

2. DEMOGRAPHICS AND FISCAL CONDITIONS

2.1 Introduction

An understanding of the demographics of Lake County (past, present, and future) is essential in updating the General Plan. This chapter reviews historical population trends, demographics, and population projections for Lake County as reported by the U.S. Census and as estimated by the California Department of Finance (DOF). Population characteristics discussed include the size of the population and its distribution between the cities of Lakeport and Clearlake and the unincorporated areas of the County. Household size, the age and structure of the population, and the racial and ethnic characteristics of the population are also described.



Detailed information on housing and a discussion of fiscal household characteristics is contained in Chapter 4, "Housing."

This chapter also includes background fiscal data for Lake County. The fiscal section identifies County revenues and expenditures, as well as the relationship of fiscal issues to land use.

This chapter is divided into the following sections:

- Demographics (Section 2.2)
- Fiscal (Section 2.3)

2.2 Demographics

This section summarizes U.S. Census information and California Department of Finance (DOF) estimates of population and household size.

METHODS

The data presented in this section is based on published data sources, including the U.S. Census Bureau (www.census.gov) and the California Department of Finance (www.dof.ca.gov). This information is noted in the text when used.

KEY TERMS

Census Tract. According to the U.S. Census, a census tract is a small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census

tract boundaries normally follow visible features, but may follow governmental unit boundaries and other non-visible features in some instances; they always nest within counties. Designed to be relatively homogeneous units with respect to population characteristics, economic status, and living conditions at the time of establishment, census tracts average about 4,000 inhabitants. They may be split by any sub-county geographic entity.

U.S. CENSUS INFORMATION

The U.S. Bureau of the Census collects comprehensive demographic information every 10 years in the decennial census. Table 2-1 shows the total population for Lake County and the state of California for each decade from 1900 to 2000 and indicates both 10-year increase and the average annual growth rate for each decade.

As Table 2-1 shows, Lake County’s population growth rate varied greatly in the twentieth century. The County experienced its greatest growth in the 1970s, when the population almost doubled in ten years. The decades of the 1960s and 1980s also experienced population growth significantly higher than the statewide growth rate. Much of the growth in Lake County historically can be related to the popularity of the area for recreation and retirement. Overall, Lake County’s population increased ten-fold during the last century.

Table 2-1 Population Growth by Decade
(Lake County and California 1900 to 2000)

Year	Lake County			California		
	Population	% Change	Compound Annual Rate	Population	% Change	Compound Annual Rate
1900	6,017	--	--	1,485,053	--	--
1910	5,526	-8.9	-.9	2,377,549	60.1	4.8
1920	5,402	-2.3	-.2	3,426,861	44.1	3.7
1930	7,166	32.7	2.9	5,677,251	65.7	5.2
1940	8,069	11.2	1.2	6,907,387	21.7	2.0
1950	11,481	42.3	3.6	10,586,223	53.3	4.4
1960	13,786	20.1	1.9	15,717,204	48.5	4.0
1970	19,548	41.8	3.6	19,953,134	27.0	2.4
1980	36,366	86.0	6.4	23,667,902	18.6	1.7
1990	50,631	39.2	3.4	29,760,021	25.7	2.3
2000	58,309	15.2	1.4	33,871,648	13.8	1.3
1900	6,017	--	--	1,485,053	--	--

Source: California Department of Finance, Historical Census Population of Counties in California, 1850-2000

According to the Census information, the population of Lake County in 2000 was 58,309. Table 2-2 shows how the total population was distributed among the cities of Lakeport and Clearlake and the unincorporated areas of

the County, and how the distribution changed between 1960 and 2000. Note that the City of Clearlake was not incorporated until 1980.

Table 2-2 Lake County Population, 1970 to 2000

Part of County	1970		1980		1990		2000	
	Pop.	% of Total	Pop.	% of Total	Pop.	% of Total	Pop.	% of Total
City of Clearlake	(1)	(1)	(1)	(1)	11,804	23.3	13,142	22.5%
City of Lakeport	3,005	15.4%	3,675	10.1%	4,390	8.7%	4,820	8.3%
Unincorporated Areas	16,543	84.6%	32,691	89.9%	34,437	68.0%	40,347	70.2%
Total County	19,548	100.0%	36,366	100.0%	50,631	100.0%	58,309	100.0%

1) Not incorporated until 1980.
Source: California Department of Finance

DEPARTMENT OF FINANCE POPULATION ESTIMATES

The California Department of Finance (DOF) prepares annual population estimates for all incorporated cities and unincorporated areas of the state. The base data for the estimates come from three primary sources. First, all cities and counties provide DOF with annual residential building permit data. Together with previously obtained information on existing housing units, such data indicate the theoretical maximum number of dwelling units available for habitation. Second, DOF analyzes county birth and death records to account for natural changes in population. Finally, DOF examines driver’s license address change information available from the California Department of Motor Vehicles to attempt to account for migration. These three variables are combined to provide an estimate of annual population change within each city and county. These estimates are calibrated to the U.S. Census every 10 years.

Table 2-3 summarizes the DOF’s annual population estimates for Lake County and California from 1980 to 2000. As the table indicates, while annual growth rates have fluctuated from year to year, average annual growth in Lake County has outpaced statewide growth until the last few years. Between 1980 and 2000, while California grew by 43 percent, Lake County grew by 60 percent. The 29.2 percent loss in population in the unincorporated portion of the County in 1980 reflects the incorporation of the City of Clearlake.

Table 2-4 provides a breakdown on the components of Lake County’s growth. As the table indicates, population growth is primarily related to migration of new residents to Lake County from areas outside the County.

Table 2-3 Population Estimates
(Unincorporated Lake County, Clearlake, Lakeport, and California, 1980-2000)

Year	Unincorporated County		City of Clearlake		City of Lakeport		Total County		California	
	Pop.	% Change	Pop.	% Change	Pop.	% Change	Pop.	% Change	Pop.	% Change
1980	32,700	--		--	3,700	--	36,400	--	23,782,000	--
1981	25,300	-29.2 ¹	8,700	--	3,690	-.3	37,700	3.6	24,278,000	2.1
1982	26,550	4.9	9,025	3.6	3,680	-.3	39,250	4.1	24,805,000	2.2
1983	27,650	4.1	9,375	3.7	3,800	3.3	40,850	4.1	25,337,000	2.1
1984	28,900	4.5	10,000	6.3	3,860	1.6	42,750	4.7	25,816,000	1.9
1985	30,350	5.0	10,450	4.3	3,900	1.0	44,700	4.6	26,403,000	2.3
1986	31,200	2.8	10,800	3.2	3,920	.5	45,950	2.8	27,052,000	2.5
1987	31,850	2.1	10,950	1.4	4,040	3.1	46,850	2.0	27,717,000	2.5
1988	32,600	2.4	11,050	0.9	4,180	3.5	47,800	2.0	28,393,000	2.4
1989	33,200	1.8	11,300	2.2	4,250	1.7	48,700	1.9	29,142,000	2.6
1990	34,100	2.7	11,800	4.2	4,360	2.6	50,200	3.1	29,828,000	2.4
1991	35,302	3.5	12,100	2.5	4,489	3.0	53,000	5.6	30,458,000	2.1
1992	36,516	3.4	12,300	1.6	4,503	.3	54,500	2.8	30,987,000	1.7
1993	37,636	2.3	12,450	1.2	4,531	.6	55,500	1.8	31,314,000	1.1
1994	37,983	1.7	12,500	.4	4,561	.7	56,100	1.1	31,523,000	.7
1995	38,314	.9	12,650	1.9	4,532	-.6	56,600	.9	31,711,000	.6
1996	38,447	.3	12,750	.8	4,559	.6	56,600	--	31,962,000	.8
1997	38,530	.2	12,800	.4	4,554	.1	57,000	.7	32,452,000	1.5
1998	38,794	.7	12,850	.4	4,570	.4	56,900	-.2	32,862,000	1.3
1999	39,600	2.0	12,900	.4	4,750	3.8	57,600	1.2	33,417,000	1.7
2000	40,300	1.7	13,100	1.5	4,820	1.5	58,300	1.2	33,872,000	1.3

Source: California Department of Finance
¹City of Clearlake incorporated in 1980.

Table 2-4 Components of Population Growth
(Lake County 1960 to 2000)

Year	Population	Change	Births	Deaths	Natural Increase	Net Migration
1960	13,900	--	204	217	-13	n/d
1970	19,800	5,900	257	350	-93	5,807
1975	25,500	5,700	258	428	-170	5,530
1980	36,800	11,300	420	450	-30	11,270
1990	51,000	14,200	n/d	n/d	n/d	n/d
2000	58,800	7,800	583	727	-144	7,656

Source: California Department of Finance, U.S. Census

HOUSEHOLD SIZE

The size of households is an important consideration in planning because it affects the use of public facilities and services (e.g., water, sewer, schools). It is also important in estimating the number and type of housing units that will

be required to accommodate projected population growth. The DOF provides annual estimates of average population per household. Table 2-5 shows the DOF estimates for Lake County from 1990 to 2000.

Table 2-5 Average Population per Household
(Lake County, Clearlake and Lakeport 1990-2000)

	Unincorporated County	City of Clearlake	City of Lakeport	Total County
YEAR	Persons per Household	Persons per Household	Persons per Household	Persons per Household
1990	2.442	2.266	2.278	2.384
1991	2.442	2.273	2.286	2.387
1992	2.457	2.255	2.271	2.392
1993	2.451	2.230	2.262	2.382
1994	2.449	2.204	2.249	2.374
1995	2.440	2.204	2.220	2.366
1996	2.433	2.198	2.214	2.359
1997	2.423	2.189	2.204	2.349
1998	2.422	2.185	2.201	2.348
1999	2.422	2.187	2.203	2.348
2000	2.428	2.193	2.209	2.355
Source: California Department of Finance				

POPULATION CHARACTERISTICS

Age

Table 2-6 shows the age distribution of the population of Lake County. The table reveals an important aspect of Lake County’s population with respect to age. While almost a third (31 percent) of the County population is 55 or older, only 18.4 percent of California’s population is 55 or older. Almost 20 percent of county residents are 65 or older, while just over 10 percent of the state population falls into that age group. The high percentage of residents age 55 and over supports the conclusion that the County is an attractive location for retirees. This is also an important planning consideration for the County related to the provision of services.

Gender

In 2000 the County had a slightly higher percentage of female residents (50.6) that male residents (49.4). Statewide, the distribution was 52.1 percent female and 47.9 percent male.

Table 2-6 Age Distribution
(Lake County and California, 2000)

Age Group	Lake County		California	
	Number	Percentage of Total	Number	Percentage of Total
Under 5 years	3,074	5.3%	2,486,981	7.3
5 to 9	3,966	6.8%	2,725,880	8.0
10 to 14	4,467	7.7%	2,570,822	7.6
15 to 19	3,749	6.4%	2,450,888	7.2
20 to 24	2,309	4.0%	2,381,288	7.0
25 to 34	5,342	9.2%	5,229,062	15.4
35 to 44	8,405	14.4%	5,485,341	16.2
45 to 54	8,904	15.3%	4,331,635	12.8
55 to 59	3,567	6.1%	1,467,252	4.3
60-64	3,167	5.4%	1,146,841	3.4
65-74	6,102	10.5%	1,887,823	5.6
75-84	4,075	7.0%	1,282,178	3.8
85 +	1,182	2.0%	425,657	1.3
Total	58,309	100.0%	33,871,648	100.0%

Source: U.S. Census Bureau

Race/Ethnicity

Table 2-7 shows the County’s population distribution by racial and ethnic groups as identified in the 2000 Census. As the table indicates, 89.6 percent of the County’s residents identified themselves as white. This percentage is significantly higher than the statewide average of 62.7 percent. The percentage of Lake County residents identifying themselves as “Hispanic origin” (11.8 percent) is significantly lower than the 34.1 percent statewide rate.

Table 2-7 Age Distribution
(Lake County and California, 2000)

Race/Ethnicity	Lake County		California	
	Number of Individuals	Percentage of Total	Number of Individuals	Percentage of Totals
White	50,289	89.6%	20,170,059	62.7%
Black	1,233	2.2%	2,263,882	7.0%
American Indian/Eskimo/Aleut	1,772	3.2%	333,346	1.0%
Asian or Pacific Islander	482	.9%	3,697,513	11.5
Other race	2,398	4.3%	5,682,241	17.7%
Total	56,174	100.0%	32,147,041	100.0%
Hispanic origin	6,639	11.8%	10,966,556	34.1

Source: U.S. Census Bureau 2000

PLACE OF RESIDENCE

The 2000 Census tabulated information that reflected the movement patterns of Lake County residents. It did so by tracking changes in residence location between 1995 and 2000 residence of the County’s residents aged five years and older. Table 2-8 shows the number and percentage of County residents who lived in the same house in 2000 as in 1995, as well as those who lived in other houses within the County, in California, in other states, and elsewhere. Statewide residence data is also provided.

The most notable differences in Lake County residence change as compared to the state is that fewer people are moving into the County from outside the U.S. and a greater percentage of people are moving into the County from elsewhere in California. This population characteristic is consistent with other data indicating that Lake County remains a popular destination for California retirees.

Table 2-8 Residence in 1995 of Persons Aged 5 Years and Over
(Lake County and California, 2000)

Place of Residence	Total County		California	
	Number of Individuals	Percentage of Total	Number of Individuals	Percentage of Total
Residents 5 years and over	55,255	100.0		
In Lake County	41,070	74.3		
Same house	28,677	51.9	15,757,593	50.2
Different house	12,393	22.4	9,714,481	30.9
Different California County	11,054	20.0	3,087,987	9.8
Different state	2,390	4.3	1,448,964	4.6
Elsewhere in 1995	741	1.3	1,407,658	4.5
Source: U.S. Census Bureau				

POPULATION PROJECTIONS

Population projections or forecasts form the basis for almost all planning activities. Community planning can only be as effective as the ability of local officials to anticipate population growth and the myriad needs of those new, as well as existing, residents. DOF is responsible for periodically preparing forecasts of population growth for California and its 58 counties. The most recent DOF projections estimate state and county growth through the year 2020.

As Table 2-9 shows, population growth rate projections for Lake County are significantly higher than those for the state and some of the neighboring counties. However, other counties in the region, particularly Colusa and Glenn, are projected to experience similarly high growth rates. While these projections indicate a return to higher growth rates experienced by the County in the 1980s, it is not anticipated that the growth will approach the level of change experienced in the 1970s.

Table 2-9 Population for Lake County, Surrounding Counties, and California

County	1990	2000	1990 - 2000		2010	2000 - 2010		2020	2010 - 2020	
	Pop.	Pop.	Total % Change	Avg. Annual % Change	Pop.	Total % Change	Avg. Annual % Change	Pop.	Total % Change	Avg. Annual % Change
Lake County	51,100	59,100	15.7	1.47	77,600	31.3	2.76	93,000	19.8	1.83
Mendocino	80,600	87,400	8.4	.81	103,200	18.1	1.68	116,700	13.1	1.24
Sonoma	342,500	464,800	35.7	3.10	557,300	20.0	1.83	628,400	12.8	1.21
Colusa	16,300	19,100	17.1	1.60	29,200	52.9	4.34	39,200	34.2	2.99
Glenn	24,850	26,900	8.2	.80	36,700	36.4	3.16	46,500	26.7	2.39
Napa	111,000	125,800	13.3	1.26	43,900	14.4	1.35	158,400	10.1	.96
Yolo	141,800	169,400	19.5	1.79	205,000	21.0	1.93	236,400	15.3	1.44
Total	768,150	952,500	24.0	2.17	1,152,900	21.0	1.93	1,318,600	14.3	1.35
California	29,942,397	34,653,395	15.7	1.47	39,957,616	15.3	1.43	45,448,627	13.7	1.30

Source: U.S. Census Bureau

2.3 Fiscal

Over the past decade, a number of legislative changes have dramatically impacted county budgets in California. In particular, in the early 1990s the State began shifting property tax revenues to school districts and away from counties, cities, and other jurisdictions via local Educational Revenue Augmentation Funds (ERAF). Compounding the ERAF shift is the fact that most of county revenues lie outside a county's control, making long range financial planning difficult.

The current system of local government finance provides limited and relatively fixed amount of revenue with which counties can fund desired levels of service. Throughout California cities and counties are struggling to maintain service levels in the face of tightening budgets. The challenge facing Lake County as it updates the General Plan is to practice sound land use planning that also mitigates any adverse impacts to the County's General Fund.

METHODS

The data presented in this section is based on information contained in the Lake County budget for the fiscal year ending June 30, 2002 and information from the Lake County Assessors Office.

KEY TERMS

Fiscal Year. Refers to the time period an agency or company uses to track annual budgets. In Lake County, like most counties and communities, the fiscal year starts on July 1st of the year and runs through June 30th of the following year. For instance, fiscal year 2002-2003 (FY 2002-03) runs from July 1, 2002 through June 30, 2003.

REVENUES

Total revenues for the current fiscal year (FY 2002-03) are expected to be \$106.5 million, a 19 percent increase from FY 2001-02, and a 29 percent increase from two years ago.¹ Nearly all of this growth is attributable to increased levels of aid from other government agencies, primarily State subventions. Current intergovernmental revenues are 18 percent higher than in FY 2001-02 and 27 percent higher than the previous year. A breakdown of General Fund revenues for the current budget year is shown in Table 2-10.

¹ Including loans and transfers of approximately \$1.2 million (not included in Table 2.3-1) total revenues equal \$107.7 million.

Table 2-10 County Of Lake General Fund Revenues

Revenues	Board Approved FY 2002-03	Percent of Total Revenues
Taxes	\$13,832,691	13.0%
Licenses, Permits And Franchises	\$1,566,504	1.5%
Fines, Forfeitures And Penalties	\$829,500	0.8%
Use Of Money (Interest Income)	\$1,466,831	1.4%
Aid From Other Gov't Agencies	\$71,420,011	67.0%
Charges For Current Services	\$8,551,669	8.0%
Other Revenue	\$8,883,228	8.3%
County Totals	\$ 106,530,434	100.0%

Source: Final County Budget, County of Lake, CA for the Fiscal Year Ending June 30, 2003

While this revenue growth is substantial, it is not enough to keep pace with the growth in expenditures. As shown in Table 2-15 in the next section, the 2002-03 Lake County budget indicates total expenditures of \$115.6 million, a 32 percent increase from the previous year, and a 49 percent increase from the 2000-01 budget.

Aid from other government agencies is the County's largest source of revenue, contributing \$71.4 million, or approximately two-thirds of the County's total budget. A detailed breakdown of the County's intergovernmental revenue is provided in Table 2-11.

Table 2-11 Aid From Other Government Agencies

	Board Approved FY 2002-02	Percent of Total
Motor Vehicle-In-Lieu	\$3,665,000	5.1%
Highway Users	\$1,946,580	2.7%
Other State Subventions	\$42,253,035	59.2%
Federal Subventions	\$20,118,097	28.2%
Other Agencies	\$3,437,299	4.8%
Total	\$71,420,011	100%

Source: Final County Budget, County of Lake, CA for the Fiscal Year Ending June 30, 2003

Taxes contribute \$13.8 million, 13 percent of all revenues. Of the tax revenues, over three-quarters come from property taxes, 15 percent from the sales tax, and about 5 percent from the transient occupancy tax (TOT). The remainder of the taxes category includes a very small amount of Timber and 'Other' taxes (such as timber taxes). A detailed breakdown of tax revenue received by the County is shown in Table 2-12.

Table 2-12 Breakdown of Taxes

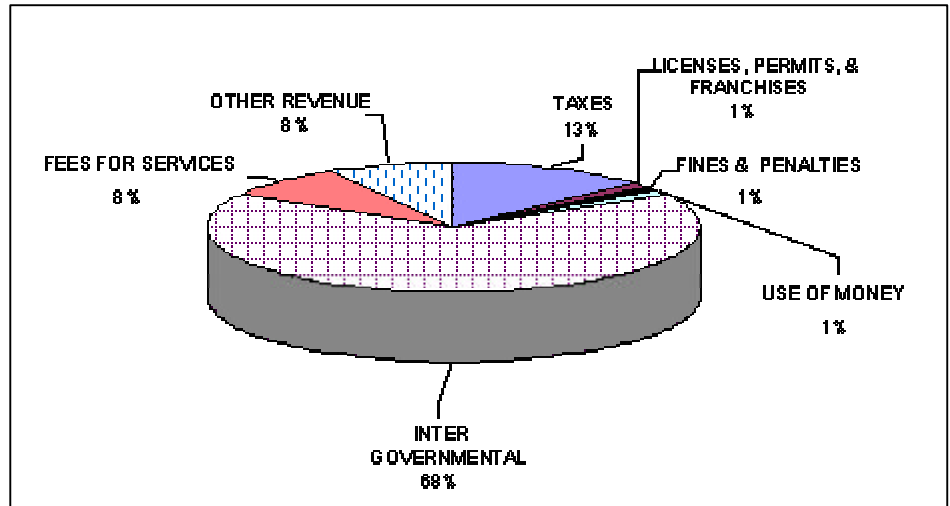
	Board Approved FY 2002-03	Percent of Total
Property Tax	\$10,671,902	77.1%
Sales & Use Tax	\$2,122,957	15.3%
Transient Occupancy Tax	\$692,146	2.3%
Real Property Transfer Tax	\$325,000	5.0%
Other Taxes	\$20,686	0.1%
TOTAL	\$13,832,691	100%

Source: Final County Budget, County of Lake, CA for the Fiscal Year Ending June 30, 2003

Fees for current services that are charged by the various County departments provide just 8 percent of County revenues. While these program-specific revenues help to offset the cost of providing County services, they only cover a small fraction of general fund appropriations and the County must therefore use its discretionary revenues to cover the vast majority of service costs.

Figure 2-1 provides a graphic illustration of the County’s revenue sources. The County’s primary sources of discretionary revenues - property taxes and sales tax receipts - are discussed in more detail below.

Figure 2-1 2002-03 Lake County Budget Revenues



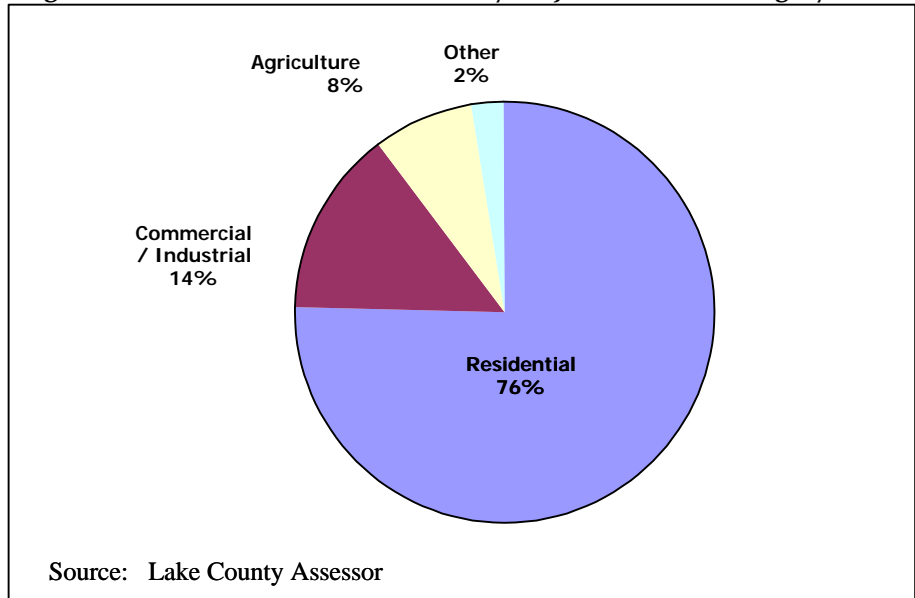
PROPERTY TAX

Lake County is highly dependent on its property tax base for its discretionary revenues. Aside from intergovernmental revenues, which primarily fund State-mandated costs and/or are beyond the County’s control, the property tax is the largest single revenue source, and provides five times as much revenue as the sales tax. However, the property tax has a number of limitations that affect the amount of revenue the County receives to pay for local services. Under the rules established by Proposition 13, assessed values

for property can only rise two percent per year unless the property is resold or otherwise improved. This means that much of the property tax base is held to a rate of increase well below the typical annual increase in the cost of providing services. Due to the Prop 13 limitation, the property tax is much more effective as a funding source in areas that experience significant real estate and development activity.

Of the property valuation in the County, Figure 2-2 shows that the vast majority is derived from residential property.

Figure 2-2 2002 Assessed Valuation by Major Land Use Category



SALES TAX

Sales tax receipts are another important source of discretionary revenue. The County expects to receive a total of \$2.12 million in sales tax revenue in FY 2002-03, which corresponds to an estimated \$212 million in taxable sales within the County’s jurisdiction (i.e., unincorporated areas). California Board of Equalization data for the year 2000 shows that Lake County had total taxable sales of \$409 million. The distribution of these transactions among major retail categories is shown in Table 2-13.

As shown on Figure 2-3, nearly half of all taxable transactions occur in the County’s two incorporated cities. The County only receives the portion of sales tax revenue that is generated in unincorporated communities, while the cities of Clearlake and Lakeport receive the local share of sales tax revenue from transactions that occur within their jurisdictions.

Table 2-13 2000 Countywide Taxable Sales by Type of Business

Apparel Stores	\$1,560,000	0.4%
General Merchandise Stores	65,056,000	15.9%
Food Stores	43,762,000	10.7%
Eating and Drinking Places	31,588,000	7.7%
Home Furnishings & Appliances	6,932,000	1.7%
Building, Material & Farm Equip.	31,661,000	7.7%
Auto Dealers and Supplies	50,578,000	12.4%
Service Stations	21,385,000	5.2%
Other Retail Stores	39,422,000	9.6%
Total Retail Stores (total of above)	291,944,000	71.4%
Non-retail outlets	117,208,000	28.6%
Total all outlets	\$ 409,152,000	

Figure 2-3 2000 Taxable Transactions by Jurisdiction

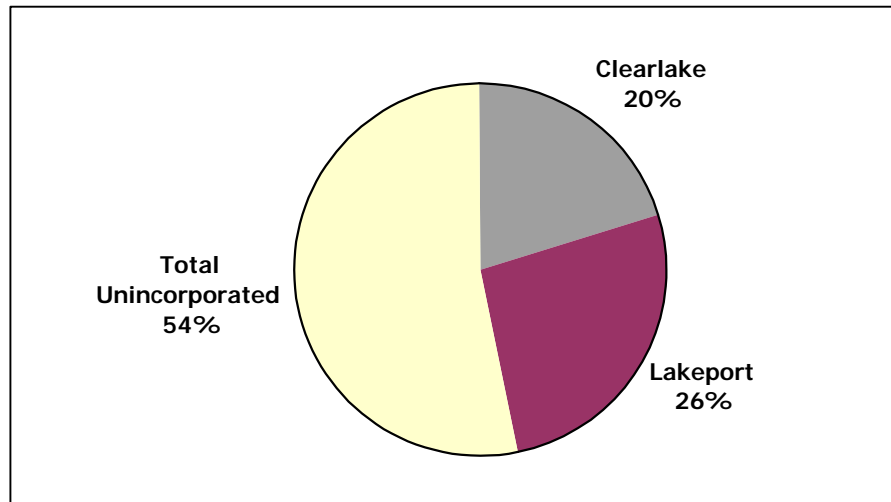


Table 2-14 shows a more detailed breakdown of taxable sales by jurisdiction. As an indication of the concentration of retail development, the taxable sales are also shown on a per capita basis for each jurisdiction. Not surprisingly, there is a much greater concentration of retail activity in Clearlake and Lakeport than in the unincorporated areas of the County, and the higher per capita sales figures in the cities are primarily a reflection of spending by visitors and residents of the unincorporated areas.

Table 2-14 2000 Taxable Sales by Jurisdiction

	Retail Stores	Taxable Sales (1000s)	Population 2000	Taxable Sales per Capita
Lake County	291,944	\$9,152,000	58,309	\$7,017
Clearlake	78,037	\$82,922,000	13,142	\$6,310
Lakeport	99,930	\$107,527,000	4,820	\$22,309
Total Incorporated	177,967	\$190,449,000	17,962	\$10,603
Total Unincorporated	113,977	\$218,703,000	40,347	\$5,421

Source: CA Board of Equalization, and ADE

EXPENDITURES

Essentially, there are two basic types of services that the County provides – those that are available to all County residents (as well as businesses and visitors) regardless of whether they reside in one of the County’s two incorporated cities or within the unincorporated territory of the County, and those that are provided only to unincorporated area residents because there is not a city to do so.² It follows that, from a fiscal perspective, the County incurs two types of costs - *countywide* costs (e.g., medical and social services, courts, and probation) and *municipal* costs (e.g., police protection through the County sheriff patrol, and land use planning). Table 2-15 shows a breakdown of total expenditures as well as per capita expenditures.³

Table 2-15 Lake County Expenses, 2002-2003

Expenses	Board Approved FY 2002-03	% of Total Expenses	Countywide Per Capita Spending	Unincorporated Per Capita Spending
General Government	\$18,416,012	16.0%	\$315.83	\$456.44
Public Protection	\$30,998,517	26.8%	\$531.62	\$768.30
Public Ways And Facilities	\$10,464,985	9.1%	\$179.47	\$259.37
Health And Sanitation	\$18,199,309	15.7%	\$312.12	\$451.07
Public Assistance	\$34,958,771	30.3%	\$599.54	\$866.45
Education	\$986,924	0.8%	\$16.93	\$24.46
Recreation & Cultural Services	\$1,559,320	1.4%	\$26.74	\$38.65
COUNTY TOTALS	\$115,583,838	100.0%	\$1,982.26	\$2,864.74

Source: Final County Budget, County of Lake, CA for the Fiscal Year Ending June 30, 2003

² The County also provides a number of services through special districts such as county service areas, sanitation districts, etc. Lake County has about 35 different special districts that are governed by the Board of Supervisors. These districts are primarily funded through property tax overrides, but may also derive funding from enterprise revenues, special assessments, intergovernmental aid, etc.

³ Based on 2000 U.S. Census figures indicating total Lake County population of 58,309 and total unincorporated population of 40,347.

The main expenditures of the County include public assistance and public protection, together totaling over half of all County expenditures, or \$35 million and \$31 million, respectively. Public protection is primarily concerned with the County judicial system and the sheriff's department, but also includes planning, building and safety, and a variety of services such as the County recorder, coroner, and agricultural commissioner.

General government functions, which account for 16 percent of County expenditures, or \$18.4 million, include a number of tax and finance functions such as the auditor-controller, treasurer/tax collector, and assessor as well as administrative functions such as personnel, elections, property management and information services.

Health and sanitation and public ways and facilities together make up a quarter of the expenditures, with \$18 million and \$10 million budgeted, respectively.

Relatively little of the County's budget is allocated to support education or recreation and cultural services. However, school districts do receive a substantial portion of the property tax revenues in the County (this table only shows the portion of funding coming directly from the County budget).

NET COUNTY COST

As noted above, a significant portion of the County budget is concerned with state-mandated activities, and the State directly provides the County with \$47.8 million in aid to help pay for such activities. The County also receives about \$20 million in federal funds and \$3.4 million from other governmental agencies. Table 2-16 shows how the total of approximately \$71 million in outside funding is distributed and the resulting net County cost of services.

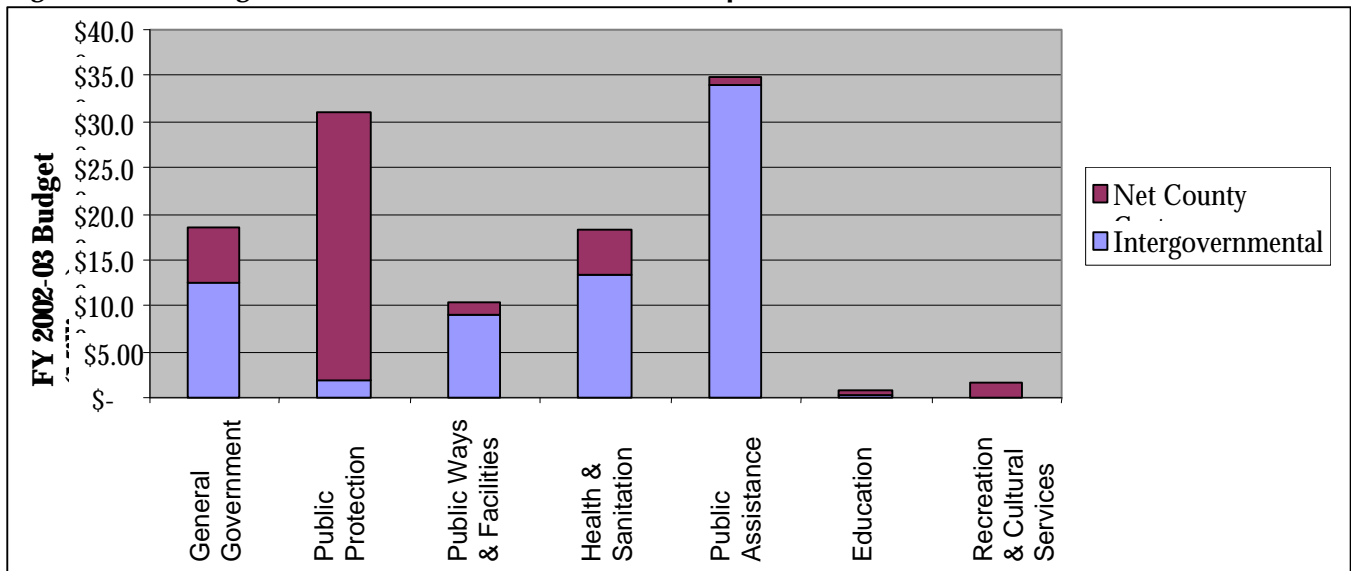
Table 2-16 Distribution Of Government Aid And Net County Costs

Expenses	Board Approved 7/1/902 to 6/30/03	Aid From Other Govt. Agencies	Net County Cost	% Funded by Outside Revenue	% Funded by County
General Government	\$18,416,012	\$12,638,877	\$5,751,680	69%	31%
Public Protection	\$30,998,517	\$1,939,026	\$28,961,491	6%	94%
Public Ways And Facilities	\$10,464,985	\$8,945,116	\$1,501,083	86%	14%
Health And Sanitation	\$18,199,309	\$13,354,815	\$4,744,494	74%	26%
Public Assistance	\$34,958,771	\$34,106,157	\$832,614	98%	2%
Education	\$986,924	\$156,800	\$755,124	17%	83%
Recreation & Cultural Services	\$1,559,320	\$70,000	\$1,489,320	4%	96%
COUNTY TOTALS	\$115,583,838	\$71,210,791	\$44,035,806	62%	38%

Source: Lake County Budget, Applied Development Economics

As shown in Table 2-16 and the accompanying chart (Figure 2-4), nearly all of the public assistance function, which is the County’s highest expense category, is funded by outside revenue. The County also receives the majority of the funds required to provide general government, public ways and facilities, and health & sanitation services from state and federal sources. The opposite is true of public protection, recreation & cultural services and education, which are all primarily funded locally. Overall, more than 60 percent of all County expenditures are funded through intergovernmental aid.

Figure 2-4 Intergovernmental Aid as Percent of Total Expenditures



RELATIONSHIP OF LAND USE TO THE COUNTY BUDGET

Each kind of land use affects County revenues and costs differently. Residential development adds to property tax revenues and local purchases by residents generate sales taxes. However, the resident population is also the source of most of the service costs borne by the County. In most jurisdictions throughout California, the housing base has a negative direct fiscal impact on local government finances, which must be offset by business development.

Retail commercial businesses are very important to the County because they are the direct source of sales tax revenues, which is the County’s second largest source of discretionary revenue. It is therefore important for the County to have retail establishments within its jurisdiction. Sales captured by businesses in the County’s two incorporated cities – Clearlake and Lakewood - generate tax revenues for providing city services rather than for the County.

Lodging and visitor-oriented recreation facilities also provide a significant, direct fiscal benefit to the County by attracting visitor spending. In fact, Lake County’s economy is largely based on tourism and recreation. According to

the latest California tourism report published by the California Division of Tourism, visitors to Lake County spent an estimated \$220 million in Lake County on accommodations, retail goods, food and beverages, recreation activities, and other business services in 2000. This economic activity supported an estimated 4,860 jobs in 2000, and generated approximately \$2.4 million in local (city and County) tax revenue.⁴

Industrial and office-based businesses contribute to the property tax base and are also a major source of the use tax as well as a small amount of sales taxes. Their most important contribution, though, is in providing higher paid, steady employment for residents. This income fuels the locally-based sales tax revenues.

⁴ Travel Impacts by County 1992-2000, Dean Runyon and Associates, March 2002, pg. 33. California Tourism is a joint marketing venture by the California Travel and Tourism Commission and the California Technology, Trade, & Commerce Agency, Division of Tourism.

Please see the next page.