

City of

LOMPOC

ANNUAL COMPREHENSIVE FINANCIAL REPORT

2020 - 2021



City of Lompoc, California

Annual Comprehensive Financial Report

FISCAL YEAR ENDED JUNE 30, 2021

**Prepared by the Finance Division of
the Management Services Department**

Dean Albro, Management Services Director

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Introductory Section

The Introductory Section of the Annual Comprehensive Financial Report provides general information of the City of Lompoc, California’s structure, its personnel, and information useful in assessing the City’s financial condition. This section includes the:

- **Letter of Transmittal**
- **City’s Organizational Chart**
- **Directory of Officials**
- **City Council**



Letter of Transmittal

100 Civic Center Plaza, Lompoc, CA 93436

December 14, 2021

Honorable Mayor, Members of the City Council, and Citizens of Lompoc
Lompoc, California 93436

Honorable Members and Citizens:

It is our pleasure to submit the Annual Comprehensive Financial Report (ACFR) of the City of Lompoc for the fiscal year ending June 30, 2021, which has been prepared by the City's Finance Division of the Management Services Department. State law requires that all general-purpose local governments publish, within six months of the close of the fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (US GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a licensed certified public accountant(s). Pursuant to that requirement, we hereby issue the ACFR of the City of Lompoc for the fiscal year ended June 30, 2021.

The City of Lompoc's financial statements, a component of the ACFR, have been audited by Lance Soll & Lunghard, LLP Certified Public Accountants (LSL). The goal of the audit is to obtain reasonable assurance that the financial statements are free of material misstatements and are fairly presented in accordance with US GAAP. Management takes sole responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive internal control framework established for this purpose. The objective of internal controls is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The independent auditor's report is located at the front of the financial section. LSL has issued an unmodified opinion on the City's financial statements for the year ended June 30, 2021. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Letter of Transmittal

In addition, LSL will be conducting the federally mandated Single Audit designed to meet the regulatory requirements of federal grantor agencies. The standards governing the Single Audit require the independent auditor to report on the fair presentation of the financial statements, the government’s internal controls, and compliance with legal requirements. The Single Audit report is reported, and published, separately from the ACFR.

City of Lompoc Profile

The City of Lompoc is a general law city, incorporated under the laws of the State of California in 1888. The City has a council-manager form of government with a five-member council. The Council consists of four council members elected to four-year overlapping terms and the mayor elected to a two-year term. The position of City Manager is filled by appointment of the Council to serve as manager of the staff and to carry out the policies of the Council.

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

Lompoc is located in northern Santa Barbara County, approximately ten miles inland from the Pacific Ocean. The City is 150 miles northwest of Los Angeles and 290 miles southeast of San Francisco. The City has an estimated population of 42,493 at January 1, 2021, and its boundaries encompass 10.5 square miles. Lompoc also has three neighboring areas within 10 miles of the City: Vandenberg Village, Mission Hills, and the Vandenberg Space Force Base with an estimated population of 15,077 at January 1, 2021.



The City enjoys a mild climate. Average temperatures range from 64 degrees in the winter to 72 degrees in the summer, with an average of over 300 clear of partly cloudy days per year. Precipitation averages 16 inches per year, with most rainfall occurring from December through March.

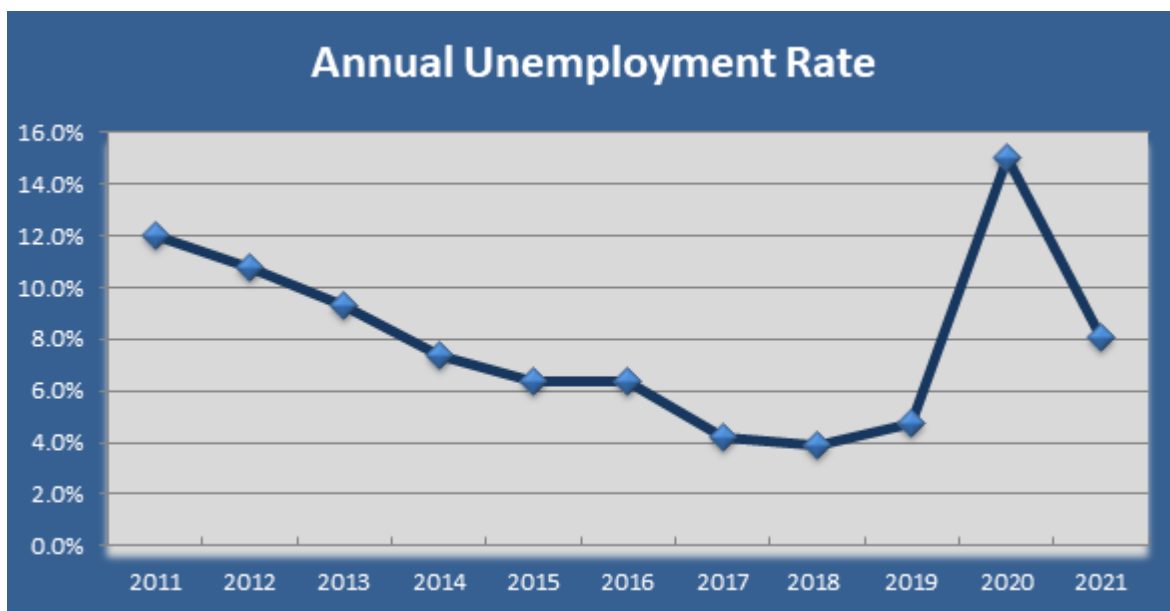
The Local Economy

The City of Lompoc currently enjoys a favorable but modest economic environment and local indicators point to continued stability. The City has a diversified economy based on commerce, agriculture, and natural resources industries. The key economic areas vital to the City's tax base are: general consumer goods, auto sales and transportation, restaurants and hotels, and fuel and service stations. Additionally, government activities at Vandenberg Space Force Base and the Federal Correctional Complex are important factors with regards to the economic well-being of the City. Vandenberg Space Force Base employs approximately 3,220 military, civilian, and contract personnel. The Federal Correctional Complex employs approximately 465 personnel.

Employment

The County of Santa Barbara (which includes the City of Lompoc) has an employed labor force of 221,600 as of June 30, 2021. Labor market conditions in Santa Barbara County, also known as the Santa Barbara-Santa Maria Metropolitan Statistical Area, have been steadily improving over the last 9 years, however due to the COVID-19 pandemic as of June 30, 2021, unemployment was higher than normal. The unemployment rate in Santa Barbara County was 5.9 percent at June 30, 2021. This compares with the unemployment rate of 7.6 percent for California and 5.9 percent for the nation during the same period. The City of Lompoc has an employed labor force of 17,800 with an unemployment rate of 8.1 percent as of June 30, 2021.

Following is the unemployment rate noted for the City of Lompoc from June 2011 through June 2021.



Letter of Transmittal

Budgetary Control

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

The City utilizes the encumbrance accounting system as an additional management control over expenditures.

Cash Management

Cash resources of individual funds are combined and managed as a pool of cash and investments. Idle pooled cash and investments during the year was invested in obligations of the U.S. Government or its agencies, certificates of deposit, passbook savings demand deposits, corporate notes, and the State Local Agency Investment Fund, consistent with the City Council adopted investment policy.

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

Long-Term Financial Planning

The City of Lompoc is scheduled to produce a 10-year General Fund Long-Range Financial Forecast during its biennial budget cycle. This forecast is a comprehensive review of long-term revenues and expense trends and is a tool to assist with addressing challenges such as long-term retirement and health care cost. The forecast is designed to help policymakers address funding needs and set priorities by being proactive in the City's financial planning. The most recent long-term analysis indicates financial challenges for the fiscal years 2019 through 2030 due to rising pension costs which will lead to future budget challenges. Health care costs are expected to stabilize at current levels and remain at those levels through 2027-28.

Letter of Transmittal

Major Initiatives

On October 2, 2017, the City implemented a new enterprise-wide Financial Management System (FMS). This replacement project, scheduled to be a multiple year project, will help provide a fully integrated accounting software solution once fully implemented. The latest FMS module, which was for the Utility Billing and Cashiering systems, was implemented in February 2021. It provides utility customers with online access to their account information and additional convenient methods to pay their bills. This system also modernized evaluation of metered utility consumption and the related sales revenue.

Awards and Acknowledgements

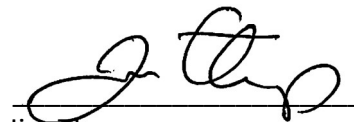
During the past year, the City received an award for the City's 2020 ACFR from the Government Finance Officers Association (GFOA) for excellence in financial reporting. This 2021 ACFR will be submitted to the GFOA award program to be considered for the distinguished financial reporting award.

The preparation of the ACFR on a timely basis was made possible by the dedicated service of the Financial Division of the Management Services Department. Each member of the division has our sincere appreciation for the contribution made in the generation of this report. We would also like to thank the Mayor and the City Council for their ongoing support of the financial operations of the City.

Respectfully submitted,

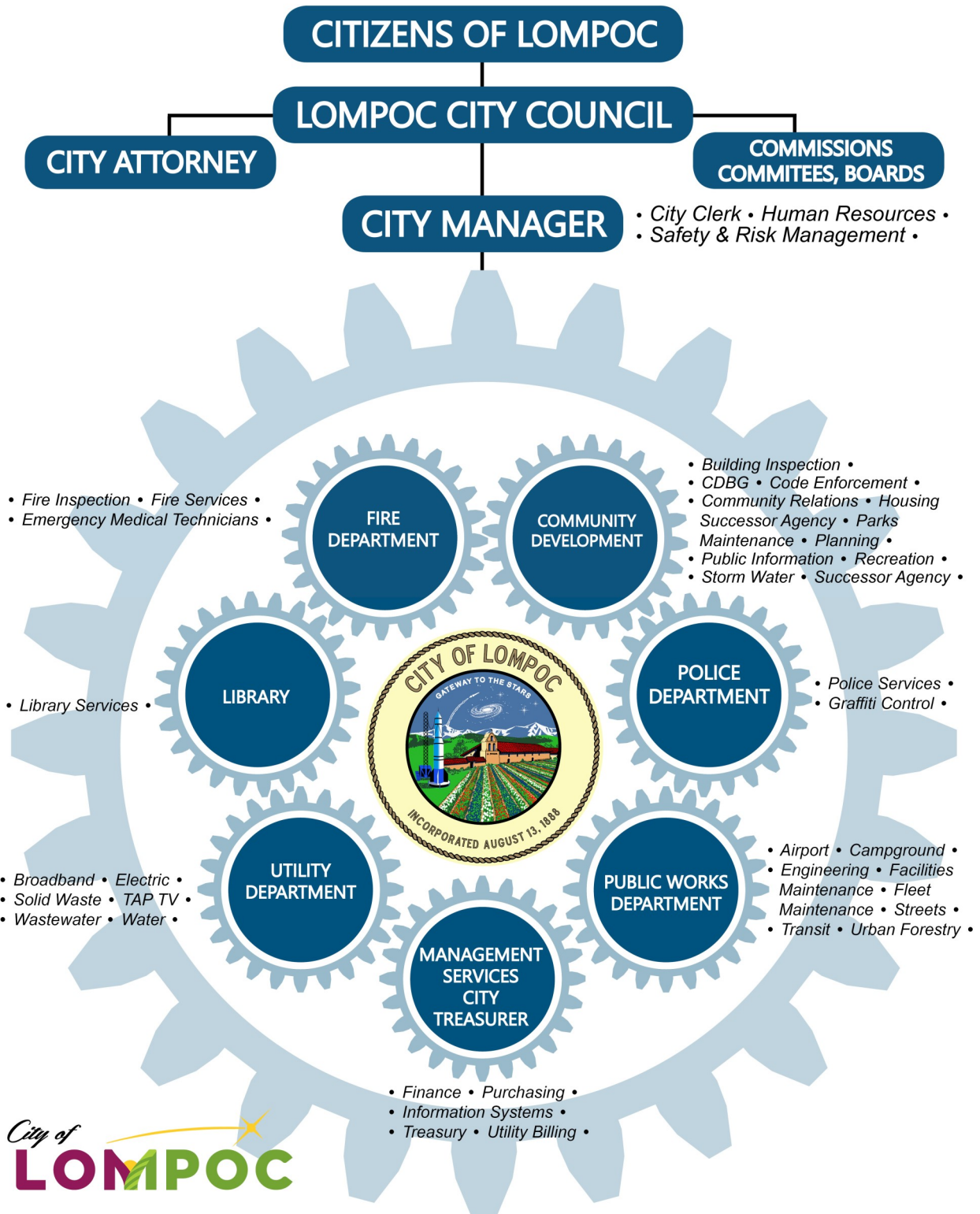


Dean Albro
Management Services Director



Jim Throop
City Manager

CITY OF LOMPOC ORGANIZATIONAL CHART



**Government Finance Officers Association of the United States
and Canada—Award**



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Lompoc
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

Directory of Officials

EXECUTIVE MANAGEMENT

City Manager.....	Jim Throop
City Attorney	Jeff Malawy
City Clerk.....	Stacey Haddon
Police Chief.....	Joseph Mariani
Fire Chief.....	Alicia Welch
Management Services Director	Dean Albro
Public Utilities Director	Charles Berry
Public Works Director	Michael Luther
Community Development Director.....	Christie Alarcon
Library Director.....	Sarah Bleyl

City Council

Council Member Dirk Starbuck

Mayor Pro Tem Victor Vega



Mayor
Jenelle Osborne



Council Member Jeremy Ball



Council Member Gilda Cordova

Financial Section

The Financial Section of the Annual Comprehensive Financial Report contains the following:

- **Independent Auditors' Report**
- **Management's Discussion and Analysis (MD&A)**
(Required Supplementary Information - Unaudited)
- **City's basic financial statements, which include the following:**
 - ◇ **The Government-wide Financial Statements**
 - ◇ **Fund Financial Statements**
 - ◇ **Notes to the Financial Statements**
- **Required Supplementary Information**
- **Other Supplementary Information**
 - ◇ **Other Governmental Funds**
 - ◇ **Other Enterprise Funds**
 - ◇ **Internal Services Funds**
 - ◇ **Custodial Funds**



INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Lompoc, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Lompoc, California, (the City) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, and the aggregate remaining fund information of the City of Lompoc, California, as of June 30, 2021, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the date of the financial statements.



To the Honorable Mayor and Members of the City Council
City of Lompoc, California

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with the GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Responsibilities

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules for the general fund, the schedule of changes in net pension liability and related ratio, the schedule of employer contributions, the schedule of proportionate share of the net pension liability, the schedule of changes in net OPEB liability and other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.



To the Honorable Mayor and Members of the City Council
City of Lompoc, California

Supplementary 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 introductory section, combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are 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 financial statements. The 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 and schedules are fairly stated, in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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 the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Lance, Soll & Lughard, LLP".

Brea, California
December 14, 2021

Management’s Discussion and Analysis (MD&A)

The MD&A contains the following:

- **Executive Summary - Financial Highlights**
- **Overview of the Basic Financial Statements**
- **Financial Analysis of the City as a Whole**
- **Financial Analysis of the City’s Funds**
- **Capital Asset and Debt Administration**
- **Significant Accomplishments - Fiscal Year Ending June 30, 2021**
- **Economic Factors and Next Cycle’s Budget and Rates**
- **Requests for Information**

Management's Discussion and Analysis

This Management's Discussion and Analysis provides an overview of the City of Lompoc's financial activities for the fiscal year ended June 30, 2021. Readers are encouraged to consider this discussion and analysis in conjunction with the letter of transmittal, which can be found on page 10 and with the Basic Financial Statements, which begin on page 42.

The information in this section is not covered by the Independent Auditors' Report. All dollar amounts are expressed in thousands unless otherwise stated.

EXECUTIVE SUMMARY – FINANCIAL HIGHLIGHTS

- City total assets and deferred outflows increased by \$18.3 million or 4.7% to \$409.8 million compared with the prior fiscal year. Of this total, \$168.4 million represented governmental assets and deferred outflows and \$241.3 million represented business-type assets and deferred outflows.
- City total liabilities and deferred inflows increased by \$3.6 million or 1.8% to \$207.7 million compared with the prior fiscal year, of which \$103.5 million were governmental liabilities and deferred inflows and \$103.8 million were business-type liabilities and deferred inflows.
- The City's total net position increased by \$14.7 million or 7.8% to \$202.5 million compared with the prior fiscal year. Of this amount, a negative \$15.8 million represents unrestricted government-wide net position. Implementation of Governmental Accounting Standards Board (GASB) Statement No. 68 for the fiscal year ended June 30, 2015 accounts for the negative balance of unrestricted net position.
- City-wide revenues were \$115.9 million, an increase of \$13.5 million or 13.12% compared with the prior fiscal year, of which \$52.1 million were generated by governmental activities and \$63.8 million were generated by business-type activities.
- City-wide expenses were \$104.3 million, an increase of \$5.6 million or 5.7% compared with the prior fiscal year, of which \$44.4 million were incurred by governmental activities and \$59.9 million were incurred by business-type activities.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This annual report consists of six parts:

1. *Introduction section with Transmittal Letter*
2. *Management's Discussion and Analysis* (required supplementary information)
3. *The Basic Financial Statements*
4. *Required supplementary information (other than MD&A)*
5. *Supplementary information*
6. *Statistical Information*

The Basic Financial Statements include two types of statements that present different financial pictures of the City:

- *Government-wide financial statements* provide both long-term and short-term information about the City's overall financial status.

Management's Discussion and Analysis (Continued)

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

The Basic Financial Statements also include notes to the financial statements which provide detailed information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The Supplementary information includes combining and individual statements that provide detail about the City's non-major governmental funds, non-major enterprise funds, and internal service funds, and custodial fiduciary funds. Each of these funds is presented as a column in the Basic Financial Statements.

Government-Wide Financial Statements

The *Government-wide financial statements* report information about the City as a whole using the full accrual basis of accounting similar to that used by private-sector companies.

The *Statement of Net Position* is designed to be similar to a bottom line for the City and its governmental and business-type activities. The statement of net position presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position as shown in the following equation:

$$\text{Net Position} = (\text{Assets} + \text{Deferred outflows of resources}) - (\text{Liabilities} + \text{Deferred inflows of resources})$$

This statement combines and consolidates governmental fund's' current financial resources (short-term spendable resources) with capital assets and long-term obligations. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

- *Governmental activities* – Most of the City's basic services are included here, such as general government, public safety, highways and streets, parks and recreation, and community development. Taxes, state and federal grants, and intergovernmental revenues finance most of these activities.

Management's Discussion and Analysis (Continued)

- *Business-type activities* – Certain services provided by the City are intended to recover all or a significant portion of their costs through user fees and charges. Among these services are electric distribution, water, sewer, solid waste services, transit, airport services, and broadband.
- *Component Units* – The City currently has no discretely presented component units.

Fund Financial Statements

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

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

Proprietary funds – Proprietary funds are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. The City maintains two different types of proprietary funds:

- *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to separately account for its Water, Electric, Wastewater, Solid Waste, Airport, Broadband, and Transit services.
- *Internal service funds* are used to report activities that provide supplies and services to the City's other programs. The City uses internal service funds to account for activity of its fleet of vehicles, insurance, communications, and central stores programs. The City's internal service funds predominantly provide services to governmental activity functions and therefore are included within the governmental activities section of the government-wide financial statements.

Fiduciary funds – Fiduciary funds are used to account for resources held by the City as the trustee, or fiduciary, on behalf of other agencies and organizations outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs. The accounting method used for fiduciary funds is the full accrual basis of accounting. In addition to custodial funds, the City uses a Private Purpose Trust Fund to account for assets and liabilities held in trust for the Successor Agency to the former Lompoc Redevelopment Agency.

Management's Discussion and Analysis (Continued)

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

As previously noted, 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 \$202.5 million as of June 30, 2021. The largest portion of the City's net position, 85.2%, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses its capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

During the current fiscal year, the City's governmental activities net position increased by \$12.8 million or 24.5% compared with the prior fiscal year. The City's business-type activities net position increased by \$1.9 million or 1.4% compared with the prior fiscal year. The total City-wide increase in net position was \$14.7 million or 7.8% compared with the prior fiscal year. The City's increase in net position is primarily attributable to positive variances in governmental activities such as increased sales tax revenue and federal grant revenue.

	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2021	2020	2021	2020	2021
Current and other assets	\$ 43,257,417	\$ 56,761,214	\$ 85,473,381	\$ 88,779,276	\$ 128,730,798	\$ 145,540,490
Capital assets	94,802,864	96,698,426	152,872,191	147,144,509	247,675,055	243,842,935
Total assets	138,060,281	153,459,640	238,345,572	235,923,785	376,405,853	389,383,425
Deferred outflow of resources	13,314,764	14,961,612	4,805,206	5,422,443	18,119,970	20,384,055
Current liabilities	9,948,985	15,521,471	9,624,654	10,790,875	19,573,639	26,312,346
Long-term liabilities	81,681,570	84,309,212	95,945,938	91,493,010	177,627,508	175,802,222
Total liabilities	91,630,555	99,830,683	105,570,592	102,283,885	197,201,147	202,114,568
Deferred inflow of resources	4,603,733	3,628,884	1,862,140	1,556,539	6,465,873	5,185,423
Invested in capital assets, net of related debt	84,333,102	87,652,875	85,066,095	84,832,575	169,399,197	172,485,450
Nonspendable	31,106	47,975			31,106	47,975
Restricted	26,160,097	26,371,242	17,090,397	19,411,622	43,250,494	45,782,864
Unrestricted	(55,383,548)	(49,110,407)	33,561,554	33,261,607	(21,821,994)	(15,848,800)
Total net position	\$ 55,140,757	\$ 64,961,685	\$ 135,718,046	\$ 137,505,804	\$ 190,858,803	\$ 202,467,489

Unrestricted net position represents the amount that may be used to meet the City's ongoing obligations to citizens and creditors. Implementation of GASB Statement No. 68 beginning for the fiscal year ended June 30, 2015 provides for recording net pension liabilities in the government-wide financial statements. The implementation of GASB Statement No. 75 beginning with the fiscal year ending June 30, 2018 provides for recording net other post-employment benefit (OPEB) liabilities in the government-wide financial statements. The implementation of both GASB Statement No. 68 and GASB Statement No. 75 are primary drivers of the City's resulting unrestricted net position of a negative \$15.8 million at June 30, 2021. While positive unrestricted net positions represent amounts that may be used to meet the City's ongoing obligations to citizens and creditors, the majority of the City's negative unrestricted net position is primarily attributed to \$97.6 million of pension and OPEB obligations. Net pension and net OPEB liabilities, while they are obligations, are expected to be liquidated over a span of decades.

Management's Discussion and Analysis (Continued)

As of June 30, 2021, the City reports positive balances in all categories of net position for the government as a whole, except for \$49.1 million of unrestricted net position in governmental activities due to the recognition of \$97.3 million of net pension liabilities and \$0.3 million of net OPEB liabilities.

The following comparative summary of activities (condensed) shows that the City's total net position increased by \$14.7 million or 7.8%.

	Governmental Activities		Business-Type Activities		Total	
	2020	2021	2020	2021	2020	2021
Revenues:						
Program revenues:						
Charges for services	\$ 12,473,526	\$ 13,535,693	\$ 55,597,398	\$ 55,486,718	\$ 68,070,924	\$ 69,022,411
Operating grants and contributions	1,351,416	6,491,818	7,084,062	7,453,878	8,435,478	13,945,696
Capital grants and contributions	480,190	325,533	62,104	634,472	542,294	960,005
General revenues:						
Property taxes	5,224,824	5,393,831	8,667		5,233,491	5,393,831
Sales taxes	7,511,905	15,034,182			7,511,905	15,034,182
Other taxes	8,337,529	9,547,224	27,944	31,148	8,365,473	9,578,372
Grants and contributions not restricted to specific programs	643,210	646,527			643,210	646,527
Unrestricted investment earnings	891,714	172,686	1,687,309	203,130	2,579,023	375,816
Other revenue	990,827	925,020			990,827	925,020
Total revenues	37,905,141	52,072,514	64,467,484	63,809,346	102,372,625	115,881,860
Expenses:						
Governmental activities:						
General government	5,632,820	7,049,008			5,632,820	7,049,008
Police protection	11,257,830	12,112,649			11,257,830	12,112,649
Fire protection	7,020,893	7,693,441			7,020,893	7,693,441
Engineering/streets	8,015,264	7,537,987			8,015,264	7,537,987
Building	679,866	581,422			679,866	581,422
Community development	1,108,297	2,470,694			1,108,297	2,470,694
Parks and recreation	6,707,616	5,430,829			6,707,616	5,430,829
Nondepartmental	1,606,461	1,420,909			1,606,461	1,420,909
Interest on long-term debt	115,458	110,987			115,458	110,987
Business-type activities:						
Water			10,614,707	10,835,350	10,614,707	10,835,350
Electric			21,023,303	22,675,104	21,023,303	22,675,104
Wastewater			13,381,380	13,536,004	13,381,380	13,536,004
Solid Waste			8,470,204	9,393,567	8,470,204	9,393,567
Airport			665,824	622,859	665,824	622,859
Transit			2,243,745	2,720,607	2,243,745	2,720,607
Broadband			91,958	81,757	91,958	81,757
Total expenses	42,144,505	44,407,926	56,491,121	59,865,248	98,635,626	104,273,174
Increase (decrease) in net assets before transfers	(4,039,364)	7,664,588	7,976,363	3,944,098	3,736,999	11,608,686
Transfers	1,876,631	2,156,340	(2,076,631)	(2,156,340)		
Increase (decrease) in net position	(2,162,733)	9,820,928	5,899,732	1,787,758	3,736,999	11,608,686
Beginning net position	54,219,735	55,140,757	129,500,026	135,718,046	183,719,761	190,858,803
Prior year restatements	3,083,755		318,288		3,402,043	
Ending net position	\$ 55,140,757	\$ 64,961,685	\$ 135,718,046	\$ 137,505,804	\$ 190,858,803	\$ 202,467,489

Management's Discussion and Analysis (Continued)

During the current fiscal year, the City's total revenues were \$115.9 million, with 59.6% of them generated from charges for services. Current fiscal year revenues increased \$13.5 million or 13.2% compared with the prior fiscal year. 55% of the increased revenues was attributed to an increase in sales tax of \$7.5 million due to the first year of sales tax revenues from the I2020 sales tax measure approved by voters on March 3, 2020. 41% of the increased revenues was attributed to an increase in operating grants and contributions of \$5.5 million. The City's current fiscal year total expenses were \$104.3 million. Current fiscal year expenses increased \$3.4 million or 5.7% compared with the prior fiscal year.

The following provides additional information regarding the comparative results for governmental and business-type revenues, expenses, and changes in fund position.

Governmental Activities

The City's current fiscal year governmental activities' net position increased by \$12.8 million or 24.5% to \$65.0 million compared with the prior fiscal year. Following are comparatives of current fiscal year revenues and expenditures for governmental activities to the prior fiscal year.

Total revenues for governmental activities increased by \$14.2 million or 37.4% compared with the prior fiscal year. Changes in revenues occurred in the following areas:

- Charges for services increased \$1.1 million or 8.5%, primarily attributed to a rebound after the COVID-19 pandemic economic slow-down during the prior fiscal year.
- Operating grants and contributions increased \$5.1 million or 380.4%. \$4.1 million of this increase consisted of funds from the US Treasury under the American Rescue Plan Act that were recognized in the current fiscal year.
- Capital grants and contributions decreased \$0.2 million or 32.2%.
- Property tax increased \$0.2 million or 3.2%.
- Sales tax increased \$7.5 million or 100.1% due to the implementation of the I2020 sales tax measure.
- Other taxes increased \$1.2 million or 14.5%, mainly attributed to an increase of \$0.7 million in Cannabis tax and a slight rebound of \$0.3 million in Transient occupancy tax after the prior fiscal year economic slow-down due to the COVID-19 pandemic.
- Other revenues decreased \$66 thousand or 6.6% due to fewer one-time library donations.
- Unrestricted investment earnings decreased by \$0.7 million or 80.6% due to low interest rates.

The City's \$52.1 million of total governmental revenues for the current fiscal year were derived from:

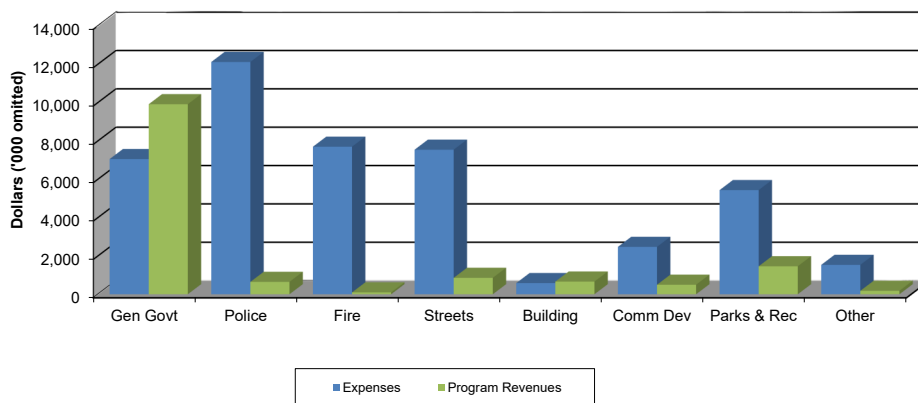
- Taxes - \$30.0 million or 57.6% - Traditional services provided by a city such as public safety, parks, recreation, and public works are primarily funded from property, sales, transient occupancy, motor vehicle, and other local taxes.
- Charges for services - \$13.5 million or 26.0% - represents fees charged for various services, including planning, engineering, and recreation.

Management’s Discussion and Analysis (Continued)

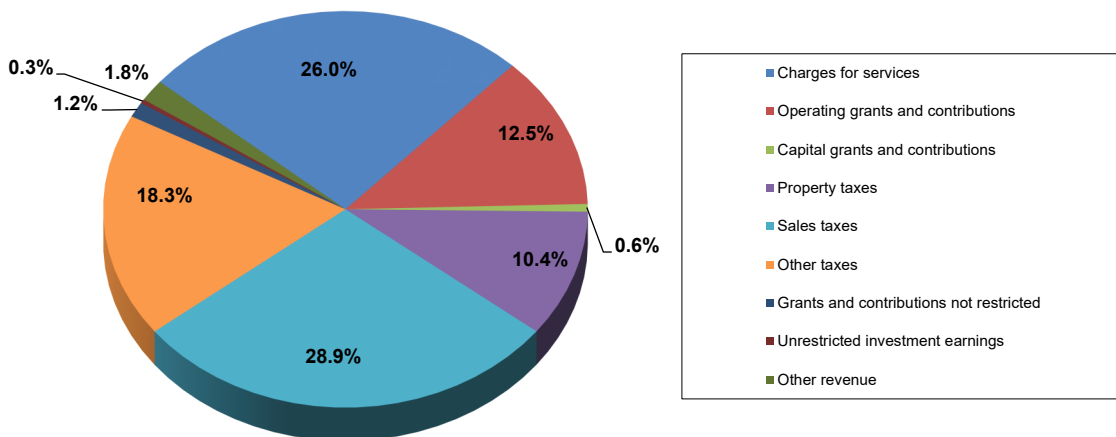
Total expenses for governmental activities were \$44.4 million for the current fiscal year, which was a \$2.3 million or 5.4% increase compared with the prior year. 73.8% of total governmental expenses are attributed to public safety, public works, and parks and recreation activities. The largest component of total expenses was for public safety (police and fire) at \$19.8 million, which represented 44.6% of the total governmental activities’ expenses. The next largest component of total expenses was engineering/streets at \$7.5 million, or 17.0%, followed by general government at \$7.0 million, or 15.9% of total expenses of governmental activities, and parks and recreation at \$5.4 million, or 12.2%.

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

Expenditures & Program Revenues - Governmental Activities



Revenue by Source - Governmental Activities



Business-Type Activities

The City’s current fiscal year business-type activities’ net position increased by \$1.9 million or 1.4% to \$137.5 million compared with the prior fiscal year. Following are comparatives of current fiscal year revenues and expenses for business-type activities to the prior fiscal year:

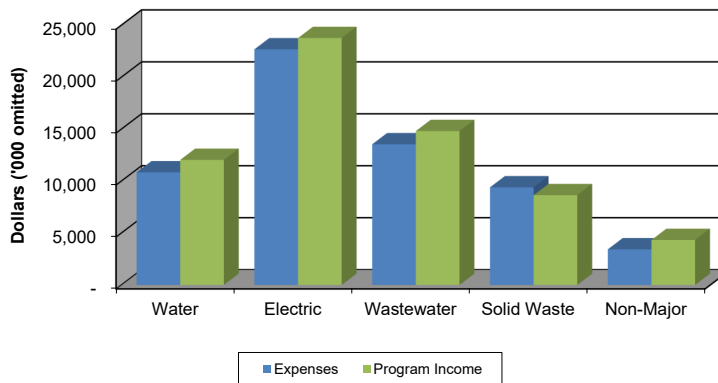
Management’s Discussion and Analysis (Continued)

Total revenues for the City’s business-type activities were \$63.8 million for the current fiscal year, a decrease of \$0.7 million or 1.0% compared with the prior fiscal year. Of this total, \$55.5 million or 87.0% was derived from charges for services. As mentioned previously, business-type activities include enterprise fund operations such as Water, Wastewater, Electric, and Solid Waste funds, all of which recover their costs through user fees and charges. Other significant revenues were from operating grants and contributions of \$7.5 million or 11.7%.

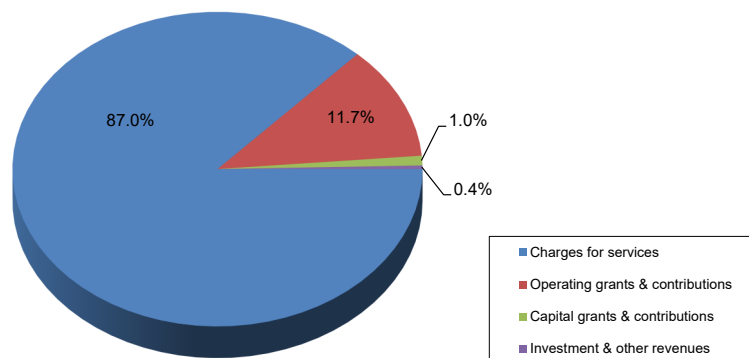
More than 94.2% of total business-type activities’ expenses were attributed to the Water, Electric, Wastewater and Solid Waste utilities. Total expenses for business-type activities were \$59.9 million for the current fiscal year, an increase of \$3.4 million or 6.0% compared with the prior fiscal year. The Electric utility’s expenses were the largest individual component of business-type activities’ expenses, representing \$22.7 million or 37.9% of the total business-type activities’ expenses. The Wastewater utility’s expenses were \$13.5 million or 22.6% of total business-type activities’ expenses while expenses of the Water utility’s expenses accounted for \$10.8 million or 18.1% of total business-type activities’ expense and those of the Solid Waste utility were \$9.4 million or 15.7% of total business-type activities’ expense.

Following are graphical displays of business-type activities. The first shows revenues and expenses by individual major fund and non-major funds in total while the second shows revenues by source for all business-type activities. Business-type activities expenses include any interest component of debt service payment obligations; however, the principal component of debt service is excluded from expenses.

Expenses & Program Revenues - Business-Type Activities



Revenues by Source - Business-type Activities



Management's Discussion and Analysis (Continued)

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City Council.

With the implementation of GASB Statement No. 68 in the City's financial statements beginning in 2015, net pension liabilities are now recorded in the balance sheet of *proprietary funds* and in the government-wide financial statements. With the implementation of GASB Statement No. 75 in the City's financial statements beginning in 2018, net OPEB liabilities are now recorded in the balance sheet of *proprietary funds* and in the government-wide financial statements. However, as *governmental funds* are to provide information on near-term inflows, outflows, and balances of spendable resources, accounting for net pension liabilities and net OPEB liabilities are *not* recognized at the *governmental fund* level of reporting. Significant additional information related to pension and OPEB liabilities are included in the notes to the Basic Financial Statements and in the Required Supplementary Information sections of this report.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$34.5 million, or an increase of 32.5% compared to the prior fiscal year. Of the ending fund balances, \$8.0 million or 23.2% was attributed to unassigned fund balance. Ending fund balance had \$48.0 thousand held in non-spendable form, and \$26.5 million was restricted or committed for specific purposes.

General Fund

The General Fund is the primary operating fund of the City for activities funded with discretionary resources. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$8.0 million, while the total fund balance was \$8.7 million. With the implementation of GASB Statement No. 54, the presentation of City financial statements has been consolidated to combine all governmental activity with characteristics similar to the General Fund with the General Fund. In addition to the traditional General Fund, other funds such as the Traffic Safety, Traffic Offender, State COPS, and Library operating funds were combined with the General Fund beginning in 2011 and are reported with the General Fund. In addition, the City's Aquatic Center, Revolving Recreation, River Park Campground, and the Dick DeWees Community and Senior Center activities were combined with the General Fund beginning in 2017 and are reported with the General Fund. In the current fiscal year, with the implementation of GASB Statement No. 84, Fiduciary Activities, certain deposit balances that were previously reported as agency funds are now reported with the General Fund.

Management's Discussion and Analysis (Continued)

General Fund Budgetary Highlights

For the year ended June 30, 2021, unassigned fund balance represented 20.8% of total General Fund expenditures, while total fund balance represented 22.6% of that same amount.

Final expenditures for the General Fund at year-end were \$6.2 million or 13.8% less than the final budget and \$23.5 thousand or 0.1% more than the original budget. The positive variance over the final budget is primarily due to timing issues related to delayed expenditures of street and road projects, library grants, and other non-departmental grants. Excess budget for restricted project and grant-related expenditures will be carried forward to the next fiscal year budget.

Current year operations increased the fund balance of the City's General Fund at June 30, 2021, by \$8.1 million or 1,363.7% over the ending fund balance of the prior fiscal year. Key factors in this increase are as follows:

- Total revenues increased significantly compared with the prior fiscal year. The net increase in revenues is attributed to:
 - Sales taxes increased by \$7.5 million or 100.1% over prior fiscal year; of which \$6.4 million was attributable to the implementation of the new 1% transaction sales tax approved by voters in March 2021.
 - Revenues from other agencies increased by \$4.4 million or 403.2% due primarily to the recognition of \$4.1 million in US Treasury American Recovery Plan Act grant funds awarded in response to the COVID-19 health emergency.
- Total expenditures increased \$2.9 million or 8.0% compared with the prior fiscal year. The increase in expenditures is attributable to:
 - Personnel services increased \$2.4 million or 9.2% while maintenance and operations and capital outlay expenditures increased by \$0.5 million combined.
 - Expenditures increased approximately 0.2% of the expenditure categories compared with the same categories in the prior fiscal year as shown below (in thousands):
 - City Council increased \$3.3 or 3.3%.
 - City Administration increased \$103.1 or 14.2%
 - City Attorney increased \$144.0 or 20.3% due to increased claims litigation.
 - City Clerk decreased \$4.5 or 1.7%.
 - Finance and City Treasury increased \$136.1 or 3.8% due to filled vacancies.
 - Human Resources increased \$121.0 or 17.7% due to recruitment costs.
 - Planning increased \$421.7 or 62.3% due to increased community development activity and road grant planning.
 - Building and Building Inspection Services decreased \$75.3 or 11.5%.
 - Non-departmental increased \$117.8 or 27.0%.
 - Police Services increased \$1,048.9 or 9.6% due to filled vacancies.
 - Fire Services increased \$685.1 or 10.0% due to filled vacancies.
 - Recreation decreased \$166.5 or 8.4% due to continued impact on recreation facilities from the COVID-19 pandemic.
 - Parks increased \$289.6 or 15.6%.
 - Public Works (City Engineering/Streets) increased \$222.9 or 6.9%.
 - Library decreased \$43.5 or 3.3%.

Management's Discussion and Analysis (Continued)

Proprietary Funds

The information in the City's proprietary funds section provides a more detailed presentation of the information found in the government-wide financial statements. Unrestricted net position of the enterprise funds at the end of the current fiscal year was \$33.3 million, a decrease of \$0.2 million or 0.7% compared with the prior fiscal year. The unrestricted net position in the Electric Utility proprietary fund, the single largest component of proprietary net position, was \$21.1 million, a decrease of \$0.4 million or 1.7% compared with the prior fiscal year. The primary cause of the decrease of unrestricted net position of the enterprise funds was due to the combination of 11.0% increase in personnel services expenses and a 6.7% increase in maintenance and operations expenses. Total operating revenue increased minimally by \$0.3 million or 0.4%.

Total net position for all business-type activities increased by \$1.9 million or 1.4% compared with the prior fiscal year. Net operating activities increased the net position of all business-type activities by \$4.7 million while net non-operating activities, capital contributions, and transfers decreased the net position by \$2.9 million.

Each of the significant Utilities (Water, Electric, Wastewater, and Solid Waste) are owned by the City and are regulated by the Lompoc City Council. None of these utilities are regulated by the California Public Utilities Commission. Following you will find additional information about the four significant utilities:

Water Utility

The City's current water supply consists almost entirely of groundwater pumped from City-owned wells. The Water Fund's net position at June 30, 2021, increased by \$1.2 million or 5.5% compared with net position in the prior fiscal year. Current fiscal year operating revenues decreased slightly by 0.3%, while operating expenses increased by 2.4%, compared to the prior fiscal year. Current fiscal year operating revenues exceeded operating expenses by \$1.5 million, a decrease of \$0.6 million or 27.5% of net operating income compared to the prior fiscal year. Current fiscal year non-operating activities decreased \$0.3 million compared to the prior fiscal year, due primarily to decreased interest earnings.

Electric Utility

The City secures wholesale electricity through a joint powers authority, the Northern California Power Agency (NCPA). The City, a founding member of NCPA when it was established in 1968, is able to secure purchased power supplies at bulk power rates for customers within the City through NCPA. Without the resources of NCPA, a relatively small electric utility like the City would be at a significant disadvantage in today's wholesale power market.

Management's Discussion and Analysis (Continued)

The Electric Fund's net position at June 30, 2021, decreased by \$0.7 million or 1.5% compared with net position in the prior fiscal year. Current fiscal year operating revenues increased by \$2.0 million or 9.4%. This was attributed to fiscal year 2020 City Council action that rebated \$2.2 million of carbon credit revenues to reduce the impact related to the economic down-turn from the COVID-19 pandemic, resulting in a one-time decrease in operating revenues in the prior fiscal year. Operating expenses increased by \$1.7 million or 7.9% compared with the prior fiscal year. Current fiscal year operating revenues exceeded operating expenses by \$0.5 million, an increase of \$0.3 million or 203.4%, as discussed in operating revenues above. Current fiscal year non-operating activities decreased net position by \$1.3 million, a decrease of 14.3% from the prior fiscal year.

Wastewater Utility

The Wastewater Utility's Regional Reclamation Plant provides treatment services to the City of Lompoc and, via long-term contracts, to Vandenberg Space Force Base and the Vandenberg Village Community Services District (VVCSD). The Wastewater Fund's net position at June 30, 2021, increased by \$1.2 million or 2.8% compared with net position in the prior fiscal year. Current fiscal year operating revenues decreased \$1.6 million or 10.0% while operating expenses increased by \$0.2 million or 1.4% compared to the prior fiscal year. Current fiscal year operating revenues exceeded operating expenses by \$2.5 million, a decrease of \$1.8 million or 41.6% compared with the prior fiscal year. Current fiscal year non-operating activities decreased net position by \$1.3 million, a decrease of \$0.3 million or 26.4% compared with the prior fiscal year.

Solid Waste Utility

The Solid Waste Utility generally consists of City-provided collection services and a municipally owned sanitary landfill. While owned and operated by the City, the landfill accepts waste from outside the City limits, typically from waste originating in the greater Lompoc Valley. The Solid Waste Fund's net position at June 30, 2021, decreased by \$0.8 million or 340.0% compared with net position in the prior fiscal year. Current fiscal year operating revenues decreased by \$0.5 million or 5.6%, while operating expenses increased by \$0.9 million or 10.8% compared to the prior fiscal year. Current fiscal year operating revenues were less than operating expenses by \$0.7 million, an increase of \$1.4 million or 206.9% compared with the prior fiscal year. Current fiscal year non-operating activities decreased net position by \$0.3 million from the prior year, due primarily to decreased interest earnings.

For more detailed information on the General Fund budgetary comparison, see the Required Supplementary Information section of this report.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of the June 30, 2021 year-end, the City had \$243.8 million invested in a broad range of capital assets, net of accumulated depreciation. This amount represents a net decrease (including additions, deductions and transfers) of \$3.8 million or 1.6% from the prior fiscal year.

Management's Discussion and Analysis (Continued)

Capital Assets at Year End (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2020	2021	2020	2021	2020	2021
Land and land rights	\$ 29,215,299	\$ 29,215,299	\$ 6,937,748	\$ 6,819,571	\$ 36,153,047	\$ 36,034,870
Buildings and improvements	15,954,881	16,106,733	98,679,399	93,926,287	114,634,280	110,033,020
Vehicle, equipment and machinery	8,053,039	8,664,134	13,957,804	13,111,863	22,010,843	21,775,997
Construction in process	2,839,753	2,413,559	3,814,316	4,047,119	6,654,069	6,460,678
Infrastructure	38,739,892	40,298,701	29,482,924	29,239,669	68,222,816	69,538,370
Totals	\$ 94,802,864	\$ 96,698,426	\$ 152,872,191	\$ 147,144,509	\$ 247,675,055	\$ 243,842,935

Capital Assets for governmental activities as of June 30, 2021, totaled \$96.7 million (net of accumulated depreciation). This was a \$1.9 million increase from the prior fiscal year, which after adjusting for \$5.5 million of accumulated depreciation, results in additions totaling \$7.1 million. Major capital asset additions during the fiscal year included the following:

- ❑ Vehicle Replacements \$2.3 million
- ❑ Streets and roads improvements \$3.3 million
- ❑ Parks and recreational improvements \$1.4 million
- ❑ Library improvements \$87.7 thousand

Capital Assets for business-type activities as of June 30, 2021, totaled \$147.1 million (net of accumulated depreciation). This was a \$5.7 million decrease from the prior fiscal year which, after \$87.8 million in depreciation, results in additions totaling \$1.9 million. Major additions included the following:

- ❑ Transit facility project \$0.1 million
- ❑ Transit buses and vehicles \$0.2 million
- ❑ Electric system improvements \$1.3 million
- ❑ Water improvements \$0.2 million

For more detailed information on capital assets, see Note 4 in the Basic Financial Statements.

Long-Term Debt

The City's overall net pension liability reported at June 30, 2021, was \$96.9 million with \$70.4 million reported in governmental activities, \$26.6 million reported in business-type activities, and \$0.3 million reported in fiduciary funds. This compares with overall net pension liabilities reported at June 30, 2020 of \$90.6 million, with \$65.7 million, \$24.9 million, and \$0.3 million reported in the same categories. While net pension liabilities are long-term in nature, the long-term debt note (Note 5) does not include a discussion related to pension costs. For more information related to pension costs as required by GASB Statement No. 68, see Note 6 in the Basic Financial Statements as well as the Required Supplementary Information of the Basic Financial Statements.

Management's Discussion and Analysis (Continued)

Effective for fiscal years beginning after June 15, 2017, GASB Statement No. 75 provides the recognition of net OPEB liabilities in the government-wide financial statements along with proprietary fund financial statements. The City's overall net OPEB liability reported at June 30, 2021 was \$0.3 million with \$264.2 thousand reported in governmental activities, \$75.8 thousand reported in business-type activities, and \$379 dollars reported in fiduciary funds. This compares with overall net OPEB liabilities reported at June 30, 2020 of \$2.4 million, with \$1.7 million, \$0.7 million, and \$3.0 thousand in the same categories. While net OPEB liabilities are long-term in nature, the long-term debt note (Note 5) does not include a discussion related to the OPEB plan. For more information related to the OPEB plan as required by GASB Statement No. 75, see Note 7 in the Basic Financial Statements as well as the Required Supplementary Information of the Basic Financial Statements.

At the end of the current fiscal year, the City had long-term debt outstanding of \$91.2 million, not including pension and OPEB liabilities reported separately above. Of this amount, \$4.1 million represents earned but unpaid compensated absences, \$7.9 million represents future landfill closure and post-closure costs, \$7.7 million represents claims payable related to the City's liability and workers' compensation self-insurance programs, \$8.7 million represents long-term leases outstanding secured by the equipment purchased, \$24.4 million represents assessment district and enterprise fund bonds secured solely by specified revenue sources, and \$38.6 million represents long-term loans payable. Outstanding debt associated with the upgrade of the Wastewater Plant accounts for \$51.8 million of the \$91.2 million, or 56.8% of the total outstanding long-term debt of the City.

Overall, compensated absences debt (both short-term and long-term) increased by \$0.4 million or 12.3% between June 30, 2020 and June 30, 2021 to \$4.1 million. The uses of accrued leaves such as vacation and sick leave during the 2020-21 fiscal year totaled \$4.4 million while the accumulation of accrued leave during the 2020-21 fiscal year totaled \$4.9 million. Use of accrued leave includes the payout of leave upon separation (including retirements) of an employee in accordance with the employee's rights to the accrued leave.

	Governmental Activities		Business-Type Activities		Total	
	2020	2021	2020	2021	2020	2021
Compensated absences	\$ 3,634,175	\$ 4,080,049	\$	\$	\$ 3,634,175	\$ 4,080,049
Accrued liabilities	6,631,000	7,674,000			6,631,000	7,674,000
Revenue bonds	1,765,000	1,680,000	24,100,637	22,691,665	25,865,637	24,371,665
Loans payable			42,506,333	38,572,112	42,506,333	38,572,112
Long term capital leases	8,704,762	7,365,551	1,508,824	1,306,466	10,213,586	8,672,017
Landfill closure and post-closure costs			7,717,252	7,856,162	7,717,252	7,856,162
Totals	<u>\$ 20,734,937</u>	<u>\$ 20,799,600</u>	<u>\$ 75,833,046</u>	<u>\$ 70,426,405</u>	<u>\$ 96,567,983</u>	<u>\$ 91,226,005</u>

Management's Discussion and Analysis (Continued)

Total debt decreased by \$5.3 million during the current fiscal year. The key factors in this decrease are:

- Decrease of \$3.8 million in the principal balance of the Wastewater System's State Revolving Loan due to payments.
- Decrease of \$1.3 million due to scheduled payments on principal of bonds.
- Decrease of \$0.2 million due to prepayments on principal of long term capital leases.

The City currently has no general obligation debt outstanding. For more detailed information on long-term debt, see Notes 5, 6, 7, 10, and 16 in the Basic Financial Statements.

Credit rating

The City's bonded debt ratings at June 30, 2021, as determined by S&P, are as follows:

Bond issues:	Rating
○ 2018 Water Refunding Revenue Bonds, 2018 Series A	A+
○ 2018 Wastewater Refunding Revenue Bonds, 2018 Series A	A

SIGNIFICANT ACCOMPLISHMENTS - FISCAL YEAR ENDING JUNE 30, 2021

The City continued the implementation project to replace its legacy financial management software (FMS) during fiscal year 2020-21 with completion targeted during the 2021-23 biennial budget cycle. Following are significant accomplishments and target implementation dates for the FMS project:

- On September 20, 2016, the City Council approved the purchase and installation of a replacement FMS.
- Capital equipment financing for the project was secured with City Council approval of \$1.5 million on January 3, 2017.
- The installation process began on November 29, 2016 and includes five distinct module implementations:
 - The first module for the financial system including the General Ledger and Purchasing was implemented on October 1, 2017.
 - The second module for Payroll and Human Resources was implemented on October 1, 2018.
 - The third module for Utility Billing and Customer Self-Service & Cashiering was installed in February 2021 and was implemented for customers in March 2021. This module provides customers with a means to pay utility bills online, more effectively tracks metered consumption and utility billing sales rates, and integrates the Treasury and Utility Billing financial database with the Finance accounting system.
 - The fourth and fifth module for Work Orders and Community Development is scheduled for completion by the end of fiscal year 2021-22.

Management's Discussion and Analysis (Continued)

Park improvements for fiscal year ending June 30, 2021 included the expansion and upgrade of the River Park RV campground. Nine campsites were renovated to accommodate the power and facility demands of the modern recreational vehicle. These additions are expected to increase future revenues.

ECONOMIC FACTORS AND NEXT CYCLE'S BUDGET AND RATES

The City of Lompoc experienced a net taxable value increase of 3.4% for the 2020/21 tax roll, which was modestly less than the increase experienced countywide at 5.0%. The assessed value increase between 2019/20 and 2020/21 was \$100.0 million. The change attributed to the 2% Proposition 13 inflation adjustment was \$47.4 million, which accounted for 47% of all growth experienced in the city. Property tax growth beyond 2022 is also anticipated to be 2% per year.

The City's Bradley-Burns 1% Sales Tax revenue increased 15.9% over the prior year and was anticipated to grow by 2% to 4% in fiscal year 2020-21 over fiscal year 2019-20. The positive variance was primarily attributed to recovery from the COVID-19 economic slow-down and increased automobile sales. Sales Tax growth beyond 2021 is anticipated to be in the 2% to 3% range annually.

Transient Occupancy Tax (TOT) receipts increased by \$0.3 million or 69.2% over the prior fiscal year. This positive variance also represents the beginning of recovery from the COVID-19 economic slow-down, however the increase during the current fiscal year did not match the decrease from the prior fiscal year. TOT is anticipated to gradually increase during fiscal year 2021-22 as travel and tourism resume and launches from Vandenberg Space Force Base increase.

Cannabis Tax receipts increased \$0.7 million or 4.0% for fiscal year 2020-21. On September 14, 2021, City of Lompoc voters approved Measure Q2021 which increases general taxes on Cannabis manufacturing and distribution and makes various changes in the City's cannabis tax regulations. The passage of Measure Q2021 is estimated to generate \$1.2 million in City revenue annually.

The City's Fund Balance policy, adopted November 1, 2011, sets a target of no less than two months of operating revenues or operating expenditures (whichever is less volatile) for unrestricted fund balance. At June 30, 2021, the General Fund's unassigned fund balance was 20.8% of actual general fund expenditures, and was therefore within the City's Fund Balance policy target. The City plans to evaluate the current Fund Balance policy to ensure it aligns with GFOA recommendations for best practice, and anticipates a future goal of 25% of fund balance. The General Fund's unassigned fund balance increased during the fiscal year ending June 30, 2021, by \$8.2 million from a negative \$0.2 million to \$8.0 million. The long-range General Fund projection in the 2021-23 biennial budget anticipated part of this increase of unassigned fund balance, due to the implementation of the 1% transaction sales tax approved by voters on March 3, 2020. However, a one-time increase of \$4.4 million in unassigned fund balance from COVID-19 recovery grants was not anticipated and 2020 sales tax revenues were higher than expected.

Management's Discussion and Analysis (Continued)

Furthermore, the City continues to project California Public Employees' Retirement System (CalPERS) increases in pension contributions. With the passage of sales tax measure I2020, the City moved to a more aggressive 15 year payment schedule for existing CalPERS unfunded liabilities (UAL). This payment strategy is expected to save the city over \$20 million on CalPERS UAL payments overall. Even with this savings, though, CalPERS increases are projected to continue through fiscal year 2031-32, and CalPERS contributions are not anticipated to return to historical levels until approximately 2045.

While the City has begun to see evidence of a rebound beginning in the economy, the COVID-19 public health emergency continues to negatively impact the City and its residents. The City continues to evaluate programs and grant opportunities to help mitigate such challenges.

On March 11, 2021 The American Rescue Plan Act (ARPA) was signed into law by the president of the United States. ARPA is a \$1.9 trillion economic stimulus bill intended to address the negative economic impacts resulting from the COVID-19 health emergency. Within the plan, the Coronavirus Local Fiscal Recovery Fund (CSLFRF) provides \$350 billion for states, municipalities, counties, tribes, and territories, of which \$130 billion is to be split evenly between municipalities and counties. Cities can use ARPA funding for certain covered expenses as detailed in the US Treasury's Interim Final Rule, Compliance and Reporting Guidance, and FAQ's. The City of Lompoc received a direct allocation of \$12.9 million which must be obligated by December 2024, and spent by December 2026. The City was able to direct \$4.08 million of its SLFRF allocation in the current fiscal year towards the reimbursement of certain payroll costs for Public Safety employees.

REQUESTS FOR INFORMATION

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

Basic Financial Statements

Government-Wide Financial Statements

City of Lompoc
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 43,653,286	\$ 55,735,300	\$ 99,388,586
Cash with fiscal agents	4,886,845	13,857,777	18,744,622
Restricted cash with fiscal agents		83	83
Accounts receivable	246,713	11,474,990	11,721,703
Tax receivable	3,062,904	3,303	3,066,207
Interest receivable	57,367	64,780	122,147
Due from other governments	2,000,892	1,241,935	3,242,827
Prepays	289,830	181,886	471,716
Internal Balances	(3,869,906)	3,869,906	
Inventories	389,540	2,349,316	2,738,856
Loans receivable	6,043,743		6,043,743
Land	29,215,299	6,819,571	36,034,870
Construction in progress	2,413,559	4,047,119	6,460,678
Depreciable capital assets, net of accumulated depreciation	65,069,568	136,277,819	201,347,387
Total assets	<u>153,459,640</u>	<u>235,923,785</u>	<u>389,383,425</u>
Deferred Outflows of Resources			
Pension related	13,828,224	4,657,311	18,485,535
Other post-employment benefits related	1,133,388	506,823	1,640,211
Unamortized loss on refunding		258,309	258,309
Total deferred outflows of resources	<u>14,961,612</u>	<u>5,422,443</u>	<u>20,384,055</u>
Liabilities			
Accounts payable and accrued liabilities	3,951,801	1,749,739	5,701,540
Unearned revenue	2,774,526	742,558	3,517,084
Interest payable	91,156	861,890	953,046
Deposits and retentions payable	1,587,739	1,850,156	3,437,895
Long-term liabilities:			
Portion due within one year:			
Bonds and loan payables	90,000	5,378,568	5,468,568
Capital lease obligations	1,269,869	207,963	1,477,832
Claims liabilities	1,924,000		1,924,000
Compensated absences	3,832,380		3,832,380
Portion due in more than one year:			
Bonds and loan payables	1,590,000	55,885,209	57,475,209
Capital lease obligations	6,095,682	1,098,503	7,194,185
Claims liabilities	5,750,000		5,750,000
Compensated absences	247,669		247,669
Landfill closure and post-closure costs		7,856,162	7,856,162
Net other post-employment benefits (OPEB) liability	263,762	75,827	339,589
Net pension liability	70,362,099	26,577,310	96,939,409
Total liabilities	<u>99,830,683</u>	<u>102,283,885</u>	<u>202,114,568</u>

	Governmental Activities	Business-Type Activities	Total
Deferred Inflows of Resources			
Pension related	1,110,614	431,529	1,542,143
Other post-employment benefits related	2,518,270	1,125,010	3,643,280
Total deferred inflows of resources	<u>3,628,884</u>	<u>1,556,539</u>	<u>5,185,423</u>
Net Position			
Net investment in capital assets	87,652,875	84,832,575	172,485,450
Restricted:			
Road surface repairs	13,428,437		13,428,437
Capital projects	3,485,690		3,485,690
Debt service	347,821	4,745,960	5,093,781
Library services	661,527		661,527
Vandenberg Village capital		741,077	741,077
Electrical capital projects		2,242,221	2,242,221
Landfill closure		4,142,700	4,142,700
Transit projects		7,539,664	7,539,664
Community services	113,469		113,469
Housing	8,295,983		8,295,983
Health and welfare	38,315		38,315
Unrestricted	<u>(49,062,432)</u>	<u>33,261,607</u>	<u>(15,800,825)</u>
Total net position	<u>\$ 64,961,685</u>	<u>\$ 137,505,804</u>	<u>\$ 202,467,489</u>

City of Lompoc
Statement of Activities
For the Fiscal Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 7,049,008	\$ 11,041,977	\$ 4,805,601	\$
Police protection	12,112,649	111,059	163,364	
Fire protection	7,693,441	164,469		
Engineering/streets	7,537,987	534,801		325,533
Building	581,422	755,514		
Community development	2,470,694	199,140	940,056	
Parks and recreation	5,430,829	553,300	582,797	
Nondepartmental	1,420,909	175,432		
Interest on long-term debt	110,987			
Total governmental activities	<u>44,407,926</u>	<u>13,535,693</u>	<u>6,491,818</u>	<u>325,533</u>
Business-type activities:				
Water	10,835,350	12,012,540		22,998
Electric	22,675,104	22,564,325	588,593	611,474
Wastewater	13,536,004	11,635,440	3,175,183	
Solid Waste	9,393,567	8,622,183	16,665	
Other	3,425,223	646,891	3,673,437	
Total business-type activities	<u>59,865,248</u>	<u>55,481,379</u>	<u>7,453,878</u>	<u>634,472</u>
General revenues:				
Sales taxes				
Property taxes				
Transient occupancy tax (TOT)				
Cannabis tax				
Property taxes in lieu of VLF				
Gas tax				
Business tax				
Franchise fees				
Property transfer tax				
Interest income				
Other revenues				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning of year				
Prior year restatements				
Net position - beginning of year, restated				
Net position - end of year				

Net Revenues (Expenses) and Changes in Net Position

<u>Total Governmental Activities</u>	<u>Total Business-Type Activities</u>	<u>Total</u>
\$ 8,798,570	\$	\$ 8,798,570
(11,838,226)		(11,838,226)
(7,528,972)		(7,528,972)
(6,677,653)		(6,677,653)
174,092		174,092
(1,331,498)		(1,331,498)
(4,294,732)		(4,294,732)
(1,245,477)		(1,245,477)
(110,987)		(110,987)
<u>(24,054,882)</u>		<u>(24,054,882)</u>
	1,200,188	1,200,188
	1,089,288	1,089,288
	1,274,619	1,274,619
	(754,719)	(754,719)
	895,105	895,105
	<u>3,704,481</u>	<u>3,704,481</u>
15,034,182		15,034,182
5,393,831	5,339	5,399,170
1,664,939		1,664,939
1,664,174		1,664,174
3,978,886		3,978,886
1,789,890	31,148	1,821,038
313,645		313,645
646,527		646,527
135,690		135,690
172,686	203,130	375,816
925,020		925,020
2,156,340	(2,156,340)	
<u>33,875,810</u>	<u>(1,916,723)</u>	<u>31,959,087</u>
<u>9,820,928</u>	<u>1,787,758</u>	<u>11,608,686</u>
52,170,638	135,637,434	187,808,072
<u>2,970,119</u>	<u>80,612</u>	<u>3,050,731</u>
<u>55,140,757</u>	<u>135,718,046</u>	<u>190,858,803</u>
<u>\$ 64,961,685</u>	<u>\$ 137,505,804</u>	<u>\$ 202,467,489</u>

Fund Financial Statements

Governmental Fund Financial Statements

**City of Lompoc
Balance Sheet
Governmental Funds
June 30, 2021**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and investments	\$ 9,646,031	\$ 19,742,408	\$ 29,388,439
Cash with fiscal agents	770,146		770,146
Receivables, net:			
Accounts receivable	182,901	54,952	237,853
Tax receivable	3,062,904		3,062,904
Interest receivable	18,301	23,467	41,768
Due from other governments	1,397,769	577,373	1,975,142
Inventories	43,870	4,105	47,975
Loans receivable		6,043,743	6,043,743
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 15,121,922</u>	<u>\$ 26,446,048</u>	<u>\$ 41,567,970</u>
Liabilities and Fund Balance			
Liabilities:			
Accounts payable and accruals	\$ 1,457,931	\$ 91,752	\$ 1,549,683
Due to other funds	303,459		303,459
Deposits payable	1,124,792	462,947	1,587,739
Accrued wages and benefits	798,346	16,858	815,204
Unearned revenue	2,754,200	20,326	2,774,526
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>6,438,728</u>	<u>591,883</u>	<u>7,030,611</u>

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund balance:			
Nonspendable:			
Inventories	\$ 43,870	\$ 4,105	\$ 47,975
Restricted for:			
Road surface repairs		13,428,437	13,428,437
Library services	89,844		89,844
Debt service		347,821	347,821
Capital projects	431,338	3,054,352	3,485,690
Community services		113,469	113,469
Library acquisitions		571,683	571,683
Health and welfare		38,315	38,315
Housing		8,295,983	8,295,983
Committed for:			
Capital projects	110,933		110,933
Unassigned:	<u>8,007,209</u>		<u>8,007,209</u>
Total fund balance	<u>8,683,194</u>	<u>25,854,165</u>	<u>34,537,359</u>
Total liabilities and fund balance	<u>\$ 15,121,922</u>	<u>\$ 26,446,048</u>	<u>\$ 41,567,970</u>

City of Lompoc
Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2021

Total fund balance - governmental funds \$ 34,537,359

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

Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation. Net capital assets relating to governmental activities consisted of:

Capital assets at estimated historical cost	168,453,860	
Accumulated depreciation	(80,820,325)	
		87,633,535

Interest payable: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the statement of net position, it is recognized in the period that it is incurred. The additional liability for unmatured interest owed at year-end was: (25,921)

Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consisted of:

Direct borrowing - Tax Allocation Bonds 2004	(1,680,000)	
Direct borrowing - Capital leases payable	(979,571)	
Net other post-employment benefits liability	(250,374)	
Net pension liabilities	(66,170,649)	
		(69,080,594)

Deferred Inflows and Outflows: The deferred inflow and outflows are not current assets or resources; and they are not due in the current period and therefore are not reported in the governmental funds.

Deferred outflows		13,998,839
Deferred inflows		(3,332,824)

Internal service funds: Internal service funds are used to conduct activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets and liabilities of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds was: 1,231,291

Total net position - governmental activities \$ 64,961,685

City of Lompoc
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2021

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 25,587,615	\$ 5,034,149	\$ 30,621,764
Licenses and permits	464,996		464,996
Fines and penalties	237,777		237,777
Revenues from other agencies	5,545,162	1,272,189	6,817,351
Charges for current services	10,687,201	1,839,115	12,526,316
Interest	48,947	86,479	135,426
Rental income	293,224	13,381	306,605
Other revenues	177,255	1,030,246	1,207,501
Total revenues	<u>43,042,177</u>	<u>9,275,559</u>	<u>52,317,736</u>
Expenditures:			
Personnel services	28,453,380	575,743	29,029,123
Maintenance and operations	9,484,171	1,932,862	11,417,033
Capital outlay	565,126	4,246,854	4,811,980
Debt service:			
Principal		227,605	227,605
Interest and fiscal charges		112,151	112,151
Total expenditures	<u>38,502,677</u>	<u>7,095,215</u>	<u>45,597,892</u>
Excess of revenues over (under) expenditures	<u>4,539,500</u>	<u>2,180,344</u>	<u>6,719,844</u>
Other financing sources (uses):			
Transfers in	4,106,224	315,978	4,422,202
Transfers out	(555,775)	(2,120,860)	(2,676,635)
Total other financing sources (uses)	<u>3,550,449</u>	<u>(1,804,882)</u>	<u>1,745,567</u>
Net change in fund balance	<u>8,089,949</u>	<u>375,462</u>	<u>8,465,411</u>
Fund balance - beginning of year	<u>593,245</u>	<u>25,478,703</u>	<u>26,071,948</u>
Fund balance - end of year	<u>\$ 8,683,194</u>	<u>\$ 25,854,165</u>	<u>\$ 34,537,359</u>

City of Lompoc
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance of
Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2021

Total net change in fund balance - governmental funds		\$ 8,465,411
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the year was:		
Expenditures for capital outlay - governmental funds	4,823,301	
Disposal capital assets	(172,992)	
Depreciation expense	(4,005,840)	
		644,469
Principal payments on long-term debt: In governmental funds, repayments of long-term debt are recognized as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:		
		227,605
OPEB expense: In governmental funds, OPEB expenses are included in the Statement of Activities, however they do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds (net change):		
		678,909
Pension expense: In governmental funds, pension expenses are included in the Statement of Activities, however they do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds (net change):		
		(1,242,896)
Interest expense: Interest on long-term debt is recognized as an expenditure in governmental funds when it is due. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The difference in interest expense paid and interest accrued was:		
		1,161
Internal service funds: Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, internal service activities are reported with governmental activities in the statement of activities. The net increase in the internal service funds was:		
		1,046,269
Total change in net position - governmental activities		\$ 9,820,928

Proprietary Fund Financial Statements

City of Lompoc
Statement of Net Position (Deficit)
Proprietary Funds
June 30, 2021

	Business-Type Activities Enterprise Funds		
	Water Utility	Electric Utility	Wastewater Utility
Assets			
Current assets:			
Cash and investments	\$ 13,248,047	\$ 8,136,443	\$ 17,325,549
Cash with fiscal agents		13,857,777	
Restricted cash with fiscal agent	34		49
Accounts receivable, net	2,392,543	4,543,393	2,919,146
Tax receivable			
Interest receivable	15,436	14,309	13,215
Due from other governments			
Prepays		181,886	
Due from other funds	34,699	3,972,554	
Inventories	361,490	1,851,392	106,914
Total current assets	<u>16,052,249</u>	<u>32,557,754</u>	<u>20,364,873</u>
Noncurrent assets:			
Capital assets:			
Land	92,911	138,657	314,486
Construction in progress	284,531	673,946	407,724
Building and improvements	16,775,521	10,172,372	126,995,372
Infrastructure	30,007,839	33,620,899	11,892,020
Equipment	7,313,063	11,160,700	11,010,316
Vehicles and machinery	4,750,705	5,052,168	598,526
Less accumulated depreciation	<u>(37,339,430)</u>	<u>(35,388,244)</u>	<u>(67,512,375)</u>
Total capital assets, net of accumulated depreciation	<u>21,885,140</u>	<u>25,430,498</u>	<u>83,706,069</u>
Total noncurrent assets	<u>21,885,140</u>	<u>25,430,498</u>	<u>83,706,069</u>
Total assets	<u>37,937,389</u>	<u>57,988,252</u>	<u>104,070,942</u>
Deferred Outflows of Resources			
Pension related	1,214,517	1,508,916	863,987
Other post-employment benefits related	139,869	101,021	105,983
Unamortized loss on refunding	93,260		165,049
Total deferred outflows of resources	<u>1,447,646</u>	<u>1,609,937</u>	<u>1,135,019</u>

Business-Type Activities Enterprise Funds			Governmental Activities
Solid Waste Disposal	Other Enterprise Funds	Total Enterprise	Internal Service Funds
\$ 8,640,040	\$ 8,385,221	\$ 55,735,300	\$ 14,264,847
		13,857,777	4,116,699
		83	
1,523,090	96,818	11,474,990	8,860
	3,303	3,303	
10,345	11,475	64,780	15,599
	1,241,935	1,241,935	25,750
		181,886	289,830
		4,007,253	303,459
	29,520	2,349,316	341,565
<u>10,173,475</u>	<u>9,768,272</u>	<u>88,916,623</u>	<u>19,366,609</u>
404,630	5,868,887	6,819,571	
189,933	2,490,985	4,047,119	2,052,844
911,101	6,266,871	161,121,237	271,196
644,532	1,754,809	77,920,099	194,398
3,768,729	1,550,635	34,803,443	2,891,872
230,274	2,868,724	13,500,397	25,036,050
<u>(3,771,088)</u>	<u>(7,056,220)</u>	<u>(151,067,357)</u>	<u>(21,381,469)</u>
<u>2,378,111</u>	<u>13,744,691</u>	<u>147,144,509</u>	<u>9,064,891</u>
<u>2,378,111</u>	<u>13,744,691</u>	<u>147,144,509</u>	<u>9,064,891</u>
<u>12,551,586</u>	<u>23,512,963</u>	<u>236,061,132</u>	<u>28,431,500</u>
953,651	116,240	4,657,311	848,690
144,831	15,119	506,823	114,083
		258,309	
<u>1,098,482</u>	<u>131,359</u>	<u>5,422,443</u>	<u>962,773</u>

City of Lompoc
Statement of Net Position (Deficit)
Proprietary Funds
June 30, 2021
Page 2

	Business-Type Activities Enterprise Funds		
	Water Utility	Electric Utility	Wastewater Utility
Liabilities			
Current liabilities:			
Accounts payable	\$ 571,697	\$ 105,551	\$ 209,128
Due to other funds			
Accrued wages and benefits	112,566	135,101	79,452
Unearned revenue			742,558
Interest payable	109,236	9,147	736,906
Deposits payable	3,900	1,140,105	
Reserve fund - VVCS			692,901
Current portion of claims payable			
Current portion of compensated absences			
Current portion of capital leases payable	6,074	149,875	10,772
Current portion of loans payable			3,905,083
Current portion of revenue bonds	690,000		685,000
Total current liabilities	<u>1,493,473</u>	<u>1,539,779</u>	<u>7,061,800</u>
Noncurrent liabilities:			
Claims payable, net of current portion			
Compensated absences, net of current portion			
Landfill closure and post-closure costs			
Capital leases payable, net of current portion	36,654	904,456	65,007
Loans payable, net of current portion			33,862,156
Revenue bonds, net of current portion	7,933,679		13,382,986
Net other post-employment benefits (OPEB) liability	29,891	18,035	18,921
Net pension liability	6,727,239	9,007,641	4,962,719
Total noncurrent liabilities	<u>14,727,463</u>	<u>9,930,132</u>	<u>52,291,789</u>
Total liabilities	<u>16,220,936</u>	<u>11,469,911</u>	<u>59,353,589</u>
Deferred Inflows of Resources			
Pension related	98,759	193,710	64,105
Other post-employment benefits related	310,758	224,315	235,333
Total deferred outflows of resources	<u>409,517</u>	<u>418,025</u>	<u>299,438</u>
Net Position (Deficit)			
Net investment in capital assets	13,311,993	24,376,167	31,960,114
Restricted for:			
Vandenberg Village capital			741,077
Debt service	165,668		4,580,292
Electrical capital projects		2,242,221	
Landfill closure			
Transit projects			
Unrestricted	9,276,921	21,091,865	8,271,451
Total net position (deficit)	<u>\$ 22,754,582</u>	<u>\$ 47,710,253</u>	<u>\$ 45,552,934</u>

Business-Type Activities Enterprise Funds			Governmental Activities
Solid Waste Disposal	Other Enterprise Funds	Total Enterprise	Internal Service Funds
\$ 190,874	\$ 248,838	\$ 1,326,088	\$ 858,973
	137,348	137,348	3,869,905
84,502	12,029	423,650	727,941
		742,558	
5,090	1,511	861,890	65,237
		1,144,005	
		692,901	
			1,924,000
			3,832,380
37,297	3,945	207,963	883,868
98,485		4,003,568	
		1,375,000	
<u>416,248</u>	<u>416,921</u>	<u>10,928,221</u>	<u>12,162,304</u>
			5,750,000
			247,669
7,856,162		7,856,162	
68,576	23,810	1,098,503	5,502,111
706,388		34,568,544	
		21,316,665	
	8,980	75,827	13,388
<u>5,201,787</u>	<u>677,924</u>	<u>26,577,310</u>	<u>4,191,450</u>
<u>13,832,913</u>	<u>710,714</u>	<u>91,493,011</u>	<u>15,704,618</u>
<u>14,249,161</u>	<u>1,127,635</u>	<u>102,421,232</u>	<u>27,866,922</u>
69,705	5,250	431,529	42,922
320,868	33,736	1,125,010	253,138
<u>390,573</u>	<u>38,986</u>	<u>1,556,539</u>	<u>296,060</u>
1,467,365	13,716,936	84,832,575	2,678,912
		741,077	
		4,745,960	
		2,242,221	
4,142,700		4,142,700	
	7,539,664	7,539,664	63,881
(6,599,731)	1,221,101	33,261,607	(1,511,502)
<u>\$ (989,666)</u>	<u>\$ 22,477,701</u>	<u>\$ 137,505,804</u>	<u>\$ 1,231,291</u>

City of Lompoc
Statement of Revenues, Expenditures, and Changes in Net Position (Deficit)
Proprietary Funds
For the Fiscal Year Ended June 30, 2021

	Business-Type Activities Enterprise Funds		
	Water Utility	Electric Utility	Wastewater Utility
Operating revenues:			
User fees and charges for services	\$ 11,960,424	\$ 22,142,749	\$ 11,564,764
Revenue from other agencies		588,593	3,175,183
Other operating revenues	52,116	421,476	64,676
Facilities rental		100	6,000
Total operating revenues	<u>12,012,540</u>	<u>23,152,918</u>	<u>14,810,623</u>
Operating expenses:			
Personnel services	3,595,040	3,839,223	2,955,526
Maintenance and operations	5,800,746	17,156,930	5,030,414
Depreciation and amortization	1,102,372	1,646,029	4,280,742
Total operating expenses	<u>10,498,158</u>	<u>22,642,182</u>	<u>12,266,682</u>
Operating income	<u>1,514,382</u>	<u>510,736</u>	<u>2,543,941</u>
Nonoperating revenues, expenses, and transfers:			
Interest earnings	9,788	184,217	
Interest expense	(334,082)	(32,922)	(1,269,322)
Loss on disposal of equipment	(3,110)		
Gas taxes			
Total nonoperating revenues and expenses	<u>(327,404)</u>	<u>151,295</u>	<u>(1,269,322)</u>
Income before capital contributions and transfers	<u>1,186,978</u>	<u>662,031</u>	<u>1,274,619</u>
Capital contributions	22,998	611,474	
Transfers in			
Transfers out	(32,000)	(2,076,340)	(38,000)
Change in net position	<u>1,177,976</u>	<u>(802,835)</u>	<u>1,236,619</u>
Net Position (Deficit) - beginning of year	21,576,606	48,432,476	44,316,315
Prior year restatements		80,612	
Net Position (Deficit) - beginning of year, restated	<u>21,576,606</u>	<u>48,513,088</u>	<u>44,316,315</u>
Net Position (Deficit) - end of year	<u>\$ 22,754,582</u>	<u>\$ 47,710,253</u>	<u>\$ 45,552,934</u>

Business-Type Activities Enterprise Funds			Governmental Activities
Solid Waste Disposal	Other Enterprise Funds	Total Enterprise	Internal Service Funds
\$ 8,511,469	\$ 309,508	\$ 54,488,914	\$ 34,869,482
16,665	3,673,437	7,453,878	108,098
110,714	4,436	653,418	13,519
	338,286	344,386	
<u>8,638,848</u>	<u>4,325,667</u>	<u>62,940,596</u>	<u>34,991,099</u>
3,238,905	451,533	14,080,227	9,748,414
5,907,679	2,451,181	36,346,950	22,929,390
231,704	521,651	7,782,498	1,481,235
<u>9,378,288</u>	<u>3,424,365</u>	<u>58,209,675</u>	<u>34,159,039</u>
(739,440)	901,302	4,730,921	832,060
	9,125	203,130	37,260
(15,279)	(858)	(1,652,463)	(222,503)
		(3,110)	(11,321)
	31,148	31,148	
<u>(15,279)</u>	<u>39,415</u>	<u>(1,421,295)</u>	<u>(196,564)</u>
(754,719)	940,717	3,309,626	635,496
		634,472	
(10,000)		(2,156,340)	410,773
<u>(764,719)</u>	<u>940,717</u>	<u>1,787,758</u>	<u>1,046,269</u>
(224,947)	21,536,984	135,637,434	185,022
		80,612	
<u>(224,947)</u>	<u>21,536,984</u>	<u>135,718,046</u>	<u>185,022</u>
<u>\$ (989,666)</u>	<u>\$ 22,477,701</u>	<u>\$ 137,505,804</u>	<u>\$ 1,231,291</u>

City of Lompoc
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2021

	Business-Type Activities Enterprise Funds		
	Water Utility	Electric Utility	Wastewater Utility
Cash flows from operating activities:			
Cash received from customers	\$ 11,716,481	\$ 19,800,991	\$ 10,827,594
Cash received from other agencies		588,593	3,175,183
Cash received from interfund services provided			
Internal activity - cash paid from (to) other funds	10,282	121,779	
Cash paid to suppliers for goods and services	(5,644,403)	(16,299,099)	(4,974,473)
Cash paid to employees	(3,522,211)	(3,675,109)	(2,910,853)
Net cash provided by operating activities	<u>2,560,149</u>	<u>537,155</u>	<u>6,117,451</u>
Cash flows from noncapital financing activities:			
Cash received from other agencies			(13,432)
Transfers in			
Transfers out	(32,000)	(2,076,340)	(38,000)
Net cash provided (used) by non-capital financial activities	<u>(32,000)</u>	<u>(2,076,340)</u>	<u>(51,432)</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(470,242)	(661,268)	(235,718)
Gain (loss) on disposals	124,758		
Principal payments on long-term debt	(707,998)	(145,700)	(4,553,844)
Interest payments on long-term debt	(316,918)	(33,112)	(1,311,488)
Cash from capital grants and contributions	22,998	611,474	
Net cash provided (used) by capital and related financial activities	<u>(1,347,402)</u>	<u>(228,606)</u>	<u>(6,101,050)</u>
Cash flows from investing activities:			
Interest on investments	34,391	204,496	44,253
Net cash provided by investing activities	<u>34,391</u>	<u>204,496</u>	<u>44,253</u>
Net increase in cash and investments	1,215,138	(1,563,295)	9,222
Cash and investments - beginning of year	<u>12,032,943</u>	<u>23,557,515</u>	<u>17,316,376</u>
Cash and investments - end of year	<u>\$ 13,248,081</u>	<u>\$ 21,994,220</u>	<u>\$ 17,325,598</u>
Summary of cash investments - end of year:			
Cash and investments	\$ 13,248,047	\$ 8,136,443	\$ 17,325,549
Restricted cash with fiscal agent	34		49
Cash with fiscal agents		<u>13,857,777</u>	
Total cash and investments - end of year	<u>\$ 13,248,081</u>	<u>\$ 21,994,220</u>	<u>\$ 17,325,598</u>

Business-Type Activities Enterprise Funds			Governmental Activities
Solid Waste Disposal	Other Enterprise Funds	Total Enterprise	Internal Service Funds
\$ 8,295,458	\$ 445,569	\$ 51,086,093	\$
16,665	3,607,501	7,387,942	108,098
	24,009	156,070	34,910,317
(5,825,968)	(2,391,917)	(35,135,860)	(28,153)
(3,212,824)	(444,418)	(13,765,415)	(22,038,856)
<u>(726,669)</u>	<u>1,240,744</u>	<u>9,728,830</u>	<u>(8,916,679)</u>
			<u>4,034,727</u>
	31,148	17,716	
			410,773
<u>(10,000)</u>		<u>(2,156,340)</u>	
<u>(10,000)</u>	<u>31,148</u>	<u>(2,138,624)</u>	<u>410,773</u>
(189,933)	(625,490)	(2,182,651)	(2,732,329)
		124,758	(11,321)
(134,174)	(3,836)	(5,545,552)	(1,196,607)
(16,454)	(1,266)	(1,679,238)	(231,130)
		634,472	
<u>(340,561)</u>	<u>(630,592)</u>	<u>(8,648,211)</u>	<u>(4,171,387)</u>
21,877	9,890	314,907	63,449
<u>21,877</u>	<u>9,890</u>	<u>314,907</u>	<u>63,449</u>
(1,055,353)	651,190	(743,098)	337,562
<u>9,695,393</u>	<u>7,734,031</u>	<u>70,336,258</u>	<u>18,043,984</u>
<u>\$ 8,640,040</u>	<u>\$ 8,385,221</u>	<u>\$ 69,593,160</u>	<u>\$ 18,381,546</u>
\$ 8,640,040	\$ 8,385,221	\$ 55,735,300	\$ 14,264,847
		83	
		13,857,777	4,116,699
<u>\$ 8,640,040</u>	<u>\$ 8,385,221</u>	<u>\$ 69,593,160</u>	<u>\$ 18,381,546</u>

City of Lompoc
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2021
Page 2

	Business-Type Activities Enterprise Funds		
	Water Utility	Electric Utility	Wastewater Utility
Operating income	\$ 1,514,382	\$ 510,736	\$ 2,543,941
Adjustments to reconcile operating income to cash provided by operating activities:			
Depreciation and amortization	1,102,372	1,646,029	4,280,742
Accounts receivable	(296,059)	(2,763,334)	(807,846)
Due from other governments			
Due from other funds	10,282	121,779	
Prepaid expenses		412,193	
Inventories	(56,009)	(281,439)	1,707
Accounts payable	220,627	(25,728)	54,234
Due to other funds			
Accrued wages and benefits	72,829	164,114	44,673
Deposits payable	(8,275)	752,805	
Trust deposits			
Compensated absences			
Landfill closure and post-closure costs			
Claim liabilities			
 Total adjustments	 1,045,767	 26,419	 3,573,510
 Net cash provided by operating activities	 \$ 2,560,149	 \$ 537,155	 \$ 6,117,451

Business-Type Activities Enterprise Funds			Governmental Activities
Solid Waste Disposal	Other Enterprise Funds	Total Enterprise	Internal Service Funds
\$ (739,440)	\$ 901,302	\$ 4,730,921	\$ 832,060
231,704	521,651	7,782,498	1,481,235
(326,725)	(207,611)	(4,401,575)	11,554
	(65,936)	(65,936)	
		132,061	(28,153)
		412,193	(129,061)
	(6,391)	(342,132)	18,546
(57,199)	65,655	257,589	(26,189)
	24,009	24,009	
26,081	7,115	314,812	886,923
		744,530	
	950	950	
			(55,188)
138,910		138,910	
			1,043,000
12,771	339,442	4,997,909	3,202,667
\$ (726,669)	\$ 1,240,744	\$ 9,728,830	\$ 4,034,727

Fiduciary Fund Financial Statements

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City of Lompoc
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Successor Agency Private-Purpose Trust Fund	Custodial Funds
Assets		
Cash and cash equivalents	\$ 350,374	\$ 211,938
Cash with fiscal agent	1,392,491	
Accounts receivable, net		55
Interest receivable	484	36
Total assets	1,743,349	212,029
Deferred Outflows of Resources		
Pension related	54,006	
Other post-employment benefits related	2,121	
Total deferred outflows of resources	56,127	
Liabilities		
Accounts payable		191
Accrued wages and benefits	1,765	
Interest payable	200,015	
Retentions payable		113,742
Long-Term Liabilities:		
Portion due within one year:		
Direct borrowing bonds payables	450,000	
Portion due in more than one year:		
Direct borrowing bonds payables	10,945,000	
Compensated absences	7,039	
Net other post-employment benefits liability	379	
Net pension liability	318,558	
Total liabilities	11,922,756	113,933
Deferred Inflows of Resources		
Pension related	8,930	
Other post-employment benefits related	4,709	
Total deferred inflows of resources	13,639	
Net Position		
Restricted for:		
Individuals, organizations, and other governments	(10,136,919)	98,096
Total Net Position (Deficit)	\$ (10,136,919)	\$ 98,096

City of Lompoc
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2021

	Successor Agency Private-Purpose Trust Fund	Custodial Funds
Additions:		
Property taxes	\$ 1,053,635	\$
Interest	(1,187)	(87)
Other Income		5,101
Total additions	<u>1,052,448</u>	<u>5,014</u>
Deductions:		
Administrative expenses	132,175	3,694
Interest on long-term debt	613,511	
Total deductions	<u>745,686</u>	<u>3,694</u>
Change in net position	<u>306,762</u>	<u>1,320</u>
Net position (deficit) - beginning of year	(10,443,681)	
Prior year restatement		<u>96,776</u>
Net position (deficit) - beginning of year, restated	<u>(10,443,681)</u>	<u>96,776</u>
Net position (deficit) - end of year	<u>\$ (10,136,919)</u>	<u>\$ 98,096</u>

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

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The notes are an integral part and essential to present fairly the information contained in the overview level of the basic financial statements. Narrative explanations are intended to communicate information that is not readily apparent or cannot be included in the statements themselves, and to provide additional disclosures as required by the Governmental Accounting Standards Board.

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 1: Summary of Significant Accounting Policies

The Reporting Entity

The City of Lompoc (the City) was incorporated in 1888. The City is a general law city under the laws of the State of California and operates under a Council-Manager form of government. The City provides the following services: public safety (police and fire), construction and maintenance of highways and streets, sanitation, culture and recreation, public improvements, planning, zoning and general administration. Enterprise funds, operated in a manner similar to a private business, include water, electric, wastewater, solid waste, transit, and other business-type enterprises.

The City has defined its reporting entity in accordance with the Governmental Accounting Standards Board (GASB). These standards provide guidance for determining which organizations, functions and activities of a government should be included in the general purpose financial statements.

The accompanying financial statements include all activities and reporting entities over which the City exercises oversight responsibility. The criteria for inclusion in the basic financial statements are generally based upon the ability of the City to exercise operational responsibility over such organization, function, and activities which includes appointing governing boards, designating management, significantly influencing operations, and approving operating budgets or controlling day-to-day activities. Effective January 31, 2012, the Lompoc Redevelopment Agency of the City of Lompoc (the Agency) was dissolved through the State Supreme Court decision on Assembly Bill IX 26. This action impacted the reporting entity of the City that previously had reported the Agency as a blended component unit. See Note 15 for additional information on the dissolution and reporting of the Agency as a private-purpose trust fund.

In determining the financial reporting entity for the City, the following governmental unit has met the criteria for inclusion in the City's financial statements.

Lompoc Public Financing Authority

The Lompoc Public Financing Authority (the Authority) was established in 1984, and is a separate governmental entity under the laws of the State of California. The purpose of the Authority is to provide financing for the construction and acquisition of selected City facilities. The City Council and the Board of Directors of the Authority are legally separate boards; however, they share a common membership. Activities of the Authority are accounted for in the applicable City governmental or enterprise funds. Separate financial statements are not prepared for the Authority, as it is included in the accompanying financial statements as a blended component unit.

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Other Governmental Agencies

Other governmental agencies provide various levels of services to residents of the City, either entirely or partially. The entities include, but are not limited to, the State of California, the County of Santa Barbara, and several school districts. Each of these agencies has an independently elected governing board or is dependent on an independently elected governing board other than the City Council.

The City has no ability to appoint or control the management of any of these entities and is not responsible for any operating losses or debts incurred. As a result of the above analysis, financial information for these agencies is not included within the scope of this report.

Basis of Presentation

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applied to governmental agencies. The following summary of the City's more significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies should be viewed as an integral part of the accompanying financial statements.

The City's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The GASB is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on the primary government and its blended component unit. To minimize the double counting of internal activities, the effect of interfund activity has been removed from these statements. However, interfund services provided and used have not been eliminated in the consolidation process. 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 within a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Major Funds and Other Funds

GASB requires that the City's major governmental funds be identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of their fund type.

Major funds are defined as funds that have assets, liabilities, revenues, or expenditures/expenses equal to at least ten percent of their fund-type total and at least five percent of the grand total. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reported the following major governmental funds in the accompanying financial statements:

General Fund: This fund accounts for all financial resources except those to be accounted for in another fund. It is the general operating fund of the City.

The City reported the following major proprietary funds in the accompanying financial statements:

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

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

Wastewater Utility Fund: This fund accounts for the operations of the City's wastewater utility, a self-supporting activity, which renders service on a user charge basis to residents and businesses.

Solid Waste Fund: This fund accounts for the operations of the City's solid waste collection and disposal services, a self-supporting activity, which renders service on a user charge basis to residents and businesses.

The City also reports the following funds:

Internal Service Funds: Internal Service Funds are used to finance and account for special activities and services performed by designated departments of the City for other departments in the City on a cost reimbursement basis. The internal service funds include the Employment Benefits and Insurance Control, Vehicle, Communication, and Stores funds.

City of Lompoc

Notes to the Financial Statements

For the Year Ended June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Fiduciary Funds: The City maintains the Successor Agency Trust Fund, a Private Purpose Trust Fund, and two Custodial funds that are used to account for resources held by the City. For these funds, the city serves as the trustee, or fiduciary, on behalf of other agencies and organizations. The financial activities of these funds are excluded from the government-wide financial statements because the City cannot use these assets to finance its operations, but activity is presented in separate fiduciary fund statements. The City is responsible to ensure that the assets reported in these funds are used for their intended purposes.

The Successor Agency Private Purpose Trust Fund accounts for the assets and activities of the dissolved redevelopment agency. The Successor Agency is comprised of seven-member representatives from local government bodies. The Successor Agency's assets can only be used to pay enforceable obligations in existence at the date of dissolution.

Custodial Funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. The City reports two custodial funds: the Mural Project fund and the Deposits fund.

Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent that they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized on an accrual basis in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Other revenues susceptible to accrual include other taxes, intergovernmental revenues, interest, and charges for services.

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted Net Position may be available to finance program expenditures/expenses. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City has established fiduciary funds, which are used to account for funds held by the City as a trustee for other agencies or organizations. The fiduciary funds are accounted for using the accrual basis of accounting.

Budgetary Information

A two-year budget is legally adopted for all funds by the City Council prior to July 1 of odd years, on a basis consistent with accounting principles generally accepted in the United States of America. After adoption of the final budget, transfers of appropriations within a General Fund department, or within other funds, can be made by the Management Services Director. Budget modifications between funds and increases or decreases to a fund's overall budget, must be approved by the City Manager or City Council. Numerous properly authorized amendments were made during the fiscal year. The appropriations are legally adopted at the major expenditure classification level for each department within each fund. Expenditures may not legally exceed appropriations at the department level.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the City considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. The proprietary funds' deposits in the City-wide cash management pool are, in substance, demand deposits and are, therefore, considered cash equivalents for purposes of the statement of cash flows.

Fair Value Measurements

The City's investments are carried at fair value and its fair value measurements are categorized within the fair value hierarchy established by generally accepted accounting principles. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City uses valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

For fiscal year ended June 30, 2021, the application of valuation techniques applied to the City's financial statements has been consistent.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds".

All trade and property tax receivables are shown net of any allowance for uncollectible accounts, if material. Property tax assessment and collection is administered by the County of Santa Barbara.

Property Taxes

California Constitution Article XIII A limits the combined property tax rate to 1% of a property's assessed valuation. Additional taxes may be imposed with voter approval. Assessed value is calculated at 100% of a property's fair value, as defined by Article XIII A, and may be increased no more than 2% percent per year unless a change in ownership occurs. The state legislature has determined the method of distributing the 1% tax levy among the various taxing jurisdictions.

In 2011 the City elected to receive property tax revenue in accordance with the County's Teeter plan whereby the County remits 100% of taxes levied without regard to delinquencies. The County then pursues collection, retaining any delinquent taxes and related penalties and interest. Property taxes are billed and collected by the County on behalf of the City. Property taxes attach as an enforceable lien on the property on March 1. Taxes levied on July 1 are due on November 1 and February 1, and become delinquent after December 10 and April 10, respectively.

Inventories

Inventories are valued at weighted average cost for all funds under the consumption method of accounting. Under this method, purchases are recorded as increases in inventory and charged to expenditures when used.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the financial statements.

Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated acquisition value on the date contributed. The City's policy is to capitalize all capital assets with costs exceeding \$5,000 and with useful lives exceeding one year, with the exception of its public domain (infrastructure) capital assets which are capitalized with costs exceeding \$50,000. Donated capital assets, donated works of art, and similar items, and capital assets received in service concession arrangements are reported at acquisition value when received.

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

With the implementation of GASB Statement No. 34, the City has recorded all its public domain (infrastructure) capital assets, which include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems.

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each fiscal year represents that fiscal year's pro rata share of the cost of capital assets. GASB Statement No. 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. Depreciation is provided using the straight-line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each fiscal year until the asset is fully depreciated.

The City has assigned the useful lives listed below to capital assets:

Buildings and utility plants	10-50 years
Improvements other than buildings	5-10 years
Equipment, machinery and vehicles	6-30 years
Infrastructure	10-50 years

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. The deferred outflows of resources is a separate financial statement element. It represents 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 the government-wide and proprietary funds statement of net position, the City reported three items in this category:

1. Pension related – A deferred resource is defined as an acquisition of net pension applicable to a future reporting period. These balances represent current fiscal year contributions to the pension plan that will be applied as a reduction in net pension liability in the next fiscal year; or other items arising from changes in actuarial assumptions, differences between actual and projected experience, or differences between actual and projected investment gains/losses. These amounts will be amortized and reported as a component of pension expense in future fiscal years.
2. Other post-employment benefits (OPEB) – A deferred resource is defined as an acquisition of net OPEB applicable to a future reporting period. These balances represent current fiscal year OPEB contributions to the OPEB plan that will be applied as a reduction in net OPEB liability in the next fiscal year; or other items arising from changes in actuarial assumptions, differences between actual and projected experience, or differences between actual and projected investment gains/losses. These amounts will be amortized and reported as a component of OPEB expense in future fiscal years.

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

3. Unamortized loss on refunding - A deferred charge on refunding bonds results from the difference in the carrying value of debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources is a separate financial statement element, represents acquisitions of fund balance or net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City reported the following in the government-wide and proprietary funds statement of net position:

1. Pension related - A deferred resource is defined as the balance that arises from changes in actuarial assumptions; differences between actual and projected experience; and differences between actual and projected investment gains/losses. These amounts will be amortized and reported as a component of pension expense in future fiscal years.
2. Other post-employment benefits (OPEB) related - A deferred resource is defined as the balance that arises from changes in actuarial assumptions; differences between actual and projected experience; and differences between actual and projected investment gains/losses. These amounts will be amortized and reported as a component of OPEB expense in future fiscal years

Compensated Absences

In compliance with GASB Statement No. 16, the City has established a liability for accrued sick leave and vacation, compensated absences, in the Employment Benefit and Insurance Control Fund, an Internal Service Fund. The Employment Benefit and Insurance Control Fund is reimbursed through payroll charges to all other funds based on estimates of benefits to be earned and used during the fiscal year. This liability is set up for current employees at the current rates of pay. If sick leave and vacation are not used by the employee during the term of employment, vested compensation is payable to the employee at the time of retirement. It is the policy of the City to pay all accumulated vacation pay when an employee retires or separates from employment. Accumulated sick pay is payable according to a schedule based on years of service when an employee retires from the City. Such compensation is calculated at the employee's prevailing rate at the time of retirement or separation. Each fiscal year, an adjustment to the liability is made based on pay rate changes and adjustments for the current portion of the liability.

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Net Pension Liability

The City recognizes a net pension liability, which represents the City's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial reports provided by the California Public Employees' Retirement System (CalPERS) plans (Plans). The net pension liability is measured as of the City's prior fiscal year-end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in the net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expensed or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

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 City'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.

Other Post-Employment 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, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

City of Lompoc Notes to the Financial Statements For the Year Ended June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position

GASB Statement No. 34, amended by GASB Statement No. 63, adds the concept of net position, which is measured on the full accrual basis, to the concept of fund balance, which is measured on the modified accrual basis.

Net position is the excess of all the City's assets over all its liabilities. Net position is divided into three categories. These categories apply only to net position, which is determined only at the government-wide level, and are described as follows:

Net Investment in Capital Assets: Describes the portion of net position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance those assets.

Restricted Net Position: Describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and funds restricted to low and moderate income purposes.

Unrestricted Net Position: Describes the portion of net position which is not restricted to use.

Fund Equity

The City's financial statements report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, identifies five components of fund balance: nonspendable, restricted, committed, assigned, and unassigned.

Nonspendable: This component consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted: This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes legally enforceable requirements (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed: This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest authority, the City Council of the City of Lompoc. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution by the City Council of the City of Lompoc.

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Assigned: This component consists of amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Such intent should be expressed by the City Council or its designated officials to assign amounts to be used. Constraints imposed on the use of assigned amounts can be removed with no formal Council actions.

Unassigned: This component consists of amounts that have not been restricted, committed or assigned to specific purposes. The general fund is the only fund that reports a positive unassigned fund balance amount. On other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in the 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.

Fund Balance Spending Policy

The City has formally adopted a spending policy regarding the order in which restricted, committed, assigned, and unassigned fund balances are spent when more than one amount is available for a specific purpose. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the City's policy to use committed resources first, then assigned, and then unassigned as they are needed.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the American Institute of Certified Public Accountants, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Note 2: Cash and Investments

At June 30, 2021, cash and investments held by the City Treasury are reflected in the financial statements as follows:

Cash and investments held in City Treasury	\$ 120,088,094
Less cash and investments held in fiduciary funds	<u>(1,954,803)</u>
Total government-wide	<u><u>\$ 118,133,291</u></u>

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 2: Cash and Investments (Continued)

At June 30, 2021, cash and investments consisted of the following:

	Fair Value	Percent of Portfolio
Cash and cash equivalents:		
Cash on hand (petty cash and change funds)	\$ 4,585	<0.1%
Deposits with financial institutions	20,536,993	17.4%
Cash with fiscal agents	18,744,705	15.9%
Investments:		
Local Agency Investment Fund (LAIF)	65,631,342	55.5%
Certificates of Deposits	1,045,239	0.9%
Corporate Bonds	5,037,385	4.3%
US Government Securities	7,133,042	6.0%
Total	<u>\$ 118,133,291</u>	<u>100.0%</u>

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active market;
- Level 2: Investments reflect prices that are based on similar observable assets either directly or indirectly, which may include inputs in markets that are not considered to be active; and,
- Level 3: Investments reflect prices based upon unobservable sources.

Types of Investments	June 30, 2021	Level 2
Investments by fair value hierarchy		
US Government Securities	\$ 7,133,042	\$ 7,133,042
Corporate Bonds	5,037,385	5,037,385
Certificate of Deposits	1,045,239	1,045,239
Total investments by fair value hierarchy	<u>13,215,666</u>	<u>\$ 13,215,666</u>
Investments not subject to fair value hierarchy		
Local Agency Investment Fund (LAIF)	<u>65,631,342</u>	
Total investments not subject to fair value hierarchy	<u>65,631,342</u>	
Total investments measured at fair value	<u>\$ 78,847,008</u>	

The valuation technique used was indirect matrix pricing by the City's vendor in comparable benchmark quoted markets.

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 2: Cash and Investments (Continued)

Investment Policy

Cash balances from all funds are combined and invested to the extent possible, pursuant to the City's investment policy, and State Government Code. The earnings from these investments are allocated monthly to each fund, based on an average of monthly opening and closing balances of cash and investments. Interest earned from cash and investments with fiscal agents is credited directly to such funds.

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

- Securities issued or guaranteed by the federal government or its agencies
- Repurchase and reverse repurchase agreements
- Bankers' acceptances
- Commercial paper
- Corporate notes and money market mutual funds
- Negotiable certificates of deposit
- State Local Agency Investment Fund (LAIF)

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

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value based on quoted market prices, in accordance with GASB standards.

The City maintains investments with the State of California Local Agency Investment Fund (LAIF). The LAIF is an external investment pool sponsored by the State of California. These pooled funds approximate fair value is based upon the City's share for the entire LAIF portfolio, in relation to the amortized cost of that portfolio. The administration of the LAIF is provided by the California State Treasurer and regulatory oversight is provided by the Pooled Money Investment Board and the Local Investment Advisory Board. State statutes, bond resolutions, and LAIF investment policy resolutions allow investments in United States government securities, negotiable certificates of deposit, bankers' acceptances, commercial paper, corporate bonds, bank notes, mortgage loans and notes, other debt securities, repurchase agreements, reverse repurchase agreements, equity securities, real estate, mutual funds and other investments. The State LAIF pool credit quality is unrated.

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 2: Cash and Investments (Continued)

Cash with Fiscal Agents

The City had \$18,744,705 of funds held by fiscal agents pledged for the payment or security of certain liabilities, bonds and capital leases. The California Government code provides that these monies, in the absence of specific statutory provisions governing the issuance of bonds, certificates, or leases, may be invested in accordance with the ordinance, resolutions, or indentures specifying the types of investments its fiscal agents may make. These ordinances, resolutions, and indentures are generally more restrictive than the City's general investment policy. In no instance have additional types of investments, not permitted by the City's general investment policy, been authorized.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk in addition to the California Government Code collateral requirements. All deposits held by financial institutions are fully insured or collateralized with securities, held by the pledging financial institutions' trust departments in the City's name.

For custodial credit risk associated with deposits, the City's policy is to follow the California Government Code which required California financial institutions to secure the City's deposits by pledging government securities as collateral. The fair value of the pledge securities must equal 110% of the City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes equal to 150% of the City's deposits.

Interest Rate Risk

The City's formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the City's investment portfolio shall remain sufficiently liquid to enable the City to meet its cash flow requirements. An adequate portion of the portfolio shall be maintained in liquid short-term securities which can be converted to cash and guarantee the City's ability to meet operating expenditures.

At June 30, 2021, investments by maturities was as follows:

	Fair Value	Less Than One Year	One to Three Years	Three to Five Years
State LAIF	\$65,631,342	\$ 65,631,342	\$	\$
U.S. Government Securities	7,133,042	4,014,419	3,118,623	
U.S corporate bonds	5,037,385	5,037,490		(105)
Collateralized certificates of deposit	1,045,239	251,753	793,438	48
Total	<u>\$ 78,847,008</u>	<u>\$ 74,935,004</u>	<u>\$ 3,912,061</u>	<u>\$ (57)</u>

Investments held by fiscal agents are structured with maturity dates that correspond to the payment of final debt service of the respective liability.

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 2: Cash and Investments (Continued)

Credit Risk

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices.

The following identifies the Standard & Poor's credit quality ratings for those investments requiring disclosures as of June 30, 2021:

	Fair Value	AA+	A+	Not Rated
State LAIF	\$ 65,631,342	\$	\$	\$ 65,631,342
U.S. Government securities	7,133,042			7,133,042
U.S corporate bonds	5,037,385	3,022,236	2,015,149	
Collateralized certificates of deposit	1,045,239			1,045,239
	<u>\$ 78,847,008</u>	<u>\$ 3,022,236</u>	<u>\$ 2,015,149</u>	<u>\$ 73,809,623</u>

The City places no limit on the amount the City may invest in any one issuer. The City is unlimited in the amount and percentage of the total portfolio it may invest in Certificates of Deposit. The City's investments in the LAIF represented 80.4% of total investments at June 30, 2021.

There were no Investments that exceeded 5% of the portfolio by issuer.

Note 3: Loans Receivable

Community Development Loans Receivable

Community Development Block Grants provide for low-income housing assistance; first time home buyers assistance; and single and multi-family rehabilitation loans. The City of Lompoc Single Family Rehabilitation Loan Program (the Program) assists low and moderate income homeowners within the City by providing low interest rate loans for home rehabilitation projects. Loans are collateralized by a Deed of Trust recorded on the property. The Program's goals are to provide income qualified homeowners the opportunity to make home improvements and repairs at minimal cost and allow them to protect and/or increase the value of their investment. The Program is designed to improve the quality of life for low-income families and seniors by maintaining and upgrading the City's housing stock. The Program also provides for loans to individuals and other organizations that provide benefits to low-income households or neighborhoods. The loans' principal and interest amounts are typically deferred and due at maturity. Some loan terms provide for maturity upon the sale of the property. Interest rates range from 0% - 4% per annum. At June 30, 2021, the outstanding loans receivable was \$1,599,233.

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 3: Loans Receivable (Continued)

Affordable Housing-In-Lieu Loans Receivable

The City established an Affordable Housing In-Lieu Fee Program (the Program) to allow a developer of a residential development to elect to pay a fee as an alternative to providing affordable housing units on-site, if on-site units are determined to be infeasible. The Program was originally established for residential developments located outside the boundaries of the Old Town Lompoc Redevelopment Project Area. At June 30, 2021, the outstanding loans receivable was \$230,000.

The City manages low and moderate income housing loans in its various programs. The loans are collateralized by a Deed of Trust recorded on the property. The loans' principal and interest amounts are typically deferred and due at maturity. Some of the loans provide for maturity upon the sale of the property. Interest rates range from 0% - 4% per annum. At June 30, 2021, the outstanding loans receivable was \$2,255,677.

The City also manages the Homebuyers Assistance Program. The program helps bridge the affordability gap by providing 30 years deferred payment loans up to \$65,000. The interest is a 3% simple interest rate compounded annually and is repaid upon sale, refinance, or transfer of title. At June 30, 2021, the outstanding loans receivable was \$1,958,833.

At June 30, 2021, the aggregate maturities of loans receivable were as follows:

<u>For the Year Ending June 30,</u>	
2022	\$ 121,064
2023	7,550
2024	7,433
2025	5,533
2026	3,855
Thereafter	<u>5,898,308</u>
Total	<u><u>\$ 6,043,743</u></u>

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 4: Capital Assets

Capital assets activity for the year ended June 30, 2021, was as follows. Beginning balances reflect prior period adjustments as described in Note 17.

Governmental activities	Balance June 30, 2020	Additions	Deductions	Transfers	Balance June 30, 2021
Capital assets not being depreciated:					
Land	\$ 29,215,299	\$	\$	\$	\$ 29,215,299
Construction in progress	2,839,753	435,908	(44,280)	(817,822)	2,413,559
Total capital assets not being depreciated	<u>32,055,052</u>	<u>435,908</u>	<u>(44,280)</u>	<u>(817,822)</u>	<u>31,628,858</u>
Capital assets being depreciated:					
Buildings and improvements	33,521,727	877,085	(16,114)		34,382,698
Vehicles, equipment and machinery	37,547,688	2,958,644	(872,518)	(135,612)	39,498,202
Infrastructure	89,211,846	3,283,993	(58,812)	953,435	93,390,462
Total capital assets being depreciated	<u>160,281,261</u>	<u>7,119,722</u>	<u>(947,444)</u>	<u>817,822</u>	<u>167,271,362</u>
Less accumulated depreciation for:					
Buildings and improvements	17,566,846	788,798	(79,679)		18,275,965
Vehicles, equipment and Machinery	29,494,649	2,053,933	(714,515)		30,834,068
Infrastructure	50,471,954	2,644,344	(24,536)		53,091,761
Total accumulated depreciation	<u>97,533,449</u>	<u>5,487,075</u>	<u>(818,730)</u>		<u>102,201,794</u>
Total capital assets being depreciated, net	<u>62,747,812</u>	<u>1,632,647</u>	<u>(128,714)</u>	<u>817,822</u>	<u>65,069,568</u>
Governmental activities capital assets, net	<u>\$ 94,802,864</u>	<u>\$ 2,068,555</u>	<u>\$ (172,992)</u>	<u>\$</u>	<u>\$ 96,698,426</u>

Depreciation expense charged to functions/programs for the government activities was as follows:

Governmental activities:	
General government	\$ 137,757
Police protection	150,269
Fire protection	11,511
Engineering/streets	2,587,227
Building	53
Community development	72,241
Parks and recreation	1,046,782
Internal service funds:	
Vehicle	1,339,172
Communications	118,222
Stores	23,841
Total governmental activities depreciation expense	<u>\$ 5,487,075</u>

Governmental activities capital assets include assets under capital leases. The amount of assets under capital leases included in buildings and improvements was \$1,366,398 and in equipment was \$2,767,952, and related accumulated depreciation was \$804,656 and \$818,097, respectively, as of June 30, 2021.

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 4: Capital Assets (Continued)

Capital assets activity for the year ended June 30, 2021 was as follows:

Business activities	Balance June 30, 2020	Additions	Deductions	Balance June 30, 2021
Capital assets not being depreciated:				
Land	\$ 6,937,748	\$	\$ (118,177)	\$ 6,819,571
Construction in progress	3,814,316	232,803		4,047,119
Total capital assets not being depreciated	<u>10,752,064</u>	<u>232,803</u>	<u>(118,177)</u>	<u>10,866,690</u>
Capital assets being depreciated:				
Buildings and improvements	160,981,100	146,627	(6,490)	161,121,237
Infrastructure	76,365,130	1,554,969		77,920,099
Equipment	34,778,331	25,112		34,803,443
Vehicles and machinery	13,285,255	223,140	(7,998)	13,500,397
Total capital assets being depreciated	<u>285,409,816</u>	<u>1,949,848</u>	<u>(14,488)</u>	<u>287,345,176</u>
Less accumulated depreciation for:				
Buildings and improvements	62,301,701	4,893,249		67,194,950
Infrastructure	46,882,206	1,798,224		48,680,430
Equipment	22,028,520	838,377	(3,687)	22,863,210
Vehicles and machinery	12,077,262	252,647	(1,143)	12,328,766
Total accumulated depreciation	<u>143,289,689</u>	<u>7,782,498</u>	<u>(4,830)</u>	<u>151,067,357</u>
Total capital assets being depreciated, net	<u>142,120,127</u>	<u>(5,832,650)</u>	<u>(9,658)</u>	<u>136,277,819</u>
Business-type activities capital assets, net	<u>\$ 152,872,191</u>	<u>\$ (5,599,847)</u>	<u>\$ (127,835)</u>	<u>\$ 147,144,509</u>

Depreciation expense was charged to funds as follows:

Business-type activities:	
Water	\$ 1,102,372
Wastewater	4,280,742
Transit	325,547
Electric	1,646,029
Solid Waste	231,704
Airport	196,104
Total business-type activities depreciation expense	<u>\$ 7,782,498</u>

Business-type activities capital assets include assets under capital leases. The amount of assets under capital leases included in buildings and improvements was \$2,915,638 and in equipment was \$4,530,451, and related accumulated depreciation was \$1,716,987 and \$1,923,392, respectively, as of June 30, 2021.

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 5: Long-Term Liabilities

The City's long-term debt for the year ended June 30, 2021 was as follows:

Governmental Activities	Balance June 30, 2020	Additions	Deductions	Balance June 30, 2021	Due Within One Year
Direct borrowing 2004 tax allocation bonds	\$ 1,765,000	\$	\$ 85,000	\$ 1,680,000	\$ 90,000
Direct borrowing capital leases payable	8,704,762		1,339,211	7,365,551	1,269,869
Claims liabilities	6,631,000	2,833,824	1,790,824	7,674,000	1,924,000
Compensated absences	3,634,175	4,862,718	4,416,844	4,080,049	3,832,380
Total	<u>\$ 20,734,937</u>	<u>\$ 7,696,542</u>	<u>\$ 7,631,879</u>	<u>\$ 20,799,600</u>	<u>\$ 7,116,249</u>

Direct Borrowing 2004 Tax Allocation Bonds

During the year ended June 30, 2004, direct borrowing tax allocation bonds in the amount of \$9,955,000 were issued to finance the construction and maintenance of the Aquatic Center, park improvements and other capital improvements. The City has pledged its tax increment and property assessment for repayment of the bonds. The City's former Redevelopment Agency secured \$7,350,000 of the issue amount from future tax increments while the City's Park Maintenance and City Pool Assessment District secured the remaining amount of \$2,605,000 from annual property assessments. The portion of the bonds related to the former Redevelopment Agency have been transferred to the Successor Agency Trust Fund as of February 1, 2012 (See Note 16). The bonds bear interest rates from 2.75% to 4.85%. Principal and interest payments are due each March 2 and September 2 through September 2, 2034. The bonds contain a provision in the event of default, the outstanding principal balance and accrued interest are due and payable immediately. At June 30, 2021, the principal balance outstanding on the City's portion of the bonds was \$1,680,000.

At June 30, 2021, the aggregate maturities of the direct borrowing 2004 tax allocation bonds were as follows:

For the Year Ending June 30,	Principal	Interest	Total
2022	\$ 90,000	\$ 77,550	\$ 167,550
2023	90,000	73,635	163,635
2024	95,000	69,518	164,518
2025	100,000	65,080	165,080
2026	105,000	60,313	165,313
2027-2031	600,000	219,873	819,873
2032-2035	600,000	59,898	659,898
Total	<u>\$ 1,680,000</u>	<u>\$ 625,866</u>	<u>\$ 2,305,866</u>

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 5: Long-Term Liabilities (Continued)

Direct Borrowing Capital Leases Payable

The City leases vehicles and equipment under direct borrowing capital leases that expire through 2035 and are reported as financed purchases of the underlying assets. The city has pledged the underlying assets as collateral on the leases, for a total value of \$2,327,032. The leases contain the provision that in the event of default, the lessor may retake possession of the underlying asset or require payment for the entire balance of the remaining lease term. At June 30, 2021, future minimum payments on direct borrowing capital leases were as follows:

<u>For the Year Ending June 30,</u>	
2022	\$ 1,442,015
2023	1,128,602
2024	1,030,888
2025	937,866
2026	939,353
Thereafter	<u>2,704,628</u>
Total minimum lease payments	8,183,352
Less amounts representing interest	<u>(817,801)</u>
Principal portion of capital lease obligation	7,365,551
Less current principal portion	<u>(1,269,869)</u>
Capital lease obligation, net of current portion	<u><u>\$ 6,095,682</u></u>

The City's business-type long-term debt for the year ended June 30, 2021 was as follows:

<u>Business-type Activities</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Due Within</u> <u>One Year</u>
Direct borrowing 2018 Revenue Bonds - Water	\$ 8,620,000	\$	\$ 660,000	\$ 7,960,000	\$ 690,000
Direct borrowing 2018 Revenue Bonds - Wastewater	13,905,000		655,000	13,250,000	685,000
	22,525,000		1,315,000	21,210,000	1,375,000
Plus: Unamortized bond premium	1,575,637		93,972	1,481,665	
Total revenue bonds	24,100,637		1,408,972	22,691,665	1,375,000
Direct placement Wastewater state loan payable	41,603,732		3,836,494	37,767,238	3,905,083
Direct placement Landfill state loan payable	902,601		97,728	804,873	98,485
Direct borrowing capital leases payable	1,508,824		202,358	1,306,466	207,963
Landfill closure and post-closure costs	7,717,252	138,911		7,856,163	
Total	<u>\$ 75,833,046</u>	<u>\$ 138,911</u>	<u>\$ 5,545,552</u>	<u>\$ 70,426,405</u>	<u>\$ 5,586,531</u>

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 5: Long-Term Liabilities (Continued)

Direct Borrowing Revenue Bonds

Water Refunding Revenue Bonds, 2018 Series A

On April 6, 2018 the City issued \$9,875,000 in direct borrowing Water Refunding Revenue Bonds, 2018 Series A. The proceeds of the bond issue were used to fully extinguish the Water Enterprise's portions of the 1998, 2005, and 2007 revenue bond issues. The refunding resulted in a difference of \$153,693 between the reacquisition price and the net carrying amount of the old debt. This unamortized loss on refunding is reported in the accompanying financial statements as deferred outflows of financial resources and is being amortized as additional interest expense through the year 2037 using the straight-line method and was \$93,260 as of June 30, 2021. The City completed the refunding to reduce its total debt service payment by \$1,866,140 and obtained an economic gain (difference between the present value of the old debt and the new debt service payments) of \$979,951. The bonds bear interest from 3.00% to 5.00% and are due in semi-annual installments on March 1 and September 1 through March 1, 2037. At June 30, 2021, the principal amount outstanding on the bond was \$7,960,000. The City has pledged future water system revenues, net of specific operating expenses, to repay the bonds. The bonds are solely from water customers' net revenues and any moneys in the bond service fund and the reserve fund. For the year ended June 30, 2021, principal and interest paid and total customer net revenues were \$1,017,669 and \$2,616,754 respectively.

Wastewater Refunding Revenue Bonds, 2018 Series A

On April 6, 2018, the City issued \$15,190,000 in direct borrowing Wastewater Refunding Revenue Bonds, 2018 Series A. The proceeds of the bond issue was used to fully extinguish the Wastewater Enterprise's portion of the 1998, 2005, and 2007 revenue bond issues. The refunding resulted in a difference of \$168,029 between the reacquisition price and the net carrying amount of the old debt. This unamortized loss on refunding is reported in the accompanying financial statements as deferred outflows of financial resources and is being amortized as additional interest expense through the year 2037 using the straight-line method and was \$165,049 as of June 30, 2021. The City completed the refunding to reduce its total debt service payment by \$2,101,908 and obtained an economic gain (difference between the present value of the old debt and the new debt service payments) of \$1,528,636. The bonds bear interest from 2.00% to 5.00% and are due in semi-annual installments on March 1 and September 1 through March 1, 2037. At June 30, 2021, the principal amount outstanding on the bond was \$13,250,000. The City has pledged future wastewater system revenues, net of specific operating expenses, to repay the bonds on parity with a pledge that services all parity obligations. The bonds are solely from wastewater customers' net revenues and any moneys in the bond service fund and the reserve fund. For the year ended June 30, 2021, principal and interest paid and total customer net revenues were \$1,215,969 and \$6,824,683, respectively.

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 5: Long-Term Liabilities (Continued)

At June 30, 2021, the aggregate maturities of the direct borrowing revenue bonds were as follows:

For the Year Ending June 30,	Principal	Interest	Total
2022	\$ 1,375,000	\$ 866,038	\$ 2,241,038
2023	1,160,000	811,038	1,971,038
2024	1,210,000	764,638	1,974,638
2025	1,270,000	704,138	1,974,138
2026	1,320,000	640,638	1,960,638
2026-2030	7,035,000	2,170,688	9,205,688
2031-2035	7,045,000	770,619	7,815,619
2036-2038	795,000	26,828	821,828
Total	<u>\$ 21,210,000</u>	<u>\$ 6,754,625</u>	<u>\$ 27,964,625</u>

Direct Placement Wastewater State Loan Payable

On May 3, 2007, the City entered into a direct placement financing contract for the Wastewater Treatment Plant upgrade project from the State Water Resources Control Board (SWRCB). Proceeds borrowed during the construction phase that were converted to the loan payable were \$76,337,875. Under the terms of the agreement, the loan was considered to be interest free during the construction phase with a required matching portion of \$15,267,940 which was equal to 16.67% of the total estimated cost of the project. The total repayment obligation, including imputed interest, to the SWRCB loan was \$91,605,815. Repayment on the loan began during the year ended June 30, 2011 and is due in equal annual payments of \$4,580,291 through 2030. The imputed interest rate on the loan is approximately 1.77%. The note contains a provision that in the event of default, the outstanding principal balance and accrued interest are due and payable immediately. At June 30, 2021, the principal balance outstanding was \$37,767,239.

At June 30, 2021, the aggregate maturities of the direct placement wastewater state loan payable were as follows:

For the Year Ending June 30,	Principal	Interest	Total
2022	\$ 3,905,083	\$ 675,209	\$ 4,580,292
2023	3,974,898	605,393	4,580,291
2024	4,045,962	534,329	4,580,291
2025	4,118,296	461,994	4,580,290
2026	4,191,924	388,367	4,580,291
2027-2030	17,531,075	790,510	18,321,585
Total	<u>\$ 37,767,238</u>	<u>\$ 3,455,802</u>	<u>\$ 41,223,040</u>

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 5: Long-Term Liabilities (Continued)

Direct Placement Landfill State Lease Payable

On March 1, 2017, the City entered into a direct placement financing contract with the State of California, Department of Resources Recycling and Recovery (CalRecycle) and on July 23, 2018 the City secured \$1,000,000 in financing for the Solid Waste Disposal and Codisposal Site Cleanup Program for the City of Lompoc Landfill Gas Collection and Control System (LGCCS) project from CalRecycle. Proceeds of \$948,000 were borrowed for the LGCCS project and were converted to the lease payable in fiscal year 2018-19. The remaining \$52,000 approved financing was disbursed in fiscal year 2019-20. The total repayment obligation, including interest, to the CalRecycle loan is \$1,033,723. Repayment on the loan began during the year ending June 30, 2020, and is due in equal annual payments of \$103,372 through fiscal year 2029. The interest rate on the loan is 0.599% per annum. The note contains a provision that in the event of default, the outstanding principal balance and accrued interest are due and payable immediately. At June 30, 2021, the principal balance outstanding was \$804,873.

At June 30, 2021, the aggregate maturities of the direct placement landfill state loan payable were as follows:

<u>For the Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 98,485	\$ 4,888	\$ 103,373
2023	99,071	4,301	103,372
2024	99,684	3,688	103,372
2025	100,290	3,083	103,373
2026	100,899	2,474	103,373
2026-2029	306,445	3,734	310,179
Total	<u>\$ 804,873</u>	<u>\$ 22,168</u>	<u>\$ 827,041</u>

Direct Borrowing Capital Leases Payable

The City leases vehicles and equipment under direct borrowing capital leases that expire through 2035 and are reported as financed purchases of the underlying assets. The city has pledged the underlying assets as collateral on the leases, for a total value of \$2,890,532. The leases contain the provision that in the event of default, the lessor may retake possession of the underlying asset or require payment for the entire balance of the remaining lease term.

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 5: Long-Term Liabilities (Continued)

At June 30, 2021, future minimum payments on direct borrowing capital leases were as follows:

<u>For the Year Ending June 30,</u>		
2022	\$	243,319
2023		243,319
2024		210,862
2025		210,865
2026		210,865
Thereafter		316,300
Total minimum lease payments		1,435,530
Less amounts representing interest		(129,064)
Principal portion of capital lease obligation		1,306,466
Less current principal portion		(207,963)
Capital lease obligation, net of current portion	\$	1,098,503

Landfill Closure and Post-Closure Costs

State and federal laws and regulations require the City to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The landfill closure and post-closure care liability is \$7,856,162 at June 30, 2021, and represents the cumulative amount based on the use of 52.7% of the estimated capacity of the landfill used to date. This amount is based on what it would cost to perform all closure and post-closure care in 2021. The estimated total current cost of closure and post-closure care remaining to be recognized is \$7,042,160. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The City expects to close the landfill in the year 2047.

The City is required by state and federal laws and regulations to make annual contributions to the reserve account to finance closure and post-closure care. The City is in compliance with these requirements, and at June 30, 2021, restricted net position in the amount of \$4,142,700 was designated for this purpose. The City expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users.

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 6: Pension Plans

The City contributes to CalPERS for its employees. The City participates in one agent-multiple employer plan for its miscellaneous employees (Miscellaneous Plan) and one cost-sharing employer plan with five tier groups for its safety employees (Safety Plan). The Miscellaneous Plan is described in the first section of this footnote under Agent-Multiple Employer Plan and the Safety Plan follows and is described in the second section of this footnote under Cost-Sharing Employer Plan. The portion of the Miscellaneous Plan that has been allocated to the Successor Agency Trust Fund, a Private-purpose Trust Fund, is included in the Miscellaneous Plan summaries in this footnote. A summary of the government-wide balances for all Plans at June 30, 2021 are as follows:

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Miscellaneous Plan	\$ 62,354,604	\$ 10,442,574	\$ 847,595	\$ 8,782,315
Safety Plan	34,903,363	8,096,967	703,478	4,974,094
Less Successor Agency Fund	(318,558)	(54,006)	(8,930)	(3,756)
Total Government-Wide	\$ 96,939,409	\$ 18,485,535	\$ 1,542,143	\$ 13,752,653

Agent-Multiple Employer Plan

General Information about the Pension Plans

Plan Description. As noted above, the City contributes to CalPERS for a defined benefit pension plan for all qualified permanent and probationary employees. CalPERS acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and City 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 at <https://www.calpers.ca.gov/>

Subsequent Events. On November 15, 2021, the CalPERS Board of Administration selected a new asset allocation mix that will guide the fund's investment portfolio for the next for years, while at the same time retaining the current target rate of return. The Board also approved adding 5 percent leverage to increase investment diversification. The new asset allocation takes effect July 1, 2022 and is expected to decrease employer contribution rates from less than 1 percent to a decrease of more than 2 percent depending on the plan type. Employees in the PEPRAs plans will likely see increases in their contribution rates. Contribution changes will take effect in fiscal year 2023-24.

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 the plan are applied as specified by the Public Employees' Retirement Law.

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 6: Pension Plans (Continued)

The Miscellaneous Plan's provisions and benefits in effect at June 30, 2021, are summarized as follows:

	Miscellaneous		
	Prior to November 19, 2011	November 19, 2011 to December 31, 2012	On or after January 1, 2013
Hire date			
Benefit formula	2.7% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 63	52 - 67
Monthly benefits, as a % eligible compensation	2.0% to 2.7%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8%	7%	7%
Required employer contribution rates	35.281%	35.281%	35.281%

While the City's Miscellaneous Plan is not closed to new entrants, the component option of 2.7% @ 55 is closed to new entrants. Classic Members, as defined by CalPERS, entering the City's Miscellaneous Plan would enter the 2% @ 60 option while New Members, as defined by CalPERS, entering the City's Miscellaneous Plan would enter the 2% @ 62 option.

Employees Covered

At June 30, 2020, the measurement date, the following employees were covered by the benefit terms for the Miscellaneous plan.

	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	387
Inactive employees entitled to but not yet receiving benefits	230
Active employees	265
Total	<u>882</u>

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 the Plan 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 City is required to contribute to CalPERS the difference between the actuarially determined rate and the contribution rate of employees. City contribution rates may change if plan contracts are amended.

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 6: Pension Plans (Continued)

Net Pension Liability

The City's net pension liability for the Miscellaneous Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions. The total pension liabilities were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.625%
Projected Salary Increase	Varies by Entry Age and Service
Mortality Rate Table	(1)
Post Retirement Benefit Increase	(2)

(1) Derived using CalPERS' Membership Data for all Funds

(2) The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter

The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website at <https://www.calpers.ca.gov/docs/forms-publications/calpers-experience-study-2017.pdf>.

Change in Assumption. There were no changes of assumptions in 2020 or 2019. In 2018, demographic assumptions and the inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 6: Pension Plans (Continued)

Discount Rate. The discount rate used to measure the total pension liability was 7.15% for the Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and the contributions from the City will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return. 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 compounded returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded 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 equal to the single equivalent rate and adjusted to account for assumed administrative expenses.

The following table reflects the long-term expected real rate of return by asset class. These rates of return are net of administrative expenses.

<u>Asset Class (a)</u>	<u>Miscellaneous</u>		
	<u>Current Target Allocation</u>	<u>Real Return Years 1 - 10 (b)</u>	<u>Real Return Years 11 + (c)</u>
Global equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00	2.62
Inflation sensitive		0.77	1.81
Private equity	8.00%	6.30	7.23
Real assets	13.00%	3.75	4.93
Liquidity	1.00%		(0.92)
Total	<u>100.0%</u>		

(a) In the System's ACFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in Global Equity Securities and Global Debt Securities

(b) An expected inflation of 2.00% used for this period

(c) An expected inflation of 2.92% used for this period.

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 6: Pension Plans (Continued)

Changes in the Net Pension Liability

The change in the Net Pension Liability for the Miscellaneous Plan follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2019, Measurement date	\$ 204,245,141	\$ 145,736,761	\$ 58,508,380
Changes in the year:			
Service Cost	3,022,285		3,022,285
Interest on the Total Pension Liability	14,347,656		14,347,656
Difference between Expected and Actual Experience	327,218		327,218
Net Plan to Plan Resource Movement			
Contributions - Employer		5,535,853	(5,535,853)
Contributions - Employees		1,287,807	(1,287,807)
Net Investments Income		7,232,728	(7,232,728)
Contributions	(10,833,988)	(10,833,988)	
Administrative Expense		(205,453)	205,453
Other Miscellaneous Income/(Expense)			
Net Change	<u>6,863,171</u>	<u>3,016,947</u>	<u>3,846,224</u>
Balance at June 30, 2020, Measurement date	<u>\$ 211,108,312</u>	<u>\$ 148,753,708</u>	<u>\$ 62,354,604</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the City for the Miscellaneous Plan, calculated using the discount rate for the Miscellaneous Plan, as well as what the City's 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:

	Discount Rate		
	6.15%	7.15%	8.15%
	(1% Decrease)	(Current Rate)	(1% Increase)
Miscellaneous Plan Net Pension Liability	\$88,939,630	\$62,354,604	\$40,305,198

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 6: Pension Plans (Continued)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

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

For the year ended June 30, 2021, the City's pension expense for the Miscellaneous Plan was \$8,782,315 of which \$8,743,876 was recognized as pension expense for the City and \$38,438 was recognized as pension expense for the Successor Agency Trust Fund. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of related to pensions from the following sources:

	Miscellaneous	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 7,649,735	\$
Change of assumptions		(62,610)
Difference between expected and actual experience	919,660	
Net difference between projected and actual earnings on plan investments	1,873,179	(784,985)
Total	\$ 10,442,574	\$ (847,595)

The deferred outflows of resources related to contributions subsequent to the measurement date of \$7,649,735 will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense (income) as follows:

Miscellaneous	
Measurement Periods Ended June 30:	Amount
2021	\$ 139,658
2022	461,142
2023	742,426
2024	602,018
	\$ 1,945,244

Payable to the Pension Plan

For the year ended June 30, 2021, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan as required.

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 6: Pension Plan (Continued)

Cost-Sharing Employer Plan

General Information about the Pension Plan

Plan Description. As noted above, the City contributes to CalPERS for a defined benefit pension plan for all qualified permanent and probationary employees. CalPERS acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and City 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 at <https://www.calpers.ca.gov>.

The City participates in one safety cost-sharing multiple-employer plan with five tiers. The Safety Plan consists of Police and Fire Tier 1, Police Tier 2, Fire Tier 2, Police PEPRA and Fire PEPRA.

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.

The Plan's provisions and benefits in effect at June 30, 2021, are summarized as follows:

	Safety		
	Police Tier 1	Police Tier 2	Police PEPRA
	Prior to November 19, 2011	November 19, 2011 to December 31, 2012	On or after January 1, 2013
Hire date			
Benefit formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.00%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	8.99%	8.99%	13.75%
Required employer contribution rates	80.19%	23.01%	14.40%
	Fire Tier 1	Fire Tier 2	Fire PEPRA
	Prior to September 24, 2011	September 24, 2011 to December 31, 2012	On or after January 1, 2013
Hire date			
Benefit formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.00%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	8.99%	8.99%	13.75%
Required employer contribution rates	80.19%	24.01%	14.41%

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 6: Pension Plans (Continued)

The Police Tier 1 effective prior to November 19, 2011 and the Fire Tier 1 effective prior to September 24, 2011 are closed to new entrants.

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 July 1 following notice of a change in the rate. Funding contribution 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 City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Employer contributions for years ended June 30, were as follows:

Annual Employer Contributions	Fiscal Year Paid		
	2018/19	2019/20	2020/21
Safety Police & Fire Tier 1	\$ 2,460,765	\$ 2,747,374	\$ 3,849,199
Safety Police Tier 2	90,668	75,642	86,220
Safety Fire Tier 2	48,583	51,830	42,676
Safety Police PEPRA	123,496	110,168	138,194
Safety Fire PEPRA	129,363	161,624	184,009
	<u>\$ 2,852,875</u>	<u>\$ 3,146,638</u>	<u>\$ 4,300,298</u>

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

The City reported net pension liabilities for its proportionate share of the net pension liability for the year ended June 30, 2021 was as follows:

City Proportionate Share of the Net Pension Liability \$ 34,903,363

The City's net pension liability for Safety Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2020, and the total pension liability for the Plan used to calculate the net liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 6: Pension Plans (Continued)

The City's proportionate share of the net pension liability for its Safety Plan was as follows:

	Percentage Share of Risk Pool		Change
	6/30/2020	6/30/2021	Increase/(Decrease)
Net Pension Liability Ended June 30			
Measurement Date	6/30/2019	6/30/2020	
Percentage	0.316%	0.321%	0.005%

For the year ended June 30, 2021, the City recognized pension expense of \$4,974,094 for the Safety Plan.

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions for the Safety Plan from the following sources:

	Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 4,300,298	\$
Difference between expected and actual experience	2,706,578	
Change in assumptions		(116,264)
Net differences between projected and actual earnings on plan investments	758,597	
Change in employer's proportion	331,494	(63,575)
Difference between the employer's contribution and the employer's proportionate share of contributions		(523,639)
Total	\$ 8,096,967	\$ (703,478)

The deferred outflows of resources related to contributions subsequent to the measurement date of \$4,300,298 will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense (income) as follows:

Safety	
Measurement Periods	
Ended June 30:	Amount
2022	\$ 638,635
2023	1,226,399
2024	848,059
2025	380,098
	\$ 3,093,191

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 6: Pension Plans (Continued)

Actuarial Assumptions. The total pension liabilities in the June 30, 2019 actuarial valuations for the Safety Plan was determined using the following actuarial assumptions:

	Safety
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.500%
Projected Salary Increase	Varies by Entry Age and Service
Post Retirement Benefit Increase	(1)
Mortality	(2)

(1) Contract COLA up to 2.50% until purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter.

(2) Derived using CalPERS' Membership Data for all Funds.

The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90 percent of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website:

<https://www.calpers.ca.gov/docs/forms-publications/calpers-experience-study-2017.pdf>

Change in Assumption. For the June 30, 2020 measurement period, the demographic assumptions and inflation rate did not change from the prior year. Net Pension Liability assumptions are from the CalPERS report Schedule of Employer Allocations for Components of Net Pension Liability and Schedule of Collective Pension Amounts that can be found on the CalPERS website: <https://www.calpers.ca.gov/docs/forms-publications/gasb-68-public-agency-schedules-2020.pdf>

Discount Rate. The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 6: Pension Plans (Continued)

Long-term Expected Rate of Return. The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future 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 (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded 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 equal to the single rate and adjusted to account for assumed administrative expenses.

The following table reflects the long-term expected real rate of return by asset class. These rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>Safety</u>		
	<u>Current Target Allocation</u>	<u>Real Return Years 1 - 10 (a)</u>	<u>Real Return Years 11 + (b)</u>
Global equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation sensitive		0.77%	1.81%
Private equity	8.0%	6.30%	7.23%
Real assets	13.0%	3.75%	4.93%
Liquidity	1.0%		-0.92%
Total	<u>100.0%</u>		

(a) An expected inflation of 2.00% used for this period

(b) An expected inflation of 2.92% used for this period.

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 6: Pension Plans (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 the Safety Plan, calculated using the discount rate for the safety 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 as follows:

	Discount Rate		
	6.15% (1% Decrease)	7.15% (Current Rate)	8.15% (1% Increase)
Risk Pool Total Pension Liability (TPL)	\$ 28,148,047,850	\$ 24,782,493,361	\$ 22,020,737,456
Employer's Actuarial Accrued Liability	0.42731%	0.42731%	0.42731%
Proportionate share of TPL	120,279,423	105,898,072	94,096,813
Proportionate share of Fiduciary Net Position (FNP)	70,994,709	70,994,709	70,994,709
Net Pension Liability	\$ 49,284,714	\$ 34,903,363	\$ 23,102,104

Pension Plan Fiduciary Net Position. Detailed information about each safety plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

For the year ended June 30, 2021, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan as required.

Note 7: Other Post-Employment Benefits

General Information about Other Post-Employment Benefits

The City participates in one agent-multiple employer plan to provide other post-employment benefits (OPEB) for its employees (OPEB plan). A portion of the OPEB plan has been allocated to the Successor Agency Trust Fund, a private-purpose trust fund, and is included in the OPEB plan summaries in this footnote. A summary of the governmental-wide balances for the OPEB plan at June 30, 2021 is as follows:

	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Plan	\$ 339,968	\$ 1,642,332	\$ 3,647,989
Less Successor Agency Fund	(379)	(2,121)	(4,709)
Total Government-Wide	\$ 339,589	\$ 1,640,211	\$ 3,643,280

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 7: Other Post-Employment Benefits (Continued)

Plan Description. The City's primary other post-employment benefits (OPEB) cost obligation is for retiree health benefits under its election to participate in the California State Associations of Counties – Excess Insurance Authority's (CSAC-EIA) health care plans, an agent multiple-employer defined benefits OPEB plan (the Plan). Effective December 31, 2018, the City changed medical providers, leaving the CalPERS Health Benefit Program under the Public Employees' Medical and Hospital Care Act (PEMHCA), and joined the CSAC-EIA health care plan. This change in plans eliminated the required employer contribution for measurement periods starting January 1, 2019.

Benefits Provided. Benefits Provided. In addition to the pension benefits described in Note 6, the City provides post-employment health care insurance, in accordance with Memorandums of Understanding, to all employees who retire on or after age 50 with at least 15 years of OPEB-credited service and a minimum of 10 consecutive years of full-time permanent City service. Additional provisions exist for disability retirement. At the measurement date, 126 retirees were receiving benefits under the plan. Retirees need to elect to receive benefits under the plan upon retirement and if they do not, they are ineligible to elect in at any time in the future. The City pays a percentage of the cost incurred by pre-Medicare retirees toward health, dental and vision insurance, beginning with 50% with 15 years of service and increasing 2.5% with each year, to a maximum of 75% with 25 years of service. The City also reimburses a fixed amount up to \$100 per month for a Medicare supplement for the 65 retirees eligible for Medicare.

During the fiscal year ended June 30, 2009, the City entered into an agreement with California Employers' Retiree Benefit Trust (CERBT) to pre-fund the City's OPEB liability. CERBT is a tax-qualified irrevocable trust organized under Internal Revenue Code Section 115 and established to pre-fund retiree healthcare benefits. CERBT issues a publicly available financial report including GASB Statement No. 74 disclosure information in aggregate with other CERBT participating employers. That report may be obtained by contacting CalPERS, Prefunding Programs – CERBT (OPEB), P.O. Box 1494, Sacramento, California 95812-1494 or visiting their website at <https://www.calpers.ca.gov/page/employers/benefit-programs/cerbt>.

The Plan's provisions and benefits in effect at June 30, 2021, are summarized as follows:

Benefit vesting:	15 years of OPEB credited service and a minimum of 10 consecutive years of full-time permanent City service plus non-disability retirement into the CalPERS retirement system – or – disability retirement with a minimum of 20 consecutive years of full-time permanent City service regardless of age
Monthly benefit:	Fixed monthly amount upon application by retiree and entrance to Medicare of \$16/month for Police and \$100/month for all other employee groups except IAFF
Additional benefit:	Minimum of 50% of monthly covered premium, increasing 2.5% per year of service to a maximum of 75% of monthly covered premium.
Benefit age:	65+ for Medicare benefit 50 – 65 for additional benefit

Required employee contribution rate: 0.0%

Required employer contribution rate: 3.0%

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 7: Other Post-Employment Benefits (Continued)

Employees Covered

At June 30, 2020, the measurement date, the following employees were covered by the benefit terms for the Plan:

	OPEB Plan
Inactive employees or beneficiaries currently receiving benefits	126
Inactive employees entitled to but not yet receiving benefits	
Active employees	331
Total	457

Contributions. The contribution requirements of the plan members and the City are established and may be amended by the City. The City prefunds the plan through CERBT by contributing at least 100% of the actuarially determined contribution.

Net OPEB Liability

The City's net OPEB liability for the Plan is measured as the total OPEB liability, less the Plan's fiduciary net position. The net OPEB liability of the Plan is measured as of June 30, 2020, using an annual actuarial valuation as of June 30, 2019. A summary of principal assumptions and methods used to determine the net liability is shown below.

Actuarial Assumptions. The total OPEB liabilities in the June 30, 2020 measurement were determined using the following actuarial assumptions:

	Plan
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020
Discount Rate	6.75%
Inflation	2.75%
Dental & Vision trend	3.75%
Medical Trend	
Pre-Medicare	7.25% for 2021 decreasing to 4.0% for 2076 and later
Medicare	6.3% for 2021 decreasing to 4.0% for 2076 and later
Projected Salary Increase	3.00%
Investment rate of return	6.75%
Mortality, Termination, Disability, Service Retirement	[1]
Participation at Retirement for future retirees	
Additional benefit:	95% age < 65 65% age >= 65
Dependent coverage at retirement	
Future retirees under 65	10% Miscellaneous 25% Safety

[1] The underlying mortality, termination, disability, and service retirement assumptions used in the June 30, 2019 valuation were based on the results of the CalPERS 1997-2015 Experience Study. Further details of the Experience study can be found on the CalPERS website.

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 7: Other Post-Employment Benefits (Continued)

Change in Assumptions. For the June 30, 2020 Measurement date, the ACA Excise Tax was removed due to the December 2019 repeal.

Discount Rate. The discount rate used to measure the total OPEB liability was 6.75% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, the actuary stress tested the Plan that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, the Plan does not run out of assets. Therefore, the current 6.75% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 6.75% is applied to the Plan. The stress test results are presented in the detailed actuarial report that can be obtained from the City of Lompoc.

Investments. The following table reflects the expected real rate of return by asset class. The rates of return are presented as geometric means developed over a 20 year period. The current target allocations are from the CERBT Fund Policy Effective October 1, 2018. These rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>Current Target Allocation *</u>	<u>Expected Real Rate of Return</u>
Equities	59%	4.82%
Fixed income	25%	1.47%
Treasury Inflation-Protected Securities	5%	1.29%
Commodities	3%	0.84%
Real Estate Investment Trusts	8%	3.76%
	<u>100%</u>	
Assumed Long-Term Rate of Inflation		2.75%
Expected Long-Term Net Rate of Return		6.75%
Discount Rate		6.75%

* CERBT Strategy 1; policy target effective October 1, 2018.

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 7: Other Post-Employment Benefits (Continued)

Changes in Net OPEB Liability

The changes in the net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2020 **	\$ 17,644,936	\$ 15,268,201	\$ 2,376,735
Changes for the year:			
Services cost	657,132		657,132
Interest	1,184,053		1,184,053
Changes of benefit terms			
Difference between expected and actual experience			
Changes of assumptions	(265,934)		(265,934)
Contributions - employer		3,064,851	(3,064,851)
Net investment income		586,104	(586,104)
Benefit payments *	(1,521,071)	(1,521,071)	
Administrative expense		(38,937)	38,937
Net change	54,180	2,090,947	(2,036,767)
Balance at June 30, 2021 ***	\$ 17,699,116	\$ 17,359,148	\$ 339,968

* Includes implied subsidy benefit payments of \$346,000.

** Measurement date of June 30, 2019.

*** Measurement date of June 30, 2020.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the City for the Plan, calculated using the discount rate for the Plan, as well as what the City's net OPEB 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:

	Discount Rate		
	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
Plan's Net OPEB Liability (Asset)	\$ 1,878,341	\$ 339,968	\$ (1,043,678)

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates. The following presents the net OPEB liability, as well as what the net OPEB would be if it were calculated using healthcare cost trends rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	Healthcare Trend Rate		
	1% Decrease	Current Rate	1% Increase
Plan's Net OPEB Liability (Asset)	\$ (1,319,216)	\$ 339,968	\$ 2,273,545

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 7: Other Post-Employment Benefits (Continued)

OPEB Plan Fiduciary Net Position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CalPERS financial reports on the CERBT.

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

For the year ended June 30, 2021, the City recognized expense of \$161,097 of which \$160,889 was recognized as OPEB expense for the City and \$208 was recognized as OPEB income for the Successor Agency Trust Fund. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experiences	\$	\$ 3,384,492
Change of assumptions		263,497
Net difference between projected and actual earnings on plan investments	388,080	
City contributions subsequent to the measurement date	1,254,252	
	<u>\$ 1,642,332</u>	<u>\$ 3,647,989</u>

The deferred outflows of resources related to contributions subsequent to the measurement date of \$1,254,252 will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as pension expense (income) as follows:

Plan	
Measurement Periods Ending June 30:	Deferred Outflows/ (Inflows) of Resources
2021	\$ (593,675)
2022	(516,675)
2023	(502,829)
2024	(522,753)
2025	(631,003)
Thereafter	(492,974)
	<u>\$ (3,259,909)</u>

Payable to the OPEB Plan

For the year ended June 30, 2021, the City reported a payable of \$0 for the outstanding amount of contributions to the OPEB plan as required.

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 8: Interfund Transactions

Interfund Receivables and Payables (Due to/Due From)

Interfund receivables and payables include temporary negative cash balances that result from the timing of cash flows at year end and the time lag between the dates that transactions are recorded in the accounting system and payment between funds are made. Liquidation of interfund receivables and payables typically occurs in the first quarter of the subsequent fiscal year. Interfund balances between governmental funds are not included in the government-wide Statement of Net Position.

At June 30, 2021, interfund receivables and payables were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$	\$ 303,459
Internal Service Funds	303,459	3,869,905
Enterprise Funds	4,007,253	
Other Enterprise Funds		137,348
Total	<u>\$ 4,310,712</u>	<u>\$ 4,310,712</u>

Interfund receivables and payables within the same fund type of \$440,807 are excluded from the Statement of Net Position. The interfund balance on the Statement of Net Position excludes this amount, as it nets to zero.

Included within the Electric Utility Fund and the Communication Fund is an interfund balance of \$3,869,906 that will not be repaid within one year. The arrangement was established to develop broadband services and repayment will be as revenues become available in the Communication Fund.

Interfund Transfers

Interfund transfers are used to move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due and to move unrestricted fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as matching funds for various grant programs.

For the year ended June 30, 2021, interfund transfers were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 4,106,224	\$ 555,775
Other Governmental Funds	315,978	2,120,860
Internal Service Funds	410,773	
Enterprise Funds		2,156,340
Total	<u>\$ 4,832,975</u>	<u>\$ 4,832,975</u>

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 8: Interfund Transactions (Continued)

Interfund transfers within the same fund type, which net to zero, of \$2,676,635 are excluded from the Statement of Activities which reports a transfers balance \$2,156,340.

Note 9 : Revenue Limitations Imposed By California Proposition 218

Proposition 218, which was approved by voters in November 1996, regulates the City's ability to impose, increase and extend taxes, assessments, 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 are subject to the voter initiative process and may be rescinded in future years by the voters. Therefore, the City's ability to finance the services for which the taxes, assessments, and fees were imposed may be significantly impaired.

Note 10: Risk Management

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

The Self-Insured Retention (SIR) for property insurance is \$25,000. Insurable property is generally covered for all risks, excluding earthquake and flood, by a policy with an aggregate limit of \$119.48 million. Various unique risks, such as boilers, machinery and data processing equipment are also insured.

On July 1, 2003, the City joined the California Public Entity Insurance Authority (CPEIA) for the purpose of purchasing excess liability and workers' compensation insurance. The CPEIA was formed under the Joint Powers Agreement (JPA) provision of state law (Government Codes 990, 990.4, 990.8, and 6500-6515). In addition, CPEIA is governed by bylaws adopted by the JPA members. The fund is directed by a board of directors comprised of representatives elected from the various participating municipal agencies. The allocation of the liability insurance policy costs are calculated based on the recommendations of insurance brokers/consultants using recognized insurance experience rating techniques. Separate financial statements of CPEIA may be obtained by writing the Accounting Department, CSAC-Excess Insurance Authority, 75 Iron Point Circle, Suite 200, Folsom, CA 95630, or by phoning (916) 850-7300.

The City's self-insured liability retention (SIR) is \$100,000 per occurrence, and excess insurance through CPEIA provides coverage to a maximum of \$15,000,000 per occurrence. The City's self-insured retention (SIR) for workers' compensation is \$300,000 per occurrence and excess insurance through CPEIA provides coverage to a maximum of \$50,000,000 per occurrence. There were no significant reductions in insurance coverage from the prior year. For fiscal years ended June 30, 1996 through 2021, no claims settlements have exceeded insurance coverage.

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 10 : Risk Management (Continued)

The City's self-insurance fund is financed through contributions made by the City's general fund and enterprise funds. Third-party administration provides data on estimated claims liabilities that are paid and reserves. As of June 30, 2021, the estimated outstanding liability was \$6,718,000 for workers' compensation and \$956,000 for general liability. The estimated liabilities for incurred but not reported (IBNR) claims for both programs was \$3,370,000 at June 30, 2021. Such amounts have been accrued in the accompanying financial statements in the self-insurance internal service fund.

Changes in balances of claims liabilities for general liability and workers' compensation insurance were as follows:

Estimated unpaid claims liability 6/30/19	\$ 6,932,000
Incurred claims and increase in estimated claims liability at 6/30/18	561,869
Claim payments	<u>(862,869)</u>
Estimated unpaid claims liability 6/30/20	6,631,000
Incurred claims and increase in estimated claims liability at 6/30/19	2,833,824
Claim payments	<u>(1,790,824)</u>
Estimated unpaid claims liability 6/30/21	<u>\$ 7,674,000</u>

Note 11 : Joint Venture (Joint Power Agreements)

The City of Lompoc participates in two joint ventures under joint powers agreements, Northern California Power Agency (NCPA) and Transmission Agency of Northern California (TANC).

NCPA is a nonprofit, joint powers agency of the State of California and is comprised of 11 cities, one port authority, a transit authority, and two other associate member entities. The Agency is generally empowered to purchase, generate, transmit, distribute, and sell electrical energy. The Agency is governed by a Commission comprised of one representative for each member. The Commission is responsible for the general management of the affairs, property and business of the Agency. Separate financial statements of the agency may be obtained by writing NCPA, 651 Commerce Dr., Roseville, California 95678-6411.

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 11 : Joint Venture (Joint Power Agreements) (Continued)

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

While the City is in part contingently liable for a certain portion of the long-term debt of each agency, the joint venture's continued existence does not depend upon the continued funding and/or participation by the City. The City's participating percentage in each agency is 3.649% and .009% for NCPA and TANC, respectively, and is below that which would be considered a "controlling or significant influence." Therefore, the City's interests in NCPA and TANC are not equity interests.

Under the terms of the NCPA and TANC joint power agency agreements, the City is contingently liable, directly or indirectly, for a portion of the long-term debt of these agencies under a take-or-pay or guarantee arrangement. The participation percentage for NCPA was 3.649% and .009% for TANC.

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

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 11 : Joint Venture (Joint Power Agreements) (Continued)

For the year ended June 30, 2020, the most recent information available, the combined financial information for the joint power agencies (in thousands) were as follows:

	2020	2020
	NCPA	TANC
Assets		
Current assets	\$ 184,673	\$ 81,502
Non-current assets	148,482	3,850
Property, equipment and capital project costs	474,821	263,399
Other assets	226,154	0.2
Deferred outflows of resources	101,256	965
Total assets and deferred outflows	<u>\$ 1,135,386</u>	<u>\$ 349,716</u>
Liabilities and Capitalization		
Current liabilities	\$ 118,860	\$ 15,715
Non-current liabilities	282,347	7,200
Long-term debt and other liabilities	600,636	274,361
Deferred inflows of resources	93,152	
Members' capital	40,391	52,440
Total liabilities, deferred inflows, and capitalization	<u>\$ 1,135,386</u>	<u>\$ 349,716</u>
Revenues:		
Interest	\$ 8,668	\$ 561
Operating revenues and other revenues	608,282	49,674
Total revenues	<u>616,950</u>	<u>50,234</u>
Costs and expenses:		
General and other operating costs	565,454	26,078
Interest and other financing costs	39,385	6,775
Total costs and expenses	<u>604,839</u>	<u>32,853</u>
Reserve additions and refunds	<u>(10,096)</u>	<u>556</u>
Net income	2,015	17,938
Net Position		
Beginning of year	38,376	34,502
End of year	<u>\$ 40,391</u>	<u>\$ 52,440</u>

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 12: Net Position and Fund Balance Deficiencies

At June 30, 2021, the City had negative net positions and fund balance in the following funds:

	Ending Fund Balance/Net Position
Solid Waste Disposal	\$ (989,666)
Broadband	(209,624)
Insurance Control	(575,963)
Communications	(2,536,410)

Note 13: Airport Operating Leases

The City acquired the airport in 1991. As of June 30, 2021, there were 21 long-term lease agreements with the City. The leases include rental of airport hangars, a land lease with the City's wastewater fund, a land lease with a private party, and tie down revenues. Each lease is set with terms specific to the rates set at the time of the lease and the size of the hanger or land. A majority of the leases have a consumer price index (CPI) inflator in the lease. The most common inflator has a 1% above the CPI with minimum of a 3% increase. Leases range from 5 years to 40 years.

Amounts collected for rentals and leases for the year ended June 30, 2021, were \$334,546.

At June 30, 2021, the future minimum long-term lease revenues were as follows:

<u>For the Year Ending June 30,</u>	
2022	\$ 157,145
2023	161,133
2024	147,239
2025	127,915
2026	130,911
2027-2031	647,289
Thereafter	<u>2,439,729</u>
Total	<u>\$ 3,811,361</u>

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 14 : Contingencies and Commitments

Contingent Liabilities

The City is presently involved in certain matters of litigation that have arisen in the normal course of conducting City business. City management believes, based upon consultation with the City Attorney, that these cases, in the aggregate, are adequately covered by insurance and not expected to result in a material adverse financial impact on the City.

Grant Commitments

The City had received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

Construction Commitments

Construction and other significant commitments were \$2,198,276 as of June 30, 2021. Long-term construction contracts are billed and paid on a percentage of completion basis by construction phase.

Note 15: Successor Agency Trust for Assets of Former Redevelopment Agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill IX 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 Lompoc 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 February 1, 2011, the City of Lompoc became the Successor Agency for the Lompoc Redevelopment Agency and assumed the assets and liabilities of the Lompoc Redevelopment Agency. This assumption is by operation of law pursuant to California Health and Safety Code subsections 34171(j) and 34173(d)(1).

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).

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 15: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

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 of 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.

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 therefore is a 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.

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 legal entities as of February 1, 2012. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund, the Trust Fund) in the financial statements of the City.

Local Agency Investment Fund (LAIF)

The Trust Fund had \$231,606 in cash and investments as of June 30, 2021, that was held in LAIF which represented 13.3% of total cash and investments. The City manages the Trust Fund's cash and investments in a manner consistent with the rest of its cash and investment pool. Refer to Note 2 for additional information regarding LAIF.

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 15: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

Cash with Fiscal Agent

The California Government code provides that these monies, in the absence of specific statutory provisions governing the issuance of bonds, certificates, or leases, may be invested in accordance with the ordinance, resolutions, or indentures specifying the types of investments its fiscal agents may make. These ordinances, resolutions, and indentures are generally more restrictive than the Trust Fund's general investment policy. In no instance have additional types of investments, not permitted by the Trust Fund's general investment policy, been authorized.

At June 30, 2021, cash and investments consisted of the following:

	<u>Fair Value</u>	<u>Percent of Portfolio</u>
Cash and cash equivalents:		
Deposits with financial institutions	\$ 72,119	4.1%
Investments:		
Local Agency Investment Fund (LAIF)	231,606	13.3%
Cash with fiscal agents	1,392,491	79.9%
Certificates of Deposits	3,639	0.2%
Corporate Bonds	17,713	1.0%
US Government Securities	25,004	1.4%
Total	<u>\$ 1,742,571</u>	<u>100.0%</u>

Long-term Liabilities

The changes in long-term liabilities for the year ended June 30, 2021 were as follows:

	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2021</u>	<u>Due within One Year</u>
Direct borrowing 2004 tax allocation bonds	\$ 4,855,000	\$	\$ 230,000	\$ 4,625,000	\$ 240,000
Direct borrowing 2010 tax allocation bonds	6,970,000		200,000	6,770,000	210,000
Compensated absences	9,626		2,587	7,039	
Total	<u>\$ 11,834,626</u>	<u>\$</u>	<u>\$ 432,587</u>	<u>\$ 11,402,039</u>	<u>\$ 450,000</u>

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 15: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

Direct Borrowing 2004 Tax Allocation Bonds

During the year ended June 30, 2004, the former redevelopment agency issued \$7,350,000 of direct borrowing tax allocation bonds to finance the construction projects relating to the Aquatic Center. The former Agency had pledged its tax increment for the repayment of the bonds. The bonds bear interest rates from 2.75% to 4.85%. Principal and interest payments are due each March 2 and September 2 through September 2, 2034. The bonds contain a provision that in the event of default, the outstanding principal balance and accrued interest are due and payable immediately. At June 30, 2021, the principal balance outstanding was \$4,625,000.

At June 30, 2021, the aggregate maturities of the direct borrowing 2004 tax allocation bonds were as follows:

<u>For the Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 240,000	\$ 223,668	\$ 463,668
2023	250,000	213,678	463,678
2024	265,000	203,018	468,018
2025	275,000	191,555	466,555
2026	290,000	179,268	469,268
2027-2031	1,660,000	683,543	2,343,543
2032-2035	1,645,000	252,591	1,897,591
Total	<u>\$ 4,625,000</u>	<u>\$ 1,947,321</u>	<u>\$ 6,572,321</u>

Direct Borrowing 2010 Tax Allocation Bonds

During 2010, the former redevelopment agency issued \$8,385,000 of direct borrowing tax allocation bonds to finance the construction projects relating to the Community and Senior Center and a dehumidification system for the Aquatic Center. The former Agency had pledged its tax increment for the repayment of the bonds. The bonds bear interest rates from 2.00% to 5.75%. Principal and interest payments are due each March 1 and September 1 through September 1, 2039. The bonds contain a provision that in the event of default, the outstanding principal balance and accrued interest are due and payable immediately. At June 30, 2021, the principal balance outstanding was \$6,770,000.

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 15: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

At June 30, 2021, the aggregate maturities of the direct borrowing 2010 tax allocation bonds were as follows:

<u>For the Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 210,000	\$ 396,281	\$ 606,281
2023	225,000	386,031	611,031
2024	230,000	375,016	605,016
2025	245,000	363,213	608,213
2026	255,000	350,744	605,744
2027-2031	1,510,000	1,532,469	3,042,469
2032-2035	2,005,000	1,057,250	3,062,250
2036-2040	2,090,000	398,699	2,488,699
	<u>\$ 6,770,000</u>	<u>\$ 4,859,703</u>	<u>\$ 11,629,703</u>

Pensions

The City has allocated a proportion of the Miscellaneous Plan that relates to the Trust Fund. The portion of the net pension liability allocated to the Trust Fund is \$318,558. The portion of the deferred outflows of resources and deferred inflows of resources allocated to the Trust Fund are \$54,006 and \$8,930, respectively. See Note 6 for further information on the Miscellaneous Pension Plan.

OPEB

The City has allocated a proportion of the OPEB Plan that relates to the Trust Fund. The portion of the net OPEB liability allocated to the Trust Fund is \$379. The portion of the deferred outflows of resources and deferred inflows of resources allocated to the Trust Fund are \$2,121 and \$4,709, respectively. See Note 7 for further information on the OPEB Plan.

Note 16: Accounting Pronouncements

New Accounting Pronouncements

The following Governmental Accounting Standards Board (GASB) Statements have been implemented in the current financial statements:

GASB Statement No. 84, Fiduciary Activities. The requirements of this Statement became effective for fiscal years beginning after December 15, 2019. 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 requirements of this Statement enhance consistency and comparability by establishing specific criteria for identifying which activities should be reported as fiduciary activities. The implantation of this Statement resulted in a prior period restatement in the Electric Utility fund and in Custodial Funds, which are detailed in Note 17.

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 16: Accounting Pronouncements (Continued)

GASB Statement No. 90, Majority Equity Interests, an amendment of GASB Statement No. 14 and No. 61. The requirements of this Statement became effective for fiscal years beginning after December 15, 2019. The objective of this Statement is to improve how majority equity interest is reported. The Statement explains that a government's majority equity interest in a legally separate organization should be reported as an investment if that equity interest meets GASB's definition of an investment. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit. There was no fiscal impact of this statement on the financial statements.

GASB Statement No. 98, The Annual Comprehensive Financial Report. The requirements of this statement will become effective for fiscal years ending after December 15, 2021. The City opted to implement this statement early. This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. There was no fiscal impact of this statement on the financial statements.

Future Accounting Pronouncements

The following GASB Statements will be implemented in future financial statements:

GASB Statement No. 87, Leases. The requirements of this Statement become effective for fiscal years beginning after June 15, 2021. 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 requires 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. 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. Management has not yet determined the impact of this statement on its financial statements.

GASB Statement No. 91, Conduit Debt Obligations. The requirements of this Statement become effective for reporting periods beginning after December 15, 2021. The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures 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. Management has not yet determined the impact of this statement on its financial statements.

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 16: Accounting Pronouncements (continued)

GASB Statement No. 92, *Omnibus 2020*. The requirements of this Statement become effective for reporting periods beginning after June 15, 2022, with early application encouraged. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The requirements of this Statement become effective for reporting periods beginning after June 15, 2021 with earlier application encouraged. This Statement addresses accounting and financial reporting implications that result from the replacement of the interbank offered rate. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The requirements of this Statement become effective for reporting periods beginning after June 15, 2022 with early implementation encouraged. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The requirements of this Statement become effective for reporting periods beginning after June 15, 2022 with earlier application encouraged. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The requirements of this Statement become effective for fiscal year beginning after June 15, 2021 with earlier application encouraged. This Statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. Management has not yet determined the impact of this Statement on its financial statements.

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 17: Prior Year Restatements

During the year ended June 30, 2021, the City fully transitioned to the new FMS capital asset module, which eliminated the continued need to utilize and maintain manual worksheets in conjunction with the software system. This transition allowed the city to track all current year additions, disposals, and depreciation with the FMS system. Upon conversion to the FMS module, the City conducted interclass transfers within the governmental capital assets module which resulted in a restatement of gross fixed assets in the amount of \$(520,317). Furthermore, the City determined that accumulated depreciation had been previously overstated for governmental fixed assets in the amount of \$3,490,437. The net effect of the restatement on each of the governmental assets groups was: an increase of \$473,684 for Land; a decrease of \$3,145,765 for Buildings and Improvements; an increase of \$856,682 for Vehicles, equipment and machinery; and an increase of \$4,785,518 for Infrastructure; equaling a total net restatement of governmental fixed assets in the amount of \$2,970,119. The effect to government-wide net position was an increase to beginning balance of governmental fixed assets in the amount of \$2,970,119 which was reported as a change in net position on the government-wide Statement of Activities, Total Governmental Activities. In addition, the beginning balances of capital asset activity for year ended June 30, 2021 were adjusted on Note 4 for governmental activities.

The City also implemented GASB Statement No. 84, Fiduciary Activities, during the year ended June 30, 2021. As required by this statement, funds previously reported as agency funds were evaluated and subsequently converted to either appropriate funds on the fund financial statements or categorized as the newly defined custodial funds. During this evaluation process, the City reclassified its revolving A/R deposits account from an agency fund to the Electric utility fund, which resulted in a restatement of fund balance in the Electric Fund in the amount of \$80,612. This restatement was reported as a change in net position on the government-wide Statement of Activities, total Business-type Activities and on the Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds for the Electric Utility. In addition, the evaluation of Custodial funds under GASB Statement No. 84 and the related financial presentation, which previously only reported assets and liabilities, to a full accrual custodial fund with an economic resources measurement focus and additions and deductions being reported, resulted in a restatement to the Custodial Fund Net Position in the amount of \$96,776 which was reported on the Statement of Revenues, Expenses and Changes in Fund Net Position – Fiduciary Funds for the Custodial funds.

Note 18: COVID-19 Pandemic

As noted in Management’s Discussion and Analysis, the City has been impacted by the recent COVID-19 pandemic. Due to the uncertainty surrounding the pandemic, the length and severity of the outbreak, and the volatility in the world investment markets, there is uncertainty as to how these events will ultimately effect the City’s services and resources.

City of Lompoc
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 19: Subsequent Events

Events subsequent to June 30, 2021, have been evaluated through December 20, 2021, which is the date the financial statements were available to be issued. Management did not identify any subsequent events for the year ending June 30, 2021 that required disclosure.

Required Supplementary Information
(Unaudited)

City of Lompoc
Budgetary Comparison Schedule—General Fund
For the Year Ended June 30, 2021

	General Fund			
	Original Budget	Final Budget	Actual (GAAP Basis)	Variance with Budget Positive (Negative)
Revenues:				
Taxes	\$ 18,347,472	\$ 25,707,472	\$ 25,587,615	\$ (119,857)
Licenses and permits	416,556	416,556	464,996	48,440
Fines and penalties	235,640	235,640	237,777	2,137
Revenues from other agencies	813,345	2,572,262	5,545,162	2,972,900
Charges for current services	10,969,233	11,537,248	10,687,202	(850,046)
Interest	51,536	51,536	48,947	(2,589)
Rental income	493,668	493,668	293,224	(200,444)
Other revenues	141,801	162,995	177,254	14,259
Total revenues	31,469,251	41,177,377	43,042,177	1,864,800
Expenditures:				
City council	118,321	123,086	101,671	21,415
Administration	802,689	895,141	829,109	66,032
City attorney	625,992	632,578	854,818	(222,240)
City clerk	222,862	233,371	259,683	(26,312)
Finance and city treasurer	3,894,038	4,050,841	3,743,114	307,727
Human resources	711,281	788,465	802,769	(14,304)
Planning	669,615	1,355,123	1,098,655	256,468
Non-departmental	924,170	3,093,773	553,359	2,540,414
Building and building inspections	573,506	638,433	581,233	57,200
Police	11,405,676	12,297,496	12,002,765	294,731
Fire	6,616,195	6,916,543	7,538,733	(622,190)
Recreation	1,938,971	2,246,195	1,815,363	430,832
Parks	2,416,584	2,603,644	2,144,792	458,852
City engineer and streets	5,091,505	5,472,645	3,465,312	2,007,333
Library	1,240,928	1,795,911	1,284,044	511,867
Other	1,226,823	1,522,970	1,427,257	95,713
Total expenditures	38,479,156	44,666,215	38,502,677	6,163,538
Deficiency of revenues over expenditures	(7,009,905)	(3,488,838)	4,539,500	8,028,338
Other financing sources (uses):				
Operating transfers in	7,024,886	7,179,954	4,106,224	(3,073,730)
Operating transfers out		(168,035)	(555,775)	(387,740)
Total other financing sources (uses)	7,024,886	7,011,919	3,550,449	(3,461,470)
Net change in fund balance	14,981	3,523,081	8,089,949	4,566,868
Fund balance - beginning of year	593,245	593,245	593,245	
Fund balance - end of year	\$ 608,226	\$ 4,116,326	\$ 8,683,194	\$ 4,566,868

City of Lompoc
Budgetary Comparison Schedule—General Fund
For the Year Ended June 30, 2021

Budgetary Comparison Schedule

1. The budget is prepared using the modified accrual basis of accounting consistent with U.S. generally accepted accounting principles.
2. Outstanding encumbrances from the prior fiscal year are not reflected in the original budget column but are included in the final budget amounts.
3. All the City's general government and engineering programs are initially accounted and budgeted for in the General Fund. However, certain of these support service programs also benefit the City's enterprise and agency fund operations, and accordingly, transfers are made from these funds to reimburse the General Fund for these services. The transfers are based on a Cost Allocation Plan prepared for this purpose which distributes the shared costs in a uniform, consistent manner in accordance with U.S. generally accepted accounting principles.

Excess of Expenditures Over Appropriations

At June 30, 2021, expenditures exceeded appropriations in the General Fund as noted below. This does not represent a violation of City budget policies because all department expenditures did not exceed the total appropriations within the General Fund.

	Excess Expenditures
City Attorney	\$ (222,240)
City Clerk	(26,312)
Human Resources	(14,304)
Fire	(622,190)

City of Lompoc
Schedule of the Changes in Net Pension Liability and Related Ratios
Miscellaneous Agent Multiple-Employer Plan
For the Year Ended June 30, 2021
Last 10 Years*

Fiscal Year	<u>2020-21</u>	<u>2019-20</u>
Measurement Date	<u>2019-20</u>	<u>2018-19</u>
Total Pension Liability		
Service Cost	\$ 3,022,285	\$ 3,170,939
Change of Assumptions		
Difference between expected and actual experience	327,218	1,764,103
Interest on total pension liability	14,347,656	13,864,360
Benefit payment, including refunds of employee contributions	(10,833,988)	(10,223,680)
Net Change on total pension liability	6,863,171	8,575,722
Total pension liability - beginning	204,245,141	195,669,419
Total pension liability - ending (a)	<u>\$ 211,108,312</u>	<u>\$ 204,245,141</u>
Plan fiduciary net position		
Contributions - employer	\$ 5,535,853	\$ 4,811,211
Contributions - employee	1,287,807	1,342,224
Net investment income	7,232,728	9,183,793
Benefit payments	(10,833,988)	(10,223,680)
Administrative expense	(205,453)	(100,423)
Other Miscellaneous Income/(Expense)		327
Net change in plan fiduciary net position	3,016,947	5,013,452
Plan fiduciary net position - beginning	145,736,761	140,723,308
Plan fiduciary net position - ending (b)	<u>\$ 148,753,708</u>	<u>\$ 145,736,761</u>
Plan net pension liability (assets) - ending (a) - (b)	<u>\$ 62,354,604</u>	<u>\$ 58,508,380</u>
Plan fiduciary net position as a percentage of the total pension liability	70.46%	71.35%
Covered payroll	16,624,230	17,080,197
Plan net pension liability (assets) as a percentage of covered payroll	375.08%	342.55%

* Historical Information is required only for measurements periods for which GASB Statement No. 68 is applicable. The current measurement period is the year ended June 30, 2020. Future years information will be displayed up to 10 years as information becomes available.

<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
\$ 3,376,530	\$ 3,283,059	\$ 2,793,654	\$ 2,837,509	\$ 2,970,875
(1,001,751)	10,286,100		(2,823,325)	
1,940,348	(647,297)	(1,114,812)	(1,957,610)	
13,252,111	12,672,416	12,273,996	11,831,510	11,428,244
(9,230,340)	(8,436,056)	(7,881,803)	(7,614,518)	(6,921,136)
8,336,898	17,158,222	6,071,035	2,273,566	7,477,983
187,332,521	170,174,299	164,103,264	161,829,698	154,351,715
\$ 195,669,419	\$ 187,332,521	\$ 170,174,299	\$ 164,103,264	\$ 161,829,698
\$ 4,354,813	\$ 4,314,897	\$ 3,762,654	\$ 3,250,690	\$ 3,289,224
1,421,041	1,371,344	1,348,807	1,269,810	1,343,721
11,255,272	13,613,220	631,898	2,789,070	18,835,132
(9,230,340)	(8,436,056)	(7,881,803)	(7,614,518)	(6,921,136)
(208,070)	(181,371)	(76,217)	(140,729)	
(395,456)				
7,197,260	10,682,034	(2,214,661)	(445,677)	16,546,941
133,526,048	122,844,014	125,058,675	125,504,352	108,957,411
\$ 140,723,308	\$ 133,526,048	\$ 122,844,014	\$ 125,058,675	\$ 125,504,352
\$ 54,946,111	\$ 53,806,473	\$ 47,330,285	\$ 39,044,589	\$ 36,325,346
71.92%	71.28%	72.19%	76.21%	77.55%
17,979,392	17,458,438	15,852,318	15,724,628	15,540,484
305.61%	308.20%	298.57%	248.30%	233.75%

City of Lompoc
Schedule of the Pension Contributions
Miscellaneous Agent Multiple-Employer Plan
For the Year Ended June 30, 2021
Last 10 Years*

	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>
Actuarially determined contribution	\$ 7,649,735	\$ 5,535,853	\$ 4,811,211
Contributions in relation to the actuarially determined contributions	<u>(7,649,735)</u>	<u>(5,535,853)</u>	<u>(4,811,211)</u>
Contribution deficiency (Excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>
Covered payroll	17,264,965	16,624,230	17,080,197
Contributions as a percentage of covered payroll	44.31%	33.30%	28.17%

* Historical Information is required only for measurements periods for which GASB Statement No. 68 is applicable. The current measurement period is the year ended June 30, 2020. Future years information will be displayed up to 10 years as information becomes available.

<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
\$ 4,354,813	\$ 4,314,896	\$ 3,762,654	\$ 3,250,690
<u>(4,354,813)</u>	<u>(4,314,896)</u>	<u>(3,762,654)</u>	<u>(3,250,690)</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
17,979,392	17,458,438	15,852,318	15,724,628
24.22%	24.72%	23.74%	20.67%

City of Lompoc
Schedule of the City's Proportionate Share of the Net Pension Liability and
Related Ratios
Safety Cost-Sharing Plan
For the Year Ended June 30, 2021
Last 10 Years*

Fiscal Year	2020-21	2019-20
Measurement Date	June 30, 2020	June 30, 2019
City's proportion of net pension liability	0.3208%	0.3161%
City's proportionate share of net pension liability	\$ 34,903,363	\$ 32,390,246
City's covered payroll	4,997,404	5,451,306
City's proportionate share of net pension liability as a percentage of covered payroll	698.43%	594.17%
Plan's fiduciary net position as a percentage of the plan's total pension liability	75.10%	75.26%

* Historical Information is required only for measurements periods for which GASB Statement No. 68 is applicable. The current measurement period is the year ended June 30, 2020. Future years information will be displayed up to 10 years as information becomes available.

2018-19	2017-18	2016-17	2015-16	2014-15
June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
0.3145%	0.3020%	0.3057%	0.3490%	0.3085%
\$ 30,304,293	\$ 29,947,846	\$ 26,452,330	\$ 21,717,971	\$ 19,193,402
5,041,930	6,062,138	6,061,433	5,656,523	5,713,483
601.05%	494.01%	436.40%	383.95%	335.93%
75.26%	73.31%	74.06%	78.40%	79.82%

City of Lompoc
Schedule of Pension Contributions
Safety Cost Sharing Plan
For the Year Ended June 30, 2021
Last 10 Years*

Fiscal Year	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>
Actuarially determined contribution	\$ 4,300,298	\$ 3,146,638	\$ 2,852,875
Contributions in relation to the actuarially determined contributions	<u>(4,300,298)</u>	<u>(3,146,638)</u>	<u>(2,852,875)</u>
Contribution deficiency (Excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>
Covered payroll	5,240,636	4,997,404	5,451,306
Contributions as a percentage of covered payroll	82.06%	62.97%	52.33%

* Historical Information is required only for measurements periods for which GASB Statement No. 68 is applicable. The current measurement period is the year ended June 30, 2019. Future years information will be displayed up to 10 years as information becomes available.

<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
\$ 2,489,290	\$ 2,272,412	\$ 2,073,074	\$ 1,784,713
<u>(2,489,290)</u>	<u>(2,272,412)</u>	<u>(2,073,074)</u>	<u>(1,784,713)</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
5,041,930	6,062,138	6,061,433	5,656,523
49.37%	37.49%	34.20%	31.55%

City of Lompoc
Schedule of Employer Contributions OPEB
For the Year Ended June 30, 2021
Last 10 Years *

Fiscal Year	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement Date	2020	2019	2018	2017
Actuarially determined contribution (ADC)	\$ 717,000	\$ 2,195,000	\$ 2,130,000	\$ 2,265,000
Contributions in relation to ADC	<u>1,254,252</u>	<u>3,064,851</u>	<u>2,931,113</u>	<u>3,077,000</u>
Contribution deficiency / (excess)	<u>\$ (537,252)</u>	<u>\$ (869,851)</u>	<u>\$ (801,113)</u>	<u>\$ (812,000)</u>
Covered-employee payroll	24,279,309	23,090,947	23,752,284	24,532,000
Contributions as a percentage of covered-employee payroll	5.2%	13.3%	12.3%	12.5%

Methods and assumptions used to determine contributions for the 2019/20 Fiscal Year:

Valuation date	June 30, 2019
Actuarial cost method	Entry-age normal, level percentage of payroll
Amortization method	Level percent of payroll over closed 15-year fixed period
Asset valuation methods	5 year smoothing
Discount Rate	6.75%
General inflation	2.75%
Medical trend	Non-Medicare: 7.25% for 2021, decreasing to 4.0% in 2076 Medicare: 6.3% for 2021, decreasing to 4.0% in 2076
Mortality Improvement	Mortality projected fully generational with Scale MP-2019
Other assumptions	Based on CalPERS 1997-2015 experience study The implied subsidy was included in this valuation

* Historical information is required only for the measurement periods for which GASB 75 is applicable. The current measurement period is the year ended June 30, 2019. Future years information will be displayed up to 10 years as information becomes available.

City of Lompoc
Schedule of Changes in the Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2021
Last 10 Years *

Fiscal year	2021	2020	2019	2018
Measurement Period	2020-2021	2018-2019	2017-18	2016-17
Total OPEB Liability				
Service cost	\$ 657,132	\$ 966,621	\$ 938,467	\$ 911,000
Interest on the total OPEB liability	1,184,053	1,816,895	1,728,568	1,645,000
Changes of Benefit Terms	-	(5,787,340)		
Actual vs. expected experience	-	(4,572,032)		
Assumption changes	(265,934)	(39,989)		
Benefit payments	(1,521,071)	(1,379,113)	(1,394,141)	(1,315,000)
Net change in total OPEB Liability	54,180	(8,994,958)	1,272,894	1,241,000
Total OPEB liability - beginning	17,644,936	26,639,894	25,367,000	24,126,000
Total OPEB liability - ending (a)	\$ 17,699,116	\$ 17,644,936	\$ 26,639,894	\$ 25,367,000
Plan Fiduciary Net Position				
Contribution - employer	\$ 3,064,851	\$ 2,933,150	\$ 3,076,552	\$ 2,993,000
Net investment income	586,104	868,290	828,695	958,000
Benefits payments	(1,521,071)	(1,379,113)	(1,394,141)	(1,315,000)
Administrative expense	(38,937)	(5,107)	(41,125)	(4,000)
Net change in plan fiduciary net position	2,090,947	2,417,220	2,469,981	2,632,000
Plan Fiduciary Net Position - beginning	15,268,201	12,850,981	10,381,000	7,750,000
Plan Fiduciary Net Position - ending (b)	\$ 17,359,148	\$ 15,268,201	\$ 12,850,981	\$ 10,382,000
Net OPEB liability/(Asset) - ending (a) - (b)	\$ 339,968	\$ 2,376,735	\$ 13,788,913	\$ 14,985,000
Plan fiduciary net position as a percentage of the total OPEB liability	98.1%	86.5%	48.2%	40.9%
Covered-employee payroll	\$ 23,090,947	\$ 23,752,284	\$ 24,532,290	\$ 24,697,000
Net OPEB liability as a percentage of covered-employee payroll	1.5%	10.0%	56.2%	61.0%

* Historical information is required only for the measurement periods for which GASB 75 is applicable. The current measurement period is the year ended June 30, 2019. Future years information will be displayed up to 10 years as information becomes available.

City of Lompoc
Notes to Required Supplementary Information
For the Year Ended June 30, 2021

Schedule of the Changes in Net Pension Liability and Related Ratios - Miscellaneous

Benefit changes. The figures shown do not include any liability impact that may have resulted from voluntary benefit changes that occurred after the June 30, 2019 valuation. However offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the June 30, 2019 valuation date are not included in the figures shown, unless the liability impact is deemed to be material by the plan

Change in Assumption. There were no change of assumptions in 2019 or 2020. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017. There were no changes in discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment to the discount rate from 7.5 percent (net of administrative expenses) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

Schedule of the Plan Contributions - Miscellaneous Plan

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018-19 were from the June 30, 2016 funding valuation report.

Actuarial cost method	Entry-Age Normal Cost Method
Amortization method	For Details, see June 30, 2017 Funding Valuation Report.
Remaining amortization period	Fair Value of Assets. For Details, see June 30, 2017 Funding Valuation Report.
Asset valuation method	Market Value of Assets. For Details, see June 30, 2016 Actuarial Valuation Report.
Inflation	2.625%
Salary increases	Varies by Entry Age and Service
Payroll growth	2.875%
Investment rate of return	7.25% Net of Pension Plan Investment and Administrative Expenses; includes inflation.
Retirement age	The probabilities of mortality are based on the 2017 CALPERS Experience Study for the period from 1997 to 2015.
Mortality	The probability of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvements using 90% of Scale MP-2016 published by the Society of Actuaries.

City of Lompoc
Notes to Required Supplementary Information
For the Year Ended June 30, 2021

Schedule of the City's Proportionate Share of the Net Pension Liability - Cost Sharing Plans

The plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The plan's proportionate share of aggregate contributions is based on the plan's proportion of fiduciary net position as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period. This data is not required to be displayed by GASB Statement No. 68 for employers participating in cost-sharing plans, but it is being shown here because it is used in the calculation of the Plan's pension expense.

Schedule of the City's Contribution - Cost Sharing

Benefit changes. The figures shown do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2019 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Change in Assumption. There were no change of assumptions in 2020 or 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. The discount rate decreased to 7.15%.

Methods and assumptions used to determine contributions for the 2019-20 Fiscal Year:

Valuation date	June 30, 2018
Actuarial cost method	Entry-age normal cost method
Amortization method	Level percent of pay, direct rate smoothing
Remaining Amortization Period	Differs by employer rate plan but not more than 30 years
Asset Valuation Methods	Market value of assets
Inflation	2.50%
Salary increases	Varies by age and service
Discount Rate	7.00% (net of administrative expenses)
Mortality	Derived using CalPERS' membership data for all funds. The post-mortality retirement rates include 15 years of projected on-going mortality improvement using 90 percent scale MP 2016 published by the society of Actuaries.

City of Lompoc
Other Supplementary Information
For the Year Ended June 30, 2021

City of Lompoc
Other Governmental Funds (Non-Major)
For the Year Ended June 30, 2021

SPECIAL REVENUE FUNDS

Special Gas Tax – This fund accounts for revenues received from Highway Users Tax (Motor Vehicle Fuel Tax) gas tax which allocation must be spent on maintenance of or construction of streets and roads under the jurisdiction of the City.

Local Transportation – This fund is used to account for funds provided from the Transportation Development Act derived from the dedicated \$0.0025 general California Sales Tax available for maintenance of streets and roads under the jurisdiction of the City.

Jailer-Dispatcher Training – This fund accounts for funds allocated by and received from the California Department of Corrections and Rehabilitation to provide training of jailers and correctional officers.

Community Development - This fund is used to account for revenues received from federal and state housing grants to provide decent housing, suitable living environments, and economic development principally for very-low to moderate income families through public services.

PEG/TAP Cable Access - This fund is used to account for revenue received for the Public, Education, and Government (PEG) and Television Access Partner (TAP) TV radio and cable programming facility for operating and maintenance of the cable access facility. Revenue is derived from the City's ordinance under the Digital Infrastructure and Video Competition Act (DIVCA) of 2006.

Human Services – This fund is used to account for the contributions made to aid human services and non-profit organizations that primarily benefit very-low to moderate income persons.

Beautification - This fund is used to account for contributions and fundraisers that provide funding for City beautification projects.

SLTPP – The State and Local Transportation Partnership Program, established in 1989, is used to account for the revenues received from the State Highway Account. Funding is used to improve the City's streets and roads.

Federal Roads – This fund is used to account for street and road projects funded with Federal Road funds. Funding, generally through a competitive process, allows for the improvement of City sidewalks, bridges, and streets and roads.

Local STP – This fund accounts for expenditures allocated to City from the Surface Transportation Program (STP), which provides funding for Federal-aid highways, bridges, tunnel, and other eligible projects.

Right-of-Way Maintenance – This fund is used to account for the collection of Right-of-Way reimbursements for services provided to enterprise activities.

Measure A Transportation Improvement – This fund accounts for streets and road maintenance expenditures funded from revenues received by the City due to the passage of Measure "A", passed by the voters of Santa Barbara County in November, 2009. Measure "A" continued the \$0.005 sales tax

City of Lompoc
Other Governmental Funds (Non-Major)
For the Year Ended June 30, 2021

SPECIAL REVENUE FUNDS (Continued)

Affordable Housing In-Lieu – This fund accounts for revenues received from commercial and residential developers to provide affordable housing for very-low to moderate income families. Developers who do not provide affordable housing can pay an in-lieu payment to the City which would then be responsible to develop the required housing.

CAPITAL PROJECT FUNDS

Civic Center – This fund accounts for revenue received from developer impact fees and expenditures for capital projects to improve and expand police facilities and provide equipment for expanded police service delivery.

Capital Development – This fund accounts for revenues received from a variety of developer fees including development impact fees for capital projects to improve and expand park, recreational, and fire facilities.

Street Development - This fund accounts for revenues received from grants, developer impact fees, and other developer fees to be used for capital projects to improve and expand streets and roads, and other right-of way facilities and assets.

Assessment Districts – This fund accounts for revenues received from two special assessments approved by district voters: The Park Maintenance and Pool Operations Assessment District No. 2002-1 was approved by district voters in 2002 to be used for improving and maintaining park and recreational facilities within the district; and The Community Facilities District No. 2018-01 (Summit View Homes) was approved by district voters in 2018 to be used for improving and maintaining the Community Facilities for the Summit View Homes.

Library Impact Fees - This fund is used to account for developer impact fees that are used to meet the capital improvement needs of library facilities and the capital outlay needs for equipment and materials for library operations.

Children's Library – This fund was initially established to account for funds received from foundation and trust contributions to be used toward the capital development of a children's mobile library. With the acquisition of the children's mobile library, restricted trust fund contributions provide annual grant revenues to provide for the operations of the children's mobile library services, including operations of the mobile library itself.

City of Lompoc
Other Governmental Funds (Non-Major)
For the Year Ended June 30, 2021

DEBT SERVICE FUNDS

Lease Purchase – This fund is used to account for financing proceeds to be used toward the purchase of capital assets that are acquired under lease agreements and to account for the annual debt service obligations during the term of the financing.

Assessment District – This fund is used to account for the debt service payments to meet the requirements and terms of the 2004 Aquatic Center Bonds issued by the Lompoc Financing Authority. Revenues required for the payment obligations are provided from the revenues of the Park Assessment District.

City of Lompoc
Combining Balance Sheet
Other Governmental Funds
June 30, 2021

	<u>Special Revenue</u>		
	<u>Special Gas Tax</u>	<u>Local Transportation</u>	<u>Jailer-Dispatcher Training</u>
Assets			
Cash and investments	\$ 1,143,332	\$ 219,421	\$ 5,215
Accounts receivable		3,189	
Interest receivable	1,774	356	
Due from other governments	147,920		
Inventories	4,105		
Loans receivable			
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 1,297,131</u>	<u>\$ 222,966</u>	<u>\$ 5,215</u>
Liabilities and Fund Balance			
Liabilities:			
Accounts payable and accruals	\$ 28,372	\$	\$
Deposits payable			
Accrued wages and benefits			
Deferred revenue			
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>28,372</u>		
Fund balance:			
Nonspendable:			
Inventories	4,105		
Restricted for:			
Road surface repairs	1,264,654	222,966	
Debt service			
Capital projects			
Committed for:			
Community services			5,215
Library acquisitions			
Health and welfare			
Housing			
	<hr/>	<hr/>	<hr/>
Total fund balance (deficit)	<u>1,268,759</u>	<u>222,966</u>	<u>5,215</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balance	<u>\$ 1,297,131</u>	<u>\$ 222,966</u>	<u>\$ 5,215</u>

Special Revenue

Community Development	PEG / TAP Cable Access	Human Services	Beautification	SLTPP	Federal Road
\$ 154,282	\$ 72	\$ 38,121	\$ 18,622	\$	\$ 12,959
508	51,546	144	73		
212,850		50	25		244
1,599,233					
<u>\$1,966,873</u>	<u>\$ 51,618</u>	<u>\$ 38,315</u>	<u>\$ 18,720</u>	<u>\$ -</u>	<u>\$ 13,203</u>
\$ 33,967	\$ 2,004	\$	\$	\$	\$ 244
5,153	3,498				
39,120	5,502				244
					12,959
	46,116		18,720		
1,927,753		38,315			
<u>1,927,753</u>	<u>46,116</u>	<u>38,315</u>	<u>18,720</u>		<u>12,959</u>
<u>\$1,966,873</u>	<u>\$ 51,618</u>	<u>\$ 38,315</u>	<u>\$ 18,720</u>	<u>\$ -</u>	<u>\$ 13,203</u>

City of Lompoc
Combining Balance Sheet
Other Governmental Funds, continued
June 30, 2021
Page 2

	Special Revenue			
	Local STP	Right-of-Way Maintenance	Measure A Transportation Improvement	Affordable Housing In-Lieu
Assets				
Cash and investments	\$ 81,449	\$2,975,478	\$ 2,593,533	\$ 1,923,993
Accounts receivable				
Interest receivable		2,305	2,341	2,630
Due from other governments			216,603	
Inventories				
Loans receivable				4,444,510
Total assets	<u>\$ 81,449</u>	<u>\$2,977,783</u>	<u>\$ 2,812,477</u>	<u>\$ 6,371,133</u>
Liabilities and Fund Balance				
Liabilities:				
Accounts payable and accruals	\$	\$	\$ 6,973	\$ 143
Deposits payable				
Accrued wages and benefits				2,760
Deferred revenue				
Total liabilities			<u>6,973</u>	<u>2,903</u>
Fund balance:				
Nonspendable:				
Inventories				
Restricted for:				
Road surface repairs	81,449	2,977,783	2,805,504	
Debt service				
Capital projects				
Committed for:				
Community services				
Library acquisitions				
Health and welfare				
Housing				6,368,230
Total fund balance (deficit)	<u>81,449</u>	<u>2,977,783</u>	<u>2,805,504</u>	<u>6,368,230</u>
Total liabilities and fund balance	<u>\$ 81,449</u>	<u>\$2,977,783</u>	<u>\$ 2,812,477</u>	<u>\$ 6,371,133</u>

Capital Projects

<u>Civic Center</u>	<u>Capital Development</u>	<u>Street Development</u>	<u>Assessment Districts</u>	<u>Library Impact Fees</u>	<u>Children's Library</u>
\$ 106,189	\$ 3,413,287	\$ 6,065,972	\$ 45,632	\$ 270,589	\$ 326,645
145	4,017	8,305		371	192
<u>\$ 106,334</u>	<u>\$ 3,417,304</u>	<u>\$ 6,074,277</u>	<u>\$ 45,632</u>	<u>\$ 270,960</u>	<u>\$ 326,837</u>
\$	\$ 17,494 451,792	\$ 11,155	\$ 2,214	\$	\$ 2,555 3,233 20,326
	<u>469,286</u>	<u>11,155</u>	<u>2,214</u>		<u>26,114</u>
		6,063,122			
106,334	2,948,018		43,418	270,960	300,723
<u>106,334</u>	<u>2,948,018</u>	<u>6,063,122</u>	<u>43,418</u>	<u>270,960</u>	<u>300,723</u>
<u>\$ 106,334</u>	<u>\$ 3,417,304</u>	<u>\$ 6,074,277</u>	<u>\$ 45,632</u>	<u>\$ 270,960</u>	<u>\$ 326,837</u>

City of Lompoc
Combining Balance Sheet
Other Governmental Funds, continued
June 30, 2021
Page 3

	<u>Debt Service</u>		<u>Total Other Governmental Funds</u>
	<u>Lease Purchase</u>	<u>Assessment District</u>	
Assets			
Cash and investments	\$ 217,436	\$ 130,181	\$ 19,742,408
Accounts receivable			54,952
Interest receivable		204	23,467
Due from other governments			577,373
Inventories			4,105
Loans receivable			6,043,743
	<u>\$ 217,436</u>	<u>\$ 130,385</u>	<u>\$ 26,446,048</u>
Total assets			
Liabilities and Fund Balance			
Liabilities:			
Accounts payable and accruals	\$	\$	\$ 91,752
Deposits payable			462,947
Accrued wages and benefits			16,858
Deferred revenue			20,326
	<u></u>	<u></u>	<u>591,883</u>
Total liabilities			
Fund balance:			
Nonspendable:			
Inventories			4,105
Restricted for:			
Road surface repairs			13,428,437
Debt service	217,436	130,385	347,821
Capital projects			3,054,352
Committed for:			
Community services			113,469
Library acquisitions			571,683
Health and welfare			38,315
Housing			8,295,983
	<u>217,436</u>	<u>130,385</u>	<u>25,854,165</u>
Total fund balance (deficit)			
	<u>\$ 217,436</u>	<u>\$ 130,385</u>	<u>\$ 26,446,048</u>
Total liabilities and fund balance			

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City of Lompoc
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances (Deficit)
Other Governmental Funds
For the Year Ended June 30, 2021

	<u>Special Revenue</u>		
	<u>Special Gas Tax</u>	<u>Local Transportation</u>	<u>Jailer-Dispatcher Training</u>
Revenues:			
Taxes	\$ 1,751,882	\$ 38,008	\$
Revenues from other agencies			6,600
Charges for current services			
Interest		309	15
Rental income			
Other revenues			
Total revenues	<u>1,751,882</u>	<u>38,317</u>	<u>6,615</u>
Expenditures:			
Personnel services			
Maintenance and operations	1,133,032	455	1,400
Capital outlay			
Debt service:			
Principal			
Interest and fiscal charges			
Total expenditures	<u>1,133,032</u>	<u>455</u>	<u>1,400</u>
Excess of revenues over (under) expenditures	<u>618,850</u>	<u>37,862</u>	<u>5,215</u>
Other financing sources (uses):			
Transfers in			
Transfers out	(600,000)	(32,000)	
Total other financing sources (uses)	<u>(600,000)</u>	<u>(32,000)</u>	
Net change in fund balance (deficit)	18,850	5,862	5,215
Fund balance - beginning of year	<u>1,249,909</u>	<u>217,104</u>	
Fund balance - end of year	<u>\$ 1,268,759</u>	<u>\$ 222,966</u>	<u>\$ 5,215</u>

Special Revenue

Community Development	PEG / TAP Cable Access	Human Services	Beautification	SLTPP	Federal Road
\$ 937,832	\$ 208,095	\$	\$	\$ 155,000	\$
20,553	24	128	20		
(288)	113	14,748	735		
<u>958,097</u>	<u>209,064</u>	<u>14,876</u>	<u>755</u>	<u>155,000</u>	
140,057	161,591				
385,697	49,248			155,000	1,499
610,341					
<u>1,136,095</u>	<u>210,839</u>			<u>155,000</u>	<u>1,499</u>
(177,998)	(1,775)	14,876	755		(1,499)
(177,998)	(1,775)	14,876	755		(1,499)
<u>2,105,751</u>	<u>47,891</u>	<u>23,439</u>	<u>17,965</u>		<u>14,458</u>
<u>\$1,927,753</u>	<u>\$ 46,116</u>	<u>\$ 38,315</u>	<u>\$ 18,720</u>	<u>\$ -</u>	<u>\$ 12,959</u>

City of Lompoc
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances (Deficit)
Other Governmental Funds, continued
For the Year Ended June 30, 2021
Page 2

	Special Revenue			
	Local STP	Right-of-Way Maintenance	Measure A Transportation Improvement	Affordable Housing In-Lieu
Revenues:				
Taxes	\$	\$	\$ 2,655,506	\$
Revenues from other agencies	170,533			2,224
Charges for current services		1,457,745		344,372
Interest			4,613	52,500
Rental income				
Other revenues			268,265	
Total revenues	<u>170,533</u>	<u>1,457,745</u>	<u>2,928,384</u>	<u>399,096</u>
Expenditures:				
Personnel services				108,816
Maintenance and operations	841	85,866		56,030
Capital outlay		726,226	2,557,769	
Debt service:				
Principal				
Interest and fiscal charges				
Total expenditures	<u>841</u>	<u>812,092</u>	<u>2,557,769</u>	<u>164,846</u>
Excess of revenues over (under) expenditures	<u>169,692</u>	<u>645,653</u>	<u>370,615</u>	<u>234,250</u>
Other financing sources (uses):				
Transfers in				
Transfers out	<u>(172,000)</u>		<u>(1,057,099)</u>	
Total other financing sources (uses)	<u>(172,000)</u>		<u>(1,057,099)</u>	
Net change in fund balance (deficit)	(2,308)	645,653	(686,484)	234,250
Fund balance - beginning of year	<u>83,757</u>	<u>2,332,130</u>	<u>3,491,988</u>	<u>6,133,980</u>
Fund balance - end of year	<u>\$ 81,449</u>	<u>\$ 2,977,783</u>	<u>\$ 2,805,504</u>	<u>\$ 6,368,230</u>

Capital Projects

<u>Civic Center</u>	<u>Capital Development</u>	<u>Street Development</u>	<u>Assessment Districts</u>	<u>Library Impact Fees</u>	<u>Children's Library</u>
\$	\$	\$	\$ 23,130	\$	\$
	36,974				
322	1,337	6,058	132	379	
	13,381				
<u>38,240</u>	<u>328,116</u>	<u>225,653</u>		<u>29,270</u>	<u>124,675</u>
<u>38,562</u>	<u>379,808</u>	<u>231,711</u>	<u>23,262</u>	<u>29,649</u>	<u>124,675</u>
			72,798		92,481
			22,526		30,759
	352,518				
	<u>352,518</u>		<u>95,324</u>		<u>123,240</u>
<u>38,562</u>	<u>27,290</u>	<u>231,711</u>	<u>(72,062)</u>	<u>29,649</u>	<u>1,435</u>
			178,511		
			<u>(81,250)</u>		
			97,261		
38,562	27,290	231,711	25,199	29,649	1,435
<u>67,772</u>	<u>2,920,728</u>	<u>5,831,411</u>	<u>18,219</u>	<u>241,311</u>	<u>299,288</u>
<u>\$ 106,334</u>	<u>\$ 2,948,018</u>	<u>\$ 6,063,122</u>	<u>\$ 43,418</u>	<u>\$ 270,960</u>	<u>\$ 300,723</u>

City of Lompoc
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances (Deficit)
Other Governmental Funds, continued
For the Year Ended June 30, 2021
Page 3

	<u>Debt Service</u>		Total Other Governmental Funds
	<u>Lease Purchase</u>	<u>Assessment District</u>	
Revenues:			
Taxes	\$	\$ 357,528	\$ 5,034,149
Revenues from other agencies			1,272,189
Charges for current services			1,839,115
Interest			86,479
Rental income			13,381
Other revenues			1,030,246
Total revenues		357,528	9,275,559
Expenditures:			
Personnel services			575,743
Maintenance and operations		10,509	1,932,862
Capital outlay			4,246,854
Debt service:			
Principal	142,605	85,000	227,605
Interest and fiscal charges	30,846	81,305	112,151
Total expenditures	173,451	176,814	7,095,215
Excess of revenues over (under) expenditures	(173,451)	180,714	2,180,344
Other financing sources (uses):			
Transfers in	137,467		315,978
Transfers out		(178,511)	(2,120,860)
Total other financing sources (uses)	137,467	(178,511)	(1,804,882)
Net change in fund balance (deficit)	(35,984)	2,203	375,462
Fund balance - beginning of year	253,420	128,182	25,478,703
Fund balance - end of year	\$ 217,436	\$ 130,385	\$ 25,854,165

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City of Lompoc
Non-major Special Revenue Funds
Schedule of Revenues, Expenditures and
Changes in Fund Balance (Deficit) - Budget and Actual
Other Governmental Funds
For the Year Ended June 30, 2021

Special Gas Tax

	Original Budget	Final Budget	Actual	Variance with Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,595,546	\$ 1,595,546	\$ 1,751,882	\$ 156,336
Interest	5,500	5,500		(5,500)
Total revenue	<u>1,601,046</u>	<u>1,601,046</u>	<u>1,751,882</u>	<u>150,836</u>
Expenditures:				
Personnel services				
Maintenance and operations	584,100	584,100	1,133,032	548,932
Capital outlays	250,000	250,000		(250,000)
Total expenditures	<u>834,100</u>	<u>834,100</u>	<u>1,133,032</u>	<u>298,932</u>
Excess of revenues over expenditures	<u>766,946</u>	<u>766,946</u>	<u>618,850</u>	<u>(148,096)</u>
Other financing uses				
Transfer in				
Transfers out	<u>(600,000)</u>	<u>(600,000)</u>	<u>(600,000)</u>	
Total other financing uses	<u>(600,000)</u>	<u>(600,000)</u>	<u>(600,000)</u>	
Net change in fund balance	<u>\$ 166,946</u>	<u>\$ 166,946</u>	<u>18,850</u>	<u>\$ (148,096)</u>
Fund balance - beginning of year			<u>1,249,909</u>	
Fund balance - end of year			<u>\$ 1,268,759</u>	

City of Lompoc
Non-major Special Revenue Funds
Schedule of Revenues, Expenditures and
Changes in Fund Balance (Deficit) - Budget and Actual
Other Governmental Funds
For the Year Ended June 30, 2021

Local Transportation

	Original Budget	Final Budget	Actual	Variance with Budget Positive (Negative)
Revenues:				
Taxes	\$ 36,000	\$ 36,000	\$ 38,008	\$ 2,008
Interest	1,308	1,308	309	(999)
Total revenue	<u>37,308</u>	<u>37,308</u>	<u>38,317</u>	<u>1,009</u>
Expenditures:				
Maintenance and operations			455	455
Capital outlays	<u>23,500</u>	<u>23,500</u>		<u>(23,500)</u>
Total expenditures	<u>23,500</u>	<u>23,500</u>	<u>455</u>	<u>(23,045)</u>
Excess of revenues over expenditures	<u>13,808</u>	<u>13,808</u>	<u>37,862</u>	<u>24,054</u>
Net change in fund balance	<u>\$ 13,808</u>	<u>\$ 13,808</u>	<u>5,862</u>	<u>\$ 56,054</u>
Fund balance - beginning of year			<u>217,104</u>	
Fund balance - end of year			<u><u>\$ 222,966</u></u>	

City of Lompoc
Non-major Special Revenue Funds
Schedule of Revenues, Expenditures and
Changes in Fund Balance (Deficit) - Budget and Actual
Other Governmental Funds
For the Year Ended June 30, 2021

Jailer-Dispatcher Training

	Original Budget	Final Budget	Actual	Variance with Budget Positive (Negative)
Revenues:				
Revenues from other agencies	\$ 5,460	\$ 5,460	\$ 6,600	\$ 1,140
Total revenue	5,460	5,460	6,615	1,155
Expenditures:				
Personnel services				
Maintenance and operations	5,460	5,460	1,400	(4,060)
Total expenditures	5,460	5,460	1,400	(4,060)
Excess of revenues over expenditures			5,215	5,215
Net change in fund balance	\$	\$	5,215	\$ 5,215
Fund balance - beginning of year				
Fund balance - end of year			\$ 5,215	

City of Lompoc
Non-major Special Revenue Funds
Schedule of Revenues, Expenditures and
Changes in Fund Balance (Deficit) - Budget and Actual
Other Governmental Funds
For the Year Ended June 30, 2021

Community Development

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Budget Positive (Negative)
Revenues:				
Revenues from other agencies	\$ 475,399	\$ 475,399	\$ 937,832	\$ 462,433
Charges for current services				
Interest	4,400	4,400	20,553	16,153
Other revenues			(288)	(288)
Total revenue	<u>479,799</u>	<u>479,799</u>	<u>958,097</u>	<u>478,298</u>
Expenditures:				
Personnel services	278,123	109,538	140,057	30,519
Maintenance and operations	491,682	439,015	385,697	(53,318)
Capital outlays	187,593	189,506	610,341	420,835
Total expenditures	<u>957,397</u>	<u>738,059</u>	<u>1,136,095</u>	<u>398,036</u>
Excess of revenues over (under) expenditures	<u>(477,598)</u>	<u>(258,260)</u>	<u>(177,998)</u>	<u>80,262</u>
Net change in fund balance	<u>\$ (477,598)</u>	<u>\$ (258,260)</u>	<u>(177,998)</u>	<u>\$ 80,262</u>
Fund balance - beginning of year			<u>2,105,751</u>	
Fund balance - end of year			<u>\$ 1,927,753</u>	

City of Lompoc
Non-major Special Revenue Funds
Schedule of Revenues, Expenditures and
Changes in Fund Balance (Deficit) - Budget and Actual
Other Governmental Funds
For the Year Ended June 30, 2021

PEG / TAP Cable Access

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Positive (Negative)</u>
Revenues:				
Taxes	\$ 219,467	\$ 219,467	\$ 208,095	\$ (11,372)
Revenues from other agencies				
Charges for current services	800	800	24	(776)
Interest	5,015	5,015	113	(4,902)
Other revenues			832	832
Total revenue	<u>225,282</u>	<u>225,282</u>	<u>209,064</u>	<u>(16,218)</u>
Expenditures:				
Personnel services	168,839	171,730	161,591	(10,139)
Maintenance and operations	55,300	55,582	49,248	(6,334)
Total expenditures	<u>224,139</u>	<u>227,312</u>	<u>210,839</u>	<u>(16,473)</u>
Excess of revenues over (under) expenditures	<u>1,143</u>	<u>(2,030)</u>	<u>(1,775)</u>	<u>255</u>
Net change in fund balance	<u>\$ 1,143</u>	<u>\$ (2,030)</u>	<u>(1,775)</u>	<u>\$ 255</u>
Fund balance - beginning of year			<u>47,891</u>	
Fund balance - end of year			<u>\$ 46,116</u>	

City of Lompoc
Non-major Special Revenue Funds
Schedule of Revenues, Expenditures and
Changes in Fund Balance (Deficit) - Budget and Actual
Other Governmental Funds
For the Year Ended June 30, 2021

Human Services

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Budget Positive (Negative)</u>
Revenues:				
Interest	\$ 125	\$ 125	\$ 128	\$ 3
Other revenues	43,500	43,500	14,748	(28,752)
Total revenue	<u>43,625</u>	<u>43,625</u>	<u>14,876</u>	<u>(28,749)</u>
Expenditures:				
Maintenance and operations	62,086	62,362		(62,362)
Total expenditures	<u>62,086</u>	<u>62,362</u>		<u>(62,362)</u>
Excess of revenues over expenditures	<u>(18,461)</u>	<u>(18,737)</u>	<u>14,876</u>	<u>33,613</u>
Net change in fund balance	<u>\$ (18,461)</u>	<u>\$ (18,737)</u>	<u>14,876</u>	<u>\$ 33,613</u>
Fund balance - beginning of year			<u>23,439</u>	
Fund balance - end of year			<u>\$ 38,315</u>	

City of Lompoc
Non-major Special Revenue Funds
Schedule of Revenues, Expenditures and
Changes in Fund Balance (Deficit) - Budget and Actual
Other Governmental Funds
For the Year Ended June 30, 2021

Beautification

**Variance with
Budget
Positive
(Negative)**

	Original Budget	Final Budget	Actual	
Revenues:				
Interest	\$ 245	\$ 245	\$ 20	\$ (225)
Other revenues	1,010	1,010	735	(275)
Total revenue	<u>1,255</u>	<u>1,255</u>	<u>755</u>	<u>(500)</u>
Expenditures:				
Maintenance and operations	<u>2,076</u>	<u>2,076</u>		<u>(2,076)</u>
Total expenditures	<u>2,076</u>	<u>2,076</u>		<u>(2,076)</u>
Excess of revenues over expenditures	<u>(821)</u>	<u>(821)</u>	<u>755</u>	<u>1,576</u>
Net change in fund balance	<u>\$ (821)</u>	<u>\$ (821)</u>	<u>755</u>	<u>\$ 1,576</u>
Fund balance - beginning of year			<u>17,965</u>	
Fund balance - end of year			<u>\$ 18,720</u>	

City of Lompoc
Non-major Special Revenue Funds
Schedule of Revenues, Expenditures and
Changes in Fund Balance (Deficit) - Budget and Actual
Other Governmental Funds
For the Year Ended June 30, 2021

SLTPP

	Original Budget	Final Budget	Actual	Variance with Budget Positive (Negative)
Revenues:				
Revenues from other agencies	\$	\$	\$ 155,000	\$ 155,000
Total revenue			155,000	155,000
Expenditures:				
Maintenance and operations			155,000	155,000
Total expenditures			155,000	155,000
Excess of revenues over expenditures				
Net change in fund balance	\$	\$		\$
Fund balance - beginning of year				
Fund balance - end of year			<u>\$ -</u>	

City of Lompoc
Non-major Special Revenue Funds
Schedule of Revenues, Expenditures and
Changes in Fund Balances (Deficit) - Budget and Actual
Other Governmental Funds
For the Year Ended June 30, 2021

Federal Road

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Budget Positive (Negative)</u>
Revenues:				
Total revenue	\$	\$	\$	\$
Expenditures:				
Maintenance and operations			1,499	1,499
Capital outlays		36,545		(36,545)
Total expenditures		<u>36,545</u>	<u>1,499</u>	<u>(35,046)</u>
Excess of revenues over (under) expenditures		<u>(36,545)</u>	<u>(1,499)</u>	<u>35,046</u>
Net change in fund balance	\$	\$ (36,545)	(1,499)	\$ 35,046
Fund balance - beginning of year			<u>14,458</u>	
Fund balance - end of year			<u><u>\$ 12,959</u></u>	

City of Lompoc
Non-major Special Revenue Funds
Schedule of Revenues, Expenditures and
Changes in Fund Balance (Deficit) - Budget and Actual
Other Governmental Funds
For the Year Ended June 30, 2021

Local STP	Original	Final		Variance with
	Budget	Budget	Actual	Budget
	Budget	Budget	Actual	Positive
				(Negative)
Revenues:				
Revenues from other agencies	\$ 172,000	\$ 172,000	\$ 170,533	\$ (1,467)
Interest	50	50		(50)
Total revenue	<u>172,050</u>	<u>172,050</u>	<u>170,533</u>	<u>(1,517)</u>
Expenditures:				
Maintenance and operations			841	841
Total expenditures			<u>841</u>	<u>841</u>
Excess of revenues over expenditures	<u>172,050</u>	<u>172,050</u>	<u>169,692</u>	<u>(2,358)</u>
Other financing uses				
Transfer in				
Transfers out	<u>(172,000)</u>	<u>(172,000)</u>	<u>(172,000)</u>	
Total other financing uses	<u>(172,000)</u>	<u>(172,000)</u>	<u>(172,000)</u>	
Net change in fund balance	<u>\$ 50</u>	<u>\$ 50</u>	<u>(2,308)</u>	<u>\$ (2,358)</u>
Fund balance - beginning of year			<u>83,757</u>	
Fund balance - end of year			<u>\$ 81,449</u>	

City of Lompoc
Non-major Special Revenue Funds
Schedule of Revenues, Expenditures and
Changes in Fund Balance (Deficit) - Budget and Actual
Other Governmental Funds
For the Year Ended June 30, 2021

Right-of-Way Maintenance

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Budget Positive (Negative)</u>
Revenues:				
Charges for current services	\$ 1,457,745	\$ 1,457,745	\$ 1,457,745	\$
Interest	1,350	1,350		(1,350)
Total revenue	<u>1,459,095</u>	<u>1,459,095</u>	<u>1,457,745</u>	<u>(1,350)</u>
Expenditures:				
Maintenance and operations			85,866	85,866
Capital outlays	<u>600,000</u>	<u>419,000</u>	<u>726,226</u>	<u>307,226</u>
Total expenditures	<u>600,000</u>	<u>419,000</u>	<u>812,092</u>	<u>393,092</u>
Excess of revenues over expenditures	<u>859,095</u>	<u>1,040,095</u>	<u>645,653</u>	<u>(394,442)</u>
Other financing sources				
Transfers out	<u>(1,457,745)</u>	<u>(1,457,745)</u>		<u>1,457,745</u>
Total other financing sources	<u>(1,457,745)</u>	<u>(1,457,745)</u>		<u>1,457,745</u>
Net change in fund balance	<u>\$ (598,650)</u>	<u>\$ (417,650)</u>	<u>645,653</u>	<u>\$ (1,852,187)</u>
Fund balance - beginning of year			<u>2,332,130</u>	
Fund balance - end of year			<u>\$ 2,977,783</u>	

City of Lompoc
Non-major Special Revenue Funds
Schedule of Revenues, Expenditures and
Changes in Fund Balance (Deficit) - Budget and Actual
Other Governmental Funds
For the Year Ended June 30, 2021

Measure A Transportation Improvement

	Original Budget	Final Budget	Actual	Variance with Budget Positive (Negative)
Revenues:				
Taxes	\$ 2,400,000	\$ 2,400,000	\$ 2,655,506	\$ 255,506
Interest	28,000	28,000	4,613	(23,387)
Total revenue	<u>2,428,000</u>	<u>2,428,000</u>	<u>2,660,119</u>	<u>232,119</u>
Expenditures:				
Maintenance and operations	225,000	220,781		(220,781)
Capital outlays	<u>1,305,000</u>	<u>1,307,257</u>	<u>2,557,769</u>	<u>1,250,512</u>
Total expenditures	<u>1,530,000</u>	<u>1,528,038</u>	<u>2,557,769</u>	<u>1,029,731</u>
Excess of revenues over expenditures	<u>898,000</u>	<u>899,962</u>	<u>102,350</u>	<u>(797,612)</u>
Other financing uses				
Transfers out	<u>(1,902,099)</u>	<u>(1,902,099)</u>	<u>(1,057,099)</u>	<u>845,000</u>
Total other financing uses	<u>(1,902,099)</u>	<u>(1,902,099)</u>	<u>(1,057,099)</u>	<u>845,000</u>
Net change in fund balance	<u>\$ (1,004,099)</u>	<u>\$ (1,002,137)</u>	<u>(954,749)</u>	<u>\$ (1,642,612)</u>
Fund balance - beginning of year			<u>3,491,988</u>	
Fund balance - end of year			<u><u>\$ 2,805,504</u></u>	

City of Lompoc
Non-major Special Revenue Funds
Schedule of Revenues, Expenditures and
Changes in Fund Balance (Deficit) - Budget and Actual
Other Governmental Funds
For the Year Ended June 30, 2021

Affordable Housing In-Lieu

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Budget Positive (Negative)</u>
Revenues:				
Revenues from other agencies	\$ 200,000	\$ 200,000	\$ 2,224	\$ (197,776)
Charges for current services			344,372	344,372
Interest	12,000	12,000	52,500	40,500
Total revenue	<u>212,000</u>	<u>212,000</u>	<u>399,096</u>	<u>187,096</u>
Expenditures:				
Personnel services	134,695	136,074	108,816	(27,258)
Maintenance and operations	801,018	801,231	56,030	(745,201)
Total expenditures	<u>935,713</u>	<u>937,305</u>	<u>164,846</u>	<u>(772,459)</u>
Excess of revenues over expenditures	<u>(723,713)</u>	<u>(725,305)</u>	<u>234,250</u>	<u>959,555</u>
Net change in fund balance	<u>\$ (723,713)</u>	<u>\$ (725,305)</u>	<u>234,250</u>	<u>\$ 959,555</u>
Fund balance - beginning of year			<u>6,133,980</u>	
Fund balance - end of year			<u>\$ 6,368,230</u>	

City of Lompoc
Non-major Debt Service Funds
Schedule of Revenues, Expenditures and
Changes in Fund Balance (Deficit) - Budget and Actual
Other Governmental Funds
For the Year Ended June 30, 2021

Civic Center

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Budget Positive (Negative)</u>
Revenues:				
Interest	\$ 803	\$ 803	\$ 322	\$ (481)
Other revenues	5,764	5,764	38,240	32,476
Total revenue	<u>6,567</u>	<u>6,567</u>	<u>38,562</u>	<u>31,995</u>
Expenditures:				
Total expenditures				
Excess of revenues over expenditures	<u>6,567</u>	<u>6,567</u>	<u>38,562</u>	<u>31,995</u>
Fund balance - beginning of year			<u>67,772</u>	
Fund balance - end of year			<u>\$ 106,334</u>	

City of Lompoc
Non-major Debt Service Funds
Schedule of Revenues, Expenditures and
Changes in Fund Balance (Deficit) - Budget and Actual
Other Governmental Funds
For the Year Ended June 30, 2021

Capital Development

	Original Budget	Final Budget	Actual	Variance with Budget Positive (Negative)
Interest	\$ 32,012	\$ 32,012	\$ 1,337	\$ (30,675)
Rental Income	15,250	15,250	13,381	(1,869)
Other revenues	261,082	261,082	328,116	67,034
Total revenue	<u>308,344</u>	<u>308,344</u>	<u>379,808</u>	<u>71,464</u>
Expenditures:				
Maintenance and operations	43,355	48,306		(48,306)
Capital outlays	250,000	1,215,863	352,518	(863,345)
Total expenditures	<u>293,355</u>	<u>1,264,169</u>	<u>352,518</u>	<u>(911,651)</u>
Excess of revenues over expenditures	<u>14,989</u>	<u>(955,825)</u>	<u>27,290</u>	<u>983,115</u>
Net change in fund balance	<u>\$ 14,989</u>	<u>\$ (955,825)</u>	<u>27,290</u>	<u>\$ 983,115</u>
Fund balance - beginning of year			<u>2,920,728</u>	
Fund balance - end of year			<u>\$ 2,948,018</u>	

City of Lompoc
Non-major Debt Service Funds
Schedule of Revenues, Expenditures and
Changes in Fund Balance (Deficit) - Budget and Actual
Other Governmental Funds
For the Year Ended June 30, 2021

Street Development

	Original Budget	Final Budget	Actual	Variance with Budget Positive (Negative)
Revenues:				
Interest	\$ 9,333	\$ 9,333	\$ 6,058	\$ (3,275)
Other revenues	65,604	65,604	225,653	160,049
Total revenue	<u>74,937</u>	<u>74,937</u>	<u>231,711</u>	<u>156,774</u>
Expenditures:				
Maintenance and operations	13,700	13,700		(13,700)
Capital outlays	<u>220,000</u>	<u>220,000</u>		<u>(220,000)</u>
Total expenditures	<u>233,700</u>	<u>233,700</u>		<u>(233,700)</u>
Excess of revenues over expenditures	<u>(158,763)</u>	<u>(158,763)</u>	<u>231,711</u>	<u>390,474</u>
Net change in fund balance	<u>\$ (158,763)</u>	<u>\$ (158,763)</u>	<u>231,711</u>	<u>\$ 390,474</u>
Fund balance - beginning of year			<u>5,831,411</u>	
Fund balance - end of year			<u>\$ 6,063,122</u>	

City of Lompoc
Non-major Debt Service Funds
Schedule of Revenues, Expenditures and
Changes in Fund Balance (Deficit) - Budget and Actual
Other Governmental Funds
For the Year Ended June 30, 2021

Assessment Districts

	Original Budget	Final Budget	Actual	Variance with Budget Positive (Negative)
Revenues:				
Taxes	\$	\$	\$ 23,130	\$ 23,130
Interest			132	132
Total revenue			<u>23,262</u>	<u>23,262</u>
Expenditures:				
Personnel services	76,785	77,972	72,798	(5,174)
Maintenance and operations	<u>18,914</u>	<u>18,998</u>	<u>22,526</u>	<u>3,528</u>
Total expenditures	<u>95,699</u>	<u>96,970</u>	<u>95,324</u>	<u>(1,646)</u>
Excess of revenues over (under) expenditures	<u>(95,699)</u>	<u>(96,970)</u>	<u>(72,062)</u>	<u>24,908</u>
Other financing sources (uses)				
Transfers in	155,000	155,000	178,511	23,511
Transfers out	<u>(66,000)</u>	<u>(66,000)</u>	<u>(81,250)</u>	<u>(15,250)</u>
Total other financing sources (uses)	<u>89,000</u>	<u>89,000</u>	<u>97,261</u>	<u>8,261</u>
Net change in fund balance	<u>\$ (6,699)</u>	<u>\$ (7,970)</u>	<u>25,199</u>	<u>\$ 16,647</u>
Fund balance - beginning of year			<u>18,219</u>	
Fund balance - end of year			<u>\$ 43,418</u>	

City of Lompoc
Non-major Debt Service Funds
Schedule of Revenues, Expenditures and
Changes in Fund Balance (Deficit) - Budget and Actual
Other Governmental Funds
For the Year Ended June 30, 2021

Library Impact Fees

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Budget Positive (Negative)</u>
Revenues:				
Interest	\$	\$	\$ 379	\$ 379
Other revenues			29,270	29,270
Total revenue			<u>29,649</u>	<u>29,649</u>
Expenditures:				
Total expenditures				
Excess of revenues over expenditures	\$	\$	<u>29,649</u>	<u>\$ 29,649</u>
Fund balance - beginning of year			<u>241,311</u>	
Fund balance - end of year			<u><u>\$ 270,960</u></u>	

City of Lompoc
Non-major Debt Service Funds
Schedule of Revenues, Expenditures and
Changes in Fund Balance (Deficit) - Budget and Actual
Other Governmental Funds
For the Year Ended June 30, 2021

Children's Library

	Original Budget	Final Budget	Actual	Variance with Budget Positive (Negative)
Revenues:				
Interest	\$ 320	\$ 320	\$	\$ (320)
Other revenues	148,239	150,439	124,675	(25,764)
Total revenue	<u>148,559</u>	<u>150,759</u>	<u>124,675</u>	<u>(26,084)</u>
Expenditures:				
Personnel services	104,628	106,171	92,481	(13,690)
Maintenance and operations	42,178	44,436	30,759	(13,677)
Total expenditures	<u>146,806</u>	<u>150,607</u>	<u>123,240</u>	<u>(27,367)</u>
Excess of revenues over expenditures	<u>1,753</u>	<u>152</u>	<u>1,435</u>	<u>1,283</u>
Net change in fund balance	<u>\$ 1,753</u>	<u>\$ 152</u>	<u>1,435</u>	<u>\$ 1,283</u>
Fund balance - beginning of year			<u>299,288</u>	
Fund balance - end of year			<u>\$ 300,723</u>	

City of Lompoc
Other Enterprise Funds (Non-Major)
For the Year Ended June 30, 2021

Airport – This fund is used to account for revenues to develop and maintain and operate the Airport facility and the related operations, maintenance, and capital expenditures of the Airport facility.

Lompoc Transit – This fund is used to account for revenues from Transportation Development Act, Federal Transit Administration grants, fare box and other revenues and expenditures for daily operations and capital needs of local transit services.

Broadband – This fund is used to account for revenues received from customers that use the City’s wireless internet system which provides funding for the development and maintenance of the broadband system.

City of Lompoc
Combining Statement of Net Position (Deficit)
Other Enterprise Funds
June 30, 2021

Assets	Lompoc Airport	Lompoc Transit	Broadband	Total Other Enterprise Funds
Current assets:				
Cash and investments	\$ 219,564	\$ 8,165,657	\$	\$ 8,385,221
Accounts receivable, net	75,480	823	20,515	96,818
Tax receivable		3,303		3,303
Interest receivable	289	11,186		11,475
Due from other governments	245,992	995,943		1,241,935
Inventories	29,520			29,520
Total current assets	<u>570,845</u>	<u>9,176,912</u>	<u>20,515</u>	<u>9,768,272</u>
Noncurrent assets:				
Capital assets:				
Land	5,401,514	467,373		5,868,887
Building and improvements	5,853,611	413,260		6,266,871
Infrastructure		1,754,809		1,754,809
Construction in progress	245,086	2,245,899		2,490,985
Equipment	505,530	1,004,637	40,468	1,550,635
Vehicles and machinery		2,868,724		2,868,724
Less accumulated depreciation	<u>(3,029,962)</u>	<u>(3,985,790)</u>	<u>(40,468)</u>	<u>(7,056,220)</u>
Total noncurrent assets	<u>8,975,779</u>	<u>4,768,912</u>	<u>-</u>	<u>13,744,691</u>
Total assets	<u>9,546,624</u>	<u>13,945,824</u>	<u>20,515</u>	<u>23,512,963</u>
Deferred Outflows of Resources				
Pension related	27,149	62,663	26,428	116,240
Other post-employment benefits related	4,114	9,415	1,590	15,119
Total deferred outflows of resources	<u>31,263</u>	<u>72,078</u>	<u>28,018</u>	<u>131,359</u>

Liabilities**Current liabilities:**

Accounts payable	\$ 35,881	\$ 207,859	\$ 5,098	\$ 248,838
Due to other funds	87,139		50,209	137,348
Accrued wages and benefits	2,799	7,802	1,428	12,029
Deposits Payable	13,250			13,250
Interest payable	1,293	218		1,511
Current portion of capital leases payable		3,945		3,945
Total current liabilities	<u>140,362</u>	<u>219,824</u>	<u>56,735</u>	<u>416,921</u>

Noncurrent liabilities:

Capital leases payable, net of current portion		23,810		23,810
Net other post-employment benefits (OPEB) liability	734	1,681	6,565	8,980
Net pension liability	151,581	338,448	187,895	677,924
Total noncurrent liabilities	<u>152,315</u>	<u>363,939</u>	<u>194,460</u>	<u>710,714</u>
Total liabilities	<u>292,677</u>	<u>583,763</u>	<u>251,195</u>	<u>1,127,635</u>

Deferred Inflows of Resources

Pension related	1,483	500	3,267	5,250
Other post-employment benefits related	9,135	20,906	3,695	33,736
Total deferred outflows of resources	<u>10,618</u>	<u>21,406</u>	<u>6,962</u>	<u>38,986</u>

Net position (deficit)

Net investment in capital assets	8,975,779	4,741,157		13,716,936
Restricted for Transit projects		7,539,664		7,539,664
Unrestricted	298,813	1,131,912	(209,624)	1,221,101
Total net position (deficit)	<u>\$ 9,274,592</u>	<u>\$ 13,412,733</u>	<u>\$ (209,624)</u>	<u>\$ 22,477,701</u>

City of Lompoc
Combining Statement of Revenues, Expenses and
Change in Fund Net Position (Deficit)
Other Enterprise Funds
For the Year Ended June 30, 2021

	<u>Lompoc Airport</u>	<u>Lompoc Transit</u>	<u>Broadband</u>	<u>Total Other Enterprise Funds</u>
Operating revenues:				
User fees and charges for services	\$ 200,679	\$ 54,725	\$ 54,104	\$ 309,508
Revenue from other agencies	251,332	3,422,105		3,673,437
Other operating revenues	1,940	1,984	512	4,436
Facilities rental	334,546	3,740		338,286
Total operating revenues	<u>788,497</u>	<u>3,482,554</u>	<u>54,616</u>	<u>4,325,667</u>
Operating expenses:				
Personnel services	102,768	289,510	59,255	451,533
Maintenance and operations	323,987	2,104,692	22,502	2,451,181
Depreciation and amortization	196,104	325,547		521,651
Total operating expenses	<u>622,859</u>	<u>2,719,749</u>	<u>81,757</u>	<u>3,424,365</u>
Operating income (loss)	<u>165,638</u>	<u>762,805</u>	<u>(27,141)</u>	<u>901,302</u>
Nonoperating revenues and expenses:				
Interest earnings		8,979	146	9,125
Gas taxes		31,148		31,148
Interest expense		(858)		(858)
Total nonoperating revenues and expenses		<u>39,269</u>	<u>146</u>	<u>39,415</u>
Change in Net Position	<u>165,638</u>	<u>802,074</u>	<u>(26,995)</u>	<u>940,717</u>
Net position (deficit) - beginning of year	<u>9,108,954</u>	<u>12,610,659</u>	<u>(182,629)</u>	<u>21,536,984</u>
Net position (deficit) - end of year	<u>\$ 9,274,592</u>	<u>\$ 13,412,733</u>	<u>\$ (209,624)</u>	<u>\$ 22,477,701</u>

City of Lompoc
Combining Statement of Cash Flows
Other Enterprise Funds
For the Year Ended June 30, 2021

	Lompoc Airport	Lompoc Transit	Broadband	Total Other Enterprise Funds
Cash flows from operating activities:				
Cash received from customers	\$ 332,186	\$ 73,802	\$ 39,581	\$ 445,569
Cash received from other agencies	251,332	3,356,169		3,607,501
Internal activity - cash paid from (to) other funds	(26,199)		50,208	24,009
Cash paid to suppliers for goods and services	(305,902)	(2,066,506)	(19,509)	(2,391,917)
Cash paid to employees	(101,735)	(284,841)	(57,842)	(444,418)
Net cash provided (used) by operating activities	149,682	1,078,624	12,438	1,240,744
Cash flows from noncapital financing activities:				
Cash received from other agencies		31,148		31,148
Net cash provided by non-capital financial activities		31,148		31,148
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(245,086)	(380,404)		(625,490)
Principal payments on long term debt		(3,836)		(3,836)
Interest payments on long term debt	(394)	(872)		(1,266)
Net cash used by capital and related financial activities	(245,480)	(385,112)		(630,592)
Cash flows from investing activities:				
Interest on investments	765	8,979	146	9,890
Net cash provided (used) by investing activities	765	8,979	146	9,890
Net increase (decrease) in cash and investments	(95,033)	733,639	12,584	651,190
Cash and investments - beginning of year	314,597	7,432,018	(12,584)	7,734,031
Cash and investments - end of year	\$ 219,564	\$ 8,165,657	\$ -	\$ 8,385,221
Summary of cash and investments:				
Cash and investments	\$ 219,564	\$ 8,165,657	\$ -	\$ 8,385,221
Total cash and investments - end of year	\$ 219,564	\$ 8,165,657	\$ -	\$ 8,385,221

City of Lompoc
Combining Statement of Cash Flows
Other Enterprise Funds, continued
For the Year Ended June 30, 2021
Page 2

	<u>Lompoc Airport</u>	<u>Lompoc Transit</u>	<u>Broadband</u>	<u>Total Other Enterprise Funds</u>
Operating income (loss)	\$ 165,638	\$ 762,805	\$ (27,141)	\$ 901,302
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	196,104	325,547		521,651
Accounts receivable	(205,929)	13,353	(15,035)	(207,611)
Due from other governments		(65,936)		(65,936)
Inventories	(6,391)			(6,391)
Accounts payable	24,476	38,186	2,993	65,655
Due to other funds	(26,199)		50,208	24,009
Accrued wages and benefits	1,033	4,669	1,413	7,115
Trust deposits	950			950
Total adjustments	<u>(15,956)</u>	<u>315,819</u>	<u>39,579</u>	<u>339,442</u>
Net cash provided (used) by operating activities	<u>\$ 149,682</u>	<u>\$ 1,078,624</u>	<u>\$ 12,438</u>	<u>\$ 1,240,744</u>

City of Lompoc
Internal Service Funds
For the Year Ended June 30, 2021

INTRODUCTION

Internal Service Funds are used to finance and account for special activities and services performed by designated departments of the City for other departments in the City on a cost reimbursement basis.

Employment Benefits and Insurance Control – This fund accounts for the administration of various benefit and insurance programs of the City. Such programs include activity for accrued leave, health care, retirement and other employee benefits; workers compensation, general liability, property, and other insurance programs.

Vehicle – This fund accounts for the operation, maintenance and replacement of vehicles and equipment used by all City departments. The source of revenue is from reimbursement of fleet replacement, maintenance and operation costs allocated to each department by assignment of vehicle allocations.

Communications – This fund accounts for the replacement and upgrade of technology, equipment, and services. Primary service areas to all departments include: desktop computer services, fiber and connectivity infrastructure services and equipment, network computer applications and equipment; replacement, maintenance, and operations of telephone communication systems and equipment.

Stores – This fund accounts for the central duplication, printing, mail services, and inventory services, supplies, and equipment provided to all City departments. The source of revenue for this fund is from reimbursement of cost for services and supplies purchased.

City of Lompoc
Combining Statement of Fund Net Position (Deficit)
Internal Service Funds
June 30, 2021

	Employment Benefits and Insurance Control	Vehicle
Assets	<u> </u>	<u> </u>
Current assets:		
Cash and investments	\$ 11,677,013	\$ 984,624
Cash with fiscal agents		4,116,699
Accounts receivable, net	6,039	2,759
Interest receivable	15,184	119
Due from other governments	15,285	10,465
Prepays		289,830
Inventories		224,278
Due from other funds	303,459	
Total current assets	<u>12,016,980</u>	<u>5,628,774</u>
Noncurrent assets:		
Capital Asset:		
Building and improvements		257,025
Construction in progress		7,942
Infrastructure		58,786
Equipment		46,085
Vehicles & machinery		25,036,050
Less accumulated depreciation		<u>(18,680,383)</u>
Total capital assets net of accumulated depreciation		<u>6,725,505</u>
Total assets	<u>12,016,980</u>	<u>12,354,279</u>
Deferred Outflows of Resources		
Pension related	34,762	365,994
Other post-employment benefits related		<u>53,606</u>
Total deferred outflows of resources	<u>34,762</u>	<u>419,600</u>

<u>Communication</u>	<u>Stores</u>	<u>Total</u>
\$ 1,301,662	\$ 301,548	\$ 14,264,847
		4,116,699
62		8,860
	296	15,599
		25,750
		289,830
	117,287	341,565
		303,459
<u>1,301,724</u>	<u>419,131</u>	<u>19,366,609</u>
14,171		271,196
2,044,902		2,052,844
135,612		194,398
2,675,052	170,735	2,891,872
		25,036,050
<u>(2,594,178)</u>	<u>(106,908)</u>	<u>(21,381,469)</u>
<u>2,275,559</u>	<u>63,827</u>	<u>9,064,891</u>
<u>3,577,283</u>	<u>482,958</u>	<u>28,431,500</u>
424,586	23,348	848,690
56,236	4,241	114,083
<u>480,822</u>	<u>27,589</u>	<u>962,773</u>

City of Lompoc
Combining Statement of Fund Net Position (Deficit)
Internal Service Funds, continued
June 30, 2021
Page 2

	<u>Employment Benefits and Insurance Control</u>	<u>Vehicle</u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 223,469	\$ 537,567
Due to other funds		
Accrued wages and benefits	650,187	32,135
Interest payable		65,237
Current portion of claims payable	1,924,000	
Current portion of compensated absences	3,832,380	
Current portion of capital leases payable		578,308
Total current liabilities	<u>6,630,036</u>	<u>1,213,247</u>
Noncurrent liabilities:		
Claims payable, net of current portion	5,750,000	
Compensated absences, net current portion	247,669	
Capital leases payable, net of current portion		5,496,340
Net other post-employment benefits liability		9,570
Net pension liability		1,922,143
Total noncurrent liabilities	<u>5,997,669</u>	<u>7,428,053</u>
Total liabilities	<u>12,627,705</u>	<u>8,641,300</u>
Deferred Inflows of Resources		
Pension related		16,375
Other post-employment benefits related		119,032
Total deferred outflows of resources		<u>135,407</u>
Net position (deficit)		
Net investment in capital assets		650,857
Restricted for other purposes	50,000	
Unrestricted	<u>(625,963)</u>	<u>3,346,315</u>
Total net position (deficit)	<u>\$ (575,963)</u>	<u>\$ 3,997,172</u>

<u>Communication</u>	<u>Stores</u>	<u>Total</u>
\$ 50,378	\$ 47,559	\$ 858,973
3,869,905		3,869,905
42,871	2,748	727,941
		65,237
		1,924,000
		3,832,380
305,560		883,868
<u>4,268,714</u>	<u>50,307</u>	<u>12,162,304</u>
		5,750,000
		247,669
5,771		5,502,111
3,061	757	13,388
<u>2,170,024</u>	<u>99,283</u>	<u>4,191,450</u>
<u>2,178,856</u>	<u>100,040</u>	<u>15,704,618</u>
<u>6,447,570</u>	<u>150,347</u>	<u>27,866,922</u>
22,256	4,291	42,922
124,689	9,417	253,138
<u>146,945</u>	<u>13,708</u>	<u>296,060</u>
1,964,228	63,827	2,678,912
	13,881	63,881
<u>(4,500,638)</u>	<u>268,784</u>	<u>(1,511,502)</u>
<u>\$ (2,536,410)</u>	<u>\$ 346,492</u>	<u>\$ 1,231,291</u>

City of Lompoc
Combining Statement of Revenues, Expenses and
Changes in Fund Position (Deficit)
Internal Service Funds
For the Year Ended June 30, 2021

	Employment Benefits and Insurance Control	Vehicle
Operating revenues:		
Charge for services	\$ 26,697,797	\$ 4,614,729
Revenue from other agencies	108,098	
Other revenue		13,519
Total operating revenues	26,805,895	4,628,248
Operating expenses:		
Personnel services	7,045,641	1,312,900
Maintenance and operations	18,718,717	2,592,998
Depreciation and amortization		1,339,172
Total operating expenses	25,764,358	5,245,070
Operating income (loss)	1,041,537	(616,822)
Nonoperating revenues and expenses:		
Interest earnings	37,260	
Interest expense		(186,431)
Loss on disposal of capital assets		(11,321)
Total nonoperating revenues and expenses	37,260	(197,752)
Income before capital contributions and transfers	1,078,797	(814,574)
Transfers in		410,773
Change in net position	1,078,797	(403,801)
Net position (deficit) - beginning of year	(1,654,760)	4,400,973
Net position (deficit) - end of year	\$ (575,963)	\$ 3,997,172

<u>Communication</u>	<u>Stores</u>	<u>Total</u>
\$ 3,328,064	\$ 228,892	\$ 34,869,482
		108,098
		13,519
<u>3,328,064</u>	<u>228,892</u>	<u>34,991,099</u>
1,306,319	83,554	9,748,414
1,543,868	73,807	22,929,390
<u>118,222</u>	<u>23,841</u>	<u>1,481,235</u>
<u>2,968,409</u>	<u>181,202</u>	<u>34,159,039</u>
<u>359,655</u>	<u>47,690</u>	<u>832,060</u>
		37,260
(35,644)	(428)	(222,503)
		(11,321)
<u>(35,644)</u>	<u>(428)</u>	<u>(196,564)</u>
<u>324,011</u>	<u>47,262</u>	<u>635,496</u>
		<u>410,773</u>
<u>324,011</u>	<u>47,262</u>	<u>1,046,269</u>
(2,860,421)	299,230	185,022
<u>(2,536,410)</u>	<u>346,492</u>	<u>1,231,291</u>

City of Lompoc
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2021

	Employment Benefits and Insurance Control	Vehicle
Cash flows from operating activities:		
Cash received from interfund services provided	\$ 26,712,826	\$ 4,640,597
Cash received from other agencies	108,098	
Internal activity - cash paid from (to) other funds	127,918	
Cash paid to suppliers for goods and services	(18,004,778)	(2,620,177)
Cash paid to employees	(6,262,201)	(1,292,738)
Net cash provided by operating activities	2,681,863	727,682
Cash flows from noncapital financing activities:		
Transfers in		410,773
Net cash provided (used) by non-capital financial activities		410,773
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets		(2,451,432)
Loss on disposal of equipment		(11,321)
Principal payments on long term debt		(891,047)
Interest payments on long term debt		(195,058)
Cash from issuance of capital lease obligations		
Net cash used by capital and related financing activities		(3,548,858)
Cash flows from investing activities:		
Interest on investments	48,284	10,033
Net cash provided by investing activities	48,284	10,033
Net increase (decrease) in cash and investments	2,730,147	(2,400,370)
Cash and investments - beginning of year	8,946,866	7,501,693
Cash and investments - end of year	\$ 11,677,013	\$ 5,101,323
Summary of cash investments - end of year:		
Cash and investments	\$ 11,677,013	\$ 984,624
Cash with fiscal agents		4,116,699
Total cash and investments - end of year	\$ 11,677,013	\$ 5,101,323

<u>Communication</u>	<u>Stores</u>	<u>Total</u>
\$ 3,328,002	\$ 228,892	\$ 34,910,317
		108,098
(156,071)		(28,153)
(1,393,751)	(20,150)	(22,038,856)
<u>(1,274,570)</u>	<u>(87,170)</u>	<u>(8,916,679)</u>
503,610	121,572	4,034,727
		<u>410,773</u>
		<u>410,773</u>
(280,897)		(2,732,329)
		(11,321)
(305,560)		(1,196,607)
(35,644)	(428)	(231,130)
<u>(622,101)</u>	<u>(428)</u>	<u>(4,171,387)</u>
4,829	303	63,449
<u>4,829</u>	<u>303</u>	<u>63,449</u>
(113,662)	121,447	337,562
<u>1,415,324</u>	<u>180,101</u>	<u>18,043,984</u>
<u>\$ 1,301,662</u>	<u>\$ 301,548</u>	<u>\$ 18,381,546</u>
\$ 1,301,662	\$ 301,548	\$ 14,264,847
		<u>4,116,699</u>
<u>\$ 1,301,662</u>	<u>\$ 301,548</u>	<u>\$ 18,381,546</u>

City of Lompoc
Combining Statement of Cash Flows
Internal Service Funds, continued
For the Year Ended June 30, 2021
Page 2

	Employment Benefits and Insurance Control	Vehicle
Operating income (loss)	\$ 1,041,537	\$ (616,822)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization		1,339,172
Accounts receivable	15,029	(3,413)
Inventories		15,762
Due from/to other funds	127,918	
Prepaid expenses		(289,830)
Accounts payable	(329,061)	262,651
Accrued liabilities		
Accrued wages and benefits	838,628	20,162
Compensated absences	(55,188)	
Claim liabilities	1,043,000	
Total adjustments	1,640,326	1,344,504
Net cash provided (used) by operating activities	\$ 2,681,863	\$ 727,682

<u>Communication</u>	<u>Stores</u>	<u>Total</u>
<u>\$ 359,655</u>	<u>\$ 47,690</u>	<u>\$ 832,060</u>
118,222	23,841	1,481,235
(62)		11,554
	2,784	18,546
(156,071)		(28,153)
146,975	13,794	(129,061)
3,142	37,079	(26,189)
31,749	(3,616)	886,923
		(55,188)
		<u>1,043,000</u>
<u>143,955</u>	<u>73,882</u>	<u>3,202,667</u>
<u>\$ 503,610</u>	<u>\$ 121,572</u>	<u>\$ 4,034,727</u>

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**City of Lompoc
Custodial Funds
For the Year Ended June 30, 2021**

Custodial funds are fiduciary funds that are used to report activity that is not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.

Mural Projects Fund – This fund is used to account for assets received and held by the City as an agent for the City of Lompoc Mural Society.

Deposits Fund – This fund is used to account for assets received and held by the City as an agent for individuals, developers, private organizations, and other governmental agencies.

City of Lompoc
Combining Statement of Fiduciary Net Position (Deficit)
All Custodial Funds
June 30, 2021

	Deposits	Mural Project	Total
Assets			
Cash and investments	\$ 165,194	\$ 46,744	\$ 211,938
Cash with fiscal agent			
Accounts receivable	13	42	55
Interest receivable		36	36
Total assets	\$ 165,207	\$ 46,822	\$ 212,029
Liabilities and Fund Balance (Deficiency)			
Liabilities:			
Accounts payable	\$	\$ 191	\$ 191
Amounts due to others	113,742		113,742
Total liabilities and deferred revenues	\$ 113,742	\$ 191	\$ 113,933
Fund balance (deficiency):			
Nonspendable:			
Restricted for:			
Committed to:			
Assigned to:			
Unassigned:	51,465	46,631	98,096
Total fund balance	51,465	46,631	98,096
Net Position	\$ 51,465	\$ 46,631	\$ 98,096

City of Lompoc
Combining Statement of Changes in Fiduciary Net Position (Deficit)
All Custodial Funds
For the Year Ended June 30, 2021

	<u>Deposits</u>	<u>Mural Project</u>	<u>Total Custodial Funds</u>
Revenues:			
Interest	\$	\$ (87)	\$ (87)
Other revenues		5,101	5,101
Total revenues		<u>5,014</u>	<u>5,014</u>
Expenditures:			
Maintenance and operations		<u>3,694</u>	<u>3,694</u>
Total expenditures		<u>3,694</u>	<u>3,694</u>
Excess of revenues over (under) expenditures		<u>1,320</u>	<u>1,320</u>
Fund balance (deficiency) - beginning of year, as originally reported	<u>-</u>	<u>-</u>	<u>-</u>
Prior year restatement	51,465	45,311	96,776
Fund balance (deficiency) - beginning of year, restated	<u>51,465</u>	<u>45,311</u>	<u>96,776</u>
Fund balance (deficiency) - end of year	<u>\$ 51,465</u>	<u>\$ 46,631</u>	<u>\$ 98,096</u>

Statistical Section (unaudited)

The statistical section provides mostly trend data and nonfinancial information useful in assessing the City's financial condition. Because of the special character of the data presented in the statistical section (i.e., data of prior years, nonfinancial data), the section does not fall within the scope of the independent audit. This section includes the:

- **Financial Trends**

- ◇ Net Position by Component
- ◇ Change in Net Position
- ◇ Fund Balances of Governmental Funds
- ◇ Change in Fund Balance of Governmental Funds

- **Revenue Capacity**

- ◇ Government-Wide Activities Tax Revenues by Source
- ◇ Assessed Value of Taxable Property
- ◇ Principal Property Taxpayers
- ◇ Secured Property Tax Roll Levies and Collections
- ◇ Property Tax Rates - Direct and Overlapping Governments
- ◇ Taxable Sales by Type of Business
- ◇ Sales and use Tax Historical Rates

- **Debt Capacity**

- ◇ Ratio of Outstanding Debt by Type
- ◇ Ratio of General Bonded Debt Outstanding
- ◇ Direct and Overlapping Debt
- ◇ Legal Debt Margin Information
- ◇ Schedule of Revenue Bond Coverage Water
- ◇ Schedule of Revenue Bond Coverage Wastewater

- **Demographic and Economic Information**
 - ◇ Major - Principal Employer
 - ◇ Demographic and Economic Statistics
- **Operating Information**
 - ◇ Full Time Equivalent City Government Employees by Category
 - ◇ Capital Assets Statistical Function
 - ◇ Operating Indicators

City of Lompoc
Net Position by Component
Last Ten Fiscal Years
(Amounts in thousands)

	2012	2013	2014	2015 *	2016	2017	2018 **	2019	2020	2021
Governmental Activities										
Net Investment in Capital Assets	\$ 86,804	\$ 91,673	\$ 90,244	\$ 91,890	\$ 91,214	\$ 85,373	\$ 84,694	\$ 86,390	\$ 81,363	\$ 87,653
Restricted	15,195	15,332	17,665	18,793	18,196	24,275	24,972	24,847	26,192	26,371
Unrestricted	16,594	17,129	15,782	(33,709)	(30,905)	(37,631)	(52,715)	(56,903)	(55,384)	(49,063)
Total Governmental Net Position	118,593	124,134	123,691	76,975	78,505	72,017	56,951	54,334	52,171	64,961
Business-Type Activities										
Net Investment in Capital Assets	86,490	84,704	84,014	83,330	83,711	86,538	87,726	84,971	85,066	84,833
Restricted	8,305	9,739	17,968	10,222	13,273	14,330	16,204	17,507	17,090	19,411
Unrestricted	9,595	11,328	5,958	5,092	8,984	16,699	16,351	27,260	33,481	33,262
Total Business-Type Net Position	104,390	105,771	107,940	98,644	105,968	117,567	120,281	129,738	135,637	137,506
Primary Government										
Net Investment in Capital Assets	173,294	176,378	174,258	175,220	174,924	171,911	172,420	171,361	166,429	172,486
Restricted	23,500	25,071	35,632	29,015	31,469	38,605	41,177	42,354	43,282	45,782
Unrestricted	26,189	28,457	21,740	(28,617)	(21,921)	(20,932)	(36,364)	(29,643)	(21,903)	(15,801)
Total Primary Government Net Position	\$ 222,983	\$ 229,905	\$ 231,630	\$ 175,618	\$ 184,472	\$ 189,584	\$ 177,232	\$ 184,072	\$ 187,808	\$ 202,467

Source: City of Lompoc Annual Financial Report

* Implementation of GASB pronouncement No. 68 added Pension liabilities to the Statement of Net Position.

** Implementation of GASB pronouncement No. 75 added Other Post Employment Benefits liabilities to the Statement of Net Position.

City of Lompoc
Changes in Net Position
Last Ten Fiscal Years
(Amounts in thousands)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities										
General government	\$ 5,670	\$ 5,092	\$ 6,448	\$ 5,985	\$ 5,380	\$ 5,406	\$ 5,047	\$ 5,929	\$ 5,433	\$ 7,049
Police protection	10,349	9,325	10,884	8,702	8,949	10,449	11,780	12,033	11,258	12,113
Fire protection	3,760	3,668	4,397	4,072	4,760	5,914	6,635	7,119	7,021	7,693
Engineer and streets	6,245	6,795	7,659	5,880	5,210	6,667	6,981	7,233	8,015	7,538
Building	469	458	484	466	457	541	562	506	680	581
Community development	1,686	855	1,213	1,563	1,987	1,818	1,902	2,252	1,108	2,471
Parks and recreation	3,938	3,759	3,424	3,499	3,880	6,725	6,043	6,754	6,708	5,431
Nondepartmental	907	960	1,037	1,134	1,482	1,618	1,529	1,610	1,606	1,421
Interest on long-term debt	807	146	116	123	120	163	136	122	115	111
Total governmental activities	33,829	31,059	35,661	31,424	32,226	39,302	40,616	43,558	41,944	44,408
Business type activities										
Water	8,745	9,724	9,700	9,767	9,948	10,199	10,806	10,689	10,615	10,835
Electric	17,298	19,344	19,153	19,929	19,491	19,333	21,872	20,687	21,023	22,675
Wastewater	9,851	12,907	12,814	12,958	13,541	13,507	14,506	13,319	13,381	13,536
Solid Waste	6,100	6,563	6,503	6,640	8,436	7,618	8,339	8,888	8,470	9,394
Other	4,604	5,297	5,652	5,533	4,984	4,186	3,418	2,921	3,002	3,425
Total business type activities expenses	46,599	53,835	53,821	54,827	56,401	54,843	58,941	56,504	56,491	59,865
Total primary government expenses	\$ 80,428	\$ 84,894	\$ 89,483	\$ 86,252	\$ 88,626	\$ 94,145	\$ 99,557	\$ 100,062	\$ 98,435	\$ 104,273
Program Revenues										
Governmental activities										
Charges for Services										
General government	\$ 7,298	\$ 7,579	\$ 6,866	\$ 7,286	\$ 8,471	\$ 9,213	\$ 9,000	\$ 9,618	\$ 9,696	\$ 11,042
Police protection	22	21	316	254	297	305	467	345	328	111
Fire protection			21	85	61	90	325	277	97	164
Engineer and streets	2	21	34	196	130	530	823	585	366	535
Building			634	445	272	187	503	604	661	756
Community development				105	119	94	157	162	253	199
Parks and recreation	1,264	377	867	669	326	874	1,339	1,320	892	553
Nondepartmental							186	167	180	175
Health and Welfare	186	336	348	305	43	2		5		
Operating grants and contributions	1,944	1,769	2,843	2,653	1,987	1,252	1,650	1,934	1,351	6,492
Capital grants and contributions	1,355	696	897	1,351	974	902	269	592	480	326
Total governmental activities program revenues	12,071	10,801	12,826	13,349	12,681	13,450	14,720	15,609	14,304	20,353
Business type activities										
Charges for Services										
Water	8,415	8,858	10,168	11,081	11,312	12,153	12,895	12,383	12,343	12,013
Electric	22,956	23,378	22,694	23,929	23,372	22,863	23,208	23,157	20,391	22,564
Wastewater	7,895	7,995	8,963	10,221	11,663	12,091	13,177	13,219	13,036	11,635
Solid Waste	6,634	7,093	7,295	7,844	8,224	8,604	9,166	9,205	9,129	8,622
Other	2,065	2,800	3,303	3,419	3,114	1,851	1,244	785	698	647
Operating grants and contributions	4,767	5,382	4,868	5,466	7,024	9,643	7,344	7,621	7,084	7,454
Capital grants and contributions	2,335	1,728	283	1,259	343	507	435	34	62	634
Total business activities program revenues	55,068	57,232	57,573	63,218	65,052	67,711	67,469	66,404	62,743	63,569
Total primary government program revenues	\$ 67,138	\$ 68,033	\$ 70,400	\$ 76,567	\$ 77,733	\$ 81,161	\$ 82,189	\$ 82,013	\$ 77,047	\$ 83,922

Source: City of Lompoc Annual Financial Report

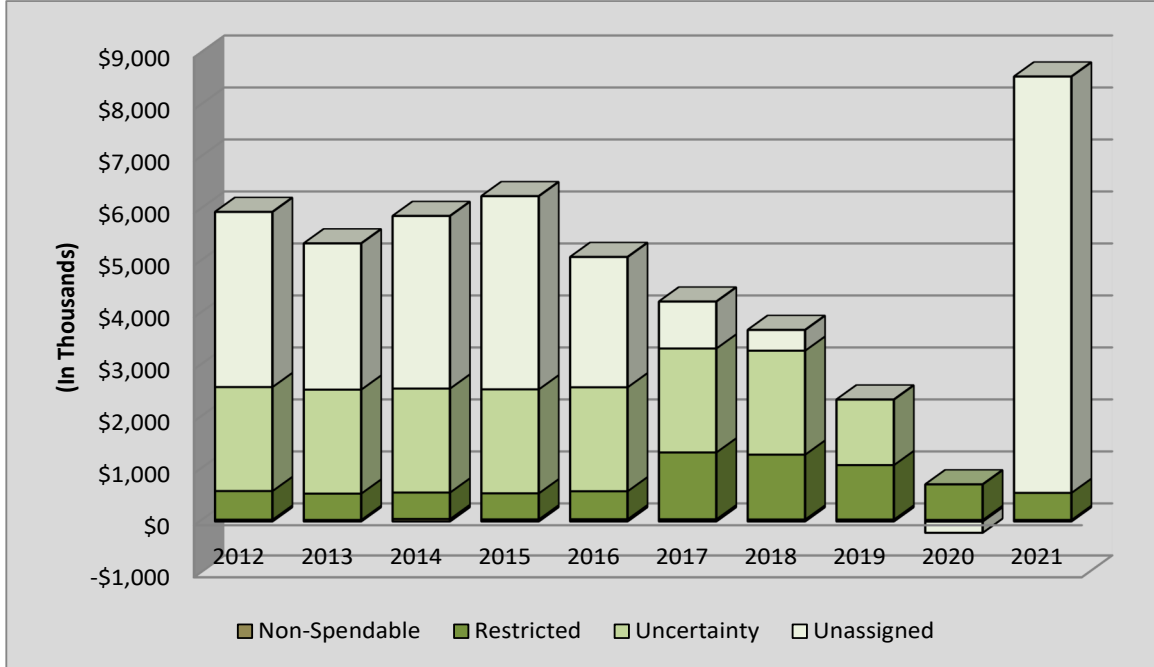
City of Lompoc
Change in Net Position, continued
Last Ten Fiscal Years
(Amounts in thousands)
Page 2

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net (expense)/revenue										
Governmental activities	\$ (21,758)	\$ (20,258)	\$ (22,835)	\$ (18,075)	\$ (19,545)	\$ (25,852)	\$ (25,896)	\$ (27,949)	\$ (27,640)	\$ (24,055)
Business-type activities	8,469	3,397	3,752	8,391	8,651	12,868	8,528	9,898	6,252	3,704
Total primary government										
Net (Expense)/Revenue	<u>\$ (13,290)</u>	<u>\$ (16,861)</u>	<u>\$ (19,083)</u>	<u>\$ (9,684)</u>	<u>\$ (10,893)</u>	<u>\$ (12,984)</u>	<u>\$ (17,367)</u>	<u>\$ (18,051)</u>	<u>\$ (21,388)</u>	<u>\$ (20,351)</u>
General Revenue and Other Change in Net Position										
Governmental activities										
Taxes										
Sales Tax	\$ 5,658	\$ 5,865	\$ 6,289	\$ 6,607	\$ 6,842	\$ 6,878	\$ 7,367	\$ 7,857	\$ 7,512	\$ 15,034
Property	5,156	3,719	3,955	4,060	4,157	4,484	4,838	4,846	5,225	5,394
Transient occupancy tax (TOT)	1,032	1,313	1,621	1,728	1,794	1,889	2,001	2,173	1,293	1,665
Cannabis tax									984	1,664
Vehicle license fees	2,925	2,903	2,932	3,048	3,169	3,307	3,480	3,609	3,824	3,979
Gas Tax	2,162	1,841	2,840	2,595	997	850	1,200	1,706	1,768	1,790
Other taxes										
Business tax	331	281	320	338	350	345	316	374	368	314
Franchise fees	611	609	397	501	608	636	646	625	643	647
State of California in-lieu	8	8	8	8	14		1	1	1	
Property transfer tax	62	64	72	90	87	113	96	112	101	136
License and permits	259	314	395	287	300	142	*			
Rental Income						412	*			
Interest income	147	116	128	302	376	62	71	1,277	892	173
Other revenues	1,511	1,142	1,748	1,092	650	1,027	713	637	991	925
Transfers	1,191	1,160	1,686	(2,724)	1,731	1,844	2,048	2,113	1,877	2,156
Extraordinary gain/Special Item	351	6,670		1,202		(380)				
Prior Year Restatement	165	(205)		(47,774)		(2,246)	(10,089)	1,858	114	2,970
Total governmental activities	<u>21,568</u>	<u>25,800</u>	<u>22,391</u>	<u>(28,641)</u>	<u>21,075</u>	<u>19,364</u>	<u>12,688</u>	<u>27,188</u>	<u>25,593</u>	<u>36,847</u>
Business-type activities										
Property Tax	7	4	9	9	9	9	9	9	9	5
Sales Tax										
Gas Tax		277	29	30	30	132	33	29	28	31
Interest Earnings	275	57	51	129	286	55	287	1,635	1,687	203
Other revenues	238	171	80	62	79					
Transfers	(1,191)	(1,160)	(1,686)	2,724	(1,731)	(1,844)	(2,048)	(2,113)	(2,077)	(2,156)
Cumulative effect from change in accounting principle			(750)							
Extraordinary gain/Special Item						380				
Prior Year Restatement	(473)	(615)	(67)	(20,640)			(4,094)	(3,685)	238	81
Total business type activities	<u>(1,144)</u>	<u>(1,267)</u>	<u>(2,333)</u>	<u>(17,686)</u>	<u>(1,328)</u>	<u>(1,268)</u>	<u>(5,814)</u>	<u>(4,125)</u>	<u>(115)</u>	<u>(1,836)</u>
Total primary government net expenses	<u>\$ 20,424</u>	<u>\$ 24,533</u>	<u>\$ 20,058</u>	<u>\$ (46,327)</u>	<u>\$ 19,747</u>	<u>\$ 18,095</u>	<u>\$ 6,875</u>	<u>\$ 23,063</u>	<u>\$ 25,478</u>	<u>\$ 35,010</u>
Change in Net Position										
Governmental activities	\$ (191)	\$ 5,541	\$ (444)	\$ (46,716)	\$ 1,530	\$ (6,488)	\$ (13,207)	\$ (760)	\$ (2,049)	\$ 12,790
Business-type activities	7,325	2,131	1,419	(9,295)	7,323	11,599	2,714	5,771	6,137	1,868
Total primary government change in net position	<u>\$ 7,135</u>	<u>\$ 7,672</u>	<u>\$ 975</u>	<u>\$ (56,011)</u>	<u>\$ 8,854</u>	<u>\$ 5,111</u>	<u>\$ (10,493)</u>	<u>\$ 5,011</u>	<u>\$ 4,088</u>	<u>\$ 14,659</u>

Source: City of Lompoc Annual Financial Report

* License and permits, and Rental income were moved to Program Revenues.

City of Lompoc
Fund Balance of Governmental Funds (General Fund)
Last Ten Fiscal Years
(Amounts in thousands)

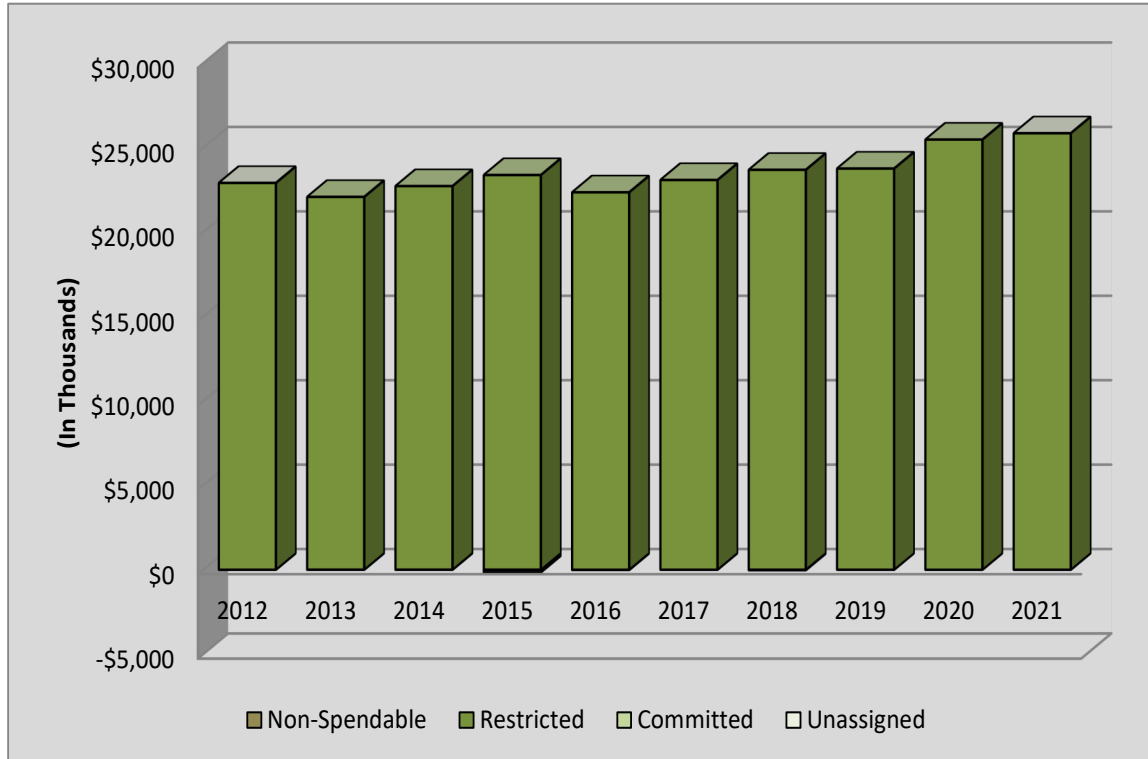


	Fiscal Year Ended June 30									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nonspendable:										
Inventory	\$ 34	\$ 29	\$ 47	\$ 39	\$ 42	\$ 42	\$ 37	\$ 36	\$ 29	\$ 44
Long term loans receivable										
Restricted for:										
Library Services	483	443	443	427	456	444	385	207	251	90
Other purpose	68	64	66	75	83	841	863	841	529	542
Committed to:									97	111
Assigned to:										
Unassigned:	5,368	4,812	5,319	5,715	4,506	2,902	2,398	1,260	(216)	8,007
Total General Fund balance	\$ 5,953	\$ 5,348	\$ 5,875	\$ 6,256	\$ 5,086	\$ 4,229	\$ 3,683	\$ 2,344	\$ 593	\$ 8,683

Source: City of Lompoc Annual Financial Report

Note: Economic Uncertainty Balance was \$0 for Year Ending June 30, 2020.

City of Lompoc
Fund Balances of Governmental Funds (All Other Governmental Funds)
Last Ten Fiscal Years
(Amounts in thousands)



	Fiscal Year Ended June 30									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
All Other Governmental Funds										
Nonspendable:										
Inventory	\$ 5	\$ 8	\$ 9	\$ 8	\$ 5	\$ 5	\$ 7	\$ 5	\$ 3	\$ 4
Restricted for:										
Road surface repairs	8,747	8,111	8,310	8,462	8,027	9,969	11,317	11,585	13,218	13,428
Debt service	123	116	115	119	118	121	397	408	382	348
Law Enforcement	1	4	1	3	3	3				
Capital projects	3,051	3,126	4,171	4,545	4,497	3,322	3,019	2,911	2,989	3,054
Other purpose	965	1,285	3,227	14	64					
Library Acquisitions	367	386	572	594	314	316	337	326	541	572
Health and welfare	72	56	42	44	21	20	24	17	23	38
Housing	9,581	8,990	6,277	9,591	9,305	9,266	8,519	8,448	8,240	8,296
Community services						63	67	63	84	113
Committed for:										
Assigned for:										
Unassigned:				(147)	(5)		(19)			
Total Other Governmental Fund balance	22,911	22,083	22,724	23,232	22,349	23,085	23,669	23,763	25,479	25,855
Total Governmental Fund balance	\$ 28,864	\$ 27,430	\$ 28,599	\$ 29,489	\$ 27,435	\$ 27,314	\$ 27,352	\$ 26,107	\$ 26,072	\$ 34,538

Source: City of Lompoc Annual Financial Report

City of Lompoc
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Amounts in thousands)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes	\$ 17,944	\$ 16,365	\$ 18,434	\$ 18,975	\$ 18,017	\$ 18,502	\$ 19,945	\$ 21,303	\$ 21,717	\$ 30,622
Licenses and permits	259	314	395	287	300	142	222	413	279	465
Fines and penalties	92	99	98	100	92	66	210	208	328	238
Revenues from other agencies	3,299	2,466	3,733	3,434	2,962	2,154	1,919	2,525	1,832	6,817
Charges for current services	8,680	8,473	8,989	9,246	9,627	11,230	11,516	11,971	11,474	12,526
Interest	88	74	98	240	227	34	68	830	604	135
Rental income						412	475	493	393	307
Other revenues	1,511	1,142	1,748	1,092	650	1,016	713	630	991	912
Total Revenues	31,873	28,932	33,495	33,373	31,876	33,556	35,069	38,373	37,618	52,022
Expenditures										
General government	5,414	4,803	6,103	4,487	3,987	6,163	5,531	6,079	5,102	7,145
Police protection	9,535	9,776	10,087	10,154	10,013	10,545	10,041	10,656	10,838	11,998
Fire protection	3,564	3,814	4,185	4,569	5,507	6,180	6,044	6,523	6,854	7,539
Engineering/streets	4,008	5,052	5,301	6,580	6,045	4,903	4,982	5,009	5,776	4,792
Building	469	458	484	384	476	545	533	455	657	581
Community development	2,531	1,547	1,546	2,527	2,700	2,953	2,947	3,298	2,440	3,596
Parks and recreation	2,229	2,350	2,107	2,335	2,798	4,856	3,881	4,078	4,102	3,072
Non-department	798	1,627	912	1,122	1,482	1,634	1,508	1,458	1,576	1,427
Health	41	60	58	41	41	44	40	27	37	
Capital Outlay	5,441	1,930	3,680	2,654	2,386	2,109	1,188	3,750	1,782	4,812
Debt Service										
Principle	361	105	92	120	129	172	247	210	219	228
Interest	904	147	116	124	121	125	137	123	117	112
Total Expenses	35,295	31,669	34,671	35,099	35,686	40,227	37,079	41,666	39,500	45,302
Excess of revenues over (under) expenditures	(3,423)	(2,736)	(1,176)	(1,726)	(3,810)	(6,671)	(2,010)	(3,293)	(1,882)	6,720
Other Financing Sources(Uses)										
Issuance of debt/refunding debt						750				
Transfers In	9,159	4,455	5,715	6,004	5,335	8,131	6,109	5,304	4,137	4,422
Transfers Out	(7,509)	(2,948)	(3,370)	(3,388)	(3,578)	(3,146)	(4,060)	(3,254)	(2,290)	(2,677)
Total other financing sources (uses)	1,650	1,508	2,345	2,616	1,756	5,735	2,048	2,050	1,848	1,746
Extraordinary loss/Specail item	(7,878)					(192)				
Net change in fund balance	\$ (9,650)	\$ (1,229)	\$ 1,169	\$ 890	\$ (2,053)	\$ (1,128)	\$ 38	\$ (1,243)	\$ (35)	\$ 8,466
Debt Service as a percentage of noncapital expenditures	4.43%	0.86%	0.68%	0.76%	0.76%	0.79%	1.08%	0.89%	0.90%	0.85%

Source: City of Lompoc Annual Financial Report

City of Lompoc
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(Amounts in thousands)

Fiscal Year	Sales Tax	Property Tax	Property Tax in-lieu VLF	Transient Occupancy Tax	Franchise Tax	Business Tax	Transportation Tax	Cannabis Tax	Other Taxes
2012	5,658	5,156	2,925	1,032	611	331	2,162		70
2013	5,865	3,719 *	2,903	1,313	609	281	1,841		73
2014	6,289	3,955	2,932	1,621	397	320	2,840		81
2015	6,607	4,060	3,048	1,728	501	338	2,595		98
2016	6,842	4,157	3,169	1,794	608	350	997 **		101
2017	6,878	4,484	3,307	1,889	636	345	850		113
2018	7,367	4,838	3,480	2,001	646	316	1,200 ***		97
2019	7,730	4,846	3,609	2,173	625	374	1,706	126 †	113
2020	7,512	5,225	3,824	1,293	643	368	1,768	984	102
2021	15,034	5,394	3,979	1,665	647	314	1,790	1,664	136

* In Fiscal Year 2012, the Redevelopment Agency was dissolved, effective January 31, 2012.

** Legislation in 2016 restricted use of transportation funds for street and roads which greatly reduced the allocation by SBCAG.

*** In 2018 the State passed SB1 providing approximately \$0.8 million annually in additional transportation tax.

† Cannabis tax was implemented effective January 1, 2019

Source: City of Lompoc Annual Financial Report

City of Lompoc
Assessed Value of Taxable Property
Last Ten Fiscal Years
(Amounts in thousands)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Residential	\$ 1,659,715	\$ 1,647,203	\$ 1,665,713	\$ 1,737,928	\$ 1,825,931	\$ 1,924,020	\$ 2,034,103	\$ 2,100,378	\$ 2,211,587	\$ 2,284,268
Commercial	325,498	327,918	332,876	334,010	341,047	347,014	368,052	394,884	428,973	436,104
Industrial	101,567	106,986	107,158	100,558	98,140	106,988	109,618	112,398	125,461	131,544
Dry Farm	5,809	5,752	5,812	5,875	6,033	6,352	7,774	7,859	8,038	6,635
Institutional	14,654	14,243	18,114	18,321	18,637	18,785	20,698	19,508	21,434	23,980
Irrigated	493	503	513	515	525	533	544	555	566	577
Miscellaneous	16	16	17	17	17	17	18	17	17	18
Recreational	6,344	6,586	6,107	6,013	6,418	6,515	6,663	6,799	6,118	6,680
Vacant	43,289	31,175	28,867	32,784	34,374	26,189	25,001	24,796	27,162	41,570
SBE Nonunitary	645	22	22	22	22	22	650	650	650	650
Unsecured	75,977	76,885	74,229	92,133	89,886	86,929	86,422	90,571	92,487	90,430
Total	\$ 2,234,006	\$ 2,217,290	\$ 2,239,426	\$ 2,328,177	\$ 2,421,030	\$ 2,523,363	\$ 2,659,543	\$ 2,758,416	\$ 2,922,493	\$ 3,022,456

Source: Santa Barbara County Assessor 2011/12 - 2020/21 Combined Tax Roll

Note: Exempt values are not included in the Totals.

City of Lompoc
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	Types of Business	2020-21			2011-12		
		Secured & Unsecured Value	Rank	Percentage of Assessed Valuation	Secured & Unsecured Value	Rank	Percentage of Assessed Valuation
Windscape Village LLC	Residential	\$ 47,144,000	1	1.56%	\$ 43,550,236	1	1.80%
Centro Watt Property Owner II, LLC	Commercial	23,147,000	2	0.77%	22,507,870	4	0.93%
Lompoc Land Holdings LLC	Commercial	22,692,973	3	0.75%			
Raytheon Company	Industrial	22,116,340	4	0.73%	28,468,841	2	1.17%
GKT Central Towne Square LLC	Commercial	20,916,959	5	0.69%			
Walmart Real Estate Business Trust	Commercial	19,300,470	6	0.64%	10,121,053	8	0.42%
Dario L Pini Trust	Residential	17,237,110	7	0.57%			
Oceanwood Limited	Residential	16,709,623	8	0.55%			
Heavenly Properties LLC	Commercial	15,318,360	9	0.51%			
Shoot the Breeze Limited	Residential	13,199,872	10	0.44%	19,755,661	5	0.82%
KW Ravenswood LLC	Residential				23,215,202	3	0.96%
Majestic Advisors LLC	Commercial				16,506,441	6	0.68%
Nesbitt Partners Lompoc Ventures Limited	Residential				10,453,309	7	0.43%
Dig Seabreeze LLC	Residential				9,059,736	9	0.37%
Jewelry Center LLC	Commercial				9,057,511	10	0.37%
Total		<u>\$217,782,707</u>		<u>7.21%</u>	<u>\$192,695,860</u>		<u>7.95%</u>

Source: Santa Barbara County Assessor 2020-21 and 2011-12 Combined Tax Rolls and the SBE Non Unitary Tax Roll

City of Lompoc
Secured Property Tax Roll Levies and Collections
Last Ten Fiscal Years
(Amounts in thousands)

Fiscal Year	Total Tax Levy for Fiscal year	Collection within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collection to Date	
		Amount	Percent of Levy		Amount Collected	Percent of Levy
2012	* \$ 3,660,522	\$ 3,613,524	98.7%	\$ 45,388	\$ 3,658,912	100.0%
2013	* 3,659,766	3,622,705	99.0%	35,347	3,658,052	100.0%
2014	* 3,693,395	3,663,929	99.2%	27,660	3,691,589	100.0%
2015	* 3,838,762	3,806,619	99.2%	29,517	3,836,136	99.9%
2016	* 3,993,943	3,954,163	99.0%	29,366	3,983,529	99.7%
2017	* 4,173,217	4,139,097	99.2%	24,707	4,163,804	99.8%
2018	* 4,390,405	4,339,811	98.8%	36,893	4,376,704	99.7%
2019	* 4,541,679	4,489,544	98.9%	34,754	4,524,298	99.6%
2020	* 4,815,983	4,747,350	98.6%	42,251	4,789,601	99.5%
2021	* 5,013,900	4,944,737	98.6%	-	4,944,737	98.6%

Notes:

* The City elected to participate in the the Teeter Plan method of property tax collections in FY 2010-2011, whereby the County remits 100% of taxes levied to the City and pursues collection of any delinquent taxes and related penalties and interest.

Source: Santa Barbara County Auditor-Controller's Office

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

Agency	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Basic Levy	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%
Allan Hancock Community College Bond 2006	0.02500%	0.02500%	0.02500%	0.02500%	0.02500%	0.02500%	0.02375%	0.02256%	0.02188%	0.02118%
Lompoc Health Care Bond	0.09080%	0.09988%	0.09079%	0.08200%	0.08036%	0.07232%	0.07160%	0.07088%	0.07017%	0.06596%
Lompoc Unified School Bond 2003	0.06360%	0.07123%	0.07835%	0.08227%	0.07733%	0.07598%	0.07598%	0.07598%	0.07218%	0.07218%
Total	1.17940%	1.19611%	1.19414%	1.18927%	1.18269%	1.17330%	1.17133%	1.16942%	1.16423%	1.15932%
City's Share of 1% Levy Per Prop 13	0.16728%	0.16728%	0.16728%	0.16728%	0.16728%	0.16728%	0.16728%	0.16728%	0.16728%	0.16728%
Voter Approved City Debt Rate										
Redevelopment Rate	1.00000%	1.00000%								
Total Direct Rate	0.26599%	0.26804%	0.27092%	0.26176%	0.25999%	0.25153%	0.25053%	0.24999%	0.24959%	0.24436%

Source: Santa Barbara County Assessor 2011/12 and 2020/21 Tax Rate Table

City of Lompoc
Sales and Use Tax Historical Rates

<u>Effective Date</u>	<u>Ending Date</u>	<u>State and County Rate</u>	<u>Measure A & D City & County Roads</u>	<u>City Rate</u>	<u>Combined Rate</u>
7/1/20	Current	6.25%	0.50%	2.00% ⁽⁶⁾	8.75%
1/1/16	6/30/20	6.25%	0.50%	1.00%	7.75%
1/1/13	12/31/16	6.75%	0.50%	0.75%	8.00%
7/1/11	12/31/12	6.50%	0.50%	0.75%	7.75%
4/1/09	6/30/11	7.50%	0.50% ⁽⁴⁾	0.75%	8.75%
7/1/04	3/31/09	6.50%	0.50%	0.75% ⁽⁵⁾	7.75%
1/1/02	6/30/04	6.00%	0.50%	1.00%	7.50%
1/1/01	12/31/01	5.75%	0.50%	1.00%	7.25%
7/15/91	12/31/00	6.00%	0.50%	1.00%	7.50%
1/1/91	7/14/91	4.75%	0.50%	1.00%	6.25%
12/1/89	12/31/90	5.00%	0.50% ⁽³⁾	1.00%	6.50%
4/1/74	11/30/89	4.75%		1.00%	5.75%
10/1/73	3/31/74	3.75%		1.00%	4.75%
7/1/73	9/30/73	4.75%		1.00%	5.75%
7/1/72	6/30/73	3.75%		1.00%	4.75%
8/1/67	6/30/72	4.00%		1.00%	5.00%
1/1/62	7/31/67 ⁽¹⁾	3.00%		1.00%	4.00%
7/1/49	12/31/61	3.00%			3.00%
7/1/43	6/30/49	2.50%			2.50%
7/1/35	6/30/43	3.00%			3.00%
8/1/33	6/30/35 ⁽²⁾	2.50%			2.50%

(1) The Bradley-Burns Uniform Local Sales and Use Tax Law was enacted 1955. The law authorizes cities and counties to impose a sales and use tax. Effective January 1, 1962, all cities and counties have adopted ordinances for the State Board of equalization to collect the local tax.

(2) Sales tax only. The use tax was enacted effective July 1, 1935.

(3) Measure "D" proposed by Santa Barbara County and approved November 1989. It remained in effect for twenty years and sunsetted on March 31, 2010.

(4) Measure "A" proposed by Santa Barbara County and approved November 2008. Scheduled to remain in effect for thirty years starting April 1, 2010 replacing Measure D.

(5) In March 2004, a State ballot measure was passed issuing deficit reduction bonds. It went into effect July 1, 2004 and repealed 25% of the local 1% sales tax. The new 1/4 cent sales tax was to be dedicated to repaying deficit reduction bonds. Cities and counties would then be made whole by the State from an increase in property tax. This was referred to as the "triple flip" and theoretically considered revenue neutral to the Cities and Counties, and Schools effect by the State enactment of proposition 57.

(6) In March 2020, the City of Lompoc voters approved Ballot Measure "I2020" for a 1% Transaction Sales Tax scheduled to remain in effect for fifteen years starting July 1, 2020.

City of Lompoc
Taxable Sales by Business Type
Last Ten Calendar Years
(Amounts in thousands)

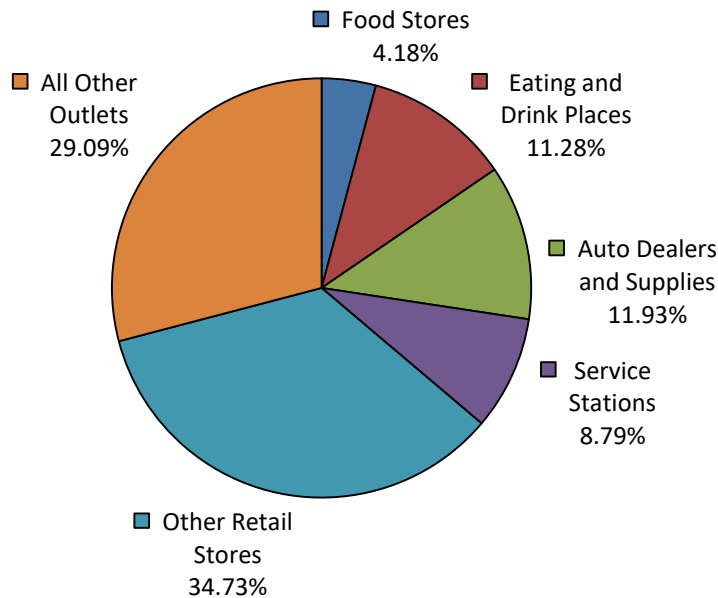
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Food Stores	\$ 19,683	\$ 18,987	\$ 20,231	\$ 19,007	\$ 18,655	\$ 17,989	\$ 17,827	\$ 18,213	\$ 18,555	\$ 21,836
Eating and Drink Places	40,305	41,941	43,801	47,763	54,992	56,514	61,432	61,419	62,792	58,977
Auto Dealers and Supplies	47,875	55,587	55,046	61,368	65,044	66,658	80,750	79,672	70,385	62,398
Service Stations	61,132	66,648	64,862	65,365	56,715	48,535	54,281	61,775	63,929	45,955
Other Retail Stores	113,119	117,652	126,214	131,833	141,682	150,591	151,942	154,590	163,117	181,575
All Other Outlets	74,321	79,595	89,742	104,222	94,710	105,707	124,881	100,944	132,177	152,097
Total	\$ 356,436	\$ 380,411	\$ 399,894	\$ 429,558	\$ 431,799	\$ 445,994	\$ 491,114	\$ 476,613	\$ 510,955	\$ 522,838

Source: State of California Board of Equalization and the HdL Companies

Notes: Due to confidentiality issues, the name of the ten largest revenue payers are not available.
The categories presented are intended to provide alternative information regarding the source of the City's revenue.
Totals may not add to detail due to rounding.

2020 is the most recent calendar year data available at the time of publication.

Calendar Year 2020



City of Lompoc
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	% of Estimated Actual Value of Taxable Property	Outstanding Debt Per Capita
	Assessment District	Redevelopment Agency Loans	Capital Leases	Revenue Bonds	Notes and Loans	Capital Leases			
2012	2,325,000 *		3,819,921	35,467,766	69,993,696	4,031,427	115,637,810	5.18%	3,954
2013	2,265,000		3,164,226	34,641,672	66,658,342	3,630,825	110,360,065	4.98%	2,806
2014	2,200,000		5,177,870	33,486,840	63,263,166	3,443,165	107,571,041	4.80%	2,700
2015	2,135,000		4,423,104	32,287,009	59,807,089	3,031,533	101,683,735	4.37%	2,448
2016	2,065,000		3,857,803	31,042,177	56,289,015	2,660,985	95,914,980	3.96%	2,326
2017	1,995,000		6,411,577	27,897,346	52,713,616	2,282,973	91,300,512	3.61%	2,212
2018	1,920,000		5,425,099	26,828,580 **	49,075,747	1,897,331	85,146,757	3.37%	2,074
2019	1,845,000		4,500,120	25,479,609	46,320,840	1,705,728	79,851,297	3.16%	1,959
2020	1,765,000		8,704,792	24,100,637	42,506,333	1,508,824	78,585,586	3.11%	1,924
2021	1,680,000		7,365,551	22,691,665	38,572,111	1,306,466	71,615,793	2.37%	1,685

* Deduction in the 2004 Tax Allocation Bond, 2010 Tax Allocation Bond, capital leases and loans payable include debts transferred to the Successor Agency Trust fund as of February 1, 2012 in the amount of \$15,547,688.

** 1998, 2005, and 2007 bond refunded April 6, 2018.

Source: City of Lompoc Annual Financial Report

City of Lompoc
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	Population 1	Estimated Actual Taxable Value of Property 2	General Bonded Debt	Service Payable from Enterprise	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2012	39,151	\$ 2,234,005,481				0%	
2013	39,328	2,217,289,247				0%	
2014	39,846	2,239,426,670				0%	
2015	41,541	2,328,175,711				0%	
2016	41,244	2,421,030,717				0%	
2017	41,267	2,526,168,897				0%	
2018	41,059	2,659,543,526				0%	
2019	40,759	2,758,417,010				0%	
2020	40,843	2,922,472,763				0%	
2021	42,493	3,022,455,604				0%	

Source : 1. California State Department of Finance (Excluding Federal Correctional Complex Population)
2. Santa Barbara County Assessor

City of Lompoc
Direct and Overlapping Debt
(Amounts in thousands)

2019-20 Assessed Valuation: \$ 3,022,456

Direct and Overlapping Tax and Assessment Debt:	Total Debt 6/30/2021	% Applicable (1)	City's Share of Debt 6/30/21
Allan Hancock Community College District District Certificates of Participation	\$ 132,611	9.93%	\$ 13,168
Lompoc Unified School District	9,476	55.69%	5,277
Lompoc Healthcare District	65,415	52.32%	34,225
City of Lompoc Park Maintenance and City Pool Assessment District No. 2	1,680	100.00%	1,680
Total Gross Direct and Overlapping Tax and Assessment Debt			<u>\$ 54,350</u>
Direct and Overlapping General Fund Debt			
City of Lompoc Obligations	4,331	100.00%	4,331
Santa Barbara County General Fund Obligation	37,707	3.37%	1,271
Total Gross Overlapping General Fund Debt			<u>5,602</u>
Less: Santa Barbara County self-supporting obligation			
Total Net Overlapping General Fund Debt			<u>\$ 5,602</u>
Total Combined Debt			<u>\$ 59,952</u>
		Ratio to Assessed Valuation:	
Total Direct Debt		0.199%	6,011
Total Overlapping Debt		1.785%	<u>53,941</u>
Total Direct and Overlapping Debt		1.984%	<u>\$ 59,952 (2)</u>

(1) The percentage of overlapping debt applicable to the city is estimated using taxable property value. Applicable percentage were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: SB County Comprehensive Financial Annual Report & City Financials

City of Lompoc Legal Debt Margin Information Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Limit	\$83,775,206	\$83,148,347	\$83,978,500	\$87,306,589	\$90,788,652	\$94,731,334	\$ 99,732,882	\$ 103,440,638	\$ 109,592,729	\$ 113,342,085
Total net debt applicable to limit										
Legal debt margin	\$83,775,206	\$83,148,347	\$83,978,500	\$87,306,589	\$90,788,652	\$94,731,334	\$ 99,732,882	\$ 103,440,638	\$ 109,592,729	\$ 113,342,085
Total net debt applicable to the limit as a percentage of the limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed Value	\$ 3,022,455,604
Debt Limit - 3.75 % of Total Assessed Value	\$ 113,342,085
Amount of Debt Applicable to the Limit	_____
Legal Debt Margin	<u>\$ 113,342,085</u>

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

Source: Santa Barbara County Tax Rates and Assessed Valuations

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

Fiscal Year	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Principal (3)	Interest (3)	Total	Coverage
2012	\$ 8,431,527	\$ 6,573,674	\$ 1,857,853	\$ 533,146	\$ 703,991	\$ 1,237,137	1.50
2013	8,885,285	7,447,887	1,437,398	551,272	688,589	1,239,861	1.16
2014	10,312,102	7,462,326	2,849,776	583,773	650,926	1,234,699	2.31
2015	11,167,144	9,034,832	2,132,312	606,899	627,226	1,234,125	1.73
2016	11,369,173	7,862,553	3,506,620	629,400	605,503	1,234,903	2.84
2017	12,148,729	8,177,696	3,971,033	661,901	571,688	1,233,589	3.22
2018	12,908,116	8,582,958	4,325,158	844,404	804,277	1,648,681	2.62
2019	12,740,737	9,080,148	3,660,589	620,580	381,424	1,002,004	3.65
2020	12,688,084	9,077,200	3,610,884	645,740	360,110	1,005,850	3.59
2021	12,022,328	9,363,786	2,658,542	665,905	334,082	999,987	2.66

(1) Operating and non-operating revenues

(2) Excludes depreciation and debt service payments

(3) Principal and Interest for the 2018 Water Revenue Series A Bonds. (See Note 5 for details)

Source: City of Lompoc Annual Financial Statements

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

Fiscal Year	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Principal (3)	Interest (3)	Total	Coverage
2012	11,162,567	4,816,563	6,346,004	541,854	952,153	1,494,007	4.25
2013	11,534,325	6,127,070	5,407,255	558,728	930,758	1,489,486	3.63
2014	12,210,798	6,155,908	6,054,890	581,227	908,582	1,489,809	4.06
2015	13,525,938	6,442,710	7,083,228	603,101	885,660	1,488,761	4.76
2016	15,020,384	7,131,435	7,888,949	625,600	855,698	1,481,298	5.33
2017	17,137,326	7,224,050	9,913,276	2,493,099 (4)	830,932	3,324,031	2.98
2018	16,306,011	6,111,792	10,194,219	625,843	1,033,170	1,659,013	6.14
2019	16,856,484	7,506,669	9,349,815	649,897	545,850	1,195,747	7.82
2020	16,803,364	7,799,900	9,003,464	655,180	530,521	1,185,701	7.59
2021	14,810,623	7,947,940	6,862,683	665,472	528,280	1,193,752	5.75

(1) Operating and non-operating revenues

(2) Excludes depreciation and debt service payments

(3) Principal and Interest for the 2018 Wastewater Revenue Series A Bonds. (See Note 5 for details)

(4) Using funds provided by VVCS, the city paid off \$1.845 million of the 2007 Wastewater Bond debt.

Source: City of Lompoc Annual Financial Statements

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

Employer	2021			2012		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Vandenberg AFB**	4,287	1	26.14%	***		
Lompoc Unified School District **	1081	2	6.59%	***		
Lompoc Valley Medical Center	609	3	3.71%	***		
U.S. Department of Justice	479 *	4	2.92%	***		
City of Lompoc	380	5	2.32%	***		
Allan Hancock College (Lompoc Valley Center)	290	6	1.77%	***		
Santa Barbara County, CA (Lompoc assigned)	262	7	1.60%	***		
Den Mat Holdings LLC	213	8	1.30%	***		
Walmart	203	9	1.24%	***		
Imery's Filtration Minerals	176	10	1.07%	***		
	7,980		48.66%			

* Estimate based on prior year and local employment trend

** Some are located outside of the City limits, but impact City employment.

*** Information unavailable - CAFRs published prior to 2007 and after 2016

**City of Lompoc
Demographic and Economic Statistics
Last Ten Years**

Calendar Year	Population (1)	Personal Income (in Thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)	Median Age (2)	% of pop 25+ with High School Degree (2)	% of pop 25+ with Bachelor's Degree (2)
2011	42,854	\$ 826,611	\$ 19,289	15.4%	32.0	74.3%	14.1%
2012	42,730	837,252	19,594	10.8%	31.9	73.6%	13.9%
2013	43,314	850,470	19,635	9.7%	32.2	73.4%	14.9%
2014	43,439	848,016	19,522	7.9%	32.0	73.0%	14.2%
2015	44,116	867,396	19,662	6.9%	32.2	75.0%	14.3%
2016	44,042	878,622	19,950	6.6%	32.6	74.7%	13.1%
2017	43,599	900,354	20,650	7.7%	32.9	76.3%	13.0%
2018	43,649	932,812	21,370	5.1%	32.4	75.9%	12.5%
2019	43,786	973,746	22,238	5.0%	33.1	78.3%	12.7%
2020	42,493	1,030,652	24,254	10.7%	32.7	76.3%	12.6%

Sources: (1) State of California Department of Finance (Including Federal Corretional Complex)
(2) US Census Bureau
(3) California Employment Development Department
(4) This report was complied by HdL, Coren & Cone

City of Lompoc
Full Time Equivalents City Government Employees by Function/Program
Last Ten Years

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
City Council	0.5	0.5	0.55	0.55	0.3	0.3	0.3	0.3	0.3	0.3
Mayor and City Council Members*	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
City Administration	2.2	2.2	2.3	2.3	3.8	3.8	3.8	3.8	4.9	4.9
City Clerk	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
City Attorney	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Human Resources	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Management Services	28.2	28.2	29.2	29.2	29.2	29.2	29.1	29.1	28.1	28.1
IS and Communications	10.4	10.4	11.9	11.9	13.3	13.3	13.0	13.0	13.3	14.3
Police	68.0	68.0	68.0	68.0	68.0	68.0	68.0	68.0	68.0	68.0
Fire	26.0	26.0	27.0	27.0	29.3	29.3	29.3	29.3	29.0	30.0
Police and Fire Grants*	4.0	4.0	14.0	14.0	4.0	4.0	2.0	2.0	2.0	2.0
Community Development	13.9	13.9	12.5	12.5	14.1	14.1	14.1	14.1	7.8	7.8
Community Services	33.0	33.0	32.7	32.7	37.2	37.2	37.0	37.0	36.2	36.2
Library Grant*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Public Utilities	118.5	118.5	115.9	115.9	111.4	111.4	114.9	114.9	115.9	115.9
Public Works	60.8	60.8	59.3	59.3	64.2	64.2	65.2	65.2	66.7	66.7
Total	371.42	371.42	368.38	368.38	379.85	379.85	383.70	383.70	379.25	381.25

* Information only not included in totals

Source: City of Lompoc Budget Records

City of Lompoc
Capital Assets Statistics by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Jails	1	1	1	1	1	1	1	1	1	1
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Engineering/Streets/Transit										
Lane miles	257	270	270	270	274	274	274	274	274	274
Community Services										
Park and sports facilities	13	13	13	13	13	13	13	13	13	13
Civic auditoriums	1	1	1	1	1	1	1	1	1	1
Swim Pools	3	3	3	3	3	3	3	3	3	3
Libraries	1	1	1	1	1	1	1	1	1	1
County Libraries operated by the City	2	2	2	2	1	1	1	1	1	1
Recreational Centers	2	2	2	2	2	2	2	2	2	2
Water										
Number of wells	10	10	10	10	10	10	10	10	10	10
Number of treatment plants	2	2	2	2	2	2	2	2	2	2
Wastewater										
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Electric										
Number of customers	15,678	15,804	15,930	16,058	16,186	17,529	17,531	17,522	17,574	15,272
Solid Waste										
Landfill acreage	115	115	115	115	115	115	115	115	115	115
Capacity in thousand cubic tons	7,970	7,970	7,970	7,970	7,970	7,970	7,970	7,970	7,970	7,970
Airport										
Runways & taxiways, Paved surfaces (sq. footage)	1,020,000	1,020,000	1,020,000	1,020,000	1,020,000	1,020,000	1,020,000	1,020,000	1,020,000	1,020,000
Acreage	193	193	193	193	193	193	193	193	193	193

Source: Various city departments

City of Lompoc
Operating Indicators by Function/Program
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Number of officers	51	51	54	54	51	50	44	38	40	*
DUI arrest	46	71	73	37	48	77	29	80	60	*
Traffic collision	343	304	281	288	358	233	245	261	229	*
Calls for service	28,617	28,433	27,331	31,723	33,237	28,151	24,369	24,726	28,476	*
On views	14,963	14,238	16,757	11,609	14,941	11,031	6,933	6,682	5,557	*
Fire										
Medical responses	2,242	2,409	2,644	2,742	3,030	2,894	2,908	2,835	2,705	*
Fires	155	127	95	130	112	140	143	122	194	*
Fire and safety inspections	472	341	336	269	275	223	219	118	106	*
Total calls	3,642	3,642	3,888	4,236	4,330	4,320	4,171	4,078	4,201	*
Engineering/Streets and Roads/Transit										
Surface seal (Lane miles)	1.41	10.75	11.00	0.00	12.90	0.23	12.00	0.00	**	18.3
Cubic yards of concrete placed						19.30	160.00	79.00	**	244.0
Street overlays (Lane miles)	0.99	7.36	0.31	1.83		0.16	0.00	0.16	**	1.4
Transit passengers ⁽¹⁾⁽²⁾	139,564	137,743	323,544	321,043	298,546	122,981	126,565	89,061	72,933	36,879
Parks & Recreation										
Parks bookings	3,973	3,950	4,227	3,152	3,941	3,680	4,020	3,244	2,312	1,188
Facility bookings	1,607	1,929	2,513	3,693	2,968	3,013	3,508	3,026	2,498	579
Aquatics center bookings	1,766	1,542	2,278	2,140	1,604	1,207	1,792	1,477	695	2,909
Aquatic Attendance	112,743	112,283	115,342	122,123	123,674	98,021 ***	121,728	128,555	78,852	39,667
Community Development										
Building inspection completed	1,848	2,652	3,967	4,097	6,412	3,049	4,369	3,044	2,730	3,066
Total permit issued	503	650	571	534	479	456	625	913	814	641
Water										
Water customer accounts	9,446	9,591	9,700	9,780	9,875	10,030	10,038	10,041	10,040	9,917
Acre feet of water consumed	4,191	4,474	4,460	3,953	3,589	3,546	3,815	3,549	3,540	3,626
Wastewater										
Flow (millions gallons per day)	2.75	2.80	3.24	2.95	2.97	2.77	2.88	2.89	3.01	2.72
Bio-chemical oxygen demand	339	341	370	345	334	361	344	367	379	416
Suspended solids	328	300	299	258	282	315	366	491	449	413
Electric										
Electric Customer Meters	14,557	14,822	14,974	15,010	15,060	15,592	15,601	15,603	15,610	15,572
Total MWH Purchased	135,786	135,182	139,339	138,426	134,823	131,109	131,947	131,731	128,841	136,751
Purchased power costs	\$9,395,703	\$10,506,729	\$10,973,777	\$12,061,555	\$10,546,800	\$10,084,526	\$10,257,615	\$10,321,548	\$10,901,367	\$11,273,208
Solid Waste										
Refuse collected (tons/day)	89	90	92	102	112	106	111	115	117	121
Recyclables collected (tons/day)	20	21	18	21	22	29	26	31	34	32
Airport										
Gallons of jet and aviation fuel sold	54,879	49,580	41,941	46,226	53,638	52,443	46,578	53,547	37,984	19,586
Library										
Library card holders	22,946	25,502	24,973	21,651	22,003	19,321	15,721	15,104	14,047	11,053
Public internet and WIFI use	169,279	42,905	70,303	76,353	59,114	66,917	65,420	58,379	37,820	2,326
Total circulations	346,490	323,418	341,801	329,865	334,673	355,318	338,363	337,598	242,993	99,950
Number of programs	**	256	273	346	436	690	733	822	371	60
Program attendance	12,824	11,709	10,073	8,603	9,967	15,738	19,375	19,058	7,923	2,739
Number of Library visitors	175,388	174,008	193,560	259,986	226,427	231,871	202,149	185,152	123,351	5,195

* Reported on calendar year

** Data unavailable

*** The Aquatic Center was closed from December 23, 2016 through March, 2017 for facility renovations.

(1) Transit passenger numbers in FY 2012 and FY 2013 reflects the Clean Air Express commuter service being administered outside the City of Lompoc.

(2) As of 12/31/2019, Clean Air Express no longer operated by the City of Lompoc

Source: Various city departments