



Comprehensive Annual Financial Report

For the Fiscal Year Ended
June 30, 2018

City of Shasta Lake
State of California

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**City of Shasta Lake,
California**

**Comprehensive Annual
Financial Report**

**For the Year Ended
June 30, 2018**

**Prepared By:
Finance Director
Laura L. Redwine, CPA**

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CITY OF SHASTA LAKE
Comprehensive Annual Financial Report
For the Year Ended June 30, 2018

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INTRODUCTORY SECTION

- **Letter of Transmittal**
- **Government Finance Officer's Association
Certificate of Achievement**
- **City Officials**
- **Organizational Chart**

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PO BOX 777 | 4477 Main Street
Shasta Lake, CA 96019
(530) 275-7400

www.cityofshastalake.org

December 10, 2018

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

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Shasta Lake, California for the fiscal year ended June 30, 2018. The fiscal year covers financial transactions from July 1, 2017 to June 30, 2018 on a modified or full accrual basis, depending on the fund type. The format and content of this CAFR comply with the principles and standards of accounting and financial reporting adopted by the Governmental Accounting Standards Board (GASB) and contain all information needed for readers to gain a reasonable understanding of the City of Shasta Lakes' financial affairs.

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

Smith & Newell CPAs, a firm of licensed certified public accountants, have issued an unmodified ("clean") opinion on the City's financial statements for the fiscal year ended June 30, 2018. The independent auditors' report is located at the front of the financial section of this report.

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

Profile of the City and its Operations

The City of Shasta Lake was incorporated on July 2, 1993 and has an estimated population of 10,190. It is located in east central Shasta County and is north 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 is 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 City Manager is required to prepare and submit the annual budget to City Council and be responsible for its administration after adoption. The City Manager presents an operating and capital budget to City Council for review and adoption. 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 departments within any fund, however, any revisions that alter the total expenditures of any fund requires City Council resolution.

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. An organization chart and list of the City Council members and other City officials, as of June 30, 2018, is included at the back of the Introductory Section of the CAFR.

The primary responsibility for financial administration of the City rests with the Finance Director. The Finance Director is appointed by the City Manager and is responsible for establishing and maintaining the accounting and management information for the City. The Director is also responsible for the receipt, investment, and disbursement of all City funds.

The City of Shasta Lake provides a full range of services, including police (through a contract with the Shasta County Sheriff's Department), planning, zoning and economic and community development, the maintenance of streets and other infrastructure, recreational activities, and cultural events. The City provides electric, water, sewer, and solid waste services to its citizens. The City also administers low-income housing programs and manages landscape maintenance districts.

Local Economy and History

The modern history of the City of Shasta Lake goes back to at least the late 1930s when construction of the Shasta Dam was announced in 1937. Hundreds of workers and their families migrated to the area and many businesses flourished. By the time construction commenced in 1938, the workers and their families had created new communities known as Central Valley, Pine Grove, Project City, Toyon, and Summit City. Except for the period during World War II when many workers left the area to join the services, for the next thirty years the communities thrived as the area's timber industry grew. With the decline in timber production and public works projects in the 1970s, the communities declined. Businesses closed, leaving vacant buildings behind. Homes that had been constructed nearly fifty years earlier and designed for temporary housing continued to house individuals and families, without structural upgrades to assure safety.

Today, the communities that prospered during the Dam era, now comprise the City of Shasta Lake. Primary industry continues to include timber along with government and manufacturing. In response to the desire to beautify the City, public improvements such as curbs, gutters, street paving, and sidewalks in residential neighborhoods have come underway. Shasta Lake citizens set out independently, with their own resource to beautify their city with painted bikes at business locations. The City has a small town vibe and boasts community events such as Friday Night in the Park, Shasta Damboree, a Veterans' Day parade, and an annual Christmas Tree Lighting and Community Party.

Shasta Lake continues to provide a strong commitment to its residents' safety, well-being, and cultural activities. We are striving to be a self-contained community that meets the commercial, retail, social, cultural, educational, and recreational needs of its citizens.

Long-term Financial Planning

City Management believes that the City's financial position is distinctly different and more encouraging than it has been for many years. The City adopted a two-year budget in June 2018 for fiscal years ending June 30, 2019 and 2020. Budget projections for expenditures focus on renovation of existing deteriorated buildings and new capital improvement projects. Several vacant employee positions are now being sought for fulfillment. The significantly improved economy has allowed the City to look forward to new growth. Management continues to monitor expenditures to provide a fiscally sound and balanced budget without sacrificing core services.

From an economic development perspective, the City is seeing renewed interest in numerous projects. The City is set to finalize the general plan, which includes the open space, conservation, housing, and land use components.

In August 2018, City Staff moved into the newly constructed City Hall. Next door to City Hall is a newly built community center which provides the heart for community gatherings, events and activities. The Wastewater Treatment Facility Direct Discharge upgrade is underway. City Staff anticipates the project to cost \$20.8 million, with \$17.4 million in assistance from the Clean Water State Revolving Fund Loan Program.

On July 26, 2018 the City suffered a city-wide blackout due to the Carr Fire. Two miles of the Keswick transmission power line was destroyed. The City was able to restore power to the City twenty four hours after the blackout by creating an island which allowed the transmission network only to serve the city. Even though power was restored, many parts of the City were evacuated for approximately seven days. The estimated cost to repair the electric assets is about one million dollars with over 90% of this being funded by FEMA and the State OES program. The City also suffered minor damage to the Water Treatment Plant which included a break in the raw water pipe line, hillside damage, a fracture in a pump, and software malfunctions. The City has completed temporary repairs with final repairs scheduled for the early part of fiscal year 2019.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended June 30, 2017. The City achieved this prestigious national award for the first time in 2014. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both Generally Accepted Accounting Principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without concerted efforts of the talented and dedicated staff of the Finance department. The CAFR demands hours upon hours of staff time. Appreciation must be given to all the departments for their assistance in providing the necessary data to complete this report. City staff's continued interest and support in maintaining the highest standards of professionalism in the management of the City of Shasta Lake finances is beyond vital.

Respectfully submitted,



Laura L. Redwine, CPA
Finance Director

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Shasta Lake
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

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CITY OF SHASTA LAKE
City Officials
For the Year Ended June 30, 2018

Elected Officials

Larry Farr. Mayor
Greg Watkins. Vice-Mayor
Pamelyn Morgan. Member
Richard Kern. Member
Janice Powell. Member

Administrative Personnel

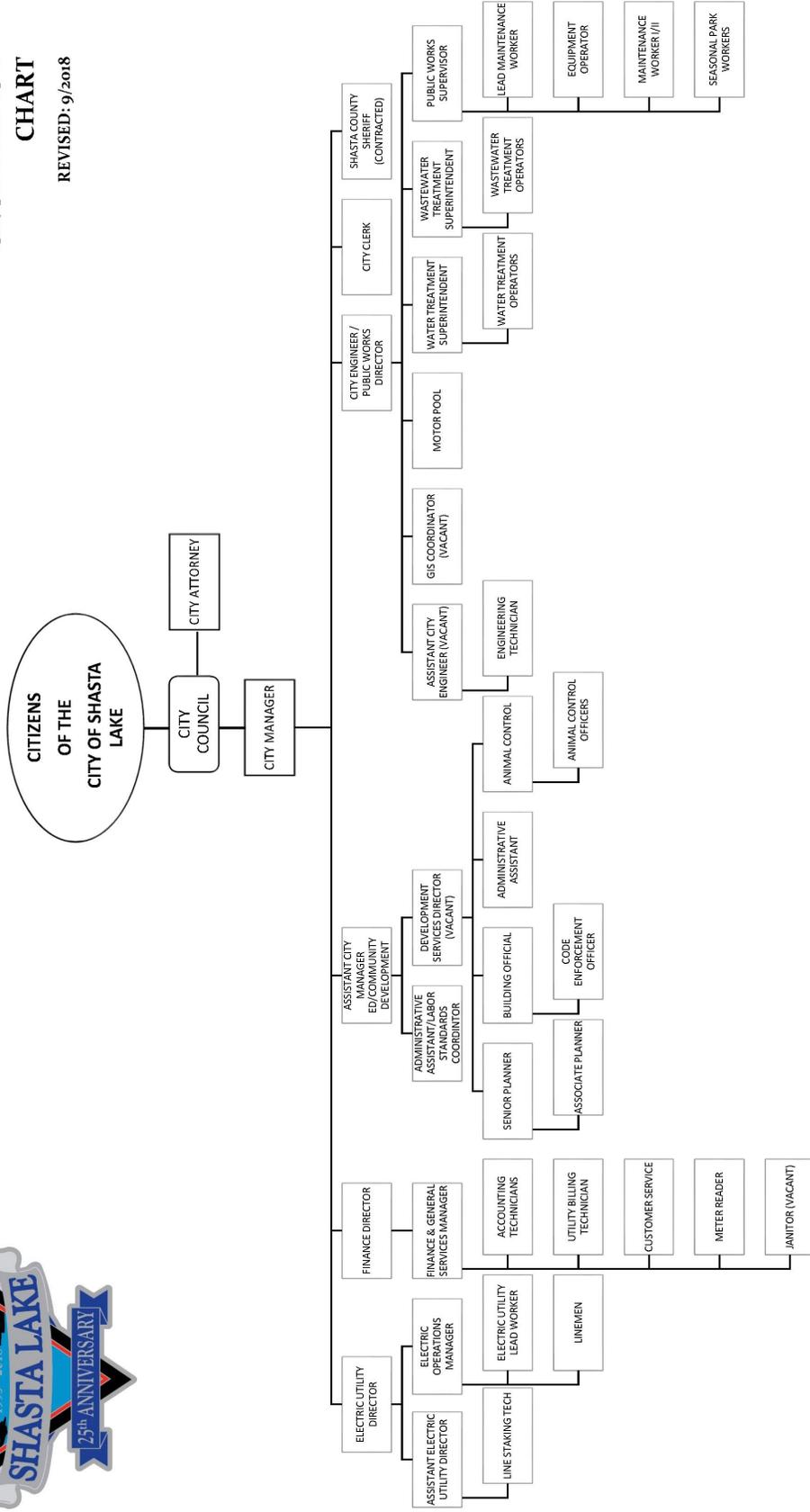
John N. Duckett, Jr. City Manager
John Kenny. City Attorney
Laura Redwine. Finance Director
James Takehara. Electric Utility Director
Jeff Tedder. City Engineer
Farhad Mortazavi Development Services Director
Tony Thomasy. Water Treatment Superintendent
Tom Chism. Wastewater Treatment Superintendent
Tom Campbell. Sheriff's Captain
Toni Coates. City Clerk

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CITY OF SHASTA LAKE ORGANIZATION CHART

REVISED: 9/2018



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FINANCIAL SECTION

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

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of Shasta Lake
Shasta Lake, 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

To the Honorable Mayor and Members of the City Council
City of Shasta Lake
Shasta Lake, California

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, 2018, 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.

Change in Accounting Principle

As discussed in Note 11 to the financial statements, in 2017-18, the City adopted new accounting guidance, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

To the Honorable Mayor and Members of the City Council
City of Shasta Lake
Shasta Lake, California

The combining and individual fund financial statements and schedules 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 fund financial statements and schedules 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

In accordance with Government Auditing Standards, we have also issued our report dated December 10, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.



Smith & Newell CPAs
Yuba City, California
December 10, 2018

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**Management's Discussion and Analysis
(Unaudited)**

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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, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our Letter of Transmittal, which can be found on pages **i-iii** of this report. 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 assets. Comparative data on the government-wide financial statements is only presented in the Management's Discussion and Analysis.

Financial Highlights

Government-Wide

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$110,212,147 (net position). Of this amount, \$23,369,486 (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 \$5,914,275. The governmental activities net position decreased by \$370,915 and the business-type activities net position increased by \$6,285,190.
- The City's total debt increased by \$2,500,000 during the current fiscal year due to a new loan with USDA. The decrease of \$356,227 is due to scheduled annual debt service payments.

Fund Financials

- At the close of fiscal year 2017-18, governmental funds reported combined ending fund balance of \$7,624,258, a decrease of \$2,725,333 compared to the prior fiscal year's increase of \$74,984, which decreased due to capital outlay costs associated with new city hall and community center construction. The ending fund balance is primarily identified as: \$4,799,815 restricted (63.0 percent), \$1,871,238 assigned (24.5 percent), and \$953,205 unassigned (12.5 percent).
- At the end of the current fiscal year, the combined fund balance for the General fund was \$3,476,030. This represents an decrease of \$2,636,471, which consists of \$618,124 in restricted funds, \$1,871,238 in assigned funds, and \$986,668 in unassigned funds.
- Proprietary funds reported a combined ending unrestricted net position of \$22,097,793, an increase of \$6,315,820, compared to the prior year increase of \$2,905,625. This increase is primarily due to proceeds received for construction of new wastewater assets.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City'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'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 and deferred outflows, and liabilities and deferred inflows, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial assets of the City are 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, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid (e.g., earned but unused vacation leave or uncollected taxes).

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, public ways and facilities, planning, culture and recreation, and community development. The business-type activities of the City includes water, electric, and wastewater operations, as well as an industrial park. Also included in the government-wide financial statements are the Successor Agency to the Former City of Shasta Lake Redevelopment Agency (all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012) and the Shasta Lake Public Financing Authority. While these agencies are legally separate agencies, their governing boards consists entirely of City Council members and function for all practical purposes as departments of the City, therefore, have been included as an integral part of the primary government.

The government-wide financial statements can be found on pages **17-19** of this report.

Fund Financial Statements

Fund financial statements are designed to report information about groupings of related accounts 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. City funds 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 several individual governmental funds organized by their type (special revenue and debt service). 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 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements shown on pages **86-87** and **97-98**.

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 special revenue funds to demonstrate compliance with this budget on pages **79-80**.

The basic governmental fund financial statements can be found on pages **20-23** of this report.

Proprietary Funds - *Proprietary funds* are generally used to account for services for which the City charges outside customers or internal departments of the City. Proprietary funds provide the same type of information as shown in the government-wide statements, only in more detail. The City maintains the following two 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 the operations of water, electric, wastewater, and industrial park.
- **Internal service funds** are used to report activities that provide internal services for the City. The City uses internal service funds to account for its fleet of vehicles and for its public works maintenance activities. Because internal service funds predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements found on pages **103-105**.

The basic proprietary funds financial statements can be found on pages **24-28** of this report.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements, because the resources of those funds are not available to support the City's own programs. The basic fiduciary funds financial statements can be found on page **29-30** 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 **31-72** of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* (RSI), which can be found on pages **73-81** of this report.

Combining statements for nonmajor governmental funds and nonmajor proprietary funds are presented immediately following the RSI. Combining and individual financial statements and schedules can be found on pages **82-108** of this report.

Statistical tables regarding; fiscal trends, revenue capacity, debt capacity, demographic and economic information, and operation information can be found on pages **109-133** 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 assets. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$110,212,147 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, 2018 and 2017:

	NET POSITION					
	Governmental Activities		Business-Type Activities		Total	
	2017	2018	2017	2018	2017	2018
Current and other assets	\$ 19,951,131	\$ 18,117,804	\$ 24,663,397	\$ 28,379,674	\$ 44,614,528	\$ 46,497,478
Capital assets	49,422,571	54,590,919	34,594,825	36,956,192	84,017,396	91,547,111
Total assets	69,373,702	72,708,723	59,258,222	65,335,866	128,631,924	138,044,589
Deferred outflows of resources	579,594	846,968	1,176,409	1,796,599	1,756,003	2,643,567
Current liabilities	2,160,689	2,372,498	1,762,742	3,130,202	3,923,431	5,502,700
Long-term liabilities	5,185,952	8,316,399	8,447,269	9,970,049	13,633,221	18,286,448
Total liabilities	7,346,641	10,688,897	10,210,011	13,100,251	17,556,652	23,789,148
Deferred inflows of resources	192,563	5,628,948	343,680	1,057,913	536,243	6,686,861
Net position						
Net investment in capital assets	46,478,920	49,263,367	30,035,922	32,637,417	76,514,842	81,900,784
Restricted	9,836,174	4,880,550	63,502	61,327	9,899,676	4,941,877
Unrestricted	6,098,998	3,093,929	19,781,516	20,275,557	25,880,514	23,369,486
Total net position	\$ 62,414,092	\$ 57,237,846	\$ 49,880,940	\$ 52,974,301	\$ 112,295,032	\$ 110,212,147

By far, the largest portion of the City's net position, \$81,900,784 (74.3 percent) reflects its net 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.

Another portion of the City's net position, \$4,941,877 (4.5 percent), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$23,369,486 (21.2 percent) may be used to meet the government's ongoing obligations to citizens and creditors, as well as to meet City imposed designations (e.g., reserves, pending litigations, contingencies and capital projects).

The statement of activities shows how the City's net position changed during the fiscal year. The City's net position decreased overall by \$2,082,885 during the year. The City had a prior period adjustment of (\$4,895,494) related to housing loans that were not deferred on the prior year financial statements. The City also had a cumulative effect change in accounting principle of (\$3,101,666) related to changes for GASB 75 reporting of OPEB assets and liabilities.

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 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	
	2017	2018	2017	2018	2017	2018
Revenues:						
Program Revenues						
Charges for services	\$ 4,139,253	\$ 4,525,029	\$ 25,287,363	\$ 27,229,274	\$ 29,426,616	\$ 31,754,303
Operating grants and contributions	1,814,397	1,003,351	-	-	1,814,397	1,003,351
Capital grants and contributions	256,889	387,688	47,952	3,196,706	304,841	3,584,394
General Revenues						
Sales tax	887,066	1,108,193	-	-	887,066	1,108,193
Property tax	1,079,016	1,144,906	-	-	1,079,016	1,144,906
Transient and occupancy taxes	4,525	11,130	-	-	4,525	11,130
Other taxes	597,563	765,482	-	-	597,563	765,482
Motor vehicle in-lieu	807,631	840,149	-	-	807,631	840,149
Interest and investment earnings	49,391	75,214	66,178	122,405	115,569	197,619
Other	9,267	10,788	158,264	194,998	167,531	205,786
Total revenues	<u>9,644,998</u>	<u>9,871,930</u>	<u>25,559,757</u>	<u>30,743,383</u>	<u>35,204,755</u>	<u>40,615,313</u>
Expenses:						
General government	2,691,742	2,764,877	-	-	2,691,742	2,764,877
Public safety	3,001,951	3,250,179	-	-	3,001,951	3,250,179
Recreation and culture	263,040	389,627	-	-	263,040	389,627
Planning	660,982	774,366	-	-	660,982	774,366
Public works	2,214,871	2,219,740	-	-	2,214,871	2,219,740
Community development	140,777	326,986	-	-	140,777	326,986
Interest and fiscal charges on long-term debt	142,430	169,725	-	-	142,430	169,725
Water	-	-	2,785,859	2,981,721	2,785,859	2,981,721
Electric	-	-	18,798,738	19,216,691	18,798,738	19,216,691
Wastewater	-	-	2,493,080	2,538,654	2,493,080	2,538,654
Industrial park	-	-	70,939	68,472	70,939	68,472
Total expenses	<u>9,115,793</u>	<u>9,895,500</u>	<u>24,148,616</u>	<u>24,805,538</u>	<u>33,264,409</u>	<u>34,701,038</u>
Increase (decrease) in net position before transfers	529,205	(23,570)	1,411,141	5,937,845	1,940,346	5,914,275
Transfers	<u>(1,366,331)</u>	<u>(347,345)</u>	<u>1,366,331</u>	<u>347,345</u>	<u>-</u>	<u>-</u>
Change in net position	(837,126)	(370,915)	2,777,472	6,285,190	1,940,346	5,914,275
Net position, beginning of year	63,251,218	62,414,092	47,103,468	49,880,940	110,354,686	112,295,032
Cumulative effect-change in principal	-	90,163	-	(3,191,829)	-	(3,101,666)
Prior period adjustment	<u>-</u>	<u>(4,895,494)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,895,494)</u>
Net position, as restated	<u>63,251,218</u>	<u>57,608,761</u>	<u>47,103,468</u>	<u>46,689,111</u>	<u>110,354,686</u>	<u>104,297,872</u>
Net position, end of year	<u>\$ 62,414,092</u>	<u>\$ 57,237,846</u>	<u>\$ 49,880,940</u>	<u>\$ 52,974,301</u>	<u>\$ 112,295,032</u>	<u>\$ 110,212,147</u>

Governmental Activities - Governmental activities decreased the City's net position by \$370,915. Key elements of activities performed in the fiscal year ended June 30, 2018 are as follows:

Program revenues decreased \$294,471 due to a decrease in operating grants and contributions and an increase in charges for services. The major changes are highlighted below:

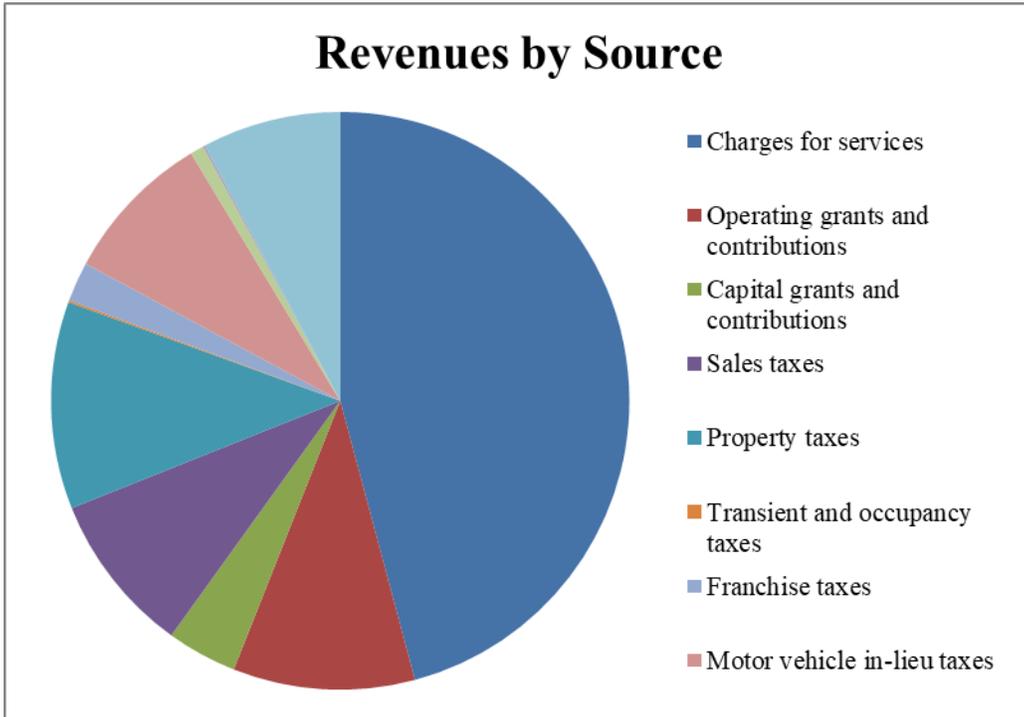
- Charges for services increased due to increases in plant and facility connection charges and administrative service fees.
- Operating grants and contributions decreased due to prior year new community and development CDBG grants.
- Capital grants and contributions increased due to current year asset contributions from other funds.

General revenues increased \$521,403 due to tax revenue increases.

As the chart below depicts, the largest source of revenues are charges for services followed by operating grants and contributions, which comprises 64.5 percent of total revenues for governmental activities.

City of Shasta Lake
Revenues by Source
Governmental Activities
For the Year Ended June 30, 2018

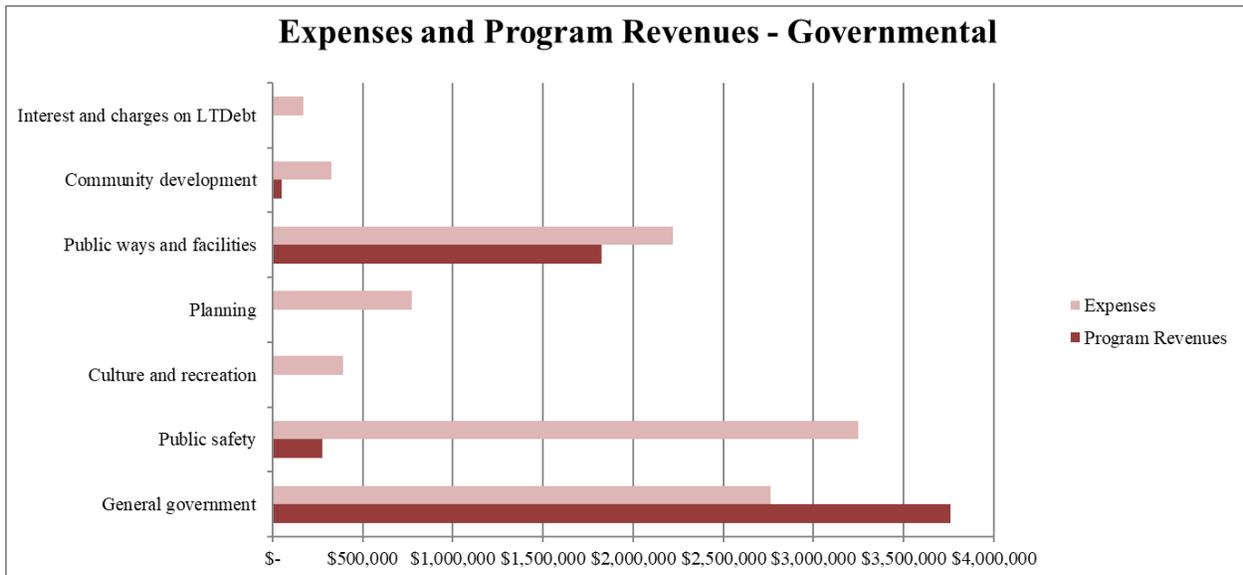
Revenues Source	Revenue	% of Total
Charges for services	\$ 4,525,029	41.39%
Operating grants and contributions	1,003,351	23.10%
Capital grants and contributions	387,688	4.17%
Sales taxes	890,211	5.99%
Property taxes	1,144,906	11.35%
Transient and occupancy taxes	11,130	0.09%
Franchise taxes	217,982	2.12%
Motor vehicle in-lieu taxes	840,149	9.14%
Interest investment earnings	75,214	0.22%
Miscellaneous	10,788	2.17%
Other tax	765,482	0.24%
Total	<u>\$ 9,871,930</u>	<u>100.00%</u>



As shown below, public safety is the largest program followed by general government. General revenues, such as property and sales tax, are not shown by program, but are effectively used to support program activities citywide.

Expenses and Program Revenues
Governmental Activities
For the Year Ended June 30, 2018

Functions/Programs	Expenses	% of Total	Program Revenues	% of Total	Net (Expense) Revenue
General government	\$ 2,764,877	27.94%	\$ 3,759,310	63.54%	\$ 994,433
Public safety	3,250,179	32.85%	277,119	4.68%	(2,973,060)
Culture and recreation	389,627	3.94%	3,177	0.05%	(386,450)
Planning	774,366	7.83%	-	0.00%	(774,366)
Public ways and facilities	2,219,740	22.43%	1,823,856	30.83%	(395,884)
Community development	326,986	3.30%	52,606	0.89%	(274,380)
Interest and charges on LTDebt	169,725	1.72%	-	0.00%	(169,725)
Total	\$ 9,895,500	100.00%	\$ 5,916,068	100.00%	\$ (3,979,432)



Expenses increased \$779,707 over the prior year. Much of this increase is related to capital outlay projects. Salary raises also increased expenditures.

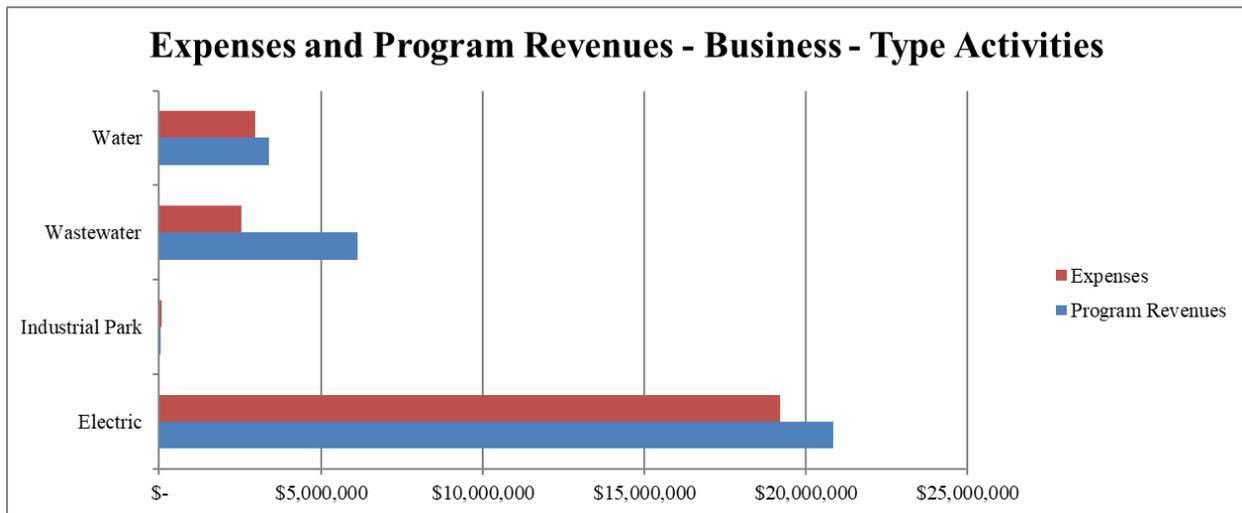
Business-Type Activities - Business-type activities increased the City's net position by \$6,285,190, compared to prior fiscal year's increase of \$2,777,472. Key elements of this change are as follows.

- Water Utility fund's net position increased \$605,849, compared to the prior fiscal year's increase of \$1,143,435. The increase was primarily due to new water rates that went into effect based upon a consultant rate study.
- Electric Utility fund's net position increased \$1,882,114, compared to the prior fiscal year's increase of \$1,011,846. The Electric Utility has had a delay in capital outlay projects and is due for a rate study for fiscal year ending June 30, 2019.
- Wastewater Utility fund's net position increased \$3,841,066, compared to the prior fiscal year's increase of \$766,491. This increase is temporary as the Wastewater Utility is currently undergoing the City's largest capital outlay project – a renovation and update to the treatment plant.
- Industrial Park fund (other enterprise fund) decreased \$13,209, compared to the prior fiscal year's decrease of \$16,147. The decrease is comparable to prior years.
- Internal Service fund's net position decreased \$66,112, compared to the prior fiscal year's decrease of \$207,185. The decrease is due to a conscientious effort to spend down cash reserves in internal service funds, which are supported by all other funds.

As shown below, the Electric Utility fund had the greatest total expenses with \$19,216,691 out of \$24,805,538 in total business-type expenses. For all the business-type activities below, charges for services provide the largest share of revenues.

Expenses and Program Revenues
Business-Type Activities
For the Year Ended June 30, 2018

Funds	Expenses	% of Total	Program Revenues	% of Total	Net (Expense) Revenue
Electric	\$ 19,216,691	77.47%	\$ 20,840,389	68.50%	\$ 1,623,698
Industrial Park	68,472	0.28%	47,436	0.16%	(21,036)
Wastewater	2,538,654	10.23%	6,129,267	20.14%	3,590,613
Water	2,981,721	12.02%	3,408,888	11.20%	427,167
Total	<u>\$ 24,805,538</u>	<u>100.00%</u>	<u>\$ 30,425,980</u>	<u>100.00%</u>	<u>\$ 5,620,442</u>



Financial Analysis of the City Funds

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

Governmental Funds - The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for 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 \$7,624,258 a decrease of \$7,620,827 when compared to the prior fiscal year. Assigned fund balance (available for specific purposes) of \$1,871,238 consists of debt owed to the Electric Utility fund for the refinancing of debt mentioned above of \$446,117, obligations for accounts payable and payroll of \$1,354,171. The remainder of fund balance, \$4,799,815, is restricted by outside sources. Refer to pages **20-23** for more detail of governmental funds.

The General fund is the chief operating fund of the City. At the end of the current fiscal year unassigned fund balance of the General fund was \$986,668. Total fund balance at the end of the year is \$3,476,030. The fund balance of the City's General fund decreased by \$2,636,471 during the current fiscal year. The primary factor for this decrease has been discussed above. Refer to page **10** for more detail of fund balance.

General Fund Revenues for fiscal year 2017-18, including transfers in, were \$7,974,455, an increase of \$709,052 compared to prior fiscal year. Key elements of the changes are as follows:

- Tax revenue increased primarily due to the special business tax and value of property tax.
- Slight increase in charges for services.

General Fund Expenditures for fiscal year 2017-18, including transfers out were \$13,110,926, increased \$6,367,519 (94.4 percent). Key elements of the changes are as follows:

- Capital outlay increased by \$5,810,971 due to the building of the new City Hall and Community Center.
- Salary increases due to employee raises.
- \$240,127 increase in law enforcement contract costs.

Other Major Governmental Funds – Wastewater Treatment Debt fund accounts for the 1995 Wastewater Revenue Bonds. Revenues and expenditures are comparable to the prior year.

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 \$22,097,793. 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 General fund budget and actual report can be found on page **79**. Differences between the original expenditure budget and the final amended budget was an increase of \$6,954,990 for a total appropriations of \$14,263,955. Some of the major changes are summarized below:

- A \$70,000 increase for a special election related to Cannabis.
- \$62,790 increase for various maintenance agreements.
- \$6,365,768 increase for city hall and community center construction approved by Council resolution.
- \$15,000 increase for the landscape maintenance contract.
- And a \$55,940 increase for an additional contribution to OPEB trust fund.

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, 2018, amounts to \$91,547,111 (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. Additional information on capital assets can be found on pages **47-49** in the notes to the basic financial statements.

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

- \$6,158,569 in construction for the new city hall and community center
- \$332,863 on the John Beaudet Visitor’s Center
- \$1,232,478 for the dewatering project
- \$3,289,877 in construction for the wastewater treatment plant upgrade
- \$96,738 in new vehicles

Changes in capital assets consist of the following:

	Changes in Capital Assets			
	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Governmental activities				
Land, easements & rts of way	\$ 3,700,494	\$ 47,746	\$ -	\$ 3,748,240
Infrastructure and land improvmts	52,516,354	-	-	52,516,354
Buildings & improvements	9,193,303	332,863	-	9,526,166
Machinery & equipment	626,740	-	(24,396)	602,344
Vehicles	34,571	-	-	34,571
Construction in progress	631,142	6,520,456	(332,863)	6,818,735
Total	66,702,604	6,901,065	(357,259)	73,246,410
Less accumulated depreciation	(17,280,033)	(1,375,458)	-	(18,655,491)
Governmental activities Capital assets, net	49,422,571	5,525,607	(357,259)	54,590,919
Business-type activities				
Land	1,877,370	-	(39,993)	1,837,377
General and utility plant	67,540,305	2,513,818	-	70,054,123
Building and improvements	1,317,699	-	-	1,317,699
Equipment and vehicles	3,616,513	115,415	(97,926)	3,634,002
Construction in progress	3,547,716	3,353,737	(1,363,945)	5,537,508
Total	77,899,603	5,982,970	(1,501,864)	82,380,709
Less accumulated depreciation	(43,304,778)	(2,175,183)	55,444	(45,424,517)
Business-type activities Capital assets, net	34,594,825	3,807,787	(1,446,420)	36,956,192
Total	\$ 84,017,396	\$ 9,333,394	\$ (1,803,679)	\$ 91,547,111

Long-term Debt

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

	Long-Term Debt			
	Balance July 1, 2017	Adjustments/ Additions	Deductions	Balance June 30, 2018
Governmental activities				
Loans payable	\$ 87,426	\$ 225	\$ (9,099)	\$ 78,552
COPS	-	2,500,000		2,500,000
Revenue bonds	2,822,000	-	(105,000)	2,717,000
Special assessment debt	34,000	-	(2,000)	32,000
Governmental activities Long-term debt	<u>2,943,426</u>	<u>2,500,225</u>	<u>(116,099)</u>	<u>5,327,552</u>
Business-type activities				
Loans payable	3,778,903	-	(210,128)	3,568,775
Special assessment debt	780,000	-	(30,000)	750,000
Business-type activities Long-term debt	<u>4,558,903</u>	<u>-</u>	<u>(240,128)</u>	<u>4,318,775</u>
Total	<u>\$ 7,502,329</u>	<u>\$ 2,500,225</u>	<u>\$ (356,227)</u>	<u>\$ 9,646,327</u>

At the end of the current fiscal year, the City had total debt outstanding of \$9,646,327. Of this amount, \$3,647,327 comprises debt backed by the full faith and credit of the government and \$782,000 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). Additional information on long-term liabilities can be found on pages **51-55** in the notes to the basic financial statements.

The City's total debt increased by a net of \$2,143,998 (28.6 percent) during the current fiscal year. The increase is due to new COPS and scheduled annual debt service payments.

Economic Factors and Next Year's Budgets and Rates

The focus of this annual report is to provide an overview of the financial condition of the City of Shasta Lake as of June 30, 2018, taking into consideration the global, national, and local economic conditions and their impacts on the City. The U.S. economy continues to rise and has shown economic growth. Average growth is expected for the local economy for the 2018-2019 fiscal year.

The City anticipates the General fund to decrease for the fiscal years ending 2019 and 2020 mainly due to expenditures related to new staff positions, wage increases, payments to the Electric Utility fund for reimbursement of the CalPERS side fund debt, and capital outlay projects. All of these factors were considered in preparing the City's budget for the 2017-18 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

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Basic Financial Statements

- **Government-Wide Financial Statements**

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CITY OF SHASTA LAKE
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 6,788,570	\$ 21,023,578	\$ 27,812,148
Receivables:			
Accounts, net	118,906	3,180,580	3,299,486
Interest	8,139	17,037	25,176
Taxes	466,819	-	466,819
Intergovernmental	61,538	2,313,951	2,375,489
Assessments	2,751,000	565,729	3,316,729
Deposits	4,428	589,446	593,874
Prepaid costs	-	116,468	116,468
Inventory	-	392,891	392,891
Internal balances	24,944	(24,944)	-
Restricted cash and investments	2,121,378	204,938	2,326,316
Loans receivable	5,177,155	-	5,177,155
Land held for resale	594,927	-	594,927
Capital assets:			
Non-depreciable	10,566,975	7,374,885	17,941,860
Depreciable, net	44,023,944	29,581,307	73,605,251
Total capital assets	<u>54,590,919</u>	<u>36,956,192</u>	<u>91,547,111</u>
Total Assets	<u>72,708,723</u>	<u>65,335,866</u>	<u>138,044,589</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension adjustments	675,319	1,290,599	1,965,918
Deferred OPEB adjustments	171,649	506,000	677,649
Total Deferred Outflows of Resources	<u>846,968</u>	<u>1,796,599</u>	<u>2,643,567</u>
LIABILITIES			
Accounts payable	638,906	1,529,582	2,168,488
Retentions payable	329,062	145,636	474,698
Salaries and benefits payable	98,732	113,816	212,548
Due to other governments	358,254	796,578	1,154,832
Deposits payable	543,581	3,900	547,481
Interest payable	47,693	58,054	105,747
Unearned revenues	43,955	-	43,955
Long-term liabilities:			
Due within one year	312,315	482,636	794,951
Due in more than one year	5,176,462	4,066,706	9,243,168
Net pension liability	2,771,460	4,817,116	7,588,576
Net OPEB liability	368,477	1,086,227	1,454,704
Total Liabilities	<u>10,688,897</u>	<u>13,100,251</u>	<u>23,789,148</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred housing loan payments	5,177,155	-	5,177,155
Deferred pension adjustments	223,422	384,702	608,124
Deferred OPEB adjustments	228,371	673,211	901,582
Total Deferred Inflows of Resources	<u>5,628,948</u>	<u>1,057,913</u>	<u>6,686,861</u>

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

Continued (Page 1 of 2)

CITY OF SHASTA LAKE
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-Type Activities	Total
NET POSITION			
Net investment in capital assets	49,263,367	32,637,417	81,900,784
Restricted for:			
General government	1,347,908	-	1,347,908
Public safety	240	-	240
Public ways and facilities	2,094,224	-	2,094,224
Community development	748,293	-	748,293
Debt service	689,885	61,327	751,212
Unrestricted	3,093,929	20,275,557	23,369,486
Total Net Position	\$ 57,237,846	\$ 52,974,301	\$ 110,212,147

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

Continued (Page 2 of 2)

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CITY OF SHASTA LAKE
Statement of Activities
For the Year Ended June 30, 2018

<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	\$ 2,764,877	\$ 3,609,505	\$ 24,125	\$ 125,678
Public safety	3,250,179	177,120	100,000	-
Public ways and facilities	2,219,740	735,227	826,620	262,010
Planning	774,366	-	-	-
Culture and recreation	389,627	3,177	-	-
Community development	326,986	-	52,606	-
Interest on long-term debt	169,725	-	-	-
Total Governmental Activities	9,895,500	4,525,029	1,003,351	387,688
Business-type activities:				
Water	2,981,721	3,408,888	-	-
Electric	19,216,691	20,815,974	-	24,415
Wastewater	2,538,654	3,004,412	-	3,124,855
Industrial park	68,472	-	-	47,436
Total Business-Type Activities	24,805,538	27,229,274	-	3,196,706
Total	\$ 34,701,038	\$ 31,754,303	\$ 1,003,351	\$ 3,584,394

General revenues:

Taxes:

Property taxes

Sales and use taxes

Transient occupancy taxes

Franchise taxes

Other taxes

Unrestricted grants and contributions

Interest and investment earnings

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Prior period adjustment

Cumulative effect of a change in accounting principle

Net Position - Beginning, Restated

Net Position - Ending

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

**Net (Expense) Revenue and
Changes in Net Position**

Governmental Activities	Business- Type Activities	Total
\$ 994,431	\$ -	\$ 994,431
(2,973,059)	-	(2,973,059)
(395,883)	-	(395,883)
(774,366)	-	(774,366)
(386,450)	-	(386,450)
(274,380)	-	(274,380)
(169,725)	-	(169,725)
<u>(3,979,432)</u>	<u>-</u>	<u>(3,979,432)</u>
-	427,167	427,167
-	1,623,698	1,623,698
-	3,590,613	3,590,613
-	(21,036)	(21,036)
<u>-</u>	<u>5,620,442</u>	<u>5,620,442</u>
<u>(3,979,432)</u>	<u>5,620,442</u>	<u>1,641,010</u>
1,144,906	-	1,144,906
890,211	-	890,211
11,130	-	11,130
217,982	-	217,982
765,482	-	765,482
840,149	-	840,149
75,214	122,405	197,619
10,788	194,998	205,786
(347,345)	347,345	-
<u>3,608,517</u>	<u>664,748</u>	<u>4,273,265</u>
<u>(370,915)</u>	<u>6,285,190</u>	<u>5,914,275</u>
62,414,092	49,880,940	112,295,032
(4,895,494)	-	(4,895,494)
90,163	(3,191,829)	(3,101,666)
<u>57,608,761</u>	<u>46,689,111</u>	<u>104,297,872</u>
<u>\$ 57,237,846</u>	<u>\$ 52,974,301</u>	<u>\$ 110,212,147</u>

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Basic Financial Statements

- **Fund Financial Statements**

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CITY OF SHASTA LAKE
Balance Sheet
Governmental Funds
June 30, 2018

	<u>General</u>	<u>HOME</u>	<u>Wastewater Treatment Debt</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
ASSETS					
Cash and investments	\$ 3,513,624	\$ 56,711	\$ 273,775	\$ 2,944,460	\$ 6,788,570
Receivables:					
Accounts, net	118,906	-	-	-	118,906
Interest	6,912	-	1,227	-	8,139
Taxes	360,411	-	60,016	46,392	466,819
Intergovernmental	-	24,024	-	37,514	61,538
Assessments	-	-	2,719,000	32,000	2,751,000
Deposits	4,428	-	-	-	4,428
Due from other funds	50,000	-	-	-	50,000
Restricted cash and investments	1,859,713	-	261,665	-	2,121,378
Loans receivable	-	4,339,473	-	837,682	5,177,155
Land held for resale	-	-	-	594,927	594,927
Total Assets	<u>\$ 5,913,994</u>	<u>\$ 4,420,208</u>	<u>\$ 3,315,683</u>	<u>\$ 4,492,975</u>	<u>\$ 18,142,860</u>
LIABILITIES					
Accounts payable	\$ 628,886	\$ -	\$ -	\$ 10,020	\$ 638,906
Retentions payable	329,062	-	-	-	329,062
Salaries and benefits payable	98,732	-	-	-	98,732
Interest payable	5,404	-	-	971	6,375
Due to other governments	338,648	-	-	19,606	358,254
Deposits payable	543,581	-	-	-	543,581
Due to other funds	-	19,000	-	31,000	50,000
Advances from other funds	446,117	-	-	-	446,117
Unearned revenues	33,608	-	-	10,347	43,955
Total Liabilities	<u>2,424,038</u>	<u>19,000</u>	<u>-</u>	<u>71,944</u>	<u>2,514,982</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	13,926	24,024	2,719,000	69,515	2,826,465
Deferred housing loan payments	-	4,339,473	-	837,682	5,177,155
Total Deferred Inflows of Resources	<u>13,926</u>	<u>4,363,497</u>	<u>2,719,000</u>	<u>907,197</u>	<u>8,003,620</u>
FUND BALANCES					
Restricted	618,124	37,711	596,683	3,547,297	4,799,815
Assigned	1,871,238	-	-	-	1,871,238
Unassigned	986,668	-	-	(33,463)	953,205
Total Fund Balances	<u>3,476,030</u>	<u>37,711</u>	<u>596,683</u>	<u>3,513,834</u>	<u>7,624,258</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,913,994</u>	<u>\$ 4,420,208</u>	<u>\$ 3,315,683</u>	<u>\$ 4,492,975</u>	<u>\$ 18,142,860</u>

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

CITY OF SHASTA LAKE
Reconciliation of the Governmental Funds Balance
Sheet to the Government-Wide Statement of
Net Position - Governmental Activities
June 30, 2018

Total Fund Balance - Total Governmental Funds	\$ 7,624,258
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds balance sheet.	54,590,919
Other long-term assets are not available to pay for current period expenditures and therefore, are reported as unavailable revenues in the governmental funds.	2,826,465
Interest payable on long-term debt does not require the use of current financial resources and therefore, is not accrued as a liability in the governmental funds balance sheet.	(41,318)
Deferred outflows of resources related to pensions and OPEB are not reported in the governmental funds.	846,968
Deferred inflows of resources related to pensions and OPEB are not reported in the governmental funds.	(451,793)
Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.	
Loans payable	(78,552)
Revenue bonds payable	(2,717,000)
Special assessment bonds	(32,000)
Certificates of participation	(2,500,000)
Compensated absences	(161,225)
Net pension liability	(2,771,460)
Net OPEB liability	(368,477)
Internal service funds are used by management to charge the cost of certain activities, such as equipment maintenance and operations, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.	<u>471,061</u>
Net Position of Governmental Activities	<u><u>\$ 57,237,846</u></u>

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

CITY OF SHASTA LAKE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	General	HOME	Wastewater Treatment Debt	Other Governmental Funds	Totals
REVENUES					
Taxes and assessments	\$ 3,011,001	\$ -	\$ 250,905	\$ 313,435	\$ 3,575,341
Licenses and permits	188,582	-	-	-	188,582
Fines and forfeitures	8,779	-	-	-	8,779
Use of money and property	6,873	7,040	6,268	55,033	75,214
Intergovernmental	871,379	-	-	747,052	1,618,431
Charges for services	3,781,525	-	-	546,143	4,327,668
Other revenues	10,788	-	-	-	10,788
Total Revenues	<u>7,878,927</u>	<u>7,040</u>	<u>257,173</u>	<u>1,661,663</u>	<u>9,804,803</u>
EXPENDITURES					
Current:					
General government	2,505,638	-	-	40,922	2,546,560
Public safety	3,116,529	-	-	100,000	3,216,529
Public ways and facilities	47,025	-	-	866,460	913,485
Planning	656,802	-	-	-	656,802
Culture and recreation	309,626	-	-	-	309,626
Community development	6,930	79,185	6,284	234,587	326,986
Debt service:					
Principal	-	-	105,000	11,099	116,099
Interest and other charges	43,536	-	124,617	4,729	172,882
Capital outlay	6,424,840	-	-	17,683	6,442,523
Total Expenditures	<u>13,110,926</u>	<u>79,185</u>	<u>235,901</u>	<u>1,275,480</u>	<u>14,701,492</u>
Excess of Revenues Over (Under) Expenditures	<u>(5,231,999)</u>	<u>(72,145)</u>	<u>21,272</u>	<u>386,183</u>	<u>(4,896,689)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from debt	2,500,000	-	-	-	2,500,000
Transfers in	95,528	-	-	-	95,528
Transfers out	-	-	-	(424,172)	(424,172)
Total Other Financing Sources (Uses)	<u>2,595,528</u>	<u>-</u>	<u>-</u>	<u>(424,172)</u>	<u>2,171,356</u>
Net Change in Fund Balances	<u>(2,636,471)</u>	<u>(72,145)</u>	<u>21,272</u>	<u>(37,989)</u>	<u>(2,725,333)</u>
Fund Balances - Beginning	6,112,501	4,441,069	575,411	4,116,104	15,245,085
Prior period adjustment	-	(4,331,213)	-	(564,281)	(4,895,494)
Fund Balances - Beginning, Restated	<u>6,112,501</u>	<u>109,856</u>	<u>575,411</u>	<u>3,551,823</u>	<u>10,349,591</u>
Fund Balances - Ending	<u>\$ 3,476,030</u>	<u>\$ 37,711</u>	<u>\$ 596,683</u>	<u>\$ 3,513,834</u>	<u>\$ 7,624,258</u>

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

CITY OF SHASTA LAKE
Reconciliation of the Statement of Revenues, Expenditures
And Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2018

Net Change in Fund Balances - Total Governmental Funds \$ (2,725,333)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital outlay	6,442,523
Less current year depreciation	(1,398,876)
Various adjustments affecting capital assets including capital contributions	124,701

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Proceeds of debt	(2,500,000)
Principal retirements	116,099

Some revenues reported in the statement of activities will not be collected for several months after the City's year end and do not provide current financial resources and therefore, are not reported as revenues in the governmental funds.

Change in unavailable revenues	(58,551)
--------------------------------	----------

Certain changes in deferred outflows and deferred inflows of resources reported in the statement of activities relate to long-term liabilities and are not reported in the governmental funds.

Deferred outflows of resources related to pensions	95,725
Deferred inflows of resources related to pensions	(30,859)
Deferred outflows of resources related to OPEB	51,728
Deferred inflows of resources related to OPEB	(228,371)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.

Change in compensated absences payable	(29,628)
Change in net pension liability	(413,065)
Change in net OPEB liability	215,317
Change in accrued interest on long-term debt	3,157

Internal service funds are used by management to charge the cost of certain activities, such as equipment maintenance and operations, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

(35,482)

Change in Net Position of Governmental Activities \$ (370,915)

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

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CITY OF SHASTA LAKE
Statement of Net Position
Proprietary Funds
June 30, 2018

	Business-Type Activities - Enterprise Funds			
	Major Funds			Nonmajor
	Water	Electric	Wastewater	Industrial Park
ASSETS				
Current Assets:				
Cash and investments	\$ 2,603,414	\$ 14,964,215	\$ 2,600,940	\$ 1,093
Receivables:				
Accounts, net	571,053	2,227,818	364,820	1,123
Interest	2,025	11,330	3,682	-
Intergovernmental	-	-	2,313,951	-
Assessments	-	-	-	565,729
Deposits	-	589,446	-	-
Prepaid costs	41,969	74,499	-	-
Inventory	4,108	388,783	-	-
Total Current Assets	3,222,569	18,256,091	5,283,393	567,945
Noncurrent Assets:				
Restricted cash and investments	59,302	-	145,636	-
Advances to other funds	-	852,986	-	-
Capital assets:				
Non-depreciable	240,226	274,574	5,467,389	1,392,696
Depreciable, net	11,362,568	8,927,137	8,319,212	-
Total Noncurrent Assets	11,662,096	10,054,697	13,932,237	1,392,696
Total Assets	14,884,665	28,310,788	19,215,630	1,960,641
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension adjustments	137,587	643,948	128,534	-
Deferred OPEB adjustments	64,512	154,232	43,099	-
Total Deferred Outflows of Resources	202,099	798,180	171,633	-

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

<u>Totals</u>	<u>Governmental/ Business-Type Activities Internal Service Funds</u>
\$ 20,169,662	\$ 853,916
3,164,814	15,766
17,037	-
2,313,951	-
565,729	-
589,446	-
116,468	-
392,891	-
<u>27,329,998</u>	<u>869,682</u>
204,938	-
852,986	-
7,374,885	-
<u>28,608,917</u>	<u>972,390</u>
<u>37,041,726</u>	<u>972,390</u>
<u>64,371,724</u>	<u>1,842,072</u>
910,069	380,530
261,843	244,157
<u>1,171,912</u>	<u>624,687</u>

CITY OF SHASTA LAKE
Statement of Net Position
Proprietary Funds
June 30, 2018

	Business-Type Activities - Enterprise Funds			
	Major Funds			Nonmajor
	Water	Electric	Wastewater	Industrial Park
LIABILITIES				
Current Liabilities:				
Accounts payable	12,459	377,201	1,112,953	975
Retentions payable	-	-	145,636	-
Salaries and benefits payable	11,143	55,298	12,672	-
Due to other governments	4,779	787,401	1,201	-
Deposits payable	3,900	-	-	-
Interest payable	44,929	-	-	13,125
Compensated absences payable	16,568	114,099	34,699	-
Loans payable	217,069	-	-	-
Bonds payable	-	-	-	35,000
Total Current Liabilities	310,847	1,333,999	1,307,161	49,100
Noncurrent Liabilities:				
Advances from other funds	73,505	-	74,014	-
Loans payable	3,351,706	-	-	-
Bonds payable	-	-	-	715,000
Net pension liability	408,448	2,453,061	462,774	-
Net OPEB liability	138,487	331,091	92,519	-
Total Noncurrent Liabilities	3,972,146	2,784,152	629,307	715,000
Total Liabilities	4,282,993	4,118,151	1,936,468	764,100
DEFERRED INFLOWS OF RESOURCES				
Deferred pension adjustments	35,427	197,644	36,335	-
Deferred OPEB adjustments	85,831	205,200	57,340	-
Total Deferred Inflows of Resources	121,258	402,844	93,675	-
NET POSITION				
Net investment in capital assets	8,034,019	9,201,711	13,786,601	642,696
Restricted for debt service	61,327	-	-	-
Unrestricted	2,587,167	15,386,262	3,570,519	553,845
Total Net Position	\$ 10,682,513	\$ 24,587,973	\$ 17,357,120	\$ 1,196,541

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

Net Position of Business-Type Activities

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

<u>Totals</u>	<u>Governmental/ Business-Type Activities Internal Service Funds</u>
1,503,588	25,994
145,636	-
79,113	34,703
793,381	3,197
3,900	-
58,054	-
165,366	65,201
217,069	-
35,000	-
<u>3,001,107</u>	<u>129,095</u>
147,519	259,350
3,351,706	-
715,000	-
3,324,283	1,492,833
562,097	524,130
<u>8,100,605</u>	<u>2,276,313</u>
<u>11,101,712</u>	<u>2,405,408</u>
269,406	115,296
348,371	324,840
<u>617,777</u>	<u>440,136</u>
31,665,027	972,390
61,327	-
22,097,793	(1,351,175)
53,824,147	<u>\$ (378,785)</u>
<u>(849,846)</u>	
<u>\$ 52,974,301</u>	

CITY OF SHASTA LAKE
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds			
	Major Funds			Nonmajor
	Water	Electric	Wastewater	Industrial Park
OPERATING REVENUES				
Charges for services	\$ 3,408,888	\$ 20,815,974	\$ 3,004,412	\$ -
Other revenue	4,501	259,196	1,400	7,826
Total Operating Revenues	<u>3,413,389</u>	<u>21,075,170</u>	<u>3,005,812</u>	<u>7,826</u>
OPERATING EXPENSES				
Salaries and benefits	1,186,139	2,130,485	1,014,085	-
Administration	570,001	3,313,948	527,695	8,070
Power and water	401,537	12,423,162	202,049	14,433
Insurance	28,533	113,188	37,450	454
Supplies	68,421	75,829	60,346	-
Repair and maintenance	44,986	234,657	79,985	-
Professional services	11,238	122,249	12,755	5,877
Depreciation	534,670	781,007	578,031	-
Other expense	4,467	16,512	5,955	-
Total Operating Expenses	<u>2,849,992</u>	<u>19,211,037</u>	<u>2,518,351</u>	<u>28,834</u>
Operating Income (Loss)	<u>563,397</u>	<u>1,864,133</u>	<u>487,461</u>	<u>(21,008)</u>
NON-OPERATING REVENUES (EXPENSES)				
Intergovernmental	-	-	3,124,855	-
Assessment revenue	-	-	-	47,436
Gain (loss) on sale of capital assets	-	(77,925)	-	-
Interest income	13,614	98,370	10,420	1
Interest expense	(125,541)	-	(1,515)	(39,638)
Total Non-Operating Revenues (Expenses)	<u>(111,927)</u>	<u>20,445</u>	<u>3,133,760</u>	<u>7,799</u>
Income (Loss) Before Capital Contributions and Transfers	<u>451,470</u>	<u>1,884,578</u>	<u>3,621,221</u>	<u>(13,209)</u>
Capital contributions	-	24,415	-	-
Transfers In	160,000	-	226,372	-
Transfers Out	(5,621)	(26,879)	(6,527)	-
Change in Net Position	<u>605,849</u>	<u>1,882,114</u>	<u>3,841,066</u>	<u>(13,209)</u>
Total Net Position - Beginning	<u>10,619,033</u>	<u>23,920,070</u>	<u>13,630,747</u>	<u>1,209,750</u>
Cumulative effect of a change in accounting principle	(542,369)	(1,214,211)	(114,693)	-
Total Net Position - Beginning, Restated	<u>10,076,664</u>	<u>22,705,859</u>	<u>13,516,054</u>	<u>1,209,750</u>
Total Net Position - Ending	<u>\$ 10,682,513</u>	<u>\$ 24,587,973</u>	<u>\$ 17,357,120</u>	<u>\$ 1,196,541</u>

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

Change in Net Position of Business-Type Activities

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

<u>Totals</u>	<u>Governmental/ Business-Type Activities Internal Service Funds</u>
\$ 27,229,274	\$ 2,577,897
272,923	429
<u>27,502,197</u>	<u>2,578,326</u>
4,330,709	1,540,603
4,419,714	615,371
13,041,181	-
179,625	4,687
204,596	27,702
359,628	162,263
152,119	33,442
1,893,708	281,475
26,934	-
<u>24,608,214</u>	<u>2,665,543</u>
<u>2,893,983</u>	<u>(87,217)</u>
3,124,855	-
47,436	-
(77,925)	45,117
122,405	-
(166,694)	(5,311)
<u>3,050,077</u>	<u>39,806</u>
5,944,060	(47,411)
24,415	-
386,372	4,950
(39,027)	(23,651)
<u>6,315,820</u>	<u>(66,112)</u>
	1,007,883
	<u>(1,320,556)</u>
	<u>(312,673)</u>
	<u>\$ (378,785)</u>
<u>(30,630)</u>	
<u>\$ 6,285,190</u>	

CITY OF SHASTA LAKE
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds			
	Major Funds			Nonmajor
	Water	Electric	Wastewater	Industrial Park
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 3,265,820	\$ 20,702,351	\$ 2,969,420	\$ 7,241
Receipts from interfund services	-	-	-	-
Payments to suppliers	(24,680)	(12,823,722)	(516,016)	(6)
Payments for interfund services	(1,234,974)	(2,607,862)	(468,719)	-
Payments to employees	(1,135,355)	(1,910,546)	(953,488)	-
Net Cash Provided by Operating Activities	870,811	3,360,221	1,031,197	7,235
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers from other funds	160,000	-	226,372	-
Transfers to other funds	(5,621)	(26,879)	(6,527)	-
Interfund loans repaid	(11,424)	-	(11,503)	(30,000)
Interfund loans repayments received	-	132,568	-	-
Net Cash Provided (Used) by Non-Capital Financing Activities	142,955	105,689	208,342	(30,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Grants, assessments, and other receipts	-	621,199	810,904	93,760
Acquisition of capital assets	(202,484)	(285,754)	(2,775,262)	-
Disposal of capital assets	-	(37,932)	-	-
Principal paid on debt	(210,128)	-	-	(30,000)
Interest paid on debt	(128,075)	-	(1,515)	(40,163)
Net Cash Provided (Used) by Capital and Related Financing Activities	(540,687)	297,513	(1,965,873)	23,597
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	15,934	95,439	9,549	1
Net Cash Provided by Investing Activities	15,934	95,439	9,549	1
Net Increase (Decrease) in Cash and Cash Equivalents	489,013	3,858,862	(716,785)	833
Balances - Beginning	2,173,703	11,105,353	3,463,361	260
Balances - Ending	\$ 2,662,716	\$ 14,964,215	\$ 2,746,576	\$ 1,093

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

<u>Totals</u>	<u>Governmental/ Business-Type Activities Internal Service Funds</u>
\$ 26,944,832	\$ 11,044
-	2,551,516
(13,364,424)	(417,018)
(4,311,555)	(443,583)
<u>(3,999,389)</u>	<u>(1,410,112)</u>
5,269,464	291,847
386,372	4,950
(39,027)	(23,651)
(52,927)	(40,307)
<u>132,568</u>	<u>-</u>
426,986	(59,008)
1,525,863	-
(3,263,500)	(100,709)
(37,932)	91,571
(240,128)	-
<u>(169,753)</u>	<u>(5,311)</u>
(2,185,450)	(14,449)
120,923	-
120,923	-
3,631,923	218,390
<u>16,742,677</u>	<u>635,526</u>
<u>\$ 20,374,600</u>	<u>\$ 853,916</u>

CITY OF SHASTA LAKE
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds			
	Major Funds			Nonmajor
	Water	Electric	Wastewater	Industrial Park
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 563,397	\$ 1,864,133	\$ 487,461	\$ (21,008)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	534,670	781,007	578,031	-
Decrease (increase) in:				
Accounts receivable	(151,469)	(372,819)	(36,392)	(585)
Deposits	-	49,324	-	-
Prepaid costs	(41,969)	519,472	-	30,788
Inventory	-	(28,655)	-	-
Pension adjustment - deferred outflows	(15,902)	(36,963)	(15,572)	-
OPEB adjustment - deferred outflows	(19,441)	(46,478)	(12,988)	-
Increase (decrease) in:				
Accounts payable	(26,995)	(64,527)	(59,701)	(1,960)
Salaries and benefits payable	260	(4,869)	1,796	-
Due to other governments	(61,507)	392,347	1,201	-
Deposits payable	3,900	-	-	-
Compensated absences	3,061	(34,797)	3,907	-
Net pension liability	73,459	312,325	75,863	-
Net OPEB liability	(80,925)	(193,472)	(54,063)	-
Pension adjustment - deferred inflows	4,441	18,993	4,314	-
OPEB adjustment - deferred inflows	85,831	205,200	57,340	-
Net Cash Provided by Operating Activities	\$ 870,811	\$ 3,360,221	\$ 1,031,197	\$ 7,235
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Contribution of capital assets	\$ -	\$ 24,415	\$ -	\$ -

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

<u>Totals</u>	<u>Governmental/ Business-Type Activities Internal Service Funds</u>
\$ 2,893,983	\$ (87,217)
1,893,708	281,475
(561,265)	(15,766)
49,324	-
508,291	-
(28,655)	-
(68,437)	(45,753)
(78,907)	(73,577)
(153,183)	(3,268)
(2,813)	203
332,041	(13,868)
3,900	-
(27,829)	(10,992)
461,647	228,768
(328,460)	(306,272)
27,748	13,274
348,371	324,840
<u>\$ 5,269,464</u>	<u>\$ 291,847</u>

\$ 24,415 \$ -

CITY OF SHASTA LAKE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Private Purpose Trust Fund (Successor Agency)	Agency Fund
ASSETS		
Current Assets:		
Cash and investments	\$ 1,721,494	\$ 337,813
Receivables:		
Taxes	-	218
	<u>1,721,494</u>	<u>338,031</u>
Total Current Assets		
Noncurrent Assets:		
Land held for resale	484	-
	<u>484</u>	<u>-</u>
Total Noncurrent Assets		
	<u>1,721,978</u>	<u>338,031</u>
Total Assets		
LIABILITIES		
Current Liabilities:		
Accounts payable	-	975
Interest payable	10,336	-
Unearned revenues	375,990	-
Loans payable	285,000	-
Agency obligations	-	337,056
	<u>671,326</u>	<u>338,031</u>
Total Current Liabilities		
Noncurrent Liabilities:		
Loans payable	2,800,000	-
	<u>2,800,000</u>	<u>-</u>
Total Noncurrent Liabilities		
	<u>3,471,326</u>	<u>338,031</u>
Total Liabilities		
NET POSITION		
Net position held in trust	(1,749,348)	-
	<u>(1,749,348)</u>	<u>-</u>
Total Net Position	<u>\$ (1,749,348)</u>	<u>\$ -</u>

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

CITY OF SHASTA LAKE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2018

	Private Purpose Trust Fund (Successor Agency)
ADDITIONS	
Taxes and assessments	\$ 544,232
Interest income	9,896
Gain on disposal of capital assets	<u>371,936</u>
Total Additions	<u>926,064</u>
DEDUCTIONS	
Administrative expenses	90,065
Interest expense	<u>127,492</u>
Total Deductions	<u>217,557</u>
Change in Net Position	708,507
Net Position - Beginning	<u>(2,457,855)</u>
Net Position - Ending	<u><u>\$ (1,749,348)</u></u>

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

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Basic Financial Statements

- **Notes to Basic Financial Statements**

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CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City operates under a Council form of government and provides the following services: sanitation, electric, water and wastewater services; the construction and maintenance of highways, streets and infrastructure; recreational activities and cultural events.

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.

Reporting for component units on the City's financial statements can be blended or discretely presented. Blended component units are, although legally separate entities, in substance part of the City's operations and, therefore, data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, would be reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

For financial reporting purposes, the City's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the City Council. The financial statements of the individual component units may be obtained by writing to the City of Shasta Lake, 4477 Main Street, Shasta Lake, CA 96019.

Blended Component Units

Shasta Lake Public Financing Authority (PFA) - The Authority, established in 1994, was created for the purpose of financing public capital improvements. The City is financially accountable for this entity. Financial accountability is primarily demonstrated by the City Council acting as the governing board for the PFA and its ability to impose its will. The financing activity of the PFA has been included in the City's financial statements in the major debt service fund, Wastewater Treatment Debt.

The City of Shasta Lake Housing Authority - The Authority, established in 1994, was created 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. The City is financially accountable for this entity. Financial accountability is primarily demonstrated by the City Council acting as the governing board for the Authority and its ability to impose its will. As an integral part of the City, the Authority is reported as a nonmajor special revenue fund of the City.

Discretely Presented Component Units

There are no component units of the City which meet the criteria for discrete presentation.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Joint Agencies

The City is a participant in Small Cities Organized Risk Effort (SCORE), the purpose of which is for member cities to share in the administrative costs of providing liability and workers' compensation insurance. SCORE is composed of 18 member cities and is governed by a board of directors appointed by the member cities. Complete financial information can be obtained from the SCORE offices in Sacramento, California. The City is not financially accountable for this organization and therefore it is not a component unit under Statement Nos. 14, 39 and 61 of the Governmental Accounting Standards Board.

The City is a participant in the Redding Area Bus Authority (RABA), the purpose of which is 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 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 is not financially accountable for this organization and therefore it is not a component unit under Statement Nos. 14, 39 and 61 of the Governmental Accounting Standards Board.

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information on all of the nonfiduciary activities of the City and its blended component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the governmental and business-type activities of the City. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent, on fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each different identifiable activity of the City's business-type activities and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods and services offered by the program, 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.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories; each is displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The City reports the following major governmental funds:

- The General fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General fund includes such activities as general government, public protection, community development, public ways and facilities, planning, and culture and recreation services.
- The HOME fund is a special revenue fund used to account for the revenues and expenditures associated with the HOME grant program. Funding comes primarily from State and Federal grant revenues.
- The Wastewater Treatment Debt fund is a debt service fund used to account for revenues and expenditures related to the 1995 Wastewater Revenue Bonds.

The City reports the following major proprietary funds:

- The Water fund is an enterprise fund used to account for activity related to providing customers with water service and billing for service provided by the City.
- The Electric fund is an enterprise fund used to account for activity related to providing customers with electric service and billing for service provided by the City.
- The Wastewater fund is an enterprise fund used to account for activity related to providing customers with wastewater service and billing for service provided by the City.

The City reports the following additional fund types:

- Internal Service funds (ISF) account for the City's motor pool and public works departments, which provide services to other departments on a cost reimbursement basis.
- The Private Purpose Trust funds account for property held under other trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The Private Purpose Trust fund includes the Successor Agency to the Redevelopment Agency of the City of Shasta Lake.
- Agency funds account for resources held by the City as an agent for various local governments and for individuals. These resources include community facility districts.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting and Measurement Focus

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales tax, grants, entitlements, and donations. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants and charges for services are considered susceptible to accrual and are accrued when their receipt occurs within sixty days after the end of the fiscal year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the various functions of the governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Fiduciary funds include trust funds and agency funds. All trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds are reported using the accrual basis of accounting to recognize receivables and payables.

D. Non-Current Governmental Assets/Liabilities

Non-current governmental assets and liabilities, such as capital assets and long-term liabilities, are reported in the governmental activities column in the government-wide statement of net position.

E. Cash and Cash Equivalents

For purposes of the accompanying statement of cash flows, the City considers all highly liquid investments, including restricted cash and investments, with original maturity of three months or less and amounts held in the City's investment pool to be cash and cash equivalents.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Investments

The City pools cash and investments of all funds. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments.

Investment transactions are recorded on the trade date. The fair value of investments is determined monthly. Investments in nonparticipating interest-earning investment contracts are reported at cost; short term investments are reported at amortized cost, investments in the State of California Local Agency Investment Fund, an external pool, are reported at amortized cost which approximates fair value, and the fair value of all other investments are obtained by using quotations obtained from independent published sources or by the safekeeping institution. The fair value represents the amount the City could reasonably expect to receive for an investment in a current sale between a willing buyer and seller.

Income from pooled investments is allocated to the individual funds based on the fund or participant's average daily cash balance at quarter end in relation to the total pool investments. Income from non-pooled investments is recorded based on the specific investments held by the fund. The interest income is recorded in the fund that earned the interest.

G. Restricted Cash and Investments

Restricted assets in the governmental funds represent cash and investments held in the General fund for customer utility deposits of \$537,511 and \$1,322,202 in unexpended certificate of participation debt proceeds and in the Wastewater Treatment Debt fund for debt service of \$261,665. Restricted assets in the proprietary funds represent cash and investments held in the Water fund for debt service of \$59,302 and in the Wastewater fund for retentions payable of \$145,636.

H. Receivables

Receivables for governmental activities consist mainly of accounts, interest, taxes, intergovernmental revenues, and special assessments. Management records an allowance for doubtful accounts based on historical trends and the periodic aging of receivables. At June 30, 2018, the allowance for doubtful accounts was \$326.

Receivables for business-type activities consist mainly of user fees, interest, taxes, intergovernmental revenues and special assessments. Management records an allowance for doubtful accounts based on historical trends and the periodic aging of receivables. At June 30, 2018, the allowance for doubtful accounts was \$3,416.

I. Other Assets

Deposits

The City has recorded deposits in several funds. The General fund made payments during the year to various other agencies and the Electric fund of the City made payments during the year to Western Area Power Administration for future construction projects.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Other Assets (Continued)

Inventory

Governmental fund inventories are recorded as expenditures at the time inventory is purchased rather than when consumed. Records are not maintained of inventory and supplies on hand, although these amounts are not considered material.

Inventories are stated at cost for proprietary funds. Inventory recorded by the proprietary funds includes electric power equipment. Proprietary fund inventories are recorded as expenses when consumed.

Prepaid Items

Payments made for services that will benefit periods beyond June 30, 2018, are recorded as prepaid costs under both the accrual and modified accrual basis of accounting. The cost of prepaid items is recorded as an expense when consumed rather than when purchased.

J. Loans Receivable

A total of \$5,177,155 was recorded as loans receivable at June 30, 2018. These represent low interest notes and related accrued interest to finance multi-family and single family construction and rehabilitation projects and homebuyer assistance for low income families. Loan terms are 15 to 55 years with an interest rate at 0 to 5 percent. The primary source of funding for these loans comes from grants from the federal Community Development Block Grant (CDBG) program and Home Investment Partnerships (HOME) program and the state CalHome program. The CDBG, HOME and CalHome grants contain monitoring requirements to ensure grant compliance. These requirements are reflected in the loan agreements.

K. 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 net realizable value.

L. Capital Assets

Capital assets, including public domain (infrastructure such as roads, bridges, sidewalks, sewer, and similar items) are defined by the City as assets with a cost greater than \$5,000 for equipment, \$25,000 for buildings and improvements, and \$50,000 for infrastructure assets. Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is unavailable. Contributed capital assets are recorded at their acquisition value at the date of donation.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Capital Assets (Continued)

Capital assets used in operations are depreciated or amortized using the straight-line method over the assets estimated useful lives in the government-wide financial statements. The range of estimated useful lives by type of asset is as follows:

<u>Depreciable Asset</u>	<u>Estimated Lives</u>
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

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

M. Property Tax

Shasta County assesses properties, bills, collects, and distributes property taxes to the City. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties.

Property taxes are levied on a fiscal year (July 1 - June 30). The secured property tax assessments are due on November 1 and February 1 and become delinquent after December 10 and April 10, respectively. The unsecured property tax assessments are due on August 1, and become delinquent after August 31. Property taxes become a lien on the property effective January 1 of the preceding year.

The City recognizes property taxes when the individual installments are due provided they are collected within sixty days after year-end.

N. Interfund Transactions

Interfund transactions are reflected as either loans, services provided or used, reimbursements or transfers.

Loans reported as receivables and payables 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 noncurrent portion of interfund loans) as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.” Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not in spendable form.

Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. These services provide information on the net cost of each government function and therefore are not eliminated in the process of preparing the government-wide statement of activities.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Interfund Transactions (Continued)

Reimbursements occur when the funds responsible for particular expenditures or expenses repay the funds that initially paid for them. Such reimbursements are reflected as expenditures or expenses in the reimbursing fund and reductions to expenditures or expenses in the reimbursed fund.

All other interfund transactions are treated as transfers. Transfers between funds are netted as part of the reconciliation to the government-wide presentation.

O. Unearned Revenues

Under the accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. When assets are recognized in connection with a transaction before the earnings process is complete, those assets are offset by a corresponding liability for unearned revenue.

P. Due to Other Governments

Accrued liabilities payable to other governmental entities are recorded in both the government-wide and fund financial statements.

Q. Compensated Absences

In the government-wide financial statements, vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is recorded as an expense and related liability with the current portion estimated based on historical trends. In the governmental fund financial statements the expenditures and liabilities related to those obligations are recognized only when they mature. 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 GASB Statement No. 16, no liability is recorded for non-vesting 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.

All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. In governmental funds, the cost of vacation and sick leave benefits is recognized when payments are made to employees.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Pensions

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

S. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Measurement Period	June 30, 2016 to June 30, 2017

T. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items which qualify for reporting in this category. These items relate to the outflows from changes in the net pension liability and the net OPEB liability and are reportable on the statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government has four types of items which qualify for reporting in this category. One item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for receivables that have not been received within the modified accrual period. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item relates to the housing principal and interest receivable amount and is reported in the statement of net position as well as the governmental funds balance sheet. The third and fourth items relate to the inflows from changes in the net pension liability and the net OPEB liability and are reportable on the statement of net position.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

V. Implementation of Governmental Accounting Standards Board Statements (GASB)

The following Governmental Accounting Standards Board (GASB) Statements have been implemented, if applicable, in the current financial statements.

Statement No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. This statement improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). This statement also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

Statement No. 81, Irrevocable Split-Interest Agreements. This statement improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

Statement No. 85, Omnibus 2017. This statement addresses practice issues that have been identified during implementation and application of certain GASB Statements including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits.

Statement No. 86, Certain Debt Extinguishment Issues. This statement improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Restatement of Fund Balance/Net Position

Adjustments resulting from errors or a change to comply with provisions of the accounting standards are treated as adjustments to prior periods. Accordingly, the City reports these changes as restatements of beginning fund balance/net position. During the current year, a prior period adjustment was made to reflect the prior period costs related to implementing the net OPEB liability as required by GASB Statement No. 75. The City also reported a prior period adjustment to correct an understatement of deferred housing loan payments.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

A. Restatement of Fund Balance/Net Position (Continued)

The impact of the restatement on the net position of the government-wide financial statements as previously reported is presented below:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net Position, June 30, 2017, as previously reported	\$ 62,414,092	\$ 49,880,940
Adjustment associated with:		
Deferred Housing Loan Payments	(4,895,494)	-
Net OPEB Liability Adjustment	<u>90,163</u>	<u>(3,191,829)</u>
Total Adjustments	<u>(4,805,331)</u>	<u>(3,191,829)</u>
Net Position, July 1, 2017, as restated	<u>\$ 57,608,761</u>	<u>\$ 46,689,111</u>

The impact of the restatement on the fund balance of the fund financial statements as previously reported is presented below:

	<u>HOME</u>	<u>Other Governmental Funds</u>
Fund Balance, June 30, 2017, as previously reported	\$ 4,441,069	\$ 4,116,104
Adjustment associated with:		
Deferred Housing Loan Payments	(4,331,213)	(564,281)
Total Adjustments	<u>(4,331,213)</u>	<u>(564,281)</u>
Fund Balance, July 1, 2017, as restated	<u>\$ 109,856</u>	<u>\$ 3,551,823</u>

The impact of the restatement on the net position of the fund financial statements as previously reported is presented below:

	<u>Water</u>	<u>Electric</u>	<u>Wastewater</u>	<u>Internal Service Funds</u>
Net Position, June 30, 2017, as previously reported	\$10,619,033	\$23,920,070	\$ 13,630,747	\$ 1,007,883
Adjustment associated with:				
Net OPEB Liability Adjustment	(542,369)	(1,214,211)	(114,693)	(1,320,556)
Total Adjustments	<u>(542,369)</u>	<u>(1,214,211)</u>	<u>(114,693)</u>	<u>(1,320,556)</u>
Net Position, July 1, 2017, as restated	<u>\$10,076,664</u>	<u>\$22,705,859</u>	<u>\$ 13,516,054</u>	<u>(\$ 312,673)</u>

B. Deficit Fund Balance/Net Position

The following nonmajor special revenue fund had a deficit fund balance:

- The CDBG Project fund had a fund balance deficit of \$33,463, which is expected to be eliminated in future years through grant revenues.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

B. Deficit Fund Balance/Net Position (Continued)

The following internal service fund had a deficit net position:

- The Public Works fund had a net position deficit of \$1,239,227, which is expected to be eliminated in future years through internal service reimbursements.

C. Rebatable Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. During the current year, the City performed calculations of excess investment earnings on various bonds and financing and at June 30, 2018, does not expect to incur a liability.

NOTE 3: CASH AND INVESTMENTS

A. Financial Statement Presentation

As of June 30, 2018, the City's cash and investments are reported in the financial statements as follows:

Governmental activities	\$ 8,909,948
Business-Type activities	21,228,516
Private Purpose trust fund	1,721,494
Agency fund	<u>337,813</u>
Total Cash and Investments	<u>\$ 32,197,771</u>

As of June 30, 2018, the City's cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 2,100
Deposits (less outstanding checks)	<u>4,073,667</u>
Total Cash	<u>4,075,767</u>
Investments:	
In City's pool	<u>28,122,004</u>
Total Investments	<u>28,122,004</u>
Total Cash and Investments	<u>\$ 32,197,771</u>

B. Cash

At year end, the carrying amount of the City's cash deposits (including amounts in checking accounts and money market accounts) was \$4,073,667 and the bank balance was \$5,733,460. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. In addition the City had cash on hand of \$2,100.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

B. Cash (Continued)

Custodial Credit Risk for Deposits - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The City's investment policy requires that deposits in banks must meet the requirements of the California Government Code. Under this code, deposits of more than \$250,000 must be collateralized at 105 percent to 150 percent of the value of the deposit to guarantee the safety of the public funds. The first \$250,000 of the City's deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Deposits of more than the \$250,000 insured amount are collateralized.

C. Investments

Pursuant to Section 53646 of the Government Code, the City prepares an investment policy annually and presents it to the City Council for review and approval. The investment policy provides the basis for the management of a prudent, conservative investment program. Funds are invested to provide the maximum security of principal with secondary emphasis on achieving the highest return, while meeting daily cash flow needs. All investments are made in accordance with the Government Code and, in general, the investment policy is more restrictive than state law.

Under the provisions of the City's investment policy the City may invest or deposit in the following:

- Municipal Securities
- U.S. Treasuries
- Federal Agencies
- Banker's Acceptances
- Federally Insured Time Deposits
- Collateralized Time Deposits
- Certificate of Deposit Placement Service (CDARS)
- Negotiable Certificates of Deposit
- Repurchase Agreement
- Commercial Paper
- State of California Local Agency Investment Fund (LAIF)
- Corporate Medium Term Notes
- Asset-Backed, Mortgage-Backed, Mortgage Pass-Through Securities, and
Collateralized Mortgage Obligations
- Money Market Mutual Funds

Fair Value of Investments - The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs

The City's position in external investment pools is in its self regarded as a type of investment and looking through to the underlying investments of the pool is not appropriate. Therefore, the City's investments in external investment pools are not recognized in the three-tiered fair value hierarchy described above.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

At June 30, 2018, the City had the following recurring fair value measurements.

Investment Type	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by Fair Value Level				
Federal Agencies	\$ 7,391,960	\$ 7,391,960	\$ -	\$ -
U.S. Treasuries	4,611,589	4,611,889	-	-
Corporate Notes	4,886,796	4,886,796	-	-
Asset-Backed Securities	360,965	360,965	-	-
Certificates of Deposit	249,470	249,470	-	-
Total Investments Measured at Fair Value	17,500,780	<u>\$ 17,500,780</u>	<u>\$ -</u>	<u>\$ -</u>
Investments in External Investment Pools				
Shasta County Investment Pool	261,665			
LAIF	<u>10,359,559</u>			
Total Investments	<u>\$ 28,122,004</u>			

Interest Rate Risk - Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. To limit the exposure to fair value losses resulting from increases in interest rates, the City's investment policy limits investment maturities to a term appropriate to the need for funds so as to permit the City to meet all projected obligations. Any investments that mature more than five years from the date of purchase cannot occur without prior approval of the City Council.

As of June 30, 2018, the City had the following investments, all of which had a maturity of 5 years or less:

Investment Type	Interest Rates	Maturities		Fair Value	Weighted Average Maturity (Years)
		0-1 year	1-5 years		
Federal Agencies	0.875-2.500%	\$ 2,767,201	\$ 4,624,759	\$ 7,391,960	1.49
U.S. Treasuries	0.750-1.750%	320,912	4,290,677	4,611,589	2.00
Asset-Backed Securities	1.060-2.420%	4,370	356,595	360,965	1.82
Certificates of Deposit	1.750%	249,470	-	249,470	0.26
Corporate Notes	1.200-3.400%	553,692	4,333,104	4,886,796	0.73
Shasta County Investment Pool	Variable	261,665	-	261,665	-
LAIF	Variable	<u>10,359,559</u>	-	<u>10,359,559</u>	-
Total Investments		<u>\$ 14,516,869</u>	<u>\$ 13,605,135</u>	<u>\$ 28,122,004</u>	<u>0.87</u>

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment policy sets specific parameters by type of investment to be met at the time of purchase. Presented below is the minimum rating required (where applicable) by the California Government Code or the City's investment policy, and the actual rating as of year end for each investment type.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

Investment Type	Minimum Legal Rating	Standard and Poor's Rating	Moody's Rating	% of Portfolio
Federal National Mortgage Association	-	-	-	7.53%
Federal Farm Credit Bank	-	-	-	7.62%
Federal Home Loan Bank	-	-	-	6.13%
Federal Home Loan Mortgage Corporation	-	-	-	5.01%
U.S. Treasuries	-	-	-	16.40%
Corporate Notes	A	A	A1	1.64%
Corporate Notes	A	A+	A1	2.95%
Corporate Notes	A	AA-	A1	1.51%
Corporate Notes	A	A	A2	4.90%
Corporate Notes	A	A+	A2	1.16%
Corporate Notes	A	AA	AA3	1.51%
Corporate Notes	A	AA-	AA2	1.70%
Corporate Notes	A	AAA	AAA	1.11%
Corporate Notes	A	NR	NR	0.89%
Asset-Backed Securities	A	AAA	AAA	0.39%
Asset-Backed Securities	A	NR	AAA	0.89%
Government Assistance	N/A	NR	NR	0.89%
Shasta County Investment Pool	N/A	NR	NR	0.93%
LAIF	N/A	NR	NR	<u>36.84%</u>
Total				<u>100.00%</u>

Custodial Credit Risk - Custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or collateral securities that are in the possession of an outside party. To mitigate the custodial credit risk the City's investment policy requires that all of its managed investments be held in the name of the City in safekeeping by a third party bank trust department.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. The City's investment policy contains limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) at June 30, 2018, that represent 5 percent or more of total City investments are as follows:

Investment Type	Amount Invested	% of Investments
Federal National Mortgage Association	\$ 2,117,293	7.53%
Federal Farm Credit Bank	\$ 2,143,769	7.62%
Federal Home Loan Bank	\$ 1,722,929	6.13%
Federal Home Loan Mortgage Corporation	\$ 1,407,969	5.01%

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

D. Investment in External Investment Pools

Shasta County Pooled Investment Fund - The Shasta County Pooled Investment Fund is a pooled investment fund program governed by the County which monitors and reviews the management of public funds maintained in the investment pool in accordance with the County investment policy and the California Government Code. The Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the Board of Supervisors every month. The report covers the type of investments in the pool, maturity dates, par value, actual cost and fair value. Investments in the Shasta County Pooled Investment Fund are regarded as highly liquid as deposits and withdrawals can be made at any time without penalty. The Pool does not impose a maximum investment limit. Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County's financial statements. The County of Shasta's financial statements may be obtained by contacting the County of Shasta Auditor-Controller's office at 1450 Court Street, Suite 238, Redding, CA 96001.

The City of Shasta Lake maintains an investment in the State of California Local Agency Investment Fund (LAIF), managed by the State Treasurer. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. At June 30, 2018, the City's investment in LAIF valued at amortized cost was \$10,359,559 and is the same as the value of the pool shares. There are no restrictions on withdrawal of funds. The total amount invested by all public agencies in LAIF on that day was \$88.8 billion. Of that amount, 97.33 percent is invested in non-derivative financial products and 2.67 percent in structured notes and asset-backed securities.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2018, was as follows:

	Balance <u>July 1, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	Balance <u>June 30, 2018</u>
Governmental Activities					
Capital Assets, Not Being Depreciated:					
Land, easements, and right of way	\$ 3,700,494	\$ 47,746	\$ -	\$ -	\$ 3,748,240
Construction in progress	<u>631,142</u>	<u>6,520,456</u>	<u>-</u>	<u>(332,863)</u>	<u>6,818,735</u>
Total Capital Assets, Not Being Depreciated	<u>4,331,636</u>	<u>6,568,202</u>	<u>-</u>	<u>(332,863)</u>	<u>10,566,975</u>
Capital Assets, Being Depreciated:					
Infrastructure and land improvements	52,516,354	-	-	-	52,516,354
Buildings and improvements	9,193,303	-	-	332,863	9,526,166
Machinery and equipment	626,740	-	(24,396)	-	602,344
Vehicles	<u>34,571</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,571</u>
Total Capital Assets, Being Depreciated	<u>62,370,968</u>	<u>-</u>	<u>(24,396)</u>	<u>332,863</u>	<u>62,679,435</u>
Less Accumulated Depreciation For:					
Infrastructure and land improvements	(15,257,514)	(1,064,877)	-	-	(16,322,391)
Buildings and improvements	(1,508,416)	(310,863)	-	-	(1,819,279)
Machinery and equipment	(479,532)	(23,136)	23,418	-	(479,250)
Vehicles	<u>(34,571)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(34,571)</u>
Total Accumulated Depreciation	<u>(17,280,033)</u>	<u>(1,398,876)</u>	<u>23,418</u>	<u>-</u>	<u>(18,655,491)</u>
Total Capital Assets, Being Depreciated, Net	<u>45,090,935</u>	<u>(1,398,876)</u>	<u>(978)</u>	<u>332,863</u>	<u>44,023,944</u>
Governmental Activities Capital Assets, Net	<u>\$ 49,422,571</u>	<u>\$ 5,169,326</u>	<u>(\$ 978)</u>	<u>\$ -</u>	<u>\$ 54,590,919</u>

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 4: CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2017	Additions	Retirements	Transfers	Balance June 30, 2018
Business-Type Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 1,877,370	\$ -	(\$ 39,993)	\$ -	\$ 1,837,377
Construction in progress	<u>3,547,716</u>	<u>4,205,539</u>	<u>-</u>	<u>(2,215,747)</u>	<u>5,537,508</u>
Total Capital Assets, Not Being Depreciated	<u>5,425,086</u>	<u>4,205,539</u>	<u>(39,993)</u>	<u>(2,215,747)</u>	<u>7,374,885</u>
Capital Assets, Being Depreciated:					
General and utility plant	67,540,305	298,071	-	2,215,747	70,054,123
Buildings and improvements	1,317,699	-	-	-	1,317,699
Equipment and vehicles	<u>3,616,513</u>	<u>115,415</u>	<u>(97,926)</u>	<u>-</u>	<u>3,634,002</u>
Total Capital Assets, Being Depreciated	<u>72,474,517</u>	<u>413,486</u>	<u>(97,926)</u>	<u>2,215,747</u>	<u>75,005,824</u>
Less Accumulated Depreciation For:					
General and utility plant	(40,102,981)	(1,840,090)	-	-	(41,943,071)
Buildings and improvements	(621,932)	(35,786)	-	-	(657,718)
Equipment and vehicles	<u>(2,579,865)</u>	<u>(299,307)</u>	<u>55,444</u>	<u>-</u>	<u>(2,823,728)</u>
Total Accumulated Depreciation	<u>(43,304,778)</u>	<u>(2,175,183)</u>	<u>55,444</u>	<u>-</u>	<u>(45,424,517)</u>
Total Capital Assets, Being Depreciated, Net	<u>29,169,739</u>	<u>(1,761,697)</u>	<u>(42,482)</u>	<u>2,215,747</u>	<u>29,581,307</u>
Business-Type Activities Capital Assets, Net	<u>\$ 34,594,825</u>	<u>\$ 2,443,842</u>	<u>(\$ 82,475)</u>	<u>\$ -</u>	<u>\$ 36,956,192</u>

Depreciation

Depreciation expense was charged to governmental functions as follows:

General government	\$ 13,887
Public safety	6,040
Public ways and facilities	1,295,758
Planning	3,190
Culture and recreation	<u>80,001</u>
Total Depreciation Expense – Governmental Functions	<u>\$ 1,398,876</u>

Depreciation expense was charged to business-type functions as follows:

Water	\$ 534,670
Electric	781,007
Wastewater	578,031
Internal Service Funds	<u>281,475</u>
Total Depreciation Expense - Business-Type Functions	<u>\$ 2,175,183</u>

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 4: CAPITAL ASSETS (CONTINUED)

Construction in Progress

Construction in progress for governmental activities relates primarily to work performed on road projects, community center remodel and the new City Hall. Construction in progress for business-type activities relates primarily to work performed on water projects, electric projects, and the wastewater treatment plant.

NOTE 5: INTERFUND TRANSACTIONS

Due To/From Other Funds

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as due from or due to other funds. In addition, when funds overdraw their share of pooled cash, the receivables and payables are also classified as due from or due to other funds.

The following are due to and due from balances as of June 30, 2018:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 50,000	\$ -
HOME Fund	-	19,000
Nonmajor Governmental Fund	<u>-</u>	<u>31,000</u>
Total	<u>\$ 50,000</u>	<u>\$ 50,000</u>

Advances To/From Other Funds

Advances to/from other funds are non-current interfund loans and are offset by a nonspendable fund balance account in applicable governmental funds to indicate they are not in spendable form.

The following are advances to/from other funds as of June 30, 2018:

	<u>Advances To Other Funds</u>	<u>Advances From Other Funds</u>
General Fund	\$ -	\$ 446,117
Water	-	73,505
Electric	852,986	-
Wastewater	-	74,014
Internal Service Funds	<u>-</u>	<u>259,350</u>
Total	<u>\$ 852,986</u>	<u>\$ 852,986</u>

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various City operations and re-allocations of special revenues.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 5: INTERFUND TRANSACTIONS (CONTINUED)

Transfers (Continued)

The following are the interfund transfers for fiscal year ended June 30, 2018:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 95,528	\$ -
Nonmajor Governmental Funds	-	424,172
Water	160,000	5,621
Electric	-	26,879
Wastewater	226,372	6,527
Internal Service Funds	<u>4,950</u>	<u>23,651</u>
Total	<u>\$ 486,850</u>	<u>\$ 486,850</u>

NOTE 6: UNEARNED/UNAVAILABLE REVENUES

At June 30, 2018, components of unearned and unavailable revenues were as follows:

	<u>Unearned</u>	<u>Unavailable</u>	<u>Total</u>
General Fund			
Utility bill prepayments	\$ 33,608	\$ -	\$ 33,608
Grants receivable	-	13,926	13,926
HOME program grants receivable	-	24,024	24,024
Wastewater Treatment Debt			
Special assessments receivable	-	2,719,000	2,719,000
Nonmajor Governmental Funds			
Grants receivable	-	37,515	37,515
Unspent payments in COPS funding	10,347	-	10,347
Special assessments receivable	<u>-</u>	<u>32,000</u>	<u>32,000</u>
Total	<u>\$ 43,955</u>	<u>\$ 2,826,465</u>	<u>\$ 2,870,420</u>

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 7: LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2018:

Type of Indebtedness	Balance July 1, 2017	Adjustments/ Additions	Retirements	Balance June 30, 2018	Amounts Due Within One Year
Governmental Activities					
Loans	\$ 87,426	\$ 225	(\$ 9,099)	\$ 78,552	\$ 9,090
Revenue Bonds	2,822,000	-	(105,000)	2,717,000	109,000
Special Assessment Bonds	34,000	-	(2,000)	32,000	2,000
Certificates of Participation	-	2,500,000	-	2,500,000	31,000
Compensated Absences	<u>131,822</u>	<u>135,093</u>	<u>(105,690)</u>	<u>161,225</u>	<u>161,225</u>
Total Governmental Activities	<u>\$ 3,075,248</u>	<u>\$ 2,635,318</u>	<u>(\$ 221,789)</u>	<u>\$ 5,488,777</u>	<u>\$ 312,315</u>
Business-Type Activities					
Loans	\$ 3,778,903	\$ -	(\$ 210,128)	\$ 3,568,775	\$ 217,069
Special Assessment Bonds	780,000	-	(30,000)	750,000	35,000
Compensated Absences	<u>269,388</u>	<u>240,356</u>	<u>(279,177)</u>	<u>230,567</u>	<u>230,567</u>
Total Business-Type Activities	<u>\$ 4,828,291</u>	<u>\$ 240,356</u>	<u>(\$ 519,305)</u>	<u>\$ 4,549,342</u>	<u>\$ 482,636</u>

Internal service funds predominately serve the enterprise funds. Accordingly, long-term liabilities for these funds are included as part of the above totals for business-type activities.

Compensated absences for the governmental activities are generally liquidated by the fund where the accrued liability occurred, which is primarily the General fund. Principal and interest payments for the governmental activities are generally paid by a debt service fund.

For the business-type activities, all debt is accounted for in the proprietary fund where the liability occurred. Individual issues of debt payable outstanding at June 30, 2018, are as follows:

Governmental Activities

Loans:

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 2.50% 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.

\$ 78,552

Total Loans

78,522

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 on September 2, and mature September 2, 2034. Interest payments at 4.50% are due semi-annually.

2,416,000

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued)

Revenue Bonds: (Continued)

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 on September 2, and mature September 2, 2034. Interest payments at 4.50% are due semi-annually.

301,000

Total Revenue Bonds

2,717,000

Special Assessment Bonds:

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 2. Final maturity of the issue is scheduled for 2029.

32,000

Total Special Assessment Bonds

32,000

Certificates of Participation

2018 Certificates of Participation issued February 15, 2018, in the amount of \$2,500,000, payable in annual installments of \$31,000 to \$114,000, with an interest rate of 3.25% and maturity on January 1, 2058. The certificates were used to finance construction of certain improvements to the City Hall/Community Center Project. As of June 30, 2018, the City unexpended proceeds of \$1,322,202.

2,500,000

Total Certificates of Participation

2,500,000

Total Governmental Activities

\$ 5,327,522

Business-Type Activities

Loans:

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.

\$ 3,669,006

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 creating 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.

109,897

Total Loans

3,568,775

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 7: 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 on September 2, and mature February 2, 2032. Interest payments at 5.25% are due semi-annually.

	<u>750,000</u>
Total Special Assessment Bonds	<u>750,000</u>
Total Business-Type Activities	<u>\$ 4,318,775</u>

Following is a schedule of debt payment requirements of governmental activities and business-type activities to maturity for long-term debt, excluding compensated absences that have indefinite maturities.

Governmental Activities

<u>Year Ended</u> <u>June 30</u>	Loans		
	Principal	Interest	Total
2019	\$ 9,090	\$ 1,873	\$ 10,963
2020	9,318	1,644	10,962
2021	9,550	1,405	10,955
2022	9,789	1,165	10,954
2023	10,034	917	10,951
2024-2026	<u>30,771</u>	<u>1,401</u>	<u>32,172</u>
Total	<u>\$ 78,552</u>	<u>\$ 8,405</u>	<u>\$ 86,957</u>

<u>Year Ended</u> <u>June 30</u>	Revenue Bonds		
	Principal	Interest	Total
2019	\$ 109,000	\$ 119,903	\$ 228,903
2020	114,000	114,885	228,885
2021	119,000	109,643	228,643
2022	126,000	104,130	230,130
2023	130,000	98,370	228,370
2024-2028	753,000	395,303	1,148,303
2029-2033	930,000	206,685	1,136,685
2034-2035	<u>436,000</u>	<u>21,890</u>	<u>457,890</u>
Total	<u>\$ 2,717,000</u>	<u>\$ 1,170,809</u>	<u>\$ 3,887,809</u>

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued)

Year Ended June 30	Special Assessment Debt		
	Principal	Interest	Total
2019	\$ 2,000	\$ 1,450	\$ 3,450
2020	2,000	1,350	3,350
2021	2,000	1,250	3,250
2022	2,000	1,150	3,150
2023	2,000	1,050	3,050
2024-2028	15,000	3,025	18,025
2029-2030	<u>7,000</u>	<u>75</u>	<u>7,075</u>
Total	<u>\$ 32,000</u>	<u>\$ 9,350</u>	<u>\$ 41,350</u>

Year Ended June 30	Certificates of Participation		
	Principal	Interest	Total
2019	\$ 31,000	\$ 40,628	\$ 71,628
2020	32,000	80,243	112,243
2021	33,000	79,203	112,203
2022	34,000	78,130	112,130
2023	36,000	77,025	113,025
2024-2028	196,000	366,925	562,925
2029-2033	229,000	333,028	562,028
2034-2038	270,000	293,183	563,183
2039-2043	315,000	246,513	561,513
2044-2048	372,000	191,718	563,718
2049-2053	436,000	127,270	563,270
2054-2058	<u>516,000</u>	<u>51,675</u>	<u>567,675</u>
Total	<u>\$ 2,500,000</u>	<u>\$ 1,965,541</u>	<u>\$ 4,465,541</u>

Business-Type Activities

Year Ended June 30	Loans		
	Principal	Interest	Total
2019	\$ 217,069	\$ 105,659	\$ 322,728
2020	165,888	99,043	264,931
2021	170,914	93,941	264,855
2022	176,093	88,684	264,777
2023	181,429	83,267	264,696
2024-2028	993,010	329,168	1,322,178
2029-2033	1,152,848	166,909	1,319,757
2034-2035	<u>511,524</u>	<u>15,615</u>	<u>527,139</u>
Total	<u>\$ 3,568,775</u>	<u>\$ 982,286</u>	<u>\$ 4,551,061</u>

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

Business-Type Activities (Continued)

Year Ended June 30	Special Assessment Bonds		
	Principal	Interest	Total
2019	\$ 35,000	\$ 38,457	\$ 73,457
2020	35,000	36,619	71,619
2021	40,000	34,650	74,650
2022	40,000	32,550	72,550
2023	40,000	30,450	70,450
2024-2028	245,000	116,159	361,159
2029-2032	315,000	43,183	358,183
Total	\$ 750,000	\$ 332,068	\$ 1,082,068

NOTE 8: NET POSITION

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net investment in capital assets** - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- **Restricted net position** - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - all other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

Net Position Restricted by Enabling Legislation

The government-wide statement of net position reports \$4,941,877 of restricted net position, of which \$4,843,224 is restricted by enabling legislation.

Net Position Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted net position are available, it is considered that restricted resources are used first, followed by the unrestricted resources.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 9: FUND BALANCES

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2018, fund balance for governmental funds is made up of the following:

- **Nonspendable fund balance** - amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories and prepaid amounts.
- **Restricted fund balance** - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- **Committed fund balance** - amounts that can only be used for the specific purposes determined by formal action of the City’s highest level of decision-making authority. The City Council is the highest level of decision making authority for the City that can, by adoption of an ordinance commit fund balance. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- **Assigned fund balance** - amounts that are constrained by the City’s intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose.
- **Unassigned fund balance** - the residual classification for the City’s General fund that includes all amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 9: FUND BALANCES (CONTINUED)

The fund balances for all major and nonmajor governmental funds as of June 30, 2018, were distributed as follows:

	General	HOME	Wastewater Treatment Debt	Other Govern- mental Funds	Total
Restricted For:					
Customer deposits	\$ 529,121	\$ -	\$ -	\$ -	\$ 529,121
General plan maintenance fee	2,346	-	-	-	2,346
Information technology	86,657	-	-	-	86,657
HOME	-	37,711	-	-	37,711
Wastewater treatment debt	-	-	596,683	-	596,683
Law enforcement COPS	-	-	-	240	240
Water P&FCC charges	-	-	-	1,827	1,827
State trafficway	-	-	-	2,094,224	2,094,224
Electric P&FCC charges	-	-	-	261,414	261,414
CDBG housing rehabilitation	-	-	-	43	43
Wastewater P&FCC charges	-	-	-	284,881	284,881
Parks P&FCC charges	-	-	-	181,662	181,662
Former RDA low/mod housing	-	-	-	629,804	629,804
Riddle Road water bond	-	-	-	7,418	7,418
Davis-Grunsky Act loan	-	-	-	85,784	85,784
Subtotal	<u>618,124</u>	<u>37,711</u>	<u>596,683</u>	<u>3,547,297</u>	<u>4,799,815</u>
Assigned For:					
CalPERS debt	446,117	-	-	-	446,117
Accounts payable	951,592	-	-	-	951,592
Payroll	63,931	-	-	-	63,931
Due to other governments	338,648	-	-	-	338,648
Unavailable revenues	13,926	-	-	-	13,926
Retiree health - EE Contr.	37,160	-	-	-	37,160
Accrued interest	5,404	-	-	-	5,404
Developer deposits	14,460	-	-	-	14,460
Subtotal	<u>1,871,238</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,871,238</u>
Unassigned	<u>986,668</u>	<u>-</u>	<u>-</u>	<u>(33,463)</u>	<u>953,205</u>
Total	<u>\$ 3,476,030</u>	<u>\$ 37,711</u>	<u>\$ 596,683</u>	<u>\$ 3,513,834</u>	<u>\$ 7,624,258</u>

Fund Balance Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance), a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted fund balance are available, it is considered that restricted fund balance is depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 9: FUND BALANCES (CONTINUED)

Fund Balance Policy

The City Council adopted the City of Shasta Lake Fund Balance Policy in 2011. The policy establishes procedures for reporting fund balance classifications, establishes prudent reserve requirements, and establishes a hierarchy of fund balance expenditures. The policy also provides for a measure of financial protection for the City against unforeseen circumstances and to comply with GASB Statement No. 54.

NOTE 10: PENSION PLAN

A. General Information about the Pension Plan

Plan Description

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

Effective January 1, 2013, the City added retirement tiers for new employees as required under the Public Employee Pension Reform Act (PEPRA). New employees hired on or after January 1, 2013 will be subject to new, lower pension formulas, caps on pensionable income levels and new definitions of pensionable income. In addition, new employees will be required to contribute half of the total normal cost of the pension benefit unless impaired by an existing Memorandum of Understanding. The cumulative effect of these PEPRA changes will ultimately reduce the City's retirement costs.

Summary of Rate Tiers and Eligible Participants

Open for New Enrollment	
Miscellaneous PEPRA	Miscellaneous members hired on or after January 1, 2013
Closed to New Enrollment	
Miscellaneous - First Level	Miscellaneous members hired before January 1, 2013
Miscellaneous - Second Level	Miscellaneous members hired before January 1, 2013

Benefits Provided

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

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 10: PENSION PLAN (CONTINUED)

A. General Information about the Pension Plan (Continued)

Benefits Provided (Continued)

Each Rate Tier's specific provisions and benefits in effect at June 30, 2018, are summarized as follows:

	<u>Benefit Formula</u>	<u>Retirement Age</u>	<u>Monthly Benefits as a % of Eligible Compensation</u>
Miscellaneous - First Level	3.0% @ 60	50-60	2.0% to 3.0%
Miscellaneous - Second Level	2.0% @ 60	50-60	2.0% to 3.0%
Miscellaneous PEPRA	2.0% @ 62	50-62	2.0%

Contributions

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

	<u>Employer Contribution Rates</u>	<u>Employee Contribution Rates</u>	<u>Employer Paid Member Contribution Rates</u>
Miscellaneous - First Level	12.698%	8.000%	0.000%
Miscellaneous - Second Level	7.653%	7.000%	0.000%
Miscellaneous PEPRA	6.533%	6.250%	0.000%

For the year ended June 30, 2018, the contributions recognized as part of pension expense were as follows:

	<u>Contributions-Employer</u>	<u>Contributions-Employee (Paid by Employer)</u>
Miscellaneous	\$ 673,517	\$ -

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

As of June 30, 2018, the City reported net pension liabilities for its proportionate share of the net pension liability as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$ 7,588,576
Total Net Pension Liability	<u>\$ 7,588,576</u>

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 10: PENSION PLAN (CONTINUED)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability as of June 30, 2016 and 2017 was as follows:

	<u>Proportion June 30, 2016</u>	<u>Proportion June 30, 2017</u>	<u>Change - Increase (Decrease)</u>
Miscellaneous	0.07495%	0.07652%	0.00157%

For the year ended June 30, 2018, the City recognized pension expense of \$1,599,736. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 709,797	\$ -
Changes of assumptions	914,728	(91,812)
Differences between expected and actual experience	9,703	(154,784)
Differences between projected and actual earnings on pension plan investments	303,920	-
Difference between City contributions and proportionate share of contributions	-	(361,528)
Adjustment due to differences in proportions	<u>27,770</u>	<u>-</u>
Total	<u>\$ 1,965,918</u>	<u>(\$ 608,124)</u>

\$709,797 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	
2019	\$ 11,628
2020	489,566
2021	301,041
2022	(154,238)
Thereafter	<u>-</u>
Total	<u>\$ 647,997</u>

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 10: PENSION PLAN (CONTINUED)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions

The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15 percent
Inflation	2.75 percent
Projected Salary Increase	Varies by entry-age and service
Mortality	Derived using CalPERS membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.75 percent until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75percent thereafter

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period 1997 to 2011 including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website.

Change of Assumptions

In fiscal year 2017-18, the financial reporting discount rate was lowered from 7.65 percent to 7.15 percent.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at the CalPERS website under the GASB 68 section.

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

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 10: PENSION PLAN (CONTINUED)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Discount Rate (Continued)

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

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

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10(a)</u>	<u>Real Return Years 11+(b)</u>
Global Equity	47.0%	4.90%	5.38%
Fixed Income	19.0%	0.80%	2.27%
Inflation Assets	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
Total	<u>100.0%</u>		

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

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability as of the measurement date, calculated using the discount rate for the Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Miscellaneous	\$ 12,018,429	\$ 7,588,576	\$ 3,919,706

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 10: PENSION PLAN (CONTINUED)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Pension Plan Fiduciary Net Position

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

NOTE 11: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. Plan Description

Plan Description

The City's defined benefit OPEB plan (Plan) provides OPEB for all permanent full-time employees of the City. The Plan is an agent multiple-employer defined benefit OPEB plan administered by the California Public Employees' Retirement System (CalPERS). The City Council has the authority to establish and amend the benefit terms of the Plan.

Benefits Provided

The Plan provides retiree medical, dental and vision benefits for retirees and their dependents. Benefits are provided through CalPERS as permitted under the Public Employees' Medical and Hospital Care Act (PEMHCA). This coverage requires the employee to satisfy the requirements for retirement under CalPERS, which requires attainment of age 50 (age 52, if a miscellaneous employee new to PERS on or after January 1, 2013) with 5 years of State or public agency service or approved disability retirement.

Unless covered by a PEMHCA Vesting resolution, the employee must begin his or her retirement warrant within 120 days of terminating employment with the City to be eligible to continue medical coverage through the City and be entitled to the employer subsidy described below.

If an eligible employee is not already enrolled in the medical plan, he or she may enroll within 60 days of retirement or during any future open enrollment period. Coverage may be continued at the retiree's option for his or her lifetime. A surviving spouse and other eligible dependents may also continue coverage.

Retirees eligible for medical coverage can also elect dental and vision coverage at their own expense.

Employees Covered By Benefit Terms

At the OPEB liability measurement date of June 30, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	24
Inactive employees entitled to but not yet receiving benefit payments	1
Active employees	<u>46</u>
	<u><u>71</u></u>

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 11: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

A. Plan Description (Continued)

Contributions

The City Council has the authority to establish and amend the contribution requirements of the Plan.

As a condition of participation in the CalPERS medical program, the City is obligated to contribute toward the cost of retiree medical coverage for the retiree’s lifetime or until coverage is discontinued. A spouse and other eligible dependents may also continue coverage and receive the City contribution.

The City currently maintains two different types of resolutions with CalPERS defining the level of the City’s contribution. The resolutions apply to those eligible for coverages, based on the employee’s hire date and/or irrevocable election:

- Retirees hired before June 1, 2010 are covered by ‘unequal contribution’ resolutions, initially adopted in 1994. For active employees, the City contributes 100 percent of the premium for the employee and his or her dependents, subject to a maximum monthly amount. The following chart shows the maximum monthly amounts (“City Non-Vesting Caps”) for active employee medical costs for 2018:

City Non-Vesting Caps			
Group	Ee Only	Ee + Sp	Ee + Fam
Management	\$ 691.78	\$ 1,383.56	\$ 1,798.63
Teamsters	\$ 691.78	\$ 1,383.56	\$ 1,798.63
IBEW	\$ 691.78	\$ 1,383.56	\$ 1,798.63

The City’s contribution for retirees covered by these unequal contribution resolutions is determined by multiplying: (a) 5 percent times (b) the number of years the employer has been contracted with PEMHCA times (c) the contribution the employer makes towards active employee health benefits, as described above

The maximum increase in the dollar amount of the monthly retiree contribution for anyone fiscal year is \$100. In no event will the City’s total subsidy for retiree medical expenses exceed the retiree’s actual premium.

Employees hired prior to June 1, 2010 were given the option to have their benefits calculated using the vesting resolution (described below) if they so desired. All current active employees hired prior to June 1, 2010 have chose that option.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 11: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

A. Plan Description (Continued)

Contributions (Continued)

- Retirees hired on or after June 1, 2010 are covered by PEMHCA ‘Vesting’ resolutions. Under these resolutions, the City’s contribution toward retiree medical benefits is determined as the lesser of:
 - 100 percent of the medical plan premiums for the retiree and his or her eligible dependents; and
 - The “100/90” formula maximum benefits (caps) multiplied by the vesting percent.

The cap amounts vary by coverage level and are adjusted annually. For 2018, the caps are \$725 (employee), \$1,377 (employee plus one) and \$1,766 (employee plus family).

The vested percent is based on the retiree’s years of CalPERS membership, as shown in the table below, though a minimum of 5 years of City service is required to be vested.

Employees who retire on approved disability retirement are 100 percent vested regardless of service.

Years of Qualifying Service	Vested Percent	Years of Qualifying Service	Vested Percent
Less than 10	0%	15	75%
10	50%	16	80%
11	55%	17	85%
12	60%	18	90%
13	65%	19	95%
14	70%	20 or more	100%

Note: Employees covered by the PEMHCA vesting resolution who complete at least 20 years of service with the City are entitled to these subsidized medical benefits from the City once they commence their CalPERS retirement warrant, even if they terminate employment prior to reaching age 50.

Current premium rates: The 2018 CalPERS monthly medical plan rates in the Other Northern California area rate group are shown in the table below, though other regional rates were also applied. The CalPERS administration fee is assumed to be expensed each year and has not been projected as an OPEB liability in this valuation.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 11: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

A. Plan Description (Continued)

Contributions (Continued)

Other Northern California Counties 2018 Health Plan Rates						
	Actives and Pre-Med Retirees			Medicare Eligible Retirees		
Plan	Ee Only	Ee & 1	Ee & 2+	Ee Only	Ee & 1	Ee & 2+
PERS Choice PPO	\$ 813.96	\$ 1,627.92	\$ 2,116.30	\$ 345.97	\$ 691.94	\$ 1,180.32
PERS Select PPO	\$ 691.78	\$ 1,383.56	\$ 1,798.63	\$ 345.97	\$ 691.94	\$ 1,107.01
PERS Care PPO	\$ 866.93	\$ 1,733.86	\$ 2,254.02	\$ 382.30	\$ 764.60	\$ 1,284.76

B. Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2017
Funding Method	Entry Age Normal Cost, level of percent of pay
Asset Valuation Method	Market value of assets
Long Term Return on Assets	6.73 percent as of June 30, 2017 and June 30, 2016
Discount Rates	6.73 percent as of June 30, 2017 and June 30, 2016
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Salary Increase	3.25 percent per year; since benefits do not depend on pay, this is used only to allocate the cost of benefits between service years
Assumed Wage Inflation	3.0 percent per year; used as a component of assumed salary increases
General Inflation Rate	2.75 percent per year
Healthcare cost trend rates	7.5 percent for 2019, decreasing 0.5 percent per year to an ultimate rate of 5.0 percent for 2025 and later years
Mortality rates	CalPERS published rates, adjusted to back out 20 years of Scale BB to central year 2008, then projected

The demographic actuarial assumptions used in the June 30, 2017 valuation are based on the 2014 experience study of the California Public Employees Retirement System using data from 1997 to 2011, except for (a) point retirement dates used for 3 employees and (b) a different basis used to project future mortality improvements.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 11: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

B. Net OPEB Liability (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 6.73 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

C. Changes in the Net OPEB Liability

The table below shows the changes in the total OPEB liability, the Plan Fiduciary Net Position (i.e. Fair value of the Plan assets), and the net OPEB liability during the measurement period ending on June 30, 2017 for the City's proportionate share.

	Increases (Decreases)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2017	\$ 8,283,687	\$ 5,978,934	\$ 2,304,753
Changes for the year:			
Service cost	291,008	-	291,008
Interest	566,870	-	566,870
Difference between expected and actual experience	(1,046,313)	-	(1,046,313)
Change of assumptions	244,005	-	244,005
Contributions - employer	-	473,437	(473,437)
Net investment income	-	435,349	(435,349)
Benefit payments	(303,321)	(303,321)	-
Administrative expense	-	(3,167)	3,167
Net Changes	(247,751)	602,298	(850,049)
Balances at June 30, 2018	<u>\$ 8,035,936</u>	<u>\$ 6,581,232</u>	<u>\$ 1,454,704</u>

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

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (5.73%)	Discount Rate (6.73%)	1% Increase (7.73%)
Net OPEB liability	\$ 2,532,180	\$ 1,454,704	\$ 571,221

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 11: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

C. Changes in the Net OPEB Liability (Continued)

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

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (6.5 % decreasing to 4.0%)	Healthcare Cost Trend Rates (7.5% decreasing to 5.0%)	1% Increase (8.5% decreasing to 6.0%)
Net OPEB liability	\$ 479,654	\$ 1,454,704	\$ 2,745,398

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CalPERS financial report.

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the City recognized OPEB expense of \$319,819. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(\$ 879,703)
Changes of assumptions	205,151	-
Net differences between projected and actual earnings on OPEB plan investments	-	(21,879)
Contributions made subsequent to the measurement date	472,498	-
Total	\$ 677,649	(\$ 901,582)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Amount
2019	(\$ 133,226)
2020	(133,226)
2021	(133,226)
2022	(133,225)
2023	(127,756)
Thereafter	(35,772)
Total	(\$ 696,431)

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 11: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Payable to the OPEB Plan

At June 30, 2018, the City reported a payable of \$0 for the outstanding amount of contributions to the Plan required for the year ended June 30, 2018.

NOTE 12: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The City maintains insurance coverage from a commercial carrier for its medical, short-term and long-term disability, and dental and vision plan. There is no claims liability to be reported based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

There are no significant reductions in insurance coverage from prior years and there have been no settlements exceeding the insurance coverages for each of the past three fiscal years.

The City is a member of the Small Cities Organized Risk Effort joint powers authority (SCORE), which provides the City with liability coverage with limits of \$40,000,000 for each occurrence, workers' compensation coverage with limits to \$4,850,000 for 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.

NOTE 13: JOINT VENTURES

A. NCPA

Northern California Power Agency

The City is a member of Northern California Power Agency (NCPA), a joint powers agency which operates under a joint powers agreement among sixteen public agencies. NCPA Commission is the agency's governing board with each member appointing one Commission Representative. The purpose of NCPA is to provide its members cost effective wholesale power, energy-related services, and advocacy on behalf of public power consumers through joint action. NCPA provides services to its members through a set of programs, such as the Legislative & Regulatory Program and Power Management Program. NCPA owns generation projects and its Generation Services division operates and maintains these resources on behalf of participating members. Member are only obligated for agency costs related to programs and services expressly selected by members. Members are empowered to opt in to programs and projects and agree to fund a pro rata share allocation associated with selected programs and projects. As a member of NCPA, the City participates in the Legislative & Regulatory Affairs Program.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 13: JOINT VENTURES (CONTINUED)

A. NCPA (Continued)

Northern California Power Agency (Continued)

NCPA's Legislative & Regulatory Affairs Program is primarily focused on advocacy efforts at Federal and State levels dealing with matters of legislation and regulation that affect electric ratepayers. NCPA engages in policy discussions in forums that include but are not limited to Congress, California State Legislature, Federal Energy Regulatory Commission, California Energy Commission, and California Air Resources Board. The Legislative & Regulatory Affairs Program allows NCPA members to interact with key policy makers with a single coordinated voice. The L&R team also assists NCPA members in addressing numerous energy and environmental reporting obligations and developing capabilities in marketing customer-oriented energy-saving programs.

B. Balancing Authority of Northern California

The Balancing Authority of Northern California (BANC) is a joint powers agency consisting of the Sacramento Municipal Utility District (SMUD), Modesto Irrigation District (MID), City of Roseville, City of Redding (REU) and the City of Shasta Lake as its founding members. On June 26, 2013, BANC members voted to accept Trinity Public Utilities District (TPUD) as a new member. BANC assumed the balancing authority responsibilities from SMUD on May 1, 2011, and is responsible for the matching of generation to load and coordinating system operations with neighboring Balancing Authorities. The resources within the BANC footprint include but are not limited to the Central Valley project (CVP) generation, owned by the Bureau of Reclamation; the CVP transmission network, owned by the Western Area Power Administration (WAPA); and the 500-kV California Oregon Transmission Project (COTP), which is jointly owned by several parties including WAPA and the Transmission Agency of Northern California (TANC). BANC members contract for about 40 percent of the CVP hydroelectric resource.

BANC offers its members cost savings and greater influence through joint action. BANC is engaged in several external policy forums focused on balancing authority matters and allows its members to speak with a unified voice. BANC's structure provides flexibility to jointly develop and expand operational capabilities at significant cost savings relative to individual development costs. BANC is governed by its members and clarifies roles and responsibilities of the members regarding reliability standard compliance.

The members' rights and expense-sharing are based on the participation percentages in most BANC activities. BANC members' participation percentages are based on each member's retail sales, which are approximately 68.8 percent, 16.5 percent, 7.8 percent, 5.0 percent, 1.2 percent and 0.7 percent for SMUD, MID, Roseville, REU, Shasta Lake and TPUD respectively. These participation percentages can be updated as the need requires.

Complete separate financial statements for each of the joint ventures in which the City participates may be obtained from the City of Shasta Lake Finance Department, 4477 Main Street, Shasta Lake, California 96019.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 14: OTHER INFORMATION

A. Commitments and Contingencies

The City is constructing a new city hall and community center. The total estimated cost to complete the construction is \$6,896,396. At June 30, 2018, total payments on the contracts were \$6,725,832.

The City is constructing a facility upgrade for the Wastewater Treatment Facility. The total estimated cost to complete the construction is \$21,000,000. At June 30, 2018, total payments on the contracts were \$4,363,463.

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

B. Successor Agency Trust for Assets of Former Redevelopment Agency

In accordance with Assembly Bill 1X26 and Assembly Bill 1434, all redevelopment agencies in the State of California were dissolved and ceased to operate as legal entities as of February 1, 2012. The activity of the Successor Agency Trust for Assets of Former Redevelopment Agency (Successor Agency) is recorded in a private purpose trust.

The following is a summary of changes in long-term liabilities for the year ended June 30, 2018:

<u>Type of Indebtedness</u>	<u>Balance July 1, 2017</u>	<u>Additions/ Adjustments</u>	<u>Retirements</u>	<u>Balance June 30, 2018</u>	<u>Amounts Due Within One Year</u>
Tax Allocation Bonds	\$ 3,365,000	\$ -	(\$ 280,000)	\$ 3,085,000	\$ 285,000
Total	<u>\$ 3,365,000</u>	<u>\$ -</u>	<u>(\$ 280,000)</u>	<u>\$ 3,085,000</u>	<u>\$ 285,000</u>

Individual issues of debt payable outstanding at June 30, 2018, are as follows:

Tax Allocation Bonds:

Tax Allocation Revenue Refunding Bonds, Series 2014, issued by the Shasta Lake Public Financing Authority in the amount of \$3,900,000 and payable in annual installments of \$265,000 to \$400,000, with an interest rate of 2.00% to 5.00% and maturity on December 1, 2026. The bonds were used to refund the 2006 Tax Allocation Revenue Bonds.

Total Tax Allocation Bonds

\$ 3,085,000
\$ 3,085,000

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 14: OTHER INFORMATION (CONTINUED)

B. Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

Following is a schedule of debt payment requirements to maturity for long-term debt:

Year Ended June 30	Tax Allocation Bonds		
	Principal	Interest	Total
2019	\$ 285,000	\$ 119,044	\$ 404,044
2020	300,000	108,056	408,056
2021	310,000	95,856	405,856
2022	325,000	81,531	406,531
2023	345,000	64,781	409,781
2024-2027	<u>1,520,000</u>	<u>105,484</u>	<u>1,625,484</u>
Total	<u>\$ 3,085,000</u>	<u>\$ 574,752</u>	<u>\$ 3,659,752</u>

C. Subsequent Events

The City is financing the Wastewater Treatment Facility Upgrade Project through the State Water Resources Control Board from the sale of obligations in the amount of \$15,000,000, with interest of 1.7 percent and payable over 30 years. A portion of the project is being funded by a \$6,000,000 grant from the State Water Board.

On the evening of July 26, 2018, the Carr Fire advanced north across the Sacramento River and destroyed approximately 2 miles of the City of Shasta Lake's 115,000-volt transmission power line that runs between Keswick and Knauf substations. Costs to repair the damaged line is estimated to be in the range of \$1,060,000 and repairs are expected to be completed by mid-November. The City has filed claims with Federal and State emergency agencies and up to 93 percent of costs incurred in the repair of the Keswick transmission line are expected to be reimbursed. As such, the liability to Shasta Lake's electric utility is minimal.

Management has evaluated events subsequent to June 30, 2018 through December 10, 2018, the date on which the financial statements were available for issuance and has determined no other subsequent events requiring disclosure have occurred.

**Required Supplementary Information
(Unaudited)**

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CITY OF SHASTA LAKE
Required Supplementary Information
City Pension Plan
Schedule of Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2018
Last 10 Years*

Measurement Date	2013/14	2014/15	2015/16	2016/17
Miscellaneous Plan				
Proportion of the net pension liability	0.07059%	0.06990%	0.07495%	0.07652%
Proportionate share of the net pension liability	\$ 4,392,836	\$ 4,798,851	\$ 6,485,096	\$ 7,588,576
Covered employee payroll	3,288,389	3,191,503	3,310,634	3,655,228
Proportionate share of the net pension liability as a percentage of covered employee payroll	133.59%	150.36%	195.89%	207.61%
Plan fiduciary net position as a percentage of the total pension liability	83.80%	82.80%	78.07%	76.44%

* The City implemented GASB 68 for fiscal year June 30, 2015, therefore only four years are shown.

CITY OF SHASTA LAKE
Required Supplementary Information
City Pension Plan
Schedule of Contributions
For the Year Ended June 30, 2018
Last 10 Years*

Fiscal Year	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>
Miscellaneous Plan				
Contractually required contribution (actuarially determined)	\$ 539,884	\$ 373,644	\$ 405,356	\$ 414,691
Contributions in relation to the actuarially determined contributions	<u>(2,502,238)</u>	<u>(604,944)</u>	<u>(670,799)</u>	<u>(723,724)</u>
Contribution deficiency (excess)	<u>\$ (1,962,354)</u>	<u>\$ (231,300)</u>	<u>\$ (265,443)</u>	<u>\$ (309,033)</u>
Covered employee payroll	\$ 3,191,503	\$ 3,310,634	\$ 3,655,228	\$ 3,897,624
Contributions as a percentage of covered employee payroll	78.40%	18.27%	18.35%	18.57%

* The City implemented GASB 68 for fiscal year June 30, 2015, therefore only four years are shown.

CITY OF SHASTA LAKE
Required Supplementary Information
Notes to City Pension Plan
For the Year Ended June 30, 2018

NOTE 1: SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Changes of assumptions: In 2017-18, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016-17, there were no changes. In 2015-16, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense).

NOTE 2: SCHEDULE OF CONTRIBUTIONS

Methods and assumptions used to determine the contribution rates were as follows:

Valuation Date	June 30, 2015
Actuarial cost method	Entry-Age Normal
Amortization method/period	For details, see June 30, 2015 Funding Valuation Report
Remaining amortization period	14 years
Asset valuation method	Market value
Inflation	2.75% compounded annually
Salary increases	Varies by entry-age and service
Investment rate of return	7.50%, net of pension plan investment expense and administrative expenses, including inflation
Retirement age	The probability of retirement are based on the 2014 CalPERS Experience Study for the period of 1997 to 2011

CITY OF SHASTA LAKE
Required Supplementary Information
City OPEB Plan
Schedule of Changes in the Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2018
Last 10 Year Fiscal Years*

	2017/18
Total OPEB Liability	
Service cost	\$ 291,008
Interest	566,870
Differences between expected and actual experience	(1,046,313)
Changes of assumptions	244,005
Benefit payments	(303,321)
Net Change in Total OPEB Liability	(247,751)
Total OPEB Liability - Beginning	8,283,687
Total OPEB Liability - Ending (a)	\$ 8,035,936
Plan Fiduciary Net Position	
Contributions - employer	\$ 473,437
Net investment income	435,349
Benefit payments	(303,321)
Administrative expenses	(3,167)
Net Change in Plan Fiduciary Net Position	602,298
Plan Fiduciary Net Position - Beginning	5,978,934
Plan Fiduciary Net Position - Ending (b)	\$ 6,581,232
Net OPEB Liability - Ending (a) - (b)	\$ 1,454,704
Plan fiduciary net position as a percentage of the total OPEB liability	81.90%
Covered employee payroll	\$ 3,655,228
Net OPEB liability as a percentage of covered employee payroll	39.80%

* The City implemented GASB 75 for fiscal year June 30, 2018, therefore only one year is shown.

CITY OF SHASTA LAKE
Required Supplementary Information
City OPEB Plan
Schedule of Contributions
For the Year Ended June 30, 2018
Last 10 Fiscal Years*

	2017/18
Actuarially determined contribution	\$ 505,772
Contributions in relation to the actuarially determined contribution	(472,498)
Contribution deficiency (excess)	\$ 33,274
Covered employee payroll	\$ 3,897,624
Contributions as a percentage of covered employee payroll	12.12%

* The City implemented GASB 75 for fiscal year June 30, 2018, therefore only one year is shown.

CITY OF SHASTA LAKE
Required Supplementary Information
City OPEB Plan
Notes to City OPEB Plan
For the Year Ended June 30, 2018

NOTE 1: SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Changes of Assumptions

Mortality improvement	Future rates of mortality were projected to improve on a generational basis using MacLeod Watts Scale 2017, rather than Bickmore Scale 2014; this new scale generally results in somewhat lower improvement (i.e., shorter retiree life expectancy).
Healthcare trend	Medical plan premiums are assumed to increase at somewhat higher rates than assumed in the prior valuation, with the ultimate trend of 5.0 percent per year, rather than 4.5 percent per year assumed in the prior valuation.
Excise tax on high cost coverage	We reflected the two-year delay in the effective date of the excise tax attributable to retirees for high cost healthcare plans under the Affordable Care Act. We also recognized a change in the law, reducing the effective tax rate to 40 percent for all plans.

NOTE 2: SCHEDULE OF CONTRIBUTIONS

The actuarially determined contribution (ADC) developed for the City’s fiscal year ending June 30, 2018 was determined and presented in the June 30, 2017 Actuarial Valuation report.

Methods and Assumptions Used to Determine Contributions:

Actuarial cost method	Entry Age Normal Cost
Amortization method	Level percent of pay
Amortization period	Open 28-year period
Asset valuation method	Market value of assets
Inflation	2.75% per year
Healthcare cost trend rates	8.0% initial, then 0.5 percent decrease per year to 5.0% in 2025 and later years.
Salary increases	3.25% per year; since benefits do not depend on pay, this is used only to allocate the cost of benefits between service years.
Investment rate of return	6.73%, net of plan investment expenses and inflation
Retirement age	Age 50 (age 52, if a miscellaneous employee new to PERS on or after January 1, 2013)
Mortality	CalPERS 2014 study, adjusted to back out 20 years of Scale BB to central year 2008.

CITY OF SHASTA LAKE
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes and assessments	\$ 2,463,205	\$ 2,830,635	\$ 3,011,001	\$ 180,366
Licenses and permits	118,900	186,400	188,582	2,182
Fines and forfeitures	20,050	14,550	8,779	(5,771)
Use of money and property	15,000	32,500	6,873	(25,627)
Intergovernmental	823,500	823,500	871,379	47,879
Charges for services	3,746,402	3,802,902	3,781,525	(21,377)
Other revenues	25,300	16,947	10,788	(6,159)
Total Revenues	<u>7,212,357</u>	<u>7,707,434</u>	<u>7,878,927</u>	<u>171,493</u>
EXPENDITURES				
Current:				
General government	2,710,987	2,767,978	2,505,638	262,340
Public safety	3,231,008	3,293,180	3,116,529	176,651
Public ways and facilities	54,080	52,997	47,025	5,972
Planning	748,652	769,794	656,802	112,992
Culture and recreation	308,928	309,128	309,626	(498)
Community development	-	19,800	6,930	12,870
Debt service:				
Principal	68,310	68,310	-	68,310
Interest	12,000	12,000	43,536	(31,536)
Capital outlay	175,000	6,970,768	6,424,840	545,928
Total Expenditures	<u>7,308,965</u>	<u>14,263,955</u>	<u>13,110,926</u>	<u>1,153,029</u>
Excess of Revenues Over (Under) Expenditures	<u>(96,608)</u>	<u>(6,556,521)</u>	<u>(5,231,999)</u>	<u>1,324,522</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from debt	-	2,500,000	2,500,000	-
Transfers in	-	36,000	95,528	59,528
Transfers out	(33,700)	(46,200)	-	46,200
Total Other Financing Sources (Uses)	<u>(33,700)</u>	<u>2,489,800</u>	<u>2,595,528</u>	<u>105,728</u>
Net Change in Fund Balances	<u>(130,308)</u>	<u>(4,066,721)</u>	<u>(2,636,471)</u>	<u>1,430,250</u>
Fund Balances - Beginning	<u>6,112,501</u>	<u>6,112,501</u>	<u>6,112,501</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 5,982,193</u>	<u>\$ 2,045,780</u>	<u>\$ 3,476,030</u>	<u>\$ 1,430,250</u>

CITY OF SHASTA LAKE
Budgetary Comparison Schedule
HOME - Major Special Revenue Fund
For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Use of money and property	\$ -	\$ -	\$ 7,040	\$ 7,040
Intergovernmental	40,500	40,500	-	(40,500)
Other revenue	48,000	65,000	-	(65,000)
Total Revenues	<u>88,500</u>	<u>105,500</u>	<u>7,040</u>	<u>(98,460)</u>
EXPENDITURES				
Current:				
Community development	<u>88,500</u>	<u>641,255</u>	<u>79,185</u>	<u>562,070</u>
Total Expenditures	<u>88,500</u>	<u>641,255</u>	<u>79,185</u>	<u>562,070</u>
Net Change in Fund Balances	<u>-</u>	<u>(535,755)</u>	<u>(72,145)</u>	<u>463,610</u>
Fund Balances - Beginning	4,441,069	4,441,069	4,441,069	-
Prior period adjustment	<u>(4,331,213)</u>	<u>(4,331,213)</u>	<u>(4,331,213)</u>	<u>-</u>
Fund Balances - Beginning, Restated	<u>109,856</u>	<u>109,856</u>	<u>109,856</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 109,856</u>	<u>\$ (425,899)</u>	<u>\$ 37,711</u>	<u>\$ 463,610</u>

CITY OF SHASTA LAKE
Required Supplementary Information
Notes to Budgetary Comparison Schedules
For the Year Ended June 30, 2018

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

Formal budgetary integration is employed as a management control device during the year for the General fund, Special Revenue funds, and Debt Service funds and is controlled at the department level for the City. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant adjustments.

The following procedures are performed by the City in establishing the budgetary data reflected in the financial statements:

- (1) 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 the cash basis.
- (2) The City manager is authorized to transfer budget amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund requires City Council resolution.

The City does not use encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

NOTE 2: EXPENDITURES IN EXCESS OF APPROPRIATIONS

The following nonmajor special revenues funds had expenditures which exceeded appropriations as follows:

Electric P & FCC Charges	\$ 24,416
CDBG Project Fund	8,517

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**Combining and Individual Fund Statements and
Schedules**

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Nonmajor Governmental Funds

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CITY OF SHASTA LAKE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Funds	Debt Service Funds	Totals
ASSETS			
Cash and investments	\$ 2,850,596	\$ 93,864	\$ 2,944,460
Receivables:			
Taxes	46,083	309	46,392
Intergovernmental	37,514	-	37,514
Assessments	-	32,000	32,000
Loans receivable	837,682	-	837,682
Land held for resale	594,927	-	594,927
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 4,366,802	\$ 126,173	\$ 4,492,975
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES			
Accounts payable	\$ 10,020	\$ -	\$ 10,020
Interest payable	-	971	971
Due to other governments	19,606	-	19,606
Due to other funds	31,000	-	31,000
Unearned revenues	10,347	-	10,347
	<hr/>	<hr/>	<hr/>
Total Liabilities	70,973	971	71,944
	<hr/>	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	37,515	32,000	69,515
Deferred housing loan payments	837,682	-	837,682
	<hr/>	<hr/>	<hr/>
Total Deferred Inflows of Resources	875,197	32,000	907,197
	<hr/>	<hr/>	<hr/>
FUND BALANCES			
Restricted	3,454,095	93,202	3,547,297
Unassigned	(33,463)	-	(33,463)
	<hr/>	<hr/>	<hr/>
Total Fund Balances	3,420,632	93,202	3,513,834
	<hr/>	<hr/>	<hr/>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,366,802	\$ 126,173	\$ 4,492,975
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF SHASTA LAKE
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue Funds	Debt Service Funds	Totals
REVENUES			
Taxes and assessments	\$ 298,144	\$ 15,291	\$ 313,435
Use of money and property	53,858	1,175	55,033
Intergovernmental	747,030	22	747,052
Charges for services	546,143	-	546,143
Total Revenues	1,645,175	16,488	1,661,663
EXPENDITURES			
Current:			
General government	40,922	-	40,922
Public safety	100,000	-	100,000
Public ways and facilities	866,460	-	866,460
Community development	234,587	-	234,587
Debt service:			
Principal	-	11,099	11,099
Interest	-	4,729	4,729
Capital outlay	17,683	-	17,683
Total Expenditures	1,259,652	15,828	1,275,480
Excess of Revenues Over (Under) Expenditures	385,523	660	386,183
OTHER FINANCING SOURCES (USES)			
Transfers out	(424,172)	-	(424,172)
Total Other Financing Sources (Uses)	(424,172)	-	(424,172)
Net Change in Fund Balances	(38,649)	660	(37,989)
Fund Balances - Beginning	4,023,562	92,542	4,116,104
Prior period adjustment	(564,281)	-	(564,281)
Fund Balances - Beginning, Restated	3,459,281	92,542	3,551,823
Fund Balances - Ending	\$ 3,420,632	\$ 93,202	\$ 3,513,834

Nonmajor Governmental Funds

- **Special Revenue Funds**

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CITY OF SHASTA LAKE
Nonmajor Special Revenue Funds

Special Revenue funds are used to account for and report the proceeds of specific revenues that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. Nonmajor special revenue funds used by the City are listed below:

Law Enforcement Fund (COPS)

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

Water P&FCC Charges

The Water P & FCC Charges 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.

State Trafficway

The State Trafficway fund is used to account for monies received through the Transportation Development Act (TDA) tax and Surface Transportation Program (STP) funding. The financing from State and Federal programs helps to build and maintain the City streets.

Electric P&FCC Charges

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

CDBG Project Fund

The CDBG Project 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

The CDBG Housing Rehabilitation 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.

Wastewater P&FCC Charges

The Wastewater P & FCC Charges 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

The Parks P & FCC Charges 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.

CITY OF SHASTA LAKE
Nonmajor Special Revenue Funds

Housing Authority

The Housing Authority accounts for the revenues and expenditures associated with administering housing programs.

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CITY OF SHASTA LAKE
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2018

	Law Enforcement Fund (COPS)	Water P&FCC Charges	State Trafficway	Electric P&FCC Charges
ASSETS				
Cash and investments	\$ 27,254	\$ 1,827	\$ 2,057,927	\$ 261,414
Receivables:				
Taxes	-	-	46,083	-
Intergovernmental	-	-	8,258	-
Loans receivable	-	-	-	-
Land held for resale	-	-	-	-
Total Assets	\$ 27,254	\$ 1,827	\$ 2,112,268	\$ 261,414
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 9,786	\$ -
Due to other governments	16,667	-	-	-
Due to other funds	-	-	-	-
Unearned revenues	10,347	-	-	-
Total Liabilities	27,014	-	9,786	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	-	8,258	-
Deferred housing loan payments	-	-	-	-
Total Deferred Inflows of Resources	-	-	8,258	-
FUND BALANCES (DEFICIT)				
Restricted	240	1,827	2,094,224	261,414
Unassigned	-	-	-	-
Total Fund Balances (Deficit)	240	1,827	2,094,224	261,414
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 27,254	\$ 1,827	\$ 2,112,268	\$ 261,414

CDBG Project Fund	CDBG Housing Rehabilitation	Wastewater P&FCC Charges	Parks P&FCC Charges	Housing Authority	Totals
\$ 711	\$ 43	\$ 284,881	\$ 181,662	\$ 34,877	\$ 2,850,596
-	-	-	-	-	46,083
29,256	-	-	-	-	37,514
187,090	144,773	-	-	505,819	837,682
-	-	-	-	594,927	594,927
<u>\$ 217,057</u>	<u>\$ 144,816</u>	<u>\$ 284,881</u>	<u>\$ 181,662</u>	<u>\$ 1,135,623</u>	<u>\$ 4,366,802</u>
\$ 234	\$ -	\$ -	\$ -	\$ -	\$ 10,020
2,939	-	-	-	-	19,606
31,000	-	-	-	-	31,000
-	-	-	-	-	10,347
<u>34,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,973</u>
29,257	-	-	-	-	37,515
187,090	144,773	-	-	505,819	837,682
<u>216,347</u>	<u>144,773</u>	<u>-</u>	<u>-</u>	<u>505,819</u>	<u>875,197</u>
-	43	284,881	181,662	629,804	3,454,095
(33,463)	-	-	-	-	(33,463)
<u>(33,463)</u>	<u>43</u>	<u>284,881</u>	<u>181,662</u>	<u>629,804</u>	<u>3,420,632</u>
<u>\$ 217,057</u>	<u>\$ 144,816</u>	<u>\$ 284,881</u>	<u>\$ 181,662</u>	<u>\$ 1,135,623</u>	<u>\$ 4,366,802</u>

CITY OF SHASTA LAKE
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2018

	Law Enforcement Fund (COPS)	Water P&FCC Charges	State Trafficway	Electric P&FCC Charges
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ 298,144	\$ -
Use of money and property	-	1,086	26,090	3,378
Intergovernmental	100,000	-	535,873	-
Charges for services	-	165,937	43,148	36,392
Total Revenues	<u>100,000</u>	<u>167,023</u>	<u>903,255</u>	<u>39,770</u>
EXPENDITURES				
Current:				
General government	-	3,226	-	25,091
Public safety	100,000	-	-	-
Public ways and facilities	-	8,303	849,854	-
Community development	-	-	-	-
Capital outlay	-	-	17,683	-
Total Expenditures	<u>100,000</u>	<u>11,529</u>	<u>867,537</u>	<u>25,091</u>
Excess of Revenues Over (Under) Expenditures	<u>-</u>	<u>155,494</u>	<u>35,718</u>	<u>14,679</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(160,000)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(160,000)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>(4,506)</u>	<u>35,718</u>	<u>14,679</u>
Fund Balances (Deficit) - Beginning	240	6,333	2,058,506	246,735
Prior period adjustment	-	-	-	-
Fund Balances (Deficit) - Beginning, Restated	<u>240</u>	<u>6,333</u>	<u>2,058,506</u>	<u>246,735</u>
Fund Balances (Deficit) - Ending	<u>\$ 240</u>	<u>\$ 1,827</u>	<u>\$ 2,094,224</u>	<u>\$ 261,414</u>

CDBG Project Fund	CDBG Housing Rehabilitation	Wastewater P&FCC Charges	Parks P&FCC Charges	Housing Authority	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 298,144
-	814	5,029	2,536	14,925	53,858
111,157	-	-	-	-	747,030
-	-	247,037	53,629	-	546,143
111,157	814	252,066	56,165	14,925	1,645,175
-	-	4,538	1,940	6,127	40,922
-	-	-	-	-	100,000
-	-	8,303	-	-	866,460
119,867	-	-	-	114,720	234,587
-	-	-	-	-	17,683
119,867	-	12,841	1,940	120,847	1,259,652
(8,710)	814	239,225	54,225	(105,922)	385,523
-	(1,800)	(226,372)	(36,000)	-	(424,172)
-	(1,800)	(226,372)	(36,000)	-	(424,172)
(8,710)	(986)	12,853	18,225	(105,922)	(38,649)
(24,753)	145,777	272,028	163,437	1,155,259	4,023,562
-	(144,748)	-	-	(419,533)	(564,281)
(24,753)	1,029	272,028	163,437	735,726	3,459,281
<u>\$ (33,463)</u>	<u>\$ 43</u>	<u>\$ 284,881</u>	<u>\$ 181,662</u>	<u>\$ 629,804</u>	<u>\$ 3,420,632</u>

CITY OF SHASTA LAKE
Budgetary Comparison Schedule
Law Enforcement Fund (COPS) - Nonmajor Special Revenue Fund
For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
EXPENDITURES				
Current:				
Public safety	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total Expenditures	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances - Beginning	<u>240</u>	<u>240</u>	<u>240</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 240</u>	<u>\$ 240</u>	<u>\$ 240</u>	<u>\$ -</u>

CITY OF SHASTA LAKE
Budgetary Comparison Schedule
Water P&FCC Charges - Nonmajor Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Use of money and property	\$ 150	\$ 150	\$ 1,086	\$ 936
Charges for services	75,000	151,000	165,937	14,937
Total Revenues	<u>75,150</u>	<u>151,150</u>	<u>167,023</u>	<u>15,873</u>
EXPENDITURES				
Current:				
General government	3,227	3,227	3,226	1
Public ways and facilities	-	22,266	8,303	13,963
Capital outlay	-	25,000	-	25,000
Total Expenditures	<u>3,227</u>	<u>50,493</u>	<u>11,529</u>	<u>38,964</u>
Excess of Revenues Over (Under) Expenditures	<u>71,923</u>	<u>100,657</u>	<u>155,494</u>	<u>54,837</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(50,000)	(100,000)	(160,000)	(60,000)
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>(100,000)</u>	<u>(160,000)</u>	<u>(60,000)</u>
Net Change in Fund Balances	21,923	657	(4,506)	(5,163)
Fund Balances - Beginning	<u>6,333</u>	<u>6,333</u>	<u>6,333</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 28,256</u>	<u>\$ 6,990</u>	<u>\$ 1,827</u>	<u>\$ (5,163)</u>

CITY OF SHASTA LAKE
Budgetary Comparison Schedule
State Trafficway - Nonmajor Special Revenue Fund
For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes and assessments	\$ 393,965	\$ 282,315	\$ 298,144	\$ 15,829
Use of money and property	5,500	5,500	26,090	20,590
Intergovernmental	525,000	525,000	535,873	10,873
Charges for services	15,000	30,000	43,148	13,148
Total Revenues	<u>939,465</u>	<u>842,815</u>	<u>903,255</u>	<u>60,440</u>
EXPENDITURES				
Current:				
Public ways and facilities	972,848	946,148	849,854	96,294
Capital outlay	-	872,576	17,683	854,893
Total Expenditures	<u>972,848</u>	<u>1,818,724</u>	<u>867,537</u>	<u>951,187</u>
Net Change in Fund Balances	(33,383)	(975,909)	35,718	1,011,627
Fund Balances - Beginning	<u>2,058,506</u>	<u>2,058,506</u>	<u>2,058,506</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 2,025,123</u>	<u>\$ 1,082,597</u>	<u>\$ 2,094,224</u>	<u>\$ 1,011,627</u>

CITY OF SHASTA LAKE
Budgetary Comparison Schedule
Electric P&FCC Charges - Nonmajor Special Revenue Fund
For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Use of money and property	\$ 500	\$ 500	\$ 3,378	\$ 2,878
Charges for services	10,000	10,000	36,392	26,392
Total Revenues	<u>10,500</u>	<u>10,500</u>	<u>39,770</u>	<u>29,270</u>
EXPENDITURES				
Current:				
General government	675	675	25,091	(24,416)
Total Expenditures	<u>675</u>	<u>675</u>	<u>25,091</u>	<u>(24,416)</u>
Net Change in Fund Balances	9,825	9,825	14,679	4,854
Fund Balances - Beginning	<u>246,735</u>	<u>246,735</u>	<u>246,735</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 256,560</u>	<u>\$ 256,560</u>	<u>\$ 261,414</u>	<u>\$ 4,854</u>

CITY OF SHASTA LAKE
Budgetary Comparison Schedule
CDBG Project Fund - Nonmajor Special Revenue Fund
For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 5,000	\$ 111,350	\$ 111,157	\$ (193)
Total Revenues	<u>5,000</u>	<u>111,350</u>	<u>111,157</u>	<u>(193)</u>
EXPENDITURES				
Current:				
Community development	<u>5,000</u>	<u>111,350</u>	<u>119,867</u>	<u>(8,517)</u>
Total Expenditures	<u>5,000</u>	<u>111,350</u>	<u>119,867</u>	<u>(8,517)</u>
Net Change in Fund Balances	-	-	(8,710)	(8,710)
Fund Balances (Deficit) - Beginning	<u>(24,753)</u>	<u>(24,753)</u>	<u>(24,753)</u>	<u>-</u>
Fund Balances (Deficit) - Ending	<u>\$ (24,753)</u>	<u>\$ (24,753)</u>	<u>\$ (33,463)</u>	<u>\$ (8,710)</u>

CITY OF SHASTA LAKE
Budgetary Comparison Schedule
Wastewater P&FCC Charges - Nonmajor Special Revenue Fund
For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Use of money and property	\$ 1,500	\$ 1,500	\$ 5,029	\$ 3,529
Charges for services	69,000	199,000	247,037	48,037
Total Revenues	<u>70,500</u>	<u>200,500</u>	<u>252,066</u>	<u>51,566</u>
EXPENDITURES				
Current:				
General government	4,537	4,537	4,538	(1)
Public ways and facilities	-	11,133	8,303	2,830
Total Expenditures	<u>4,537</u>	<u>15,670</u>	<u>12,841</u>	<u>2,829</u>
Excess of Revenues Over (Under) Expenditures	<u>65,963</u>	<u>184,830</u>	<u>239,225</u>	<u>54,395</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(226,400)	(226,372)	28
Total Other Financing Sources (Uses)	<u>-</u>	<u>(226,400)</u>	<u>(226,372)</u>	<u>28</u>
Net Change in Fund Balances	65,963	(41,570)	12,853	54,423
Fund Balances - Beginning	<u>272,028</u>	<u>272,028</u>	<u>272,028</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 337,991</u>	<u>\$ 230,458</u>	<u>\$ 284,881</u>	<u>\$ 54,423</u>

CITY OF SHASTA LAKE
Budgetary Comparison Schedule
Parks P&FCC Charges - Nonmajor Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Use of money and property	\$ 150	\$ 150	\$ 2,536	\$ 2,386
Charges for services	30,000	50,000	53,629	3,629
Total Revenues	<u>30,150</u>	<u>50,150</u>	<u>56,165</u>	<u>6,015</u>
EXPENDITURES				
Current:				
General government	1,940	1,940	1,940	-
Total Expenditures	<u>1,940</u>	<u>1,940</u>	<u>1,940</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>28,210</u>	<u>48,210</u>	<u>54,225</u>	<u>6,015</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(36,000)	(36,000)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(36,000)</u>	<u>(36,000)</u>	<u>-</u>
Net Change in Fund Balances	28,210	12,210	18,225	6,015
Fund Balances - Beginning	<u>163,437</u>	<u>163,437</u>	<u>163,437</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 191,647</u>	<u>\$ 175,647</u>	<u>\$ 181,662</u>	<u>\$ 6,015</u>

CITY OF SHASTA LAKE
Budgetary Comparison Schedule
Housing Authority - Nonmajor Special Revenue Fund
For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Use of money and property	\$ -	\$ 100,000	\$ 14,925	\$ (85,075)
Total Revenues	<u>-</u>	<u>100,000</u>	<u>14,925</u>	<u>(85,075)</u>
EXPENDITURES				
Current:				
General government	1,500	8,000	6,127	1,873
Community development	46,000	165,154	114,720	50,434
Total Expenditures	<u>47,500</u>	<u>173,154</u>	<u>120,847</u>	<u>52,307</u>
Net Change in Fund Balances	<u>(47,500)</u>	<u>(73,154)</u>	<u>(105,922)</u>	<u>(32,768)</u>
Fund Balances - Beginning	1,155,259	1,155,259	1,155,259	-
Prior period adjustment	<u>(419,533)</u>	<u>(419,533)</u>	<u>(419,533)</u>	<u>-</u>
Fund Balances - Beginning, Restated	<u>735,726</u>	<u>735,726</u>	<u>735,726</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 688,226</u>	<u>\$ 662,572</u>	<u>\$ 629,804</u>	<u>\$ (32,768)</u>

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Nonmajor Governmental Funds

- **Debt Service Funds**

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CITY OF SHASTA LAKE
Nonmajor Debt Service Funds

Debt Service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest. Nonmajor debt service funds used by the City are listed below:

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 Loan Act

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

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CITY OF SHASTA LAKE
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2018

	Riddle Road Water Bond	Davis Grunsky Loan Act	Totals
ASSETS			
Cash and investments	\$ 7,139	\$ 86,725	\$ 93,864
Receivables:			
Taxes	279	30	309
Assessments	32,000	-	32,000
Total Assets	\$ 39,418	\$ 86,755	\$ 126,173
LIABILITIES			
Interest payable	\$ -	\$ 971	\$ 971
Total Liabilities	-	971	971
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	32,000	-	32,000
Total Deferred Inflows of Resources	32,000	-	32,000
FUND BALANCES			
Restricted	7,418	85,784	93,202
Total Fund Balances	7,418	85,784	93,202
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 39,418	\$ 86,755	\$ 126,173

CITY OF SHASTA LAKE
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended June 30, 2018

	Riddle Road Water Bond	Davis Grunsky Loan Act	Totals
REVENUES			
Taxes and assessments	\$ 3,708	\$ 11,583	\$ 15,291
Use of money and property	72	1,103	1,175
Intergovernmental	-	22	22
Total Revenues	3,780	12,708	16,488
EXPENDITURES			
Debt service:			
Principal	2,000	9,099	11,099
Interest	1,650	3,079	4,729
Total Expenditures	3,650	12,178	15,828
Net Change in Fund Balances	130	530	660
Fund Balances - Beginning	7,288	85,254	92,542
Fund Balances - Ending	\$ 7,418	\$ 85,784	\$ 93,202

CITY OF SHASTA LAKE
Budgetary Comparison Schedule
Wastewater Treatment Debt - Major Debt Service Fund
For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes and assessments	\$ 240,000	\$ 249,000	\$ 250,905	\$ 1,905
Use of money and property	1,000	1,000	6,268	5,268
Total Revenues	<u>241,000</u>	<u>250,000</u>	<u>257,173</u>	<u>7,173</u>
EXPENDITURES				
Current:				
Community development	10,000	10,000	6,284	3,716
Debt service:				
Principal	105,000	105,000	105,000	-
Interest	131,670	131,670	124,617	7,053
Total Expenditures	<u>246,670</u>	<u>246,670</u>	<u>235,901</u>	<u>10,769</u>
Net Change in Fund Balances	(5,670)	3,330	21,272	17,942
Fund Balances - Beginning	<u>575,411</u>	<u>575,411</u>	<u>575,411</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 569,741</u>	<u>\$ 578,741</u>	<u>\$ 596,683</u>	<u>\$ 17,942</u>

CITY OF SHASTA LAKE
Budgetary Comparison Schedule
Riddle Road Water Bond - Nonmajor Debt Service Fund
For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes and assessments	\$ 3,000	\$ 3,750	\$ 3,708	\$ (42)
Use of money and property	-	-	72	72
Total Revenues	<u>3,000</u>	<u>3,750</u>	<u>3,780</u>	<u>30</u>
EXPENDITURES				
Debt service:				
Principal	2,000	2,000	2,000	-
Interest	1,750	1,750	1,650	100
Total Expenditures	<u>3,750</u>	<u>3,750</u>	<u>3,650</u>	<u>100</u>
Net Change in Fund Balances	(750)	-	130	130
Fund Balances - Beginning	<u>7,288</u>	<u>7,288</u>	<u>7,288</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 6,538</u>	<u>\$ 7,288</u>	<u>\$ 7,418</u>	<u>\$ 130</u>

CITY OF SHASTA LAKE
Budgetary Comparison Schedule
Davis-Grunsky Loan Act - Nonmajor Debt Service Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes and assessments	\$ 16,000	\$ 16,000	\$ 11,583	\$ (4,417)
Use of money and property	100	100	1,103	1,003
Intergovernmental	-	-	22	22
Total Revenues	<u>16,100</u>	<u>16,100</u>	<u>12,708</u>	<u>(3,392)</u>
EXPENDITURES				
Debt service:				
Principal	8,869	9,099	9,099	-
Interest	3,500	4,500	3,079	1,421
Total Expenditures	<u>12,369</u>	<u>13,599</u>	<u>12,178</u>	<u>1,421</u>
Net Change in Fund Balances	3,731	2,501	530	(1,971)
Fund Balances - Beginning	<u>85,254</u>	<u>85,254</u>	<u>85,254</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ 88,985</u></u>	<u><u>\$ 87,755</u></u>	<u><u>\$ 85,784</u></u>	<u><u>\$ (1,971)</u></u>

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Internal Service Funds

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CITY OF SHASTA LAKE
Internal Service Funds

Internal Service funds are used to account for the financing of goods or services provided by one department or agency to other departments on a cost-reimbursement basis. Internal Service funds used at the City are listed below:

Motor Pool

The fund accounts for the management of a program to ensure that both current and future vehicle needs are met for all City departments.

Public Works

The fund accounts for the services related to providing City departments with service and support for water distribution, wastewater collection, and streets and drainage maintenance.

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CITY OF SHASTA LAKE
Combining Statement of Net Position
Internal Service Funds
June 30, 2018

	Motor Pool	Public Works	Totals
ASSETS			
Current Assets:			
Cash and investments	\$ 341,451	\$ 512,465	\$ 853,916
Receivables:			
Accounts, net	2,329	13,437	15,766
Total Current Assets	343,780	525,902	869,682
Noncurrent Assets:			
Capital assets:			
Depreciable, net	773,925	198,465	972,390
Total Noncurrent Assets	773,925	198,465	972,390
Total Assets	1,117,705	724,367	1,842,072
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension adjustments	39,008	341,522	380,530
Deferred OPEB adjustments	33,679	210,478	244,157
Total Deferred Outflows of Resources	72,687	552,000	624,687
LIABILITIES			
Current Liabilities:			
Accounts payable	21,232	4,762	25,994
Salaries and benefits payable	3,055	31,648	34,703
Due to other governments	382	2,815	3,197
Compensated absences payable	12,793	52,408	65,201
Total Current Liabilities	37,462	91,633	129,095
Noncurrent Liabilities:			
Advances from other funds	20,355	238,995	259,350
Net pension liability	143,476	1,349,357	1,492,833
Net OPEB liability	72,299	451,831	524,130
Total Noncurrent Liabilities	236,130	2,040,183	2,276,313
Total Liabilities	273,592	2,131,816	2,405,408
DEFERRED INFLOWS OF RESOURCES			
Deferred pension adjustments	11,550	103,746	115,296
Deferred OPEB adjustments	44,808	280,032	324,840
Total Deferred Inflows of Resources	56,358	383,778	440,136
NET POSITION			
Investment in capital assets	773,925	198,465	972,390
Unrestricted	86,517	(1,437,692)	(1,351,175)
Total Net Position	\$ 860,442	\$ (1,239,227)	\$ (378,785)

CITY OF SHASTA LAKE
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2018

	Motor Pool	Public Works	Totals
OPERATING REVENUES			
Charges for services	\$ 668,114	\$ 1,909,783	\$ 2,577,897
Other revenue	-	429	429
Total Operating Revenues	668,114	1,910,212	2,578,326
OPERATING EXPENSES			
Salaries and benefits	133,359	1,407,244	1,540,603
Administration	194,457	420,914	615,371
Insurance	3,996	691	4,687
Supplies	2,438	25,264	27,702
Repair and maintenance	150,967	11,296	162,263
Professional services	3,982	29,460	33,442
Depreciation	273,842	7,633	281,475
Total Operating Expenses	763,041	1,902,502	2,665,543
Operating Income (Loss)	(94,927)	7,710	(87,217)
NON-OPERATING REVENUES (EXPENSES)			
Gain (loss) on sale of capital assets	45,117	-	45,117
Interest expense	(418)	(4,893)	(5,311)
Total Non-Operating Revenues (Expenses)	44,699	(4,893)	39,806
Income (Loss) Before Transfers	(50,228)	2,817	(47,411)
Transfers in	-	4,950	4,950
Transfers out	(1,813)	(21,838)	(23,651)
Change in Net Position	(52,041)	(14,071)	(66,112)
Total Net Position - Beginning	1,191,191	(183,308)	1,007,883
Cumulative effect of a change in accounting principle	(278,708)	(1,041,848)	(1,320,556)
Total Net Position - Beginning, Restated	912,483	(1,225,156)	(312,673)
Total Net Position - Ending	\$ 860,442	\$ (1,239,227)	\$ (378,785)

CITY OF SHASTA LAKE
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2018

	Motor Pool	Public Works	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 10,615	\$ 429	\$ 11,044
Receipts from interfund services	655,170	1,896,346	2,551,516
Payments to suppliers	(313,185)	(103,833)	(417,018)
Payments for interfund services	(60,894)	(382,689)	(443,583)
Payments to employees	(119,355)	(1,290,757)	(1,410,112)
Net Cash Provided (Used) by Operating Activities	172,351	119,496	291,847
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers from other funds	-	4,950	4,950
Transfers to other funds	(1,813)	(21,838)	(23,651)
Interfund loans repaid	(3,164)	(37,143)	(40,307)
Net Cash Provided (Used) by Non-Capital Financing Activities	(4,977)	(54,031)	(59,008)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(100,709)	-	(100,709)
Sale of capital assets	91,571	-	91,571
Interest paid on debt	(418)	(4,893)	(5,311)
Net Cash Provided (Used) by Capital and Related Financing Activities	(9,556)	(4,893)	(14,449)
Net Increase (Decrease) in Cash and Cash Equivalents	157,818	60,572	218,390
Balances - Beginning	183,633	451,893	635,526
Balances - Ending	\$ 341,451	\$ 512,465	\$ 853,916
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (94,927)	\$ 7,710	\$ (87,217)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	273,842	7,633	281,475
Decrease (increase) in:			
Accounts receivable	(2,329)	(13,437)	(15,766)
Pension adjustment - deferred outflows	(5,109)	(40,644)	(45,753)
OPEB adjustment - deferred outflows	(10,149)	(63,428)	(73,577)
Increase (decrease) in:			
Accounts payable	(4,136)	868	(3,268)
Salaries and benefits payable	(260)	463	203
Due to other governments	(14,103)	235	(13,868)
Compensated absences	2,338	(13,330)	(10,992)
Net pension liability	23,150	205,618	228,768
Net OPEB liability	(42,247)	(264,025)	(306,272)
Pension adjustment - deferred inflows	1,473	11,801	13,274
OPEB adjustment - deferred inflows	44,808	280,032	324,840
Net Cash Provided (Used) by Operating Activities	\$ 172,351	\$ 119,496	\$ 291,847

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Fiduciary Funds

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CITY OF SHASTA LAKE

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs.

Agency Fund

This fund is used to report resources held by the City in a purely custodial capacity. The agency fund maintained by the City is listed below:

- **Community Facility Districts** - The Community Facilities District was formed in 2000 to maintain designated open space and water retention facilities in the Windsor Estates and Hazelwood/Oakridge Estates subdivisions. It is used to account for revenue and expenses related to maintaining weed and sediment control, tree care, and storm water retention.

In 2007, Council established the Deer Creek Manor Landscaping and Lighting Maintenance District and the Deer Creek Manor Drainage Maintenance District for the Deer Creek Manor subdivision. The Landscape and Lighting Maintenance District provides maintenance of street lighting, medians, parkways, slopes, open spaces and drainage basins. The Drainage Maintenance District provides for the continued operation and maintenance of drainage and flood control facilities.

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CITY OF SHASTA LAKE
Statement of Assets and Liabilities
Agency Fund
June 30, 2018

	Community Facility Districts	Totals
ASSETS		
Cash and investments	\$ 337,813	\$ 337,813
Receivables:		
Taxes	218	218
Total Assets	\$ 338,031	\$ 338,031
LIABILITIES		
Accounts payable	\$ 975	\$ 975
Agency obligations	337,056	337,056
Total Liabilities	\$ 338,031	\$ 338,031

CITY OF SHASTA LAKE
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2018

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>
COMMUNITY FACILITY DISTRICTS				
ASSETS				
Cash and investments	\$ 323,803	\$ 63,708	\$ 49,698	\$ 337,813
Receivables:				
Taxes	730	218	730	218
	<u>730</u>	<u>218</u>	<u>730</u>	<u>218</u>
Total Assets	<u>\$ 324,533</u>	<u>\$ 63,926</u>	<u>\$ 50,428</u>	<u>\$ 338,031</u>
LIABILITIES				
Accounts payable	\$ 174	\$ 975	\$ 174	\$ 975
Agency obligations	324,359	62,951	50,254	337,056
	<u>324,359</u>	<u>62,951</u>	<u>50,254</u>	<u>337,056</u>
Total Liabilities	<u>\$ 324,533</u>	<u>\$ 63,926</u>	<u>\$ 50,428</u>	<u>\$ 338,031</u>

STATISTICAL SECTION

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CITY OF SHASTA LAKE

Statistical Section

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Sources:

Unless otherwise stated, the information in this section is derived from the comprehensive annual financial reports for the relevant year.

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CITY OF SHASTA LAKE
Net Position by Component
Last Ten Fiscal Years
(full accrual basis of accounting)

	Fiscal Year			
	2008/2009	2009/2010	2010/2011	2011/2012
Governmental Activities				
Net investment in capital assets	\$ 44,251,610	\$ 45,358,187	\$ 49,643,294	\$ 52,274,952
Restricted	13,620,477	14,159,185	14,803,221	8,110,724
Unrestricted	3,503,525	1,785,070	(1,103,484)	2,313,537
Total governmental activities net position	<u>\$ 61,375,612</u>	<u>\$ 61,302,442</u>	<u>\$ 63,343,031</u>	<u>\$ 62,699,213</u>
Business-Type Activities				
Net investment in capital assets	\$ 35,670,069	\$ 34,118,950	\$ 32,604,718	\$ 31,579,360
Restricted	1,006,091	992,149	998,403	998,185
Unrestricted	16,070,235	16,414,994	17,001,652	18,096,357
Total business-type activities net position	<u>\$ 52,746,395</u>	<u>\$ 51,526,093</u>	<u>\$ 50,604,773</u>	<u>\$ 50,673,902</u>
Primary Government				
Net investment in capital assets	\$ 79,921,679	\$ 79,477,137	\$ 82,248,012	\$ 83,854,312
Restricted	14,626,568	15,151,334	15,801,624	9,108,909
Unrestricted	19,573,760	18,200,064	15,898,168	20,409,894
Total primary government net position	<u>\$114,122,007</u>	<u>\$112,828,535</u>	<u>\$113,947,804</u>	<u>\$113,373,115</u>

2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
\$ 52,295,145	\$ 48,273,741	\$ 47,105,807	\$ 46,980,971	\$ 46,478,920	\$ 49,263,367
8,633,920	9,833,597	10,781,288	10,262,714	9,836,174	4,880,550
2,789,860	4,716,258	3,162,244	6,007,533	6,098,998	3,093,929
<u>\$ 63,718,925</u>	<u>\$ 62,823,596</u>	<u>\$ 61,049,339</u>	<u>\$ 63,251,218</u>	<u>\$ 62,414,092</u>	<u>\$ 57,237,846</u>
\$ 37,184,118	\$ 23,037,784	\$ 23,395,913	\$ 29,225,573	\$ 30,035,922	\$ 32,637,417
997,747	977,967	987,219	63,124	63,502	61,327
12,587,267	25,934,191	22,916,967	17,814,771	19,781,516	20,275,557
<u>\$ 50,769,132</u>	<u>\$ 49,949,942</u>	<u>\$ 47,300,099</u>	<u>\$ 47,103,468</u>	<u>\$ 49,880,940</u>	<u>\$ 52,974,301</u>
\$ 89,479,263	\$ 71,311,525	\$ 70,501,720	\$ 76,206,544	\$ 76,514,842	\$ 81,900,784
9,631,667	10,811,564	11,768,507	10,325,838	9,899,676	4,941,877
15,377,127	30,650,449	26,079,211	23,822,304	25,880,514	23,369,486
<u>\$114,488,057</u>	<u>\$112,773,538</u>	<u>\$108,349,438</u>	<u>\$110,354,686</u>	<u>\$112,295,032</u>	<u>\$110,212,147</u>

CITY OF SHASTA LAKE
Changes in Net Position
Last Ten Fiscal Years
(full accrual basis of accounting)

	Fiscal Year			
	2008/2009	2009/2010	2010/2011	2011/2012
Expenses				
Governmental Activities:				
General government	\$ 3,067,756	\$ 2,886,441	\$ 2,902,975	\$ 2,796,741
Public safety	2,874,156	2,966,827	2,751,631	2,747,717
Public ways and facilities	50,259	1,953,478	1,947,459	1,589,908
Planning	407,431	356,499	348,835	334,373
Culture and recreation	386,623	311,831	282,910	274,282
Community development	2,935,471	2,485,092	2,436,714	506,149
Interest on long-term debt	-	-	-	-
Total Governmental Activities Expenses	<u>9,721,696</u>	<u>10,960,168</u>	<u>10,670,524</u>	<u>8,249,170</u>
Business-Type Activities:				
Water	2,651,243	2,391,584	2,056,226	1,930,159
Electric	18,422,891	18,224,258	15,456,282	15,603,541
Wastewater	2,331,054	2,367,035	2,437,577	2,152,763
Industrial park	147,544	140,737	130,142	119,011
Total Business-Type Activities Expenses	<u>23,552,732</u>	<u>23,123,614</u>	<u>20,080,227</u>	<u>19,805,474</u>
Total Primary Government Expenses	<u>\$ 33,274,428</u>	<u>\$ 34,083,782</u>	<u>\$ 30,750,751</u>	<u>\$ 28,054,644</u>
Program Revenues				
Governmental Activities:				
Charges for services:				
General government	\$ 2,864,793	\$ 3,011,768	\$ 2,743,366	\$ 2,889,853
Public safety	106,344	100,917	73,335	69,222
Public ways and facilities	11,895	70,186	1,766	6,068
Planning	22,095	34,113	30,328	37,272
Culture and recreation	16,172	8,030	3,461	3,263
Community development	15,270	21,695	22,083	41,205
Operating grants and contributions	4,213,084	1,819,835	2,542,442	1,424,029
Capital grants and contributions	594,325	535,921	1,200,951	618,903
Total Governmental Activities Program Revenues	<u>7,843,978</u>	<u>5,602,465</u>	<u>6,617,732</u>	<u>5,089,815</u>
Business-Type Activities:				
Charges for services:				
Water	1,843,969	1,901,864	1,965,585	2,143,515
Electric	17,830,444	17,303,120	14,469,256	14,921,718
Wastewater	1,710,520	2,080,443	2,226,744	2,178,308
Industrial park	6,152	44,948	45,732	49,451
Operating grants and contributions	-	-	-	-
Capital grants and contributions	101,290	56,634	61,943	53,730
Total Business-Type Activities Program Revenues	<u>21,492,375</u>	<u>21,387,009</u>	<u>18,769,260</u>	<u>19,346,722</u>
Total Primary Government Program Revenues	<u>\$ 29,336,353</u>	<u>\$ 26,989,474</u>	<u>\$ 25,386,992</u>	<u>\$ 24,436,537</u>

<u>2012/2013</u>	<u>2013/2014</u>	<u>2014/2015</u>	<u>2015/2016</u>	<u>2016/2017</u>	<u>2017/2018</u>
\$ 2,492,722	\$ 2,636,610	\$ 2,061,600	\$ 2,056,476	\$ 2,691,742	\$ 2,764,877
2,848,143	2,761,952	2,802,199	2,889,166	3,001,951	3,250,179
1,883,790	2,041,296	1,949,843	1,963,018	2,214,871	2,219,740
371,593	514,828	668,710	547,822	660,982	774,366
254,399	298,171	302,959	295,177	263,040	389,627
117,714	389,440	328,401	240,983	140,777	326,986
-	169,850	159,790	147,472	142,430	169,725
<u>7,968,361</u>	<u>8,812,147</u>	<u>8,273,502</u>	<u>8,140,114</u>	<u>9,115,793</u>	<u>9,895,500</u>
2,255,672	2,748,608	2,459,582	2,952,972	2,785,859	2,981,721
17,526,105	20,114,409	19,374,664	18,664,440	18,798,738	19,216,691
2,524,844	2,735,434	2,141,935	2,448,732	2,493,080	2,538,654
147,052	132,300	142,459	83,632	70,939	68,472
<u>22,453,673</u>	<u>25,730,751</u>	<u>24,118,640</u>	<u>24,149,776</u>	<u>24,148,616</u>	<u>24,805,538</u>
<u>\$ 30,422,034</u>	<u>\$ 34,542,898</u>	<u>\$ 32,392,142</u>	<u>\$ 32,289,890</u>	<u>\$ 33,264,409</u>	<u>\$ 34,701,038</u>
\$ 2,998,406	\$ 2,944,400	\$ 3,006,016	\$ 2,941,279	\$ 3,501,343	\$ 3,609,505
71,291	98,883	108,154	96,573	128,344	177,120
72,064	274,347	329,996	361,363	506,969	735,227
15,661	-	-	-	-	-
3,966	5,432	7,000	1,505	2,597	3,177
11,678	-	12,303	-	-	-
2,459,906	1,847,156	1,749,838	1,571,797	1,814,397	1,003,351
217,806	333,623	304,440	254,623	256,889	387,688
<u>5,850,778</u>	<u>5,503,841</u>	<u>5,517,747</u>	<u>5,227,140</u>	<u>6,210,539</u>	<u>5,916,068</u>
2,447,152	2,518,565	2,454,424	2,475,734	2,867,046	3,408,888
17,038,476	19,271,837	19,027,126	20,153,868	19,555,082	20,815,974
2,368,044	2,584,526	2,651,905	2,790,033	2,865,235	3,004,412
51,300	-	-	-	68,472	-
-	-	-	-	27,229,274	-
417,370	51,087	151,046	49,265	47,952	3,196,706
<u>22,322,342</u>	<u>24,426,015</u>	<u>24,284,501</u>	<u>25,468,900</u>	<u>52,633,061</u>	<u>30,425,980</u>
<u>\$ 28,173,120</u>	<u>\$ 29,929,856</u>	<u>\$ 29,802,248</u>	<u>\$ 30,696,040</u>	<u>\$ 58,843,600</u>	<u>\$ 36,342,048</u>

CITY OF SHASTA LAKE
Changes in Net Position
Last Ten Fiscal Years
(full accrual basis of accounting)

	Fiscal Year			
	2008/2009	2009/2010	2010/2011	2011/2012
Net (Expense)/Revenue¹				
Governmental Activities	\$ (1,877,718)	\$ (5,357,703)	\$ (4,052,792)	\$ (3,159,355)
Business-Type Activities	(2,060,357)	(1,736,605)	(1,310,967)	(458,752)
 Total Primary Government Net Expense	<u>\$ (3,938,075)</u>	<u>\$ (7,094,308)</u>	<u>\$ (5,363,759)</u>	<u>\$ (3,618,107)</u>
 General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property taxes	\$ 4,121,837	\$ 3,850,713	\$ 4,535,646	\$ 2,472,818
Sales and use taxes	446,298	455,952	510,472	414,712
Transient occupancy taxes	9,136	7,750	8,300	5,280
Other taxes	184,597	153,181	153,855	153,522
Motor vehicle in-lieu	844,126	814,202	839,556	757,878
Interest and investment earnings	203,269	80,752	85,919	62,835
Miscellaneous	28,917	32,590	23,855	85,742
Transfers	(1,839,508)	(110,607)	(86,000)	(196,739)
Gain/loss on sale of asset	-	-	21,778	-
Extraordinary gain	-	-	-	(705,676)
 Total Governmental Activities	<u>3,998,672</u>	<u>5,284,533</u>	<u>6,093,381</u>	<u>3,050,372</u>
Business-Type Activities:				
Interest and investment earnings	475,770	304,857	212,123	215,606
Miscellaneous	36,088	100,839	91,524	115,536
Special item - loss on sale of property	-	-	-	-
Transfers	1,839,508	110,607	86,000	196,739
 Total Business-Type Activities	<u>2,351,366</u>	<u>516,303</u>	<u>389,647</u>	<u>527,881</u>
 Total Primary Government	<u>\$ 6,350,038</u>	<u>\$ 5,800,836</u>	<u>\$ 6,483,028</u>	<u>\$ 3,578,253</u>
 Change in Net Position				
Governmental Activities	\$ 2,120,954	\$ (73,170)	\$ 2,040,589	\$ (108,983)
Business-Type Activities	291,009	(1,220,302)	(921,320)	69,129
 Total Primary Government	<u>\$ 2,411,963</u>	<u>\$ (1,293,472)</u>	<u>\$ 1,119,269</u>	<u>\$ (39,854)</u>

Note:

¹ Net expense is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program supports itself with its own fees and grants versus its reliance upon funding from taxes and general revenues. Numbers in parentheses are net expenses, indicating that expenses were greater than program revenues and therefore general revenues were needed to finance that function or program.

<u>2012/2013</u>	<u>2013/2014</u>	<u>2014/2015</u>	<u>2015/2016</u>	<u>2016/2017</u>	<u>2017/2018</u>
\$ (2,117,583)	\$ (3,308,306)	\$ (2,755,755)	\$ (2,912,974)	\$ (2,905,254)	\$ (3,979,432)
(131,331)	(1,304,736)	165,861	1,319,124	28,484,445	5,620,442
<u>\$ (2,248,914)</u>	<u>\$ (4,613,042)</u>	<u>\$ (2,589,894)</u>	<u>\$ (1,593,850)</u>	<u>\$ 25,579,191</u>	<u>\$ 1,641,010</u>
\$ 1,543,442	\$ 911,458	\$ 1,020,590	\$ 1,015,622	\$ 1,079,016	\$ 1,144,906
390,461	480,926	777,837	823,755	701,611	890,211
4,900	7,215	8,036	7,691	4,525	11,130
152,940	189,712	408,405	647,552	783,018	983,464
732,158	733,665	759,393	784,970	807,631	840,149
24,682	35,232	21,089	95,846	49,391	75,214
329,902	164,769	28,329	21,726	9,267	10,788
(41,186)	(110,000)	(65,000)	1,717,691	(1,366,331)	(347,345)
-	-	14,000	-	-	-
-	-	-	-	-	-
<u>3,137,299</u>	<u>2,412,977</u>	<u>2,972,679</u>	<u>5,114,853</u>	<u>2,068,128</u>	<u>3,608,517</u>
150,238	157,207	130,341	235,266	66,178	122,405
35,132	408,876	263,754	192,679	158,264	194,998
-	-	-	(226,009)	-	-
41,187	110,000	65,000	(1,717,691)	1,366,331	347,345
<u>226,557</u>	<u>676,083</u>	<u>459,095</u>	<u>(1,515,755)</u>	<u>1,590,773</u>	<u>664,748</u>
<u>\$ 3,363,856</u>	<u>\$ 3,089,060</u>	<u>\$ 3,431,774</u>	<u>\$ 3,599,098</u>	<u>\$ 3,658,901</u>	<u>\$ 4,273,265</u>
\$ 1,019,716	\$ (895,329)	\$ 216,924	\$ 2,201,879	\$ (837,126)	\$ (370,915)
95,226	(628,653)	624,956	(196,631)	30,075,218	6,285,190
<u>\$ 1,114,942</u>	<u>\$ (1,523,982)</u>	<u>\$ 841,880</u>	<u>\$ 2,005,248</u>	<u>\$ 29,238,092</u>	<u>\$ 5,914,275</u>

CITY OF SHASTA LAKE
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2008/2009	2009/2010	2010/2011	2011/2012
General Fund				
Reserved	\$ 156,993	\$ 72,503	\$ -	\$ -
Unreserved	3,222,503	3,564,483	-	-
Restricted	-	-	4,481,416	3,677,876
Assigned	-	-	-	-
Unassigned	-	-	(1,413,127)	(1,309,733)
Total General Fund	<u>\$ 3,379,496</u>	<u>\$ 3,636,986</u>	<u>\$ 3,068,289</u>	<u>\$ 2,368,143</u>
All Other Governmental Funds				
Reserved	\$ 14,653,474	\$ 12,745,664	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	4,523,970	5,037,755	-	-
Restricted	-	-	15,851,076	8,206,752
Unassigned	-	-	-	-
Total All Other Governmental Funds	<u>\$ 19,177,444</u>	<u>\$ 17,783,419</u>	<u>\$ 15,851,076</u>	<u>\$ 8,206,752</u>

Note:

The City implemented GASB 54 for fiscal year June 30, 2011 under which fund balances are reported as nonspendable, restricted, committed, assigned and unassigned as compared to reserved and unreserved.

<u>2012/2013</u>	<u>2013/2014</u>	<u>2014/2015</u>	<u>2015/2016</u>	<u>2016/2017</u>	<u>2017/2018</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
3,322,038	641,692	630,748	596,191	598,175	618,124
-	1,046,606	1,154,764	4,693,366	4,497,103	1,871,238
(488,173)	719,127	1,205,470	300,948	1,017,223	986,668
<u>\$ 2,833,865</u>	<u>\$ 2,407,425</u>	<u>\$ 2,990,982</u>	<u>\$ 5,590,505</u>	<u>\$ 6,112,501</u>	<u>\$ 3,476,030</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
8,727,876	9,061,761	9,974,045	9,586,435	9,157,337	4,181,691
-	(50,301)	(94,981)	(6,839)	(24,753)	(33,463)
<u>\$ 8,727,876</u>	<u>\$ 9,011,460</u>	<u>\$ 9,879,064</u>	<u>\$ 9,579,596</u>	<u>\$ 9,132,584</u>	<u>\$ 4,148,228</u>

CITY OF SHASTA LAKE
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2008/2009	2009/2010	2010/2011	2011/2012
Revenues				
Taxes and assessments	\$ 5,362,411	\$ 5,069,637	\$ 5,808,266	\$ 3,672,060
Licenses and permits	103,845	115,615	87,440	100,801
Fines and forfeitures	26,761	14,361	11,710	8,959
Use of money	274,034	105,227	114,036	85,263
Intergovernmental	4,898,038	2,655,155	3,452,138	1,959,472
Charges for services	3,069,691	3,286,705	2,775,660	3,008,184
Other revenues	34,376	41,905	333,872	94,841
Total Revenues	13,769,156	11,288,605	12,583,122	8,929,580
Expenditures				
Current:				
General government	2,554,374	2,289,272	2,469,149	2,399,456
Public safety	2,863,740	2,760,245	2,716,676	2,740,964
Public ways and facilities	523,949	661,154	558,748	262,238
Planning	403,488	352,557	344,893	330,431
Culture and recreation	337,806	309,232	615,465	291,405
Community development	4,441,991	3,532,795	2,376,820	353,125
Debt service				
Principal	333,904	543,082	308,461	103,647
Interest	479,645	458,786	437,365	423,254
Capital outlay	1,705,920	1,427,517	5,200,585	4,109,715
Total Expenditures	13,644,817	12,334,640	15,028,162	11,014,235
Excess of Revenues Over (Under) Expenditures	124,339	(1,046,035)	(2,445,040)	(2,084,655)
Other Financing Sources (Uses)				
Debt proceeds	-	-	-	-
Transfers in	920,265	789,509	791,811	686,192
Transfers out	(951,665)	(880,009)	(847,811)	(686,192)
Total Other Financing Sources (Uses)	(31,400)	(90,500)	(56,000)	-
Extraordinary loss	-	-	-	(5,724,980)
Net Change in Fund Balances (Deficits)	\$ 92,939	\$ (1,136,535)	\$ (2,501,040)	\$ (7,809,635)
 Debt Service as a Percentage of Noncapital Expenditures	 6.81%	 9.19%	 7.59%	 7.63%

2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
\$ 2,749,373	\$ 2,321,000	\$ 2,869,231	\$ 3,111,277	\$ 3,034,827	\$ 3,575,341
68,367	98,638	106,596	108,239	134,205	188,582
21,722	18,107	18,671	8,277	13,838	8,779
46,091	35,232	21,089	95,846	49,391	75,214
2,733,862	2,242,654	2,218,629	2,090,513	2,488,244	1,618,431
3,169,464	3,206,317	3,338,202	3,402,204	3,991,210	4,327,668
340,384	164,769	28,329	21,726	9,267	10,788
9,129,263	8,086,717	8,600,747	8,838,082	9,720,982	9,804,803
2,312,602	2,672,669	2,045,628	2,192,284	2,402,831	2,546,560
2,841,390	2,730,507	2,770,937	2,895,330	2,976,402	3,216,529
850,563	981,087	740,775	724,263	956,423	913,485
367,652	510,886	681,406	625,659	613,211	656,802
199,546	246,507	247,479	239,766	193,793	309,626
116,467	388,106	307,128	236,424	139,088	326,986
107,829	113,243	117,449	127,660	112,877	116,099
156,510	162,044	158,891	149,520	145,010	172,882
1,165,359	439,949	28,893	1,183,419	1,626,268	6,442,523
8,117,918	8,244,998	7,098,586	8,374,325	9,165,903	14,701,492
1,011,345	(158,281)	1,502,161	463,757	555,079	(4,896,689)
-	-	14,000	-	-	2,500,000
10,856	23,299	26,073	2,047,198	13,068	95,528
(35,356)	(133,299)	(91,073)	(210,900)	(493,163)	(424,172)
(24,500)	(110,000)	(51,000)	1,836,298	(480,095)	2,171,356
-	-	-	-	-	-
\$ 986,845	\$ (268,281)	\$ 1,451,161	\$ 2,300,055	\$ 74,984	\$ (2,725,333)

3.80%

3.53%

3.91%

3.85%

3.42%

3.50%

CITY OF SHASTA LAKE
General Fund Balance Compared to Annual Appropriations
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Undesignated Fund Balance</u>	<u>Annual Appropriations</u>	<u>Balance as % of Appropriations</u>
2008/2009	\$ 3,222,503	\$ 5,761,220	55.9%
2009/2010	3,564,483	5,653,836	63.0%
2010/2011	3,068,289	5,318,718	57.7%
2011/2012	2,368,143	5,338,139	44.4%
2012/2013	2,833,865	6,325,471	44.8%
2013/2014	2,407,425	5,694,351	42.3%
2014/2015	2,990,982	6,273,502	47.7%
2015/2016	5,590,505	6,755,281	82.8%
2016/2017	6,112,501	7,252,335	84.3%
2017/2018	3,476,030	7,878,928	44.1%

Note:

Due to Governmental Accounting Standards Board Statement 54 reporting requirements, Undesignated Fund Balance for 2011-2017 is Total Fund Balance

Source:

City of Shasta Lake Financial Records

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CITY OF SHASTA LAKE
General Fund Revenues by Source
Last Ten Fiscal Years

Fiscal Year	Taxes	Licenses and Permits	Fines and Forfeitures	Use of Money	Intergovern- mental	Charges for Services	Miscellaneous
2008/2009	\$ 1,549,247	\$ 103,845	\$ 26,761	\$ 74,157	\$ 857,071	\$ 2,900,501	\$ 34,322
2009/2010	1,416,233	115,615	14,361	30,301	848,170	3,107,426	30,992
2010/2011	1,507,924	87,440	11,710	31,516	851,116	2,762,945	26,554
2011/2012	1,508,997	100,801	8,959	23,477	769,547	2,899,163	27,195
2012/2013	2,071,651	68,367	21,722	21,731	740,194	3,072,595	329,211
2013/2014	1,564,553	98,638	18,107	16,702	748,837	3,082,745	164,769
2014/2015	2,191,158	106,596	18,671	10,447	766,966	3,151,335	28,329
2015/2016	2,475,254	108,239	8,277	81,624	872,576	3,187,583	21,726
2016/2017	2,545,804	134,205	13,838	22,596	854,904	3,671,721	9,267
2017/2018	3,011,001	188,582	8,779	6,873	871,379	3,781,525	10,788

Note:

The schedule above includes only those revenues recorded in the General fund.

Source:

City of Shasta Lake Financial Records

Total

\$ 5,545,904

5,563,098

5,279,205

5,338,139

6,325,471

5,694,351

6,273,502

6,755,279

7,252,335

7,878,927

CITY OF SHASTA LAKE
General Fund Tax Revenues by Source
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Property Tax*</u>	<u>Sales and Use Tax</u>	<u>Transient Occupancy Tax</u>	<u>Property Transfer Tax</u>	<u>Franchise Tax</u>
2008/2009	\$ 895,744	\$ 446,298	\$ 9,135	\$ 13,472	\$ 184,597
2009/2010	785,607	455,952	7,750	13,743	153,181
2010/2011	824,729	510,472	8,300	10,557	153,865
2011/2012	921,790	414,713	5,280	13,693	153,522
2012/2013	1,507,137	390,462	4,900	16,212	152,940
2013/2014	891,906	475,720	7,215	19,317	170,395
2014/2015	1,197,772	576,943	8,036	20,213	199,752
2015/2016	1,161,602	658,408	7,691	25,665	204,991
2016/2017	1,056,650	701,611	4,525	26,144	185,455
2017/2018	1,283,162	733,246	11,130	34,620	217,982

Notes:

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

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CITY OF SHASTA LAKE
Governmental Funds Expenditures by Function
Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Public Ways and Facilities	Planning	Culture and Recreation	Community Development	Debt Service
2008/2009	\$ 2,554,374	\$ 2,863,740	\$ 523,949	\$ 403,488	\$ 337,806	\$ 4,441,991	\$ 813,549
2009/2010	2,289,272	2,760,245	661,154	352,557	309,232	3,532,795	1,001,868
2010/2011	2,469,149	2,716,676	558,748	344,893	615,465	2,376,820	745,826
2011/2012	2,399,456	2,740,964	262,238	330,431	291,405	353,125	526,901
2012/2013	2,312,602	2,841,390	850,563	367,652	199,546	116,467	264,338
2013/2014	2,672,669	2,730,507	981,087	510,886	246,507	388,106	275,287
2014/2015	2,045,628	2,770,937	740,775	681,406	247,479	307,128	276,340
2015/2016	2,192,284	2,895,330	724,263	625,659	239,766	236,424	277,180
2016/2017	2,402,831	2,976,402	956,423	613,211	193,793	139,088	257,887
2017/2018	2,546,560	3,216,529	913,485	656,802	309,626	326,986	288,981

Note:

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

Capital Outlay	Total
\$ 1,705,920	\$13,644,817
1,427,517	12,334,640
5,200,585	15,028,162
4,109,715	11,014,235
1,165,359	8,117,917
439,949	8,244,998
28,893	7,098,586
1,183,419	8,374,325
1,626,268	9,165,903
6,442,523	14,701,492

CITY OF SHASTA LAKE
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Secured Roll Assessed Value	Unsecured Roll Assessed Value	Less Exemptions	Net Assessed Value	% Change	Direct Rate
2008/2009	\$ 720,044,156	\$ 14,260,646	\$ (29,893,902)	\$ 704,410,900	4.107%	1.000%
2009/2010	698,338,056	13,673,159	(29,830,360)	682,180,855	-3.156%	1.000%
2010/2011	667,495,725	12,058,431	(30,486,666)	649,067,490	-4.854%	1.000%
2011/2012	617,728,356	12,007,690	(30,102,800)	599,633,246	-7.616%	1.000%
2012/2013	623,470,665	11,560,623	(30,403,885)	604,627,403	0.833%	1.000%
2013/2014	643,002,063	10,520,113	(30,569,761)	622,952,415	3.031%	1.000%
2014/2015	666,135,128	9,971,155	(31,463,673)	644,642,610	3.482%	1.000%
2015/2016	685,887,452	9,812,151	(32,243,707)	663,455,896	2.918%	1.000%
2016/2017	709,474,932	12,750,395	(32,026,690)	690,198,637	4.031%	1.000%
2017/2018	741,259,119	10,044,529	(31,656,372)	719,647,276	4.267%	1.000%

Notes:

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 value of property tax may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents only data currently available with respect to the actual market value of the taxable property and is subject to the limitations described above.

Source:

Shasta County Assessor's Annual Report

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CITY OF SHASTA LAKE
Property Tax - Rates (Direct and Overlapping Governments)
Last Ten Fiscal Years

Fiscal Year	City of Shasta Lake Rates			Overlapping Rates			
	Basic Countywide Levy*	City*	Total Direct Tax Rate*	Gateway Unified School District 2002	Gateway Unified School District 2008	Shasta Tehama Trinity Community College	Shasta Dam PUD Davis Grunsky
2009	1.0000%	0.0000%	1.0000%	0.0343%	0.0000%	0.0091%	0.0001%
2010	1.0000%	0.0000%	1.0000%	0.0397%	0.0101%	0.0101%	0.0001%
2011	1.0000%	0.0000%	1.0000%	0.0442%	0.0062%	0.0162%	0.0001%
2012	1.0000%	0.0000%	1.0000%	0.0604%	0.0188%	0.0095%	0.0001%
2013**	1.0000%	0.0000%	1.0000%	0.0621%	0.0141%	0.0054%	0.0001%
2014	1.0000%	0.0000%	1.0000%	0.0194%	0.0138%	0.0880%	0.0019%
2015	1.0000%	0.0000%	1.0000%	0.0680%	0.0291%	0.0107%	0.0014%
2016	1.0000%	0.0000%	1.0000%	0.0463%	0.0265%	0.0051%	0.0001%
2017	1.0000%	0.0000%	1.0000%	0.0045%	0.0278%	0.0057%	0.0001%
2018	1.0000%	0.0000%	1.0000%	0.0047%	0.0320%	0.0267%	0.0001%

Notes:

*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.

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

Source:

Shasta County Auditor/Controller's Office

Bella Vista Water (land only)	Total Direct and Overlapping Rates
0.3529%	1.3964%
0.3700%	1.4300%
0.3700%	1.4367%
0.3700%	1.4588%
0.3700%	1.4517%
0.3700%	1.4931%
0.3608%	1.4700%
0.3700%	1.4480%
0.3700%	1.4081%
0.3700%	1.4335%

CITY OF SHASTA LAKE
Property Tax Levies and Collections
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collections within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years**</u>	<u>Total Collections to Date</u>	
		<u>Amount*</u>	<u>Percent of Levy</u>		<u>Amount</u>	<u>Percent of Levy</u>
2009	\$ 599,640	\$ 571,735	95.35%	-	\$ 571,735	95.35%
2010	576,012	562,903	97.72%	-	562,903	97.72%
2011	576,156	551,352	95.69%	-	551,352	95.69%
2012	563,585	547,036	97.06%	-	547,036	97.06%
2013	579,301	562,886	97.17%	-	562,886	97.17%
2014	586,005	586,005	100.00%	-	586,005	100.00%
2015	729,181	708,774	97.20%	-	708,774	97.20%
2016	720,742	712,500	98.86%	-	712,500	98.86%
2017	769,088	761,560	99.02%	-	761,560	99.02%
2018	765,056	760,920	99.46%	-	760,920	99.46%

Note:

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

**Collections in subsequent years information was not available in City records prior to the 2016/2017 fiscal year.

Source:

Shasta County Auditor/Controller's Office

CITY OF SHASTA LAKE
Shasta Dam Redevelopment Project Area
Historic Tax Increment Revenues
Last Nine Fiscal Years

Fiscal Year	Tax Levy	Tax Increment Receipts Less Supplemental Taxes	Supplemental Taxes	Total Tax Increment Receipts	% of Levy Received (1)
2010	\$ 3,711,419	\$ 3,957,637	\$ 10,678	\$ 3,968,315	107%
2011	3,561,818	3,655,637	15,680	3,671,317	103%
2012	3,428,012	1,517,744	(3,647)	1,514,097	44%
2013	3,443,330	3,374,384	(10,554)	3,363,830	98%
2014	3,557,793	3,379,879	30,089	3,409,968	96%
2015	3,562,625	3,612,643	32,668	3,645,311	102%
2016	3,715,273	3,789,732	41,327	3,831,059	103%
2017	3,828,888	3,877,997	51,841	3,929,838	103%
2018	4,163,467	4,105,726	59,588	4,165,314	100%

Notes:

(1) Decrease in actual amount of levy received due to RDA's in California being dissolved.

Data pertaining to fiscal years 2007, 2008, and 2009 is not available, the latest prior year available is fiscal year 2010.

Source:

Shasta County Assessor's Office

CITY OF SHASTA LAKE
Principal Property Tax Payers
Current Year and Seven Years Ago

<u>Taxpayer</u>	Fiscal Year 2017/2018			
	Type of Business	Rank	2018 Assessed Value	Percent of Total Assessed Value
Knauf Insulation LLC	Industrial	1	\$ 118,656,812	15.79%
Humboldt Flakeboard	Industrial	2	11,043,123	1.47%
Bobo Family Trust	Commercial	3	5,886,329	0.78%
Tau West LLC	Industrial	4	5,334,140	0.71%
Twin Lake Community LP	Housing	5	3,226,772	0.43%
W&B Construction Management Services	Housing	6	2,958,000	0.39%
Lbees LLC	Commercial	7	2,000,000	0.27%
Huli Investments LLC	Commercial	8	1,836,000	0.24%
Central Valley Investment Group	Housing	9	1,518,909	0.20%
Lake Shasta MHP	Housing	10	1,501,794	0.20%
Top Ten Secured Valuation			\$ 153,961,879	20.49%
Total City of Shasta Lake Assessed Property Valuation Fiscal Year 2017/2018.				\$ 751,303,648

<u>Taxpayer</u>	Fiscal Year 2010/2011			
	Type of Business	Rank	2011 Assessed Value	Percent of Total Assessed Value
Knauf Fiber Glass	Industrial	1	\$ 136,647,609	20.47%
Humboldt Flakeboard	Industrial	2	6,811,724	1.02%
ARC FRSHLCA001 LLC	Industrial	3	5,425,000	0.81%
Tara Hills Garden Investors	Apartments	4	4,946,002	0.74%
Ridge Limited Partnership	Retail	5	2,800,000	0.42%
Shasta Community Health Center	Medical	6	2,150,121	0.32%
Bronze Court LLC	Industrial	7	1,800,000	0.27%
SVB Resolution Holdings LLC	Inv. Property	8	1,750,000	0.26%
Central Valley Investment Group	Apartments	9	1,381,000	0.21%
Golden Arch Ltd. Partnership	Retail	10	1,212,100	0.18%
Top Ten Secured Valuation			\$ 164,923,556	24.71%
Total City of Shasta Lake Assessed Property Valuation Fiscal Year 2010/2011.				\$ 667,495,725

Note:

Data pertaining to fiscal year 2007/2008 is not available, the latest prior year available is fiscal year 2010/2011.

Source:

Shasta County Assessor's Annual Report

CITY OF SHASTA LAKE
Shasta Dam Redevelopment Project Area
Ten Largest Property Taxpayers
Fiscal Year 2017/2018

Taxpayer	Type of Use	Secured Value	Unsecured Value	% of Total Taxable Value (1)	% of Total Incremental Value (2)
Knauf Insulation LLC	Industrial	\$ 118,656,812	\$ -	23.75%	28.50%
Humboldt Flakeboard	Industrial	11,043,123	-	2.21%	2.65%
Bobo Family Trust	Commercial	5,886,329	-	1.18%	1.41%
Tau West LLC	Commercial	5,334,140	-	1.07%	1.28%
Lbees LLC	Commercial	2,000,000	-	0.40%	0.48%
Huli Investments LLC	Commercial	1,836,000	-	0.37%	0.44%
Central Valley Investment Group	Commercial	1,518,909	-	0.30%	0.36%
Golden Arch LTP Partnership	Commercial	1,364,799	-	0.27%	0.33%
Lahar Development LLC	Residential	1,025,272	-	0.21%	0.25%
Tim and Mike Enterprises LLC	Commercial	765,463	-	0.15%	0.18%
Total		\$ 149,430,847	\$ -	29.90%	35.89%

Note:

- (1) Based on ownership of locally-assessed secured and unsecured property.
 - (2) Based on Shasta Dam Redevelopment Project Area taxable value of \$499,705,508
- Data for the prior nine years is unavailable.

Source:

Shasta County Assessor's Annual Report

CITY OF SHASTA LAKE
Property Value and Construction
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Commercial Construction</u>		<u>Residential Construction</u>	
	<u>Number of Permits</u>	<u>Value</u>	<u>Number of Permits</u>	<u>Value</u>
2008/2009	5	\$ 252,682	36	\$ 1,951,381
2009/2010	5	617,444	38	1,742,629
2010/2011	8	1,773,401	26	942,518
2011/2012	6	353,466	21	598,440
2012/2013	1	1,000	13	1,080,739
2013/2014	1	184,000	13	1,689,821
2014/2015	2	405,095	25	2,958,623
2015/2016	7	966,841	37	3,003,404
2016/2017	1	10,200	43	9,729,437
2017/2018	4	5,689,320	40	7,523,564

Notes:

Residential and commercial construction reflects new additions to building activity only.
New construction residential includes both single family and multi-family dwellings.

Source:

City of Shasta Lake Development Services Department

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CITY OF SHASTA LAKE
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business-Type Activities	
	Special Assessment and Revenue Bonds	Tax Allocation Bonds	Loans	Certificates of Participation	Total	Special Assessment and Revenue Bonds	Loans
2008/2009	\$ 145,000	\$ 9,382,000	\$ 191,684	\$ -	\$ 9,718,684	\$ 10,870,000	\$ 5,234,096
2009/2010	3,576,000	5,455,000	144,593	-	9,175,593	10,415,000	5,072,252
2010/2011	3,490,000	5,240,000	137,142	-	8,867,142	9,940,000	4,905,056
2011/2012	3,394,000	-	129,486	-	3,523,486	9,445,000	4,732,358
2012/2013	3,294,000	-	121,656	-	3,415,656	8,930,000	4,553,880
2013/2014	3,188,000	-	113,412	-	3,301,412	8,395,000	4,369,516
2014/2015	3,079,000	-	104,963	-	3,183,963	7,840,000	4,179,037
2015/2016	2,960,000	-	96,303	-	3,056,303	810,000	3,982,253
2016/2017	2,856,000	-	87,426	-	2,943,426	780,000	3,778,903
2017/2018	2,749,000	-	78,552	2,500,000	5,327,552	750,000	3,568,775

Notes:

(1) See Economic Information schedule for personal income data

Source:

U.S. Census Bureau
State of California, Department of Finance, Demographic Research Unit

Financing Leases	Total	Total Primary Government	Percentage of Personal Income (1)	Population	Debt Per Capita
\$ -	\$ 16,104,096	\$ 25,822,780	7.77%	10,151	\$ 2,544
-	15,487,252	24,662,845	7.24%	10,164	2,426
285,790	15,130,846	23,997,988	6.83%	10,098	2,377
238,117	14,415,475	17,938,961	4.99%	10,058	1,784
188,621	13,672,501	17,088,157	4.67%	10,064	1,698
137,232	12,901,748	16,203,160	4.26%	10,044	1,613
83,879	12,102,916	15,286,879	3.69%	10,541	1,450
28,486	4,820,739	7,877,042	1.80%	10,523	749
-	4,558,903	7,502,329	1.72%	10,386	722
-	4,318,775	9,646,327	2.05%	10,388	929

CITY OF SHASTA LAKE
Ratio of Net Bonded Debt to Assessed Value and Net Bonded Debt per Capita
Last Ten Fiscal Years

Fiscal Year	Estimated Population	Gross Bonded Debt	Debt Payable from Enterprise Revenue	Net Bonded Debt	Total Assessed Valuation	% of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2008/2009	10,151	\$ 25,822,790	\$ 16,104,096	\$ 9,718,694	\$ 704,410,900	1.38%	957.41
2009/2010	10,164	24,662,845	15,487,252	9,175,593	682,180,855	1.35%	902.75
2010/2011	10,098	23,997,979	14,845,056	9,152,923	649,067,490	1.41%	906.41
2011/2012	10,058	17,938,961	14,177,358	3,761,603	620,144,622	0.61%	373.99
2012/2013	10,064	17,088,157	13,483,880	3,604,277	635,031,288	0.57%	358.14
2013/2014	10,044	16,202,520	12,764,498	3,438,022	653,522,176	0.53%	342.30
2014/2015	10,541	15,286,879	12,019,037	3,267,842	676,106,283	0.48%	310.01
2015/2016	10,523	7,877,042	4,792,253	3,084,789	676,106,283	0.46%	293.15
2016/2017	10,386	7,502,329	4,558,903	2,943,426	722,225,327	0.41%	283.40
2017/2018	10,388	9,646,327	4,318,775	5,327,552	751,303,648	0.71%	512.86

Source:
City of Shasta Lake Financial Records

CITY OF SHASTA LAKE
Ratio of Annual Debt Service for Bonded Debt to Total General Expenditures
Last Ten Fiscal Years

<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>
2008/2009	\$ 9,718,684	\$ 813,549	\$ 13,644,817	5.96%
2009/2010	9,175,593	1,001,868	12,334,640	8.12%
2010/2011	9,152,923	745,826	15,028,162	4.96%
2011/2012	3,761,603	526,901	11,014,235	4.78%
2012/2013	3,604,277	264,338	8,117,917	3.26%
2013/2014	3,438,022	275,287	7,529,761	3.66%
2014/2015	3,267,842	276,340	6,793,353	4.07%
2015/2016	3,084,789	277,180	8,374,325	3.31%
2016/2017	2,943,426	257,887	9,165,903	2.81%
2017/2018	5,327,552	288,981	14,701,492	1.97%

Note:

*Total Governmental fund expenditures including debt service and capital outlay.

CITY OF SHASTA LAKE
Computation of Legal Bonded Debt Margin
Last Ten Fiscal Years

	Fiscal Year			
	<u>2008/2009</u>	<u>2009/2010</u>	<u>2010/2011</u>	<u>2011/2012</u>
Net Assessed Value	\$ 704,410,900	\$ 682,180,855	\$ 649,067,490	\$ 599,633,246
Plus Exempt Property	<u>29,893,900</u>	<u>29,830,360</u>	<u>30,486,666</u>	<u>30,102,800</u>
Total Assessed Value	<u>\$ 734,304,800</u>	<u>\$ 712,011,215</u>	<u>\$ 679,554,156</u>	<u>\$ 629,736,046</u>
 Debt Limit				
15% of Total Assessed Value	\$ 110,145,720	\$ 106,801,682	\$ 101,933,123	\$ 94,460,407
Less Outstanding General Obligation Debt	<u>9,718,684</u>	<u>9,175,593</u>	<u>9,152,923</u>	<u>3,761,603</u>
Legal Debt Margin	<u>\$ 100,427,036</u>	<u>\$ 97,626,089</u>	<u>\$ 92,780,200</u>	<u>\$ 90,698,804</u>

Source:
City of Shasta Lake Financial Records

<u>2012/2013</u>	<u>2013/2014</u>	<u>2014/2015</u>	<u>2015/2016</u>	<u>2016/2017</u>	<u>2017/2018</u>
\$ 604,627,403	\$ 622,952,415	\$ 644,642,610	\$ 663,455,896	\$ 690,198,637	\$ 719,647,276
30,403,885	30,569,761	31,463,673	32,243,707	32,026,690	31,656,372
<u>\$ 635,031,288</u>	<u>\$ 653,522,176</u>	<u>\$ 676,106,283</u>	<u>\$ 695,699,603</u>	<u>\$ 722,225,327</u>	<u>\$ 751,303,648</u>
\$ 95,254,693	\$ 98,028,326	\$ 101,415,942	\$ 104,354,940	\$ 108,333,799	\$ 112,695,547
3,604,277	3,438,022	3,267,842	3,084,789	2,943,426	5,327,552
<u>\$ 91,650,416</u>	<u>\$ 94,590,304</u>	<u>\$ 98,148,100</u>	<u>\$ 101,270,151</u>	<u>\$ 105,390,373</u>	<u>\$ 107,367,995</u>

CITY OF SHASTA LAKE
Economic Information
Last Ten Calendar Years

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income</u>		<u>Unemployment Rate (1)</u>
		<u>Total</u>	<u>Per Capita</u>	
2009	10,151	\$ 332,384,344	\$ 32,744	19.7%
2010	10,164	340,463,508	33,497	21.1%
2011	10,098	351,147,852	34,774	20.0%
2012	10,058	359,653,964	35,758	18.1%
2013	10,064	365,967,296	36,364	14.9%
2014	10,044	380,717,820	37,905	9.1%
2015	10,541	414,819,667	39,353	6.0%
2016	10,523	437,988,306	41,622	5.5%
2017	10,386	436,243,158	42,003	5.0%
2018	10,190	\$ 470,268,500	46,150	4.9%

Note:

(1) These are annual average rates

Source:

California Employment Development Department
U.S. Department of Commerce, Bureau of Economic Analysis

CITY OF SHASTA LAKE
Principal Employers
Current Year and Seven Years Ago

Employer	Fiscal Year 2017/2018			Fiscal Year 2010/2011		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Gateway Unified School District	210	1	5.5%	120	3	3.2%
Sierra Pacific	155	2	4.1%	145	1	3.8%
Knauf Insulation	154	3	4.1%	123	2	3.2%
City of Shasta Lake	50	4	1.3%	43	4	1.1%
McDonald's	42	5	1.1%	40	6	1.1%
Farmers Market Place	37	6	1.0%	31	7	0.8%
Premiere Brand Meats	28	7	0.7%	22	9	0.6%
Fresinius Medical Care	20	8	0.5%	42	5	1.1%
Lawrence & Associates	18	9	0.5%	-	-	-
530 Collective	13	10	0.3%	-	-	-
Trenchless Pipe Company	-	-	-	22	8	0.6%
Rite Aid	-	-	-	10	10	0.3%

Note:

Data pertaining to fiscal year 2007/2008 is not available, the latest prior year available is fiscal year 2010/2011.
Total estimated employees in the City of Shasta Lake for 2010/2011 and 2017/2018 was 3,800.

Source:

City Business License records
California Employment Development Department

CITY OF SHASTA LAKE
Authorized Full-time Equivalent Employees (FTE) by Department
Last Ten Fiscal Years

	<u>June 30, 2009</u>	<u>June 30, 2010</u>	<u>June 30, 2011</u>	<u>June 30, 2012</u>
Water	3.00	3.00	3.00	2.00
Electric	11.00	11.00	10.00	9.00
Wastewater	3.00	3.00	3.00	3.00
City Manager, City Clerk, and Grant	6.60	7.10	6.50	4.00
Finance & Customer Service	10.30	10.10	8.90	7.45
Building Use & Planning	5.40	6.10	4.20	4.00
Public Works & Motor Pool & Other	16.20	16.40	12.60	11.75
Animal Control	1.90	1.90	1.90	2.00
	<hr/>	<hr/>	<hr/>	<hr/>
Total Full-Time Equivalent Employees	<u>57.40</u>	<u>58.60</u>	<u>50.10</u>	<u>43.20</u>

Source:

City of Shasta Lake Personnel Department

<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>
3.00	3.00	3.00	3.00	3.00	3.00
10.00	10.00	10.00	10.00	10.00	10.00
3.00	3.00	3.00	3.00	3.00	3.00
4.00	4.37	4.00	4.00	4.00	4.00
8.95	8.00	7.00	7.00	7.00	7.00
4.50	5.00	5.00	5.00	5.00	5.00
11.80	12.50	13.50	13.50	13.00	13.00
1.75	2.63	2.63	2.88	2.88	3.50
<u>47.00</u>	<u>48.50</u>	<u>48.13</u>	<u>48.38</u>	<u>47.88</u>	<u>48.50</u>

CITY OF SHASTA LAKE
Operating and Capital Indicators
Last Ten Calendar Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Area in acres	6,950	6,950	6,950	6,950
Street miles	64	64	64	64
Park acreage	45	45	45	45
Environment and Utilities				
Water connections	3,700	3,679	3,655	3,646
Electric connections	4,450	4,419	4,407	4,385
Sewer connections	3,331	3,322	3,295	3,283
Police				
Calls for service	11,005	11,651	10,517	10,842

Notes:

* Reported on calendar year excludes November 2014 to December 2014

** Reported on calendar year excludes December 2015

Source:

California Department of Finance

City of Shasta Lake records

2013	2014	2015	2016	2017	2018
6,950	6,950	6,950	6,950	6,950	6,950
64	64	65	65	65	65
45	45	45	45	45	45
3,665	3,672	3,700	3,748	3,746	3,796
4,401	4,406	4,434	4,414	4,451	4,533
3,300	3,314	3,336	3,362	3,360	3,404
11,829	*12,138	**11,975	12,692	11,948	11,643

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