



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ending
June 30, 2013

CITY OF



Founded July 2, 1993

Shasta Lake, California

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The Governmental Accounting Standards Board (GASB) Statement No. 34 required governments with less than \$10 million in annual revenues to comply with increased reporting standards starting in fiscal years beginning after June 15, 2003. Therefore, statistical schedules only reflect information from fiscal year 2003-2004 to present where ten years of data is generally required.



December 20, 2013

Honorable Mayor and Members of the City Council and Citizens of the City of Shasta Lake:

State law requires that all general purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue for the City of Shasta Lake the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013.

This report consists of management's representations concerning the finances of the City of Shasta Lake. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Shasta Lake has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the City of Shasta Lake's financial statements in conformity with GAAP.

Because the cost of internal controls should not outweigh their benefits, the City of Shasta Lake's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Shasta Lake's financial statements have been audited by D.H. Scott & Company LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Shasta Lake for the fiscal year ended June 30, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Shasta Lake's financial statements for the fiscal year ended June 30, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Shasta Lake was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The independent auditor's "Single Audit" reports are presented herein.

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

General Information

The City of Shasta Lake has an estimated population of 10,164 and is located in east central Shasta County. It is north and adjacent to Redding, population 90,755, and thirty miles north of Red Bluff, population 14,157. Shasta Lake is situated along Interstate 5 and is 170 miles north of Sacramento, the state capital. The City was incorporated July 2, 1993, as a general law city and it employs the council-manager form of government. The governing council is responsible, among other things for passing ordinances, adopting the budget and appointing committees. The Council appoints a City Attorney as legal counsel and a City Manager who is the administrative head of the government. The City Manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing day-to-day operations of the government, and for appointing the heads of the various departments. The Council is elected on a non-partisan basis. Council members serve four-year staggered terms, with either two or three council members elected every two years. A Mayor and Vice-Mayor are selected by the Council from its members.

The City of Shasta Lake provides a full range of services, including police (through a contract with the Shasta County Sheriff's Department), the maintenance of streets and other infrastructure, recreational activities, and cultural events. The City also provides electric, water, sewer, and solid waste services to its citizens.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Shasta Lake operates.

Accounting, Budgetary, and Loss Control

Fund Accounting

The City's accounting system is organized and operated on a "fund basis." A fund is defined as a fiscal accounting entity with a self-balancing set of accounts. Individual funds are used for the purpose of carrying on specific activities or attaining certain objectives. The accounting system has been developed to make it possible to present fairly and with full disclosure the financial position and results of financial operations of each fund. Additional information about the City's use of fund accounting is in note 1 to the financial statements.

Internal Control

The City's general policies and procedures are designed to reasonably safeguard its assets, check the reliability of its accounting data and promote operational efficiency. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of all financial transactions.

Budgetary Control

In June of odd numbered years, the City Council considers and adopts a budget plan for the coming two fiscal years. In June of each fiscal year, appropriations are adopted for the upcoming fiscal year for each fund and for departmental units within each fund. Budgetary control is maintained at the fund level; the City Manager may transfer appropriations between accounts in each fund. However, any revision that alters the total expenditure level of a fund must be approved by the City Council. Additional information about the City's budget policies can be found in Note 1 to the financial statements.

Cash Management

The City of Shasta Lake follows the practice of pooling temporarily idle cash during the year. Monies not required for immediate expenditure are invested in accordance with State law and the City's formal investment policy. These monies are invested in demand deposits, cash deposits, U.S. Government securities, and the Local Agency Investment Fund. Notes 1 and 2 to the financial statements contain additional information.

Fiduciary Operations

The City maintains a number of fiduciary funds, which contain assets held in trust for other agencies.

Capital Assets

The City's capital assets, including both governmental and business-type, amounted to \$89,479,262. Note 6 to the financial statements contain additional information about capital assets.

Debt Obligations

The City uses lease-purchase financing and certificates of participation, as well as traditional debt instruments, when deemed appropriate. The City has neither outstanding general obligation bonds nor authorized, but unused general obligations bonds at this time. A complete description of all outstanding debts can be found in Note 8 to the financial statements.

Risk Management

The City is a member of the Small Cities Organized Risk Effort (SCORE), a Joint Powers Authority providing its member cities a shared risk plan for worker's compensation and liability insurance. The City's Workers' Compensation Program comprises a banking or deductible layer for claims up to \$150,000 and a shared risk pool for claims from \$150,000 to \$4,850,000. Excess coverage is provided for claims over the shared risk layer up to the statutory limit. The Liability Program comprises a banking or deductible layer for claims up to \$25,000, and a shared risk pool for claims from \$25,000 to \$500,000. Excess coverage is provided for claims over the shared risk layer up to \$40,000,000. A complete discussion of the City's worker's compensation and liability insurance programs is in Note 10 to the financial statements.

Pension Benefits

The City of Shasta Lake contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. A complete discussion of the City's retirement plan is in Note 12 to the financial statements.

Acknowledgements

The City of Shasta Lake strives to maintain a sound fiscal position in spite of the ongoing downturn in the economy. A great deal of foresight, planning and cooperation goes into maintaining a sound municipal operation which includes direction and support of both the City Council and the City Manager. The implementation of the individual budgets by the department heads and the dedication by the Finance Department staff to assured compliance to the budget is an integral part in the smooth operation of the City.

Respectfully submitted,



John N Duckett, Jr.

CITIZENS OF THE CITY OF SHASTA LAKE

SHASTA LAKE CITY COUNCIL
MAYOR &
COUNCIL MEMBERS

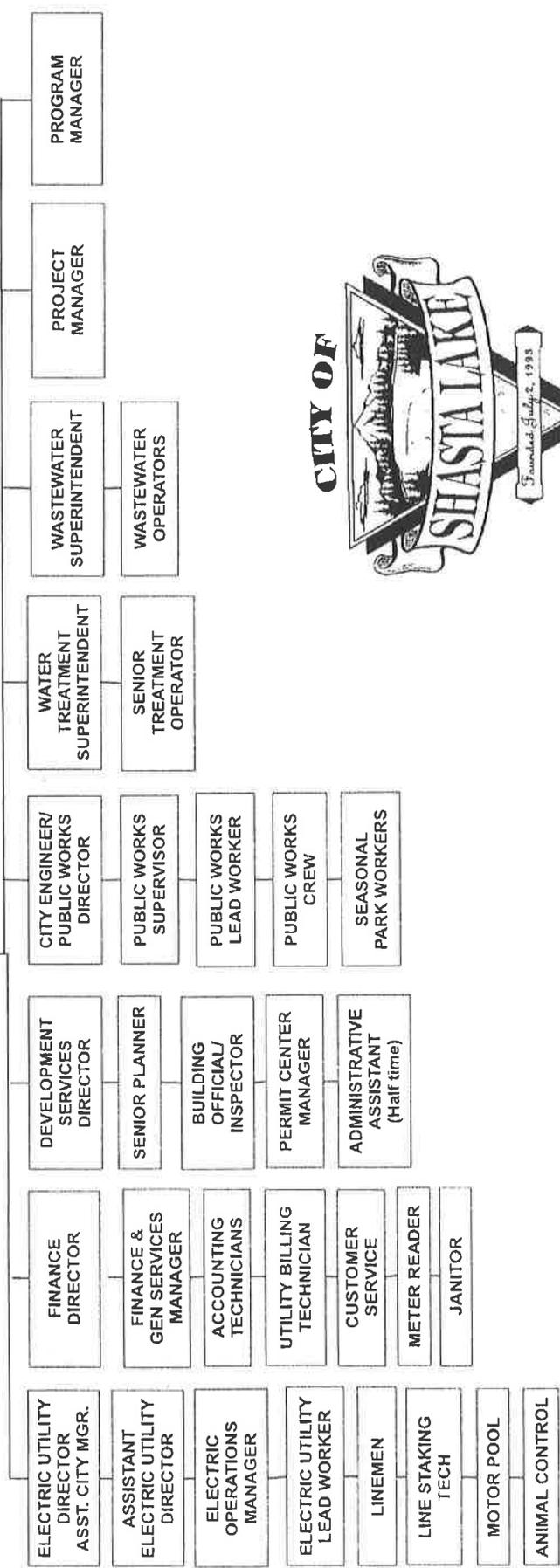
CITY ATTORNEY

COMMISSIONS
Parks & Recreation
Planning

CITY CLERK

CITY MANAGER

SHERIFF'S DEPT
(Contracted)





CITY OF SHASTA LAKE
CITY COUNCIL AND ADMINISTRATIVE PERSONNEL
YEAR ENDED JUNE 30, 2013

CITY COUNCIL

Mayor.....	Larry Farr
Vice Mayor.....	Pamelyn Morgan
Council Member.....	Greg Watkins
Council Member.....	Lori Chapman-Sifers
Council Member.....	Ron Dixon

ADMINISTRATIVE PERSONNEL

City Manager.....	John N. Duckett, Jr.
City Attorney.....	John Kenny
Finance Director.....	Laura Redwine
Electric Utility Director/Assistant City Manager.....	Tom Miller
Public Works Director/City Engineer.....	Jeff Tedder
Development Services Director.....	Carla Thompson
Water Treatment Superintendent.....	William Bishop
Wastewater Treatment Superintendent.....	Tom Chism
Sheriff's Captain.....	Forrest Bartell



D. H. SCOTT & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
A LIMITED LIABILITY PARTNERSHIP

David H. Scott, APC, CPA
Keith F. Hunting, CPA
Vivian R. Piche', CPA
Paul J. Catanese, APC, CPA/MBA
Larry T. Dahl, CPA

Charlie J. Burns, CPA
Casey M. Cancilla, CPA
Lori Goyne, CPA/ABV
Cheryl Hull, CPA
Gerald R. Tadina, CPA

INDEPENDENT AUDITORS' REPORT

Honorable City Council
City of Shasta Lake, California
Redding, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Shasta Lake, California (City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2013, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 10 - 19 and S-1 - S-4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and other supplemental information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards* and the Transportation Development Act

In accordance with *Government Auditing Standards* and the Transportation Development Act, we have also issued our report dated December 20, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the Transportation Development Act in considering the City's internal control over financial reporting and compliance.

A N Sudd & Company, LLP

Redding, California
December 20, 2013

Management's Discussion and Analysis

As management of the City of Shasta Lake (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2013. The management's discussion and analysis is designed to: 1) assist the reader in focusing on significant financial issues, 2) provide an overview of the City's financial activity, and 3) identify changes in the City's financial position.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$114,488,057 (net position). Of this amount, \$15,377,127 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$1,114,942. The governmental activities net assets increased by \$1,019,712 and the business-type activities net position increased by \$95,230.
- The City's total debt decreased by \$850,811 (4.0 percent) during the current fiscal year. The decrease is due to scheduled annual debt service payments.
- At the end of the current fiscal year, the combined fund balance for the General Fund was \$2,833,865. This represents an increase of \$465,722.

Overview of the Financial Statements

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

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Shasta Lake's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City's assets, liabilities and deferred outflows of resources, deferred inflows of resources, with the difference between the four reported as *net position*. 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 most recent 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 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.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, recreation and culture, planning, public works, and community development. The business-type activities of the City include water, electric, and wastewater operations, as well as an industrial park. Also included in the government-wide financial statements is the Shasta Lake Public Financing Authority. While the agency is a legally separate agency, its governing board consists entirely of City Council members and functions for all practical purposes as a department of the City, therefore, it has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages **20-22** of this report.

Fund Financial Statements

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains sixteen individual governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Home Funding Fund, and the 1995 Wastewater Debt Service Fund, all of which are considered to be major funds. Data from the other thirteen governmental funds are combined into a single, aggregated presentation.

The City adopts an annual appropriated budget for its general, special revenue, and debt service funds. A budgetary comparison statement has been provided for the General Fund and all major funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages **23-26** of this report.

Proprietary Funds - The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its Water, Electric, Wastewater, and Industrial Park Funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles and for its public works maintenance activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Electric and Wastewater Funds, both of which are considered major funds. Additionally, the City has presented the Water Fund as a major fund because the City believes the financial position and activities of this fund are significant to the City as a whole. The Industrial Park Fund is considered a non-major proprietary fund.

The basic proprietary fund financial statements can be found on pages **27-32** of this report.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City's fiduciary funds represent agency funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation. The City accounts for these agency funds on a spending or "economic resources" measurement focus and the accrual basis of accounting as the proprietary funds explained above.

The basic fiduciary fund financial statements can be found on pages **33-34** of this report.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages **35-66** of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*, which starts on page **S-1** of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$114,488,057 at the close of the most recent fiscal year.

The following schedule displays a summary breakdown of the City's net position as of June 30, 2013 and 2012:

NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2012	2013	2012	2013	2012	2013
Current and other assets	\$ 16,333,476	\$ 17,095,986	\$ 27,775,196	\$ 28,810,216	\$ 44,108,672	\$ 45,906,202
Capital assets	<u>52,274,954</u>	<u>52,295,145</u>	<u>38,460,274</u>	<u>37,184,117</u>	<u>90,735,228</u>	<u>89,479,262</u>
Total assets	<u>68,608,430</u>	<u>69,391,131</u>	<u>66,235,470</u>	<u>65,994,333</u>	<u>134,843,900</u>	<u>135,385,464</u>
Current liabilities	2,165,780	2,064,438	1,889,085	2,323,475	4,054,865	4,387,913
Long-term liabilities	<u>3,743,437</u>	<u>3,607,768</u>	<u>13,672,483</u>	<u>12,901,731</u>	<u>17,415,920</u>	<u>16,509,499</u>
Total liabilities	<u>5,909,217</u>	<u>5,672,206</u>	<u>15,561,568</u>	<u>15,225,206</u>	<u>21,470,785</u>	<u>20,897,412</u>
Net position						
Invested in capital assets, net of related debt	52,274,952	52,295,145	31,579,360	31,551,633	83,854,312	83,846,778
Restricted	8,110,724	8,633,920	998,185	997,747	9,108,909	9,631,667
Unrestricted	<u>2,313,537</u>	<u>2,789,860</u>	<u>18,096,357</u>	<u>18,219,747</u>	<u>20,409,894</u>	<u>21,009,607</u>
Total net position	<u>\$ 62,699,213</u>	<u>\$ 63,718,925</u>	<u>\$ 50,673,902</u>	<u>\$ 50,769,127</u>	<u>\$ 113,373,115</u>	<u>\$ 114,488,052</u>

By far, the largest portion of the City's net position (78 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these 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.

The following schedule shows the various components that caused the City's net position to change:

Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2013	2012	2013	2012	2013
Revenues:						
Program Revenues						
Charges for services	\$ 3,046,883	\$ 3,173,066	\$ 19,292,992	\$ 21,904,972	\$ 22,339,875	\$ 25,078,038
Operating grants and contributions	1,424,029	2,459,906	-	-	1,424,029	2,459,906
Capital grants and contributions	618,903	217,806	53,730	417,370	672,633	635,176
General Revenues						
Sales tax	414,712	390,461	-	-	414,712	390,461
Property tax	2,472,818	1,543,442	-	-	2,472,818	1,543,442
Transient and occupancy taxes	5,280	4,900	-	-	5,280	4,900
Other taxes	153,522	152,940	-	-	153,522	152,940
Motor vehicle in-lieu	757,878	732,158	-	-	757,878	732,158
Investment earnings	62,835	24,682	215,606	150,238	278,441	174,920
Gain on sale of property	-	-	-	-	-	-
Other	85,742	329,897	115,536	35,132	201,278	365,029
Extraordinary gain	(705,676)	-	-	-	(705,676)	-
Total revenues	8,336,926	9,029,258	19,677,864	22,507,712	28,014,790	31,536,970
Expenses:						
General government	2,373,486	2,336,213	-	-	2,373,486	2,336,213
Public safety	2,747,717	2,848,143	-	-	2,747,717	2,848,143
Recreation and culture	274,282	254,399	-	-	274,282	254,399
Planning	334,373	371,593	-	-	334,373	371,593
Public works	1,589,909	1,883,790	-	-	1,589,909	1,883,790
Community development	506,149	117,713	-	-	506,149	117,713
Interest and fiscal charges on long-term debt	423,254	156,509	-	-	423,254	156,509
Water	-	-	1,930,159	2,255,672	1,930,159	2,255,672
Electric	-	-	15,603,541	17,526,105	15,603,541	17,526,105
Wastewater	-	-	2,152,763	2,524,844	2,152,763	2,524,844
Industrial park	-	-	119,011	147,052	119,011	147,052
Total expenses	8,249,170	7,968,360	19,805,474	22,453,673	28,054,644	30,422,033
Increase (decrease) in nets assets before transfers	87,756	1,060,898	(127,610)	54,039	(39,854)	1,114,937
Transfers	(196,739)	(41,186)	196,739	41,186	-	-
Increase (decrease) in net position	(108,983)	1,019,712	69,129	95,225	(39,854)	1,114,937
Net position, beginning of year	62,808,196	62,699,213	50,604,773	50,673,902	113,412,969	113,373,115
Net position, end of year	\$ 62,699,213	\$ 63,718,925	\$ 50,673,902	\$ 50,769,127	\$ 113,373,115	\$ 114,488,052

At the end of the current fiscal year, the City was able to report positive balances in net position, for both governmental and business-type activities.

The government's net position increased by \$1,114,937 during the current fiscal year. This increase is primarily due to an increase in grants and contributions and charges for services. Revenues increased \$3,522,180 from the prior fiscal year. The City's governmental activities had another decline in expenses from the prior year of \$280,810.

Governmental Activities - Governmental activities increased the City's net position by \$1,019,712. Key elements of activities performed in fiscal year ended June 30, 2013 are as follows:

- \$737,554 state grant received for construction of the Cultural Resource Center.
- \$322,038 increase in transportation revenue grants.

Business-type Activities - Business-type activities increased the City's net position by \$95,225. Key elements of this change are as follows.

- An increase in charges for services revenues of \$2,611,980.
- An increase in overall expenditures of \$2,648,199.

Financial Analysis of the Government's Funds

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

Governmental Funds - The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$11,561,741, an increase of \$986,846 when compared to the prior fiscal year. Due to the nature of fund balance assignments for governmental funds, the City has a negative *unassigned fund balance* of (\$488,173). This is a direct result of a governmental accounting requirement to account for funds committed for the next fiscal year and beyond. The funds for these types of commitments are received during the next fiscal year. The City's contract for police services was approved in June 2013 in the amount of \$2,355,331. If the City did not contract for this service, the City would have reported an unassigned fund balance of \$1,945,489. The remainder of fund balance is restricted by outside sources \$594,317, committed \$2,355,331, and assigned for a specific purpose \$372,390.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, as mentioned above, unassigned fund balance of the General Fund was (\$488,173). Total fund balance at the end of the year is \$2,833,865. The fund balance of the City's General Fund increased by \$465,722 during the current fiscal year. The primary factor for this increase was the decrease in capital project expenditures for the year.

The debt service funds have a total fund balance of \$667,842, all of which is reserved for the payment of debt service. This amount represents an increase of approximately 1.0% from the prior fiscal year, which is primarily related to the decrease in principal and interest due on outstanding debt.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water, Electric, Wastewater, and Industrial Park at the end of the year amounted to \$17,513,710. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The difference between the original expenditure budget and the final amended budget was a decrease in total appropriations of \$693,842. Some of the major changes are summarized below:

- \$37,000 decrease in salaries and employee benefits.
- A decrease of \$74,200 from the projected police services contract.
- \$64,000 decrease in travel, meetings and dues, insurance, and other miscellaneous expenditures.

Capital Asset and Debt Administration

Capital Assets - The City's investment in capital assets for its governmental and business type activities as of June 30, 2013, amounts to \$89,479,262 (net of accumulated depreciation). This investment in capital assets includes land, general and utility plant, building and improvements, streets and drainage, parks, equipment and vehicles, other assets as well as construction in progress.

Major capital asset events during the current fiscal year include the following:

- \$737,555 was expended to continue construction of the Cultural Resource Center.
- \$197,146 was expended to continue construction of the Council Chambers and Law Enforcement Center.
- Purchased a 2011 Chevy Tahoe in the amount of \$41,236 for police services.
- \$91,104 was expended on a 580 Case Loader Backhoe.
- Began construction on the Grand River water line for \$195,410.
- \$365,000 was expended on continued construction of LED street lights project.
- Electric transformers were purchased and replaced for \$115,355.
- \$42,859 was expended to purchase land.

Changes in capital assets consist of the following:

Changes in Capital Assets				
	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Governmental activities				
Land, easements & rts of way	\$ 3,657,635	\$ 42,859	\$ -	\$ 3,700,494
Infrastructure	49,919,815	763,655	-	50,683,470
Land improvements	611,258	-	-	611,258
Construction	1,822,546	-	-	1,822,546
Machinery & equipment	601,540	-	-	601,540
Vehicles	34,571	-	-	34,571
Construction in progress	6,619,228	1,043,312	(684,469)	6,978,071
Total	63,266,593	1,849,826	(684,469)	64,431,950
Less accumulated depreciation	(10,991,639)	(1,145,166)	-	(12,136,805)
Governmental activities Capital assets, net	52,274,954	704,660	(684,469)	52,295,145
Business-type activities				
Land	2,106,991	15,405	-	2,122,396
General and utility plant	65,105,132	485,678	(133,812)	65,456,998
Building and improvements	1,870,545	36,637	-	1,907,182
Equipment and vehicles	3,703,323	196,194	(277,952)	3,621,565
Construction in progress	88,816	519,255	(100,629)	507,442
Total	72,874,807	1,253,169	(512,393)	73,615,583
Less accumulated depreciation	(34,414,533)	(2,294,885)	277,952	(36,431,466)
Business-type activities Capital assets, net	38,460,274	(1,041,716)	(234,441)	37,184,117
Total	\$ 90,735,228	\$ (337,056)	\$ (918,910)	\$ 89,479,262

Long-term Debt

The following schedule shows the changes in long-term debt for the year.

	Long-term Debt			Balance June 30, 2013
	Balance July 1, 2012	Additions	Decreases	
Governmental activities				
Loans payable	\$ 129,495	\$ -	\$ (7,837)	\$ 121,658
Redevelopment bonds	-	-	-	-
Revenue bonds	3,287,000	-	(84,000)	3,203,000
Special assessment debt	107,000	-	(16,000)	91,000
Governmental activities Long-term debt	<u>3,523,495</u>	<u>-</u>	<u>(107,837)</u>	<u>3,415,658</u>
				-
Business-type activities				
Loans payable	4,732,358	-	(178,478)	4,553,880
Capital leases payable	238,117	-	(49,496)	188,621
Revenue bonds	8,530,000	-	(490,000)	8,040,000
Special assessment debt	915,000	-	(25,000)	890,000
Business-type activities Long-term debt	<u>14,415,475</u>	<u>-</u>	<u>(742,974)</u>	<u>13,672,501</u>
				-
Total	<u>\$ 17,938,970</u>	<u>\$ -</u>	<u>\$ (850,811)</u>	<u>\$ 17,088,159</u>

At the end of the current fiscal year, the City had total debt outstanding of \$17,088,159. Of this amount, \$4,675,538 comprises debt backed by the full faith and credit of the government and \$981,000 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds) and a capital lease of \$188,621.

The City's total debt decreased by \$850,811 (4.0 percent) during the current fiscal year. The decrease is due to scheduled annual debt repayment.

Economic Factors and Next Year's Budgets and Rates

The economy will remain stagnant for the 2014-2015 fiscal year.

The City anticipates the General Fund's net position to decrease for the fiscal year ending 2014 mainly due to expenditures related to capital outlay projects and an additional payment of \$200,000 to pay down the unfunded liability for future retiree health care premiums.

All of these factors were considered in preparing the City's budget for the 2013-14 fiscal year.

Request 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. This report can be found with the City's audited financial statements on the City's website, www.cityofshastalake.org under departments, finance department, financial information. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

The City of Shasta Lake - Finance Director
P.O. Box 777
Shasta Lake, CA, 96019

BASIC FINANCIAL STATEMENTS

CITY OF SHASTA LAKE
STATEMENT OF NET POSITION
JUNE 30, 2013

ASSETS	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 6,349,738	\$ 12,962,563	\$ 19,312,301
Investments	-	6,553,386	6,553,386
Receivables:			
Accounts, net	197,465	2,653,534	2,850,999
Intergovernmental	295,411	36,500	331,911
Interest	8	-	8
Taxes	462,712	-	462,712
Special assessments	3,294,000	684,414	3,978,414
Land held for resale	644,927	-	644,927
Inventories	-	443,049	443,049
Prepaid expenses	<u>-</u>	<u>2,589,568</u>	<u>2,589,568</u>
Total current assets	<u>11,244,261</u>	<u>25,923,014</u>	<u>37,167,275</u>
Restricted assets:			
Cash and cash equivalents	791,568	924,702	1,716,270
Investments	-	58,000	58,000
Interest receivables	<u>153</u>	<u>23,910</u>	<u>24,063</u>
Total restricted assets	<u>791,721</u>	<u>1,006,612</u>	<u>1,798,333</u>
Other assets:			
Financing costs, net	994	190,531	191,525
Notes receivable	4,713,980	-	4,713,980
Deposits	4,428	212,283	216,711
Other postemployment benefits asset	-	1,818,378	1,818,378
Internal balances	<u>340,602</u>	<u>(340,602)</u>	<u>-</u>
Total other assets	<u>5,060,004</u>	<u>1,880,590</u>	<u>6,940,594</u>
Capital assets:			
Land	3,700,494	2,122,396	5,822,890
Construction in progress	6,978,071	507,442	7,485,513
Other capital assets, net	53,753,385	70,985,742	124,739,127
Accumulated depreciation	<u>(12,136,805)</u>	<u>(36,431,463)</u>	<u>(48,568,268)</u>
Total capital assets	<u>52,295,145</u>	<u>37,184,117</u>	<u>89,479,262</u>
Total assets	<u>\$ 69,391,131</u>	<u>\$ 65,994,333</u>	<u>\$ 135,385,464</u>

(Continued)

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

CITY OF SHASTA LAKE
STATEMENT OF NET POSITION
JUNE 30, 2013

LIABILITIES	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current liabilities:			
Accounts payable	\$ 282,363	\$ 1,121,953	\$ 1,404,316
Accrued liabilities	170,136	236,651	406,787
Deferred revenue	378,206	-	378,206
Intergovernmental payables	536,674	-	536,674
Accrued interest payable	52,752	171,587	224,339
Capital lease, current maturities	-	51,388	51,388
Long-term debt, current maturities	<u>113,037</u>	<u>719,382</u>	<u>832,419</u>
Total current liabilities	<u>1,533,168</u>	<u>2,300,961</u>	<u>3,834,129</u>
Restricted liabilities:			
Deposits	<u>531,270</u>	<u>22,514</u>	<u>553,784</u>
Long-term liabilities:			
Capital lease, net of current maturities	-	137,233	137,233
Long-term debt, net of current maturities	3,302,621	12,764,498	16,067,119
Other postemployment benefits liability	<u>305,147</u>	<u>-</u>	<u>305,147</u>
Total long-term liabilities	<u>3,607,768</u>	<u>12,901,731</u>	<u>16,509,499</u>
Total liabilities	<u>5,672,206</u>	<u>15,225,206</u>	<u>20,897,412</u>
NET POSITION			
Invested in capital assets, net of related debt	52,295,145	31,551,633	83,846,778
Restricted for:			
Debt service	494,438	997,747	1,492,185
Public safety	3,739	-	3,739
Housing	5,582,352	-	5,582,352
Public works	1,924,350	-	1,924,350
Capital outlay	629,041	-	629,041
Unrestricted	<u>2,789,860</u>	<u>18,219,747</u>	<u>21,009,607</u>
Total net position	\$ <u>63,718,925</u>	\$ <u>50,769,127</u>	\$ <u>114,488,052</u>

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

CITY OF SHASTA LAKE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 2,336,213	\$ 2,998,406	\$ -	\$ -
Public safety	2,848,143	71,291	100,000	-
Recreation and culture	254,399	3,966	478	-
Planning	371,593	15,661	-	-
Public works	1,883,790	72,064	1,219,267	217,806
Community development	117,713	11,678	1,140,161	-
Interest and fiscal charges on long-term debt	<u>156,509</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>7,968,360</u>	<u>3,173,066</u>	<u>2,459,906</u>	<u>217,806</u>
Business-type activities:				
Electric	17,526,105	17,038,476	-	365,000
Industrial Park	147,052	51,300	-	52,370
Wastewater	2,524,844	2,368,044	-	-
Water	<u>2,255,672</u>	<u>2,447,152</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>22,453,673</u>	<u>21,904,972</u>	<u>-</u>	<u>417,370</u>
Total government	<u>\$ 30,422,033</u>	<u>\$ 25,078,038</u>	<u>\$ 2,459,906</u>	<u>\$ 635,176</u>

General revenues:

- Sales taxes
- Property taxes
- Transient and occupancy taxes
- Other taxes
- Motor vehicle in-lieu taxes

Investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year

Net position, end of year

Net (Expense) Revenue
and Change in Net Position

Total Governmental Activities	Total Business-Type Activities	Total
\$ 662,193	\$ -	\$ 662,193
(2,676,852)	-	(2,676,852)
(249,955)	-	(249,955)
(355,932)	-	(355,932)
(374,653)	-	(374,653)
1,034,126	-	1,034,126
(156,509)	-	(156,509)
(2,117,582)	-	(2,117,582)
-	(122,629)	(122,629)
-	(43,382)	(43,382)
-	(156,800)	(156,800)
-	191,480	191,480
-	(131,331)	(131,331)
\$ (2,117,582)	\$ (131,331)	\$ (2,248,913)
\$ 390,461	\$ -	\$ 390,461
1,543,442	-	1,543,442
4,900	-	4,900
152,940	-	152,940
732,158	-	732,158
24,682	150,238	174,920
329,897	35,132	365,029
(41,186)	41,186	-
3,137,294	226,556	3,363,850
1,019,712	95,225	1,114,937
62,699,213	50,673,902	113,373,115
\$ 63,718,925	\$ 50,769,127	\$ 114,488,052

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

CITY OF SHASTA LAKE

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2013

	Major Funds			Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Home	Wastewater Treatment Debt		
ASSETS					
Cash and cash equivalents	\$ 2,795,033	\$ 356,971	\$ 231,289	\$ 2,966,445	\$ 6,349,738
Receivables:					
Accounts, net	197,250	-	-	215	197,465
Intergovernmental	-	500	-	294,911	295,411
Interest	-	-	-	8	8
Taxes	212,366	-	64,555	185,791	462,712
Other	4,428	-	-	-	4,428
Special assessments	-	-	3,203,000	91,000	3,294,000
Notes	-	3,928,938	-	785,043	4,713,981
Land held for resale	-	-	-	644,927	644,927
Due from other funds	216,669	-	-	-	216,669
Restricted assets:					
Cash and cash equivalents	531,727	-	254,841	5,000	791,568
Interest receivables	-	-	153	-	153
Total assets	\$ 3,957,473	\$ 4,286,409	\$ 3,753,838	\$ 4,973,340	\$ 16,971,060
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 217,256	\$ -	\$ -	\$ 71,328	\$ 288,584
Accrued liabilities	163,916	-	-	-	163,916
Deferred revenue	10,700	-	3,203,000	458,506	3,672,206
Deposits	523,395	-	-	7,875	531,270
Intergovernmental payables	208,341	320,000	-	8,333	536,674
Due to other funds	-	-	-	216,669	216,669
Total liabilities	1,123,608	320,000	3,203,000	762,711	5,409,319
Fund balance:					
Restricted	594,317	3,966,409	550,838	4,210,629	9,322,193
Committed	2,355,331	-	-	-	2,355,331
Assigned	372,390	-	-	-	372,390
Unassigned	(488,173)	-	-	-	(488,173)
Total fund balances	2,833,865	3,966,409	550,838	4,210,629	11,561,741
Total liabilities and fund balances	\$ 3,957,473	\$ 4,286,409	\$ 3,753,838	\$ 4,973,340	\$ 16,971,060

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

CITY OF SHASTA LAKE

RECONCILIATION OF THE GOVERNMENTAL BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Fund balances of governmental funds	\$ 11,561,741
Amounts reported for governmental activities in the statement of net assets are different because:	
Other postemployment benefits assets and liabilities are not current financial resources and, therefore, are not reported in the governmental funds	(305,148)
Capital assets have not been included as financial resources in governmental fund financial statement	64,431,950
Accumulated depreciation has not been included in the governmental fund financial statement	(12,136,805)
Amount due from business-type activities as a result of internal service fund consolidation	340,604
Bond issue costs are reported as expenditures in the governmental funds. The cost is \$28,438 and accumulated amortization is \$25,705	994
Assessment revenue reported as deferred revenue in governmental funds was recorded as revenue in the statement of activities	3,294,000
Long-term debt that has not been included in the governmental fund financial statement	(3,415,658)
Accrued interest payable for the current portion of interest due has not been reported in the governmental funds	(52,753)
Net position of governmental activities	\$ <u>63,718,925</u>

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

CITY OF SHASTA LAKE
 GOVERNMENTAL FUNDS
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2013

	Major Funds			Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Home	Wastewater Treatment Debt		
Revenues:					
Taxes	\$ 2,071,651	\$ -	\$ -	\$ 408,562	\$ 2,480,213
Special assessments	-	-	246,816	22,345	269,161
Licenses and permits	68,367	-	-	-	68,367
Intergovernmental	740,194	147,270	-	1,846,398	2,733,862
Charges for services	3,072,595	-	-	96,868	3,169,463
Fines	21,722	-	-	-	21,722
Investment income	21,731	276	2,096	21,986	46,089
Donations	149,645	-	-	-	149,645
Other	179,568	-	-	11,174	190,742
Total revenues	<u>6,325,473</u>	<u>147,546</u>	<u>248,912</u>	<u>2,407,333</u>	<u>9,129,264</u>
Expenditures:					
Current:					
General government	2,239,140	-	6,968	66,494	2,312,602
Public safety	2,741,390	-	-	100,000	2,841,390
Recreation and culture	199,546	-	-	-	199,546
Planning	367,652	-	-	-	367,652
Public works	47,628	-	-	802,935	850,563
Community development	5,451	13,675	-	97,340	116,466
Capital outlay:					
General government	90,360	-	-	-	90,360
Public safety	149,645	-	-	-	149,645
Recreation and culture	-	-	-	737,555	737,555
Public works	-	-	-	97,060	97,060
Community service	-	-	-	90,740	90,740
Principal retirement -	-	84,000	23,829	107,829	-
Interest and fiscal charges	-	-	145,980	10,530	156,510
Total expenditures	<u>5,840,812</u>	<u>13,675</u>	<u>236,948</u>	<u>2,026,483</u>	<u>8,117,918</u>
Excess (deficiency) of revenues over expenditures	<u>484,661</u>	<u>133,871</u>	<u>11,964</u>	<u>380,850</u>	<u>1,011,346</u>
Other financing sources (uses):					
Operating transfers in	5,561	-	-	5,295	10,856
Operating transfers out	(24,500)	-	-	(10,856)	(35,356)
Total other financing sources (uses)	<u>(18,939)</u>	<u>-</u>	<u>-</u>	<u>(5,561)</u>	<u>(24,500)</u>
Net change in fund balances	465,722	133,871	11,964	375,289	986,846
Fund balances, beginning of year	<u>2,368,143</u>	<u>3,832,538</u>	<u>538,874</u>	<u>3,835,340</u>	<u>10,574,895</u>
Fund balances, end of year	<u>\$ 2,833,865</u>	<u>\$ 3,966,409</u>	<u>\$ 550,838</u>	<u>\$ 4,210,629</u>	<u>\$ 11,561,741</u>

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

CITY OF SHASTA LAKE

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENT-WIDE FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Net change in fund balances - total governmental funds	\$ 986,846
Amounts reported for governmental activities in the statement of activities are different because:	
Prepaid other postemployment benefits costs are expended in the governmental funds when paid, but are recognized as a financial resource in the statement of net assets	22,635
Governmental funds report capital outlays as expenditures	1,165,357
In the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense	(1,145,166)
Governmental-type activity portion of internal service funds income	(18,200)
Governmental funds report the effect of issuance costs and discounts as expenditures when debt is first issued; whereas, these amounts are deferred and amortized in the statement of activities	(1,308)
Tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(100,000)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	107,837
In the statement of activities, interest is accrued on outstanding debts; whereas, in governmental funds, an interest expenditure is reported when due	<u>1,711</u>
Change in net position of governmental activities	<u>\$ 1,019,712</u>

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

CITY OF SHASTA LAKE
 PROPRIETARY FUNDS
 STATEMENT OF FUND NET POSITION
 JUNE 30, 2013

	Water Utility	Electric Utility
Current assets:		
Cash and cash equivalents	\$ 2,056,279	\$ 8,268,479
Investments	328,966	6,224,420
Receivables:		
Accounts, net	369,349	1,969,178
Intergovernmental	-	36,500
Interest	8,320	15,590
Other	18,921	131,447
Special assessments	-	-
Inventories	3,274	439,775
Prepaid expenses	129,362	2,500,023
Restricted assets:		
Cash and cash equivalents	2,261	922,441
Investments	58,000	-
Total current assets	<u>2,974,732</u>	<u>20,507,853</u>
Non-current assets:		
Financing costs, net	-	190,531
Other post-employment assets	311,661	799,563
Capital assets:		
Land	202,025	32,364
Other capital assets, net of accumulated depreciation	<u>11,484,327</u>	<u>11,930,096</u>
Total non-current assets	<u>11,998,013</u>	<u>12,952,554</u>
Total assets	<u>\$ 14,972,745</u>	<u>\$ 33,460,407</u>

(Continued)

Business-Type Activities

<u>Wastewater Utility</u>	<u>Industrial Park</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 2,167,117	\$ 3,077	\$ 12,494,952	\$ 467,611
-	-	6,553,386	-
291,568	-	2,630,095	23,439
-	-	36,500	-
-	-	23,910	-
15,447	6,651	172,466	-
-	684,414	684,414	-
-	-	443,049	-
-	-	2,629,385	-
-	-	924,702	-
<u>-</u>	<u>-</u>	<u>58,000</u>	<u>-</u>
<u>2,474,132</u>	<u>694,142</u>	<u>26,650,859</u>	<u>491,050</u>
-	-	190,531	-
35,880	-	1,147,104	671,274
210,291	1,677,716	2,122,396	-
<u>9,986,965</u>	<u>494,883</u>	<u>33,896,271</u>	<u>1,165,450</u>
<u>10,233,136</u>	<u>2,172,599</u>	<u>37,356,302</u>	<u>1,836,724</u>
\$ <u>12,707,268</u>	\$ <u>2,866,741</u>	\$ <u>64,007,161</u>	\$ <u>2,327,774</u>

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

CITY OF SHASTA LAKE
 PROPRIETARY FUNDS
 STATEMENT OF FUND NET POSITION
 JUNE 30, 2013

(Continued)

	Water Utility	Electric Utility
Current liabilities:		
Accounts payable	\$ 65,073	\$ 977,311
Accrued liabilities	15,866	116,381
Deposits	21,315	-
Accrued interest payable	56,812	99,200
Capital lease, current maturities	-	-
Long-term debt, current maturities	184,382	510,000
Total current liabilities	343,448	1,702,892
Long-term liabilities:		
Long-term debt, net of current maturities	4,369,498	7,530,000
Total long-term liabilities	4,369,498	7,530,000
Total liabilities	4,712,946	9,232,892
Net position:		
Invested in capital assets, net of related debt	7,132,489	11,962,460
Restricted for debt service	68,581	929,166
Unrestricted	3,058,729	11,335,889
Total net position	\$ 10,259,799	\$ 24,227,515

The assets and liabilities of the internal service funds are included in business activities in the statement of net position

Adjustment to reflect the consolidation of the internal service fund activities related to governmental funds

Net position of business-type activities

Business-Type Activities

<u>Wastewater Utility</u>	<u>Industrial Park</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 39,665	\$ 6,037	\$ 1,088,086	\$ 33,867
22,586	-	154,833	81,818
-	1,199	22,514	-
-	15,575	171,587	-
-	-	-	51,388
<u>-</u>	<u>25,000</u>	<u>719,382</u>	<u>-</u>
<u>62,251</u>	<u>47,811</u>	<u>2,156,402</u>	<u>167,073</u>
<u>-</u>	<u>865,000</u>	<u>12,764,498</u>	<u>137,233</u>
<u>-</u>	<u>865,000</u>	<u>12,764,498</u>	<u>137,233</u>
<u>62,251</u>	<u>912,811</u>	<u>14,920,900</u>	<u>304,306</u>
10,197,256	1,282,599	30,574,804	976,829
-	-	997,747	-
<u>2,447,761</u>	<u>671,331</u>	<u>17,513,710</u>	<u>1,046,639</u>
\$ <u>12,645,017</u>	\$ <u>1,953,930</u>	49,086,261	\$ <u>2,023,468</u>
		<u>1,682,866</u>	
		\$ <u>50,769,127</u>	

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

CITY OF SHASTA LAKE

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

	Water Utility	Electric Utility
Operating revenues:		
Governmental	\$ -	\$ 365,000
User fees and charges	2,447,152	17,038,476
Other	3,630	30,080
Special assessments	<u>-</u>	<u>-</u>
Total operating revenues	<u>2,450,782</u>	<u>17,433,556</u>
Operating expenses:		
Cost of power and water	239,344	10,613,085
Maintenance, operations, and administration	1,407,559	5,712,680
Depreciation and amortization	<u>447,014</u>	<u>743,954</u>
Total operating expenses	<u>2,093,917</u>	<u>17,069,719</u>
Operating income (loss)	<u>356,865</u>	<u>363,837</u>
Non-operating revenues (expenses):		
Investment income	14,216	120,210
Other	-	-
Contributions	-	-
Interest and fiscal charges	<u>(155,423)</u>	<u>(437,154)</u>
Total non-operating revenues (expenses)	<u>(141,207)</u>	<u>(316,944)</u>
Change in net position	215,658	46,893
Operating transfers in	<u>-</u>	<u>-</u>
Change in net position	215,658	46,893
Net position, beginning of year	<u>10,044,141</u>	<u>24,180,622</u>
Net position, end of year	<u>\$ 10,259,799</u>	<u>\$ 24,227,515</u>
Change in net position - enterprise funds		
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds		
Change in net position of business-type activities		

Business-Type Activities

Wastewater Utility	Industrial Park	Total	Internal Service Funds
\$ -	\$ -	\$ 365,000	\$ -
2,368,044	45,278	21,898,950	1,940,356
1,422	6,022	41,154	2,025
<u>-</u>	<u>52,370</u>	<u>52,370</u>	<u>-</u>
<u>2,369,466</u>	<u>103,670</u>	<u>22,357,474</u>	<u>1,942,381</u>
-	-	10,852,429	-
1,702,724	76,645	8,899,608	1,757,419
<u>816,136</u>	<u>23,464</u>	<u>2,030,568</u>	<u>264,317</u>
<u>2,518,860</u>	<u>100,109</u>	<u>21,782,605</u>	<u>2,021,736</u>
(149,394)	<u>3,561</u>	<u>574,869</u>	(79,355)
15,812	-	150,238	-
-	-	-	29,608
16,685	-	16,685	-
<u>-</u>	(46,943)	(639,520)	<u>-</u>
<u>32,497</u>	(46,943)	(472,597)	<u>29,608</u>
(116,897)	(43,382)	102,272	(49,747)
<u>-</u>	<u>24,500</u>	<u>24,500</u>	<u>-</u>
(116,897)	(18,882)	126,772	(49,747)
<u>12,761,914</u>	<u>1,972,812</u>	<u>48,959,489</u>	<u>2,073,215</u>
\$ <u>12,645,017</u>	\$ <u>1,953,930</u>	49,086,261	\$ <u>2,023,468</u>
		126,772	
		(31,547)	
		\$ <u>95,225</u>	

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

CITY OF SHASTA LAKE
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2013

	Water Utility	Electric Utility
Cash flows from operating activities:		
Cash received from customers	\$ 2,291,542	\$ 15,978,594
Cash received from interfund services	95,625	364,850
Cash received - other	(27,945)	982,973
Cash paid to other sources	(14,469)	(70,470)
Cash paid to suppliers for goods and services	(1,045,240)	(13,063,878)
Cash paid to employees	(165,956)	(955,908)
Cash paid for interfund services	(428,139)	(1,945,991)
Net cash provided by operating activities	705,418	1,290,170
Cash flows from noncapital financing activities:		
Advances to other funds	-	240,931
Advances from other funds	-	-
Principal paid on noncapital bonds payable	-	(466,184)
Interest paid on noncapital bonds payable	-	(437,154)
Operating transfer in	-	-
Net cash provided by (used in) noncapital financing activities	-	(662,407)
Cash flows from capital and related financing activities:		
Interest paid on bonds and notes payable	(155,423)	-
Principal paid on bonds and notes payable	(39,792)	-
Proceeds from capital bonds issued	(138,686)	-
Proceeds from sales of capital assets	-	-
Purchases of capital assets	(263,311)	(532,048)
Net cash used in capital and related financing activities	(597,212)	(532,048)

(Continued)

Business-Type Activities

Wastewater Utility	Industrial Park	Total	Internal Service Funds
\$ 2,364,420	\$ 121,386	\$ 20,755,942	\$ -
10,494	-	470,969	1,940,356
12,181	299	967,508	54,922
-	(438)	(85,377)	-
(870,398)	(37,707)	(15,017,223)	(1,121,938)
(234,095)	-	(1,355,959)	(688,784)
(586,743)	(34,908)	(2,995,781)	-
<u>695,859</u>	<u>48,632</u>	<u>2,740,079</u>	<u>184,556</u>
-	-	240,931	-
(264,578)	-	(264,578)	-
-	-	(437,154)	-
-	-	(466,184)	-
<u>-</u>	<u>24,500</u>	<u>24,500</u>	<u>-</u>
(264,578)	24,500	(902,485)	-
-	(46,942)	(202,365)	-
-	(25,000)	(64,792)	-
-	-	(138,686)	-
-	-	-	29,607
(12,730)	<u>-</u>	(808,089)	(196,194)
(12,730)	(71,942)	(1,213,932)	(166,587)

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

CITY OF SHASTA LAKE
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2013

(Continued)

	<u>Water Utility</u>	<u>Electric Utility</u>
Cash flows from investing activities:		
Interest and dividends received		
Sale of investments	<u>37,050</u>	<u>2,165,516</u>
Net cash provided by investing activities	<u>37,050</u>	<u>2,165,516</u>
Net increase (decrease) in cash and cash equivalents	145,256	2,261,231
Cash and cash equivalents, beginning of year	<u>1,913,284</u>	<u>6,929,689</u>
Cash and cash equivalents, end of year	\$ <u>2,058,540</u>	\$ <u>9,190,920</u>
Reconciliation of cash and cash equivalents to the statement of net position:		
Cash and cash equivalents	\$ 2,056,279	\$ 8,268,479
Restricted assets - cash and cash equivalents	<u>2,261</u>	<u>922,441</u>
Total cash and cash equivalents, end of year	\$ <u>2,058,540</u>	\$ <u>9,190,920</u>

(Continued)

Business-Type Activities

<u>Wastewater Utility</u>	<u>Industrial Park</u>	<u>Total</u>	<u>Internal Service Funds</u>
<u>15,811</u>	<u>-</u>	<u>2,218,377</u>	<u>-</u>
<u>15,811</u>	<u>-</u>	<u>2,218,377</u>	<u>-</u>
434,362	1,190	2,842,039	17,969
<u>1,732,755</u>	<u>1,887</u>	<u>10,577,615</u>	<u>449,642</u>
\$ <u>2,167,117</u>	\$ <u>3,077</u>	\$ <u>13,419,654</u>	\$ <u>467,611</u>
\$ 2,167,117	\$ 3,077	\$ 12,494,952	\$ 467,611
<u>-</u>	<u>-</u>	<u>924,702</u>	<u>-</u>
\$ <u>2,167,117</u>	\$ <u>3,077</u>	\$ <u>13,419,654</u>	\$ <u>467,611</u>

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

CITY OF SHASTA LAKE
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2013

(Continued)

	Water Utility	Electric Utility
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ <u>356,865</u>	\$ <u>363,837</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	447,014	743,954
Changes in assets and liabilities:		
Accounts payable - other	(2,145)	(4,739)
Accounts payable - suppliers	10,777	337,137
Bad debt	410	2,795
Compensated absences	2,456	-
Customer receivables	(60,049)	(487,828)
Inventory	(20,941)	(68,010)
Other operating receivables	(29,681)	377,893
Salaries and benefits payable	<u>712</u>	<u>25,131</u>
Total adjustments	<u>348,553</u>	<u>926,333</u>
Net cash provided by operating activities	\$ <u>705,418</u>	\$ <u>1,290,170</u>

Business-Type Activities

<u>Wastewater Utility</u>	<u>Industrial Park</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$(<u>149,394</u>)	\$ <u>3,561</u>	\$ <u>574,869</u>	\$(<u>79,355</u>)
816,136	23,464	2,030,568	264,317
-	(438)	(7,322)	-
3,321	4,030	355,265	(30,705)
856	-	4,061	-
4,746	-	7,202	4,891
4,592	17,716	(525,569)	-
3,461	-	(85,490)	(29,474)
12,181	299	360,692	52,897
(<u>40</u>)	<u>-</u>	<u>25,803</u>	<u>1,985</u>
<u>845,253</u>	<u>45,071</u>	<u>2,165,210</u>	<u>263,911</u>
\$ <u>695,859</u>	\$ <u>48,632</u>	\$ <u>2,740,079</u>	\$ <u>184,556</u>

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

CITY OF SHASTA LAKE

STATEMENT OF AGENCY NET POSITION
JUNE 30, 2013

ASSETS

Cash and cash equivalents	\$ 201,371
Taxes receivable	<u>183</u>
Total assets	\$ <u>201,554</u>

LIABILITIES

Accounts payable	\$ 249
Due to others	<u>201,305</u>
Total liabilities	\$ <u>201,554</u>

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

CITY OF SHASTA LAKE

STATEMENT OF FIDUCIARY NET POSITION
SUCCESSORY AGENCY TO THE
CITY OF SHASTA LAKE REDEVELOPMENT AGENCY
PRIVATE-PURPOSE TRUST FUND
JUNE 30, 2013

ASSETS	
Land	\$ 931,356
Financing costs, net	224,235
Cash and cash equivalents	513,046
Prepaid expenses	<u>488,585</u>
Restricted cash and cash equivalents	
Total assets	\$ <u>2,157,222</u>
LIABILITIES	
Accounts payable	\$ 1,938
Deferred revenue	262,495
Accrued interest	20,101
Long-term debt	<u>4,780,000</u>
Total liabilities	5,064,534
NET POSITION	
Held in trust for individual, organizations, and other governments	(<u>2,907,312</u>)
Total net position	\$ <u>2,157,222</u>

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

CITY OF SHASTA LAKE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
SUCCESSORY AGENCY TO THE
CITY OF SHASTA LAKE REDEVELOPMENT AGENCY
PRIVATE-PURPOSE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2013

ADDITIONS

Contributions:		
Taxes		\$ 1,558,721
Investment income		<u>12,808</u>
Total additions		<u>1,571,529</u>

DEDUCTIONS

Capital outlay		149,645
Community development		695,686
Interest and fiscal charges		<u>268,106</u>
Total deductions		<u>1,113,437</u>
Change in net position		458,092

Net position, beginning of the year		<u>(3,365,404)</u>
Net position, end of year		<u><u>\$(2,907,312)</u></u>

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

CITY OF SHASTA LAKE

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the more significant accounting policies of the City of Shasta Lake, all of which conform to generally accepted accounting principles as applicable to governmental units:

A. Reporting Entity

The financial reporting entity (the City) includes all the funds of the primary government (i.e., the City of Shasta Lake as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The government provides a full range of services including sanitation, electric, water and wastewater services; the construction and maintenance of highways, streets and infrastructure; recreational activities and cultural events.

The primary government of the City of Shasta Lake has two component units - the Shasta Lake Public Financing Authority and the City of Shasta Lake Housing Authority. Using the criteria of Governmental Accounting Standards Board (GASB) Statement No. 14, management determined that all component units should be blended.

The City of Shasta Lake is a general law city in the State of California. The City is governed by an elected City Council consisting of five council members. These financial statements present all the fund types of the City and its component units. Blended component units, although legally separate entities, are, in substance, part of the City's operations. Following is a brief description of each of the blended component units.

The Shasta Lake Public Financing Authority (PFA) was created with the purpose of financing public capital improvements. City Council members, in a separate session, serve as the governing board of the PFA. The financing activity of the PFA has been included in the City's financial statements in the governmental funds.

The City of Shasta Lake Housing Authority was formed in 1994 for the purpose of administering housing programs. The housing programs and services are clustered in two broad categories: affordable housing and special projects. Because of the nature of the programs and their intended outcomes, the categories will often overlap.

In 2013, the City adopted a new accounting standard in order to conform to the following Governmental Accounting Standards Board Statement (GASB):

(Continued)

CITY OF SHASTA LAKE

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Revenues, Deferred Inflows of Resources, and Net Position* - this statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. It also amends the net asset reporting requirements of GASB Statement No. 34 by incorporating deferred outflows and inflows into the definitions and renaming the residual measure as net position, rather than net assets.

B. Basis of Accounting/Measurement Focus

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

Government-wide Financial Statements - The City Government-wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the City are reported in three categories: (1) charges for services, (2) operating grants and contributions and (3) capital grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

(Continued)

CITY OF SHASTA LAKE

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Generally accepted governmental accounting standards require the classification of net position into three components - invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Invested in capital assets, net of related debt - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net asset component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - This component of net position consists of net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The City applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect), as well as private-sector standards issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. In addition, the City applies all applicable private sector standards issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements to its business-type activities.

Governmental Fund Financial Statements - Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-wide Financial Statements. The City has presented all major funds that meet the qualifications.

(Continued)

CITY OF SHASTA LAKE

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

In the fund financial statements, governmental funds aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications; restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the City Council - the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the City Council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the funds have been specifically committed for the use in satisfying those contractual requirements.

(Continued)

CITY OF SHASTA LAKE

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assigned fund balance. This classification reflects the amounts constrained by the City Council's "intent" to be used for specific purposes, but are neither restricted nor committed. The City Council and City Manager have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance. This fund balance is the residual classification for the General fund. It is also used to report negative fund balances in other governmental funds.

Proprietary Fund Financial Statements – Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated. The City has presented all major funds that meet the qualifications. In addition, the City has presented the Industrial Park Fund as a major fund because the City believes the financial position and activities of this fund are significant to the City as a whole. A column representing internal service funds is also presented in these statements. Internal Service balances and activities have been combined with the business-type activities in the Government-wide financial statements.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

(Continued)

CITY OF SHASTA LAKE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Fund Financial Statements - Fiduciary Fund Financial Statements include a Statement of Net Position. The City's fiduciary fund represents an agency fund, which is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The agency fund is accounted for on a spending or "*economic resources*" measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

Due to the dissolution of redevelopment agencies throughout the State, the City chose to create a new fiduciary fund to accept and manage certain assets and liabilities of the former redevelopment agency. Due to the trust nature of this fund, there is a measurement of results of operations.

C. Use of Restricted/Unrestricted Net Position

Net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through enabling legislation.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Cash and Investments

The City's cash and cash equivalents are cash or investments with original maturities of six months or less from the date of acquisition. Investments are reported at fair value which is determined using selected bases. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates and investments that do not have an established market are reported at estimated fair value. Cash deposits are reported at carrying amount which reasonably estimates fair value. Investment income is recorded as revenue in the individual funds based on the computed average interest rate of all investments and the average daily cash balance of each fund. Additional cash and investment information and fair values are presented in Note 2.

(Continued)

CITY OF SHASTA LAKE

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the Government-wide financial statements as "internal balances."

F. Interfund Transactions

Following is a description of the interfund transactions made during the year and the related accounting policies:

Transactions to allocate resources from one fund to another fund that are not contingent on the incurrence of specific expenditures in the receiving fund. These transactions are recorded as transfers in and out.

G. Inventories

Inventories are physically counted at year-end and valued at cost. The City uses the first in-first out (FIFO) flow assumption in determining cost.

H. Land Held for Resale

Land held for resale is generally acquired under Developer Disposition Agreements in the normal course of Low and Moderate Fund activity. The Developer Disposition Agreements provide for transfer of property to developers after certain obligations have been fulfilled. This property is carried at cost until an event occurs to indicate a lower net realizable value.

I. Use of Estimates

The preparation of financial statements in conformity with United States of America generally accepted accounting principles 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 or expenses during the reporting period. Actual results could differ from those estimates.

(Continued)

CITY OF SHASTA LAKE

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets

Capital assets used in governmental fund operations are accounted for in the Government-wide statements rather than in governmental funds. Public domain capital assets (infrastructure) consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, are included in the City's capital assets, in accordance with the infrastructure portion of GASB No. 34.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. The City's capitalization policy is to capitalize tangible items having a unit value greater than or equal to \$5,000 for equipment, \$25,000 for buildings and improvements and \$50,000 for infrastructure assets. The cost of normal maintenance and repairs that do not add value to the assets or materially extend asset lives are not capitalized.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Electric, water and wastewater system assets	20-50 years
Other system assets	20-33 years
Buildings	33 years
Equipment	5-10 years
Infrastructure	20-50 years

K. Pension Plan

All full-time and certain part-time City employees are members of a risk pool of the State of California Public Employees' Retirement System, a cost-sharing multiple-employer defined benefit pension plan. The City's policy is to fund all pension costs accrued; such costs to be funded are determined bi-annually as of July 1st by the System's actuary.

(Continued)

CITY OF SHASTA LAKE

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Compensated Absences

In the fund financial statements, vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated vacation leave of proprietary funds and in the Government-wide financial statements is recorded as an expense and liability of those funds as the benefits accrue to employees.

Sick leave, however, does not vest to the employees and is payable only when sick leave is taken or when an individual has been employed by the City for ten years or longer. These employees receive twenty-five percent of their accrued sick pay, up to 100 hours, as additional termination pay.

In accordance with the provisions of GASB Statement No. 16, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave benefits that is estimated to be taken as additional termination pay.

M. Property Taxes

The County of Shasta assesses, bills and collects property taxes for the City. Property taxes attach as an enforceable lien on property as of March 1. Taxes are levied on July 1. They become due November 1 and February 1 and become delinquent December 10 and April 10, respectively. The City recognizes property taxes under the "Teeter Plan" which allows the City to receive the entire current year property tax levy without regards to delinquencies. Under the Teeter Plan, the County pays the City 100% of the accumulated secured roll property tax delinquencies.

N. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Encumbrances, if any, are reported as reservations of fund balances because they represent commitments only and do not constitute expenditures or liabilities. Appropriations lapse at year-end and must be re-appropriated in the subsequent fiscal year.

(Continued)

CITY OF SHASTA LAKE
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2013

Note 2: CASH AND INVESTMENTS

The cash and investments as of June 30, 2013, are displayed on the statement of net position as follows:

Cash and cash equivalents	\$ 19,312,301
Investments	6,553,386
Restricted cash and cash equivalents	1,716,270
Restricted investments	<u>58,000</u>
Total	27,639,957
Fiduciary cash and cash equivalents	<u>1,203,002</u>
Total	<u>\$ 28,842,959</u>

Deposits - At June 30, 2013, the carrying amount of the City's deposits was \$1,395,303. The bank balance was \$1,714,988. Of the bank balance, \$376,308 was covered by Federal depository insurance and any deposits in excess throughout the year were covered by collateral held in the pledging bank's trust department in the City's name.

Investments - The California Government Code and the investment policy of the City authorize the City to invest in the following:

<u>Investment</u>	<u>Maximum Maturity</u>	<u>Maximum % of Portfolio</u>
LAIF	N/A	N/A
Securities of the U.S. Government and its Sponsored Agencies	N/A	N/A
Commercial Paper ("Prime" quality)	N/A	N/A
Bankers Acceptances	180 days	20%
Certificates of Deposit and or FDIC-Insured Passbook Savings	N/A	30%
Guaranteed Investment Contracts	N/A	N/A

(Continued)

CITY OF SHASTA LAKE

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Note 2: CASH AND INVESTMENTS (Continued)

At June 30, 2013, the City's investments and deposits were as follows:

	<u>Fair Value</u>
Investment in LAIF	\$ 16,782,314
Certificates of Deposit	7,156,947
Money Market	2,040,507
U.S. Treasury Bonds	328,966
Federal Agency Bonds	<u>167</u>
Total investments	26,308,901
Deposits	<u>1,331,056</u>
Total deposits and investments	\$ <u>27,639,957</u>

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows so that maturities are distributed relatively evenly over time. Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table of the City's investments by maturity:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less than 1</u>	<u>1-5</u>	<u>More than 5</u>
Investment in LAIF	\$ 16,782,314	\$ 16,782,314	\$ -	\$ -
Certificates of Deposit	7,156,947	2,235,442	4,921,505	-
Money Market	2,040,507	2,040,507	-	-
U.S. Treasury Bonds	328,966	-	-	328,966
Federal Agency Bonds	<u>167</u>	<u>-</u>	<u>-</u>	<u>167</u>
Total	\$ <u>26,308,901</u>	\$ <u>21,058,263</u>	\$ <u>4,921,505</u>	\$ <u>329,133</u>

(Continued)

CITY OF SHASTA LAKE

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Note 2: CASH AND INVESTMENTS (Continued)

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. This is measured by ratings assigned by nationally-recognized rating organizations. The following represents the actual ratings for the City's investment types:

<u>Investment type</u>	<u>Fair Value</u>	<u>Rating as of Year-End</u>		
		<u>Aaa</u>	<u>A2</u>	<u>Unrated</u>
Investment in LAIF	\$ 16,782,314	\$ -	\$ -	\$ 16,782,314
Certificates of Deposit	7,156,947	-	-	7,156,947
Money Market	2,040,507	-	2,040,507	-
U.S. Treasury Bonds	328,966	328,966	-	-
Federal Agency Bonds	167	-	-	167
Total	\$ 26,308,901	\$ 328,966	\$ 2,040,507	\$ 23,939,428

Concentration of Credit Risk - The City's investment policy contains no limitations on the amount that can be invested in any single issuer beyond that stated above. Investments in any single issuer that represent 5% or more of the total City investments are as follows:

<u>Issuer</u>	<u>Investment type</u>	<u>Fair Value</u>
State Investment Pool	Investment in LAIF	\$ 16,782,314

Custodial Credit Risk - Custodial credit risk for deposits is addressed earlier with respect to Federal depository insurance and collateral. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City's policy requires that a third-party bank trust department hold all securities owned by the City in the City's name.

(Continued)

CITY OF SHASTA LAKE

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Note 2: CASH AND INVESTMENTS (Continued)

Investment in LAIF - The City participates in the Local Agency Investment Fund (LAIF), a voluntary program created by statute (California Government Code Section 16429). The Local Investment Advisory Board provides oversight for LAIF. Market valuation is conducted monthly and fund policies, goals and objectives are reviewed annually. The City has the right to withdraw its deposited moneys from LAIF upon demand. The fair value of the City's investment in the pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio in relation to the amortized cost of that portfolio. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds and floating rate securities issued by federal agencies, government-sponsored enterprises and corporations. As of June 30, 2013, 1.96% of LAIF's investment portfolio was invested in structured notes and other asset-backed securities. Due to the portfolio's characteristics, management believes LAIF's exposure and the City's related exposure to credit, market, and legal risk is considered minimal.

Note 3: ACCOUNTS RECEIVABLE

Accounts receivable and the related allowance for doubtful accounts as of June 30, 2013, are as follows:

	Govern- mental Fund	Proprietary Fund Types				Total
	General	Water	Electric	Wastewater	Non-Major	
Accounts receivable from customers	\$ 197,250	\$ 370,342	\$ 1,974,452	\$ 293,223	\$ 23,439	\$ 2,858,706
Less allowance for doubtful accounts	<u>-</u>	<u>(993)</u>	<u>(5,274)</u>	<u>(1,655)</u>	<u>-</u>	<u>(7,922)</u>
Accounts receivable, net	<u>\$ 197,250</u>	<u>\$ 369,349</u>	<u>\$ 1,969,178</u>	<u>\$ 291,568</u>	<u>\$ 23,439</u>	<u>\$ 2,850,784</u>

CITY OF SHASTA LAKE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Note 4: INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2013, are comprised of the following:

Special Revenue Fund:

CDBG Funds:	
State of California	\$ 236,699
Transportation and Trafficways Funds:	
State of California - Cal Trans	16,085
HOME Funds:	
State of California	500
Supplemental Law Enforcement Fund:	
State of California	42,127
Electric Fund:	
State of California	<u>36,500</u>
Total intergovernmental receivables	<u>\$ 331,911</u>

Note 5: NOTES RECEIVABLE

Notes receivable at June 30, 2013, consist of:

Special Revenue Fund

Notes receivable from individuals, principal and accrued interest of 3% are due upon property transfer, sale, change in usage of the property or when loan recipient ceases to live on the property. Payments are deferred for a period of 30 years. Maturities range from 2013-2041. Notes are secured by deeds of trust.	\$ 1,825
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(Continued)

CITY OF SHASTA LAKE

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Note 5: NOTES RECEIVABLE (Continued)

Notes receivable from individuals, principal and accrued interest of 3% are due upon property transfer, sale, change in usage of the property or when loan recipient ceases to live on the property. Principal and interest payments due monthly. Maturities range from 2013 to 2041. Notes are secured by deeds of trust.	176,999
Notes receivable from individuals, principal and accrued interest of 0% to 3% are due upon property transfer, sale, change in usage of the property or when loan recipient ceases to live on the property. Payments are deferred for a period of 30 years. Maturities range from 2028 to 2041. Notes are secured by deeds of trust.	606,500
Notes receivable from individuals, principal and accrued interest of 0% to 3% are due upon property transfer, sale, change in usage of the property or when loan recipient ceases to live on the property. Payments are deferred for a period of 30 years. Maturities range from 2028 to 2041. Notes are secured by deeds of trust.	3,322,439
Notes receivable from individuals, principal and accrued interest of 0% to 3% are due upon property transfer, sale, change in usage of the property or when loan recipient ceases to live on the property. Payments are deferred for a period of 30 years. Equity share provisions may apply. Maturities range from 2031 to 2041. Notes are secured by deeds of trust.	<u>606,217</u>
Total notes receivable	<u>\$ 4,713,980</u>

CITY OF SHASTA LAKE

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Note 6: CAPITAL ASSETS

Changes in capital assets consist of the following:

Governmental Activities:

	Balance June 30, <u>2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2013</u>
Land, easements and right of way	\$ 3,657,635	\$ 42,859	\$ -	\$ 3,700,494
Land improvements	611,258	-	-	611,258
Construction	1,822,546	-	-	1,822,546
Infrastructure	49,919,815	763,655	-	50,683,470
Machinery and equipment	601,540	-	-	601,540
Vehicles	34,571	-	-	34,571
Construction in progress	<u>6,619,228</u>	<u>1,043,312</u>	<u>(684,469)</u>	<u>6,978,071</u>
Total	63,266,593	1,849,826	(684,469)	64,431,950
Less accumulated depreciation	<u>(10,991,639)</u>	<u>(1,145,166)</u>	-	<u>(12,136,805)</u>
Total governmental activities	<u>52,274,954</u>	<u>704,660</u>	<u>(684,469)</u>	<u>52,295,145</u>

Business-Type Activities:

Land	2,106,991	15,405	-	2,122,396
General and utility plant	65,105,132	485,678	(133,812)	65,456,998
Building and improvements	1,870,545	36,637	-	1,907,182
Equipment and vehicles	3,703,323	196,194	(277,955)	3,621,562
Construction in progress	<u>88,816</u>	<u>519,255</u>	<u>(100,629)</u>	<u>507,442</u>
Total	72,874,807	1,253,169	(512,396)	73,615,580
Less accumulated depreciation	<u>(34,414,533)</u>	<u>(2,294,885)</u>	<u>277,955</u>	<u>(36,431,463)</u>
Total business-type activities	<u>38,460,274</u>	<u>(1,041,716)</u>	<u>(234,441)</u>	<u>37,184,117</u>
Total capital assets	<u>\$ 90,735,228</u>	<u>\$ (337,056)</u>	<u>\$ (918,910)</u>	<u>\$ 89,479,262</u>

(Continued)

CITY OF SHASTA LAKE
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2013

Note 6: CAPITAL ASSETS (Continued)

Land and construction in progress classes of capital assets are not depreciated. Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 29,290
Culture and recreation	54,853
Public works	1,050,327
Public safety	6,754
Planning	<u>3,942</u>
Total depreciation expense – governmental activities	<u>\$ 1,145,166</u>

Note 7: INTERFUND RECEIVABLES AND PAYABLES

Non-current portions of long-term interfund loan receivables are reported as advances and, in all governmental fund types, are offset equally by a fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

<u>Due to/From Other Funds:</u>	<u>Receivable</u>	<u>Payable</u>	
General fund	\$ 216,669	\$ -	(a)
SLESF	-	39,766	(a)
CDBG fund	<u>-</u>	<u>176,903</u>	(a)
Total	<u>\$ 216,669</u>	<u>\$ 216,669</u>	

Reference Descriptions

- (a) The general fund has advanced funds to cover costs until reimbursement is received from the State of California.

CITY OF SHASTA LAKE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Note 8: LONG-TERM LIABILITIES

The following is a summary of long-term obligation transactions of the City for the year ended June 30, 2013:

Governmental Activities:

	Balance June 30, 2012	<u>Additions</u>	<u>Decreases</u>	Balance June 30, 2013	Amounts Due Within One Year
Loan payable	\$ 129,495	\$ -	\$(7,837)	\$ 121,658	\$ 8,037
Revenue bonds	3,287,000	-	(84,000)	3,203,000	89,000
Special assessment debt	<u>107,000</u>	<u>-</u>	<u>(16,000)</u>	<u>91,000</u>	<u>16,000</u>
Total governmental activities	<u>3,523,495</u>	<u>-</u>	<u>(107,837)</u>	<u>3,415,658</u>	<u>113,037</u>

Business-Type Activities:

Loans payable	4,732,358	-	(178,478)	4,553,880	184,364
Revenue bonds	8,530,000	-	(490,000)	8,040,000	510,000
Special assessment bonds	915,000	-	(25,000)	890,000	25,000
Capital lease obligation	<u>238,117</u>	<u>-</u>	<u>(49,496)</u>	<u>188,621</u>	<u>51,388</u>
Total Business- Type Activities	<u>14,415,475</u>	<u>-</u>	<u>(742,974)</u>	<u>13,672,501</u>	<u>770,752</u>
Total Activities	\$ <u>17,938,970</u>	\$ <u>-</u>	\$(<u>850,811</u>)	\$ <u>17,088,159</u>	\$ <u>883,789</u>

(Continued)

CITY OF SHASTA LAKE

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Note 8: LONG-TERM LIABILITIES (Continued)

LOANS PAYABLE

The loan payable amounts are attributable to:

Davis-Grunsky Loan - Transferred from Shasta Dam Area Public Utility District - voter approved 1972, \$408,538 construction loan under the Davis-Grunsky Act for construction of the complete Summit City water system, due in semi-annual installments, including interest at 2.5% per annum, totaling approximately \$11,000 until maturity in 2026. Property tax is levied to finance debt service, and taxes levied in excess of actual requirements are legally restricted to servicing this debt.

<u>Year Ending June 30,</u>	<u>Loans Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 8,042	\$ 2,939	\$ 10,981
2015	8,230	2,736	10,966
2016	8,450	2,528	10,978
2017	8,638	2,314	10,952
2018	8,869	2,098	10,967
2019-2023	47,781	7,004	54,785
2024-2026	<u>31,648</u>	<u>1,202</u>	<u>32,850</u>
Total	\$ <u>121,658</u>	\$ <u>20,821</u>	\$ <u>142,479</u>

CAPITAL LEASE OBLIGATION

The capital lease obligation amount is attributable to:

Wells Fargo Equipment Finance, Inc. - Financing of \$308,513 was provided to assist the City in purchasing a used vac-con sewer and storm drain cleaner and hydro excavation unit. Payments of \$4,800 are due monthly, including interest at 3.76%. The lease is secured by equipment and matures in December, 2016.

The asset acquired with the above capital lease is recorded as equipment and vehicles in the business-type activities. The original cost of the asset is \$308,513 with accumulated depreciation of \$92,553 at June 30, 2013.

(Continued)

CITY OF SHASTA LAKE
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2013

Note 8: LONG-TERM LIABILITIES (Continued)

Below is a schedule of future minimum lease commitments:

<u>Year Ending June 30,</u>	<u>Capital Lease Obligation</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 51,388	\$ 6,210	\$ 57,598
2015	53,353	4,245	57,598
2016	55,393	2,205	57,598
2017	<u>28,487</u>	<u>313</u>	<u>28,800</u>
Total	\$ <u>188,621</u>	\$ <u>12,973</u>	\$ <u>201,594</u>

REVENUE BONDS

1995 Wastewater Revenue Bonds - Series A - Issued by the Shasta Lake Public Financing Authority to finance construction of the Wastewater Treatment Plant expansion. Principal payments, ranging from \$49,000 to \$210,000, are due annually September 2nd, and mature September 2, 2034. Interest payments at 4.50% are due semi-annually.

As a condition of the Series A and Series B issuance, the City was required to set up a reserve account with the Treasurer of Shasta County. The balance in the reserve account at June 30, 2013, is \$254,841.

1995 Wastewater Revenue Bonds - Series B - Issued by the Shasta Lake Public Financing Authority to finance construction of the Wastewater Treatment Plant expansion. Principal payments, ranging from \$6,000 to \$27,000, are due annually September 2nd, and mature September 2, 2034. Interest payments at 4.50% are due semi-annually.

(Continued)

CITY OF SHASTA LAKE

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Note 8: LONG-TERM LIABILITIES (Continued)

<u>Year Ending June 30,</u>	<u>Revenue Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 89,000	\$ 150,369	\$ 239,369
2015	92,000	146,094	238,094
2016	96,000	141,639	237,639
2017	101,000	136,981	237,981
2018	105,000	132,098	237,098
2019-2023	598,000	579,334	1,177,334
2024-2028	753,000	418,482	1,171,482
2028-2032	930,000	218,772	1,148,772
2033-2036	<u>439,000</u>	<u>21,106</u>	<u>460,106</u>
Total	\$ <u>3,203,000</u>	\$ <u>1,944,875</u>	\$ <u>5,147,875</u>

SPECIAL ASSESSMENT DEBT

Riddle Road Assessment Bonds - Transferred from Shasta Dam Area Public Utility District - voter approved 1989, \$64,932 issue of bonds (Farmers' Home Administration) for the assessment district share of construction costs for the Riddle Road water system. Principal payments, ranging from \$900 to \$4,000, plus interest at 5%, are due annually on September 2nd. Final maturity of the issue is scheduled for 2029.

Rosamond Assessment District Bonds - Bonds were issued to fund the construction of street improvements and engineering costs within the Rosamond Avenue Area Assessment District. Principal payments, ranging from \$4,277 to \$20,000, are due annually September 2nd, and mature September 2, 2015. Interest payments at 7.5% are due semi-annually. Property tax will be levied to finance debt service and will be legally restricted to servicing this debt.

As a condition of the Rosamond Assessment District bond issuance, the City was required to set up a reserve account. The reserve account balance at June 30, 2013, is \$5,000.

(Continued)

CITY OF SHASTA LAKE

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Note 8: LONG-TERM LIABILITIES (Continued)

<u>Year Ending June 30,</u>	<u>Special Assessment Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 16,000	\$ 5,213	\$ 21,213
2015	16,000	4,013	20,013
2016	22,000	2,600	24,600
2017	2,000	1,750	3,750
2018	2,000	1,650	3,650
2019-2023	10,000	6,750	16,750
2024-2028	15,000	3,825	18,825
2029-2032	<u>8,000</u>	<u>325</u>	<u>8,325</u>
Total	\$ <u>91,000</u>	\$ <u>26,126</u>	\$ <u>117,126</u>

Business-Type Activities

LOANS PAYABLE

State of California Infrastructure Bank Water Loan - Loan payable to Infrastructure and Economic Development Bank for the Reservoir and Water System Improvement Project (Project). The original amount of the loan was \$5,000,000. The loan is payable in annual principal payments ranging from \$115,944 to \$259,579 with interest payable semi-annually at an annual rate of 3.03%. The loan also consists of an annual fee ranging from \$779 to \$15,000. The loan is amortized over 30 years with the final payment due in 2034.

State of California Safe Drinking Water Act Loan - Transferred from Shasta Dam Area Public Utility District - an agreement with the State of California Department of Water Resources for the funding of the construction of a filtration plant to meet safe drinking water standards established pursuant to Chapter 7 of Part 1 of Division 5 of the Health and Safety code, resulted in the creation of a loan payable to the State of California in the original amount of \$988,000. The loan is payable in semi-annual principal installments ranging from \$8,450 to \$28,340 with interest at 4.1439%. The note is amortized over 30 years with the final payment due in 2019.

As a condition of the Safe Drinking Water Act Loan, the City was required to set up a reserve account. The balance in the reserve account at June 30, 2013, is \$60,261.

(Continued)

CITY OF SHASTA LAKE

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Note 8: LONG-TERM LIABILITIES (Continued)

<u>Year Ending June 30,</u>	<u>Loans Payable</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Annual Fee</u>	<u>Total</u>
2014	\$ 184,376	\$ 138,807	\$ 12,748	\$ 335,931
2015	190,491	132,628	12,332	335,451
2016	196,814	126,240	11,903	334,957
2017	203,351	119,635	11,462	334,448
2018	210,111	112,807	11,007	333,925
2019-2023	911,431	470,681	47,711	1,429,823
2024-2028	993,010	329,166	34,080	1,356,256
2029-2033	1,152,847	166,907	18,254	1,338,008
2034-2037	<u>511,449</u>	<u>15,616</u>	<u>2,314</u>	<u>529,379</u>
Total	\$ <u>4,553,880</u>	\$ <u>1,612,487</u>	\$ <u>161,811</u>	\$ <u>6,328,178</u>

2005 Refunding Installment Sale Revenue Bonds - The bonds were issued by the Shasta Lake Public Financing Authority to defease and refund the Shasta Lake Public Financing Authority 2002 Installment Sale Revenue Bonds (Electric Enterprise Project), to fund the reserve fund and to pay costs of issuance. Principal payments ranging from \$385,000 to \$865,000 are due annually April 1st and mature April 1, 2025. Interest payments ranging from 2.6% to 5% are due semi-annually.

As a condition of the Revenue Bond issuance, the City was required to set up a reserve account. The balance in the reserve account at June 30, 2013, is \$908,850.

<u>Year Ending June 30,</u>	<u>Revenue Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 510,000	\$ 396,800	\$ 906,800
2015	530,000	373,850	903,850
2016	555,000	350,000	905,000
2017	585,000	322,250	907,250
2018	615,000	293,000	908,000
2019-2023	3,560,000	972,750	4,532,750
2024-2027	<u>1,685,000</u>	<u>127,500</u>	<u>1,812,500</u>
Total	\$ <u>8,040,000</u>	\$ <u>2,836,150</u>	\$ <u>10,876,150</u>

(Continued)

CITY OF SHASTA LAKE

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Note 8: LONG-TERM LIABILITIES (Continued)

SPECIAL ASSESSMENT BONDS

Industrial Park Assessment Bonds - Transferred from Shasta Dam Area Public Utility District - approved 1991, \$1,202,700 issue of bonds (Farmers' Home Administration) for the Assessment District's share of construction costs for the Shasta Gateway Industrial Park infrastructure. Principal payments ranging from \$12,700 to \$70,000 are due annually September 2nd, and mature February 2, 2032. Interest payments at 5.25% are due semi-annually.

<u>Year Ending June 30,</u>	<u>Special Assessment Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 25,000	\$ 46,069	\$ 71,069
2015	25,000	44,756	69,756
2016	30,000	43,313	73,313
2017	30,000	41,738	71,738
2018	30,000	40,163	70,163
2019-2023	190,000	172,725	362,725
2024-2028	245,000	116,156	361,156
2029-2032	<u>315,000</u>	<u>43,181</u>	<u>358,181</u>
Total	\$ <u>890,000</u>	\$ <u>548,101</u>	\$ <u>1,438,101</u>

Note 9: INTERFUND TRANSFERS

In the fund financial statements, total transfers in and out are \$35,356. The transfers primarily relate to the transfer of CDBG Reuse Program income as authorized by CDBG and the City Council.

Eliminations - Interfund transfers are reported in the governmental activities and business-type activities fund financial statements. In the government-wide statements, interfund transfers are eliminated within the governmental activities column and business-type column, as appropriate.

(Continued)

CITY OF SHASTA LAKE

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Note 9: INTERFUND TRANSFERS (Continued)

A summary of interfund transfers by fund type is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major funds:		
General fund	\$ 5,561	\$ 24,500
Non-major funds:		
Special revenue funds:		
CDBG funds	5,295	5,561
Housing fund	-	5,295
Industrial Park fund	<u>24,500</u>	<u>-</u>
Total	\$ <u>35,356</u>	\$ <u>35,356</u>

Note 10: RISK MANAGEMENT

The City manages risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters by participating in the public entity risk pools described below and by retaining certain risks. The City maintains insurance coverage from a commercial carrier for its medical, short-term and long-term disability, and dental and vision benefit plan.

Public entity risk pools are formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, those entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each risk pool is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective risk pool, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on that board. Obligations and liabilities of these risk pools are not the City's responsibility.

Risk Coverage - The City is a member of the Small Cities Organization Risk Effort joint powers authority (SCORE), which provides the City with liability coverage with limits of \$40,000,000 each occurrence, workers' compensation coverage with limits to \$4,850,000 each occurrence and property coverage for replacement. SCORE provides these limits and coverage by participating in the California Joint Powers Risk Management Authority (CJPRMA) for excess liability and Local City Workers' Compensation Excess Liability joint powers authority (LAWCX) for excess workers' compensation. Property coverage is obtained by a group purchase from insurance companies with the City's deductible being \$10,000 each claim for vehicles and property.

(Continued)

CITY OF SHASTA LAKE

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

Note 10: RISK MANAGEMENT (Continued)

The City's contributions are determined by SCORE based on payroll and loss experience. Actual surpluses or shortfalls are shared according to a formula that considers the City's loss experience and contributions for the year.

Financial statements for the risk pool can be obtained from SCORE, c/o Alliant Insurance Services, Inc., 1792 Tribute Road, Suite 450, Sacramento, California 95815.

Note 11: JOINT VENTURE

The City participates in the following joint venture:

Redding Area Bus Authority (RABA) - RABA was created by a joint powers agreement to provide a public transit system to the City of Redding, City of Anderson, City of Shasta Lake and adjacent urbanized areas in unincorporated areas of Shasta County. The City of Shasta Lake contributes annually to the annual operating budget of RABA. The governing board of RABA is comprised of eight members, five appointed by the City of Redding and one member by the City of Anderson, City of Shasta Lake and Shasta County. Complete financial statements for RABA can be obtained from the City of Redding Finance Division, 777 Cypress Avenue, Redding, California 96001. The City does not have an equity interest in this organization.

Note 12: DEFINED BENEFIT PENSION PLAN

A. Plan Description - The City contributes to a risk pool of the California Public Employees' Retirement System (PERS), a cost-sharing, multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. PERS funding progress information for the City has been consolidated by PERS with other entities in the risk pool. Therefore, this information is not available solely for the City's funding progress and thus has not been presented in these financial statements. Copies of the Risk Pool's and PERS' annual financial report may be obtained from the PERS Executive Office, 400 Q Street, Sacramento, California 95814.

(Continued)

CITY OF SHASTA LAKE

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Note 12: DEFINED BENEFIT PENSION PLAN (Continued)

B. Funding Policy - Participants are required to contribute 8% of their annual covered salary. The City makes a portion of the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate for the risk pool; the current rate is 21.989% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

C. Annual Pension Cost - For 2013, the City's annual pension cost for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2011, actuarial valuation of the risk pool using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, and (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.75%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period (smoothed market value). For the years ended June 30, 2011, 2012, and 2013, the City's employer contributions were \$652,657, \$640,536 and \$682,448, respectively, equal to their required contribution for each year.

Note 13: OTHER POSTEMPLOYMENT BENEFITS

From an accrual accounting perspective, the cost of postemployment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45, the City recognizes the cost of post-employment healthcare in the year when the employee services are received, reports the accumulated liability (benefit) from prior years, and provides information useful in assessing potential demands on the City's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

A. Plan Description - The City provides continuation of medical insurance coverage to employees that retire under the California Public Employees' Retirement System (CalPERS) (an agent multiple-employer plan administered by CalPERS) at the same time they end their service to the City. Based on collective bargaining agreements, the retiree and his or her beneficiaries receive this coverage for the life of the retiree with the option for surviving spouse coverage. The retiree's share of premium cost based on the PEMHCA (CalPERS medical program) "unequal method" ranges from 0% to 100%, depending on the employee group. The remaining premium is paid by the City. The state legislation which covers CalPERS has established that the retirees receive the same healthcare benefits that are offered to the active employees and established the retirees' share of premium cost and the state may amend this legislation. The City Council establishes and may amend the benefits offered.

(Continued)

CITY OF SHASTA LAKE

NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2013

Note 13: OTHER POSTEMPLOYMENT BENEFITS (Continued)

A qualified Internal Revenue Code Section 115 trust has been established for the plan with the California Employers Retiree Benefit Trust (CERBT). CERBT administers each plan's assets. The CERBT issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report may be obtained from CalPERS Employer Services Division, P. O. Box 942709, Sacramento, California 94229-2709.

B. Funding Policy - The contribution requirements of the City are established and may be amended by the City Council. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to be prefund benefits as determined annually by the Council. For fiscal year 2013, the City contributed \$478,203 to the plan, including \$125,877 in retiree premiums.

C. Annual OPEB Cost and Net OPEB Obligation - The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation.

Annual required contribution	\$ 361,923
Interest on net OPEB obligation	(99,232)
Adjustment to annual required contribution	<u>119,874</u>
Annual OPEB cost (expense)	382,565
Contributions made	(<u>478,202</u>)
Decrease in net OPEB asset	(95,637)
Net OPEB obligation (asset) - beginning of year	(1,417,595)
Net OPEB obligation (asset) - end of year	\$(<u>1,513,232</u>)

(Continued)

CITY OF SHASTA LAKE

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Note 13: OTHER POSTEMPLOYMENT BENEFITS (Continued)

The City's net OPEB obligation is presented on the Government-wide financial statements as follows:

Other postemployment benefits asset	\$ 1,818,379
Other postemployment benefits liability	(<u>305,147</u>)
Net OPEB obligation	\$ <u>1,513,232</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
6/30/11	325,279	142%	(1,274,433)
6/30/12	340,442	142%	(1,417,595)
6/30/13	382,462	125%	(1,513,232)

D. Funded Status and Funding Progress - As of July 1, 2011, the most recent actuarial valuation date, the plan was 72.7% funded. The actuarial accrued liability for benefits was \$4,972,624, and the actuarial value of assets was \$3,617,042, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,355,582. The covered payroll (annual payroll of active employees covered by the plan) was \$2,974,155, and the ratio of the UAAL to the covered payroll was 45.6%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

(Continued)

CITY OF SHASTA LAKE

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Note 13: OTHER POSTEMPLOYMENT BENEFITS (Continued)

E. Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2011 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 7% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9% initially, reduced by decrements to an ultimate rate of 4.5% after eight years. Both rates included a 3.25% inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level dollar amount. The remaining amortization period at June 30, 2013, was 25 years.

Note 14: COMMITMENTS, CONTINGENT LIABILITIES AND LITIGATION

The City has entered into a contract with the Shasta County Sheriff's Office in the amount of \$2,355,000 to provide law enforcement services. The City also is contractually committed to purchase power from various agencies in the amount of \$1,880,000

The City is committed to funding the following projects:

Landscape maintenance and improvements	85,000
Cappuccino Court improvements	225,000
Public works equipment storage building	227,320
Bikeway improvement project	141,200
Water improvements	280,000
Pensacola transmission main	75,000
Street and improvements	100,000
Local hazard mitigation plan	123,425

The City is a defendant in various lawsuits. Management and Counsel believe the suits will not have a materially adverse effect on the City's financial condition.

CITY OF SHASTA LAKE

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Note 15: SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER
REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Shasta Lake 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. The City Council elected to become the Successor Agency to the former redevelopment agency in accordance with the Bill.

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).

Successor agencies are 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.

TAX ALLOCATION BONDS

2010 Tax Allocation Revenue Bonds - Original issue: \$6,225,000. Proceeds from the 2010 Bonds were used to make a loan to the former Redevelopment Agency. Principal payments ranging from \$175,000 to \$460,000, are due annually June 1st, and mature June 1, 2027. Interest payments from 3.85% to 5.10% are due semi-annually.

As a condition of the 2010 Tax Allocation Revenue Bonds issuance, the City was required to set up a reserve account with the trustee. The balance in the reserve account at June 30, 2013 is \$488,585.

(Continued)

CITY OF SHASTA LAKE

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Note 15: SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (Continued)

<u>Year Ending June 30,</u>	<u>Redevelopment Tax Allocation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 245,000	\$ 240,850	\$ 485,850
2015	255,000	229,457	484,457
2016	270,000	217,345	487,345
2017	280,000	204,250	484,250
2018	295,000	190,530	485,530
2019-2023	1,715,000	714,930	2,429,930
2024-2027	<u>1,720,000</u>	<u>226,600</u>	<u>1,946,600</u>
Total	\$ <u>4,780,000</u>	\$ <u>2,023,962</u>	\$ <u>6,803,962</u>

Note 16: SUBSEQUENT EVENT

On September 24, 2013, the City paid their share of unfunded liability in the CalPERS Small Agency Risk Pool of \$1,934,965. This unfunded liability was created in 2003 when the difference between the amount set aside to pay future pensions and the actual benefits employees earned at the time was calculated. Cash reserves held by the City's Electric Utility Fund were used to pay the debt. The remaining City government and enterprise funds will repay the Electric Utility Fund over ten years at an interest rate of 2.0%.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SHASTA LAKE
GENERAL FUND

BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive
	Original	Final		(Negative)
Revenues:				
Taxes	\$ 1,673,800	\$ 2,013,800	\$ 2,071,651	\$ 57,851
Licenses and permits	82,600	72,600	68,367	(4,233)
Intergovernmental	761,500	744,500	740,194	(4,306)
Charges for services	2,991,200	3,089,055	3,072,595	(16,460)
Fines	8,700	14,700	21,722	7,022
Investment income	11,250	11,250	21,731	10,481
Donations	1,000	1,000	149,645	148,645
Other	<u>23,700</u>	<u>23,700</u>	<u>179,568</u>	<u>155,868</u>
Total revenues	<u>5,553,750</u>	<u>5,970,605</u>	<u>6,325,473</u>	<u>354,868</u>
Expenditures:				
Current:				
General government	2,108,013	2,331,054	2,239,140	91,914
Public safety	2,816,894	2,822,894	2,741,390	81,504
Recreation and culture	255,694	268,794	199,546	69,248
Planning	385,350	385,350	367,652	17,698
Public works	68,316	68,316	47,628	20,688
Community development	<u>25,000</u>	<u>25,000</u>	<u>5,451</u>	<u>19,549</u>
Total expenditures	<u>5,659,267</u>	<u>5,901,408</u>	<u>5,600,807</u>	<u>300,601</u>
Capital outlay:				
General government	50,000	278,378	90,360	188,018
Public safety	<u>-</u>	<u>-</u>	<u>149,645</u>	<u>(149,645)</u>
Total expenditures and capital outlay	<u>50,000</u>	<u>278,378</u>	<u>240,005</u>	<u>38,373</u>
Excess (deficiency) of revenues over expenditures	(<u>155,517</u>)	(<u>209,181</u>)	<u>484,661</u>	<u>693,842</u>
Other operating financing sources (uses):				
Operating transfers in	-	-	5,561	5,561
Operating transfers out	<u>-</u>	<u>-</u>	<u>(24,500)</u>	<u>(24,500)</u>
Total other operating financing sources (uses)	<u>-</u>	<u>-</u>	<u>(18,939)</u>	<u>(18,939)</u>
Net change in fund balances	(<u>155,517</u>)	(<u>209,181</u>)	465,722	674,903
Fund balance, beginning of year	<u>2,368,143</u>	<u>2,368,143</u>	<u>2,368,143</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,212,626</u>	<u>\$ 2,158,962</u>	<u>\$ 2,833,865</u>	<u>\$ 674,903</u>

The accompanying notes are an integral part
of this supplemental schedule.

CITY OF SHASTA LAKE
HOME
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 350,000	\$ 692,840	\$ 147,270	\$(545,570)
Investment income	-	-	276	276
Other	<u>55,800</u>	<u>55,800</u>	<u>-</u>	<u>(55,800)</u>
Total revenues	<u>405,800</u>	<u>748,640</u>	<u>147,546</u>	<u>(601,094)</u>
Expenditures:				
Current:				
Community development	30,931	373,771	13,675	360,096
Capital outlay:				
Community development	<u>319,069</u>	<u>319,069</u>	<u>-</u>	<u>319,069</u>
Total expenditures	<u>350,000</u>	<u>692,840</u>	<u>13,675</u>	<u>679,165</u>
Net change in fund balances	55,800	55,800	133,871	78,071
Fund balance, beginning of year	<u>3,832,538</u>	<u>3,832,538</u>	<u>3,832,538</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,888,338</u>	<u>\$ 3,888,338</u>	<u>\$ 3,966,409</u>	<u>\$ 78,071</u>

The accompanying notes are an integral part
of this supplemental schedule.

CITY OF SHASTA LAKE
1995 WASTEWATER DEBT SERVICE

BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 2,500	\$ 2,500	\$ 2,096	\$(404)
Special assessments	<u>248,250</u>	<u>248,250</u>	<u>246,816</u>	<u>(1,434)</u>
Total revenues	<u>250,750</u>	<u>250,750</u>	<u>248,912</u>	<u>(1,838)</u>
Expenditures:				
Current:				
General government	8,200	8,200	6,968	1,232
Debt service:				
Principal retirement	84,000	84,000	84,000	-
Interest and fiscal charges	<u>145,980</u>	<u>145,980</u>	<u>145,980</u>	<u>-</u>
Total expenditures	<u>238,180</u>	<u>238,180</u>	<u>236,948</u>	<u>1,232</u>
Net change in fund balances	12,570	12,570	11,964	(606)
Fund balance, beginning of year	<u>538,874</u>	<u>538,874</u>	<u>538,874</u>	<u>-</u>
Fund balance, end of year	<u>\$ 551,444</u>	<u>\$ 551,444</u>	<u>\$ 550,838</u>	<u>\$(606)</u>

The accompanying notes are an integral part
of this supplemental schedule.

CITY OF SHASTA LAKE
 OTHER POSTEMPLOYMENT BENEFITS
 SCHEDULE OF FUNDING PROGRESS
 FOR THE YEAR ENDED JUNE 30, 2013

The table below shows an analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll as of the following valuation date:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
7/1/2011	\$ 3,617,042	\$ 4,972,624	\$ 1,355,582	72%	\$ 2,974,155	45.6%

The accompanying notes are an integral part
 of this supplemental schedule.

CITY OF SHASTA LAKE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2013

Note 1: BUDGETARY PRINCIPLES

The two-year operating budget of the City is adopted by the City of Shasta Lake City Council, prior to July 1 on even numbered years primarily on a cash basis. The City Manager is authorized to transfer budget amounts between divisions within any fund; however, any revisions that alter the total expenditures of any fund require City Council resolution.

Budget information is adopted and presented for the general, special revenue and debt service funds. The presentations represent original appropriations adjusted for supplemental appropriations, if any, made during the year.

Portions of fund equity are recorded as reserves when segregation for future use is necessary and the funds are, therefore, not available for future apportionment or expenditures.

OTHER SUPPLEMENTAL INFORMATION

Non-Major Governmental Funds

Debt Service Funds

Debt service funds are used to account for specific revenues that are legally restricted to the retirement of debt associated with an assessment, debt or bond issue.

Rosamond Debt Service – This fund accounts for the revenue and expenditures associated with the retirement of assessments for roadway improvements.

Riddle Road Water Bond – This fund accounts for the revenue and expenditures associated with the retirement of assessments for the construction of water system improvements.

Davis-Grunsky Act Loan - This fund accounts for the revenue and expenditures associated with the retirement voter approved tax override debt for the construction of water system improvements.

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for a specific purpose.

Law Enforcement Fund (COPS) – This fund accounts for the revenue and expenditures associated with the Community Oriented Policing Services funds received through the State of California.

CDBG Project Fund – This fund accounts for the revenue and expenditures associated with the Community Development Block Grant program funded by the federal government and administered by the California Department of Housing and Community Development.

CDBG Housing Rehabilitation Fund – This fund accounts for the revenue and expenditures associated with housing rehabilitation through the Community Development Block Grant program and Cal Home Program provided by the state and federal government and administered by the California Department of Housing and Community Development.

Water P&FCC Charges – This fund accounts for the revenue and expenditures associated with plant and facility connections charges for capital replacement or improvements in the City's water utility.

Electric P&FCC Charges – This fund accounts for the revenue and expenditures associated with plant and facility connections charges for capital replacement or improvements in the City's electric utility.

Wastewater P&FCC Charges - This fund accounts for the revenue and expenditures associated with plant and facility connections charges for capital replacement or improvements in the City's wastewater utility.

Parks P&FCC Charges - This fund accounts for the revenue and expenditures associated with plant and facility connections charges for capital replacement or improvements in the City's parks system.

Non-Major Proprietary Funds

Internal Service Funds

Internal service funds are used to account for the expenditures of services performed for other operating funds within the City.

Motor Pool - This fund accounts for the revenue and expenditures associated with the maintenance and repair of all City vehicles and equipment.

Public Works - This fund accounts for the revenue and expenditures associated with the maintenance and repair of roadways, storm drains, water distribution systems, wastewater collection systems and park facilities.

CITY OF SHASTA LAKE
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2013

	Rosamond Debt Service	Debt Service Riddle Road Water Bond
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 24,073	\$ 6,324
Receivables:		
Accounts receivable, net	-	-
Intergovernmental	-	-
Interest	-	-
Taxes	314	283
Special assessments	50,000	41,000
Notes	-	-
Land held for resale	-	-
Restricted assets:		
Cash and cash equivalents	5,000	-
Total assets	\$ 79,387	\$ 47,607
LIABILITIES AND FUND BALANCES		
Current liabilities:		
Accounts payable	\$ -	\$ -
Deferred revenue	50,000	41,000
Deposits	-	-
Intergovernmental payables	-	-
Due to other funds	-	-
Total liabilities	50,000	41,000
Fund balance:		
Restricted	29,387	6,607
Unassigned	-	-
Total fund balances	29,387	6,607
Total liabilities and fund balances	\$ 79,387	\$ 47,607

(Continued)

		Special Revenue				
Davis Grunsky Loan Act	California Sewer Loan	Law Enforcement Fund (COPS)	CDBG Project Fund	CDBG Housing Rehabilitation	Water P&FCC Charges	
\$ 72,594	\$ 8,393	\$ 9,711	\$ -	\$ 15,372	\$ 60,071	
-	-	-	215	-	-	
-	-	42,127	236,699	-	-	
-	-	-	-	8	-	
23	-	-	-	-	-	
-	-	-	-	178,826	-	
-	-	-	-	-	-	
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
\$ <u>72,617</u>	\$ <u>8,393</u>	\$ <u>51,838</u>	\$ <u>236,914</u>	\$ <u>194,206</u>	\$ <u>60,071</u>	
\$ -	\$ -	\$ -	\$ 67,485	\$ -	\$ -	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	8,333	-	-	-	
<u>-</u>	<u>-</u>	<u>39,766</u>	<u>176,903</u>	<u>-</u>	<u>-</u>	
<u>-</u>	<u>-</u>	<u>48,099</u>	<u>244,388</u>	<u>-</u>	<u>-</u>	
72,617	8,393	3,739	65,931	194,206	60,071	
<u>-</u>	<u>-</u>	<u>-</u>	(73,405)	<u>-</u>	<u>-</u>	
<u>72,617</u>	<u>8,393</u>	<u>3,739</u>	(7,474)	<u>194,206</u>	<u>60,071</u>	
\$ <u>72,617</u>	\$ <u>8,393</u>	\$ <u>51,838</u>	\$ <u>236,914</u>	\$ <u>194,206</u>	\$ <u>60,071</u>	

The accompanying notes are an integral part
of this supplemental schedule.

CITY OF SHASTA LAKE
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2013

(Continued)

ASSETS	<u>Electric P&FCC Charges</u>	<u>Wastewater P&FCC Charges</u>
Current assets:		
Cash and cash equivalents	\$ 233,495	\$ 453,326
Receivables:		
Accounts receivable, net	-	-
Intergovernmental	-	-
Interest	-	-
Taxes	-	-
Special assessments	-	-
Notes	-	-
Land held for resale	-	-
Restricted assets:		
Cash and cash equivalents	<u>-</u>	<u>-</u>
Total assets	<u>\$ 233,495</u>	<u>\$ 453,326</u>
LIABILITIES AND FUND BALANCES		
Current liabilities:		
Accounts payable	\$ -	\$ 1,051
Deferred revenue	-	-
Deposits	-	-
Intergovernmental payables	-	-
Due to other funds	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>1,051</u>
Fund balance:		
Restricted	233,495	452,275
Unassigned	<u>-</u>	<u>-</u>
Total fund balances	<u>233,495</u>	<u>452,275</u>
Total liabilities and fund balances	<u>\$ 233,495</u>	<u>\$ 453,326</u>

<u>Special Revenue</u>			<u>Total Other Non-Major Governmental Funds</u>
<u>Parks P&FCC Charges</u>	<u>Former RDA Low/Moderate Housing</u>	<u>State Trafficway</u>	
\$ 70,603	\$ 20,288	\$ 1,992,195	\$ 2,966,445
-	-	-	215
-	-	16,085	294,911
-	-	-	8
-	-	185,171	185,791
-	-	-	91,000
-	606,217	-	785,043
-	644,927	-	644,927
-	-	-	5,000
<u>\$ 70,603</u>	<u>\$ 1,271,432</u>	<u>\$ 2,193,451</u>	<u>\$ 4,973,340</u>
\$ -	\$ -	\$ 2,792	\$ 71,328
-	-	367,506	458,506
-	-	7,875	7,875
-	-	-	8,333
-	-	-	216,669
-	-	378,173	762,711
70,603	1,271,432	1,736,947	4,205,703
-	-	78,331	4,926
<u>70,603</u>	<u>1,271,432</u>	<u>1,815,278</u>	<u>4,210,629</u>
<u>\$ 70,603</u>	<u>\$ 1,271,432</u>	<u>\$ 2,193,451</u>	<u>\$ 4,973,340</u>

The accompanying notes are an integral part
of this supplemental schedule.

CITY OF SHASTA LAKE

COMBINING STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Rosamond</u>	<u>Debt Service</u>	<u>Riddle</u>	<u>Road</u>	<u>Water</u>	<u>Bond</u>
Revenues:						
Taxes	\$	-	\$	-		
Intergovernmental		-		-		
Charges for services		-		-		
Investment income		102		40		
Other		-		-		
Special assessments		<u>19,300</u>		<u>3,045</u>		
Total revenues		<u>19,402</u>		<u>3,085</u>		
Expenditures:						
Current:						
General government		2,352		-		
Public safety		-		-		
Public works		-		-		
Community development		-		-		
Capital outlay:						
Recreation and culture		-		-		
Public works		-		-		
Community development		-		-		
Debt service:						
Principal retirement		15,000		1,000		
Interest		<u>4,313</u>		<u>2,075</u>		
Total expenditures		<u>21,665</u>		<u>3,075</u>		
Excess (deficiency) of revenues over expenditures		(2,263)		10		
Other financing sources (uses):						
Operating transfers in		-		-		
Operating transfers out		<u>-</u>		<u>-</u>		
Total other financing sources (uses)		<u>-</u>		<u>-</u>		
Net change in fund balance		(2,263)		10		
Fund balances, beginning of year		<u>31,650</u>		<u>6,597</u>		
Fund balances, end of year	\$	<u>29,387</u>	\$	<u>6,607</u>		

(Continued)

Special Revenue					
Davis Grunsky Loan Act	California Sewer Loan	Law Enforcement Fund (COPS)	CDBG Project Fund	CDBG Housing Rehabilitation	Water P&FCC Charges
\$ 12,035	\$ -	\$ -	\$ -	\$ -	\$ -
21	-	100,000	992,361	-	-
-	-	-	-	-	35,602
536	64	-	-	253	305
-	-	-	-	-	-
<u>12,592</u>	<u>64</u>	<u>100,000</u>	<u>992,361</u>	<u>253</u>	<u>35,907</u>
-	-	-	-	-	421
-	-	100,000	-	-	-
-	-	-	70,645	-	-
-	-	-	97,340	-	-
-	-	-	737,555	-	-
-	-	-	-	-	-
-	-	-	90,740	-	-
7,829	-	-	-	-	-
<u>4,142</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>11,971</u>	<u>-</u>	<u>100,000</u>	<u>996,280</u>	<u>-</u>	<u>421</u>
<u>621</u>	<u>64</u>	<u>-</u>	<u>(3,919)</u>	<u>253</u>	<u>35,486</u>
-	-	-	-	5,295	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,856)</u>	<u>-</u>
-	-	-	-	(5,561)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,561)</u>	<u>-</u>
621	64	-	(3,919)	(5,308)	35,486
<u>71,996</u>	<u>8,329</u>	<u>3,739</u>	<u>(3,555)</u>	<u>199,514</u>	<u>24,585</u>
<u>\$ 72,617</u>	<u>\$ 8,393</u>	<u>\$ 3,739</u>	<u>\$ (7,474)</u>	<u>\$ 194,206</u>	<u>\$ 60,071</u>

The accompanying notes are an integral part
of this supplemental schedule

CITY OF SHASTA LAKE

COMBINING STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

(Continued)

	<u>Electric P&FCC Charges</u>	<u>Wastewater P&FCC Charges</u>
Revenues:		
Taxes	\$ -	\$ -
Intergovernmental	-	-
Charges for services	-	39,870
Investment income	1,801	3,417
Other	-	-
Special assessments	<u>-</u>	<u>-</u>
Total revenues	<u>1,801</u>	<u>43,287</u>
Expenditures:		
Current:		
General government	8,349	14,117
Public safety	-	-
Public works	-	16,686
Community development	-	-
Capital outlay:		
Recreation and culture	-	-
Public works	-	-
Community development	-	-
Debt service:		
Principal retirement	-	-
Interest	<u>-</u>	<u>-</u>
Total expenditures	<u>8,349</u>	<u>30,803</u>
Excess (deficiency) of revenues over expenditures	(<u>6,548</u>)	<u>12,484</u>
Other financing sources (uses):		
Operating transfers in	-	-
Operating transfers out	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>
Net change in fund balance	(<u>6,548</u>)	<u>12,484</u>
Fund balances, beginning of year	<u>240,043</u>	<u>439,791</u>
Fund balances, end of year	\$ <u>233,495</u>	\$ <u>452,275</u>

<u>Special Revenue</u>			<u>Total Other Non-Major Governmental Funds</u>
<u>Parks P&FCC Charges</u>	<u>Former RDA Low/Moderate Housing</u>	<u>State Trafficway</u>	
\$ -	\$ -	\$ 396,527	\$ 408,562
-	-	754,016	1,846,398
14,418	-	6,978	96,868
478	111	14,879	21,986
-	11,074	100	11,174
-	-	-	<u>22,345</u>
<u>14,896</u>	<u>11,185</u>	<u>1,172,500</u>	<u>2,407,333</u>
694	-	40,561	66,494
-	-	-	100,000
-	-	715,604	802,935
-	-	-	97,340
-	-	-	737,555
-	-	97,060	97,060
-	-	-	90,740
-	-	-	23,829
-	-	-	<u>10,530</u>
<u>694</u>	<u>-</u>	<u>853,225</u>	<u>2,026,483</u>
<u>14,202</u>	<u>11,185</u>	<u>319,275</u>	<u>380,850</u>
-	-	-	5,295
-	-	-	(10,856)
-	-	-	(5,561)
14,202	11,185	319,275	375,289
<u>56,401</u>	<u>1,260,247</u>	<u>1,496,003</u>	<u>3,835,340</u>
<u>\$ 70,603</u>	<u>\$ 1,271,432</u>	<u>\$ 1,815,278</u>	<u>\$ 4,210,629</u>

The accompanying notes are an integral part
of this supplemental schedule.

CITY OF SHASTA LAKE

COMBINING STATEMENT OF FUND NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2013

	<u>Motor Pool</u>	<u>Public Works</u>	<u>Total Internal Service Funds</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 378,325	\$ 89,286	\$ 467,611
Accounts receivable, net	<u>3,480</u>	<u>19,959</u>	<u>23,439</u>
Total current assets	<u>381,805</u>	<u>109,245</u>	<u>491,050</u>
Noncurrent assets:			
Other post-employment assets	188,319	482,955	671,274
Other capital assets	<u>1,148,670</u>	<u>16,781</u>	<u>1,165,451</u>
Total noncurrent assets	<u>1,336,989</u>	<u>499,736</u>	<u>1,836,725</u>
Total assets	<u>1,718,794</u>	<u>608,981</u>	<u>2,327,775</u>
LIABILITIES			
Current liabilities:			
Accounts payable	18,402	15,464	33,866
Accrued liabilities	5,680	76,140	81,820
Capital lease, current maturities	<u>51,388</u>	<u>-</u>	<u>51,388</u>
Total current liabilities	75,470	91,604	167,074
Capital lease, net of current maturities	<u>137,233</u>	<u>-</u>	<u>137,233</u>
Total liabilities	<u>212,703</u>	<u>91,604</u>	<u>304,307</u>
NET POSITION			
Invested in capital assets, net of related debt	960,049	16,780	976,829
Unrestricted	<u>546,043</u>	<u>500,596</u>	<u>1,046,639</u>
Total net position	<u>\$ 1,506,092</u>	<u>\$ 517,376</u>	<u>\$ 2,023,468</u>

The accompanying notes are an integral part
of this supplemental schedule.

CITY OF SHASTA LAKE

COMBINING STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Motor Pool</u>	<u>Public Works</u>	<u>Total Internal Service Funds</u>
Operating revenues:			
Charges for services	\$ 586,983	\$ 1,353,373	\$ 1,940,356
Other revenue	<u> -</u>	<u> 2,025</u>	<u> 2,025</u>
Total operating revenues	<u> 586,983</u>	<u> 1,355,398</u>	<u> 1,942,381</u>
Operating expenses:			
Maintenance, operations and administration	404,633	1,352,786	1,757,419
Depreciation and amortization	<u> 264,317</u>	<u> -</u>	<u> 264,317</u>
Total operating expenses	<u> 668,950</u>	<u> 1,352,786</u>	<u> 2,021,736</u>
Operating income (loss)	(81,967)	2,612	(79,355)
Non-operating revenue:			
Other	<u> 29,608</u>	<u> -</u>	<u> 29,608</u>
Change in net position	(52,359)	2,612	(49,747)
Total net position, beginning of year	<u> 1,558,451</u>	<u> 514,764</u>	<u> 2,073,215</u>
Total net position, end of year	<u>\$ 1,506,092</u>	<u>\$ 517,376</u>	<u>\$ 2,023,468</u>

The accompanying notes are an integral part
of this supplemental schedule

CITY OF SHASTA LAKE

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Motor Pool</u>	<u>Public Works</u>	<u>Total Internal Service Funds</u>
Cash flows from operating activities:			
Cash from interfund services	\$ 586,983	\$ 1,353,373	\$ 1,940,356
Cash - other	7,918	47,004	54,922
Payments to employees	(60,913)	(627,871)	(688,784)
Payments to suppliers	(400,936)	(721,002)	(1,121,938)
Net cash provided by operating activities	<u>133,052</u>	<u>51,504</u>	<u>184,556</u>
Cash flows from capital and related financing activities:			
Proceeds from sales of capital assets	29,607	-	29,607
Purchases of capital assets	(179,413)	(16,781)	(196,194)
Net cash used in capital and related financing activities	<u>(149,806)</u>	<u>(16,781)</u>	<u>(166,587)</u>
Net increase (decrease) in cash and cash equivalents	(16,754)	34,723	17,969
Cash and cash equivalents, beginning of year	<u>395,079</u>	<u>54,563</u>	<u>449,642</u>
Cash and cash equivalents, end of year	<u>\$ 378,325</u>	<u>\$ 89,286</u>	<u>\$ 467,611</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$(81,967)	\$ 2,612	\$(79,355)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	264,317	-	264,317
Changes in assets and liabilities:			
(Decrease) in accounts payable - suppliers	(45,361)	14,656	(30,705)
Increase (decrease) in compensated absences	(1,574)	6,465	4,891
(Increase) in inventory	(9,999)	(19,475)	(29,474)
(Increase) in other operating receivables	7,918	44,979	52,897
Increase in salaries and benefits payable	(282)	2,267	1,985
Net cash provided by operating activities	<u>\$ 133,052</u>	<u>\$ 51,504</u>	<u>\$ 184,556</u>

The accompanying notes are an integral part
of this supplemental schedule.



D. H. SCOTT & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
A LIMITED LIABILITY PARTNERSHIP

David H. Scott, APC, CPA
Keith F. Hunting, CPA
Vivian R. Piche', CPA
Paul J. Catanese, APC, CPA/MBA
Larry T. Dahl, CPA

Charlie J. Burns, CPA
Casey M. Cancilla, CPA
Lori Goyne, CPA/ABV
Cheryl Hull, CPA
Gerald R. Tadina, CPA

INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS AND COMPLIANCE
WITH THE TRANSPORTATION DEVELOPMENT ACT

Honorable City Council
City of Shasta Lake, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Shasta Lake, California (City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 20, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

In connection with our audit referred to above, we also performed an audit for compliance with the Transportation Development Act, the California Code of Regulations, and the rules and regulations and allocation instructions of the Shasta Regional Transportation Agency, for the year ended June 30, 2013. In connection with our audit, we performed, to the extent applicable, the compliance audit tasks set forth in Section 6666 of the California Code of Regulations.

In our opinion, the funds allocated pursuant to the Transportation Development Act were accounted for and expended in conformance with the Transportation Development Act, the California Code of Regulations, and the rules and regulations and allocation instructions of the Shasta Regional Transportation Agency.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the Transportation Development Act in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A H Scott & Company LLP

Redding, California
December 20, 2013



D. H. SCOTT & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
A LIMITED LIABILITY PARTNERSHIP

David H. Scott, APC, CPA
Keith F. Hunting, CPA
Vivian R. Piche', CPA
Paul J. Caranese, APC, CPA/MBA
Larry T. Dahl, CPA

Charlie J. Burns, CPA
Casey M. Cancilla, CPA
Lori Goyne, CPA/ABV
Cheryl Hull, CPA
Gerald R. Tadina, CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Honorable City Council
City of Shasta Lake, California

Report on Compliance for Each Major Federal Program

We have audited the City of Shasta Lake, California's (City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2013. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular a-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirements of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

RW Scott & Company LLP

Redding, California
December 20, 2013

CITY OF SHASTA LAKE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identification Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through State of California, Department of Housing and Community Development			
Community Development Block Grant	*14.228	11-PTEC-7640	\$ 72,160
Community Development Block Grant	*14.228	10-STNA-6968	737,555
Community Development Block Grant	*14.228	10-DRI-6791	6,505
Community Development Block Grant	*14.228	10-EDEF-7259	84,321
Community Development Block Grant	*14.228	12-CDBG-8413	<u>90,740</u>
Subtotal			991,281
Home Investments Partnership Program	14.239		<u>61,560</u>
Total U.S. Department of Housing and Urban Development			<u>1,052,841</u>
 <u>U.S. Department of Energy</u>			
Passed through State of California Energy Commission			
ARRA - Energy Efficiency Block Grant	*81.128	CBG-11-008	<u>365,000</u>
Total U.S. Department of Energy			<u>365,000</u>
Total expenditures			<u>\$ 1,417,841</u>

* Major programs

The accompanying notes are an integral part
of this supplemental schedule.

CITY OF SHASTA LAKE
 NOTES TO SCHEDULE OF EXPENDITURES OF
 FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2013

Note 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Shasta Lake and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedules present only a selected portion of the operations of the City of Shasta Lake, they are not intended to and do not present net position or changes in net position of the city.

Note 2: FEDERAL LOANS OUTSTANDING

The amount of federal loans outstanding at June 30, 2013:

U.S. Department of Agriculture - Farmers Home Administration, #SLPFA Series A92-10	\$ 2,848,000
U.S. Department of Agriculture - Farmers Home Administration, #SLPFS Series 1993-1, R-1, 97-09	890,000
U.S. Department of Agriculture - Farmers Home Administration, #SLPFS Series B92-12	355,000
U.S. Department of Agriculture - Farmers Home Administration, #SLPFAS Bond #1989-1, R-1, 91-06	<u>41,000</u>
Total federal loans outstanding	<u>\$ 4,134,000</u>

CITY OF SHASTA LAKE

SUMMARY OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

SUMMARY OF AUDITORS' RESULTS

<u>Financial Statements</u>	<u>Result</u>
Type of auditors' report issued	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No
 <u>Federal awards</u>	
Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None Reported
Type of auditors' report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	No
Identification of major programs:	
14.228 Community Development Block Grants	
81.128 ARRA - Energy Efficiency Block Grant	
Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

FINDINGS - BASIC FINANCIAL STATEMENTS AUDIT

None

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAMS

None

CITY OF SHASTA LAKE
SCHEDULE OF PRIOR YEAR RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2013

PRIOR YEAR RECOMMENDATIONS

NONE

STATISTICAL SECTION
(UNAUDITED)

CITY OF SHASTA LAKE
 Net Position
 (Accrual Basis of Accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:									
Investment in capital assets, net of related debt	\$ 11,800,821	\$ 14,035,177	\$ 42,276,380	\$ 42,518,150	\$ 44,251,610	\$ 45,358,187	\$ 49,643,294	\$ 52,274,952	\$ 52,295,145
Restricted	7,683,196	8,573,928	11,416,796	12,781,389	13,620,477	14,159,185	14,803,221	8,110,724	8,633,920
Unrestricted	2,065,793	2,819,195	3,523,764	3,955,119	3,503,525	1,785,070	(1,103,484)	2,313,537	2,789,860
Total governmental activities net position	\$ 21,549,810	\$ 25,428,300	\$ 57,216,940	\$ 59,254,658	\$ 61,375,612	\$ 61,302,442	\$ 63,343,031	\$ 62,699,213	\$ 63,718,925
Business-type activities:									
Investment in capital assets, net of related debt	\$ 31,072,814	\$ 31,072,814	\$ 31,072,814	\$ 35,334,222	\$ 35,670,069	\$ 34,118,950	\$ 32,604,718	\$ 31,579,360	\$ 31,551,633
Restricted	2,896,084	6,111,623	6,111,623	2,830,859	1,006,091	992,149	998,403	998,185	997,747
Unrestricted	3,074,225	6,150,418	11,906,131	14,290,305	16,070,235	16,414,994	17,001,652	18,096,357	18,219,747
Total business-type activities net position	\$ 37,043,133	\$ 43,334,855	\$ 49,090,568	\$ 52,455,386	\$ 52,746,395	\$ 51,526,093	\$ 50,604,773	\$ 50,673,902	\$ 50,769,127
Primary government:									
Investment in capital assets, net of related debt	\$ 42,873,635	\$ 45,107,991	\$ 73,349,194	\$ 77,852,372	\$ 79,921,679	\$ 79,477,137	\$ 82,248,012	\$ 83,854,312	\$ 83,846,778
Restricted	10,579,280	14,685,551	17,528,419	15,612,248	14,626,568	15,151,334	15,801,624	9,108,909	9,631,667
Unrestricted	5,140,028	8,969,613	15,429,895	18,245,424	19,573,760	18,200,064	15,898,168	20,409,894	21,009,607
Total primary government net position	\$ 58,592,943	\$ 68,763,155	\$ 106,307,508	\$ 111,710,044	\$ 114,122,007	\$ 112,828,535	\$ 113,947,804	\$ 113,373,115	\$ 114,488,052

CITY OF SHASTA LAKE
Changes in Net Position
(Accrual Basis of Accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses:									
Governmental activities:									
General government	2,250,052	2,267,341	2,865,683	2,884,859	3,067,756	2,886,441	2,902,975	2,796,741	2,492,722
Public safety	2,340,895	2,520,506	2,446,781	2,830,146	2,874,156	2,966,827	2,751,631	2,747,717	2,848,143
Recreation and culture	211,888	233,442	301,235	357,993	386,623	311,831	282,910	274,282	254,399
Planning	260,031	314,774	381,661	482,136	407,431	356,499	348,835	334,373	371,593
Public works	497,244	597,240	1,242,080	1,242,598	50,259	1,953,478	1,947,459	1,589,908	1,883,790
Community development	2,059,288	2,322,845	1,206,696	1,723,742	2,935,471	2,485,092	2,436,714	506,149	117,714
Total governmental activities expenses	7,619,398	8,256,148	8,444,136	9,521,474	9,721,696	10,960,168	10,670,524	8,249,170	7,968,361
Business-type activities:									
Water	1,603,164	1,667,080	1,789,359	1,796,805	2,651,243	2,391,584	2,056,226	1,930,159	2,255,672
Electric	17,369,689	12,797,024	15,001,329	19,046,728	18,422,891	18,224,258	15,456,282	15,603,541	17,526,105
Wastewater	1,973,423	2,029,975	2,125,633	2,193,838	2,331,054	2,367,035	2,437,577	2,152,763	2,524,844
Industrial park	195,368	171,942	165,284	165,061	147,544	140,737	130,142	119,011	147,052
Total business-type activities expenses	21,141,644	16,666,021	19,081,605	23,202,432	23,552,732	23,123,614	20,080,227	19,805,474	22,453,673
Total primary government expenses	28,761,042	24,922,169	27,525,741	32,723,906	33,274,428	34,083,782	30,750,751	28,054,644	30,422,034
Program revenues:									
Governmental activities:									
Charges for services:									
General government	2,123,978	2,236,908	2,609,730	2,784,349	2,864,793	3,011,768	2,743,366	2,889,853	2,998,406
Public safety	158,868	238,303	130,705	181,727	106,344	100,917	73,335	69,222	71,291
Recreation and culture	2,326	345	1,325	9,036	16,172	8,030	3,461	3,263	3,966
Planning	22,292	19,646	106,329	51,305	22,095	34,113	30,328	37,272	15,661
Public works	50,486	26,560	10,545	-	11,895	70,186	1,766	6,068	72,064
Community development	66,703	76,192	54,132	48,345	15,270	21,695	22,083	41,205	11,678
Operating grants and contributions	1,578,570	3,128,170	2,508,386	2,413,959	4,213,084	1,819,835	2,542,442	1,424,029	2,459,906
Capital grants and contributions	727,781	1,854,937	1,348,571	1,090,107	594,325	535,921	1,200,951	618,903	217,806
Total governmental activities program revenues	4,731,004	7,581,061	6,769,723	6,578,828	7,843,978	5,602,465	6,617,732	5,089,815	5,850,778

CITY OF SHASTA LAKE
Changes in Net Position
(Accrual Basis of Accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Program revenues: (Continued)									
Business-type activities:									
Charges for services:									
Water	1,559,557	1,733,091	1,918,290	1,880,046	1,843,969	1,901,864	1,965,585	2,143,515	2,447,152
Electric	15,924,103	15,794,157	17,173,529	20,041,141	17,830,444	17,303,120	14,469,256	14,921,718	17,038,476
Wastewater	1,346,107	1,380,979	1,548,979	1,622,343	1,710,520	2,080,443	2,226,744	2,178,308	2,368,044
Industrial park	4,392	3,827	4,913	6,470	6,152	44,948	45,732	49,451	51,300
Operating grants and contributions	-	-	2,100,113	388,318	-	-	-	-	-
Capital grants and contributions	106,273	2,596,518	96,543	104,067	101,290	56,634	61,943	53,730	417,370
Total business-type activities program revenues	18,940,432	21,508,572	22,842,367	24,042,385	21,492,375	21,387,009	18,769,260	19,346,722	22,322,342
Total primary government program revenues	23,671,436	29,089,633	29,612,090	30,621,213	29,336,353	26,989,474	25,386,992	24,436,537	28,173,120
Net (expense)/revenue:									
Governmental activities	(2,888,394)	(675,087)	(1,674,413)	(2,942,646)	(1,877,718)	(5,357,703)	(4,052,792)	(3,159,355)	(2,117,583)
Business-type activities	(2,201,212)	4,842,551	3,760,762	839,953	(2,060,357)	(1,736,605)	(1,310,967)	(458,752)	(131,331)
Total primary government net expense	(5,089,606)	4,167,464	2,086,349	(2,102,693)	(3,938,075)	(7,094,308)	(5,363,759)	(3,618,107)	(2,248,914)
General revenues and other changes in net position:									
Governmental activities:									
Taxes:									
Sales taxes	583,343	612,471	600,145	628,969	446,298	455,952	510,472	414,712	390,461
Property taxes	3,222,124	3,597,426	3,954,335	4,094,899	4,121,837	3,850,713	4,535,646	2,472,818	1,543,442
Motel taxes	9,423	8,796	16,290	13,285	9,136	7,750	8,300	5,280	4,900
Other taxes	186,174	198,601	185,959	184,756	184,597	153,181	153,855	153,522	152,940
Motor vehicle in-lieu	702,425	661,718	768,887	823,530	844,126	814,202	839,556	757,878	732,158
Miscellaneous	73,075	49,364	41,679	37,133	28,917	32,590	23,855	85,742	329,902
Gain/loss on sale of asset	-	-	-	-	-	-	21,778	-	-
Extraordinary loss	-	-	-	-	-	-	-	(705,676)	-
Investment earnings	86,776	(38,438)	566,345	528,054	203,269	80,752	85,919	62,835	24,682
Transfers	(796,423)	(536,361)	(509,854)	(1,330,262)	(1,839,508)	(110,607)	(86,000)	(196,739)	(41,186)
Total governmental activities	4,066,917	4,553,577	5,623,786	4,980,364	3,998,672	5,284,533	6,093,381	3,050,372	3,137,299

CITY OF SHASTA LAKE
Changes in Net Position
(Accrual Basis of Accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013
General revenues and other changes in net position: (Continued)									
Business-type activities:									
Investment earnings	1,738,159	701,261	1,373,799	1,071,344	475,770	304,857	212,123	215,606	150,238
Miscellaneous	175,264	211,549	111,298	123,259	36,088	100,839	91,524	115,536	35,132
Transfers	796,423	536,361	509,854	1,330,262	1,839,508	110,607	86,000	196,739	41,187
Total business-type activities	2,709,846	1,449,171	1,994,951	2,524,865	2,351,366	516,303	389,647	527,881	226,557
Total primary government	6,776,763	6,002,748	7,618,737	7,505,229	6,350,038	5,800,836	6,483,028	3,578,253	3,363,856
Change in net position:									
Governmental activities	1,178,523	3,878,490	3,949,373	2,037,718	2,120,954	(73,170)	2,040,589	(108,983)	1,019,716
Business-type activities	508,634	6,291,722	5,755,713	3,364,818	291,009	(1,220,302)	(921,320)	69,129	95,226
Total primary government	\$ 1,687,157	\$ 10,170,212	\$ 9,705,086	\$ 5,402,536	\$ 2,411,963	\$ (1,293,472)	\$ 1,119,269	\$ (39,854)	\$ 1,114,942

CITY OF SHASTA LAKE
Fund Balances of Governmental Funds
(Modified Accrual Basis of Accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013
General fund:									
Restricted	\$ 156,993	\$ 156,993	\$ 156,993	\$ 156,994	\$ 156,993	\$ 72,503	\$ 4,481,416	\$ 3,677,876	\$ 3,322,038
Unassigned	2,389,285	2,622,583	3,286,498	3,660,648	3,222,503	3,564,483	(1,413,127)	(1,309,733)	(488,173)
Total general fund	\$ 2,546,278	\$ 2,779,576	\$ 3,443,491	\$ 3,817,642	\$ 3,379,496	\$ 3,636,986	\$ 3,068,289	\$ 2,368,143	\$ 2,833,865
All other governmental funds:									
Restricted	\$ 5,162,272	\$ 11,387,433	\$ 13,103,041	\$ 14,253,582	\$ 14,653,474	\$ 12,745,664	\$ 15,851,076	\$ 8,206,752	\$ 8,727,876
Unreserved, reported in:									
Special revenue funds	3,302,175	3,596,748	4,460,178	4,392,777	4,523,970	5,037,755	-	-	-
Debt service funds	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 8,464,447	\$ 14,984,181	\$ 17,563,219	\$ 18,646,359	\$ 19,177,444	\$ 17,783,419	\$ 15,851,076	\$ 8,206,752	\$ 8,727,876

CITY OF SHASTA LAKE
Changes in Fund Balances
of Governmental Funds
(Modified Accrual Basis of Accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:									
Taxes	\$ 4,299,437	\$ 4,784,158	\$ 5,008,457	\$ 5,567,174	\$ 5,081,769	\$ 4,790,596	\$ 5,534,698	\$ 3,402,194	\$ 2,480,213
Special assessments	290,311	306,115	283,258	303,020	280,642	279,041	273,568	269,866	269,160
Licenses and permits	125,335	146,431	206,670	168,359	103,845	115,615	87,440	100,801	68,367
Intergovernmental	2,002,256	4,223,947	3,474,403	2,944,031	4,898,038	2,655,155	3,452,138	1,959,472	2,733,862
Charges for services	2,544,188	3,016,182	3,235,628	3,235,596	3,069,691	3,286,705	2,775,660	3,008,184	3,169,464
Fines	35,873	113,500	19,264	24,090	26,761	14,361	11,710	8,959	21,722
Investment income	187,551	337,210	726,318	678,082	274,034	105,227	114,036	85,263	46,091
Donations	7,515	6,071	5,058	3,050	6,413	355	281,657	456	149,645
Other revenues	175,875	50,590	43,308	49,052	27,963	41,550	52,215	94,385	190,739
Total revenues	9,668,341	12,984,204	13,002,364	12,972,454	13,769,156	11,288,605	12,583,122	8,929,580	9,129,263
Expenditures:									
Current:									
General government	1,939,048	2,060,656	2,152,231	2,364,435	2,554,374	2,289,272	2,469,149	2,399,456	2,312,602
Public safety	2,326,519	2,480,395	2,411,849	2,821,343	2,863,740	2,760,245	2,716,676	2,740,964	2,841,390
Recreation and cultural	185,591	215,030	258,093	283,951	337,806	309,232	615,465	291,405	199,546
Planning	257,615	312,358	377,544	478,194	403,488	352,557	344,893	330,431	367,652
Public works	284,438	529,270	481,744	510,061	523,949	661,154	558,748	262,238	850,563
Community development	2,058,953	2,263,764	1,462,576	1,949,983	4,441,991	3,532,795	2,376,820	353,125	116,467
Capital outlay	1,411,655	2,548,758	1,570,696	2,055,855	1,705,920	1,427,517	5,200,585	4,109,715	1,165,359
Debt Service:									
Principal retirement	286,553	902,355	377,364	379,487	333,904	543,082	308,461	103,647	107,829
Interest and fiscal charges	284,289	607,591	521,015	496,854	479,645	458,786	437,365	423,254	156,510
Total expenditures	9,034,661	11,920,177	9,613,112	11,340,163	13,644,817	12,334,640	15,028,162	11,014,235	8,117,918
Excess (deficiency) of revenues over (under) expenditures	633,680	1,064,027	3,389,252	1,632,291	124,339	(1,046,035)	(2,445,040)	(2,084,655)	1,011,345

CITY OF SHASTA LAKE
Changes in Fund Balances of Governmental Funds
(Modified Accrual Basis of Accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Other financing sources (uses):									
Debt proceeds	-	6,225,000	-	-	-	-	-	(5,724,980)	-
Extraordinary loss	-	-	-	-	-	-	-	686,192	10,856
Operating transfers in	628,777	598,678	1,005,766	1,151,547	920,265	789,509	791,811	(686,192)	
Operating transfers out	(1,369,022)	(1,134,673)	(1,152,066)	(1,326,547)	(951,665)	(880,009)	(847,811)	(686,192)	(35,356)
Total other financing sources (uses)	(740,245)	5,689,005	(146,300)	(175,000)	(31,400)	(90,500)	(56,000)	(5,724,980)	(24,500)

Special items:

	-	-	-	-	-	-	-	-	-
Net change in fund balance	\$ (106,565)	\$ 6,753,032	\$ 3,242,952	\$ 1,457,291	\$ 92,939	\$ (1,136,535)	\$ (2,501,040)	\$ (7,809,635)	\$ 986,845

Debt service as a percentage of non capital expenditures

7.49%	16.11%	11.17%	9.44%	6.81%	9.19%	7.59%	7.63%	3.80%
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CITY OF SHASTA LAKE
 General Fund Balance Compared to Annual Appropriations

Fiscal Year	Undesignated Fund Balance(1)	Annual Appropriations	Balance as % of Appropriations
2005	\$ 2,389,285	\$ 4,421,865	54.0%
2006	\$ 2,622,583	\$ 4,808,962	54.5%
2007	\$ 3,286,498	\$ 5,483,073	59.9%
2008	\$ 3,660,648	\$ 5,737,640	63.8%
2009	\$ 3,222,503	\$ 5,761,220	55.9%
2010	\$ 3,564,483	\$ 5,653,836	63.0%
2011	\$ 3,068,289	\$ 5,318,718	57.7%
2012	\$ 2,368,143	\$ 5,338,139	44.4%
2013	\$ 2,833,865	\$ 6,325,471	44.8%

Source: City of Shasta Lake Financial Records

(1) Due to Governmental Accounting Standards Board Statement 54 reporting requirements, Undesignated Fund Balance for 2011, 2012 & 2013 is Total Fund Balance.

CITY OF SHASTA LAKE
General Fund Revenues by Source

Fiscal Year	Taxes	Licenses and Permits	Intergovernmental	Charges for Services	Fines	Investment Income	Miscellaneous	Total
2005	\$ 1,680,652	\$ 125,335	\$ 714,652	\$ 2,254,560	\$ 35,873	\$ 49,141	\$ 169,519	\$ 5,029,732
2006	\$ 1,780,991	\$ 146,431	\$ 673,713	\$ 2,330,851	\$ 20,400	\$ 95,165	\$ 54,373	\$ 5,101,924
2007	\$ 1,745,347	\$ 206,670	\$ 781,071	\$ 2,680,220	\$ 19,264	\$ 127,869	\$ 48,282	\$ 5,608,723
2008	\$ 1,790,270	\$ 168,359	\$ 835,103	\$ 2,877,479	\$ 24,090	\$ 170,862	\$ 29,454	\$ 5,895,617
2009	\$ 1,549,247	\$ 103,845	\$ 857,071	\$ 2,900,501	\$ 26,761	\$ 74,157	\$ 34,322	\$ 5,545,904
2010	\$ 1,416,233	\$ 115,615	\$ 848,170	\$ 3,107,426	\$ 14,361	\$ 30,301	\$ 30,992	\$ 5,563,098
2011	\$ 1,507,924	\$ 87,440	\$ 851,116	\$ 2,762,945	\$ 11,710	\$ 31,516	\$ 26,554	\$ 5,279,205
2012	\$ 1,508,997	\$ 100,801	\$ 769,547	\$ 2,899,163	\$ 8,959	\$ 23,477	\$ 27,195	\$ 5,338,139
2013	\$ 2,071,651	\$ 68,367	\$ 740,194	\$ 3,072,595	\$ 21,722	\$ 21,731	\$ 329,211	\$ 6,325,471

Note: The schedule above includes only those revenues recorded in the General Fund.

Source: City of Shasta Lake Financial Records

CITY OF SHASTA LAKE
General Fund Tax Revenues by Source

Fiscal Year	General		Sales and		Transient		Property		Franchise Tax
	Property Tax*	Use Tax	Sales and Use Tax	Occupancy Tax	Transfer Tax	Transfer Tax	Franchise Tax		
2005	\$ 860,758	\$ 583,343	\$ 9,423	\$ 40,953	\$ 186,174				
2006	\$ 911,228	\$ 612,471	\$ 8,796	\$ 49,894	\$ 198,601				
2007	\$ 915,139	\$ 600,144	\$ 16,290	\$ 27,815	\$ 185,959				
2008	\$ 940,398	\$ 628,968	\$ 13,285	\$ 22,864	\$ 184,756				
2009	\$ 895,744	\$ 446,298	\$ 9,135	\$ 13,472	\$ 184,597				
2010	\$ 785,607	\$ 455,952	\$ 7,750	\$ 13,743	\$ 153,181				
2011	\$ 824,729	\$ 510,472	\$ 8,300	\$ 10,557	\$ 153,865				
2012	\$ 921,790	\$ 414,713	\$ 5,280	\$ 13,693	\$ 153,522				
2013	\$ 1,507,137	\$ 390,462	\$ 4,900	\$ 16,212	\$ 152,940				

Note: The schedule above includes only those revenues recorded in the General Fund.

*Includes tax revenue from the Educational Revenue Augmentation Fund (ERAF).

Source: City of Shasta Lake Financial Records

CITY OF SHASTA LAKE
Governmental Funds Expenditures by Function

Fiscal Year	General Government	Public Safety	Recreation and Culture	Planning	Public Works	Community Development	Capital Outlay	Debt Service	Total
2005	\$ 1,939,048	\$ 2,326,519	\$ 185,591	\$ 257,615	\$ 284,438	\$ 2,058,953	\$ 1,411,655	\$ 570,842	\$ 9,034,661
2006	\$ 2,060,656	\$ 2,480,395	\$ 215,030	\$ 312,358	\$ 529,270	\$ 2,263,764	\$ 2,548,758	\$ 1,509,946	\$ 11,920,177
2007	\$ 2,152,231	\$ 2,411,849	\$ 258,093	\$ 377,544	\$ 481,744	\$ 1,462,576	\$ 1,570,696	\$ 898,379	\$ 9,613,112
2008	\$ 2,364,435	\$ 2,821,343	\$ 283,951	\$ 478,194	\$ 510,061	\$ 1,949,983	\$ 2,055,855	\$ 876,341	\$ 11,340,163
2009	\$ 2,554,374	\$ 2,863,740	\$ 337,806	\$ 403,488	\$ 523,949	\$ 4,441,991	\$ 1,705,920	\$ 813,549	\$ 13,644,817
2010	\$ 2,289,272	\$ 2,760,245	\$ 309,232	\$ 352,557	\$ 661,154	\$ 3,532,795	\$ 1,427,517	\$ 1,001,868	\$ 12,334,640
2011	\$ 2,469,149	\$ 2,716,676	\$ 615,465	\$ 344,893	\$ 558,748	\$ 2,376,820	\$ 5,200,585	\$ 745,826	\$ 15,028,162
2012	\$ 2,399,456	\$ 2,740,964	\$ 291,405	\$ 330,431	\$ 262,238	\$ 353,125	\$ 4,109,715	\$ 526,901	\$ 11,014,235
2013	\$ 2,312,602	\$ 2,841,390	\$ 199,546	\$ 367,652	\$ 850,563	\$ 116,467	\$ 1,165,359	\$ 264,338	\$ 8,117,917

The schedule above includes only those expenditures recorded in the General Fund, Special Revenue, Debt Service, and Capital Projects Funds.

Source: City of Shasta Lake Financial Records

CITY OF SHASTA LAKE
Property Tax - Rates (Direct and Overlapping Governments) and City Levies and Collections

Fiscal Year	City of Shasta Lake Rates				Overlapping Rates							City of Shasta Lake Levies and Collections				
	Basic Countywide Levy*	City*	Total Direct Tax Rate*	Gateway Unified School District 2002	Shasta			Shasta		Shasta Dam PUD	Shasta PUD	Bella Vista Water	Total Direct and Overlapping Rates	Total Tax Levy	Current Tax Collections**	Percent of Current Taxes Collected**
					Gateway Unified School District 2008	Tehama Community College	Trinity Community College	Davis Grunsky	CA State Loan							
2005	1.0000%	0.0000%	1.0000%	0.0255%	0.0000%	0.0045%	0.0010%	0.0155%	0.3472%	1.3937%	\$ 454,804	\$ 445,330	97.92%			
2006	1.0000%	0.0000%	1.0000%	0.0329%	0.0000%	0.0037%	0.0026%	0.0124%	0.3544%	1.4060%	\$ 489,025	\$ 479,084	97.97%			
2007	1.0000%	0.0000%	1.0000%	0.0440%	0.0000%	0.0069%	0.0010%	0.0129%	0.3332%	1.3980%	\$ 530,547	\$ 514,134	96.91%			
2008	1.0000%	0.0000%	1.0000%	0.0352%	0.0000%	0.0118%	0.0002%	0.0033%	0.3346%	1.3851%	\$ 583,001	\$ 559,771	96.02%			
2009	1.0000%	0.0000%	1.0000%	0.0343%	0.0000%	0.0091%	0.0001%	0.0000%	0.3529%	1.3964%	\$ 599,640	\$ 571,735	95.35%			
2010	1.0000%	0.0000%	1.0000%	0.0397%	0.0101%	0.0101%	0.0001%	0.0000%	0.3700%	1.4300%	\$ 576,012	\$ 562,903	97.72%			
2011	1.0000%	0.0000%	1.0000%	0.0442%	0.0062%	0.0162%	0.0001%	0.0000%	0.3700%	1.4367%	\$ 576,156	\$ 551,352	95.69%			
2012	1.0000%	0.0000%	1.0000%	0.0604%	0.0188%	0.0095%	0.0001%	0.0000%	0.3700%	1.4588%	\$ 563,585	\$ 547,036	97.06%			
2013***	1.0000%	0.0000%	1.0000%	0.0621%	0.0141%	0.0054%	0.0001%	0.0000%	0.3700%	1.4517%	\$ 563,574	\$ -	0.00%			

* On June 6, 1978, California voters approved an amendment to Article XIII A of the State Constitution. The amendment, commonly known as Proposition 13, limits the taxing power of California public agencies. The California Legislature enacted legislation to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) providing that local agencies may not levy any property tax, except to pay debt service on indebtedness approved by voters prior to July 1, 1978, and that each county will levy the maximum tax permitted of \$1.00 per \$100 of full assessed value.

** Amounts affected by alternate method of apportioning. Participating agencies are paid 100% of the current levy adjusted by file maintenance.

***RDA pass through removed from AB8 factor. These numbers represent current secured and separate pass through

Source: Shasta County Auditor/Controller's Office

CITY OF SHASTA LAKE
 Assessed Value and Estimated Actual Value of Taxable Property

Fiscal Year	Secured Roll Assessed Value	Unsecured Roll Assessed Value	Total Gross Assessed Value	Less Exemptions	Net Assessed Value
2005	\$ 510,958,170	\$ 9,824,457	\$ 520,782,627	\$ 24,858,853	\$ 495,923,774
2006	\$ 559,822,537	\$ 11,222,381	\$ 571,044,918	\$ 25,523,730	\$ 545,521,188
2007	\$ 628,924,328	\$ 12,946,017	\$ 641,870,345	\$ 27,548,279	\$ 614,322,066
2008	\$ 693,883,501	\$ 12,611,910	\$ 706,495,411	\$ 29,871,825	\$ 676,623,586
2009	\$ 720,044,156	\$ 14,260,646	\$ 734,304,802	\$ 29,893,902	\$ 704,410,900
2010	\$ 698,338,056	\$ 13,673,159	\$ 712,011,215	\$ 29,830,360	\$ 682,180,855
2011	\$ 667,495,725	\$ 12,058,431	\$ 679,554,156	\$ 30,486,666	\$ 649,067,490
2012	\$ 617,728,356	\$ 12,007,690	\$ 629,736,046	\$ 30,102,800	\$ 599,633,246
2013	\$ 623,470,665	\$ 11,560,623	\$ 635,031,288	\$ 30,403,885	\$ 604,627,403

Source: Shasta County Assessor's Annual Report

Note:

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

These are Gross Taxable Values

CITY OF SHASTA LAKE
Property Value and Construction

Fiscal Year	Commercial Construction		Residential Construction	
	Number of Permits	Value	Number of Permits	Value
2005	14	\$ 933,681	131	\$ 6,539,611
2006	10	\$ 2,460,827	162	\$ 10,855,672
2007	15	\$ 3,020,474	101	\$ 6,642,117
2008	10	\$ 253,545	67	\$ 4,695,464
2009	5	\$ 252,682	36	\$ 1,951,381
2010	5	\$ 617,444	38	\$ 1,742,629
2011	8	\$ 1,773,401	26	\$ 942,518
2012	6	\$ 353,466	21	\$ 598,440
2013	1	\$ 1,000	13	\$ 1,080,738

Source: City of Shasta Lake Development Services Department
 Residential and commercial construction reflect new and additions to building activity only.
 New construction residential includes both single family and multifamily dwellings.

CITY OF SHASTA LAKE
Ratio of Outstanding Debt by Type

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Population	Percentage of Personal Income (1)	Debt Per Capita
	General Obligation Bonds	Special Assessment Bonds	Tax Allocation Bonds	Financing Leases	Loans	Revenue Bonds	Loans	Financing Leases				
2005	\$ -	\$ 189,000	\$ 4,735,000	\$ 717,911	\$ -	\$ 12,540,000	\$ 638,414	\$ -	\$ 18,820,325	10,033	\$ -	1,873
2006	\$ -	\$ 178,000	\$ 10,183,000	\$ 448,439	\$ -	\$ 12,140,000	\$ 5,576,677	\$ -	\$ 28,526,116	10,204	\$ -	2,732
2007	\$ -	\$ 167,000	\$ 9,920,000	\$ 345,077	\$ -	\$ 11,730,000	\$ 5,542,416	\$ -	\$ 27,704,493	10,325	\$ -	2,597
2008	\$ -	\$ 156,000	\$ 9,658,000	\$ 238,588	\$ -	\$ 11,310,000	\$ 5,390,785	\$ -	\$ 26,753,373	10,293	\$ -	2,525
2009	\$ -	\$ 145,000	\$ 9,382,000	\$ 191,684	\$ -	\$ 10,870,000	\$ 5,234,096	\$ -	\$ 25,822,780	10,279	\$ -	2,441
2010	\$ -	\$ 3,576,000	\$ 5,455,000	\$ 144,593	\$ -	\$ 10,415,000	\$ 5,072,252	\$ -	\$ 24,662,845	10,269	\$ -	2,291
2011	\$ -	\$ 3,490,000	\$ 5,240,000	\$ 137,142	\$ -	\$ 9,940,000	\$ 4,905,056	\$ 285,790	\$ 23,997,988	10,294	\$ -	2,217
2012	\$ -	\$ 3,394,000	\$ -	\$ 129,486	\$ -	\$ 9,445,000	\$ 4,732,358	\$ 238,117	\$ 17,938,961	10,125	\$ -	1,772
2013	\$ -	\$ 3,294,000	\$ -	\$ 121,656	\$ -	\$ 8,930,000	\$ 4,553,880	\$ 188,621	\$ 17,088,157	10,077	\$ -	1,696

Source: City of Shasta Lake Financial Records
U.S. Census Bureau
State of California, Department of Finance, Demographic Research Unit

(1) This information is not available for the City of Shasta Lake.

CITY OF SHASTA LAKE
Ratio of Net Bonded Debt to Assessed Value and Net Bonded Debt per Capita

Fiscal Year	Estimated Population	Debt			Net Bonded Debt	Total Assessed Valuation	% of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
		Gross Bonded Debt	Payable from Enterprise Revenue	Net Bonded Debt				
2005	10,033	\$ 18,820,325	\$ 13,178,414	\$ 5,641,911	\$ 495,923,774	1.14%	\$ 562.34	
2006	10,204	\$ 28,526,116	\$ 17,716,677	\$ 10,809,439	\$ 545,521,188	1.98%	\$ 1,059.33	
2007	10,325	\$ 27,704,493	\$ 17,272,416	\$ 10,432,077	\$ 614,322,066	1.70%	\$ 1,010.37	
2008	10,293	\$ 26,753,373	\$ 16,700,785	\$ 10,052,588	\$ 676,623,586	1.49%	\$ 976.64	
2009	10,279	\$ 25,822,780	\$ 16,104,096	\$ 9,718,684	\$ 704,410,900	1.38%	\$ 945.49	
2010	10,269	\$ 24,662,845	\$ 15,487,252	\$ 9,175,593	\$ 682,180,855	1.35%	\$ 893.52	
2011	10,294	\$ 23,997,979	\$ 14,845,056	\$ 9,152,923	\$ 649,067,490	1.41%	\$ 889.15	
2012	10,125	\$ 17,938,961	\$ 14,177,358	\$ 3,761,603	\$ 620,144,622	0.61%	\$ 371.52	
2013	10,077	\$ 17,088,157	\$ 13,483,880	\$ 3,604,277	\$ 635,031,288	0.57%	\$ 357.67	

Source: City of Shasta Lake Financial Report

CITY OF SHASTA LAKE
Ratio of Annual Debt Service for Bonded Debt to Total General Expenditures

<u>Fiscal Year</u>	<u>Net Bonded Debt</u>	<u>Total Debt Service</u>	<u>Total General Expenditures</u>	<u>Ratio of Debt Service to General Expenditures</u>
2005	\$ 5,641,911	\$ 570,842	\$ 9,034,661	6.32%
2006	\$ 10,809,439	\$ 1,509,946	\$ 11,920,177	12.67%
2007	\$ 10,432,077	\$ 898,379	\$ 9,613,112	9.35%
2008	\$ 10,052,588	\$ 876,341	\$ 11,340,163	7.73%
2009	\$ 9,718,684	\$ 813,549	\$ 13,644,817	5.96%
2010	\$ 9,175,593	\$ 1,001,868	\$ 12,334,640	8.12%
2011	\$ 9,152,923	\$ 745,826	\$ 15,028,162	4.96%
2012	\$ 3,761,603	\$ 526,901	\$ 11,014,235	4.78%
2013	\$ 3,604,277	\$ 264,338	\$ 8,117,917	3.26%

Source: City of Shasta Lake Financial Records

CITY OF SHASTA LAKE
Computation of Legal Debt Margin

	2013	2012	2011	2010	2009	2008	2007	2006	2005
Net Assessed Value	\$ 604,627,403	\$ 599,633,246	\$ 649,067,490	\$ 682,180,855	\$ 704,410,900	\$ 676,623,586	\$ 614,322,066	\$ 545,521,188	\$ 495,923,774
Plus Exempt Property	30,403,885	30,102,800	30,486,666	29,830,360	29,893,900	29,871,825	27,548,279	25,523,730	24,858,853
Total Assessed Value	\$ 635,031,288	\$ 629,736,046	\$ 679,554,156	\$ 712,011,215	\$ 734,304,800	\$ 706,495,411	\$ 641,870,345	\$ 571,044,918	\$ 520,782,627
Debt Limit									
15% of Total Assessed Value	\$ 95,254,693	\$ 94,460,407	\$ 101,933,123	\$ 106,801,682	\$ 110,145,720	\$ 105,974,312	\$ 96,280,552	\$ 85,656,738	\$ 78,117,394
Less Outstanding General Obligation Deb	\$ 3,604,277	\$ 3,761,603	\$ 9,152,923	\$ 9,173,593	\$ 9,718,684	\$ 10,052,588	\$ 10,432,077	\$ 10,809,439	\$ 5,641,911
Legal Debt Margin	\$ 91,650,416	\$ 90,698,804	\$ 92,780,200	\$ 97,626,089	\$ 100,427,036	\$ 95,921,724	\$ 85,848,475	\$ 74,847,299	\$ 72,475,483

Source: Shasta County Auditor's Office and City of Shasta Lake Financial Records

CITY OF SHASTA LAKE
General Information as of June 30, 2013

Miscellaneous Information	Public Safety Services	Educational Facilities
Date of incorporation	Fire protection:	Elementary schools:
July 2, 1993	Number of stations	3 Grand Oaks Elementary School
10,164	Number of firefighters	9 Shasta Lake School
5,130	Number of volunteers	15 Charter schools:
6,947	Police protection:	Academy of Personalized Learning (K-12)
Form of government	Number of stations	1 High schools:
Council/Manager	Number of police officers	13 Central Valley High School
Employees:	Number of service officers	1 Mountain Lakes High School
Full-time	Number of cadets	2
Part-time	Number of volunteers	16
Miles of streets		
66		
Number of street lights		
651		

Recreational Services	Water and Sewer Facilities	Other Facilities
Parks	Water system:	John Beaudet Community Center
8	Number of connections	Shasta Lake Library
44	Average daily consumption	Shasta Lake Family Health and Dental
131	Length of water mains	Shasta Lake City Hall
6	Wastewater system:	Shasta Lake Law Enforcement Center
1	Number of connections	Shasta Lake Fire Protection District
1	Length of sewer lines	
1		
2		
1		

CITY OF SHASTA LAKE
Principal Employers

Employer	2013			Percentage of Total City Employment
	Employees	Rank		
Gateway Unified School District	220	1		5.9%
Sierra Pacific	138	2		3.7%
Knauf Insulation	123	3		3.3%
City of Shasta Lake	49	4		1.3%
McDonald's	44	5		1.2%
Fresenius Medical Care	42	6		1.1%
Farmers Market Place	32	7		0.9%
Premiere Brand Meats	27	8		0.7%
Rite Aid	22	9		0.6%
Lawrence & Associates	18	10		0.5%
Total Employment, City of Shasta Lake	3,700			

Source: City Business License records and California Employment Development Department

CITY OF SHASTA LAKE
Economic Information

Year	Population	Unemployment Rate (1)	Per Capita Personal Income (2)
2005	9,041	10.1%	\$ 19,591
2006	9,041	9.1%	\$ 19,770
2007	9,041	10.3%	\$ 19,770
2008	9,041	13.6%	\$ 19,770
2009	9,041	19.7%	\$ 19,770
2010	10,164	20.5%	\$ 19,770
2011	10,164	20.1%	\$ 18,216
2012	10,164	18.1%	\$ 18,216
2013	10,164	13.9%	\$ 18,216

Notes: (1) These are annual average rates.

(2) The Census Bureau does this study on a 5-year basis.

Source: California Department of Finance, California Employment Development Department, 2000 US Census

CITY OF SHASTA LAKE
Operating and Capital Indicators

Year	Area in Acres	Street Miles	Park Acreage	Electric Connections	Water Connections	Sewer Connections	Police Calls for Service
2005	6,950	64	45	4,390	3,650	3,215	12,755
2006	6,950	64	45	4,428	3,682	3,240	11,016
2007	6,950	64	45	4,443	3,718	3,264	11,062
2008	6,950	64	45	4,469	3,722	3,333	11,829
2009	6,950	64	45	4,450	3,700	3,331	11,005
2010	6,950	64	45	4,419	3,679	3,322	11,651
2011	6,950	64	45	4,407	3,655	3,295	10,517
2012	6,950	64	45	4,385	3,646	3,283	10,842
2013	6,950	64	45	4,401	3,665	3,300	*8,892

Source: California Department of Finance and City of Shasta Lake records

*excludes October 2013 to December 2013

CITY OF SHASTA LAKE
Authorized Full-time Equivalent Employees (FTE) by Department

Department	June 30, 2013 FTE	June 30, 2012 FTE	June 30, 2011 FTE	June 30, 2010 FTE	June 30, 2009 FTE	June 30, 2008 FTE	June 30, 2007 FTE	June 30, 2006 FTE	June 30, 2005 FTE
Water	3.00	2.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00
Electric	10.00	9.00	10.00	11.00	11.00	11.00	11.00	10.00	9.00
Wastewater	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
City Manager, City Clerk, and Grant	4.00	4.00	6.50	7.10	6.60	6.60	6.60	6.60	7.60
Finance & Customer Service	8.95	7.45	8.90	10.10	10.30	10.00	10.00	9.10	8.20
Building and Planning	4.50	4.00	4.20	6.10	5.40	5.40	5.40	4.40	4.40
Public Works & Motor Pool & Other	11.80	11.75	12.60	16.40	16.20	15.10	14.50	12.70	10.20
Animal Control	1.75	2.00	1.90	1.90	1.90	1.90	1.90	1.90	1.90
Total City	47.00	43.20	50.10	58.60	57.40	55.00	54.40	49.70	46.30

Source: City of Shasta Lake Personnel Department

CITY OF SHASTA LAKE
 Utility Rates (1)
 Last Eight Fiscal Years

Fiscal Year	Water (2)		Electric (3)		Sewer (4)
	Monthly Base Rate	Rate Per Cu.ft Over the 1000 Cu. ft Base	Monthly Base Rate	Rate per kWh *(0<=750 kWhs)	
2005	12.40	0.79	12.33	0.1128	15.47
2006	13.00	0.83	12.33	0.1158	31.55
2007	13.30	0.87	12.33	0.1189	35.45
2008	13.45	1.00	12.33	0.1220	36.85
2009	14.53	1.08	12.33	0.1220	45.17
2010	15.69	1.17	12.33	0.1220	48.78
2011	16.94	1.26	12.50	0.1220	47.72
2012	18.30	1.36	13.50	*0.1404	52.01
2013	19.21	1.43	13.50	*0.1404	56.70

Notes:

- (1) Rates are based on Single-Family Monthly Service Charge.
- (2) Rates are based on a 5/8" meter.
- (3) Rates are based on Residential Service.
- (4) Rates are based on Residential Service.

Source: City of Shasta Lake Utilities Department