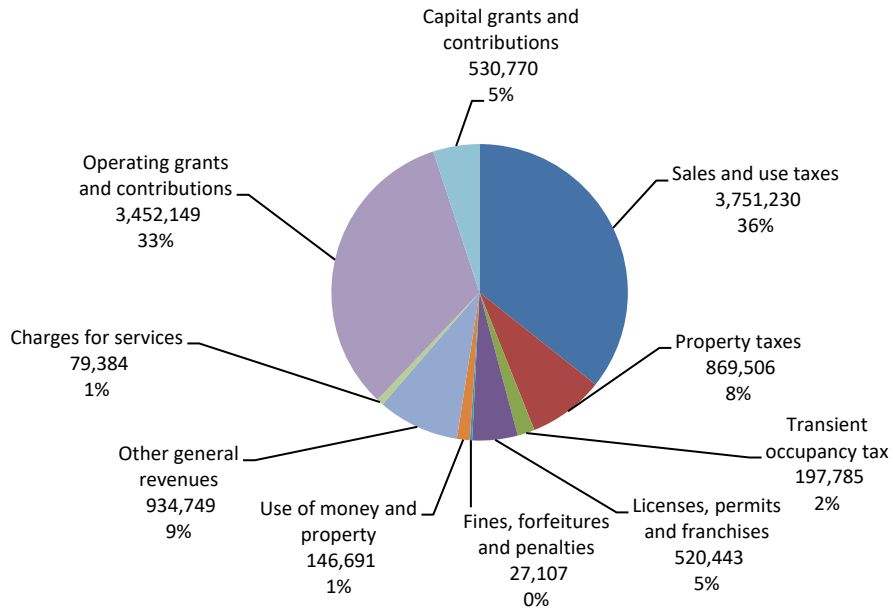
Governmental Activities, Continued

Revenues by source for the fiscal years ended June 30, 2020, and 2019, are as follows:

Revenues by Source - Governmental Activities 2020



Revenues by Source - Governmental Activities 2019



City of Lakeport, California
 Comprehensive Annual Financial Report
 For the year ended June 30, 2020

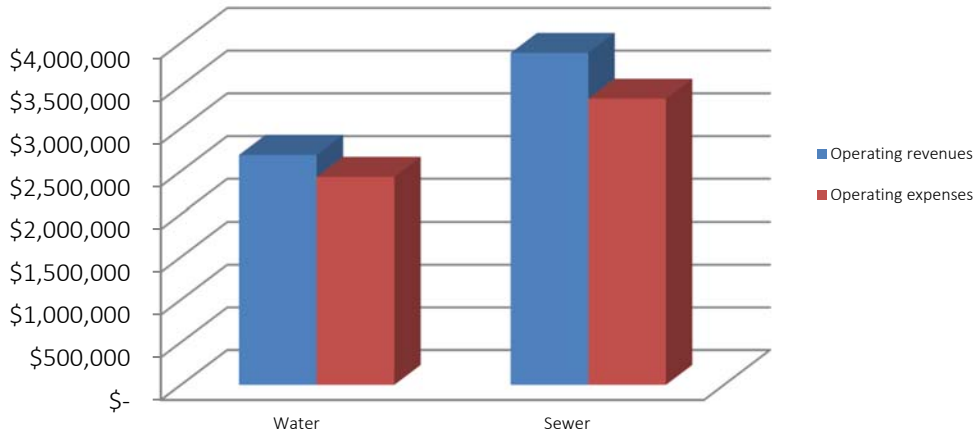
Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

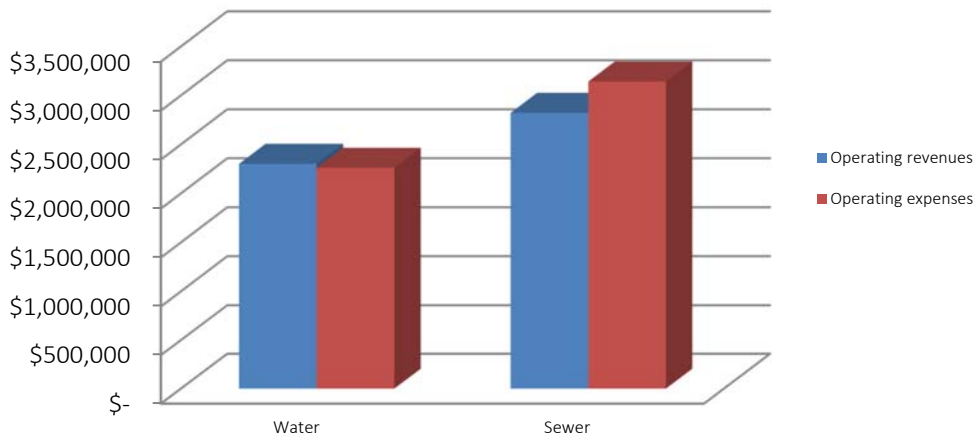
Business-type Activities

Business-type activities increased the City’s net position by \$1,273,300. The City has two business-type activities: Water and Sewer. While both activities generated positive changes in net position the changes were marginal with no specific significant items.

Operating Revenues and Expenses
 Business-type Activities
 2020



Operating Revenues and Expenses
 Business-type Activities
 2019



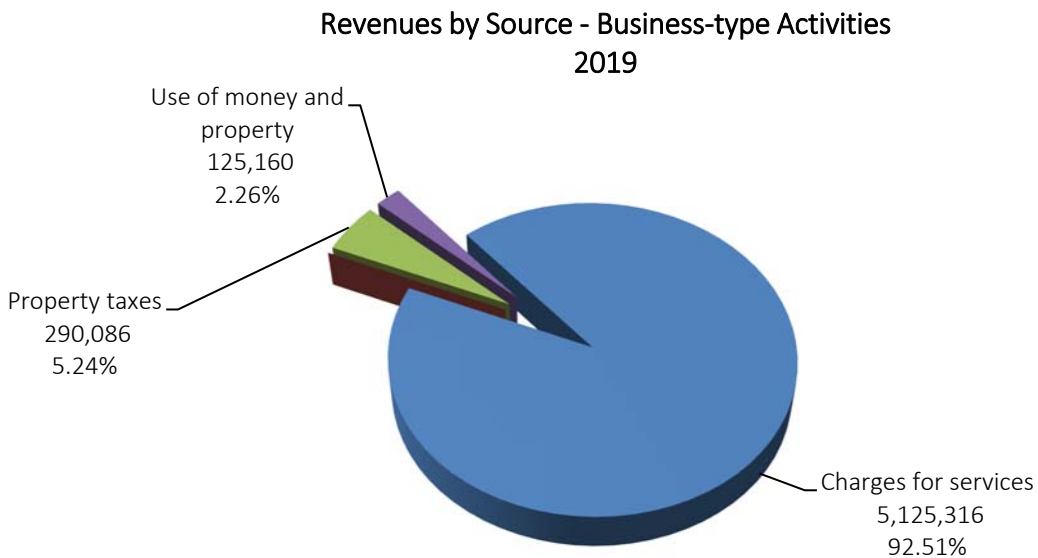
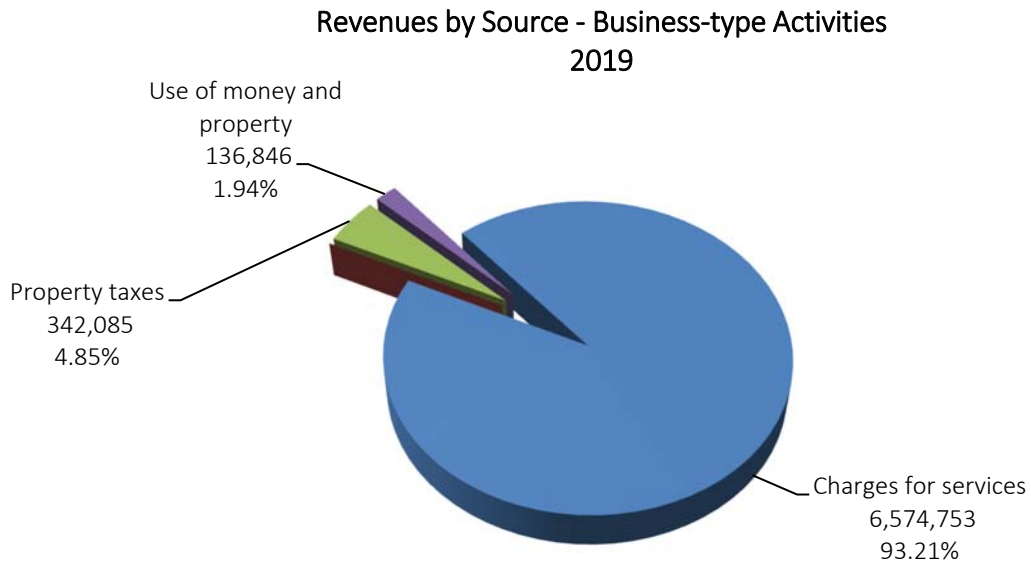
City of Lakeport, California
Comprehensive Annual Financial Report
For the year ended June 30, 2020

Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Business-type Activities, Continued

The revenues by source for the business-type activities for the fiscal years ended June 30, 2020, and 2019, are as follows:



City of Lakeport, California
Comprehensive Annual Financial Report
For the year ended June 30, 2020

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Financial Analysis of the Government's Funds

The City of Lakeport uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide financial statements.

Governmental funds. The City's governmental funds provide information on near-term inflows, outflows, and balances of spending resources. At the fiscal year ended June 30, 2020, the City's governmental funds reported combined fund balances of \$10,670,985. This is a decrease of \$513k from last year. The decrease is a result on the completion of capital projects.

The General Fund is the chief operating fund of the City. At the fiscal year ended June 30, 2020, General Fund unassigned and assigned fund balance totaled \$5,365,088.

Proprietary funds. Further detail on the change in net position may be found in the section titled **Business-type Activities** on page 13.

Budgetary Highlights

General Fund

The difference between the final budget and actual revenues differs favorably by \$1.7 million. Expenditures were held below budget by \$1.2 million with savings across nearly all categories. Most notably public works and public safety. The savings for public safety were primarily the result of the departments inability to fill open positions. The savings for public works was a result of capital projects that were not completed as anticipated.

City of Lakeport, California
 Comprehensive Annual Financial Report
 For the year ended June 30, 2020

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Capital Assets

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	\$ 2,498,113	\$ 1,769,145	\$ 2,475,403	\$ 2,475,403	\$ 4,973,516	\$ 4,244,548
Construction in progress	270,259	475,750	131,159	1,820,865	401,418	2,296,615
Buildings and improvements	4,483,297	4,654,217	8,403,455	8,724,314	12,886,752	13,378,531
Improvements	8,074,801	5,898,247	13,543,895	10,701,124	21,618,696	16,599,371
Vehicles and equipment	537,317	587,399	1,022,367	990,975	1,559,684	1,578,374
Total	\$ 15,863,787	\$ 13,384,758	\$ 25,576,279	\$ 24,712,681	\$ 41,440,066	\$ 38,097,439

Significant increases to Capital Assets are primarily Improvements for energy efficiency projects including solar at various City owned facilities. More detail of the capital assets and current activity can be found in the notes to the financial statements on Page 54 for significant accounting policies and Note 5 on Page 67 for other capital asset information.

Debt Administration

For the year ended June 30, 2020, the City did not issue any new debt.

Economic Outlook

At the time of budget preparation for FY 2009/20, the economic outlook for the City continued to be stable. The General Fund Budget for FY 2009/20 of approximately \$6 million was adopted in June of 2019. In March of 2020 that narrative changed. The economic uncertainties created as result of shelter-in-place orders issued by the state and local health officers in response to the COVID-19 global pandemic have changed the narrative. While revenues are not being impacted as negatively as we expected it is difficult to plan with the current amount of uncertainty that exists in the current economic environment. The FY 2020/21 budget continues the practice of conservative revenue estimates, especially in the General Fund. Overall, the FY 2020/21

City of Lakeport, California
Comprehensive Annual Financial Report
For the year ended June 30, 2020

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Requests for Information

This financial report is designed to provide our citizens, taxpayers, creditors and government regulators with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Additional information may be found on our website at www.cityoflakeport.com. Below is the contact address for questions about the report or requests for additional financial information.

City of Lakeport
Finance Department
225 Park Street
Lakeport, CA 95453



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Government-Wide Financial Statements

The Statement of Net Position reports the difference between the City's total assets and the City's total liabilities, including all the City's capital assets and all its long-term debt. The Statement of Net Position summarizes the financial position of all City Governmental Activities in a single column, and the financial position of all the City's Business-Type Activities in a single column; these are followed by a total column which presents the financial position of the entire City.

The City's Governmental Activities include the activities of its General Fund, along with all of its Special Revenue, Capital Projects and Debt Service Funds. The City's Business-Type Activities include all of its Enterprise Fund activities.

The Statement of Activities reports increases and decreases in the City's net position. It presents the City's expenses first, listed by program, and follows these with the expenses of its business-type activities. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City's general revenues are then listed in the Governmental Activities or Business-type Activities column, as appropriate, and the Change in Net Position is computed and reconciled with the Statement of Net Position.

Both these Statements include the financial activities of the City and the City of Lakeport Municipal Sewer District, which are legally separate but are component units of the City because they are controlled by the City, which is financially accountable for their activities.

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City of Lakeport, California
Statement of Net Position
June 30, 2020

ASSETS	Governmental Activities	Business-type Activities	Total
Cash and investments	\$ 6,300,088	\$ 7,813,652	\$ 14,113,740
Restricted cash and investments	22,588	69,502	92,090
Receivables:			
Accounts	2,176,293	847,918	3,024,211
Loans/Notes receivable	2,661,591	132,448	2,794,039
Total current assets	11,160,560	8,863,520	20,024,080
Capital assets:			
Nondepreciable	2,244,895	2,606,562	4,851,457
Depreciable	13,618,892	22,969,717	36,588,609
Total noncurrent assets	15,863,787	25,576,279	41,440,066
Total assets	27,024,347	34,439,799	61,464,146
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan	1,398,132	563,850	1,961,982
OPEB	96,326	39,345	135,671
Total deferred outflows of resources	1,494,458	603,195	2,097,653
Total assets and deferred outflows	\$ 28,518,805	\$ 35,042,994	\$ 63,561,799
LIABILITIES			
Accounts payable	455,742	238,670	694,412
Other liabilities	11,374	130,928	142,302
Deposits payable	-	67,548	67,548
Unearned revenue	22,459	-	22,459
Compensated absences - current portion	178,670	69,400	248,070
Due within one year	145,792	741,308	887,100
Total current liabilities	814,037	1,247,854	2,061,891
Long-term liabilities:			
Compensated absences	156,454	122,198	278,652
Due after one year	3,335,923	16,985,373	20,321,296
Net OPEB liability	4,895,847	1,999,712	6,895,559
Net pension liability	4,272,774	3,076,870	7,349,644
Total noncurrent liabilities	12,660,998	22,184,153	34,845,151
Total liabilities	13,475,035	23,432,007	36,907,042
DEFERRED INFLOWS OF RESOURCES			
Pension Plan	732,204	293,672	1,025,876
Total deferred inflows of resources	732,204	293,672	1,025,876
NET POSITION			
Net investment in capital assets	12,382,072	8,647,680	21,029,752
Restricted for:			
Law enforcement	162,456	-	162,456
Housing programs	356,148	-	356,148
Transportation infrastructure	661,492	-	661,492
Debt service	-	373,231	373,231
Assessment district	-	345,338	345,338
Depreciation reserve	-	94,901	94,901
Unrestricted (deficit)	749,398	1,856,165	2,605,563
Total net position	14,311,566	11,317,315	25,628,881
Total liabilities, deferred inflows and net position	\$ 28,518,805	\$ 35,042,994	\$ 63,561,799

The accompanying notes are an integral part of these basic financial statements.

City of Lakeport, California
Statement of Activities
For the year ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,506,522	\$ -	\$ 1,105,137	\$ -
Community development	510,022	52,203	38	-
Roads and infrastructure	1,337,372	54,306	191,323	-
Housing and support programs	1,533,497	-	1,872,322	-
Economic development	164,999	-	82,558	-
Public safety	2,179,650	6,887	41,915	-
Parks, buildings and grounds	331,588	-	-	685,283
Interest and fiscal charges	119,587	-	-	-
Total governmental activities	8,683,237	113,396	3,293,293	685,283
Business-type activities:				
Water	2,432,471	2,690,003	-	-
Sewer	3,347,913	3,884,750	-	-
Total business-type activities	5,780,384	6,574,753	-	-
Total primary government	\$ 14,463,621	\$ 6,688,149	\$ 3,293,293	\$ 685,283

General revenues:

Taxes:

Sales and use taxes

Property taxes, levied for general purposes

Transient occupancy tax, levied for general purposes

Licenses, permits and franchises

Use of money and property

Other general revenues

Total general revenues

Change in net position

Net position:

Beginning of year

End of year

The accompanying notes are an integral part of these basic financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Totals
\$ (1,401,385)	\$ -	\$ (1,401,385)
(457,781)	-	(457,781)
(1,091,743)	-	(1,091,743)
338,825	-	338,825
(82,441)	-	(82,441)
(2,130,848)	-	(2,130,848)
353,695	-	353,695
(119,587)	-	(119,587)
<u>(4,591,265)</u>	<u>-</u>	<u>(4,591,265)</u>
-	257,532	257,532
-	536,837	536,837
-	794,369	794,369
<u>(4,591,265)</u>	<u>794,369</u>	<u>(3,796,896)</u>
3,567,487	-	3,567,487
1,105,592	342,085	1,447,677
161,535	-	161,535
585,981	-	585,981
162,230	136,846	299,076
41,325	-	41,325
<u>5,624,150</u>	<u>478,931</u>	<u>6,103,081</u>
1,032,885	1,273,300	2,306,185
13,278,681	10,044,015	23,322,696
<u>\$ 14,311,566</u>	<u>\$ 11,317,315</u>	<u>\$ 25,628,881</u>

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ATTACHMENT 1
FUND FINANCIAL STATEMENTS
MAJOR FUNDS

Fund	Description
General Fund	The General Fund is used for all the general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The major revenue sources for this fund are property taxes, sales taxes, franchise fees, business licenses, unrestricted revenues from the state, fines and forfeitures, and interest income. Expenditures are made for community development, public safety, public works, and other services.
HOME Grant 2017 Special Revenue	Fund to track HOME grant funding and expenditures for the construction of a 26 unit low income family housing complex.
2017 Storm Capital Projects	Accounts for capital projects resulting from the 2017 Winter storms which were declared a federal disaster.

City of Lakeport, California

Balance Sheet

Governmental Funds

June 30, 2020

	Major Funds		
	General Fund	HOME Grant 2017 Special Revenue	2017 Storm Capital Projects
ASSETS			
Cash and investments	\$ 3,502,822	\$ -	\$ 1,347,871
Restricted cash and investments	22,588	-	-
Receivables:			
Intergovernmental	160,000	-	-
Loans/Notes receivable	-	-	-
Other receivable	1,027,412	-	-
Due from other funds	992,202	-	-
Advances to other funds	289,481	-	-
Total assets	\$ 5,994,505	\$ -	\$ 1,347,871
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 295,716	\$ -	\$ 97,063
Due to other funds	-	-	-
Interest payable	11,374	-	-
Unearned revenue	22,459	-	-
Advances from other funds	-	-	-
Total liabilities	329,549	-	97,063
Fund balances:			
Nonspendable			
Advances to other funds	289,481	-	-
Loans/Notes receivable	-	-	-
Restricted			
Law enforcement	10,387	-	-
Housing programs	-	-	-
Transportation infrastructure	-	-	-
Assigned			
Capital projects	2,000,000	-	1,250,808
General reserves	1,199,455	-	-
Housing and community programs	-	-	-
Debt service reserve	111,000	-	-
Unassigned (deficit)	2,054,633	-	-
Total fund balances	5,664,956	-	1,250,808
Total liabilities, deferred inflows and fund balances	\$ 5,994,505	\$ -	\$ 1,347,871

The accompanying notes are an integral part of these basic financial statements.

Nonmajor Governmental Funds		Totals
\$ 1,449,395	\$ 6,300,088	
-	22,588	
988,881	1,148,881	
2,661,591	2,661,591	
-	1,027,412	
-	992,202	
-	289,481	
<u>\$ 5,099,867</u>	<u>\$ 12,442,243</u>	

\$ 62,963	\$ 455,742
992,202	992,202
-	11,374
-	22,459
289,481	289,481
<u>1,344,646</u>	<u>1,771,258</u>

-	289,481
2,661,591	2,661,591
152,069	162,456
356,148	356,148
661,492	661,492
136,831	3,387,639
-	1,199,455
11,478	11,478
	111,000
(224,388)	1,830,245
<u>3,755,221</u>	<u>10,670,985</u>
<u>\$ 5,099,867</u>	<u>\$ 12,442,243</u>

City of Lakeport, California
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 June 30, 2020

Total fund balances - total governmental funds		\$ 10,670,985
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.		15,863,787
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.

Compensated absences	\$ (335,124)	
Pension obligation bonds	(3,481,715)	
Net OPEB liability	(4,895,847)	
Net pension liability	<u>(4,272,774)</u>	(12,985,460)

Pension obligations result in deferred outflows and inflows of resources associated with the actuarial value of contributions, assets, and liabilities

Deferred outflows - pensions	1,398,132	
Deferred inflows - pensions	<u>(732,204)</u>	762,254

Net Position of governmental activities

\$ 14,311,566

The accompanying notes are an integral part of these basic financial statements.

City of Lakeport, California

Reconciliation of Fund Basis Balance Sheet to Government-wide Statement of Net Position

Governmental Activities

June 30, 2020

	Governmental Funds Balance Sheet	Reclassifications	Changes in GAAP	Internal Services Balances	Statement of Net Position
ASSETS					
Current assets:					
Cash and investments	\$ 6,300,088	\$ -	\$ -	\$ -	\$ 6,300,088
Restricted cash and investments	22,588	-	-	-	22,588
Receivables:					
Intergovernmental	1,148,881	-	-	-	1,148,881
Other receivable	1,027,412	-	-	-	1,027,412
Loans/Notes receivable	2,661,591	-	-	-	2,661,591
Due from other funds	992,202	(992,202)	-	-	-
Advances to other funds	289,481	(289,481)	-	-	-
Total current assets	12,442,243	(1,281,683)	-	-	11,160,560
Noncurrent assets:					
Capital assets, net	-	-	15,863,787	-	15,863,787
Total noncurrent assets	-	-	15,863,787	-	15,863,787
DEFERRED OUTFLOWS OF RESOURCES					
Pension plan	-	-	1,398,132	-	1,398,132
OPEB	-	-	96,326	-	96,326
Total assets and deferred outflows of resources	\$ 12,442,243	\$ (1,281,683)	\$ 17,358,245	\$ -	\$ 28,518,805
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 455,742	\$ -	\$ -	\$ -	\$ 455,742
Due to other funds	992,202	(992,202)	-	-	-
Advances from other funds	289,481	(289,481)	-	-	-
Unearned revenue	22,459	-	-	-	22,459
Compensated absences - current portion	-	-	178,670	-	178,670
Due within one year	-	-	145,792	-	145,792
Total current liabilities	1,771,258	(1,281,683)	324,462	-	814,037
Noncurrent liabilities:					
Long-term liabilities:					
Compensated absences	-	-	156,454	-	156,454
Lease payable	-	-	-	-	-
Due after one year	-	-	3,335,923	-	3,335,923
Net OPEB liability	-	-	4,895,847	-	4,895,847
Net pension liability	-	-	4,272,774	-	4,272,774
Total noncurrent liabilities	-	-	12,660,998	-	12,660,998
Total liabilities	1,771,258	(1,281,683)	12,985,460	-	13,475,035
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	-
Pension Plan	-	-	732,204	-	732,204
Total liabilities and deferred inflows:	1,771,258	(1,281,683)	13,717,664	-	14,207,239
FUND BALANCES/NET POSITION					
Fund balances:					
Nonspendable	2,951,072	(2,951,072)	-	-	-
Restricted	1,180,096	(1,180,096)	-	-	-
Committed	-	-	-	-	-
Assigned	4,709,572	(4,709,572)	-	-	-
Unassigned (deficit)	1,830,245	(1,830,245)	-	-	-
Net position:					
Net investment in capital assets	-	-	12,382,072	-	12,382,072
Restricted	-	-	1,180,096	-	1,180,096
Unrestricted	-	10,670,985	(9,921,587)	-	749,398
Total fund balances/net position	10,670,985	-	3,640,581	-	14,311,566
Total liabilities, deferred inflows and net position	\$ 12,442,243	\$ (1,281,683)	\$ 17,358,245	\$ -	\$ 28,518,805

The accompanying notes are an integral part of these basic financial statements.

City of Lakeport, California
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2020

	Major Funds				Totals
	General Fund	HOME Grant 2017 Special Revenue	2017 Storm Capital Projects	Other Governmental Funds	
REVENUES:					
Taxes:					
Sales	\$ 3,567,487	\$ -	\$ -	\$ -	\$ 3,567,487
Property	1,105,592	-	-	-	1,105,592
Transient occupancy	161,535	-	-	-	161,535
Business license	76,976	-	-	-	76,976
Licenses, permits and franchises	509,005	-	-	-	509,005
Fines, forfeitures and penalties	6,887	-	-	-	6,887
Intergovernmental	1,105,137	1,554,860	77,578	1,241,001	3,978,576
Use of money and property	130,686	-	-	31,544	162,230
Charges for services	106,509	-	-	-	106,509
Other revenues	35,346	-	5,979	-	41,325
Total revenues	6,805,160	1,554,860	83,557	1,272,545	9,716,122
EXPENDITURES:					
Current:					
General government:					
Council	86,771	-	-	-	86,771
Administration	405,898	-	-	-	405,898
Attorney	165,080	-	-	-	165,080
Finance and information technology	255,376	-	-	-	255,376
Non-departmental	247,142	-	-	-	247,142
Community development:					
Planning	233,075	-	-	-	233,075
Building	276,947	-	-	-	276,947
Roads and infrastructure:					
Public works	993,795	-	47,223	85,405	1,126,423
Engineering	129,084	-	-	-	129,084
Housing and support programs	-	1,500,765	-	32,732	1,533,497
Economic development	100,398	-	-	64,601	164,999
Public safety	2,070,477	-	-	294	2,070,771
Parks, buildings and grounds	249,757	-	-	-	249,757
Capital outlay	390,733	-	1,391,446	1,247,663	3,029,842
Debt service:					
Principal	135,172	-	-	-	135,172
Interest and fiscal charges	119,401	-	-	-	119,401
Total expenditures	5,859,106	1,500,765	1,438,669	1,430,695	10,229,235
REVENUES OVER (UNDER) EXPENDITURES	946,054	54,095	(1,355,112)	(158,150)	(513,113)
OTHER FINANCING SOURCES (USES):					
Issuance of debt	-	-	-	-	-
Transfers in	265,810	-	-	295,000	560,810
Transfers out	-	(55,499)	-	(505,311)	(560,810)
Total other financing sources (uses)	265,810	(55,499)	-	(210,311)	-
Net change in fund balances	1,211,864	(1,404)	(1,355,112)	(368,461)	(513,113)
FUND BALANCES (DEFICITS):					
Beginning of year	4,453,092	1,404	2,605,920	4,123,682	11,184,098
End of year	\$ 5,664,956	\$ -	\$ 1,250,808	\$ 3,755,221	\$ 10,670,985

The accompanying notes are an integral part of these basic financial statements.

City of Lakeport, California

Reconciliation of Fund Basis Statements to Government-wide Statement of Activities

For the year ended June 30, 2020

Functions/Programs	Fund Based Totals	Compensated		Capital		Government-	
		Absences/ Debt Service	Depreciation	Asset (Additions)/ Retirements	OPEB Obligation	Pension Plan	wide Totals
Governmental activities:							
General government	\$ 1,160,267	\$ 34,857	\$ 278,238	\$ -	\$ 1,026,144	\$ 7,016	\$ 2,506,522
Community development	510,022	-	-	-	-	-	510,022
Roads and infrastructure	1,255,507	-	80,537	1,328	-	-	1,337,372
Housing and support programs	1,533,497	-	-	-	-	-	1,533,497
Economic development	164,999	-	-	-	-	-	164,999
Public safety	2,070,771	-	108,879	-	-	-	2,179,650
Parks, buildings and grounds	249,757	-	81,831	-	-	-	331,588
Capital outlay	3,029,842	-	-	(3,029,842)	-	-	-
Debt service/Interest	254,573	(134,986)	-	-	-	-	119,587
Total governmental activities	\$ 10,229,235	\$ (100,129)	\$ 549,485	\$ (3,028,514)	\$ 1,026,144	\$ 7,016	\$ 8,683,237

The accompanying notes are an integral part of these basic financial statements.

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City of Lakeport, California

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, 2020

Net change in fund balances - total governmental funds	\$	(513,113)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the

Capital asset purchases capitalized	\$ 3,028,514	
Depreciation expense	<u>(549,485)</u>	2,479,029

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Pension obligation bonds	<u>134,986</u>	134,986
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Certain employee benefit obligations are recorded on a pay-as-you-go basis in the governmental funds, but are accrued as liabilities in the Statement of Net Position:

Net OPEB liability	(1,026,144)	
Net Pension liability	<u>(7,016)</u>	(1,033,160)

Change in Net Position of governmental activities	\$	<u><u>1,032,885</u></u>
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The accompanying notes are an integral part of these basic financial statements.

City of Lakeport, California
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget to Actual - General and Major Special Revenue Funds
For the year ended June 30, 2020

	General Fund			Variance w/Final Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Taxes:				
Sales	3,630,000	3,630,000	3,567,487	\$ (62,513)
Property	942,250	942,250	1,105,592	163,342
Transient occupancy	160,000	160,000	161,535	1,535
Business license	95,000	95,000	76,976	(18,024)
Licenses, permits and franchises	279,250	279,250	509,005	229,755
Fines, forfeitures and penalties	15,500	15,500	6,887	(8,613)
Intergovernmental	374,500	644,267	1,105,137	460,870
Use of money and property	161,000	161,000	130,686	(30,314)
Charges for services	74,510	74,510	106,509	31,999
Other revenues	175,994	175,994	35,346	(140,648)
Total revenues	5,908,004	6,177,771	6,805,160	627,389
EXPENDITURES:				
Current:				
General government:				
Council	103,986	103,986	86,771	17,215
Administration	442,834	442,834	405,898	36,936
Attorney	58,000	106,000	165,080	(59,080)
Finance and information technology	266,010	266,010	255,376	10,634
Non-departmental	199,200	199,200	247,142	(47,942)
Community development:				
Planning	278,507	278,507	233,075	45,432
Building	161,537	161,537	276,947	(115,410)
Roads and infrastructure:				
Public works	1,463,573	1,733,340	993,795	739,545
Engineering	127,693	127,693	129,084	(1,391)
Housing and support programs	-	-	-	-
Economic development	108,000	108,000	100,398	7,602
Public safety	2,396,439	2,396,439	2,070,477	325,962
Parks, buildings and grounds	420,299	524,353	249,757	274,596
Capital outlay	-	-	390,733	(390,733)
Debt service:				
Principal	137,033	137,033	135,172	1,861
Interest and fiscal charges	86,625	124,132	119,401	4,731
Total expenditures	6,249,736	6,709,064	5,859,106	849,958
REVENUES OVER (UNDER)				
EXPENDITURES	(341,732)	(531,293)	946,054	1,477,347
OTHER FINANCING SOURCES (USES):				
Transfers in	29,500	29,500	265,810	236,310
Transfers out	-	-	-	-
Total other financing sources (uses)	29,500	29,500	265,810	236,310
Net change in fund balances	(312,232)	(501,793)	1,211,864	1,713,657
FUND BALANCES (DEFICITS):				
Beginning of year	4,453,092	4,453,092	4,453,092	-
End of year	\$ 4,140,860	\$ 3,951,299	\$ 5,664,956	\$ 1,713,657

The accompanying notes are an integral part of these basic financial statements.

ATTACHMENT 1

HOME Grant 2017 Special Revenue				2017 Storm Capital Projects			
Budgeted Amounts		Actual	Variance w/Final Positive (Negative)	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	1,554,860	1,554,860	-	-	77,578	77,578
-	-	-	-	-	-	-	-
-	-	-	-	-	-	5,979	5,979
-	-	1,554,860	1,554,860	-	-	83,557	83,557
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	2,500,000	2,500,000	47,223	2,452,777
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,391,446	(1,391,446)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	2,500,000	2,500,000	1,438,669	1,061,331
-	-	1,554,860	1,554,860	(2,500,000)	(2,500,000)	(1,355,112)	(977,774)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	1,554,860	1,554,860	(2,500,000)	(2,500,000)	(1,355,112)	(977,774)
1,404	1,404	1,404	-	-	-	2,605,920	-
\$ 1,404	\$ 1,404	\$ 1,556,264	\$ 1,554,860	\$ (2,500,000)	\$ (2,500,000)	\$ 1,250,808	\$ (977,774)

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PROPRIETARY FUNDS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The City maintains two enterprise funds: water and sewer described as follows:

Fund	Description
Major Funds:	
Water Enterprise Fund	Chapter 13.04 of the Lakeport Municipal Code provides the authority for City to operate water system. Revenues (fees and charges) are collected to pay for service (water) received.
Sewer Enterprise Fund	Chapter 13.20 of the Lakeport Municipal Code provides the authority for the City to operate sewer system. Revenues (fees and charges) are collected to pay for availability of collection, transportation, treatment, and disposal system. In addition, grazing lease payments, LACOSAN payments for flows, tax revenues, FEMA storm damage reimbursement, OES storm damage reimbursement, and insurance rebates have been credited to this fund.

City of Lakeport, California
Statement of Net Position
Proprietary Funds
June 30, 2020

	Water	Sewer	Totals
ASSETS			
Current assets:			
Cash and investments	\$ 1,591,443	\$ 6,222,209	7,813,652
Restricted cash and investments	15,831	53,671	69,502
Receivables:			
Accounts, net of uncollectibles	363,446	484,472	847,918
Total current assets	<u>1,970,720</u>	<u>6,760,352</u>	<u>8,731,072</u>
Noncurrent assets:			
Notes receivable	41,059	91,389	132,448
Capital assets not being depreciated:			
Land	740,170	1,735,233	2,475,403
Construction in progress	-	131,159	131,159
Capital assets being depreciated:			
Buildings and improvements	12,929,618	29,294,529	42,224,147
Machinery, equipment and vehicles	503,158	1,656,114	2,159,272
Less: Accumulated depreciation	(4,714,083)	(16,699,619)	(21,413,702)
Total noncurrent assets	<u>9,499,922</u>	<u>16,208,805</u>	<u>25,708,727</u>
Total Assets	<u>11,470,642</u>	<u>22,969,157</u>	<u>34,439,799</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan	291,278	272,572	563,850
OPEB	18,994	20,351	39,345
Total assets and deferred outflows of resources	<u>\$ 11,780,914</u>	<u>\$ 23,262,080</u>	<u>\$ 35,042,994</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 51,867	\$ 186,803	\$ 238,670
Interest payable	52,206	78,722	130,928
Deposits payable	67,188	360	67,548
Compensated absences - current portion	34,900	34,500	69,400
Pension obligation bonds - current portion	36,104	36,104	72,208
Due within one year	191,100	478,000	669,100
Total current liabilities	<u>433,365</u>	<u>814,489</u>	<u>1,247,854</u>
Noncurrent liabilities:			
Compensated absences	67,755	54,443	122,198
Pension obligation bonds	362,938	362,936	725,874
Due after one year	5,904,165	10,355,334	16,259,499
Net pension liability	1,435,796	1,641,074	3,076,870
Net OPEB liability	965,378	1,034,334	1,999,712
Total noncurrent liabilities	<u>8,736,032</u>	<u>13,448,121</u>	<u>22,184,153</u>
Total liabilities	<u>9,169,397</u>	<u>14,262,610</u>	<u>23,432,007</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Plan	143,471	150,201	293,672
Total deferred inflows of resources	<u>143,471</u>	<u>150,201</u>	<u>293,672</u>
NET POSITION			
Net Position:			
Net investment in capital assets	3,363,598	5,284,082	8,647,680
Restricted for debt service	142,231	231,000	373,231
Restricted for assessment district	-	345,338	345,338
Restricted depreciation reserve	26,469	68,432	94,901
Unrestricted (deficit)	(1,064,252)	2,920,417	1,856,165
Total net position	<u>2,468,046</u>	<u>8,849,269</u>	<u>11,317,315</u>
Total liabilities, deferred inflows and net position	<u>\$ 11,780,914</u>	<u>\$ 23,262,080</u>	<u>\$ 35,042,994</u>

The accompanying notes are an integral part of these basic financial statements.

City of Lakeport, California
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the year ended June 30, 2020

	Water	Sewer	Totals
OPERATING REVENUES:			
Charges for service	\$ 2,685,545	3,884,750	\$ 6,570,295
Other operating revenue	4,458	-	4,458
Total operating revenues	<u>2,690,003</u>	<u>3,884,750</u>	<u>6,574,753</u>
OPERATING EXPENSES:			
Personnel services	1,179,820	1,161,132	2,340,952
Materials, services and supplies	662,363	926,996	1,589,359
Depreciation	414,212	941,873	1,356,085
Total operating expenses	<u>2,256,395</u>	<u>3,030,001</u>	<u>5,286,396</u>
OPERATING INCOME	<u>433,608</u>	<u>854,749</u>	<u>1,288,357</u>
NONOPERATING REVENUES (EXPENSES):			
Property taxes and special assessments	-	342,085	342,085
Investment revenue	9,410	97,436	106,846
Lease revenue	-	30,000	30,000
Interest and fiscal charges expense	(176,076)	(317,912)	(493,988)
Total non-operating revenues, net	<u>(166,666)</u>	<u>151,609</u>	<u>(15,057)</u>
NET INCOME BEFORE TRANSFERS	266,942	1,006,358	1,273,300
Transfers in	-	-	-
Transfers out	-	-	-
Total transfers	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	266,942	1,006,358	1,273,300
NET POSITION:			
Beginning of year	2,201,104	7,842,911	10,044,015
End of year	<u>\$ 2,468,046</u>	<u>\$ 8,849,269</u>	<u>\$ 11,317,315</u>

The accompanying notes are an integral part of these basic financial statements.

City of Lakeport, California
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2020

	Water	Sewer	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers/users for services provided	\$ 2,675,680	\$ 3,857,342	\$ 6,533,022
Cash payments to suppliers for goods and services	(766,073)	(941,406)	(1,707,479)
Cash payments to employees for services	(1,189,754)	(1,191,240)	(2,380,994)
Net cash provided by operating activities	<u>719,853</u>	<u>1,724,696</u>	<u>2,444,549</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Property taxes and assessments received	-	342,085	342,085
Changes in net pension obligation	2,419	2,661	5,080
Change in net OPEB obligation	226,682	216,777	443,459
Net cash used by noncapital financing activities	<u>229,101</u>	<u>561,523</u>	<u>790,624</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(46,434)	(2,173,249)	(2,219,683)
Principal paid on long term debt	(220,576)	(486,294)	(706,870)
Interest paid on long term debt	(149,640)	(321,142)	(470,782)
Proceeds from lease revenue	-	30,000	30,000
Net cash (used) by capital and related financing activities	<u>(416,650)</u>	<u>(2,950,685)</u>	<u>(3,367,335)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income received	9,410	97,436	106,846
Net cash provided by investing activities	<u>9,410</u>	<u>97,436</u>	<u>106,846</u>
Net increase (decrease) in cash and cash equivalents	<u>541,714</u>	<u>(567,030)</u>	<u>(25,316)</u>
CASH AND CASH EQUIVALENTS:			
Beginning of year	1,065,560	6,842,910	7,908,470
End of year	<u>\$ 1,607,274</u>	<u>\$ 6,275,880</u>	<u>\$ 7,883,154</u>
Presentation in Statement of Financial Position:			
Cash and investments	\$ 1,591,443	\$ 6,222,209	\$ 7,813,652
Restricted cash and investments	15,831	53,671	69,502
Total Cash and investments	<u>\$ 1,607,274</u>	<u>\$ 6,275,880</u>	<u>\$ 7,883,154</u>
Reconciliation of income from operations to net cash provided by operating activities:			
Operating income	\$ 433,608	\$ 854,749	\$ 1,288,357
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	414,212	941,873	1,356,085
(Increase) decrease in current assets:			
Accounts receivable	(10,478)	(27,318)	(37,796)
Increase (decrease) in liabilities:			
Accounts payable	(103,710)	(14,410)	(118,120)
Accrued payroll and benefits	(8,099)	(8,074)	(16,173)
Deposits payable	(3,845)	(90)	(3,935)
Compensated absences	(1,835)	(22,034)	(23,869)
Net cash provided by operating activities	<u>\$ 719,853</u>	<u>\$ 1,724,696</u>	<u>\$ 2,444,549</u>

There were no noncash investing, capital, or financing activities affecting recognized assets and liabilities for the year ended June 30, 2020.

The accompanying notes are an integral part of these basic financial statements.

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ATTACHMENT 1
FIDUCIARY ACTIVITIES

Fiduciary funds account for assets held by the City as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the Government-wide financial statements, but are presented in the separate Fiduciary Fund financial statements. **Private Purpose Trust Funds** are used for resources held for other individuals and entities in a manner similar to private enterprise. The City has the following private purpose trust fund:

Fund	Description
Redevelopment Non-Housing Successor Private Purpose Trust Fund	Accounts for funds collected and disbursed for the dissolution of the former Lakeport Redevelopment Agency related to administration and retirement of enforceable obligations.

City of Lakeport, California
Statement of Fiduciary Net Position
Fiduciary Activities
June 30, 2020

	Redevelopment Non-Housing Successor Private Purpose Trust Fund		Agency Funds
ASSETS			
Current assets:			
Cash and investments	\$	546,694	\$ 398,205
Cash and investments with trustee/fiscal agent		111	-
Accounts receivable		-	17,208
Total current assets		<u>546,805</u>	<u>415,413</u>
Total assets	\$	<u>546,805</u>	\$ <u>415,413</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$	19	\$ 266
Interest payable		61,115	-
Refundable deposits and trust liabilities		-	415,147
Due within one year		210,000	-
Total current liabilities		<u>271,134</u>	<u>415,413</u>
Long-term liabilities:			
Due after one year		<u>4,185,000</u>	-
Total long-term liabilities		<u>4,185,000</u>	-
Total liabilities		<u>4,456,134</u>	<u>\$ 415,413</u>
NET POSITION (DEFICIT)			
Restricted - debt service reserve		317,230	
Held in trust for outstanding obligations		<u>(4,226,559)</u>	
Total net position (deficit)		<u>(3,909,329)</u>	
Total liabilities and net position (deficit)	\$	<u>546,805</u>	

The accompanying notes are an integral part of these basic financial statements.

City of Lakeport, California
Statement of Changes in Fiduciary Net Position
Redevelopment Agency Successor Private Purpose Trust Fund
For the year ended June 30, 2020

	<u>Private Purpose Trust Fund</u>
ADDITIONS:	
Property taxes	\$ 598,401
Investment income	2,424
Total additions	<u>600,825</u>
DEDUCTIONS:	
Administrative costs	89,169
Interest and trustee fees	103,582
Total deductions	<u>192,751</u>
CHANGE IN FIDUCIARY NET POSITION	408,074
NET POSITION (DEFICIT):	
Beginning of year	<u>(4,317,403)</u>
End of year	<u>\$ (3,909,329)</u>

The accompanying notes are an integral part of these basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS



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City of Lakeport, California
Basic Financial Statements
For the year ended June 30, 2020

Index to Notes to Basic Financial Statements

Page

The notes to the financial statements include a summary of significant accounting policies and other notes considered essential to fully disclose and fairly present the transactions and financial position of the City as follows:

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City of Lakeport, California
Basic Financial Statements
For the year ended June 30, 2020

Notes to the Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applied to government agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below:

A. Defining the reporting entity

The City of Lakeport was incorporated in 1888 under the laws of the State of California. Lakeport operates under a Council-Manager form of government. The City Manager serves as the chief executive for day-to-day operations and long-term planning, including executing the policies and directives of the City Council. Department heads report directly to the City Manager and serve at his or her pleasure.

The City provides a range of municipal services to its citizens including public safety, public works, planning and building regulation, recreation and parks, and water and sewer services.

These financial statements present the financial status of the City and its components units. The component units discussed in the following paragraph are included in the City's financial statements because the City is financially accountable for their operations.

The Redevelopment Agency of the City of Lakeport (the Agency) was established by the City as a separate legal entity in accordance with state law. The purpose of the Agency is to encourage new investment and reinvestment within legally designated redevelopment areas in partnership with property owners. The Agency was dissolved on February 1, 2013 by the State Legislature and California Governor, Jerry Brown.

The Municipal Sewer District No. 1 (CLMSD) was established as a separate legal entity to obtain funding to construct a new sewage treatment plant and pumping stations in 1965. In later years and assessment district was formed for the purpose of financing needed improvements and expansion of the wastewater systems.

Although the component units are legally separate from the City, they are reported on a blended basis as part of the primary government because their boards consist of members of the City Council. The component units' financial statements may be obtained from the City.

City of Lakeport, California
Basic Financial Statements
For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Government-wide and Fund Financial Statements

The government-wide financial statements report information on all of the non-fiduciary activities of the primary government. 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 is 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) grant and contributors that are restricted to meeting the operational or capital requirements of a particular function. Taxes, and other items not properly included among program revenues are reported instead as general revenues.

The accounts of the City are organized on the basis of funds. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue, and expenditures or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

In the fund financial statement in the report, the various funds are grouped into generic funds within four broad fund types. They are as follows:

Governmental Funds

The **General Fund** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust of major capital projects) that are legally restricted to expenditures for specific purposes.

Capital Project Funds are used to account for revenue and expenditures restricted to the acquisition or major capital facilities (other than those financed by proprietary or trust funds).

Debt Service Funds are used to account for the accumulation of resources for, and the payment to, governmental long-term debt, both principal and interest.

City of Lakeport, California
 Basic Financial Statements
 For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued
- B. Government-wide and Fund Financial Statements, Continued

Proprietary Funds

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprise –the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis, be financed or recovered primarily through user charges. The City accounts for the operation of its water and sewer utility fund on this basis.

Internal Service funds are used to account for operations similar to enterprise funds. The difference between the two is that internal service funds provide goods and services to departments and agencies under the primary government. Currently the City does not use an internal service fund.

Fiduciary Funds

Agency Funds are used to account for assets administered by the City in a trustee capacity or as an agent for other governments and other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City reports on two agency funds: Special Deposit Agency Fund which hold funds on deposit from outside parties and Other Post-Employment Benefits (OPEB) Agency Fund which manages resources for retiree health benefits.

Trust Funds are used to account for assets held by the government in a trustee capacity. The City reports one private purpose trust fund: Redevelopment Non-Housing Successor Private Purpose Trust Fund which accounts for fund collect and disbursed for the dissolution of the former Lakeport Redevelopment Agency. For more information about the Successor Agency for the Former Lakeport Redevelopment Agency see Note 14.

An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type; and,
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

City of Lakeport, California
Basic Financial Statements
For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The City reports the following major funds:

- General Fund
- HOME Grant 2017 Special Revenue
- 2017 Storm Capital Projects
- Water
- Sewer

C. Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenue and expenditures (or expenses) are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurements made, regardless of the measurement focus applied.

Measurement focus is the determination of (1) which assets and which liabilities are included on a government's balance sheet and where they are reported, and (2) whether an operating statement presents information on the flow of financial resources (revenues and expenditures) or information on the flow of economic resources (revenues and expenses).

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

In the fund financial statements, all governmental funds are accounted for using the modified accrual basis of accounting. Revenue is recognized when they become both measurable and available to finance the expenditures of the current period (susceptible to accrual). Major revenue sources susceptible to accrual include substantially all property taxes, taxpayer-assessed taxes (such as sales and use, utility users, business license, transient occupancy, franchise fees and gas taxes), interest, special assessments levied, state and federal grants and charges for current services. For this purpose, the City considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Revenue from licenses, permits, fines and forfeits is recorded as received. Expenditures are recorded when the related fund liability is incurred.

All governmental funds are accounted for using a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenue and other financing

City of Lakeport, California
Basic Financial Statements
For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Basis of Accounting and Measurement Focus, Continued

sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of “available spendable resources” during a period.

The government-wide financial statements, as well as the proprietary funds and fiduciary funds (including agency funds) financial statements, are accounted for on a flow of economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund operating statements present increases (revenues) in net total assets.

D. Use of Estimates

Financial statement preparation in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

E. Cash and Investments

The City’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The City pools cash and investments from all funds for the purpose of increasing income through investment activities. Highly liquid money 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 in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Market value is used as fair value for those securities for which market quotations are readily available.

F. Receivable and Payables

Balances representing lending/borrowing transactions between funds outstanding at the end of the fiscal year are reported as either “due to/due from other funds” (amounts due within one year), “advances to/from other funds” (non-current portions of interfund lending/borrowing transactions), or “loans to/from other funds” (long-term lending/borrowing transactions as evidenced by loan agreements). Advances and loans to other funds are offset by a fund balance reserve in applicable

City of Lakeport, California
Basic Financial Statements
For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Receivable and Payables, Continued

governmental funds to indicate they are not available for appropriation, and are not expendable available financial resources.

Property, sales, use, and utility user taxes related to the current fiscal year are accrued as revenue and accounts receivable and considered available if received within 60 days of year end. Federal and state grants are considered receivable and accrued as revenue when reimbursable costs are incurred under the accrual basis of accounting in the government-wide statement of net position. The amount recognized as revenue under the modified accrual basis of accounting is limited to the amount that is deemed measureable and available. The City considers these taxes available if they are received during the period when settlement of prior fiscal year accounts payable and payroll charges normally occur.

Grants, entitlements or shared revenue is recorded as receivables and revenue in the general, special revenue and capital project funds when they are received or susceptible to accrual. Notes receivables represent individual loans, secured by property liens in favor of the City and the Redevelopment Agency, made through various sources, including the Community Development Block Grant (CDBG) and federal HOME housing programs. When repaid, these amounts are designated for purposes allowed under the aforementioned reuse guidelines.

G. Allowance for Doubtful Accounts

Management has elected to record bad debts using the allowance method.

H. Prepaid Expenses

The prepaid expenses consist of expendables supplies held for consumption and are recorded as expenses when consumed. Materials and supplies used by governmental funds are recorded as expenditures at the time they are purchases or obtained.

I. Capital Assets

Government-Wide Statements

Public domain (infrastructure) capital assets include roads, bridges, curbs and gutters, streets, sidewalks, drainage systems, and lighting systems.

The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

City of Lakeport, California
 Basic Financial Statements
 For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Capital Assets

Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized, since then these assets have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The City capitalizes assets with an original cost greater than \$5,000 and with a useful lifespan longer than three years. No depreciation is recorded in the year of acquisition or in the year of disposition.

The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	5 – 50 years
Roadway improvements	50 years
Sidewalks, curbs and gutters	50 years
Storm drain pipes/structures	50 years
Traffic signal devices	5 – 40 years
Landscaping	30 years
Signage	25 years
Leasehold improvements	5 years
Machinery and equipment	3 – 5 years
Vehicles	3 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

J. Compensated Absences

Compensated absences represent the vested portion of accumulate vacation and sick leave. In governmental funds, the cost of vacation and sick leave benefits is recognized when payments are made to employees. Upon separation, 100% of accrued vacation leave (up to a maximum of 400 hours) and accrued comp time is paid and, depending on longevity, sick leave is paid out up to 50% of the accrued amount. In proprietary funds, a long-term liability for such benefits has been recorded.

City of Lakeport, California
 Basic Financial Statements
 For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

L. Long-term Liabilities

In both the governmental-wide financial statements and proprietary fund financial statements, long-term debt and other long-term liabilities are reported as liabilities in the applicable statement of net position. Bond premiums, issuance costs and discounts are deferred and amortized over the life of the bond.

In the fund financial statements, governmental fund types recognized 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.

M. Equity Classification

Government-Wide Statements

Equity is classified as net position and is displayed in three components:

Net investment in capital assets – consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – consists of net position with constraints placed on the use by external groups such as creditors, grantors, contributors, or by laws or regulations of other governments or law through constitutional provisions or enabling legislation.

Unrestricted net position – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

City of Lakeport, California
Basic Financial Statements
For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. Proprietary fund equity is classified the same as in the government-wide statements. The classifications for governmental funds are defined as follows for the City:

Nonspendable Fund Balance –

- Assets that will never convert to cash (prepaid items, inventory).
- Assets that will not convert to cash soon enough to affect the current period (long-term notes or loans receivable).
- Resources that must be maintained intact pursuant to legal or contractual requirements (the principal of an endowment).

Restricted Fund Balance –

- Resources that are subject to externally enforceable legal restrictions imposed by parties altogether outside the government (Creditors, Grantors, Contributors and Other Governments).
- Resources that are subject to limitations imposed by law through constitutional provisions or enabling legislation (Gas Tax).

Committed Fund Balance –

- Self-imposed limitations set in place prior to the end of the period. (Encumbrances, economic contingencies and uncertainties).
- Limitation at the highest level of decision-making (Council) that requires formal action at the same level to remove, done typically through resolution during the budget process.

Assigned Fund Balance –

- Amounts in excess of nonspendable, restricted, and committed fund balance in funds other than the general fund automatically are reported as assigned fund balance and are done so by the City Manager through the budget process.

Unassigned Fund Balance –

- Residual net resources
- Total fund balance in the general fund in excess of nonspendable, restricted, committed and assigned fund balance (surplus).
- Excess of nonspendable, restricted, and committed fund balance over total fund balance (deficit).

City of Lakeport, California
Basic Financial Statements
For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. Equity Classification, Continued

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted fund balance resources first, followed by the unrestricted resources in the Committed and Unassigned fund balances, as they are needed.

The general fund is the only fund that reports a positive unassigned fund balance. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund. [GASB – S54: 17 and 19]

N. Property Taxes

Property taxes in the State of California are administered for all local agencies at the county level and consist of secured, unsecured and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

Property Valuations are established by the Lake County Assessor for the secured and unsecured property tax rolls; the utility property tax roll is valued by the State Board of Equalization. Under the provision of Article XIII-A of the State Constitution (Proposition 13, adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. From this base assessment, subsequent annual increases in valuation are limited to a maximum of two percent. However, an increase to full value is allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations and is subject to annual reappraisal.

Tax Levies are limited to one percent of full assessed value which results in a tax rate of one percent assessed valuation under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

Tax Levy Dates are attached annually on January 1, preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property as it exists at that time. Liens against real estate, as well as the tax on personal property are not relieved by subsequent renewal or change in ownership.

City of Lakeport, California
Basic Financial Statements
For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

N. Property Taxes, Continued

Tax Collections are the responsibility of the Lake County Treasurer-Tax Collector. Taxes and assessments on secured and utility rolls, which constitute a lien against the property, may be paid in two installments.

- The First is due on November 1 of the fiscal year and is delinquent if not paid by December 10;
- The second is due on March 1 of the fiscal year and is delinquent if not paid by April 10.

Unsecured personal property taxes do not constitute a lien against property unless the taxes become delinquent. Payments must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the county for late payments. The City has elected to receive the City's portion of the property taxes from the county under the county Teeter Bill program. Under this program, the City receives 100% of the City's share of the levied property taxes in periodic payments with the county assuming the responsibility for the delinquencies.

Property Tax Administration Fees – the state of California FY 90-91 Budget Act authorized counties to collect an administrative fee for collection and distribution of property taxes.

Tax Levy Apportionments – due to the nature of the City-wide maximum levy, it is not possible to identify general-purpose tax rates for specific entities. Under State legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by the county's auditor-controller based primarily on the ratio that each agency represented of the total City-wide levy for the three fiscal years prior to fiscal year 1979.

O. Interfund Transfers

Resources are reallocated between funds by reporting them as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

P. Reclassifications

Certain amounts have been reclassified to provide for comparable results on a year to year basis.

City of Lakeport, California
Basic Financial Statements
For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Q. Budgetary Information

The City follows these procedures annually in establishing the budgetary data reflected in the financial statements:

1. The City Manager submits to the City Council a proposed draft budget for the fiscal year commencing July 1 of the next fiscal year. The budget includes proposed expenditures and the means of financing them.
2. If use of fund balance is recommended by the City Manager, resources to be used will be in the following order:
 - a. unassigned fund balance
 - b. assigned
 - c. committed
3. The City Council reviews the proposed budget at special scheduled sessions which are open to the public. The Council also conducts a public hearing on the proposed budget to obtain comments from interested persons.
4. Prior to July 1, the budget is to be adopted by resolution of the City Council.
5. From the effective date of the budget, which is adopted and controlled at the fund level, the amounts stated therein as proposed expenditures become appropriations to the various City funds and departments. The City Council may amend the budget by minute action during the fiscal year. The City Manager may authorize transfers from one object or purpose to another within the same fund, and between departments within the General Fund. All appropriations lapse at year end unless encumbered and carried forward upon the approval of the City Manager.

Budgets are adopted for all fund types and are reported on a basis consistent with generally accepted accounting principles. Budgeted amounts presented are as originally adopted and as further amended by the City Council.

City of Lakeport, California
Basic Financial Statements
For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

R. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Government of Example's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

S. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date June 30, 2020

Measurement Date June 30, 2020

Measurement Period July 1, 2019 to June 30, 2020

City of Lakeport, California
Basic Financial Statements
For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

T. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Revenue Limitations Imposed by California Propositions 218 and 26

Proposition 218, approved by the voters in November 1996, regulates the City's ability to impose, increase, and extend taxes, assessments, and fees. It was enhanced further by the passage of Proposition 26 in 2010, which revised to the definitions of taxes and fees. Any new, increased, or extended taxes, assessments, and fees subject to the provisions of Proposition 218 require voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes, assessments, and fees be subject to the voter initiative process and may be rescinded in future years by the voters.

City of Lakeport, California
Basic Financial Statements
For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

2. CASH AND INVESTMENTS

The City follows the practice of pooling cash and investments of all funds except for the restricted funds required to be held by outside custodians, fiscal agents or trustees under the provisions of bond indentures. Cash and investments as of June 30, 2020, are classified in the accompanying financial statements as follows:

Cash, Cash Equivalents and Investments Pooled

	Maturities (in years)			Deposits	Fair Market Value
	<1	1 to 3	3 to 5		
Pooled cash, at fair value:					
Cash in bank	\$ -	\$ -	\$ -	\$ 10,285,749	\$ 10,285,749
Petty cash	-	-	-	400	400
Total pooled items	-	-	-	10,286,149	10,286,149
Pooled investments, at fair value:					
Interest obligations:					
<u>Par</u> <u>Rate</u>					
\$ 2,000,000 1.70-3.55% Certificate of Deposits	403,318	1,066,186	632,626	-	2,102,130
Money market	-	-	-	92,920	92,920
State of California Local Agency Investment Fund	2,669,641	-	-	-	2,669,641
Total pooled investments - interest obligations	3,072,959	1,066,186	632,626	92,920	4,864,691
Total cash equivalents and investments pooled	\$ 3,072,959	\$ 1,066,186	\$ 632,626	\$ 10,379,069	\$ 15,150,840

Amounts reported in:

Governmental activities	\$ 6,300,088
Governmental activities - Restricted	22,588
Business-type activities	7,813,652
Business-type activities - Restricted	69,502
Fiduciary activities	944,899
Fiduciary activities - Restricted	111
Total	<u>\$ 15,150,840</u>

Collateral and Categorization Requirements

At the fiscal year end, the City's carrying amount of demand deposits was \$10,285,749 and the bank account balance was \$10,475,997. The difference of \$190,248 represented outstanding checks and deposits in transit. Of the total deposit balance, \$250,000 was insured by Federal Depository Insurance Corporation (FDIC), the remaining amount of \$10,225,997 was collateralized in accordance with California Government Code Section 53600-53609.

City of Lakeport, California
 Basic Financial Statements
 For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

2. CASH AND INVESTMENTS, Continued

Investment Policy

The table below identifies the investment types that are authorized under provisions of the City's investment policy adopted August 16, 2005 (subsequently updated July 6, 2010), and in accordance with Section 53601 of the California Government Code. The table also identifies certain provisions of the investment policy that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Minimum Rating
U.S. Treasury Securities	5 years	None	None	None
U.S. Government Securities	5 years	None	None	None
Bankers' Acceptances	270 days	30%	None	None
Certificates of Deposit	5 years	30%	None	None
Negotiable Certificates of Deposit	5 years	30%	None	None
Repurchase Agreements	30 days	None	None	None
Commercial Paper	31-180 days	15-30%	None	A1/P1
Corporate Medium-term Notes	5 years	30%	None	A1/P1
Mutual Funds	None	15%	None	Two/Three
Passbook Savings	N/A	None	None	None
Local Agency Investment Fund (LAIF)	N/A	\$10M	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that Lakeport manages its exposure to interest rate risk is by investing in LAIF, whose underlying securities have staggered maturities and are generally due on demand, which provides cash flow and liquidity needed for operations.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by nationally recognized statistical rating organization. The City's investment policy limits credit risk by requiring compliance with the California Government Code for investment of public funds, as described in detail above.

City of Lakeport, California
 Basic Financial Statements
 For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

2. CASH AND INVESTMENTS, Continued

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any single issuer beyond that stipulated by the California government code, Investments in any one issuer that represent 5% or more of total investments at June 30, 2020 are as follows:

Investment Type	Fair Value	Yield	Concentration
Certificate of Deposits	\$ 2,102,130	2.74%	43.21%
Money market	92,920	0.00%	1.91%
Local Agency Investment Fund (LAIF)	2,669,641	1.47%	54.88%
Total fair value	\$ 4,864,691		100.00%
	Weighted yield	1.99%	

Custodial Credit Risk

The credit risk for deposits is the risk that, in the event of failure of a depository financial institution, a government will not be able recover its deposits or will not be able to recover collateral securities that are in the possession on an outside party. The California government code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits:

The California government code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must be equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2020, the City had \$10,225,997 in financial institutions that were not covered by the FDIC but were covered by collateralized securities of the financial institutions where the deposits were maintained.

The credit risk for *investments* is the risk that, in the event of the failure of counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of another party. The California government code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

City of Lakeport, California
 Basic Financial Statements
 For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

2. CASH AND INVESTMENTS, Continued

Participation in an External Investment Pool

The City is a voluntary participant in the California Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section under the oversight of the Local Investment Advisory Board (Board). The Board consists of five members as designated by state statute, and is chaired by the State Treasurer who is responsible for the day to day administration of LAIF. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis, which is different from the fair value of the City's position in the LAIF pool. The State Treasurer determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available. As of June 30, 2020, the City's investment in LAIF was \$2,669,641. The total amount invested by all public agencies at that date was \$32.08 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2020 has a balance of \$101.79 billion. Financial Statements of LAIF and PMIA may be obtained from the California Treasurer's web site at www.treasurer.ca.gov.

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2020:

Accounts Receivable and Due from Other Governments

	Receivables	Allowance	Net
Governmental activities:			
Due from other governments:			
Property taxes	\$ 82,553	\$ -	\$ 82,553
Grants and subventions	1,148,881	-	1,148,881
SB1	12,711	-	12,711
TOT	34,189	-	34,189
Sales tax	703,126	-	703,126
Accounts receivable:			
Accounts	198,933	-	198,933
Administrative citations	600	(4,700)	(4,100)
Total	<u>\$ 2,180,993</u>	<u>\$ (4,700)</u>	<u>\$ 2,176,293</u>
Business-type activities:			
Accounts	\$ 847,918	\$ -	\$ 847,918
Total	<u>\$ 847,918</u>	<u>\$ -</u>	<u>\$ 847,918</u>

City of Lakeport, California
 Basic Financial Statements
 For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

3. ACCOUNTS RECEIVABLE, Continued

These amounts resulted in the following concentrations in receivables:

Concentration of Receivables

Other governments	64.2%
Individuals/businesses	35.8%

Amounts do not indicate a significant concentration (greater than 25%) with any single individual, business or agency.

4. LOANS, NOTES RECEIVABLE, AND INTERFUND BORROWING

Through the City's various housing rehabilitation funds, first-time home buyer's funds, and business/economic development loan funds, the City has loaned funds to qualifying individuals and businesses. Interest rates vary depending on the terms of the loan. Interest is accrued on the loans that bear interest.

Loans and notes receivable for the year ended June 30, 2020, consisted of the following:

Loans and Notes Receivable

	Beginning July 1, 2019	Additions	Deletions	Ending June 30, 2020
Nonmajor governmental funds:				
Special revenue funds:				
Lakeport Housing	\$ 371,111	\$ -	\$ (31,671)	\$ 339,440
CDBG Economic Development PI notes receivable	803,665	268,310	-	1,071,975
2012 HOME Grant	1,305,347	-	(55,171)	1,250,176
Total governmental funds	<u>2,480,123</u>	<u>268,310</u>	<u>(86,842)</u>	<u>2,661,591</u>
Major enterprise funds:				
Water	41,059	-	-	41,059
Sewer	91,389	-	-	91,389
Total enterprise funds	<u>136,228</u>	<u>-</u>	<u>-</u>	<u>132,448</u>
Total loans/notes receivable	<u>\$ 2,759,506</u>	<u>\$ 268,310</u>	<u>\$ (86,842)</u>	<u>\$ 2,794,039</u>

City of Lakeport, California
 Basic Financial Statements
 For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

5. CAPITAL ASSETS

Governmental capital asset activity for the year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
Governmental activities:					
Nondepreciable assets:					
Land	\$ 1,769,145	\$ 728,968	\$ -	\$ -	\$ 2,498,113
Construction in progress	475,750	270,259	-	(475,750)	270,259
Total nondepreciable assets	2,244,895	999,227	-	(475,750)	2,768,372
Depreciable assets:					
Buildings and structures	6,500,031	-	-	-	6,500,031
Improvements	7,612,394	1,960,136	-	475,750	10,048,280
Vehicles and equipment	2,243,470	69,151	-	-	2,312,621
Total depreciable assets	16,355,895	2,029,287	-	475,750	18,860,932
Total	18,600,790	3,028,514	-	-	21,629,304
Accumulated depreciation:					
Buildings and structures	(1,845,814)	(170,920)	-	-	(2,016,734)
Improvements	(1,714,147)	(259,332)	-	-	(1,973,479)
Vehicles and equipment	(1,656,071)	(119,233)	-	-	(1,775,304)
Total accumulated depreciation	(5,216,032)	(549,485)	-	-	(5,765,517)
Net depreciable assets	11,139,863	1,479,802	-	475,750	13,095,415
Total net capital assets	\$ 13,384,758	\$ 2,479,029	\$ -	\$ -	\$ 15,863,787

Depreciation expense of \$549,485 was allocated in the Statement of Activities as follows:

General government	\$ 278,238
Public Safety	108,879
Public Works	80,537
Parks, buildings, grounds	81,831
	<u>\$ 549,485</u>

City of Lakeport, California
 Basic Financial Statements
 For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

5. CAPITAL ASSETS, Continued

Business-type capital asset activity for the year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
Business-type activities:					
Nondepreciable assets:					
Land	\$ 2,475,403	\$ -	\$ -	\$ -	\$ 2,475,403
Construction in progress	1,820,865	1,898,930	-	(3,588,636)	131,159
Total nondepreciable assets	<u>4,296,268</u>	<u>1,898,930</u>	<u>-</u>	<u>(3,588,636)</u>	<u>2,606,562</u>
Depreciable assets:					
Buildings and structures	9,955,195	-	-	-	9,955,195
Improvements	28,518,129	162,187	-	3,588,636	32,268,952
Vehicles and equipment	1,998,524	160,748	-	-	2,159,272
Total depreciable assets	<u>40,471,848</u>	<u>322,935</u>	<u>-</u>	<u>3,588,636</u>	<u>44,383,419</u>
Total	<u>44,768,116</u>	<u>2,221,865</u>	<u>-</u>	<u>-</u>	<u>46,989,981</u>
Accumulated depreciation:					
Buildings and structures	(1,230,881)	(320,859)	-	-	(1,551,740)
Improvements	(17,817,005)	(908,052)	-	-	(18,725,057)
Vehicles and equipment	(1,007,549)	(129,356)	-	-	(1,136,905)
Total accumulated depreciation	<u>(20,055,435)</u>	<u>(1,358,267)</u>	<u>-</u>	<u>-</u>	<u>(21,413,702)</u>
Net depreciable assets	<u>20,416,413</u>	<u>(1,035,332)</u>	<u>-</u>	<u>3,588,636</u>	<u>22,969,717</u>
Total business-type capital assets, net	<u>\$ 24,712,681</u>	<u>\$ 863,598</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,576,279</u>

Depreciation expense for capital assets for the year ended June 30, 2020, was charged to functions as follows:

Water	\$ 416,394
Sewer	<u>941,873</u>
	<u>\$ 1,358,267</u>

City of Lakeport, California
 Basic Financial Statements
 For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

6. LONG TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2020:

	Beginning Balance 7/1/2019	Additions	Reductions	Ending Balance 6/30/2020	Due within One Year
Governmental Activities					
USDA Police Station Bond	\$ 1,062,000	\$ -	\$ (18,000)	\$ 1,044,000	\$ 18,000
Pension Obligation Bonds - Governmental Share	1,420,327	-	(118,411)	1,301,916	117,792
2018 Series B Solar Bonds - Governmental Share	1,170,000	-	-	1,170,000	10,000
Less: Discount	(35,626)	-	1,425	(34,201)	-
Compensated Absences	300,267	34,857	-	335,124	178,670
Total	<u>\$ 3,916,968</u>	<u>\$ 34,857</u>	<u>\$ (134,986)</u>	<u>\$ 3,816,839</u>	<u>\$ 324,462</u>
Business-Type Activities					
USDA Water Revenue Bonds, 2016	\$ 3,073,600	\$ -	\$ (59,100)	\$ 3,014,500	\$ 60,100
Pinnacle Water Loan	2,377,000	-	(113,000)	2,264,000	116,000
Wastewater Revenue Bonds, 2017 Refunding	2,460,000	-	(180,000)	2,280,000	184,000
USDA WasteWater Revenue Bonds, 2017	3,365,000	-	(56,000)	3,309,000	58,000
2017 CLMSD Sewer District Assessment Bonds	2,648,000	-	(159,000)	2,489,000	161,000
Pension Obligation Bonds - Business-type Share	870,670	-	(72,588)	798,082	72,208
2018 Series B Solar Bonds - Business-type Share	3,600,000	-	(65,000)	3,535,000	90,000
Add: Premium	39,281	-	(2,182)	37,099	-
Compensated Absences	215,467	100,225	(124,094)	191,598	69,400
Total	<u>\$ 12,397,346</u>	<u>\$ 100,225</u>	<u>\$ (830,964)</u>	<u>\$ 17,918,279</u>	<u>\$ 810,708</u>

Governmental Activities

USDA Police Station Bond

Total issue \$1,095,000. Annual principal and interest payments of approximately \$43,000, at an interest rate of 2.375%, are due June 1 and December 1 each year. The total obligation matures in the year 2056.

Balance due \$ 1,044,000

Business-type Activities

USDA Water Revenue Bonds, 2016

Total issue \$3,182,000. Annual principal and interest payments of approximately \$109,500, at an interest rate of 2.85%, are due August 1 and February 1 each year, secured by water fund revenue. The total obligation matures in the year 2056.

Balance due \$ 3,014,500

Pinnacle Water Loan

Total issue \$2,587,000. Annual principal and interest payments of approximately \$175,250, at an interest rate of 2.65%, are due February 1 and August 1 each year. Payments are secured by water fund revenue. The obligation matures in the year 2035.

Balance due \$ 2,264,000

City of Lakeport, California
 Basic Financial Statements
 For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

6. LONG TERM LIABILITIES, Continued

Wastewater Revenue Bonds, 2007 Series A

2007 Series A, total remaining balance of \$2,580,000 was refinanced to 2018 Wastewater Refunding on December 1, 2018. Total issue \$2,723,000. Annual principal is due on October 1 and interest payments at 2.52% are due April 1 and October 1 each year, which are secured by wastewater fund revenue. The total obligation matures in the year 2030. The reacquisition price exceeded the net carrying amount of the old debt by \$143,000. The City obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$205,069.

Balance due \$ 2,280,000

USDA Wastewater Revenue Bonds, 2018

Series 2018 Wastewater enterprise revenue bonds. Total issue \$3,433,000. Annual principal and interest payments of approximately \$127,000, at an interest rate of 2.125%, are due April 1 and October 1 each year, secured by wastewater fund revenue. The total obligation matures in the year 2057.

Balance due \$ 3,309,000

2018 CLMSD Sewer District Assessment Bonds

2018-1 Sewer Assessment bonds. Total issue \$2,854,000. Annual principal and interest payments of approximately \$230,000, at an interest rate of 2.85%, are due March 2 and September 2 each year, secured by Municipal Sewer District No.1 revenue from the South Assessment District 91-1 area. The total obligation matures in the year 2032.

Balance due \$ 2,489,000

Pension Obligation Bonds

On June 22, 2015, the City entered into an agreement with Umpqua Bank to obtain a loan in the amount of \$3,184,000 to pay their PERS side fund obligation at an interest rate of 4.25% maturing in 17 years on January 1, 2033. Interest is payable semi-annually on January 1 and July 1. The obligation is payable from revenues received from the General, Water and Sewer Funds, 62% of the payments charged to governmental activities and the remaining 38% split evenly between the Water and Sewer Funds. The maturity schedule for the bonds is as follows:

City of Lakeport, California
 Basic Financial Statements
 For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

6. LONG TERM LIABILITIES, Continued

Year Ending June 30,	Governmental Activities		Business-type Activities		Total	
	Pension Obligation Bonds	Pension Obligation Bonds	Pension Obligation Bonds	Pension Obligation Bonds	Pension Obligation Bonds	Pension Obligation Bonds
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 117,792	\$ 54,054	\$ 72,208	\$ 33,135	\$ 190,000	\$ 87,189
2022	116,553	49,061	71,447	30,074	188,000	79,135
2023	114,693	44,134	70,307	27,054	185,000	71,188
2024	112,833	39,272	69,167	24,074	182,000	63,346
2025	110,353	34,503	67,647	21,151	178,000	55,654
2026-2030	510,230	104,695	312,770	64,179	823,000	168,874
2031-2035	219,462	13,728	134,538	8,415	354,000	22,143
Total	\$ 1,301,916	\$ 339,447	\$ 798,084	\$ 208,082	\$ 2,100,000	\$ 547,529
Due within one year	\$ 117,792	\$ 54,054	\$ 72,208	\$ 33,135	\$ 190,000	\$ 87,189
Due after one year	1,184,124	285,393	725,876	174,947	1,910,000	460,340
Total	\$ 1,301,916	\$ 339,447	\$ 798,084	\$ 208,082	\$ 2,100,000	\$ 547,529

Future Debt Service

Future debt service for Governmental and Business-type activities at June 30, 2020 is as follows for all debt except compensated absences and claims liabilities:

Year Ending June 30,	Governmental Activities	
	USDA Police Station Bond	
	Principal	Interest
2021	\$ 18,000	\$ 24,581
2022	18,000	24,154
2023	19,000	23,714
2024	19,000	23,263
2025	20,000	22,800
2026-2030	106,000	106,638
2031-2035	119,000	93,278
2036-2040	133,000	78,363
2041-2045	150,000	61,536
2046-2050	169,000	42,643
2051-2055	190,000	21,375
2056-2060	83,000	1,983
Total	\$ 1,044,000	\$ 524,328
Due within one year	\$ 18,000	\$ 24,581
Due after one year	1,026,000	499,747
Total	\$ 1,044,000	\$ 524,328

City of Lakeport, California
 Basic Financial Statements
 For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

6. LONG TERM LIABILITIES, Continued

Debt Service Schedule

Business-type

Year Ending June 30,	Business-type Activities					
	2017 CLMSD Assessment Bonds Series-2017-1		Wastewater Revenue Bonds Series Refunding		Pinnacle Water Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 161,000	\$ 68,642	\$ 184,000	\$ 55,138	\$ 116,000	\$ 58,459
2022	168,000	63,954	189,000	50,438	118,000	55,359
2023	174,000	59,081	194,000	45,612	122,000	52,179
2024	175,000	54,107	199,000	40,660	125,000	48,906
2025	181,000	49,034	204,000	35,582	128,000	45,554
2026-2030	977,000	163,946	1,100,000	97,171	693,000	174,357
2031-2035	653,000	28,229	210,000	2,646	791,000	76,174
2036-2040	-	-	-	-	171,000	2,266
Total	\$ 2,489,000	\$ 486,993	\$ 2,280,000	\$ 327,247	\$ 2,264,000	\$ 513,254
Due within one year	\$ 161,000	\$ 68,642	\$ 184,000	\$ 55,138	\$ 116,000	\$ 58,459
Due after one year	2,328,000	418,351	2,096,000	272,109	2,148,000	454,795
Total	\$ 2,489,000	\$ 486,993	\$ 2,280,000	\$ 327,247	\$ 2,264,000	\$ 513,254

Year Ending June 30,	USDA Water Revenue Bonds, 2016		USDA WasteWater Revenue Bonds, 2017		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
	2021	\$ 60,100	\$ 48,587	\$ 58,000	\$ 69,700	\$ 579,100
2022	61,000	47,593	59,000	68,457	595,000	285,801
2023	62,000	46,583	60,000	67,193	612,000	270,648
2024	63,000	45,557	61,000	65,907	623,000	255,137
2025	64,100	44,514	63,000	64,589	640,100	239,273
2026-2030	336,200	206,319	333,000	302,186	3,439,200	943,979
2031-2035	364,600	177,580	370,000	264,903	2,388,600	549,532
2036-2040	395,100	146,420	411,000	223,454	977,100	372,140
2041-2045	428,200	112,631	456,000	177,395	884,200	290,026
2046-2050	464,200	75,989	507,000	126,342	971,200	202,331
2051-2055	503,100	36,249	563,000	69,498	1,066,100	105,747
2056-2060	212,900	2,633	368,000	11,836	580,900	14,469
Total	\$ 3,014,500	\$ 990,655	\$ 3,309,000	\$ 1,511,460	\$ 13,356,500	\$ 3,829,609
Due within one year	\$ 60,100	\$ 48,587	\$ 58,000	\$ 69,700	\$ 579,100	\$ 300,526
Due after one year	2,954,400	942,068	3,251,000	1,441,760	12,777,400	3,529,083
Total	\$ 3,014,500	\$ 990,655	\$ 3,309,000	\$ 1,511,460	\$ 13,356,500	\$ 3,829,609

City of Lakeport, California
 Basic Financial Statements
 For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

6. LONG TERM LIABILITIES, Continued

2018 Series B Solar Bonds

On July 18, 2019, the City issued \$4,770,000 revenue bonds to fund a solar and energy efficiency retrofit project. The interest rate on the bonds is 2.0 - 3.5 and the maturity date is October 1, 2043. Interest is payable semi-annually on April 1 and October 1. The obligation is payable from revenues received from the General, Water and Sewer Funds. The maturity schedule for the bonds is as follows:

Debt Service Schedule

Year Ending June 30,	Governmental Activities		Business-type Activities		Total	
	2018 Series B Solar Bonds		2018 Series B Solar Bonds		2018 Series B Solar Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 10,000	\$ 37,406	\$ 90,000	\$ 118,288	\$ 100,000	\$ 155,694
2022	15,000	37,156	105,000	116,338	120,000	153,494
2023	15,000	36,856	115,000	113,563	130,000	150,419
2024	20,000	36,506	130,000	109,888	150,000	146,394
2025	20,000	36,056	145,000	105,038	165,000	141,094
2026-2030	145,000	170,359	925,000	422,388	1,070,000	592,747
2031-2035	235,000	142,478	1,405,000	225,081	1,640,000	367,559
2026-2040	360,000	92,497	620,000	23,619	980,000	116,116
2041-2045	350,000	25,900	-	-	-	-
Total	\$ 1,170,000	\$ 615,214	\$ 3,535,000	\$ 1,234,203	\$ 4,355,000	\$ 1,823,517
Due within one year	\$ 10,000	\$ 37,406	\$ 90,000	\$ 118,288	\$ 100,000	\$ 155,694
Due after one year	1,160,000	577,808	3,445,000	1,115,915	4,255,000	1,667,823
Total	\$ 1,170,000	\$ 615,214	\$ 3,535,000	\$ 1,234,203	\$ 4,355,000	\$ 1,823,517

Various bond indentures contain limitations and restrictions, with which, in the opinion of management, the City is in compliance.

Compensated Absences

The City records employee absences, such as vacation, illness, deferred overtime, and holidays, for which it is expected that employees will be paid as compensated absences. The governmental activities compensated absences balance at June 30, 2020 was \$335,124 with \$178,670 expected to be paid within a year and to be liquidated by the general fund; the business-type activities compensated absences balance at June 30, 2020 was \$191,598 with \$69,400 expected to be paid within a year. Of which the water fund will liquidate \$34,900 and the sewer fund \$34,500.

City of Lakeport, California
 Basic Financial Statements
 For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

7. NET POSITION/FUND BALANCES

Restricted Net Position Detail

	Governmental Activities	Business-type Activities
Restricted for:		
Law enforcement	\$ 162,456	\$ -
Housing programs	356,148	-
Transportation infrastructure	661,492	-
Debt service reserve	-	373,231
Assessment district debt service	-	345,338
Depreciation reserve	-	94,901
Total	<u>\$ 1,180,096</u>	<u>\$ 813,470</u>

- Restrictions of Net position for Law enforcement, Housing programs and Transportation infrastructure are the same as described on the next page as restrictions of fund balances.
- Debt service reserve: the amount of funds in the water and sewer enterprise restricted per the loan and bond covenants of the outstanding debt.
- Assessment district debt service: consists of funds held for the repayment of the Series 2017-1 bond. The funds are restricted by a bond covenant.
- Depreciation reserve: the amount of funds set aside to meet USDA project requirements in the Water and Sewer funds.

City of Lakeport, California
 Basic Financial Statements
 For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

7. NET POSITION/FUND BALANCES, Continued

Fund Balance Detail

Nonspendable:	
Long-term interfund advances	\$ 289,481
Loans/notes receivable	2,661,591
Total nonspendable	<u>2,951,072</u>
Restricted:	
Law enforcement	162,456
Housing programs	356,148
Transportation infrastructure	661,492
Total restricted	<u>1,180,096</u>
Assigned:	
Capital projects	3,387,639
General reserves	1,199,455
Housing and community programs	11,478
Debt service reserve	111,000
Total assigned	<u>4,709,572</u>
Unassigned:	
General fund	2,054,633
Special revenue funds	(224,388)
Total unassigned	<u>1,830,245</u>
Total fund balance	<u>\$ 10,670,985</u>

The following describe the purpose of each nonspendable, restricted, committed, assigned, and unassigned category used by the City:

Nonspendable

- ***Loans/notes receivable*** – used to segregate that portion of fund balance to indicate that long-term loans or notes receivable do not represent available, spendable resources even though they are components of assets.
- ***Long-term interfund advances*** – cash transfers to special revenue funds to provide financing for those activities. This also includes a loan from the general fund to the water fund for a capital purchase, reported on the statement face as an internal balance.

City of Lakeport, California
Basic Financial Statements
For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

7. NET POSITION/FUND BALANCES, Continued

Restricted

- **Law enforcement** – comprised of asset forfeiture money and subventions received from the state for the use in police activities.
- **Housing programs** – consists of cash and notes receivable expressly reserved for the use in providing housing for low and moderate income residents.
- **Transportation infrastructure** – reserved in special revenue funds to finance transportation projects funded by state and federal sources.

Assigned

- **Capital projects** – funds committed by the City Council from the general fund for the replacement of docks, an infrastructure improvement project.
- **General reserves** – funds identified as operating reserves by management and the City Council.
- **Subsequent year's budget: appropriation of fund balance** – amount appropriated from prior budgetary surpluses in the general fund to finance one-time uses, primarily capital projects.
- **Housing and community assistance** – resources held for emergency housing and business stabilization programs.
- **Debt service reserve** – funds reserved by management for future debt service payments related to capital acquisitions.

Unassigned

- **Special revenue fund deficits** – deficit fund balances in four special revenue funds.

City of Lakeport, California
 Basic Financial Statements
 For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

7. NET POSITION/FUND BALANCES, Continued

Fund Deficits

Deficit fund balances consisted of the following:

Non-Major Special Revenue Funds

Fund Name	Fund Number	Deficit Amount	Discussion/Explanation
Parkland Dedication Fund	202	(175,140)	Deficit resulted from a large payment to the Witt loan in fiscal year 2013. Financing for that payment came from advance from the general fund and will be repaid from park dedication fees.
Lakeport Housing Program	209	(37,618)	This fund was used to acquire certain properties for the City over the last decade. Management has elected to keep this fund balance in a negative balance as income to the fund will reduce it. Financing in the interim will come from the general fund.
CDBG Grant 2017	238	(11,630)	Immaterial accounts receivable were not recorded to offset the accrued expenditures in this fund.

City of Lakeport, California
 Basic Financial Statements
 For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

8. INTERFUND TRANSACTIONS AND INTERFUND BORROWING

With City Council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to reimburse a fund which has made expenditure on behalf of another fund. Transfers between funds during the fiscal year 2020 were as follows:

Transfers were made to close out old funds and accounts that were no longer in use and to reimburse the general fund for program-related general administrative costs.

	<u>Transferred In</u>	<u>Transferred Out</u>
Governmental Funds		
Major funds:		
Fund: 110 - General Fund	\$ 265,810	\$ -
Fund: 235 - HOME Grant 2017	-	55,499
Total major funds	265,810	55,499
Non-major funds:		
Special revenue funds:		
Fund: 207 - Prop 172 Public Safety	-	29,500
Fund: 238 - CDBG Grant 2017	-	295,000
Fund: 415 - Lakeshort Blvd. HSIPL (Safety)	-	21,325
Fund: 241 - CDBG Grant Program Income	295,000	-
Fund: 130 - General Capital Projects	-	159,486
Total non-major funds	295,000	505,311
Total Transfers	\$ 560,810	\$ 560,810

Interfund Borrowing and Internal Balances

Borrowing Fund (Due To)			Lending Fund (Due From)		
Fund Number	Fund Name	Amount	Fund Number	Fund Name	Amount
237	CDBG Grant 2018	\$ 2,310	110	General Fund	\$ 2,310
238	CDBG Grant 2017	251,537	110	General Fund	251,537
411	Safe Routes to School	59,893	110	General Fund	59,893
413	Lakefront Park Grant	678,462	110	General Fund	678,462
Total due to		\$ 992,202	Total due from		\$ 992,202

Borrowing Fund (Advances To)			Lending Fund (Advances From)		
Fund Number	Fund Name	Amount	Fund Number	Fund Name	Amount
202	Parkland Dedication	\$ 175,140	110	General Fund	\$ 175,140
209	Lakeport Housing	114,341	110	General Fund	114,341
Total advances to		\$ 289,481	Total advances from		\$ 289,481
		\$ 1,281,683	Total interfund borrowing		\$ 1,281,683

City of Lakeport, California
Basic Financial Statements
For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

8. RISK MANAGEMENT

The City is an associate member of the Redwood Empire Municipal Insurance Fund (REMIF), a public entity pool comprised of fifteen northern California charter and associate member cities. REMIF is organized under a Joint Powers Agreement pursuant to the California Government Code. The purpose of REMIF is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. The City pays an annual premium to REMIF for its workers' compensation, general liability and property coverage.

The City of Lakeport participates in the following three REMIF programs:

General Liability Insurance

Annual premiums are paid by the member cities and are adjusted retrospectively to cover costs. The City of Lakeport self-insures for the first \$5,000 of each loss and pays 100% of all losses incurred under \$5,000. The City does not share or pay for losses of other cities under \$5,000, depending on the entity's deductible amount. Participating cities then share in the next \$5,000 to \$500,000 per loss occurrence. Specific coverage includes comprehensive and general automotive liability, personal injury, contractual liability, professional liability, and certain other coverage. REMIF is a member of the California Joint Powers Risk Management Authority, which provides REMIF with an additional \$9,500,000 liability insurance coverage over and above REMIF retention level of \$500,000.

Workers' Compensation

Periodic deposits are paid by member cities and are adjusted retrospectively to cover costs. The City of Lakeport is self-insured for the first \$5,000 of each loss and pays 100% of all losses incurred under \$5,000. The City does not share or pay for losses of other cities under \$5,000.

Losses of \$10,000 to \$300,000 are prorated among all participating cities. Losses in excess of \$300,000 are covered by excess insurance purchased by participating cities, as part of the pool, to State statutory limits.

Property Insurance

The City participates in REMIF's property insurance program. The annual deposits paid by participating member cities are based upon deductibility levels and are not subject to retroactive adjustments. The City of Lakeport has a deductible level of \$10,000 and a coverage limit of \$300,000,000 declared value.

City of Lakeport, California
 Basic Financial Statements
 For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

9. RISK MANAGEMENT, Continued

Risk Management Coverage		
Amount	Coverage Provider	Payment Source
General liability claims:		
\$0 - \$5,000	Self-insured retention	City funds
5,001 - 500,000	Public Agency Risk Sharing Authority	Shared risk pool
500,001 - 9,500,000	California Affiliated Risk Management Authorities	Shared risk pool
5,000,001 - 15,000,000	Commercial reinsurance	
15,000,001 - 25,000,000	California Affiliated Risk Management Authorities	Shared risk pool
Workers' compensation claims:		
\$0 - \$5,000	Self-insured retention	City funds
5,001 - 300,000	Public Agency Risk Sharing Authority	Shared risk pool
300,001 +	Local Agency Workers' Compensation Excess Pool	Shared risk pool
5,000,001 - 50,000,000	Commercial reinsurance	
50,000,001 - 300,000,000	Insurance	
Property insurance claims:		
\$0 - \$10,000	Deductible	City funds
10,001 - 300,000,000	REMIF coverage of declared value	Shared risk pool

There were no settlements in excess of the insurance coverage in any of the three prior fiscal years. The City does not have any accrued liability or reserves for fiscal year 2020.

The following is a summary of the most recent financial statements of REMIF as of and for the fiscal year ended June 30, 2019:

Total assets	\$ 31,189,650
Total deferred outflows of resources	659,765
Total liabilities	(30,229,545)
Total Deferred inflows of resources	(216,372)
Members' equity	<u>\$ 1,403,498</u>
Total revenue	\$ 26,443,540
Total expense	(25,661,506)
Operating income (loss)	<u>\$ 782,034</u>

REMIF issues a separate comprehensive annual financial report. Copies of that report may be obtained from REMIF at Post Office Box 885, Sonoma, California 95476.

City of Lakeport, California
Basic Financial Statements
For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

10. PUBLIC EMPLOYEE RETIREMENT PLAN

Plan Description

The City contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing 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 the Executive Office, 400 "P" Street, Sacramento, California, 95814.

General Information about the Pension Plans

Plan Descriptions - All qualified permanent and probationary employees are eligible to participate in the Local Government's separate Safety (police and fire) and Miscellaneous (all other) Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

City of Lakeport, California
 Basic Financial Statements
 For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

10. PUBLIC EMPLOYEE RETIREMENT PLAN, Continued

The Plans' provisions and benefits in effect at June 30, 2020, are summarized as follows:

Benefits Provided

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.5% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8%	9%
Required employer contribution rates	11.432%	6.985%
	Safety	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	50 - 57
Monthly benefits, as a % of eligible compensation	3%	2.0% to 2.7%
Required employee contribution rates	9%	11.5%
Required employer contribution rates	20.073%	13.034%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Local Government is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

City of Lakeport, California
 Basic Financial Statements
 For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

10. PUBLIC EMPLOYEE RETIREMENT PLAN, Continued

For the year ended June 30, 2020, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous	Safety	PEPRA - Miscellaneous	PEPRA Safety
Contributions - employer	\$ 147,398	\$ 47,729	\$ 72,766	\$ 67,903

Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2020, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 4,909,061
Safety	2,440,583
Total Net Pension Liability	<u>\$ 7,349,644</u>

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2019, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019, using standard update procedures. The Local Government's proportion of the net pension liability was based on a projection of the Local Government's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

City of Lakeport, California
 Basic Financial Statements
 For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

10. PUBLIC EMPLOYEE RETIREMENT PLAN, Continued

The City's proportionate share of the net pension liability for each Plan as of June 30, 2019 and 2020, was as follows:

	Miscellaneous	Safety
Proportion - June 30, 2019	0.11803%	0.03711%
Proportion - June 30, 2020	0.12259%	0.03910%
Change - Increase (Decrease)	0.00456%	0.00199%

For the year ended June 30, 2020, the City recognized an increase in pension expense of \$136,989.

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous Plan		Safety Plan		Total	
	Deferred Outflows of Resources	Deferred Inflow of Resources	Deferred Outflows of Resources	Deferred Inflow of Resources	Deferred Outflows of Resources	Deferred Inflow of Resources
Changes in assumptions	\$ 151,105	\$ -	\$ 80,513	\$ -	\$ 231,618	\$ -
Differences between expected and actual experiences	314,538	-	159,348	-	473,886	-
Differences between projected and actual investment earnings	-	85,826	-	33,574	-	119,400
Differences between the employer's contributions and proportionate share of the	-	492,047	-	414,429	-	906,476
Change in employer's proportion	212,007	-	215,965	-	427,972	-
Pension contributions subsequent to measurement date	549,955	-	278,551	-	828,506	-
Total	<u>\$ 1,227,605</u>	<u>\$ 577,873</u>	<u>\$ 734,377</u>	<u>\$ 448,003</u>	<u>\$ 1,961,982</u>	<u>\$ 1,025,876</u>

The \$828,506 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended	Miscellaneous	Safety	Total
30-Jun			
2021	\$ 245,614	\$ 71,995	\$ 317,609
2022	(139,947)	(52,140)	(192,087)
2023	(23,233)	(18,565)	(41,798)
2024	17,343	6,533	23,876
2025	-	-	-
Thereafter	-	-	-
	<u>\$ 99,777</u>	<u>\$ 7,823</u>	<u>\$ 107,600</u>

City of Lakeport, California
 Basic Financial Statements
 For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

10. PUBLIC EMPLOYEE RETIREMENT PLAN, Continued

Actuarial Assumptions

The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Assumptions	
Actuarial cost method	Entry-age normal cost method
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.75%
Salary increases	Varies by entry age and service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funs
Post-retirement benefit increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter.

The underlying mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

City of Lakeport, California
 Basic Financial Statements
 For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

10. PUBLIC EMPLOYEE RETIREMENT PLAN, Continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Rates of Return

	New Strategic Allocation	Real Return Years 1-10 ⁽¹⁾	Real Return Years 11+ ⁽²⁾
Global equity	47%	5.25%	5.71%
Global fixed income	19%	0.99%	2.43%
Inflation sensitive	6%	0.45%	3.36%
Private equity	12%	6.83%	6.95%
Real estate	11%	4.50%	5.13%
Infrastructure and forestland	3%	4.50%	5.09%
Liquidity	2%	-0.55%	-1.05%
Total	100%		

⁽¹⁾ An expected inflation of 2.5% used for this period.

⁽²⁾ An expected inflation of 3.0% used for this period.

City of Lakeport, California
 Basic Financial Statements
 For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

10. PUBLIC EMPLOYEE RETIREMENT PLAN, Continued

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate -The following presents the City's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease <u>(6.15%)</u>	Current Discount Rate <u>(7.15%)</u>	1% Increase <u>(8.15%)</u>
Net Pension Liability as of			
June 30, 2019			
Miscellaneous	\$ 7,673,411	\$ 4,909,061	\$ 2,627,284
Safety	<u>4,143,587</u>	<u>2,440,583</u>	<u>1,044,388</u>
Total	<u>\$ 11,816,998</u>	<u>\$ 7,349,644</u>	<u>\$ 3,671,672</u>

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

City of Lakeport, California
 Basic Financial Statements
 For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

11. POST RETIREMENT HEALTHCARE BENEFITS

Plan Description

The City’s single-employer defined benefit retiree health plan provides certain health care benefits to qualified retired employees until they become eligible for Medicare benefits. Employees of the City may become eligible for these benefits when they reach normal retirement age while working for the City based upon years of service.

Funding Policy

The City recognizes the cost of providing these benefits by expensing their monthly insurance premiums. Other postemployment benefits paid by the City for the year totaled \$243,284.

The plan provisions and benefits are summarized below:

Benefit types provided	Medical only
Duration of benefits	Lifetime
Required service	12 years
Minimum age	50
Dependent coverage	Yes
City contribution % ⁽¹⁾	12-14 years of service: 40%
	15-17 years of service: 60%
	18-20 years of service: 80%
	21+ years of service: 100%
City cap	Active cap (currently a % of premium)

⁽¹⁾ Applies to City contribution for active coverage. Those hired prior to 4/6/99 are entitled to the active contribution upon retirement subject only to the minimum pension eligibility requirements.

City of Lakeport, California
 Basic Financial Statements
 For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

11. POST RETIREMENT HEALTHCARE BENEFITS, Continued

OPEB Eligibility Summary

Inactive employees receiving benefits	38
Inactive employees entitled to but not receiving benefits	0
Participating active employees	<u>8</u>
Total number of participants	<u>46</u>

Contributions

The Plan and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between the City and the bargaining units. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2020, the City's cash contributions were \$243,284.

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2020, based on the following actuarial methods and assumptions:

Actuarial Assumptions:	
Discount Rate	2.20%
Inflation	2.75%
Salary Increases	2.75%
Investment Rate of Return	2.20%
Mortality Rate ⁽¹⁾	Derived using CalPERS' Membership Data for all funds.
Pre-Retirement Turnover ⁽²⁾	Derived using CalPERS' Membership Data for all funds.
Healthcare Trend Rate	4%

Notes:

⁽¹⁾ Pre-retirement mortality information was derived from data collected during 1997 to 2011 CalPERS Experience Study dated January 2014 and post-retirement mortality information was derived from the 2007 to 2011 CalPERS Experience Study. The Experience Study Reports may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

⁽²⁾ The pre-retirement turnover information was developed based on CalPERS' specific data. For more details, please refer to the 2007 to 2011 Experience Study Report. The Experience Study Report may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

City of Lakeport, California
 Basic Financial Statements
 For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

11. POST RETIREMENT HEALTHCARE BENEFITS, Continued

Discount Rate

The discount rate used to measure the total OPEB liability was 2.20 percent. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the OPEB Liability

The changes in the net OPEB liability for the Plan are as follows:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at 6/30/2019	\$ 5,392,938	\$ -	\$ 5,392,938
Changes for the year			
Service Cost	59,557	-	59,557
Interest	185,682	-	185,682
Experience (Gains)/Losses	378,406	-	378,406
Changes in Assumptions	1,113,983	-	1,113,983
Contributions - employer	-	235,007	(235,007)
Benefit payments	(235,007)	(235,007)	-
Net Changes	1,502,621	-	1,502,621
Balance at 6/30/2020	\$ 6,895,559	\$ -	\$ 6,895,559

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The discount rate used for the fiscal year end 2020 is 2.20%. The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2020:

	Discount Rate 1% Lower	Valuation Discount Rate	Discount Rate 1% Higher
Change in Discount Rate			
Net OPEB Liability	\$ 7,881,683	\$ 6,895,559	\$ 6,089,106

City of Lakeport, California
 Basic Financial Statements
 For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

11. POST RETIREMENT HEALTHCARE BENEFITS, Continued

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2020:

Change in Healthcare Cost Trend Rate	Trend		Trend	
	1% Lower	Current Trend	1% Higher	
Net OPEB Liability	\$ 6,047,715	\$ 6,895,559	\$ 7,928,322	

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARSL) (6.0 Years at June 30, 2020)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2020, the City recognized OPEB expense of \$483,774. As of fiscal year ended June 30, 2019, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 34,400	\$ -
Changes in assumptions	101,271	-
Net difference between projected and actual earnings on plan investments	-	-
Total	<u>\$ 135,671</u>	<u>\$ -</u>

City of Lakeport, California
Basic Financial Statements
For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

11. POST RETIREMENT HEALTHCARE BENEFITS, Continued

The \$135,671 reported as deferred outflows of resources will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2021.

12. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Lakeport that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 2441 (2012).

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City’s position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

City of Lakeport, California
Basic Financial Statements
For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

12. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY, Continued

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2013. Prior to that date, the final seven months of the activity of the redevelopment agency continued to be reported in the governmental funds of the City included in the fund financial statements as Former Redevelopment Agency Special Revenue Fund and Low/Moderate Income Housing Fund.

After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City. The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund as an extraordinary gain (or loss).

City of Lakeport, California
 Basic Financial Statements
 For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

12. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY, Continued

The following is a summary of changes in long-term liabilities for the year ended June 30, 2020:

Redevelopment Successor Private Purpose Trust					
Debt Service Activity					
	Balance			Balance	
	July 1, 2019	Additions	Retirements	June 30, 2020	Due within one year
Fiduciary activities:					
2004 Series B RDA Tax Exempt Bonds	\$ 580,000	\$ -	\$ (60,000)	\$ 520,000	\$ 65,000
2016 Tax Allocation Bonds	3,950,000	-	(75,000)	3,875,000	145,000
Total fiduciary activities	<u>\$ 4,530,000</u>	<u>\$ -</u>	<u>\$ (135,000)</u>	<u>\$ 4,395,000</u>	<u>\$ 210,000</u>

2004 Series B Bonds

2004 Series B bond, total issue \$1,170,000. Annual principal is due on September 1 and interest payments are due semi-annually, at an annual interest rate of 5.31%, September 1 and March 1 each year. Payments are secured by redevelopment tax increment revenue, maturing in year 2027.

Balance due \$ 520,000

2016 Tax Allocation Bond

2016 Tax Allocation Bond, total issue \$4,120,000. Annual principal is due on September 1 and interest payments are due semi-annually, September 1 and March 1 each year. Payments are secured by redevelopment tax increment revenue, maturing in year 2034.

Balance due \$ 3,875,000

City of Lakeport, California
 Basic Financial Statements
 For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

12. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY, Continued

Future debt service for Fiduciary Activities at June 30, 2020, is as follows:

June 30,	2004 Series B RDA Tax Exempt Bond		2016 Tax Allocation Bond		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 65,000	\$ 27,544	\$ 145,000	\$ 149,550	\$ 210,000	\$ 177,094
2022	65,000	23,871	145,000	143,750	210,000	167,621
2023	70,000	20,058	160,000	1,346,501	230,000	1,366,559
2024	75,000	15,961	160,000	131,250	235,000	147,211
2025	80,000	11,583	170,000	124,650	250,000	136,233
2026-2030	165,000	9,464	1,350,000	488,850	1,515,000	498,314
2031-2035	-	-	1,745,000	156,025	1,745,000	156,025
	<u>\$ 520,000</u>	<u>\$ 108,481</u>	<u>\$ 3,875,000</u>	<u>\$ 2,540,576</u>	<u>\$ 4,395,000</u>	<u>\$ 2,649,057</u>
Due within one year	\$ 65,000	\$ 27,544	\$ 145,000	\$ 149,550	\$ 210,000	\$ 177,094
Due after one year	<u>455,000</u>	<u>80,937</u>	<u>3,730,000</u>	<u>2,391,026</u>	<u>4,185,000</u>	<u>2,471,963</u>
	<u>\$ 520,000</u>	<u>\$ 108,481</u>	<u>\$ 3,875,000</u>	<u>\$ 2,540,576</u>	<u>\$ 4,395,000</u>	<u>\$ 2,649,057</u>

13. NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 83, "*Certain Asset Retirement Obligations*." The requirements of this Statement are effective for reporting periods beginning after June 15, 2019. Earlier application is encouraged. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This statement had no effect on these financial statements.

The GASB has issued Statement No. 84, "*Fiduciary Activities*." The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2020.

City of Lakeport, California
Basic Financial Statements
For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

13. NEW ACCOUNTING PRONOUNCEMENTS, CONTINUED

The GASB has issued Statement No. 87, "*Leases.*" The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2021.

The GASB has issued Statement No. 89, "*Accounting for Interest Cost Incurred before the End of a Construction Period.*" The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2021.

The GASB has issued Statement No. 91, "*Conduit Debt Obligations.*" The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2022.

City of Lakeport, California
 Basic Financial Statements
 For the year ended June 30, 2020

Notes to the Basic Financial Statements, Continued

13. NEW ACCOUNTING PRONOUNCEMENTS, CONTINUED

The GASB has issued Statement No. 95, “*Postponement of the Effective Dates of Certain Authoritative Guidance*”. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*
- Implementation Guide No. 2018-1, *Implementation Guidance Update—2018*
- Implementation Guide No. 2019-1, *Implementation Guidance Update—2019*
- Implementation Guide No. 2019-2, *Fiduciary Activities*.

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*.

Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in *each* pronouncement as originally issued.



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REQUIRED SUPPLEMENTARY INFORMATION

City of Lakeport, California
Required Supplementary Information -
Schedule of Changes in the Net OPEB
Liability and Related Ratios
for the Measurement Periods Ended June 30,

	2020	2019	2018
Total OPEB Liability			
Service Cost	\$ 59,557	\$ 53,802	\$ 52,362
Interest on the total OPEB liability	185,682	173,339	189,647
Experience (Gains)/Losses	378,406	-	-
Changes of benefit terms	-	-	-
Changes of assumptions	1,113,983	359,286	-
Benefit payments	(235,007)	(238,287)	(324,908)
Net change in total OPEB liability	1,502,621	348,140	(82,899)
Total OPEB liability - beginning	5,392,938	5,044,798	5,127,697
Total OPEB liability - ending (a)	\$ 6,895,559	\$ 5,392,938	\$ 5,044,798
Plan fiduciary net position			
Contributions - employer	\$ 235,007	\$ 238,287	\$ 324,908
Contributions - employee	-	-	-
Actual investment income	-	-	-
Administrative expense	-	-	-
Benefit payments	(235,007)	(238,287)	(324,908)
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position - beginning	-	-	-
Plan fiduciary net position - ending (b)	\$ -	\$ -	\$ -
Net OPEB liability - ending (a) - (b)	\$ 6,895,559	\$ 5,392,938	\$ 5,044,798
Covered payroll	\$ 2,632,480	\$ 2,570,660	\$ 2,444,280
Net OPEB liability as a percentage of covered payroll	261.94%	209.79%	206.39%

Notes to Schedule

1) GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. However, since 2018 was the initial year of implementation, only three years are currently available.

City of Lakeport, California

Required Supplementary Information - Net OPEB Liability Schedule of Contributions

June 30, 2020

Fiscal Year Ended June 30,	2020	2019	2018
Actuarially Determined Contribution (ADC)	\$ 235,007	\$ 238,287	\$ 324,908
Contributions in relation to the ADC	235,007	238,287	324,908
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	3,111,833	2,632,480	2,570,660
Contributions as a percentage of covered payroll	7.55%	9.05%	12.64%

Notes to Schedule

1) GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. However, since 2018 was the initial year of implementation, only three years are currently available.

City of Lakeport, California
Required Supplementary Information - Schedule of Contributions

Miscellaneous Plan

Last 10 Fiscal Years*	2020	2019	2018	2017
Contractually required contribution (actuarially determined)	\$ 549,955	\$ 114,309	\$ 299,811	\$ 279,716
Contributions in relation to the actuarially determined contributions	(549,955)	(114,309)	(299,811)	(279,716)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,807,816	\$ 1,854,631	\$ 1,854,631	\$ 1,727,792
Contribution as a percentage of covered payroll	30.42%	6.16%	16.17%	16.19%

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* Due to a change in CalPERS reporting information, only two years are available. Additional years will be presented as they become available.

Safety Plan

Last 10 Fiscal Years*	2020	2019	2018	2017
Contractually required contribution (actuarially determined)	\$ 278,551	\$ 193,615	\$ 178,679	\$ 175,590
Contributions in relation to the actuarially determined contributions	(278,551)	(193,615)	(178,679)	(175,590)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 824,664	\$ 716,030	\$ 716,030	\$ 701,870
Contribution as a percentage of covered payroll	33.78%	27.04%	24.95%	25.02%

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* Due to a change in CalPERS reporting information, only two years are available. Additional years will be presented as they become available.

City of Lakeport, California
 Required Supplementary Information - Schedule of City's Proportionate Share
 of Net Pension Liability

Miscellaneous Plan

Last 10 Fiscal Years*	2020	2019	2018	2017
Plan's Proportion of the Net Pension Liability/(Asset)	0.12259%	0.11803%	0.11413%	0.11527%
Plan's Proportionate Share of the Net Pension	\$ 4,909,060	\$ 4,448,040	\$ 4,498,927	\$ 4,004,316
Plan's Covered Payroll	\$ 2,236,404	\$ 2,174,275	\$ 1,854,631	\$ 1,727,792
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	219.51%	204.58%	242.58%	231.76%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	76.11%	77.33%	77.17%	78.69%
Plan's Proportionate Share of Aggregate Employer Contributor	\$ 648,195	\$ 578,074	\$ 575,409	\$ 550,660

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* Due to a change in CalPERS reporting information, only four years are available. Additional years will be presented as they become available.

Last 10 Fiscal Years*	2020	2019	2018	2017
Plan's Proportion of the Net Pension Liability/(Asset)	0.03910%	0.03711%	0.03613%	0.03744%
Plan's Proportionate Share of the Net Pension	\$ 2,440,583	\$ 2,177,340	\$ 2,158,780	\$ 1,938,947
Plan's Covered Payroll	\$ 875,428	\$ 788,343	\$ 716,030	\$ 701,870
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	278.79%	276.19%	301.49%	276.25%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	80.36%	81.91%	80.21%	79.63%
Plan's Proportionate Share of Aggregate Employer Contributor	\$ 437,945	\$ 415,848	\$ 301,957	\$ 261,963

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* Due to a change in CalPERS reporting information, only two years are available. Additional years will be presented as they become available.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

ATTACHMENT 1
NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds account for revenues received that have special restrictions placed on their use or are committed to expenditure for specified purposes either through statute or by Council policy. The City has a number of different special revenue funds which are part of the non-operating budget. The City's nonmajor special revenue funds include the following:

Fund	Description
Parkland Dedication Fund	State law and General Plan provide for new development to fund expansion of park systems to compensate for added demand of growth. Fees are collected at time of recordation of parcel and subdivision maps (see Section 16.16.040 Lakeport Municipal Code).
Gas Tax Fund	Established to account for revenues and expenditures on road-related projects in the City. Financing is provided by the City's share of the statewide tax on gasoline and other fuels.
Prop 172 Public Safety Fund	A city or county that received Prop 172 funds must place the revenues in a special revenue fund to be expended only on public safety services as defined in Government Code Section 30052. Maintenance of effort provision in the statute requires the City to maintain funding levels to public safety functions.
Lakeport Housing Fund	A special revenue fund established for the provision of affordable housing.
BSCC Law Enforcement Subvention	This fund reports the receipt of state subvention from the Board of State and Community Corrections (BSCC) appropriated to local municipal law enforcement agencies for specified police activities.
CDBG Grant 2018	Established to account for the revenues and expenditures associated with a CDBG funded off site improvements projects related to low-income family housing development.
CDBG Grant 2017	Established to account for the revenues and expenditures associated with a CDBG funded economic development business loans and planning and technical assistance in the Forbes Creek Neighborhood.
Tenth Street Drainage Fund	Restricted fund/set aside by developer of Willow Tree Shopping Center.
Lakeport Blvd Improvement Fund	Special assessment of developer to mitigate traffic impacts of K-Mart (now Bruno's) development in 1987.
South Main Street Improvement Fund	Special assessment of developer to mitigate traffic impacts of K-Mart.

ATTACHMENT 1
NON-MAJOR SPECIAL REVENUE FUNDS, Continued

Fund	Description
Parkside Traffic Mitigation Fund	Traffic mitigation fees are required as a mitigation measure of Parkside Subdivision.
Parallel/Bevins Storm Maintenance Fund	Fund set up to account for revenue received and expenditures made in conjunction with development along the Parallel Drive and Bevins Drive corridor.
Lakeshore Storm Damage Repair Fund	On Lakeshore Boulevard from 75' south of Sayre Street, north through Jones Street to clear concrete debris from below the existing sea wall, reinforce the embankment with sheet pile, and backfill the wall. Repair the roadway, curb, and gutter failure by cutting out failed sections and replacing the base rock and AC paving. Funds provided by the Federal government through Caltrans' administration of the Emergency Relief (ER) Program.
Storm Drainage Fund	Assessments are made against larger properties to pay for prior and future storm drain projects (see Chapter 3.16 Lakeport Municipal Code).
Lakeshore Blvd. HSIPL (Safety)	Special revenue fund established to account for expenditure related to the federal highway funding.
CDBG Grant Program Income	This fund is used for reinvestment into housing programs from program income generated by past CDBG grants.
Safe Routes to School	Established to account for the revenues and expenditures associated with a CalTrans funded project to improve the pedestrian corridor to the Lakeport Unified School sites.
Lakefront Park Grant	Established to account for the revenues and expenditures associated with a Proposition 68 California Department of Parks and Recreation grant to construct a new park in Lakeport.
HOME Grant Program Income	This fund is used for reinvestment into housing programs from program income generated by past HOME grants.
General Capital Projects	This fund is used to track specific capital projects funded from various other governmental and fiduciary funds. Most notably this fund is used to account for the Downtown Main Street revitalization project.

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City of Lakeport, California
 Combining Balance Sheet
 Nonmajor Special Revenue and Capital Projects Funds, Continued
 June 30, 2020

	Parkland Dedication	Gas Tax	Prop 172 Public Safety	Lakeport Housing	BSCC Law Enforcement Subvention	CDBG Grant 2018
ASSETS						
Cash and investments	\$ -	\$ 384,946	\$ 123,029	\$ 76,723	\$ 82,694	\$ -
Receivables:						
Intergovernmental	-	-	-	-	-	2,310
Loans/Notes	-	-	-	339,440	-	-
Total assets	<u>\$ -</u>	<u>\$ 384,946</u>	<u>\$ 123,029</u>	<u>\$ 416,163</u>	<u>\$ 82,694</u>	<u>\$ 2,310</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	53,654	\$ -
Due to other funds	-	-	-	-	-	2,310
Advances from other funds	175,140	-	-	114,341	-	-
Total liabilities	<u>175,140</u>	<u>-</u>	<u>-</u>	<u>114,341</u>	<u>53,654</u>	<u>2,310</u>
Fund Balances:						
Nonspendable:						
Loans receivable	-	-	-	339,440	-	-
Restricted:						
Law enforcement	-	-	123,029	-	29,040	-
Housing programs	-	-	-	-	-	-
Transportation infrastructure	-	384,946	-	-	-	-
Assigned:						
Capital projects	-	-	-	-	-	-
Housing and community assistance	-	-	-	-	-	-
Unassigned (deficit)	(175,140)	-	-	(37,618)	-	-
Total fund balances	<u>(175,140)</u>	<u>384,946</u>	<u>123,029</u>	<u>301,822</u>	<u>29,040</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 384,946</u>	<u>\$ 123,029</u>	<u>\$ 416,163</u>	<u>\$ 82,694</u>	<u>\$ 2,310</u>

ATTACHMENT 1

CDBG Grant 2017	Tenth Street Drainage	Lakeport Blvd Improvement	South Main St Improvement	Parkside Traffic Mitigation	Parallel/Bevins Storm Maintenance	Lakeshore Storm Damage Repair
\$ -	\$ 87,087	\$ 119,406	\$ 32,031	\$ 17,635	\$ 20,387	\$ -
240,720	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 240,720</u>	<u>\$ 87,087</u>	<u>\$ 119,406</u>	<u>\$ 32,031</u>	<u>\$ 17,635</u>	<u>\$ 20,387</u>	<u>\$ -</u>
813	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
251,537	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>252,350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	87,087	119,406	32,031	17,635	20,387	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(11,630)	-	-	-	-	-	-
<u>(11,630)</u>	<u>87,087</u>	<u>119,406</u>	<u>32,031</u>	<u>17,635</u>	<u>20,387</u>	<u>-</u>
<u>\$ 240,720</u>	<u>\$ 87,087</u>	<u>\$ 119,406</u>	<u>\$ 32,031</u>	<u>\$ 17,635</u>	<u>\$ 20,387</u>	<u>\$ -</u>

(continued)

City of Lakeport, California
 Combining Balance Sheet
 Nonmajor Special Revenue and Capital Projects Funds, Continued
 June 30, 2020

	Storm Drainage	Lakeshore Blvd HSIPL (Safety)	CDBG Grant Program Income	Safe Routes to School	Lakefront Park Grant	HOME Grant Program Income
ASSETS						
Cash and investments	\$ 136,831	\$ -	\$ 12,478	\$ -	\$ -	\$ 356,148
Receivables:						
Intergovernmental	-	-	-	60,568	685,283	-
Loans/Notes	-	-	1,071,975	-	-	1,250,176
Total assets	\$ 136,831	\$ -	\$ 1,084,453	\$ 60,568	\$ 685,283	\$ 1,606,324
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 1,000	675	6,821	-
Due to other funds	-	-	-	59,893	678,462	-
Advances from other funds	-	-	-	-	-	-
Total liabilities	-	-	1,000	60,568	685,283	-
Fund Balances:						
Nonspendable:						
Loans receivable	-	-	1,071,975	-	-	1,250,176
Restricted:						
Law enforcement	-	-	-	-	-	-
Housing programs	-	-	-	-	-	356,148
Transportation infrastructure	-	-	-	-	-	-
Assigned:						
Capital projects	136,831	-	-	-	-	-
Housing and community assistance	-	-	11,478	-	-	-
Unassigned (deficit)	-	-	-	-	-	-
Total fund balances	136,831	-	1,083,453	-	-	1,606,324
Total liabilities and fund balances	\$ 136,831	\$ -	\$ 1,084,453	\$ 60,568	\$ 685,283	\$ 1,606,324

ATTACHMENT 1

General Capital Projects	Non-major Governmental Totals
\$ -	\$ 1,449,395
-	988,881
-	2,661,591
<u>\$ -</u>	<u>\$ 5,099,867</u>
-	62,963
-	992,202
-	289,481
<u>-</u>	<u>659,363</u>
-	2,661,591
-	152,069
-	356,148
-	661,492
-	136,831
-	11,478
-	(224,388)
<u>-</u>	<u>3,755,221</u>
<u>\$ -</u>	<u>\$ 5,099,867</u>

(concluded)

ATTACHMENT 1

City of Lakeport, California
 Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the year ended June 30, 2020

	Parkland Dedication	Gas Tax	Prop 172 Public Safety	Lakeport Housing	BSCC Law Enforcement Subvention	CDBG Grant 2018
REVENUES:						
Intergovernmental revenue	\$ -	113,745	\$ 41,915	\$ -	\$ -	\$ 2,310
Use of money and property	-	1,706	546	10,694	368	-
Total revenues	-	115,451	42,461	10,694	368	2,310
EXPENDITURES:						
Current:						
Roads and infrastructure:						
Public works	-	3,800	-	-	-	-
Housing and support programs	-	-	-	-	-	2,310
Economic development	-	-	-	-	-	-
Public safety	-	-	-	-	294	-
Capital outlay	-	-	-	-	53,360	-
Total expenditures	-	3,800	-	-	53,654	2,310
REVENUES OVER (UNDER) EXPENDITURES	-	111,651	42,461	10,694	(53,286)	-
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(29,500)	-	-	-
Total other financing sources and uses	-	-	(29,500)	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	-	111,651	12,961	10,694	(53,286)	-
FUND BALANCES (DEFICITS):						
Beginning of year	(175,140)	273,295	110,068	291,128	82,326	-
End of year	\$ (175,140)	\$ 384,946	\$ 123,029	\$ 301,822	\$ 29,040	\$ -

ATTACHMENT 1

CDBG Grant 2017	Tenth Street Drainage	Lakeport Blvd Improvement	South Main St Improvement	Parkside Traffic Mitigation	Parallel/Bevins Storm Maintenance	Lakeshore Storm Damage Repair
\$ 315,152	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	387	528	141	79	92	1,275
<u>315,152</u>	<u>387</u>	<u>528</u>	<u>141</u>	<u>79</u>	<u>92</u>	<u>1,275</u>
-	-	-	-	-	-	-
30,422	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>30,422</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>284,730</u>	<u>387</u>	<u>528</u>	<u>141</u>	<u>79</u>	<u>92</u>	<u>1,275</u>
-	-	-	-	-	-	-
<u>(295,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(295,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(10,270)</u>	<u>387</u>	<u>528</u>	<u>141</u>	<u>79</u>	<u>92</u>	<u>1,275</u>
<u>(1,360)</u>	<u>86,700</u>	<u>118,878</u>	<u>31,890</u>	<u>17,556</u>	<u>20,295</u>	<u>(1,275)</u>
<u>\$ (11,630)</u>	<u>\$ 87,087</u>	<u>\$ 119,406</u>	<u>\$ 32,031</u>	<u>\$ 17,635</u>	<u>\$ 20,387</u>	<u>\$ -</u>

(continued)

ATTACHMENT 1

City of Lakeport, California
 Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue and Capital Projects Funds, Continued
 For the year ended June 30, 2020

	Storm Drainage	Lakeshore Blvd HSIPL (Safety)	CDBG Grant Program Income	Safe Routes to School	Lakefront Park Grant	HOME Grant Program Income
REVENUES:						
Intergovernmental revenue	\$ -	\$ -	\$ 38	\$ 82,558	685,283	\$ -
Use of money and property	608	-	3,593	-	-	11,527
Total revenues	608	-	3,631	82,558	685,283	11,527
EXPENDITURES:						
Current:						
Roads and infrastructure:						
Public works	-	-	-	81,605	-	-
Housing and support programs	-	-	-	-	-	-
Economic development	-	-	58,290	-	6,311	-
Public safety	-	-	-	-	-	-
Capital outlay	-	-	-	-	678,972	-
Total expenditures	-	-	58,290	81,605	685,283	-
REVENUES OVER (UNDER) EXPENDITURES	608	-	(54,659)	953	-	11,527
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	295,000	-	-	-
Transfers out	-	(21,325)	-	-	-	-
Total other financing sources and uses	-	(21,325)	295,000	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	608	(21,325)	240,341	953	-	11,527
FUND BALANCES (DEFICITS):						
Beginning of year	136,223	21,325	843,112	(953)	-	1,594,797
End of year	<u>\$ 136,831</u>	<u>\$ -</u>	<u>\$ 1,083,453</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,606,324</u>

ATTACHMENT 1

General Capital Projects	Non-major Governmental Totals
\$ -	\$ 1,241,001
-	31,544
-	1,272,545
-	85,405
-	32,732
-	64,601
-	294
515,331	1,247,663
515,331	1,430,695
(515,331)	(158,150)
-	295,000
(159,486)	(505,311)
(159,486)	(210,311)
(674,817)	(368,461)
674,817	4,123,682
\$ -	\$ 3,755,221

(concluded)

NONMAJOR GOVERNMENTAL FUNDS BUDGET COMPARISONS

City of Lakeport, California
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
 Parkland Dedication Fund
 For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Current:				
Economic development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS):				
Beginning of year	(175,140)	(175,140)	(175,140)	-
End of year	<u>\$ (175,140)</u>	<u>\$ (175,140)</u>	<u>\$ (175,140)</u>	<u>\$ -</u>

City of Lakeport, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Gas Tax Fund

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES:				
Intergovernmental revenue	\$ 132,117	\$ 132,117	\$ 113,745	\$ (18,372)
Use of money and property	-	-	1,706	1,706
Total revenues	132,117	132,117	115,451	(16,666)
EXPENDITURES:				
Current:				
Roads and infrastructure:				
Public works	95,000	95,000	3,800	91,200
Total expenditures	95,000	95,000	3,800	91,200
REVENUES OVER (UNDER)				
EXPENDITURES	37,117	37,117	111,651	(107,866)
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER)				
EXPENDITURES AND OTHER FINANCING (USES)	37,117	37,117	111,651	(107,866)
FUND BALANCES (DEFICITS):				
Beginning of year	273,295	273,295	273,295	-
End of year	\$ 310,412	\$ 310,412	\$ 384,946	\$ (107,866)

City of Lakeport, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Prop 172 Public Safety Fund

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES:				
Intergovernmental revenue	\$ 29,500	\$ 29,500	\$ 41,915	\$ 12,415
Use of money and property	-	-	546	546
Total revenues	29,500	29,500	42,461	12,961
EXPENDITURES:				
Current:				
Public safety	29,500	29,500	-	29,500
Total expenditures	29,500	29,500	-	29,500
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	42,461	(16,539)
OTHER FINANCING SOURCES (USES):				
Transfers out	(29,500)	(29,500)	(29,500)	-
Total other financing sources and uses	(29,500)	(29,500)	(29,500)	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	(29,500)	(29,500)	12,961	(16,539)
FUND BALANCES (DEFICITS):				
Beginning of year	110,068	110,068	110,068	-
End of year	\$ 80,568	\$ 80,568	\$ 123,029	\$ (16,539)

City of Lakeport, California
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
 Lakeport Housing Fund
 For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 10,694	\$ 10,694
Other revenues	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>10,694</u>	<u>10,694</u>
EXPENDITURES:				
Current:				
Housing and support programs	-	-	-	-
Capital outlay	10,000	10,000	-	10,000
Total expenditures	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(10,000)</u>	<u>(10,000)</u>	<u>10,694</u>	<u>10,694</u>
OTHER FINANCING SOURCES (USES):				
Transfer in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>(10,000)</u>	<u>(10,000)</u>	<u>10,694</u>	<u>10,694</u>
FUND BALANCES (DEFICITS):				
Beginning of year	-	-	291,128	291,128
End of year	<u>\$ (10,000)</u>	<u>\$ (10,000)</u>	<u>\$ 301,822</u>	<u>\$ 301,822</u>

City of Lakeport, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

BSCC Law Enforcement Subvention Fund

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES:				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	368	368
Total revenues	-	-	368	368
EXPENDITURES:				
Current:				
Public safety	14,000	14,000	294	13,706
Capital outlay	50,000	50,000	53,360	-
Total expenditures	64,000	64,000	53,654	13,706
REVENUES OVER (UNDER)				
EXPENDITURES	(64,000)	(64,000)	(53,286)	(13,338)
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER)				
EXPENDITURES AND OTHER FINANCING (USES)	(64,000)	(64,000)	(53,286)	(13,338)
FUND BALANCES (DEFICITS):				
Beginning of year	82,326	82,326	82,326	-
End of year	\$ 18,326	\$ 18,326	\$ 29,040	\$ (13,338)

City of Lakeport, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

CDBG Grant 2018

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	\$ -	\$ -	\$ 2,310	\$ 2,310
Use of money and property	-	-	-	-
Total revenues	-	-	2,310	2,310
EXPENDITURES:				
Current:				
Housing and support programs	-	-	2,310	(2,310)
Total expenditures	-	-	2,310	(2,310)
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	-	-	-	-
FUND BALANCES (DEFICITS):				
Beginning of year	-	-	-	-
End of year	\$ -	\$ -	\$ -	\$ -

City of Lakeport, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

CDBG Grant 2017

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES:				
Intergovernmental revenue	\$ -	\$ -	\$ 315,152	\$ 315,152
Use of money and property	-	-	-	-
Total revenues	-	-	315,152	315,152
EXPENDITURES:				
Current:				
Housing and support programs	-	-	30,422	(30,422)
Total expenditures	-	-	30,422	(30,422)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	284,730	345,574
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(295,000)	(295,000)
Total other financing sources and uses	-	-	(295,000)	(295,000)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER)				
EXPENDITURES AND OTHER FINANCING (USES)	-	-	(10,270)	50,574
FUND BALANCES (DEFICITS):				
Beginning of year	(1,360)	(1,360)	(1,360)	-
End of year	\$ (1,360)	\$ (1,360)	\$ (11,630)	\$ 50,574

City of Lakeport, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Tenth Street Drainage Fund

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Sales	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	387	387
Total revenues	-	-	387	387
EXPENDITURES:				
Current:				
Roads and infrastructure:				
Public works	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	387	387
OTHER FINANCING SOURCES (USES):				
Transfers out				
Total other financing sources and uses	-	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	-	-	387	387
FUND BALANCES (DEFICITS):				
Beginning of year	86,700	86,700	86,700	-
End of year	\$ 86,700	\$ 86,700	\$ 87,087	\$ 387

City of Lakeport, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Lakeport Blvd Improvement Fund

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES:				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	528	528
Total revenues	-	-	528	528
EXPENDITURES:				
Current:				
Roads and infrastructure:				
Public works	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	528	528
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER)				
EXPENDITURES AND OTHER FINANCING (USES)	-	-	528	528
FUND BALANCES (DEFICITS):				
Beginning of year	118,878	118,878	118,878	-
End of year	\$ 118,878	\$ 118,878	\$ 119,406	\$ 528

City of Lakeport, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

South Main Street Improvement Fund

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES:				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	141	141
Total revenues	-	-	141	141
EXPENDITURES:				
Current:				
Roads and infrastructure:				
Public works	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	141	141
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER)				
EXPENDITURES AND OTHER FINANCING (USES)	-	-	141	141
FUND BALANCES (DEFICITS):				
Beginning of year	31,890	31,890	31,890	-
End of year	\$ 31,890	\$ 31,890	\$ 32,031	\$ 141

City of Lakeport, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Parkside Traffic Mitigation Fund

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Sales	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	79	79
Total revenues	-	-	79	79
EXPENDITURES:				
Current:				
Roads and infrastructure:				
Public works	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	79	79
OTHER FINANCING SOURCES (USES):				
Transfers out				
Total other financing sources and uses	-	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	-	-	79	79
FUND BALANCES (DEFICITS):				
Beginning of year	-	-	17,556	17,556
End of year	\$ -	\$ -	\$ 17,635	\$ 17,635

City of Lakeport, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Parallel/Bevins Storm Maintenance Fund

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Sales	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	92	92
Total revenues	-	-	92	92
EXPENDITURES:				
Current:				
Roads and infrastructure:				
Public works	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	92	92
OTHER FINANCING SOURCES (USES):				
Transfers out				
Total other financing sources and uses	-	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER)				
EXPENDITURES AND OTHER FINANCING (USES)	-	-	92	92
FUND BALANCES (DEFICITS):				
Beginning of year	20,295	20,295	20,295	-
End of year	\$ 20,295	\$ 20,295	\$ 20,387	\$ 92

City of Lakeport, California
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
 Lakeshore Storm Damage Repair Fund
 For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Sales	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-
Use of money and property	-	-	1,275	1,275
Total revenues	-	-	1,275	1,275
EXPENDITURES:				
Current:				
Capital Outlay	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	1,275	1,275
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Total other financing sources and uses	-	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	-	-	1,275	1,275
FUND BALANCES (DEFICITS):				
Beginning of year	(1,275)	(1,275)	(1,275)	-
End of year	\$ (1,275)	\$ (1,275)	\$ -	\$ 1,275

City of Lakeport, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Storm Drainage Fund

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 608	\$ 608
Total revenues	-	-	608	608
EXPENDITURES:				
Current:				
Roads and infrastructure:				
Public works	10,000	10,000	-	10,000
Capital outlay	20,000	20,000	-	20,000
Total expenditures	30,000	30,000	-	30,000
REVENUES OVER (UNDER)				
EXPENDITURES	(30,000)	(30,000)	608	(29,392)
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER)				
EXPENDITURES AND OTHER FINANCING (USES)	(30,000)	(30,000)	608	(29,392)
FUND BALANCES (DEFICITS):				
Beginning of year	136,223	136,223	136,223	-
End of year	\$ 106,223	\$ 106,223	\$ 136,831	\$ (29,392)

City of Lakeport, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Lakeshore Blvd HSIPL (Safety) Fund

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES:				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES:				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(21,325)	(21,325)
Total other financing sources and uses	-	-	(21,325)	(21,325)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER)				
EXPENDITURES AND OTHER FINANCING (USES)	-	-	(21,325)	(21,325)
FUND BALANCES (DEFICITS):				
Beginning of year	21,325	21,325	21,325	-
End of year	\$ 21,325	\$ 21,325	\$ -	\$ (21,325)

City of Lakeport, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

CDBG Grant Program Income Fund

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Sales	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue			38	
Use of money and property	-	-	3,593	3,593
Total revenues	-	-	3,631	-
EXPENDITURES:				
Economic development	25,000	25,000	58,290	(33,290)
Capital outlay	-	-	-	-
Total expenditures	25,000	25,000	58,290	(33,290)
REVENUES OVER (UNDER) EXPENDITURES				
	(25,000)	(25,000)	(54,659)	33,290
OTHER FINANCING SOURCES (USES):				
Loss on note receivable	-	-	-	-
Transfer in	-	-	295,000	-
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	295,000	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)				
	(25,000)	(25,000)	240,341	33,290
FUND BALANCES (DEFICITS):				
Beginning of year	843,112	843,112	843,112	-
End of year	\$ 818,112	\$ 818,112	\$ 1,083,453	\$ 33,290

City of Lakeport, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Safe Routes to School Fund

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	\$ 250,000	\$ 250,000	\$ 82,558	(167,442)
Total revenues	250,000	250,000	82,558	-
EXPENDITURES:				
Current:				
Public works	250,000	250,000	81,605	168,395
Total expenditures	250,000	250,000	81,605	168,395
REVENUES OVER (UNDER) EXPENDITURES	-	-	953	(168,395)
OTHER FINANCING SOURCES (USES):				
Transfer in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	-	-	953	(168,395)
FUND BALANCES (DEFICITS):				
Beginning of year	(953)	(953)	(953)	-
End of year	\$ (953)	\$ (953)	\$ -	\$ (168,395)

City of Lakeport, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Lakefront Park Grant

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Intergovernmental revenue	\$ -	\$ -	\$ 685,283	\$ 685,283
Total revenues	-	-	685,283	685,283
EXPENDITURES:				
Housing and support programs	-	-	6,311	(6,311)
Capital outlay	-	-	678,972	(678,972)
Total expenditures	-	-	685,283	(685,283)
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfer in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	-	-	-	-
FUND BALANCES (DEFICITS):				
Beginning of year	-	-	-	-
End of year	\$ -	\$ -	\$ -	\$ -

City of Lakeport, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

HOME Grant Program Income Special Revenue Fund

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 11,527	\$ 11,527
Total revenues	-	-	11,527	-
EXPENDITURES:				
Housing and support programs	10,000	10,000	-	10,000
Total expenditures	10,000	10,000	-	10,000
REVENUES OVER (UNDER)				
EXPENDITURES	(10,000)	(10,000)	11,527	(10,000)
OTHER FINANCING SOURCES (USES):				
Transfer in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER)				
EXPENDITURES AND OTHER FINANCING (USES)	(10,000)	(10,000)	11,527	(10,000)
FUND BALANCES (DEFICITS):				
Beginning of year	1,594,797	1,594,797	1,594,797	-
End of year	\$ 1,584,797	\$ 1,584,797	\$ 1,606,324	\$ (10,000)

City of Lakeport, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

General Capital Projects

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES:				
Use of money and property	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Capital outlay	-	-	515,331	(515,331)
Total expenditures	-	-	515,331	(515,331)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(515,331)	515,331
OTHER FINANCING SOURCES (USES):				
Transfer in	-	-	-	-
Transfers out	-	-	(159,486)	(159,486)
Total other financing sources and uses	-	-	(159,486)	(159,486)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER)				
EXPENDITURES AND OTHER FINANCING (USES)	-	-	(674,817)	355,845
FUND BALANCES (DEFICITS):				
Beginning of year	674,817	674,817	674,817	-
End of year	\$ 674,817	\$ 674,817	\$ -	\$ 355,845

ATTACHMENT 1
AGENCY FUNDS

Agency funds are used to account for resources held by the City in a purely custodial capacity for other governments, individuals, or private organizations. The City's agency funds include the following:

Fund	Description
Special Deposit Agency Fund	Resources held for outside parties that are not available for spending by the City.
Other Post-Employment Benefits (OPEB) Agency Fund	Resources for other post-employment benefits (OPEB) are managed and maintained in this fund. This includes City contributions to retiree health (medical, dental, vision, etc.)

City of Lakeport, California
Combining Fiduciary Assets and Liabilities
Agency Funds
June 30, 2020

	Special Deposit Agency Fund	OPEB Agency Fund	Totals
ASSETS			
Cash and investments	\$ 419,184	\$ (20,979)	\$ 398,205
Receivables:			
Accounts and other	-	17,208	17,208
Total assets	<u>\$ 419,184</u>	<u>\$ (3,771)</u>	<u>\$ 415,413</u>
LIABILITIES			
Accounts payable	\$ 266	\$ -	\$ 266
Refundable deposits and trust liabilities	418,918	(3,771)	415,147
Total liabilities	<u>\$ 419,184</u>	<u>\$ (3,771)</u>	<u>\$ 415,413</u>

City of Lakeport, California
Combining Fiduciary Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2020

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Special Deposit Fund				
Assets:				
Cash and investments	\$ 417,550	\$ -	\$ 1,634	\$ 419,184
Receivables:				
Accounts and other	-	-	-	-
Interest	-	-	-	-
Total assets	<u>\$ 417,550</u>	<u>\$ -</u>	<u>\$ 1,634</u>	<u>\$ 419,184</u>
Liabilities:				
Accounts payable	\$ 237	\$ 266	\$ (237)	\$ 266
Refundable deposits and trust liabilities	417,313	1,605	-	418,918
Total liabilities	<u>\$ 417,550</u>	<u>\$ 1,871</u>	<u>\$ (237)</u>	<u>\$ 419,184</u>
OPEB Fund				
Assets:				
Cash and investments	\$ (18,448)	\$ -	\$ (2,531)	\$ (20,979)
Accounts and other	19,183	17,208	(19,183)	17,208
Total assets	<u>\$ 735</u>	<u>\$ 17,208</u>	<u>\$ (21,714)</u>	<u>\$ (3,771)</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
OPEB trust obligation	735	-	(4,506)	(3,771)
Total liabilities	<u>\$ 735</u>	<u>\$ -</u>	<u>\$ (4,506)</u>	<u>\$ (3,771)</u>

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ATTACHMENT 1
STATISTICAL SECTION

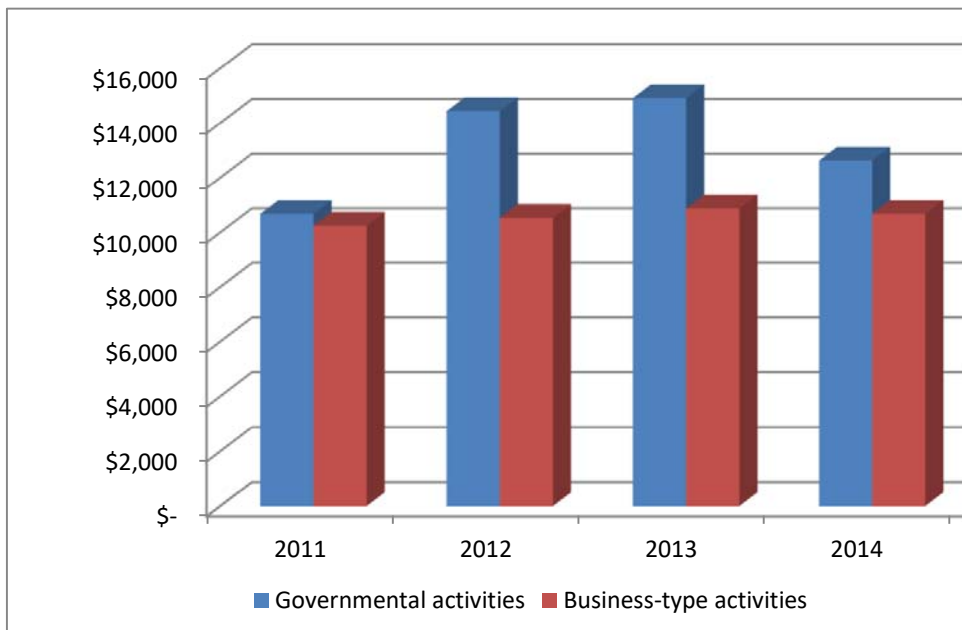
This part of the City of Lakeport's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, footnotes, and required supplementary information says about the City's overall financial health.

Schedules	Content	Page(s)
Financial Trends	These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	142-150
Revenue Capacity	These schedules contain information to help the reader assess the City's ability to generate revenues. Property taxes, sales and use taxes, charges for services, licenses, permits and fees, and intergovernmental revenue are the City's most significant revenue sources.	152-156
Debt Capacity	These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	158-162
Demographic and Economic Information	These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	164-165
Operating Information	These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	166-168

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. Information was available beginning with the year ended June 30, 2004, for the financial trend schedules.

City of Lakeport, California
 Net Position by Component
 Fiscal year ended June 30 (last ten fiscal years)
 (Accrual basis of accounting)
 (In thousands)

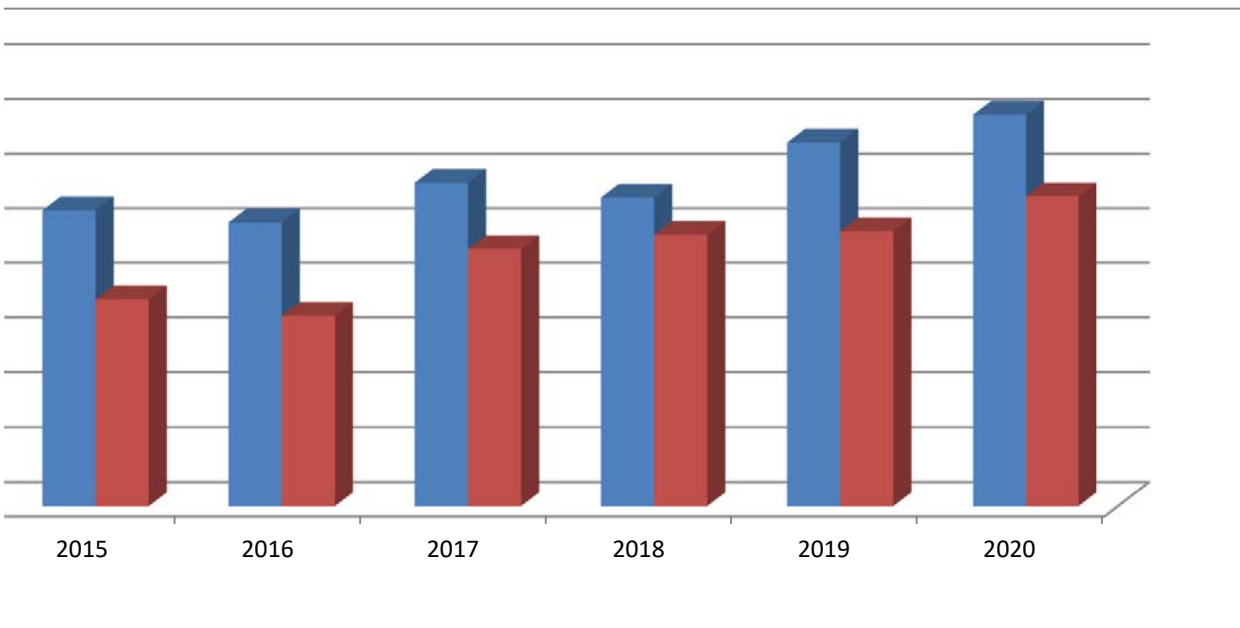
	2011	2012	2013
Governmental activities			
Net investment in capital assets	\$ 1,278	\$ 6,352	\$ 6,299
Restricted	2,603	5,463	7,388
Unrestricted	6,790	2,618	1,223
Total governmental activities net position	\$ 10,671	\$ 14,433	\$ 14,910
Business-type activities			
Net investment in capital assets	7,606	\$ 7,510	\$ 7,291
Restricted	797	2,413	2,194
Unrestricted	1,839	604	1,386
Total business-type activities net position	\$ 10,242	\$ 10,527	\$ 10,871
Primary government			
Net investment in capital assets	\$ 8,884	\$ 13,862	\$ 13,590
Restricted	3,400	7,876	9,582
Unrestricted	8,629	3,222	2,609
Total primary government net position	\$ 20,913	\$ 24,960	\$ 25,781



Source: City Finance Department

ATTACHMENT 1

2014	2015	2016	2017	2018	2019	2020
\$ 6,060	\$ 9,444	\$ 9,627	\$ 12,024	\$ 12,297	\$ 13,385	\$ 12,382
3,796	4,180	1,537	1,034	845	1,041	1,180
2,769	(2,823)	(801)	(1,238)	(1,877)	(1,147)	749
<u>\$ 12,625</u>	<u>\$ 10,801</u>	<u>\$ 10,363</u>	<u>\$ 11,820</u>	<u>\$ 11,265</u>	<u>\$ 13,279</u>	<u>\$ 14,311</u>
\$ 6,726	\$ 7,485	\$ 8,844	\$ 10,503	\$ 9,186	\$ 7,150	\$ 8,648
3,253	3,827	580	500	785	785	813
692	(3,760)	(2,483)	(1,615)	(64)	2,109	1,856
<u>\$ 10,671</u>	<u>\$ 7,552</u>	<u>\$ 6,941</u>	<u>\$ 9,388</u>	<u>\$ 9,907</u>	<u>\$ 10,044</u>	<u>\$ 11,317</u>
\$ 12,786	\$ 16,929	\$ 18,471	\$ 22,527	\$ 21,483	\$ 20,535	\$ 21,030
7,049	8,007	2,117	1,534	1,630	1,826	1,993
3,461	(6,583)	(3,284)	(2,853)	(1,941)	962	2,605
<u>\$ 23,296</u>	<u>\$ 18,353</u>	<u>\$ 17,304</u>	<u>\$ 21,208</u>	<u>\$ 21,172</u>	<u>\$ 23,323</u>	<u>\$ 25,628</u>



City of Lakeport, California

Changes in Net Position

Fiscal year ended June 30 (last ten fiscal years)

(Accrual basis of accounting)

(In thousands)

	2011	2012	2013
Expenses:			
Governmental activities:			
General government	\$ 1,955	\$ 737	\$ 887
Community development	358	268	283
Roads and infrastructure	1,476	1,344	1,151
Sanitation	-	421	439
Housing and support programs	174	511	18
Redevelopment/economic development	200	293	11
Public safety	1,785	1,529	1,542
Parks and recreation	313	282	382
Interest on long term debt	309	359	8
Total governmental activities expenses	<u>6,570</u>	<u>5,744</u>	<u>4,721</u>
Business-type activities:			
Water utility	1,413	1,550	1,596
Sewer utility	2,289	2,408	2,363
Total business-type activities expenses	<u>3,702</u>	<u>3,958</u>	<u>3,959</u>
Total primary government expenses	<u>10,272</u>	<u>9,702</u>	<u>8,680</u>
Program revenues:			
Governmental activities:			
Charges for services:			
General government	330	-	4
Community development	82	63	20
Roads and infrastructure	41	-	-
Sanitation	-	529	511
Public safety	25	-	7
Parks and recreation	-	26	-
Operating grants and contributions	816	298	199
Capital grants and contributions	1,146	783	429
Total governmental activities program revenues	<u>2,440</u>	<u>1,699</u>	<u>1,170</u>
Business-type activities:			
Charges for services:			
Water utility	1,176	1,439	1,471
Sewer utility	1,623	1,934	1,683
Capital grants and contributions	-	360	38
Total business-type activities program revenues	<u>2,799</u>	<u>3,733</u>	<u>3,192</u>
Total primary government program revenues	<u>5,239</u>	<u>5,432</u>	<u>4,362</u>
Net (Expense)/Revenue:			
Governmental activities	(4,130)	(4,045)	(3,551)
Business-type activities	(903)	(225)	(767)
Total primary government net expense	<u>(5,033)</u>	<u>(4,270)</u>	<u>(4,318)</u>

ATTACHMENT 1

2014	2015	2016	2017	2018	2019	2020
\$ 830	\$ 775	\$ 962	\$ 969	\$ 873	\$ 1,217	\$ 2,507
242	307	451	410	314	319	510
1,226	1,418	893	906	1,375	1,222	1,337
452	438	-	-	-	-	-
134	83	108	21	501	2,751	1,533
82	39	237	137	113	97	165
1,664	1,713	1,959	1,986	1,917	2,043	2,180
327	534	437	433	404	704	332
4	-	42	78	93	143	120
4,961	5,307	5,089	4,940	5,590	8,496	8,683
1,759	1,808	2,523	1,247	1,793	2,261	2,432
2,481	2,536	3,342	2,737	2,240	3,142	3,348
4,240	4,344	5,865	3,984	4,033	5,403	5,780
9,201	9,651	10,954	8,924	9,623	13,899	14,464
4	22	-	-	-	-	-
22	22	30	-	49	50	52
-	-	-	87	76	28	54
467	469	-	-	-	-	-
7	4	46	2	1	2	7
-	-	5	-	-	-	-
-	686	463	321	285	3,452	3,293
-	2,687	1,994	599	784	531	685
500	3,890	2,538	1,009	1,195	4,063	4,092
1,691	1,826	2,062	2,190	2,379	2,302	2,690
2,480	2,787	2,812	2,696	3,009	2,823	3,885
-	-	-	1,097	-	-	-
4,171	4,613	4,874	5,983	5,388	5,125	6,575
4,671	8,503	7,412	6,992	6,583	9,188	10,667
(4,461)	(1,417)	(2,551)	(3,931)	(4,395)	(4,433)	(4,591)
(69)	269	(991)	1,999	1,355	(278)	794
(4,530)	(1,148)	(3,542)	(1,932)	(3,040)	(4,711)	(3,797)

(continued)

City of Lakeport, California
 Changes in Net Position, Continued
 Fiscal year ended June 30 (last ten fiscal years)
 (Accrual basis of accounting)
 (In thousands)

	2011	2012	2013
General Revenues and Other Changes in Net Position:			
Governmental activities:			
Sales tax	3,753	1,948	2,176
Property taxes	-	835	928
Transient occupancy taxes	-	82	85
Other taxes	300	82	95
Franchise fees	-	132	225
Fines, forfeitures, and penalties	-	-	-
Use of money and property	25	141	194
Other revenues	1,610	405	324
Sale of land held for resale	-	-	-
Transfers in (out)	-	-	-
Extraordinary gain	-	4,181	-
Special items	-	-	-
Total governmental activities	5,688	7,806	4,027
Business-type activities:			
Property taxes	383	369	426
Use of money and property	39	36	41
Other revenues	210	104	645
Transfers in (out)	-	-	-
Total business-type activities	632	509	1,112
Total primary government	6,320	8,315	5,139
Changes in Net Position:			
Governmental activities	1,558	3,761	476
Business-type activities	(271)	284	345
Total primary government	\$ 1,287	\$ 4,045	\$ 821

Note: The City implemented Governmental Accounting Standards Board Statement No. 68 and No. 71 (GASB 54 and GASB 71) for fiscal year ended June 30, 2015. The implementation resulted in a prior period adjustment of \$6,305,808 for Governmental activities and \$690,158 for Business-type activities.

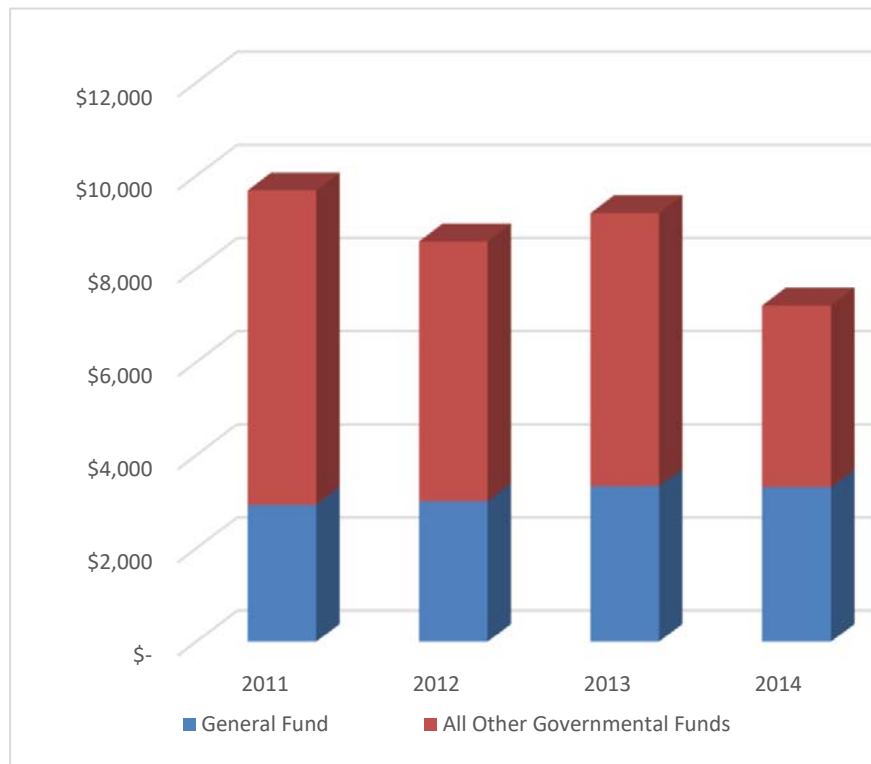
ATTACHMENT 1

2014	2015	2016	2017	2018	2019	2020
2,371	2,039	2,091	2,520	3,384	3,751	3,567
860	852	873	918	932	870	1,106
95	58	200	228	62	198	162
70	92	412	400	653	520	586
277	200	-	-	-	-	-
39	41	-	19	23	27	-
205	299	148	146	54	147	162
97	260	397	146	1,807	935	41
-	-	-	-	-	-	-
(2,418)	-	(33)	193	-	-	-
-	-	-	-	-	-	-
-	-	(1,974)	820	-	-	-
<u>1,596</u>	<u>3,841</u>	<u>2,114</u>	<u>5,390</u>	<u>6,915</u>	<u>6,448</u>	<u>5,624</u>
-	-	310	415	317	290	342
38	41	37	50	49	125	137
-	-	-	-	-	-	-
-	-	33	(15)	-	-	-
<u>38</u>	<u>41</u>	<u>380</u>	<u>450</u>	<u>366</u>	<u>415</u>	<u>479</u>
<u>1,634</u>	<u>3,882</u>	<u>2,494</u>	<u>5,840</u>	<u>7,281</u>	<u>6,863</u>	<u>6,103</u>
(2,865)	2,424	(437)	1,458	2,519	2,015	1,033
(31)	310	(611)	2,448	1,721	137	1,273
<u>\$ (2,896)</u>	<u>\$ 2,734</u>	<u>\$ (1,048)</u>	<u>\$ 3,906</u>	<u>\$ 4,240</u>	<u>\$ 2,152</u>	<u>\$ 2,306</u>

(concluded)

City of Lakeport, California
 Fund Balances of Governmental Funds
 Fiscal year ended June 30 (last ten fiscal years)
 (Modified accrual basis of accounting)
 (In thousands)

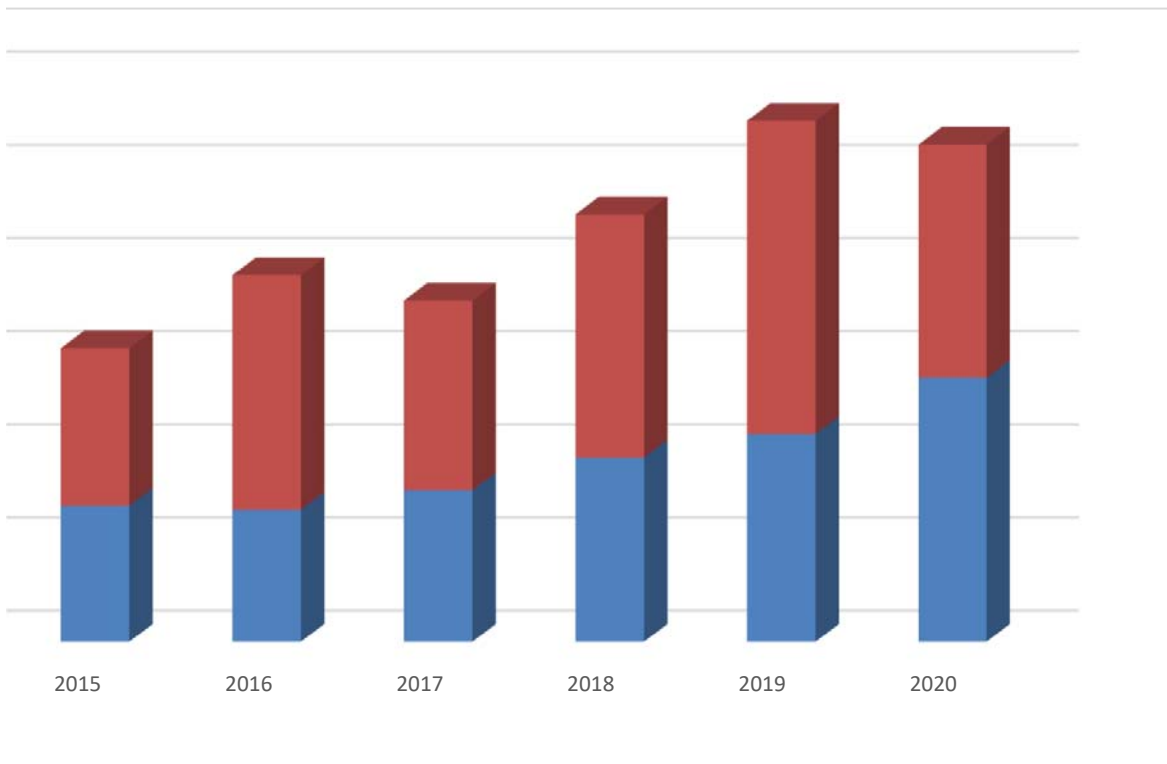
	2011	2012	2013
General Fund			
Nonspendable	\$ 408	\$ 1,541	\$ 1,511
Restricted	-	-	-
Committed	-	1,470	-
Assigned	133	-	1,821
Unassigned	2,394	-	-
Total general fund	<u>\$ 2,935</u>	<u>\$ 3,011</u>	<u>\$ 3,332</u>
All Other Governmental Funds			
Nonspendable	\$ 2,404	\$ 2,859	\$ 2,639
Restricted	2,603	2,383	3,237
Committed	-	360	373
Assigned	2,041	297	7
Unassigned	(298)	(321)	(387)
Total all other governmental funds	<u>6,750</u>	<u>5,578</u>	<u>5,869</u>
Total all governmental funds	<u>\$ 9,685</u>	<u>\$ 8,589</u>	<u>\$ 9,201</u>



Source: City Finance Department

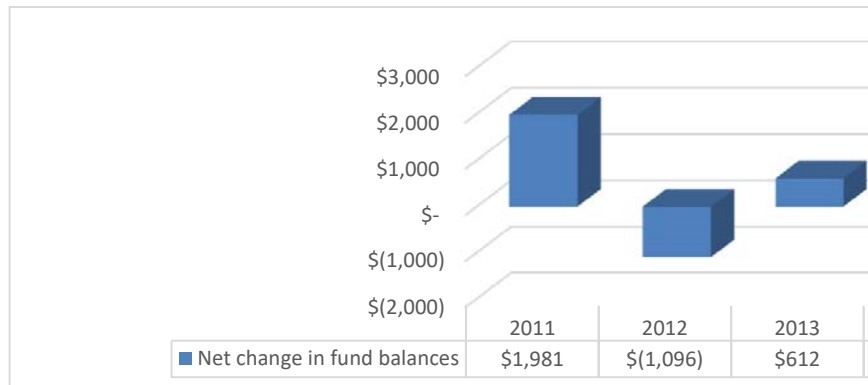
ATTACHMENT 1

2014	2015	2016	2017	2018	2019	2020
\$ 1,087	\$ 374	\$ 329	\$ 294	\$ 289	\$ 289	\$ 289
23	14	21	21	10	10	10
182	362	421	421	-	-	-
2,021	2,165	2,062	2,172	3,310	3,310	3,310
-	-	-	337	341	843	2,055
<u>\$ 3,313</u>	<u>\$ 2,915</u>	<u>\$ 2,833</u>	<u>\$ 3,245</u>	<u>\$ 3,951</u>	<u>\$ 4,453</u>	<u>\$ 5,665</u>
\$ 516	\$ -	\$ 3,012	\$ 2,992	\$ 2,623	\$ 2,480	\$ 2,662
3,773	4,165	1,516	1,013	834	1,030	1,170
-	-	-	-	-	-	-
-	427	777	351	2,038	3,479	1,399
(387)	(1,212)	(271)	(281)	(273)	(259)	(224)
<u>3,902</u>	<u>3,380</u>	<u>5,034</u>	<u>4,075</u>	<u>5,223</u>	<u>6,730</u>	<u>5,006</u>
<u>\$ 7,215</u>	<u>\$ 6,295</u>	<u>\$ 7,867</u>	<u>\$ 7,320</u>	<u>\$ 9,175</u>	<u>\$ 9,175</u>	<u>\$ 10,671</u>



City of Lakeport, California
 Changes in Fund Balances of Governmental Funds
 Fiscal year ended June 30 (last ten fiscal years)
 (Modified accrual basis of accounting)
 (In thousands)

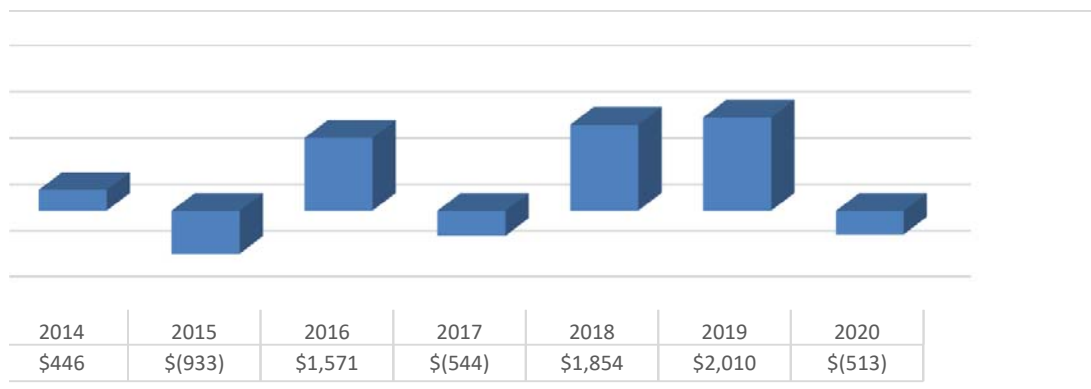
	2011	2012	2013
Revenues			
Taxes	\$ 3,753	\$ 2,943	\$ 3,285
Licenses, permits, and franchises	271	134	225
Fines and forfeitures	29	29	18
Use of money and property	25	165	194
Intergovernmental revenue	1,407	859	629
Charges for services	477	619	542
Other revenues	1,610	100	305
Total revenues	7,572	4,849	5,198
Expenditures			
Current			
General government	1,557	606	799
Community development	327	268	295
Roads and infrastructure	1,432	833	891
Sanitation	-	421	439
Housing and support programs	174	511	30
Redevelopment/economic development	-	293	23
Public safety	1,645	1,529	1,553
Parks, buildings, and ground	313	292	484
Capital outlay	1,262	192	-
Debt service			
Cost of issuance	-	-	-
Principal retirement	107	168	64
Interest	289	235	8
Total expenditures	7,106	5,348	4,586
Reconciliation of Governmental Revenues			
Less Expenditures to Fund Equity			
Revenues over (under) expenditures	467	(499)	612
Other financing sources (uses):			
Proceeds from sale of capital assets	-	-	-
Proceeds from capital lease	-	-	-
Proceeds from issuance of debt	-	-	-
Payments to PERS side fund	-	-	-
Pass-through obligations	(186)	-	-
SERAF payments	(64)	-	-
Housing loans	2,082	409	-
Extraordinary gain (loss)	-	(1,006)	-
Transfers in	4,719	2,959	146
Transfers out	(5,037)	(2,959)	(146)
Total other financing sources (uses)	1,514	(597)	-
Net change in fund balances	\$ 1,981	\$ (1,096)	\$ 612
Debt service as a percentage of noncapital expenditures	7.7%	9.0%	1.8%



Source: City Finance Department

ATTACHMENT 1

	2014	2015	2016	2017	2018	2019	2020
\$	3,397	\$ 3,045	\$ 3,244	\$ 3,739	\$ 4,463	\$ 4,900	\$ 4,912
	277	283	315	327	567	439	509
	39	41	18	19	23	27	7
	205	299	463	921	1,069	3,983	3,979
	579	686	148	146	54	147	162
	500	517	80	88	126	79	107
	97	174	2,391	146	1,807	935	41
	5,094	5,045	6,659	5,386	8,109	10,510	9,716
	710	856	796	671	901	903	1,160
	244	311	401	410	314	319	510
	948	1,096	737	1,066	1,641	1,678	1,256
	452	438	-	-	-	-	-
	136	83	96	21	156	2,751	1,533
	84	39	211	137	113	97	165
	1,666	1,721	1,784	1,920	1,844	1,946	2,071
	329	536	365	355	323	621	250
	8	931	531	2,388	354	1,027	3,030
	-	-	-	-	-	-	-
	67	-	92	175	171	148	135
	4	-	42	78	93	143	119
	4,648	6,011	5,055	7,221	5,910	9,633	10,229
	446	(966)	1,604	(1,835)	2,199	876	(513)
	-	-	-	3	-	-	-
	-	-	-	-	-	-	-
	-	-	1,974	1,095	-	1,134	-
	-	-	(1,974)	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	(345)	-	-
	-	-	-	-	-	-	-
	39	49	65	760	2,765	129	561
	(39)	(16)	(98)	(567)	(2,765)	(129)	(561)
	-	33	(33)	1,291	(345)	1,134	-
\$	446	\$ (933)	\$ 1,571	\$ (544)	\$ 1,854	\$ 2,010	\$ (513)
	1.7%	0.0%	3.3%	6.0%	5.1%	3.3%	2.9%

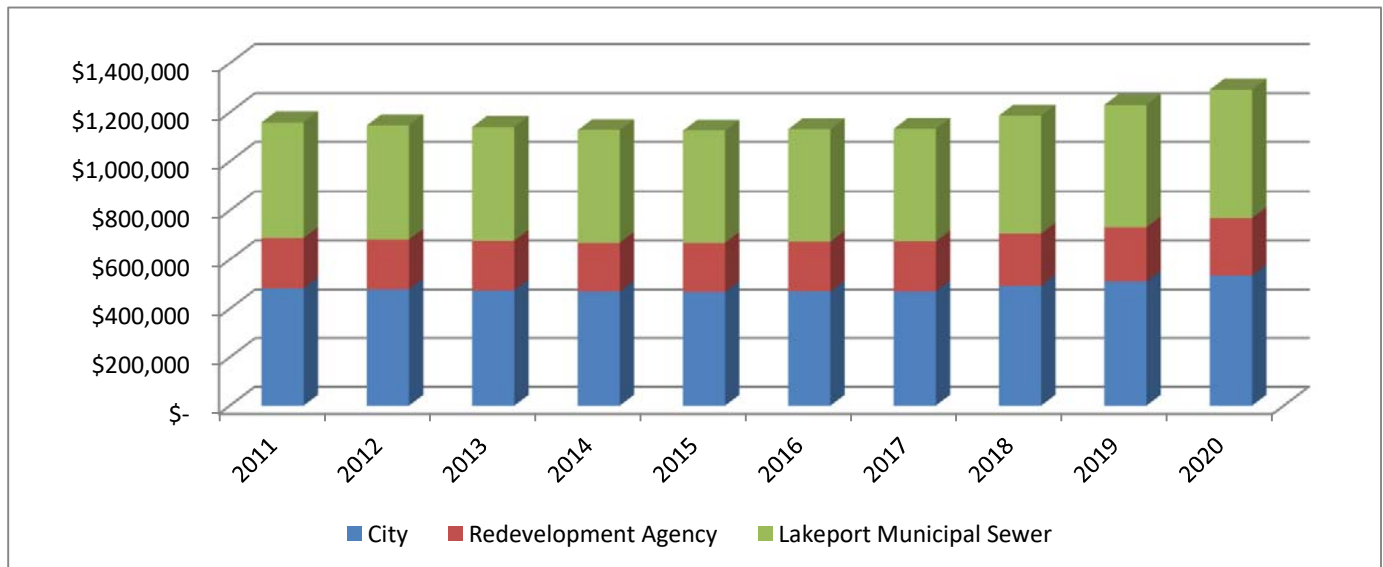


City of Lakeport, California
 Assessed Value and Actual Value of Taxable Property
 Fiscal year ended June 30 (last ten fiscal years)
 (In thousands)

Year Ended	City			Redevelopment Agency			Lakeport Municipal Sewer			Total Direct Tax Rate
	Secured Property	Unsecured Property	Taxable Assessed Value	Secured Property	Unsecured Property	Taxable Assessed Value	Secured Property	Unsecured Property	Taxable Assessed Value	
2011	\$ 459,145	\$ 23,783	\$ 482,928	\$ 194,025	\$ 11,772	\$ 205,797	\$ 446,871	\$ 23,674	\$ 470,545	1.000
2012	455,541	22,237	477,778	192,400	11,522	203,922	443,492	22,159	465,651	1.000
2013	452,910	21,527	474,437	191,685	11,425	203,110	441,346	21,454	462,800	1.000
2014	447,317	21,936	469,253	188,055	11,643	199,698	436,127	21,865	457,992	1.000
2015	445,221	22,547	467,768	188,819	12,405	201,224	433,872	22,459	456,331	1.000
2016	449,070	21,098	470,168	190,570	12,008	202,578	437,842	21,020	458,862	1.000
2017	448,318	21,389	469,707	192,454	12,276	204,730	437,231	21,317	458,548	1.000
2018	469,113	23,294	492,407	200,752	12,578	213,330	457,774	23,222	480,996	1.000
2019	486,304	23,876	510,180	208,062	13,157	221,219	474,826	23,807	498,633	1.000
2020	510,692	24,274	534,966	220,476	13,728	234,204	498,296	24,207	522,503	1.000

Note: 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 may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed 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.

Note: As of February 1, 2011, the Lakeport Redevelopment Agency was dissolved by the State of California. Property taxes formerly allocated to the Agency are now done so to satisfy existing debt obligations administered by its successor, the City of Lakeport.



Source: Lake County Auditor-Controller

City of Lakeport, California

Direct and Overlapping Tax Rates

Fiscal year ended June 30 (last ten fiscal years)

(Rate per \$1,000 of assessed value)

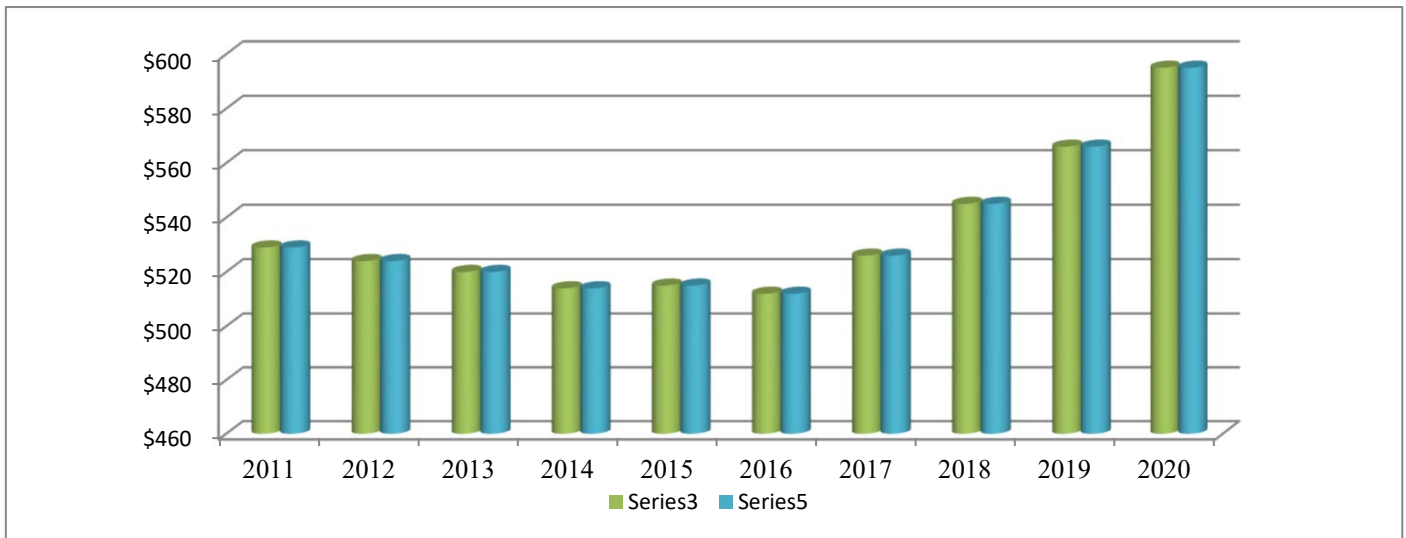
Year Ended	Direct Rates		Overlapping Rates		
	Basic Rate	Total Direct	Lakeport Unified High School Bond	Mendocino Community College	Total Tax Rate
2011	1.00000	1.00000	0.03767	0.02300	1.06067
2012	1.00000	1.00000	0.44340	0.02300	1.46640
2013	1.00000	1.00000	0.04261	0.00977	1.05238
2014	1.00000	1.00000	0.04628	0.02400	1.07028
2015	1.00000	1.00000	0.04464	0.02300	1.06764
2016	1.00000	1.00000	0.11494	0.02500	1.13994
2017	1.00000	1.00000	0.10699	0.02200	1.12899
2018	1.00000	1.00000	0.10867	0.02100	1.12967
2019	1.00000	1.00000	0.09191	0.02100	1.11291
2020	1.00000	1.00000	0.10364	0.02200	1.12564

Note: Jurisdictions within Lake County have the authority to tax properties within their jurisdictions. Properties lying within multiple jurisdictions therefore can be assessed by multiple jurisdictions. The overlapping debt statement presents the debt for all jurisdictions with territory overlapping the City. Debt of overlapping jurisdictions is allocated based upon the assessed value of that jurisdiction within City as compared to total assessed value for that jurisdiction. In 1978, California voters passed Proposition 13, which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies whose boundaries include the subject property. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of Kelseyville Unified School Bonds, Lucerne Elementary School Bond, Lake Sanitation Bonds, County Service Area #6, Callayomi Water, Clearlake Oaks Water, Konocti Unified School Bond, Middletown Unified School Bond, Upper Lake High School Bond, Lakeport Unified High School Bonds, Yuba Community College Bonds, and Mendocino Community College.

City of Lakeport, California
 Property Tax Collections and Levies
 Fiscal year ended June 30 (last ten fiscal years)
 (In thousands)

Year Ended	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy			Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy	Amount		Percentage of Levy	
2011	\$ 529	\$ 529	100%	-	\$ 529	100%	
2012	524	524	100%	-	524	100%	
2013	520	520	100%	-	520	100%	
2014	514	514	100%	-	514	100%	
2015	515	515	100%	-	515	100%	
2016	512	512	100%	-	512	100%	
2017	526	526	100%	-	526	100%	
2018	545	545	100%	-	545	100%	
2019	566	566	100%	-	532	100%	
2020	595	595	100%	-	595	100%	

Note: Amounts reported and collected under the Teeter Plan, in which all taxes are distributed to the City in the year of the levy with the County retaining any interest or penalties on uncollected balances.



Source: Lake County Auditor-Controller

City of Lakeport, California
 Principal Property Tax Payers
 Last fiscal year and ten years ago
 (In thousands)

Property Owner	2019-20			2009-10		
	Assessed Valuation	Rank	Percent of Total	Assessed Valuation	Rank	Percent of Total
Safeway, Inc.	\$ 18,878	1	28.90%	\$ -	-	0.00%
Arton, Inc.	6,423	2	9.83%	3,140	6	22.63%
California Aviv, LLC	6,910	3	10.58%	-	-	0.00%
Jeanrenaud Henri & Jeanrenaud Barbara O	6,135	4	9.39%	-	-	0.00%
Lany Lakeport Limited Partnership	6,007	5	9.20%	6,593	1	47.52%
Bruno's Property Management, LLC	6,041	6	9.25%	4,140	4	29.84%
Lakeport Investment LLC	5,150	7	7.88%	-	-	0.00%
Pontus Vault Portfolia LLC	4,098	8	6.27%	-	-	0.00%
Shoreline Mini Storage LLC	3,612	9	5.53%	-	-	0.00%
1 1st Street LLC	2,060	10	3.15%	-	-	0.00%
Total	\$ 65,314		100.00%	\$ 13,873		100.00%

Note: The amounts shown above include assessed value data for both the City and the Redevelopment Agency (RDA). Information prior to the years above was not maintained by the City.

Source: Lake County Auditor-Controller's Office

Source: Lake County Auditor-Controller

City of Lakeport, California

Top 25 Principal Sales Tax Remitters (listed alphabetically)

Last fiscal year and previous five years

2020	2019	2018	2017
Big Daddy Garden Supply	Bruno's Foods	Bruno's Foods	Bruno's Foods
Bruno's Foods	Burger King Restaurants	Burger King Restaurants	Burger King Restaurants
Burger King Restaurants	Chevron Service Stations	Chevron Service Stations	Chevron Service Stations
Chevron Service Stations	CVS Pharmacy	CVS Pharmacy	CVS Pharmacy
CVS Pharmacy	Dollar Tree Stores	Dollar Tree Stores	Dollar Tree Stores
Dollar General Stores	Enterprise Rent-A-Car	Eureka Oxygen Company	Express Service Stations
Dollar Tree Stores	Eureka Oxygen Company	Express Service Stations	Grocery Outlet
Eureka Oxygen Company	Express Service Stations	Grocery Outlet	Jimmy's Deli
Express Service Stations	Grocery Outlet	K Mart Stores	K Mart Stores
Grocery Outlet	K Mart Stores	Kentucky Fried Chicken	Kathy Fowler Chevy Pontiac GMC
Kentucky Fried Chicken	Kentucky Fried Chicken	Matt Mazzei Chevrolet	Kathy Fowler Chrysler Jeep Dodge
Lake Parts	Lake Parts	McDonald's Restaurants	Kentucky Fried Chicken
Matt Mazzei Chevrolet	Matt Mazzei Chevrolet	NAPA Auto Parts	Matt Mazzei Chevrolet
McDonald's Restaurants	McDonald's Restaurants	New Trend Wireless	McDonald's Restaurants
O'Reilly Auto Parts	O'Meara Bros. Brewing Company	O'Meara Bros. Brewing Company	NAPA Auto Parts
Plaza Paint	O'Reilly Auto Parts	O'Reilly Auto Parts	O'Reilly Auto Parts
Renee's Café	Park Place Restaurant	Park Place Restaurant	Park Place Restaurant
Round Table Pizza	Renee's Café	Plaza Paint & Supplies of Lakport	Renee's Café
Safeway Stores	Round Table Pizza	Redwood Oil Company	Round Table Pizza
Sears Roebuck & Co.	Safeway Stores	Renee's Café	Safeway Stores
Shell Service Stations	Shell Service Stations	Round Table Pizza	Shell Service Stations
Taco Bell	Taco Bell	Safeway Stores	Taco Bell
US Cellular	US Cellular	Taco Bell	West Lake Auto Center
Verizon Wireless	Verizon Wireless	Tesoro Service Stations	New Trend Wireless
West Lake Auto Center	West Lake Auto Center	West Lake Auto Center	Z Wireless

Note: The lists above include both public and private entities and, therefore, the dollar values have been omitted because the information is not public information. Rankings are determined by the sales dollar volume.

ATTACHMENT 1

2016	2015	2014	2013
Bruno's Foods	Bruno's Foods	Bruno's Foods	Bruno's Foods
Burger King Restaurants	Burger King Restaurants	Burger King Restaurants	Burger King Restaurants
Chevron Service Stations	Chevron Service Stations	Chevron Service Stations	Chevron Service Stations
CVS Pharmacy	CVS Pharmacy	CVS Pharmacy	CVS Pharmacy
Dollar Tree Stores	Dollar Tree Stores	Dollar Tree Stores	Dollar Tree Stores
Express Service Stations	Express Service Stations	Express Service Stations	Express Service Stations
Grocery Outlet	Grocery Outlet	Grocery Outlet	Grocery Outlet
Hillsdale Honda/Yamaha	Hillsdale Honda/Yamaha	Hillsdale Honda/Yamaha	Hillsdale Honda/Yamaha
K Mart Stores	Jimmy's Deli	K Mart Stores	K Mart Stores
Kathy Fowler Chevy Pontiac GMC	K Mart Stores	Kathy Fowler Chevy Pontiac GMC	Kathy Fowler Chevy Pontiac GMC
Kathy Fowler Chrysler Jeep Dodge	Kathy Fowler Chevy Pontiac GMC	Kathy Fowler Chrysler Jeep Dodge	Kathy Fowler Chrysler Jeep Dodge
Kentucky Fried Chicken	Kathy Fowler Chrysler Jeep Dodge	Mackey Tire Center	Kentucky Fried Chicken
McDonald's Restaurants	Kentucky Fried Chicken	McDonald's Restaurants	Lake Parts
NAPA Auto Parts	McDonald's Restaurants	NAPA Auto Parts	Mackey Tire Center
O'Meara Bros Brewing Restaurant	NAPA Auto Parts	New Trend Cellular	McDonald's Restaurants
O'Reilly Auto Parts	O'Reilly Auto Parts	O'Reilly Auto Parts	New Trend Cellular
Park Place Restaurant	Park Place Restaurant	Park Place Restaurant	O'Reilly Auto Parts
Renee's Café	Renee's Café	Renee's Café	Park Place Restaurant
Round Table Pizza	Round Table Pizza	Round Table Pizza	Renee's Café
Safeway Stores	Safeway Stores	Safeway Stores	Round Table Pizza
Shell Service Stations	Shell Service Stations	Shell Service Stations	Safeway Stores
Taco Bell	Taco Bell	T&T On the Lake Restaurant	T&T On the Lake Restaurant
Tower Mart Service Stations	Tower Mart Service Stations	Taco Bell	Taco Bell
West Lake Auto Center	West Lake Auto Center	Tower Mart Service Stations	Tesoro Service Stations
New Trend Wireless	Z Wireless	West Lake Auto Center	Tower Mart Service Stations

City of Lakeport, California
 Ratios of Outstanding Debt by Type
 Last ten fiscal years

Fiscal Year Ended June 30,	General	Capital	Revenue	Special	Tax	Total
	Obligation Bonds	Leases	Bonds	Assessment Bonds	Alloctaion Bonds	Outstanding Debt
	Governmental Activities:		Business-type Activiites:		Fiduciary Activities:	
2011	-	191,000	6,082,000	4,010,000	5,410,000	15,693,000
2012	88,000	131,000	6,999,000	3,905,000	5,360,000	16,483,000
2013	-	67,000	6,769,000	3,795,000	5,305,000	15,936,000
2014	-	-	7,233,000	3,680,000	5,245,000	16,158,000
2015	-	-	10,250,000	3,560,000	5,185,000	18,995,000
2016	1,882,000	-	8,675,587	3,435,000	5,120,000	19,112,587
2017	2,802,000	-	9,395,000	2,854,000	4,810,000	19,861,000
2018	2,631,000	-	12,638,000	2,800,000	4,655,000	22,724,000
2019	3,652,000	-	15,747,000	2,648,000	4,530,000	25,997,000
2020	3,515,916	-	15,200,500	2,489,000	4,395,000	25,600,416

Note: Information presented is for the Lake County Region, except for population and unemployment data, since separate data is not available for the City of Lakeport.

Sources:

- (1) California Department of Finance
- (2) U.S. Department of Commerce Bureau of Economic Analysis
- (3) U.S. Department of Commerce Bureau of Economic Analysis: Personal Income Summary
- (4) Bureau of Labor Statistics
- (5) State of California Employment Development Department Labor Market Information

<u>Percentage of Personal Income</u>	<u>Population</u>	<u>Debt Per Capita</u>
0.21%	4,622	\$ 3,395
0.20%	4,705	\$ 3,503
0.29%	4,713	\$ 3,381
0.29%	4,807	\$ 3,361
0.26%	4,762	\$ 3,989
0.28%	4,765	\$ 4,011
0.28%	4,786	\$ 4,150
0.28%	4,699	\$ 4,836
0.25%	4,784	\$ 5,434
0.25%	4,677	\$ 5,474

City of Lakeport, California
Ratios of General Bonded Debt Outstanding
Last ten fiscal years

Fiscal Year Ended June 30,	General Obligation Bonds ⁽¹⁾	Less: Amounts Available in Debt Service Fund ⁽²⁾	Total	Percentage of Estimated Actual Taxable Value of Property ⁽³⁾	Per Capita ⁽⁴⁾
2011	-	-	-	0.0%	-
2012	-	-	-	0.0%	-
2013	-	-	-	0.0%	-
2014	-	-	-	0.0%	-
2015	-	-	-	0.0%	-
2016	1,882,000	-	1,882,000	0.4%	395
2017	2,802,000	-	2,802,000	0.6%	585
2018	2,631,000	-	2,631,000	0.5%	560
2019	3,652,000	-	3,652,000	0.7%	763
2020	3,515,916	-	3,515,916	0.7%	735

⁽¹⁾ This is the general bonded debt of the general fund, net of original issuance discounts and premiums

⁽²⁾ This is the amount restricted for debt service principal payment

⁽³⁾ See the Schedule of Assessed Value and the Estimated Actual Value of Taxable Property

⁽⁴⁾ Population data can be found in the Schedule of Demographic and Economic Statistics

City of Lakeport, California
 Direct and Overlapping Debt
 Fiscal year ended June 30, 2020
 (In thousands)

2019 Assessed Valuation (in thousands)		\$	534,966
		<u>% Applicable</u>	<u>Debt 6/30/20</u>
Overlapping Tax and Assessment Debt:			
Mendocino-Lake Community College District - GO Bonds		4.70%	\$ 3,393,586
Lakeport Unified School District - GO Bonds		41.55%	7,166,748
2004 Tax Allocation Bonds, Series B		100%	580,000
Successor Agency to the Redevelopment Agency of the City of Lakeport - Series 2016 Tax Allocation Refunding Bonds		100%	3,875,000
Sewer District Improvement Bonds 2017-1		100%	2,489,000
Total overlapping tax and assessment debt			<u>\$ 17,504,334</u>
Direct General Fund Debt:			
Mendocino-Lake Community College District - Capital Lease		4.70%	\$ 12,735
USDA Police Station Bond		100%	1,044,000
City of Lakeport Municipal Financing Authority Lease Revenue Bonds		100%	1,170,000
City of Lakeport Pension Obligation Bonds		100%	1,301,916
Total direct general fund debt			<u>3,528,651</u>
Combined total debt			<u>\$ 21,032,985 ⁽¹⁾</u>
<u>Ratios to 2015-2016 Assessed Valuation:</u>			
Total Overlapping Tax and Assessment Debt		3.26%	
Total Combined Debt		4.09%	

⁽¹⁾ Excludes tax and revenue anticipation notes, enterprise revenue, and mortgage revenue bonds.

Note: The overlapping debt statement presents the debt for all jurisdictions with territory overlapping the City. Debt of overlapping jurisdictions is allocated based upon the assessed value of that jurisdiction within the City as compared to total assessed value for that jurisdiction.

Source: City Finance Department

City of Lakeport, California

Legal Debt Margin Information

Fiscal year ended June 30 (last ten fiscal years)

(In thousands)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Assessed value	\$ 482,928	\$ 477,778	\$ 474,437	\$ 469,253
Conversion percentage	25%	25%	25%	25%
Adjusted assessed value	120,732	119,445	118,609	117,313
Debt limit percentage	15%	15%	15%	15%
Debt limit	18,110	17,917	17,791	17,597
Total net debt applicable to limit	-	-	-	-
Legal debt margin	<u>\$ 18,110</u>	<u>\$ 17,917</u>	<u>\$ 17,791</u>	<u>\$ 17,597</u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%

Note: The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed secured tax valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of the assessed value for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

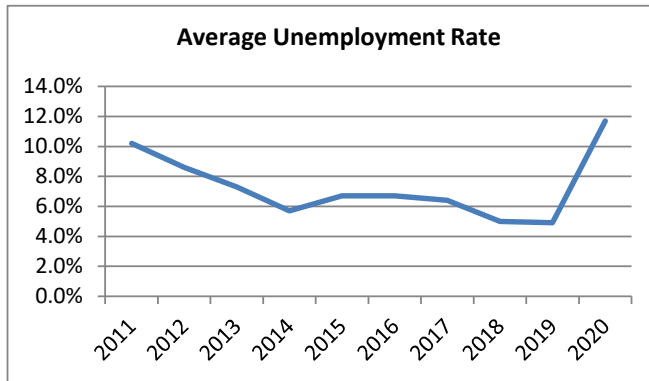
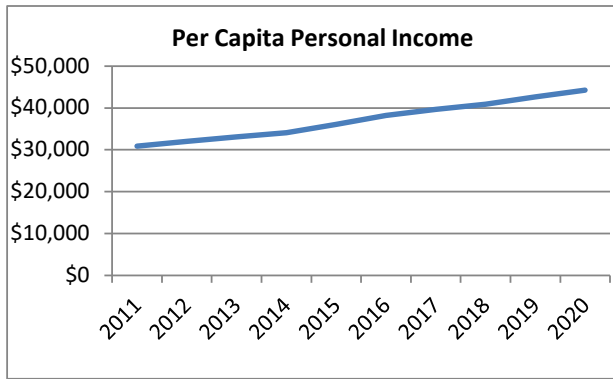
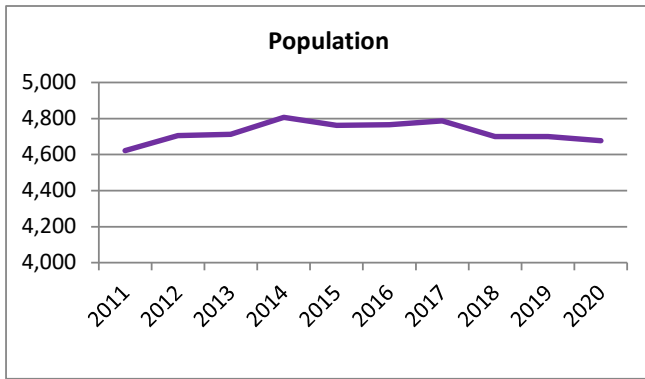
Note: The City does not have any outstanding general obligation debt subject to the limit.

ATTACHMENT 1

2015	2016	2017	2018	2019	2020
\$ 467,768	\$ 470,168	\$ 469,707	\$ 492,407	\$ 510,180	\$ 534,966
25%	25%	25%	25%	25%	25%
116,942	117,542	117,427	123,102	127,545	133,742
15%	15%	15%	15%	15%	15%
17,541	17,631	17,614	18,465	19,132	20,061
-	-	-	-	-	-
\$ 17,541	\$ 17,631	\$ 17,614	\$ 18,465	\$ 19,132	\$ 20,061
0%	0%	0%	0%	0%	0%

City of Lakeport, California
 Demographic and Economic Statistics
 Last ten calendar years

Year	Population ⁽¹⁾	Personal Income (in thousands) ⁽²⁾	Per Capita Personal Income ⁽²⁾	Unemployment Rate (%) ⁽³⁾
2011	4,622	1,999,343	30,885	10.2% (4)
2012	4,705	2,059,368	32,052	8.6% (4)
2013	4,713	2,118,095	33,119	7.3% (4)
2014	4,807	2,175,903	34,107	5.7% (4)
2015	4,762	2,310,318	36,074	6.7% (5)
2016	4,765	2,456,491	38,227	6.7% (5)
2017	4,786	2,533,898	39,652	6.4% (5)
2018	4,699	2,662,533	40,911	5.0% (5)
2019	4,699	2,741,990	42,632	4.9% (5)
2020	4,677	2,849,642	44,259	11.7% (5)



Note: Information presented is for the Lake County Region, except for population and unemployment data, since separate data is not available for the City of Lakeport.

Sources:

- ⁽¹⁾ California Department of Finance
- ⁽²⁾ U.S. Department of Commerce Bureau of Economic Analysis
- ⁽³⁾ U.S. Department of Commerce Bureau of Economic Analysis: Personal Income Summary
- ⁽⁴⁾ Bureau of Labor Statistics
- ⁽⁵⁾ State of California Employment Development Department Labor Market Information

City of Lakeport, California
Principal Employers
Current and Ten Years Ago

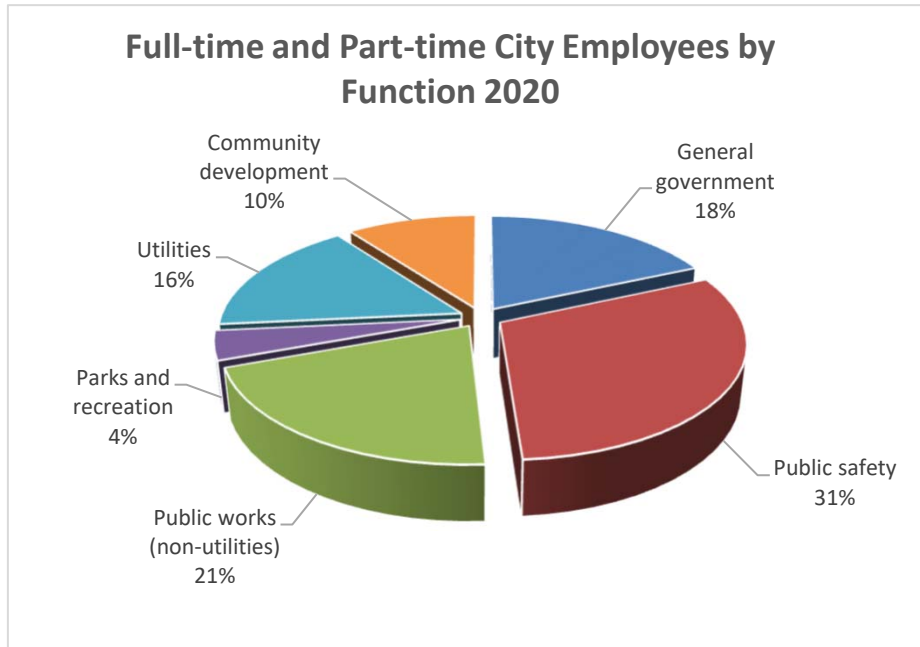
Employer	2019-20			2010-11		
	Employees	Rank	Percent of Top 10 Employment (%)	Employees	Rank	Percent of Top 10 Employment (%)
County of Lake	849	1	20.3%	866	1	25.0%
Adventist Health	693	2	16.6%	358	3	10.3%
St Helena Hospital	569	3	13.6%	450	2	13.0%
Konocti Unified School District	449	4	10.7%	300	7	8.7%
Sutter Lakeside Hospital	403	5	9.6%	249	9	7.2%
Calpine Corp.	280	6	6.7%	352	5	10.2%
Twin Pine Casino	277	7	6.6%	303	6	8.8%
Kelseyville Unified School District	230	8	5.5%			
Safeway	219	9	5.2%			
Wal-Mart	213	10	5.1%			
Shannon Ranches Inc				228	10	6.6%
Robinson Rancheria Resort & Casino				354	4	10.2%
Total	4,182		100.0%	3,460		100.0%

Note: Information presented is for the Lake County Region, Major Lake County Employers, since separate data is not available for the City of Lakeport.

Source: Lake County Marketing Program

City of Lakeport, California
 Full-time and Part-time City Employees by Function
 Fiscal year ended June 30 (last ten calendar years)

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government	7	8	9	9	8	6	8	9	9	9
Public safety	17	14	16	15	14	4	12	15	15	15
Public works (non-utilities)	9	9	12	12	7	22	11	10	10	10
Parks and recreation	10	10	13	1	15	4	2	2	2	2
Utilities	9	11	6	6	9	13	7	8	8	8
Community development	9	10	6	4	5	8	4	5	5	5
Total	61	62	62	47	58	57	44	49	49	49



City of Lakeport, California
 Capital Asset Statistics by Function
 Fiscal year ended June 30 (last ten fiscal years)

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police :										
Stations	1	1	1	1	1	1	1	1	1	1
Public works:										
Streets (miles)	30	30	30	30	30	30	30	30	30	30
Streetlights	221	221	221	221	221	221	221	221	221	221
Parks and recreation:										
Parks	4	4	4	4	4	4	4	4	4	5
Pools	1	1	1	1	1	1	1	1	1	1
Community centers	0	0	0	0	0	0	0	0	1	1
Water:										
Treatment facilities	2	2	2	2	2	2	2	2	2	2
Sewer:										
Pump stations	9	9	9	9	9	9	9	9	9	9

Source: City Finance Department

Sources: City Police, Community Development, and Public Works departments

City of Lakeport, California

Capital Asset Statistics

Fiscal year ended June 30 (last ten fiscal years)

(In thousands)

	2011	2012	2013
Governmental activities:			
Land	\$ 729	\$ 729	\$ 653
Construction-in-progress	-	-	-
Buildings and structures	2,619	2,619	2,695
Improvements/CIP	4,465	4,475	4,475
Equipment and vehicles	1,533	1,533	1,533
Total	9,346	9,356	9,356
Accumulated depreciation:			
Buildings and structures	1,003	1,055	1,110
Improvements/CIP	641	732	847
Equipment and vehicles	823	998	1,100
Total	2,467	2,785	3,057
Total governmental net capital assets	\$ 6,879	\$ 6,571	\$ 6,299
Business-type activities:			
Land	\$ 1,775	\$ 2,475	\$ 2,475
Construction-in-progress	1,840	1,840	1,840
Buildings and structures	1,840	1,840	1,840
Improvements/CIP	26,222	26,936	27,129
Equipment and vehicles	538	548	552
Total	32,215	33,639	33,836
Accumulated depreciation:			
Buildings and structures	533	570	1,309
Improvements/CIP	11,681	12,457	12,457
Equipment and vehicles	525	534	518
Total	12,739	13,561	14,284
Total business-type net capital assets	\$ 19,476	\$ 20,078	\$ 19,552

ATTACHMENT 1

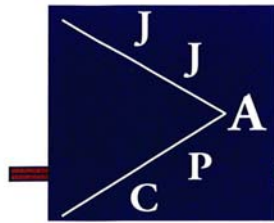
2014	2015	2016	2017	2018	2019	2020
\$ 653	\$ 1,653	\$ 1,653	\$ 1,653	\$ 1,653	\$ 1,769	\$ 2,498
-	-	452	452	369	16	270
2,695	5,173	5,240	5,240	5,588	6,500	6,500
4,475	4,697	4,776	4,776	7,428	7,612	10,048
1,566	1,585	1,621	1,621	1,998	2,243	2,313
9,389	13,108	13,742	13,742	17,036	18,140	21,629
1,165	1,284	1,403	1,403	1,675	1,846	2,017
961	1,075	1,201	1,201	1,518	1,714	1,973
1,203	1,305	1,390	1,390	1,547	1,656	1,775
3,329	3,664	3,994	3,994	4,740	5,216	5,765
\$ 6,060	\$ 9,444	\$ 9,748	\$ 9,748	\$ 12,296	\$ 12,924	\$ 15,864
\$ 2,475	\$ 2,475	\$ 2,475	\$ 2,475	\$ 2,475	\$ 2,475	\$ 2,475
1,840	3,129	6,342	6,342	568	1,821	131
1,840	1,840	1,852	1,852	9,955	9,955	9,955
27,593	27,022	27,101	27,101	27,950	28,518	32,269
785	1,444	1,474	1,474	1,609	1,999	2,159
34,533	35,910	39,244	39,244	42,557	43,078	46,989
643	679	716	716	992	1,231	1,552
13,939	14,704	15,468	15,468	17,022	17,817	18,725
529	611	694	694	872	1,008	1,137
15,111	15,994	16,878	16,878	18,886	20,056	21,414
\$ 19,422	\$ 19,916	\$ 22,366	\$ 22,366	\$ 23,671	\$ 23,022	\$ 25,575

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CITY OF LAKEPORT

**COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE AND
COMMUNICATION OF INTERNAL CONTROL RELATED MATTERS**

JUNE 30, 2020

**JJACPA, Inc.**

A Professional Accounting Services Corp.

February 5, 2021

City Council
City of Lakeport
Lakeport, California

We have audited the basic financial statements of the City of Lakeport (City) as of and for the year, ended June 30, 2020, and have issued our report thereon dated February 5, 2021. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated August 10, 2020, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm has complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during fiscal year ended June 30, 2020. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are useful lives of capital assets ("useful lives") and pension plan liabilities.

Management's estimate of the useful lives is based on experience with and observation of capital assets, by category (e.g. infrastructure) as well as industry standards, when applicable (i.e. buildings). Pension plan liabilities are valued based upon actuarial assumptions as developed by the City's Plan provider. These assumptions and estimates can result in material changes to liabilities and corresponding deferred inflows and outflows on a year to year basis. We evaluated the key factors and assumptions used to develop the useful lives and pension plan liabilities and determined that they are reasonable in relation to the basic financial statements taken as a whole according to industry standards.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the City's financial statements relate to commitments and contingencies.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated February 5, 2021.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Findings or Issues

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the City, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the entity's auditors.

Communication of Internal Control Related Matters

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

ATTACHMENT 2

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report is intended solely for the information and use of the City Council and management of the City and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Joseph J Arch, CPA

JOSEPH J ARCH, CPA
President/CEO
JJACPA, INC

CITY OF LAKEPORT, CALIFORNIA
SINGLE AUDIT REPORTS
FOR THE YEAR ENDED JUNE 30, 2020

City of Lakeport, California
Single Audit Reports
For the year ended June 30, 2020

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Schedule of Findings and Questioned Costs	7-8

City of Lakeport, California
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2020

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identification Number	Federal Expenditures
U.S. Department of Homeland Security			
<i>Direct Program:</i>			
Hazard Mitigation	97.039		\$ 99,774
Total U.S. Department of Homeland Security			99,774
U.S. Department of Housing and Urban Development			
<i>Pass through programs from:</i>			
<u><i>State of California Department of Housing and Community Development</i></u>			
Community Development Block Grant	14.228	18-CDBG-12912	2,310
Community Development Block Grant	14.228	17-CDBG-9883	325,421
Community Development Block Grant - Program Income	14.228	N/A	58,290
HOME Investment Partnership Programs	14.239	16-HOME-10931	1,500,764
Total U.S. Department of Housing and Urban Development			1,886,785
U.S. Department of Agriculture			
<i>Direct Program:</i>			
Community Facilities Loans and Grants	10.766		68,480
Total U.S. Department of Agriculture			68,480
U.S. Department of Justice			
<i>Direct Program:</i>			
Public Safety Partnership and Community Policing Grants	16.710		33,914
Bullet Proof Vest Program	16.607		2,931
Total U.S. Department of Justice			36,845
Total Federal Expenditures			\$ 2,091,884

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this supplementary information.

City of Lakeport, California
Notes to the Schedule of Expenditures of Federal Awards
For the year ended June 30, 2020

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

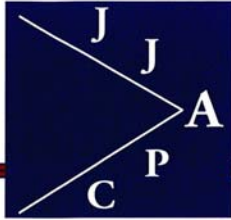
2. DESCRIPTION OF MAJOR PROGRAMS

HOME Investment Partnerships Program (CFDA #14.239)

To expand the supply of affordable housing, particularly rental housing, for low and very low income Americans; to strengthen the abilities of State and local governments to design and implement strategies for achieving adequate supplies of decent, affordable housing; and to extend and strengthen partnerships among all levels of government and the private sector, including for-profit and nonprofit organizations, in the production and operation of affordable housing.

3. INDIRECT COST ELECTION

The City has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



JJACPA, Inc.

A Professional Accounting Services Corp.

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

Independent Auditor's Report

The Honorable City Council
City of Lakeport
Lakeport, California

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the budgetary comparison information of the City of Lakeport, California (City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 5, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

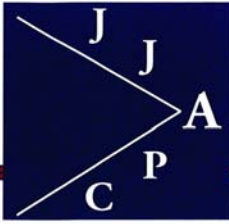
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

February 5, 2021

JJACPA, Inc.

JJACPA, Inc.
Dublin, CA



JJACPA, Inc. ^{ATTACHMENT 3}

A Professional Accounting Services Corp.

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

The Honorable City Council
City of Lakeport
Lakeport, California

Report on Compliance for Each Major Federal Program

We have audited the City of Lakeport, California's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal controls over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the City of Lakeport, California (City) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated February 5, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

February 5, 2021

JJACPA, Inc.
JJACPA, Inc.

City of Lakeport, California
Schedule of Findings and Questioned Costs
For the year ended June 30, 2020

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.239	HOME Investment Partnerships Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

City of Lakeport, California
Schedule of Findings and Questioned Costs, Continued
For the year ended June 30, 2020

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

Section IV – Status of Prior Year Audit Findings

No prior year audit findings

Section V – Corrective Action Plan

There were neither current year findings nor questioned costs (see Section III above).



CITY OF LAKEPORT

- City Council
- City of Lakeport Municipal Sewer District
- Lakeport Redevelopment Successor Agency
- Lakeport Industrial Development Agency
- Municipal Financing Agency of Lakeport

STAFF REPORT	
RE: AB 1600 Annual Update	MEETING DATE: 03/02/2021
SUBMITTED BY: Nicholas Walker, Finance Director	
PURPOSE OF REPORT: <input type="checkbox"/> Information only <input type="checkbox"/> Discussion <input checked="" type="checkbox"/> Action Item	

WHAT IS BEING ASKED OF THE CITY COUNCIL/BOARD:

Adopt the attached resolution to reaffirm the necessity of development impact fees.

BACKGROUND/DISCUSSION:

AB 1600 requires the City to produce an annual report on the status of each separate account or fund established for development impact fees. The primary purpose of the annual report is to show the necessity of the continued imposition of development impact fees. Every fifth year the City also is required to make certain findings with respect to the monies collected for development impact fees. Additionally, the five-year report must show what has been done with the fees that have been collected.

To be in full compliance with state law, the City must:

1. Spend or commit development impact fees within five years of collecting them, or
2. Adopt a resolution that makes a finding that a reasonable relationship remains between the current need for the fees and the purpose for which they were proposed originally.

The City currently collects three different types of impact fees which are described in the attached report. Below are the findings for those impact fees that required accumulation beyond five years.

- i. A storm drainage impact fee (also known as an impervious surface fee) has been accumulated beyond five years to fund storm drain improvements, typically associated with road maintenance and repair. The collection of this fee and use of the proceeds are critical in maintaining an effective storm drainage system and meeting the capital improvement requirements of that system imposed on the City by its NPDES permit.
- ii. A water expansion fee has been accumulated beyond five years to fund capital projects related to increasing the capacity and service delivery to City residents directly resulting from new development and other projects that impact the water treatment and distribution system. The collection of this fee is vitally important to ensuring the City can meet the health and safety needs of its citizens as it grows and expands.
- iii. A sewer expansion fee has been accumulated beyond five years to fund capital projects related to increasing the capacity and service delivery to City residents directly resulting from new development and other

projects that impact the sewer collection and treatment system. The collection of this fee is vitally important to ensuring the City can meet the health and safety needs of its citizens as it grows and expands.

Under AB 1600 the City is required to make available to the public a report on development impact fees. The report must include:

1. A brief description of the type of development impact fee in the account/fund;
2. The amount of the fee;
3. Beginning and ending balances of the account/fund, the amount of the fees collected and the interest earned;
4. Identification of each public improvement on which fees were expended;
5. The amount of expenditures on each improvement;
6. If the agency determines that sufficient funds have been collected to complete financing on an incomplete public improvement, an approximate date by which construction of the public improvement will commence;
7. A description of any interfund transfer or loan; and
8. The amount of refunds paid, if any, from a particular fund.

The annual AB 1600 Development Fee Report for fiscal year ended June 30, 2020 will be made available to the public in March, 2021.

OPTIONS:

1. Adopt the associated resolution reaffirming the need of the relevant development fees collected by the City.
2. Do not adopt but provide direction to staff.

FISCAL IMPACT:

None Undetermined Budgeted Item? Yes No

Budget Adjustment Needed? Yes No If yes, amount of appropriation increase: \$

Affected fund(s): General Fund Water OM Fund Sewer OM Fund Other: Storm Drain Improvement Fund, Water Expansion Fund, Sewer Expansion Fund

Comments: The fiscal impact of this item relates to the continued collection of revenue from these impact fees and their use, the expenditures for which have been adopted by Council in the City's annual budget.

SUGGESTED MOTIONS:

Move to adopt the proposed resolution to reaffirm the necessity of AB 1600 development impact fees.

- Attachments:**
1. Resolution No.
 2. AB 1600 Development Impact Fee Report for the Year Ended June 30, 2020

RESOLUTION NO. _____ (2021)

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
LAKEPORT TO REAFFIRM THE NECESSITY OF DEVELOPMENT
IMPACT FEES**

WHEREAS, The City of Lakeport is required to make certain finding every five years with respect to the unexpended fund balance of certain development impact fee funds pursuant to California Government Code Section 66001; and

WHEREAS, the documents reflecting the balance in each development impact fee fund or account, accrued interest in said fund or account, and the amount of expenditure by public facility for the fiscal year have been made available for public review as required by Code Section 66006; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Lakeport as follows:

Section 1. That the recitations above are true and correct.

Section 2. That the following findings are made as required under Government Code Section 66001:

- i. The purpose to which each development impact fee is to be put has been identified.
- ii. There is a continued need for the improvements and that there is a reasonable relationship between the fee and the impacts for development for which the fees are collected.
- iii. The sources and amounts of funding anticipated to complete the financing of capital projects have been identified and will be deposited into the appropriate account upon receipt or during the normal Capital Improvement Program budget cycle.

Section 3. That these findings are based on information provided in the City of Lakeport operating budget and Five-Year Capital Improvement Program for the fiscal year 2019-20, the AB 1600 report for the fiscal year 2019-20 on file with the City Clerk, and accompanying staff report.

The foregoing Resolution was passed and adopted at a regular joint meeting of the City Council on the 2nd day of March, 2021, by the following vote:

AYES:

NOES:

ABSTAINING:

ABSENT:

KENNY PARLET, Mayor

ATTEST:

KELLY BUENDIA, City Clerk

City of Lakeport
Annual Report on Development Impact Fees, Per Government Code 66000
AB 1600 Statement

Analysis of Changes in Fund Balance

	STORM DRAINAGE FEE (414)	WATER EXPANSION FEE (502)	SEWER EXPANSION FEE (602)
Beginning Balance, 07/01/2019	\$ 136,223	\$ 922,847	\$ 984,368
REVENUE			
Fees	-	377,235	1,026,953
Interest Earnings	608	2,093	8,930
Other Revenue	-	-	-
Transfers In	-	-	-
	<u>608</u>	<u>379,328</u>	<u>1,035,883</u>
EXPENDITURES			
Utilities - Water	-	72,555	-
Utilities - Sewer	-	-	7,726
Public Works/Engineering	-	-	-
Administration	-	-	-
Debt service	-	-	-
Transfers Out	-	-	-
	<u>-</u>	<u>72,555</u>	<u>7,726</u>
Excess Revenue Over/(Under) Expenditures	608	306,773	1,028,157
Ending Balance, 06/30/2020	<u>\$ 136,831</u>	<u>\$ 1,229,620</u>	<u>\$ 2,012,525</u>

Expenditures by Project

	FY 2019-20	% Funded with Development Fee
STORM DRAINAGE IMPACT		
Storm drain replacement and repair	-	100.00%
Total	<u>\$ -</u>	
WATER EXPANSION		
Expansion projects	72,555	100.00%
Total	<u>\$ 72,555</u>	
SEWER EXPANSION		
Expansion projects	7,726	100.00%
Total	<u>\$ 7,726</u>	

Description of Fees

The AB 1600 Development Fee is used only for the construction and the expansion of infrastructure to accommodate growth, not for operating or maintenance costs. Revenue will be used to maintain infrastructure standards for three capital types:

- Storm Drainage Impact
- Water Expansion
- Sewer Expansion

Storm Drainage Impact AB 1600 development fees are used to fund the design and construction of storm water drainage infrastructure improvements required to mitigate the impact of new development, specifically with the installation of impervious surfaces, such as parking lots, side walks, etc.

Water Expansion AB 1600 development fees are used to fund the design and construction of water supply, water treatment, and water distribution system infrastructure improvements required to mitigate the impact of new development.

Sewer Expansion AB 1600 development fees are used to fund the design and construction of wastewater treatment and collection infrastructure improvements required to mitigate the impact of new development.

Impact and Expansion Fee Schedule

Storm Drainage Impact: \$0.10 per square foot of new impervious surface (City Resolution # 1401 (84)).

Water Expansion: \$6,923.00 for a standard 3/4" meter with an escalating cost for larger meters.

Sewer Expansion: \$12,717.00 per unit in the sewer assessment district (CLMSD) South and \$7,456.42, per SFD, in CLMSD North.



CITY OF LAKEPORT

- City Council
City of Lakeport Municipal Sewer District
Lakeport Redevelopment Successor Agency
Lakeport Industrial Development Authority
Municipal Financing Agency of Lakeport

STAFF REPORT	
RE: Informational Road Report	MEETING DATE: 03/02/2021
SUBMITTED BY: Douglas Grider	
PURPOSE OF REPORT: <input checked="" type="checkbox"/> Information only <input type="checkbox"/> Discussion <input type="checkbox"/> Action Item	

WHAT IS BEING ASKED OF THE CITY COUNCIL/BOARD:

This is an informational only item providing a basic overview of City roads and the methods used to manage them.

BACKGROUND/DISCUSSION:

The Public Works Department is responsible for the roadway system in the City. This presentation is a brief overview on some of the methods and systems we use to manage the city roadways. A brief Power Point presentation will explain the basic concepts used in determining what maintenance treatment are available and most appropriate for a given section of roadway

OPTIONS:

FISCAL IMPACT:

Cost \$unknown at this time. Budgeted Item? Yes No

Budget Adjustment Needed? Yes No If yes, amount of appropriation increase: \$

Affected fund(s): General Fund Water OM Fund Sewer OM Fund Other:

Comments: Informational only, no impacts to the budget

SUGGESTED MOTIONS:

None required – Information only

- Attachments:** 1. Power Point Presentation (to be provided at the meeting)