

**CITY OF SHASTA LAKE,  
CALIFORNIA**



**FINANCIAL STATEMENTS  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2019**

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**CITY OF SHASTA LAKE**  
**Annual Financial Report**  
**For the Year Ended June 30, 2019**

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**Annual Financial Report**  
**For the Year Ended June 30, 2019**

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## **INTRODUCTORY SECTION**

- **List of Officials**

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**CITY OF SHASTA LAKE**  
**List of Officials**  
**For the Year Ended June 30, 2019**

**Elected Officials**

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

**Administrative Personnel**

John N. Duckett, Jr.	City Manager
John Kenny	City Attorney
Kurt Swanson	Interim Finance Director
James Takehara	Electric Utility Director
Jeff Tedder	City Engineer
Jessica Lugo	Assistant City Manager
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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## **FINANCIAL SECTION**

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

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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, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the City Pension Plan information, City OPEB Plan information 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to 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. Our opinion on the basic financial statements is not affected by this missing information.

### *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 and combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

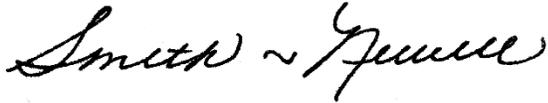
The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in 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 are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory has 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.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated March 27, 2020 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  
March 27, 2020

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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, 2019**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
<b>ASSETS</b>			
Cash and investments	\$ 8,693,886	\$ 24,838,008	\$ 33,531,894
Receivables:			
Accounts, net	80,074	3,243,813	3,323,887
Interest	32,284	71,694	103,978
Taxes	775,208	6,753	781,961
Intergovernmental	195,708	285,918	481,626
Assessments	2,638,000	538,036	3,176,036
Deposits	4,428	408,272	412,700
Prepaid costs	-	191,363	191,363
Inventory	-	429,001	429,001
Internal balances	176,840	(176,840)	-
Restricted cash and investments	877,206	787,370	1,664,576
Loans receivable	4,819,976	-	4,819,976
Land held for resale	594,927	-	594,927
Capital assets:			
Non-depreciable	3,991,340	21,610,431	25,601,771
Depreciable, net	50,401,587	27,746,345	78,147,932
Total capital assets	<u>54,392,927</u>	<u>49,356,776</u>	<u>103,749,703</u>
<b>Total Assets</b>	<u>73,281,464</u>	<u>79,980,164</u>	<u>153,261,628</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pension adjustments	785,830	1,431,523	2,217,353
Deferred OPEB adjustments	372,411	551,686	924,097
<b>Total Deferred Outflows of Resources</b>	<u>1,158,241</u>	<u>1,983,209</u>	<u>3,141,450</u>
<b>LIABILITIES</b>			
Accounts payable	176,417	1,741,056	1,917,473
Retentions payable	-	787,370	787,370
Salaries and benefits payable	97,748	124,486	222,234
Due to other governments	346,168	900,633	1,246,801
Deposits payable	611,018	5,200	616,218
Interest payable	80,772	54,828	135,600
Unearned revenues	26,233	-	26,233
Long-term liabilities:			
Due within one year	322,052	478,069	800,121
Due in more than one year	5,018,908	9,668,558	14,687,466
Net pension liability	2,628,230	4,787,770	7,416,000
Net OPEB liability	514,874	1,303,099	1,817,973
<b>Total Liabilities</b>	<u>9,822,420</u>	<u>19,851,069</u>	<u>29,673,489</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred housing loan payments	4,719,976	-	4,719,976
Deferred pension adjustments	245,462	447,155	692,617
Deferred OPEB adjustments	287,376	425,716	713,092
<b>Total Deferred Inflows of Resources</b>	<u>5,252,814</u>	<u>872,871</u>	<u>6,125,685</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, 2019**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
<b>NET POSITION</b>			
Net investment in capital assets	49,216,701	38,584,983	87,801,684
Restricted for:			
General government	1,202,517	-	1,202,517
Public safety	11,014	-	11,014
Public ways and facilities	2,001,246	-	2,001,246
Community development	1,173,851	-	1,173,851
Debt service	689,469	-	689,469
Unrestricted	5,069,673	22,654,450	27,724,123
<b>Total Net Position</b>	<b>\$ 59,364,471</b>	<b>\$ 61,239,433</b>	<b>\$120,603,904</b>

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

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**CITY OF SHASTA LAKE**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

<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	\$ 2,865,860	\$ 3,520,241	\$ 18,730	\$ -
Public safety	3,296,867	221,686	110,347	-
Public ways and facilities	2,352,027	795,806	1,279,025	475,398
Planning	498,691	-	-	-
Culture and recreation	376,737	3,372	-	-
Community development	24,296	-	63,040	-
Interest on long-term debt	166,503	-	-	-
<b>Total Governmental Activities</b>	<b>9,580,981</b>	<b>4,541,105</b>	<b>1,471,142</b>	<b>475,398</b>
Business-type activities:				
Water	2,807,458	3,797,255	-	-
Electric	20,935,541	23,587,821	-	-
Wastewater	2,564,398	3,128,906	-	3,171,672
Industrial park	86,419	-	-	45,956
<b>Total Business-Type Activities</b>	<b>26,393,816</b>	<b>30,513,982</b>	<b>-</b>	<b>3,217,628</b>
<b>Total</b>	<b>\$ 35,974,797</b>	<b>\$ 35,055,087</b>	<b>\$ 1,471,142</b>	<b>\$ 3,693,026</b>

**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**

**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**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
\$ 673,111	\$ -	\$ 673,111
(2,964,834)	-	(2,964,834)
198,202	-	198,202
(498,691)	-	(498,691)
(373,365)	-	(373,365)
38,744	-	38,744
(166,503)	-	(166,503)
<u>(3,093,336)</u>	<u>-</u>	<u>(3,093,336)</u>
-	989,797	989,797
-	2,652,280	2,652,280
-	3,736,180	3,736,180
-	(40,463)	(40,463)
<u>-</u>	<u>7,337,794</u>	<u>7,337,794</u>
<u>(3,093,336)</u>	<u>7,337,794</u>	<u>4,244,458</u>
1,197,196	-	1,197,196
950,971	-	950,971
4,666	-	4,666
224,116	-	224,116
1,141,351	-	1,141,351
874,357	-	874,357
666,764	813,544	1,480,308
76,384	197,950	274,334
84,156	(84,156)	-
<u>5,219,961</u>	<u>927,338</u>	<u>6,147,299</u>
2,126,625	8,265,132	10,391,757
<u>57,237,846</u>	<u>52,974,301</u>	<u>110,212,147</u>
<u>\$ 59,364,471</u>	<u>\$ 61,239,433</u>	<u>\$ 120,603,904</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, 2019**

	<u>General</u>	<u>HOME</u>	<u>Wastewater Treatment Debt</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
<b>ASSETS</b>					
Cash and investments	\$ 4,583,874	\$ 496,908	\$ 310,645	\$ 3,302,459	\$ 8,693,886
Receivables:					
Accounts, net	80,074	-	-	-	80,074
Interest	9,909	1,038	3,004	18,333	32,284
Taxes	727,142	-	2,577	45,489	775,208
Intergovernmental	18,729	70,425	-	106,554	195,708
Assessments	-	-	2,608,000	30,000	2,638,000
Deposits	4,428	-	-	-	4,428
Due from other funds	46,101	-	-	-	46,101
Restricted cash and investments	612,678	-	264,528	-	877,206
Loans receivable	-	4,021,493	-	798,483	4,819,976
Land held for resale	-	-	-	594,927	594,927
<b>Total Assets</b>	<u>\$ 6,082,935</u>	<u>\$ 4,589,864</u>	<u>\$ 3,188,754</u>	<u>\$ 4,896,245</u>	<u>\$ 18,757,798</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 142,816	\$ -	\$ 2,500	\$ 31,101	\$ 176,417
Salaries and benefits payable	97,748	-	-	-	97,748
Interest payable	40,121	-	-	-	40,121
Due to other governments	329,501	-	-	16,667	346,168
Deposits payable	611,018	-	-	-	611,018
Due to other funds	-	-	-	4,263	4,263
Advances from other funds	375,396	-	-	-	375,396
Unearned revenues	26,233	-	-	-	26,233
<b>Total Liabilities</b>	<u>1,622,833</u>	<u>-</u>	<u>2,500</u>	<u>52,031</u>	<u>1,677,364</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues	5,679	70,425	2,608,000	58,773	2,742,877
Deferred housing loan payments	-	4,021,493	-	698,483	4,719,976
<b>Total Deferred Inflows of Resources</b>	<u>5,679</u>	<u>4,091,918</u>	<u>2,608,000</u>	<u>757,256</u>	<u>7,462,853</u>
<b>FUND BALANCES</b>					
Restricted	683,161	497,946	578,254	4,091,164	5,850,525
Assigned	1,011,890	-	-	-	1,011,890
Unassigned	2,759,372	-	-	(4,206)	2,755,166
<b>Total Fund Balances</b>	<u>4,454,423</u>	<u>497,946</u>	<u>578,254</u>	<u>4,086,958</u>	<u>9,617,581</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 6,082,935</u>	<u>\$ 4,589,864</u>	<u>\$ 3,188,754</u>	<u>\$ 4,896,245</u>	<u>\$ 18,757,798</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, 2019**

<b>Total Fund Balance - Total Governmental Funds</b>	<b>\$ 9,617,581</b>
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.	54,392,927
Other long-term assets are not available to pay for current period expenditures and therefore, are reported as unavailable revenues in the governmental funds.	2,742,877
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.	(40,651)
Deferred outflows of resources related to pension and OPEB are not reported in the governmental funds.	1,158,241
Deferred inflows of resources related to pension and OPEB are not reported in the governmental funds.	(532,838)
Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.	
Loans payable	(69,226)
Revenue bonds payable	(2,608,000)
Special assessment bonds payable	(30,000)
Certificates of participation	(2,469,000)
Compensated absences	(164,734)
Net pension liability	(2,628,230)
Net OPEB liability	(514,874)
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>510,398</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ 59,364,471</u></b>

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, 2019**

	<u>General</u>	<u>HOME</u>	<u>Wastewater Treatment Debt</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
<b>REVENUES</b>					
Taxes and assessments	\$ 3,483,183	\$ -	\$ 212,887	\$ 702,405	\$ 4,398,475
Licenses and permits	233,871	-	-	-	233,871
Fines and forfeitures	8,455	-	-	-	8,455
Use of money and property	109,982	321,636	7,953	227,193	666,764
Intergovernmental	894,508	151,824	-	977,978	2,024,310
Charges for services	3,746,539	-	-	552,240	4,298,779
Other revenues	76,384	-	-	-	76,384
<b>Total Revenues</b>	<u>8,552,922</u>	<u>473,460</u>	<u>220,840</u>	<u>2,459,816</u>	<u>11,707,038</u>
<b>EXPENDITURES</b>					
Current:					
General government	2,808,056	-	-	24,608	2,832,664
Public safety	3,260,354	-	-	100,000	3,360,354
Public ways and facilities	49,464	-	-	1,013,810	1,063,274
Planning	551,883	-	-	-	551,883
Culture and recreation	297,571	-	-	-	297,571
Community development	-	13,225	10,467	604	24,296
Debt service:					
Principal	31,000	-	109,000	11,326	151,326
Interest and other charges	42,969	-	119,802	4,399	167,170
Capital outlay	617,388	-	-	731,945	1,349,333
<b>Total Expenditures</b>	<u>7,658,685</u>	<u>13,225</u>	<u>239,269</u>	<u>1,886,692</u>	<u>9,797,871</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>894,237</u>	<u>460,235</u>	<u>(18,429)</u>	<u>573,124</u>	<u>1,909,167</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	84,156	-	-	-	84,156
<b>Total Other Financing Sources (Uses)</b>	<u>84,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,156</u>
<b>Net Change in Fund Balances</b>	978,393	460,235	(18,429)	573,124	1,993,323
<b>Fund Balances - Beginning</b>	<u>3,476,030</u>	<u>37,711</u>	<u>596,683</u>	<u>3,513,834</u>	<u>7,624,258</u>
<b>Fund Balances - Ending</b>	<u>\$ 4,454,423</u>	<u>\$ 497,946</u>	<u>\$ 578,254</u>	<u>\$ 4,086,958</u>	<u>\$ 9,617,581</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, 2019**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 1,993,323</b>
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	1,349,333
Less current year depreciation	(1,547,325)
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.	
Principal retirements	151,326
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	(83,588)
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.	
Change in deferred outflows of resources related to pension	110,512
Change in deferred inflows of resources related to pension	(22,041)
Change in deferred outflows of resources related to OPEB	200,762
Change in deferred inflows of resources related to OPEB	(59,005)
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	(3,509)
Change in net pension liability	143,230
Change in net OPEB liability	(146,397)
Change in accrued interest on long-term debt	667
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.	
	39,337
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 2,126,625</b>

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, 2019**

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Major Funds</b>			<b>Nonmajor</b>
	<b>Water</b>	<b>Electric</b>	<b>Wastewater</b>	<b>Industrial Park</b>
<b>ASSETS</b>				
Current Assets:				
Cash and investments	\$ 3,542,468	\$ 18,858,056	\$ 952,637	\$ -
Receivables:				
Accounts, net	677,394	2,207,329	356,887	670
Interest	13,567	45,987	5,126	-
Taxes	-	-	-	6,753
Intergovernmental	-	-	285,918	-
Assessments	-	-	-	538,036
Deposits	-	408,272	-	-
Prepaid costs	41,911	149,452	-	-
Inventory	4,108	424,893	-	-
<b>Total Current Assets</b>	<b>4,279,448</b>	<b>22,093,989</b>	<b>1,600,568</b>	<b>545,459</b>
Noncurrent Assets:				
Restricted cash and investments	-	-	787,370	-
Advances to other funds	-	717,766	-	-
Capital assets:				
Non-depreciable	368,991	472,944	19,375,800	1,392,696
Depreciable, net	10,920,757	8,167,260	7,755,981	-
<b>Total Noncurrent Assets</b>	<b>11,289,748</b>	<b>9,357,970</b>	<b>27,919,151</b>	<b>1,392,696</b>
<b>Total Assets</b>	<b>15,569,196</b>	<b>31,451,959</b>	<b>29,519,719</b>	<b>1,938,155</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred pension adjustments	146,567	708,666	148,563	-
Deferred OPEB adjustments	77,624	170,958	51,749	-
<b>Total Deferred Outflows of Resources</b>	<b>224,191</b>	<b>879,624</b>	<b>200,312</b>	<b>-</b>

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>
\$ 23,353,161	\$ 1,484,847
3,242,280	1,533
64,680	7,014
6,753	-
285,918	-
538,036	-
408,272	-
191,363	-
429,001	-
<u>28,519,464</u>	<u>1,493,394</u>
787,370	-
717,766	-
21,610,431	-
<u>26,843,998</u>	<u>902,347</u>
<u>49,959,565</u>	<u>902,347</u>
<u>78,479,029</u>	<u>2,395,741</u>
1,003,796	427,727
300,331	251,355
<u>1,304,127</u>	<u>679,082</u>

**CITY OF SHASTA LAKE**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2019**

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Major Funds</b>			<b>Nonmajor</b>
	<b>Water</b>	<b>Electric</b>	<b>Wastewater</b>	<b>Industrial Park</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	30,322	171,005	1,503,408	1,088
Retentions payable	-	-	787,370	-
Salaries and benefits payable	12,268	57,806	12,758	-
Due to other governments	7,869	892,764	-	-
Deposits payable	5,200	-	-	-
Due to other funds	-	-	-	41,838
Interest payable	42,315	-	-	12,513
Compensated absences payable	28,734	118,640	40,861	-
Loans payable	165,888	-	-	-
Bonds payable	-	-	-	35,000
<b>Total Current Liabilities</b>	<b>292,596</b>	<b>1,240,215</b>	<b>2,344,397</b>	<b>90,439</b>
Noncurrent Liabilities:				
Advances from other funds	61,853	-	62,281	-
Loans payable	3,185,818	-	5,802,740	-
Bonds payable	-	-	-	680,000
Net pension liability	490,198	2,370,154	496,872	-
Net OPEB liability	169,002	398,296	112,862	-
<b>Total Noncurrent Liabilities</b>	<b>3,906,871</b>	<b>2,768,450</b>	<b>6,474,755</b>	<b>680,000</b>
<b>Total Liabilities</b>	<b>4,199,467</b>	<b>4,008,665</b>	<b>8,819,152</b>	<b>770,439</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred pension adjustments	45,782	221,360	46,406	-
Deferred OPEB adjustments	59,900	131,922	39,933	-
<b>Total Deferred Inflows of Resources</b>	<b>105,682</b>	<b>353,282</b>	<b>86,339</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	7,938,042	8,640,204	21,329,041	677,696
Restricted for debt service	-	-	-	-
Unrestricted	3,550,196	19,329,432	(514,501)	490,020
<b>Total Net Position</b>	<b>\$ 11,488,238</b>	<b>\$ 27,969,636</b>	<b>\$ 20,814,540</b>	<b>\$ 1,167,716</b>

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>
1,705,823	35,233
787,370	-
82,832	41,654
900,633	-
5,200	-
41,838	-
54,828	-
188,235	88,946
165,888	-
35,000	-
<u>3,967,647</u>	<u>165,833</u>
124,134	218,236
8,988,558	-
680,000	-
3,357,224	1,430,546
680,160	622,939
<u>13,830,076</u>	<u>2,271,721</u>
<u>17,797,723</u>	<u>2,437,554</u>
313,548	133,607
231,755	193,961
<u>545,303</u>	<u>327,568</u>
38,584,983	902,347
-	-
<u>22,855,147</u>	<u>(592,646)</u>
61,440,130	<u>\$ 309,701</u>
<u>(200,697)</u>	
<u>\$ 61,239,433</u>	

**CITY OF SHASTA LAKE**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Major Funds</b>			<b>Nonmajor</b>
	<b>Water</b>	<b>Electric</b>	<b>Wastewater</b>	<b>Industrial Park</b>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 3,797,255	\$ 23,587,821	\$ 3,128,906	\$ -
Other revenue	70,266	114,646	1,400	11,638
<b>Total Operating Revenues</b>	<u>3,867,521</u>	<u>23,702,467</u>	<u>3,130,306</u>	<u>11,638</u>
<b>OPERATING EXPENSES</b>				
Salaries and benefits	1,302,679	1,938,548	1,169,339	-
Administration	567,542	3,495,879	517,755	6,421
Power and water	350,134	13,518,963	274,205	12,940
Insurance	38,875	138,589	50,458	1,872
Supplies	110,975	119,901	46,993	-
Repair and maintenance	84,223	501,201	124,280	-
Professional services	26,274	33,053	72,961	27,342
Depreciation	540,315	785,108	591,016	-
Other expense	14,442	416,156	16,925	-
<b>Total Operating Expenses</b>	<u>3,035,459</u>	<u>20,947,398</u>	<u>2,863,932</u>	<u>48,575</u>
<b>Operating Income (Loss)</b>	<u>832,062</u>	<u>2,755,069</u>	<u>266,374</u>	<u>(36,937)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Assessment revenue	-	-	-	45,956
Interest income	99,440	659,075	30,323	-
Interest expense	(117,455)	-	(1,285)	(37,844)
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(18,015)</u>	<u>659,075</u>	<u>29,038</u>	<u>8,112</u>
<b>Income (Loss) Before Capital Contributions and Transfers</b>	814,047	3,414,144	295,412	(28,825)
Capital contributions	-	-	3,171,672	-
Transfers Out	(8,322)	(32,481)	(9,664)	-
<b>Change in Net Position</b>	805,725	3,381,663	3,457,420	(28,825)
<b>Total Net Position - Beginning</b>	<u>10,682,513</u>	<u>24,587,973</u>	<u>17,357,120</u>	<u>1,196,541</u>
<b>Total Net Position - Ending</b>	<u>\$ 11,488,238</u>	<u>\$ 27,969,636</u>	<u>\$ 20,814,540</u>	<u>\$ 1,167,716</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>
\$ 30,513,982	\$ 3,101,344
197,950	2,445
<u>30,711,932</u>	<u>3,103,789</u>
4,410,566	1,274,386
4,587,597	623,181
14,156,242	-
229,794	9,143
277,869	30,216
709,704	173,683
159,630	31,722
1,916,439	259,487
447,523	-
<u>26,895,364</u>	<u>2,401,818</u>
<u>3,816,568</u>	<u>701,971</u>
45,956	-
788,838	24,706
(156,584)	(4,502)
<u>678,210</u>	<u>20,204</u>
4,494,778	722,175
3,171,672	-
(50,467)	(33,689)
7,615,983	688,486
	(378,785)
	<u>\$ 309,701</u>
<u>649,149</u>	
<u>\$ 8,265,132</u>	

**CITY OF SHASTA LAKE**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Major Funds</b>			<b>Nonmajor</b>
	<b>Water</b>	<b>Electric</b>	<b>Wastewater</b>	<b>Industrial Park</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 3,761,180	\$ 23,904,130	\$ 3,138,239	\$ 12,091
Receipts from interfund services	-	-	-	-
Payments to suppliers	(1,170,154)	(18,435,638)	(714,323)	(48,462)
Payments for interfund services	-	-	-	-
Payments to employees	(1,214,791)	(2,078,207)	(1,144,665)	-
<b>Net Cash Provided by Operating Activities</b>	<u>1,376,235</u>	<u>3,390,285</u>	<u>1,279,251</u>	<u>(36,371)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Transfers to other funds	(8,322)	(32,481)	(9,664)	-
Interfund loans received	-	-	-	41,838
Interfund loans repaid	(11,652)	-	(11,733)	-
Interfund loans repayments received	-	135,220	-	-
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<u>(19,974)</u>	<u>102,739</u>	<u>(21,397)</u>	<u>41,838</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Grants, assessments, and other receipts	-	-	5,199,705	66,896
Acquisition of capital assets	(227,269)	(223,601)	(13,294,462)	-
Proceeds from debt	-	-	5,802,740	-
Principal paid on debt	(217,069)	-	-	(35,000)
Interest paid on debt	(120,069)	-	(1,285)	(38,456)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(564,407)</u>	<u>(223,601)</u>	<u>(2,293,302)</u>	<u>(6,560)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	87,898	624,418	28,879	-
<b>Net Cash Provided by Investing Activities</b>	<u>87,898</u>	<u>624,418</u>	<u>28,879</u>	<u>-</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	879,752	3,893,841	(1,006,569)	(1,093)
<b>Balances - Beginning</b>	<u>2,662,716</u>	<u>14,964,215</u>	<u>2,746,576</u>	<u>1,093</u>
<b>Balances - Ending</b>	<u>\$ 3,542,468</u>	<u>\$ 18,858,056</u>	<u>\$ 1,740,007</u>	<u>\$ -</u>

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>
\$ 30,815,640	\$ 2,445
-	3,115,577
(20,368,577)	(437,609)
-	(424,294)
<u>(4,437,663)</u>	<u>(1,374,131)</u>
<u>6,009,400</u>	<u>881,988</u>
(50,467)	(33,689)
41,838	-
(23,385)	(41,114)
<u>135,220</u>	<u>-</u>
<u>103,206</u>	<u>(74,803)</u>
5,266,601	-
(13,745,332)	(189,445)
5,802,740	-
(252,069)	-
<u>(159,810)</u>	<u>(4,502)</u>
<u>(3,087,870)</u>	<u>(193,947)</u>
<u>741,195</u>	<u>17,693</u>
<u>741,195</u>	<u>17,693</u>
3,765,931	630,931
<u>20,374,600</u>	<u>853,916</u>
<u>\$ 24,140,531</u>	<u>\$ 1,484,847</u>

**CITY OF SHASTA LAKE**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Major Funds</b>			<b>Nonmajor</b>
	<b>Water</b>	<b>Electric</b>	<b>Wastewater</b>	<b>Industrial Park</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS)</b>				
<b>TO NET CASH PROVIDED BY OPERATING</b>				
<b>ACTIVITIES</b>				
Operating income (loss)	\$ 832,062	\$ 2,755,069	\$ 266,374	\$ (36,937)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	540,315	785,108	591,016	-
Decrease (increase) in:				
Accounts receivable	(106,341)	20,489	7,933	453
Deposits	-	181,174	-	-
Prepaid costs	58	(74,953)	-	-
Inventory	-	(36,110)	-	-
Pension adjustment - deferred outflows	(8,980)	(64,718)	(20,029)	-
OPEB adjustment - deferred outflows	(13,112)	(16,726)	(8,650)	-
Increase (decrease) in:				
Accounts payable	17,863	(206,196)	390,455	113
Salaries and benefits payable	1,125	2,508	86	-
Due to other governments	3,090	105,363	(1,201)	-
Deposits payable	1,300	-	-	-
Compensated absences	12,166	4,541	6,162	-
Net pension liability	81,750	(82,907)	34,098	-
Net OPEB liability	30,515	67,205	20,343	-
Pension adjustment - deferred inflows	10,355	23,716	10,071	-
OPEB adjustment - deferred inflows	(25,931)	(73,278)	(17,407)	-
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 1,376,235</b>	<b>\$ 3,390,285</b>	<b>\$ 1,279,251</b>	<b>\$ (36,371)</b>

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>
\$ 3,816,568	\$ 701,971
1,916,439	259,487
(77,466)	14,233
181,174	-
(74,895)	-
(36,110)	-
(93,727)	(47,197)
(38,488)	(7,198)
202,235	9,239
3,719	6,951
107,252	(3,197)
1,300	-
22,869	23,745
32,941	(62,287)
118,063	98,809
44,142	18,311
<u>(116,616)</u>	<u>(130,879)</u>
<u>\$ 6,009,400</u>	<u>\$ 881,988</u>

**CITY OF SHASTA LAKE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2019**

	<b>Private Purpose Trust Fund (Successor Agency)</b>	<b>Agency Fund</b>
<b>ASSETS</b>		
Current Assets:		
Cash and investments	\$ 1,653,254	\$ 375,048
Receivables:		
Interest	9,698	2,141
Taxes	-	714
	1,662,952	377,903
<b>Total Current Assets</b>		
Noncurrent Assets:		
Land held for resale	484	-
	484	-
<b>Total Noncurrent Assets</b>		
	1,663,436	377,903
<b>Total Assets</b>		
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	-	975
Interest payable	9,505	-
Unearned revenues	213,957	-
Loans payable	300,000	-
Agency obligations	-	376,928
	523,462	377,903
<b>Total Current Liabilities</b>		
Noncurrent Liabilities:		
Loans payable	2,500,000	-
	2,500,000	-
<b>Total Noncurrent Liabilities</b>		
	3,023,462	377,903
<b>Total Liabilities</b>		
<b>NET POSITION</b>		
Net position held in trust	(1,360,026)	-
	\$ (1,360,026)	\$ -
<b>Total Net Position</b>		

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, 2019**

	<u>Private Purpose Trust Fund (Successor Agency)</u>
<b>ADDITIONS</b>	
Taxes and assessments	\$ 475,518
Interest income	<u>34,159</u>
<b>Total Additions</b>	<u>509,677</u>
<b>DEDUCTIONS</b>	
Administrative expenses	2,375
Interest expense	<u>117,980</u>
<b>Total Deductions</b>	<u>120,355</u>
<b>Change in Net Position</b>	389,322
<b>Net Position - Beginning</b>	<u>(1,749,348)</u>
<b>Net Position - Ending</b>	<u><u>\$ (1,360,026)</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, 2019**

**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, 2019**

**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 at 2180 Harvard Street, Suite 460, Sacramento, CA 95815. 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, CA 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 proprietary funds are separately aggregated and reported as nonmajor funds.

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

**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 water 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 electric 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 wastewater 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 fund accounts 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, 2019**

**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 non-operating 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 an 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, 2019**

**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 \$612,678 and in the Wastewater Treatment Debt fund for debt service of \$264,528. Restricted assets in the proprietary funds represent cash and investments held in the Wastewater fund for retentions payable of \$787,370.

**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, 2019, the allowance for doubtful accounts was \$731.

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, 2019, the allowance for doubtful accounts was \$7,310.

**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, 2019**

**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 using the first in, first out method 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, 2019, 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 \$4,819,976 was recorded as loans receivable at June 30, 2019. 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. Due to the terms of the loans, offsetting deferred inflows of resources of \$4,719,976 have been established in the Governmental Funds Balance Sheet for the loan principal and interest payments.

**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, 2019**

**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 to 50 years
Other system assets	20 to 33 years
Buildings	33 years
Equipment	5 to 10 years
Infrastructure	20 to 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, 2019**

**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 Revenue**

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 as due to other governments.

**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.

**R. Pension**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pension, 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.

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**R. Pension (Continued)**

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, 2018
Measurement Period	July 1, 2017 to June 30, 2018

**S. Other Postemployment Benefits (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources 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, 2018
Measurement Period	June 30, 2017 to June 30, 2018

**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 total housing loan 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, 2019**

**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 (GASB) Statements**

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

**Statement No. 83**, Certain Asset Retirement Obligations (AROs). This statement enhances the comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain AROs including obligations that may not have been previously reported. This statement also enhances the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs.

**Statement No. 88**, Certain Disclosures Related to Debt, including Direct Borrowing, and Direct Placements. This statement improves financial reporting by providing users of financial statements with essential information that currently is not consistently provided. In addition, information about resources to liquidate debt and the risk associated with changes in terms associated with debt will be disclosed. As a result, users will have better information to understand the effects of debt on a government's future resource flows.

**W. Future Accounting Pronouncements**

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

Statement No. 84 "Fiduciary Activities"	The requirements of this statement are effective for periods beginning after December 15, 2018. (FY 19/20)
Statement No. 87 "Leases"	The requirements of this statement are effective for periods beginning after December 15, 2019. (FY 20/21)
Statement No. 90 "Majority Equity Interests"	The requirements of this statement are effective for periods beginning after December 15, 2018. (FY 19/20)
Statement No. 91 "Conduit Debt Obligations"	The requirements of this statement are effective for periods beginning after December 15, 2020. (FY 21/22)

**NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. 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 \$4,206, 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, 2019**

**NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

**A. 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 \$519,773, which is expected to be eliminated in future years through internal service reimbursements.

**B. 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, 2019, does not expect to incur a liability.

**NOTE 3: CASH AND INVESTMENTS**

**A. Financial Statement Presentation**

As of June 30, 2019, the City's cash and investments are reported in the financial statements as follows:

Governmental activities	\$ 9,571,092
Business-type activities	25,625,378
Private purpose trust fund	1,653,254
Agency fund	<u>375,048</u>
Total Cash and Investments	<u>\$ 37,224,772</u>

As of June 30, 2019, the City's cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 2,100
Deposits (less outstanding checks)	<u>2,565,733</u>
Total Cash	<u>2,567,833</u>
Investments:	
In City's pool	<u>34,656,939</u>
Total Investments	<u>34,656,939</u>
Total Cash and Investments	<u>\$ 37,224,772</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 \$2,565,733 and the bank balance was \$3,190,421. 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, 2019**

**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 itself 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, 2019**

**NOTE 3: CASH AND INVESTMENTS (CONTINUED)**

**C. Investments (Continued)**

At June 30, 2019, the City had the following recurring fair value measurements:

Investment Type	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
<b>Investments by Fair Value Level</b>				
Federal Agencies	\$ 8,175,679	\$ 8,175,679	\$ -	\$ -
U.S. Treasuries	4,527,518	4,527,518	-	-
Corporate Medium-Term Notes	4,862,870	4,862,870	-	-
Asset-Backed Securities	<u>762,264</u>	<u>762,264</u>	-	-
Total Investments Measured at Fair Value	18,328,331	<u>\$18,328,331</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Investments in External Investment Pools</b>				
Shasta County Investment Pool	264,528			
LAIF	<u>16,064,080</u>			
Total Investments	<u>\$ 34,656,939</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, 2019, 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	0.875-3.125%	\$ 2,564,015	\$ 5,611,664	\$ 8,175,679	1.97
U.S. Treasuries	0.750-1.875%	1,842,158	2,685,360	4,527,518	1.64
Corporate Medium-Term Notes	1.300-2.950%	979,118	3,883,752	4,862,870	2.43
Asset-Backed Securities	1.200-3.400%	1,689	760,575	762,264	1.81
Shasta County Investment Pool	Variable	264,528	-	264,528	-
LAIF	Variable	<u>16,064,080</u>	-	<u>16,064,080</u>	-
Total Investments		<u>\$21,715,588</u>	<u>\$ 12,941,351</u>	<u>\$ 34,656,939</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, 2019**

**NOTE 3: CASH AND INVESTMENTS (CONTINUED)**

**C. Investments (Continued)**

<u>Investment Type</u>	<u>Minimum Legal Rating</u>	<u>Standard &amp; Poor's Rating</u>	<u>Moody's Rating</u>	<u>% of Portfolio</u>
Federal National Mortgage Association	-	AA+	AAA	4.48%
Federal Farm Credit Bank	-	AA+	AAA	5.98%
Federal Home Loan Bank	-	AA+	AAA	10.03%
Federal Home Loan Mortgage Corporation	-	AA+	AAA	3.10%
U.S. Treasuries	-	AA+	AAA	13.07%
Corporate Medium-Term Notes	A	A	A1	1.34%
Corporate Medium-Term Notes	A	A+	A1	2.45%
Corporate Medium-Term Notes	A	AA-	A1	0.65%
Corporate Medium-Term Notes	A	A	A2	4.07%
Corporate Medium-Term Notes	A	A-	A2	0.45%
Corporate Medium-Term Notes	A	A+	A2	0.96%
Corporate Medium-Term Notes	A	AA+	AA1	0.73%
Corporate Medium-Term Notes	A	AA	AA2	1.97%
Corporate Medium-Term Notes	A	AA-	AA3	1.41%
Asset-Backed Securities	A	AAA	AAA	0.39%
Asset-Backed Securities	A	NR	AAA	1.35%
Asset-Backed Securities	A	AAA	NR	0.46%
Shasta County Investment Pool	N/A	NR	NR	0.76%
LAIF	N/A	NR	NR	<u>46.35%</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, 2019, that represent 5 percent or more of total City investments are as follows:

<u>Investment Type</u>	<u>Amount Invested</u>	<u>Percentage of Investments</u>
Federal Farm Credit Bank	\$ 2,072,734	5.98%
Federal Home Loan Bank	3,477,717	10.03%

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

**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, 2019, the City's investment in LAIF valued at amortized cost was \$16,064,080 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 \$105.7 billion. Of that amount, 98.23 percent is invested in non-derivative financial products and 1.77 percent in structured notes and asset-backed securities.

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

**NOTE 4: CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2019, was as follows:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2019</u>
<b>Governmental Activities</b>					
Capital Assets, Not Being Depreciated:					
Land, easements, and right of way	\$ 3,748,240	\$ -	\$ -	\$ -	\$ 3,748,240
Construction in progress	<u>6,818,735</u>	<u>1,081,974</u>	<u>-</u>	<u>( 7,657,609)</u>	<u>243,100</u>
Total Capital Assets, Not Being Depreciated	<u>10,566,975</u>	<u>1,081,974</u>	<u>-</u>	<u>( 7,657,609)</u>	<u>3,991,340</u>
Capital Assets, Being Depreciated:					
Infrastructure & land improvements	52,516,354	26,276	-	499,481	53,042,111
Buildings and improvements	9,526,166	209,590	-	7,080,690	16,816,446
Machinery and equipment	602,344	31,493	-	77,438	711,275
Vehicles	<u>34,571</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,571</u>
Total Capital Assets, Being Depreciated	<u>62,679,435</u>	<u>267,359</u>	<u>-</u>	<u>7,657,609</u>	<u>70,604,403</u>
Less Accumulated Depreciation For:					
Infrastructure & land improvements	( 16,322,391)	( 1,077,797)	-	-	( 17,400,188)
Buildings and improvements	( 1,819,279)	( 443,820)	-	-	( 2,263,099)
Machinery and equipment	( 479,250)	( 25,708)	-	-	( 504,958)
Vehicles	<u>( 34,571)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 34,571)</u>
Total Accumulated Depreciation	<u>( 18,655,491)</u>	<u>( 1,547,325)</u>	<u>-</u>	<u>-</u>	<u>( 20,202,816)</u>
Total Capital Assets, Being Depreciated, Net	<u>44,023,944</u>	<u>( 1,279,966)</u>	<u>-</u>	<u>7,657,609</u>	<u>50,401,587</u>
Governmental Activities Capital Assets, Net	<u>\$ 54,590,919</u>	<u>(\$ 197,992)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,392,927</u>

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

**NOTE 4: CAPITAL ASSETS (CONTINUED)**

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2019</u>
<b>Business-Type Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,837,377	\$ -	\$ -	\$ 1,837,377
Construction in progress	<u>5,537,508</u>	<u>14,235,546</u>	<u>-</u>	<u>19,773,054</u>
Total Capital Assets, Not Being Depreciated	<u>7,374,885</u>	<u>14,235,546</u>	<u>-</u>	<u>21,610,431</u>
Capital Assets, Being Depreciated:				
General and utility plant	70,054,123	151,521	-	70,205,644
Buildings and improvements	1,317,699	-	-	1,317,699
Equipment and vehicles	<u>3,634,002</u>	<u>189,443</u>	<u>-</u>	<u>3,823,445</u>
Total Capital Assets, Being Depreciated	<u>75,005,824</u>	<u>340,964</u>	<u>-</u>	<u>75,346,788</u>
Less Accumulated Depreciation For:				
General and utility plant	( 41,943,071)	( 1,864,339)	-	( 43,807,410)
Buildings and improvements	( 657,718)	( 35,786)	-	( 693,504)
Equipment and vehicles	<u>( 2,823,728)</u>	<u>( 275,801)</u>	<u>-</u>	<u>( 3,099,529)</u>
Total Accumulated Depreciation	<u>( 45,424,517)</u>	<u>( 2,175,926)</u>	<u>-</u>	<u>( 47,600,443)</u>
Total Capital Assets, Being Depreciated, Net	<u>29,581,307</u>	<u>( 1,834,962)</u>	<u>-</u>	<u>27,746,345</u>
Business-Type Activities Capital Assets, Net	<u>\$ 36,956,192</u>	<u>\$ 12,400,584</u>	<u>\$ -</u>	<u>\$ 49,356,776</u>

**Depreciation**

Depreciation expense was charged to governmental activities as follows:

General government	\$ 164,432
Public safety	6,040
Public ways and facilities	1,294,498
Planning	3,189
Culture and recreation	<u>79,166</u>
Total Depreciation and Expense – Governmental Activities	<u>\$ 1,547,325</u>

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

Water	\$ 540,315
Electric	785,108
Wastewater	591,016
Internal Service Funds	<u>259,487</u>
Total Depreciation Expense – Business-Type Activities	<u>\$ 2,175,926</u>

**Construction in Progress**

Construction in progress for governmental activities relates primarily to work performed on road and bridge projects. Construction in progress for business-type activities relates primarily to work performed on water projects, electric projects, and the wastewater treatment plant.

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

**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, 2019:

	<u>Due From Other funds</u>	<u>Due To Other funds</u>
General fund	\$ 46,101	\$ -
Nonmajor governmental funds	-	4,263
Nonmajor enterprise funds	-	41,838
Total	<u>\$ 46,101</u>	<u>\$ 46,101</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, 2019:

	<u>Advances To Other Funds</u>	<u>Advances From Other Funds</u>
General fund	\$ -	\$ 375,396
Water	-	61,853
Electric	717,766	-
Wastewater	-	62,281
Internal service funds	-	218,236
Total	<u>\$ 717,766</u>	<u>\$ 717,766</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.

The following are the interfund transfers for fiscal year ended June 30, 2019:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 84,156	\$ -
Water	-	8,322
Electric	-	32,481
Wastewater	-	9,664
Internal service funds	-	33,689
Total	<u>\$ 84,156</u>	<u>\$ 84,156</u>

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

**NOTE 6: UNEARNED/UNAVAILABLE REVENUES**

At June 30, 2019, components of unearned and unavailable revenues were as follows:

	<u>Unearned</u>	<u>Unavailable</u>	<u>Totals</u>
General Fund			
Utility bill prepayments	\$ 26,233	\$ -	\$ 26,233
Grants receivable	-	5,679	5,679
HOME			
Grants receivable	-	70,425	70,425
Wastewater Treatment Debt			
Special assessments receivable	-	2,608,000	2,608,000
Nonmajor Governmental Funds			
Grants receivable	-	28,773	28,773
Special assessments receivable	-	30,000	30,000
Total	<u>\$ 26,233</u>	<u>\$ 2,742,877</u>	<u>\$ 2,769,110</u>

**NOTE 7: LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2019:

<u>Type of Indebtedness</u>	<u>Balance</u> <u>July 1, 2018</u>	<u>Adjustments/</u> <u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<b>Governmental Activities</b>					
Loans	\$ 78,552	\$ -	(\$ 9,326)	\$ 69,226	\$ 9,318
Revenue Bonds	2,717,000	-	( 109,000)	2,608,000	114,000
Special Assessment Bonds	32,000	-	( 2,000)	30,000	2,000
Certificates of Participation	2,500,000	-	( 31,000)	2,469,000	32,000
Compensated Absences	<u>161,225</u>	<u>125,672</u>	<u>( 122,163)</u>	<u>164,734</u>	<u>164,734</u>
Total Governmental Activities	<u>\$ 5,488,777</u>	<u>\$ 125,672</u>	<u>(\$ 273,489)</u>	<u>\$ 5,340,960</u>	<u>\$ 322,052</u>
<b>Business-Type Activities</b>					
Loans	\$ 3,568,775	\$ 5,802,740	(\$ 217,069)	\$ 9,154,446	\$ 165,888
Special Assessment Bonds	750,000	-	( 35,000)	715,000	35,000
Compensated Absences	<u>230,567</u>	<u>259,241</u>	<u>( 212,627)</u>	<u>277,181</u>	<u>277,181</u>
Total Business-Type Activities	<u>\$ 4,549,342</u>	<u>\$ 6,061,981</u>	<u>(\$ 471,698)</u>	<u>\$ 10,146,627</u>	<u>\$ 478,069</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.

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

**NOTE 7: LONG-TERM LIABILITIES (CONTINUED)**

For the business-type activities, all debt is accounted for in the proprietary fund where the liability occurred.

On October 31, 2018, the City obtained a loan from the California State Water Resources Control Board in the amount of \$15,000,000 to finance wastewater treatment plant facility upgrades. As of June 30, 2019, the City had not drawn down the full amount of the loan funds and the balance outstanding is \$5,802,740. The final payments schedule will be provided to the City after all the disbursements have been paid and construction of the project has been completed.

Individual issues of debt payable outstanding at June 30, 2019, 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. The loan is secured by property assessment payments.

\$ 69,226

Total Loans

69,226

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. The bonds are secured by property assessment payments.

2,319,000

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. The bonds are secured by property assessment payments.

289,000

Total Revenue Bonds

2,608,000

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. The bonds are secured by property assessment payments.

30,000

Total Special Assessment Bonds

30,000

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

**NOTE 7: LONG-TERM LIABILITIES (CONTINUED)**

Individual issues of debt payable outstanding at June 30, 2019, are as follows: (Continued)

**Governmental Activities (Continued)**

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 and are secured by lease payments pursuant to a lease-leaseback arrangement, as well as a lien on the property.

2,469,000

Total Certificates of Participation

2,469,000

Total Governmental Activities

\$ 5,176,226

**Business-Type Activities**

Loans:

State of California Infrastructure Bank Water Loan used to finance the Reservoir and Water System Improvement Project (Project), issued in the amount of \$5,000,000, 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. The loan is secured by a lien on and pledge of the net system of revenues.

\$ 3,351,706

California State Water Resources Control Board Small Community Wastewater Loan, issued in the amount of \$15,000,000, payable in annual installments of \$249,617 with an interest rate of 1.70%. Principal payments are due annually on March 30 beginning 2021 with the final payment due March 30, 2050. The loan is being used to finance wastewater treatment plant facility upgrades. The proceeds of the loan have not been fully drawn down by the City as of June 30, 2019. The loan is secured by a lien on and pledge of net revenues and a reserve fund.

5,802,740

Total Loans

9,154,446

Special Assessment Bonds:

Industrial Park Assessment Bonds transferred from Shasta Dam Area Public Utility District and approved in 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 with principal payments ranging from \$12,700 to \$70,000, due annually on September 2, and a maturity on February 2, 2032. Interest payments at 5.25% are due semi-annually. The bonds are secured by property assessment payments.

715,000

Total Special Assessment Bonds

715,000

Total Business-Type Activities

\$ 9,869,446

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

**NOTE 7: LONG-TERM LIABILITIES (CONTINUED)**

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 and the California Water Resources Control Board loan.

**Governmental Activities**

Year Ended June 30	Loans		
	Principal	Interest	Total
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	10,285	664	10,949
2025-2026	<u>20,250</u>	<u>737</u>	<u>20,987</u>
Total	<u>\$ 69,226</u>	<u>\$ 6,532</u>	<u>\$ 75,758</u>

Year Ended June 30	Revenue Bonds		
	Principal	Interest	Total
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	139,000	92,318	231,318
2025-2029	786,000	360,675	1,146,675
2030-2034	973,000	163,868	1,136,868
2035	<u>221,000</u>	<u>5,017</u>	<u>226,017</u>
Total	<u>\$ 2,608,000</u>	<u>\$ 1,048,906</u>	<u>\$ 3,656,906</u>

Year Ended June 30	Special Assessment Bonds		
	Principal	Interest	Total
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	2,000	925	2,925
2025-2029	17,000	2,175	19,175
2030	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Total	<u>\$ 30,000</u>	<u>\$ 7,900</u>	<u>\$ 37,900</u>

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

**NOTE 7: LONG-TERM LIABILITIES (CONTINUED)**

**Governmental Activities (Continued)**

Year Ended June 30	Certificates of Participation		
	Principal	Interest	Total
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	37,000	75,855	112,855
2025-2029	202,000	360,555	562,555
2030-2034	237,000	325,585	562,585
2035-2039	278,000	284,408	562,408
2040-2044	326,000	236,275	562,275
2045-2049	384,000	179,628	563,628
2050-2054	450,000	113,100	563,100
2055-2058	420,000	34,905	454,905
Total	\$ 2,469,000	\$ 1,924,912	\$ 4,393,912

**Business-Type Activities**

Year Ended June 30	Loans		
	Principal	Interest	Total
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	186,926	77,687	264,613
2025-2029	1,023,098	298,624	1,321,722
2030-2034	1,187,779	131,448	1,319,227
2035	259,579	3,933	263,512
Total	\$ 3,351,706	\$ 876,627	\$ 4,228,333

Year Ended June 30	Special Assessment Bonds		
	Principal	Interest	Total
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	45,000	28,219	73,219
2025-2029	255,000	103,034	358,034
2030-2032	260,000	28,089	288,089
Total	\$ 715,000	\$ 293,611	\$ 1,008,611

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

**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 \$5,078,097 of restricted net position, of which \$4,610,473 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.

**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, 2019, 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 with the consent of resource providers.

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

**NOTE 9: FUND BALANCES (CONTINUED)**

- **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 by the City Council or official or body to whom the Council has delegated its authority.
- **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.

The fund balances for all major and nonmajor governmental funds as of June 30, 2019, were distributed as follows:

	General Fund	HOME	Wastewater Treatment Debt	Other Governmental Funds	Total
<b>Restricted For:</b>					
Customer deposits	\$ 594,158	\$ -	\$ -	\$ -	\$ 594,158
General plan maintenance fee	2,346	-	-	-	2,346
Information technology	86,657	-	-	-	86,657
HOME	-	497,946	-	-	497,946
Wastewater treatment debt	-	-	578,254	-	578,254
Law enforcement COPS	-	-	-	11,014	11,014
Water P&FCC charges	-	-	-	178,013	178,013
State trafficway	-	-	-	1,972,473	1,972,473
Electric P&FCC charges	-	-	-	291,872	291,872
CDBG housing rehabilitation	-	-	-	63,973	63,973
Wastewater P&FCC charges	-	-	-	514,958	514,958
Parks P&FCC charges	-	-	-	217,674	217,674
Former RDA low/mod housing	-	-	-	729,972	729,972
Riddle Road water bond	-	-	-	7,588	7,588
Davis-Grunsky Act loan	-	-	-	103,627	103,627
Subtotal	<u>683,161</u>	<u>497,946</u>	<u>578,254</u>	<u>4,091,164</u>	<u>5,850,525</u>
<b>Assigned for:</b>					
CalPERS debt	446,117	-	-	-	446,117
Accounts payable and contract retention	135,547	-	-	-	135,547
Payroll	55,345	-	-	-	55,345
Due to other governments	329,501	-	-	-	329,501
Retiree health – EE Contr.	45,380	-	-	-	45,380
Developer deposits	16,860	-	-	-	16,860
Subtotal	<u>1,011,890</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,011,890</u>
<b>Unassigned</b>	<u>2,759,372</u>	<u>-</u>	<u>-</u>	<u>( 4,206)</u>	<u>2,755,166</u>
<b>Total</b>	<u>\$ 4,454,423</u>	<u>\$ 497,946</u>	<u>\$ 578,254</u>	<u>\$ 4,086,958</u>	<u>\$ 9,617,581</u>

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

**NOTE 9: FUND BALANCES (CONTINUED)**

**Fund Balance Flow Assumptions**

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.

**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 the Miscellaneous Rate Tiers for new employees as required under the Public Employee Pension Reform Act (PEPRA). Classic employees are generally defined as employees who have been a member of any public retirement system who have had less than a six month break in service. Applicable new hires to the City defined as classic employees as determined by PERS will be subject to the non-PEPRA plan. New non-classic 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 non-classic 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 of 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 Tier	Miscellaneous employees hired before January 1, 2013
Miscellaneous Second Tier	Miscellaneous employees hired before January 1, 2013

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

**NOTE 10: PENSION PLAN (CONTINUED)**

**A. General Information about the Pension Plan (Continued)**

**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 (age 52 for Miscellaneous Plan members if membership date is on or after January 1, 2013) 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.

Each Rate Tier's specific provisions and benefits in effect at June 30, 2019, are summarized as follows:

	<u>Benefit Formula</u>	<u>Retirement Age</u>	<u>Monthly Benefits as a % of Eligible Compensation</u>
Miscellaneous First Tier	3.0% @ 60	50-60	2.000% - 3.000%
Miscellaneous Second Tier	2.0% @ 60	50-60	1.092% - 2.418%
Miscellaneous PEPRA	2.0% @ 62	52-62	1.000% - 2.500%

**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 Tier	13.439%	8.000%	0.000%
Miscellaneous Second Tier	8.099%	7.000%	0.000%
Miscellaneous PEPRA	6.842%	6.250%	0.000%

For the year ended June 30, 2019, the contributions recognized as part of pension expense were as follows:

	<u>Contributions-Employer</u>	<u>Contributions-Employee (Paid by Employer)</u>
Miscellaneous	\$ 709,797	\$ -

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

**NOTE 10: PENSION PLAN (CONTINUED)**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Relate to Pension**

As of June 30, 2019, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$ 7,416,000
Total Net Pension Liability	<u>\$ 7,416,000</u>

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, 2018, 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, 2017 rolled forward to June 30, 2018 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 the June 30, 2017 and 2018 measurement dates was as follows:

	<u>Proportion June 30, 2018</u>	<u>Proportion June 30, 2019</u>	<u>Change- Increase (Decrease)</u>
Miscellaneous	0.07652%	0.07696%	0.00044%

For the year ended June 30, 2019, the City recognized pension expense of \$964,100. At June 30, 2019, 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 the measurement date	\$ 817,880	\$ -
Changes of assumptions	845,446	( 207,203)
Difference between expected and actual experience	284,539	( 96,827)
Difference between projected and actual earnings on pension plan investments	36,663	-
Difference between City contributions and proportionate share of contributions.	-	( 388,587)
Amortization due to differences in proportions	<u>232,826</u>	<u>-</u>
Total	<u>\$ 2,217,353</u>	<u>(\$ 692,617)</u>

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

**NOTE 10: PENSION PLAN (CONTINUED)**

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

\$817,880 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended <u>June 30</u>		
2020	\$	648,069
2021		363,783
2022	(	238,292)
2023	(	66,704)
Thereafter		<u>-</u>
Total	\$	<u>706,856</u>

**Actuarial Assumptions**

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
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% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

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

**Discount Rate**

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

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

**NOTE 10: PENSION PLAN (CONTINUED)**

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

**Discount Rate (Continued)**

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

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

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>Assumed Asset Allocation</u>	<u>Real Return Years 1 – 10(a)</u>	<u>Real Return Years 11+(b)</u>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	<u>1.0%</u>	0.00%	-0.92%
Total	<u>100.0%</u>		

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

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

**Sensitivity of 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 as discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease 6.15%</u>	<u>Discount Rate 7.15%</u>	<u>1% Increase 8.15%</u>
Miscellaneous	\$ 11,991,714	\$ 7,416,000	\$ 3,638,824

**Pension Plan Fiduciary Net Position**

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

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

**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 City provides medical, dental and vision coverage for qualifying retirees. Retirees eligible for medical coverage can also elect dental and vision coverage, but the dental and vision coverage is entirely at the retiree's own expense. Medical coverage is 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.

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	11
Active employees	<u>46</u>
Total	<u><u>81</u></u>

**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.

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

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

**A. Plan Description (Continued)**

**Contributions (Continued)**

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 chosen that option.

- 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 2019, the caps are \$734 (employee), \$1,398 (employee plus one) and \$1,788 (employee plus family).

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

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

**A. Plan Description (Continued)**

**Contributions (Continued)**

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.

<b>Other Northern California Counties 2018 Health Plan Rates</b>						
Plan	Activities and Pre-Med Retirees			Medicare Eligible Retirees		
	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 of \$1,817,973 was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017.

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

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

**B. Net OPEB Liability (Continued)**

**Actuarial Assumptions and Other Inputs**

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	6.40% as of June 30, 2018 and 6.73 % as of June 30, 2017
Discount Rates	6.40% as of June 30, 2018 and 6.73% as of June 30, 2017
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% per year; since benefits do not depend on salary, this is used only to allocate the cost of benefits between service years
General Inflation Rate	2.75% per year
Healthcare cost trend rates	7.5% for 2019, decreasing 0.5% per year to an ultimate rate of 5.0% for 2024 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, 2018 valuation are based on the 2014 experience study of the California Public Employees Retirement System using data from 1997 to 2011, except for basis used to project future mortality improvements.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 6.40 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, 2018 for the City's proportionate share.

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

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

**C. Changes in the Net OPEB Liability (Continued)**

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balances at Fiscal Year Ending June 30, 2018	\$ 8,035,936	\$ 6,581,232	\$ 1,454,704
Changes for the year:			
Service cost	326,791	-	326,791
Interest	551,780	-	551,780
Change of assumptions	351,325	-	351,325
Contributions – employer	-	472,498 (	472,498)
Net investment income	-	406,313 (	406,313)
Benefit payments,	( 327,846)	( 327,846)	-
Administrative expense	-	( 3,480)	3,480
Other expenses	-	( 8,704)	8,704
Net Changes	<u>902,050</u>	<u>538,781</u>	<u>363,269</u>
Balances at Fiscal Year Ending June 30, 2019	<u>\$ 8,937,986</u>	<u>\$ 7,120,013</u>	<u>\$ 1,817,973</u>

**Sensitivity of the Net Pension 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 5.40%	Discount Rate 6.40%	1% Increase 7.40%
Net OPEB liability	\$ 3,036,637	\$ 1,817,973	\$ 820,179

**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	\$ 665,397	\$ 1,817,973	\$ 3,352,681

**OPEB Plan Fiduciary Net Position**

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

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

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

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

For the year ended June 30, 2019, the City recognized OPEB expense of \$374,310. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions made subsequent to the measurement date	\$ 445,979	\$ -
Changes of assumptions	461,679	-
Difference between expected and actual experience	-	( 713,092)
Net differences between projected and actual earnings on OPEB plan investments	<u>16,439</u>	<u>-</u>
Total	<u>\$ 924,097</u>	<u>(\$ 713,092)</u>

\$445,979 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ended June 30</u>	
2020	(\$ 69,071)
2021	( 69,071)
2022	( 69,070)
2023	( 63,600)
2024	20,171
Thereafter	<u>15,667</u>
Total	<u>(\$ 234,974)</u>

**Payable to the OPEB Plan**

At June 30, 2019, the City reported a payable of \$0 for the outstanding amount of contributions to the Plan required for the year ended June 30, 2019.

**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.

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

**NOTE 12: RISK MANAGEMENT (CONTINUED)**

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 \$5,000,000 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.

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.

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

**NOTE 13: JOINT VENTURES (CONTINUED)**

**B. Balancing Authority of Northern California (Continued)**

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 members' 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 participants may be obtained from the City of Shasta Lake Finance Department, 447 Main Street, Shasta Lake, California 96019.

**NOTE 14: OTHER INFORMATION**

**A. Commitments and Contingencies**

The City is constructing a facility upgrade for the Wastewater Treatment Facility. The total estimated cost to complete the construction is \$19,045,382. At June 30, 2019, total payments on the contracts were \$15,747,406.

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, 2019:

<u>Type of Indebtedness</u>	<u>Balance July 1, 2018</u>	<u>Additions/ Adjustments</u>	<u>Retirements</u>	<u>Balance June 30, 2019</u>	<u>Amounts Due Within One Year</u>
Tax Allocation Bonds	\$ 3,085,000	\$ -	(\$ 285,000)	\$ 2,800,000	\$ 300,000
Total	<u>\$ 3,085,000</u>	<u>\$ -</u>	<u>(\$ 285,000)</u>	<u>\$ 2,800,000</u>	<u>\$ 300,000</u>

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

**NOTE 14: OTHER INFORMATION (CONTINUED)**

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

Individual issues of debt payable outstanding at June 30, 2019, 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.

	<u>\$ 2,800,000</u>
Total Tax Allocation Bonds	<u>\$ 2,800,000</u>

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

<u>Year Ended</u> <u>June 30</u>	Tax Allocation Bonds		
	Principal	Interest	Total
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	360,000	47,156	407,156
2025-2027	1,160,000	58,328	1,218,328
Total	\$ 2,800,000	\$ 455,708	\$ 3,255,708

**C. Subsequent Events**

Management has evaluated events subsequent to June 30, 2019 through March 27, 2020, the date on which the financial statements were available for issuance and has determined no other subsequent events requiring disclosure have occurred.

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**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, 2019**  
**Last 10 Years\***

<b>Measurement Date</b>	<u><b>2013/2014</b></u>	<u><b>2014/2015</b></u>	<u><b>2015/2016</b></u>	<u><b>2016/2017</b></u>	<u><b>2017/2018</b></u>
<b>Miscellaneous Plan</b>					
Proportion of the net pension liability	0.07059%	0.06990%	0.07495%	0.07652%	0.07696%
Proportionate share of the net pension liability	\$ 4,392,836	\$ 4,798,851	\$ 6,485,096	\$ 7,588,576	\$ 7,416,000
Covered payroll	3,288,389	3,191,503	3,310,634	3,655,228	3,897,624
Proportionate share of the net pension liability as a percentage of covered payroll	133.59%	150.36%	195.89%	207.61%	190.27%
Plan fiduciary net position as a percentage of the total pension liability	83.80%	82.80%	78.07%	76.44%	78.08%

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

**CITY OF SHASTA LAKE**  
**Required Supplementary Information**  
**City Pension Plan**  
**Schedule of Contributions**  
**For the Year Ended June 30, 2019**  
**Last 10 Years\***

<b>Fiscal Year</b>	<u><b>2014/2015</b></u>	<u><b>2015/2016</b></u>	<u><b>2016/2017</b></u>	<u><b>2017/2018</b></u>	<u><b>2018/2019</b></u>
<b>Miscellaneous Plan</b>					
Contractually required contribution (actuarially determined)	\$ 539,884	\$ 373,644	\$ 405,356	\$ 414,691	\$ 425,624
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>	<u>(817,880)</u>
Contribution deficiency (excess)	<u>\$ (1,962,354)</u>	<u>\$ (231,300)</u>	<u>\$ (265,443)</u>	<u>\$ (309,033)</u>	<u>\$ (392,256)</u>
Covered payroll	\$ 3,191,503	\$ 3,310,634	\$ 3,655,228	\$ 3,897,624	\$ 3,931,301
Contributions as a percentage of covered payroll	78.40%	18.27%	18.35%	18.57%	20.80%

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

**CITY OF SHASTA LAKE**  
**Required Supplementary Information**  
**City Pension Plan**  
**Notes to City Pension Plan**  
**For the Year Ended June 30, 2019**

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

Change of assumptions: For the measurement date of June 30, 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

**NOTE 2: SCHEDULE OF CONTRIBUTIONS**

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

Valuation Date	June 30, 2016
Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2016 Funding Valuation Report
Asset valuation method	Market value
Inflation	2.75%
Salary increases	Varies by entry age and service
Discount rate	7.375%
Retirement age	The probabilities of retirement are based on the January 2014 CalPERS Experience Study and Review of Actuarial Assumption

**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, 2019**  
**Last 10 Year Fiscal Years\***

	<u>2017/2018</u>	<u>2018/2019</u>
<b>Total OPEB Liability</b>		
Service cost	\$ 291,008	\$ 326,791
Interest	566,870	551,780
Differences between expected and actual experience	(1,046,313)	-
Changes of assumptions	244,005	351,325
Benefit payments	(303,321)	(327,846)
	<hr/>	<hr/>
<b>Net Change in Total OPEB Liability</b>	(247,751)	902,050
	<hr/>	<hr/>
<b>Total OPEB Liability - Beginning</b>	8,283,687	8,035,936
	<hr/>	<hr/>
<b>Total OPEB Liability - Ending (a)</b>	<u>\$ 8,035,936</u>	<u>\$ 8,937,986</u>
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$ 473,437	\$ 472,498
Net investment income	435,349	406,313
Benefit payments	(303,321)	(327,846)
Administrative expenses	(3,167)	(3,480)
Other expenses	-	(8,704)
	<hr/>	<hr/>
<b>Net Change in Plan Fiduciary Net Position</b>	602,298	538,781
	<hr/>	<hr/>
<b>Plan Fiduciary Net Position - Beginning</b>	5,978,934	6,581,232
	<hr/>	<hr/>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 6,581,232</u>	<u>\$ 7,120,013</u>
	<hr/>	<hr/>
<b>Net OPEB Liability - Ending (a) - (b)</b>	<u>\$ 1,454,704</u>	<u>\$ 1,817,973</u>
	<hr/>	<hr/>
Plan fiduciary net position as a percentage of the total OPEB liability	81.90%	79.66%
Covered employee payroll	\$ 3,655,228	\$ 3,897,624
Net OPEB liability as a percentage of covered employee payroll	39.80%	46.64%

\* The City implemented GASB 75 for the fiscal year June 30, 2018, therefore only two years are shown.

**CITY OF SHASTA LAKE**  
**Required Supplementary Information**  
**City OPEB Plan**  
**Schedule of Contributions**  
**For the Year Ended June 30, 2019**  
**Last 10 Fiscal Years\***

	<b>2017/2018</b>	<b>2018/2019</b>
Actuarially determined contribution	\$ 505,772	\$ 487,373
Contributions in relation to the actuarially determined contribution	(472,498)	(445,979)
Contribution deficiency (excess)	\$ 33,274	\$ 41,394
Covered employee payroll	\$ 3,897,624	\$ 3,928,111
Contributions as a percentage of covered employee payroll	12.12%	11.35%

\* The City implemented GASB 75 for the fiscal year June 30, 2018, therefore only two years are shown.

**CITY OF SHASTA LAKE**  
**Required Supplementary Information**  
**City OPEB Plan**  
**Notes to City OPEB Plan**  
**For the Year Ended June 30, 2019**

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

There were no changes reflected during the current measurement period.

**NOTE 2: SCHEDULE OF CONTRIBUTIONS**

The actuarially determined contribution (ADC) developed for the City's fiscal year ending June 30, 2019 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 dollar; closed 30-year period
Amortization period	20 years remaining
Asset valuation method	Market value
Inflation	2.75%
Healthcare cost trend rates	7.0% in 2019, stepping down by 0.5% to 5.0% in 2024
Salary increases	3.25%
Investment rate of return	6.73%
Retirement age	From 50 to 75
Mortality	CalPERS 2014 Experience Study

**CITY OF SHASTA LAKE**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2019**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Taxes and assessments	\$ 2,785,757	\$ 2,961,644	\$ 3,483,183	\$ 521,539
Licenses and permits	195,900	205,900	233,871	27,971
Fines and forfeitures	14,400	8,550	8,455	(95)
Use of money and property	21,500	20,000	109,982	89,982
Intergovernmental	847,500	852,500	894,508	42,008
Charges for services	3,722,822	3,729,122	3,746,539	17,417
Other revenues	2,321,307	31,500	76,384	44,884
<b>Total Revenues</b>	<b>9,909,186</b>	<b>7,809,216</b>	<b>8,552,922</b>	<b>743,706</b>
<b>EXPENDITURES</b>				
Current:				
General government	2,780,783	2,861,123	2,808,056	53,067
Public safety	3,474,926	3,492,449	3,260,354	232,095
Public ways and facilities	211,159	211,159	49,464	161,695
Planning	792,984	659,154	551,883	107,271
Culture and recreation	349,334	354,334	297,571	56,763
Debt service:				
Principal	-	100,996	31,000	69,996
Interest	-	90,050	42,969	47,081
Capital outlay	50,000	770,658	617,388	153,270
<b>Total Expenditures</b>	<b>7,659,186</b>	<b>8,539,923</b>	<b>7,658,685</b>	<b>881,238</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>2,250,000</b>	<b>(730,707)</b>	<b>894,237</b>	<b>1,624,944</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	84,156	84,156
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>84,156</b>	<b>84,156</b>
<b>Net Change in Fund Balances</b>	<b>2,250,000</b>	<b>(730,707)</b>	<b>978,393</b>	<b>1,709,100</b>
<b>Fund Balances - Beginning</b>	<b>3,476,030</b>	<b>3,476,030</b>	<b>3,476,030</b>	<b>-</b>
<b>Fund Balances - Ending</b>	<b>\$ 5,726,030</b>	<b>\$ 2,745,323</b>	<b>\$ 4,454,423</b>	<b>\$ 1,709,100</b>

**CITY OF SHASTA LAKE**  
**Budgetary Comparison Schedule**  
**HOME - Major Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Use of money and property	\$ 75,000	\$ 120,000	\$ 321,636	\$ 201,636
Intergovernmental	450,000	450,000	151,824	(298,176)
<b>Total Revenues</b>	<u>525,000</u>	<u>570,000</u>	<u>473,460</u>	<u>(96,540)</u>
<b>EXPENDITURES</b>				
Current:				
Community development	79,768	134,133	13,225	120,908
Capital outlay	433,122	433,122	-	433,122
<b>Total Expenditures</b>	<u>512,890</u>	<u>567,255</u>	<u>13,225</u>	<u>554,030</u>
<b>Net Change in Fund Balances</b>	12,110	2,745	460,235	457,490
<b>Fund Balances - Beginning</b>	<u>37,711</u>	<u>37,711</u>	<u>37,711</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 49,821</u>	<u>\$ 40,456</u>	<u>\$ 497,946</u>	<u>\$ 457,490</u>

**CITY OF SHASTA LAKE**  
**Required Supplementary Information**  
**Notes to Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2019**

**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.

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**Combining and Individual Fund Financial Statements**

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**Nonmajor Governmental Funds**

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**CITY OF SHASTA LAKE**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Totals</b>
<b>ASSETS</b>			
Cash and investments	\$ 3,191,993	\$ 110,466	\$ 3,302,459
Receivables:			
Interest	17,741	592	18,333
Taxes	45,332	157	45,489
Intergovernmental	106,554	-	106,554
Assessments	-	30,000	30,000
Loans receivable	798,483	-	798,483
Land held for resale	594,927	-	594,927
	<b>\$ 4,755,030</b>	<b>\$ 141,215</b>	<b>\$ 4,896,245</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 31,101	\$ -	\$ 31,101
Due to other governments	16,667	-	16,667
Due to other funds	4,263	-	4,263
	<b>52,031</b>	<b>-</b>	<b>52,031</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues	28,773	30,000	58,773
Deferred housing loan payments	698,483	-	698,483
	<b>727,256</b>	<b>30,000</b>	<b>757,256</b>
<b>FUND BALANCES</b>			
Restricted	3,979,949	111,215	4,091,164
Unassigned	(4,206)	-	(4,206)
	<b>3,975,743</b>	<b>111,215</b>	<b>4,086,958</b>
<b>Total Fund Balances</b>	<b>3,975,743</b>	<b>111,215</b>	<b>4,086,958</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 4,755,030</b>	<b>\$ 141,215</b>	<b>\$ 4,896,245</b>

**CITY OF SHASTA LAKE**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2019**

	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Totals</b>
<b>REVENUES</b>			
Taxes and assessments	\$ 670,804	\$ 31,601	\$ 702,405
Use of money and property	225,077	2,116	227,193
Intergovernmental	977,957	21	977,978
Charges for services	552,240	-	552,240
<b>Total Revenues</b>	<b>2,426,078</b>	<b>33,738</b>	<b>2,459,816</b>
<b>EXPENDITURES</b>			
Current:			
General government	24,608	-	24,608
Public safety	100,000	-	100,000
Public ways and facilities	1,013,810	-	1,013,810
Community development	604	-	604
Debt service:			
Principal	-	11,326	11,326
Interest	-	4,399	4,399
Capital outlay	731,945	-	731,945
<b>Total Expenditures</b>	<b>1,870,967</b>	<b>15,725</b>	<b>1,886,692</b>
<b>Net Change in Fund Balances</b>	<b>555,111</b>	<b>18,013</b>	<b>573,124</b>
<b>Fund Balances - Beginning</b>	<b>3,420,632</b>	<b>93,202</b>	<b>3,513,834</b>
<b>Fund Balances - Ending</b>	<b>\$ 3,975,743</b>	<b>\$ 111,215</b>	<b>\$ 4,086,958</b>

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## **Nonmajor Governmental Funds**

- **Special Revenue Funds**

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**CITY OF SHASTA LAKE**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2019**

	<b>Law Enforcement (COPS)</b>	<b>Water P&amp;FCC Charges</b>	<b>State Trafficway</b>	<b>Electric P&amp;FCC Charges</b>
<b>ASSETS</b>				
Cash and investments	\$ 27,559	\$ 177,324	\$ 1,869,855	\$ 290,121
Receivables:				
Interest	122	689	10,606	1,751
Taxes	-	-	45,332	-
Intergovernmental	-	-	106,554	-
Loans receivable	-	-	-	-
Land held for resale	-	-	-	-
<b>Total Assets</b>	<b>\$ 27,681</b>	<b>\$ 178,013</b>	<b>\$ 2,032,347</b>	<b>\$ 291,872</b>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ 31,101	\$ -
Due to other governments	16,667	-	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>16,667</b>	<b>-</b>	<b>31,101</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues	-	-	28,773	-
Deferred housing loan payments	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>28,773</b>	<b>-</b>
<b>FUND BALANCES (DEFICIT)</b>				
Restricted	11,014	178,013	1,972,473	291,872
Unassigned	-	-	-	-
<b>Total Fund Balances (Deficit)</b>	<b>11,014</b>	<b>178,013</b>	<b>1,972,473</b>	<b>291,872</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 27,681</b>	<b>\$ 178,013</b>	<b>\$ 2,032,347</b>	<b>\$ 291,872</b>

<b>CDBG Project</b>	<b>CDBG Housing Rehabilitation</b>	<b>Wastewater P&amp;FCC Charges</b>	<b>Parks P&amp;FCC Charges</b>	<b>Housing Authority</b>	<b>Totals</b>
\$ -	\$ 63,649	\$ 512,266	\$ 216,393	\$ 34,826	\$ 3,191,993
57	324	2,692	1,281	219	17,741
-	-	-	-	-	45,332
-	-	-	-	-	106,554
187,091	105,573	-	-	505,819	798,483
-	-	-	-	594,927	594,927
<u>\$ 187,148</u>	<u>\$ 169,546</u>	<u>\$ 514,958</u>	<u>\$ 217,674</u>	<u>\$ 1,135,791</u>	<u>\$ 4,755,030</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,101
-	-	-	-	-	16,667
4,263	-	-	-	-	4,263
<u>4,263</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,031</u>
-	-	-	-	-	28,773
187,091	105,573	-	-	405,819	698,483
<u>187,091</u>	<u>105,573</u>	<u>-</u>	<u>-</u>	<u>405,819</u>	<u>727,256</u>
-	63,973	514,958	217,674	729,972	3,979,949
(4,206)	-	-	-	-	(4,206)
<u>(4,206)</u>	<u>63,973</u>	<u>514,958</u>	<u>217,674</u>	<u>729,972</u>	<u>3,975,743</u>
<u>\$ 187,148</u>	<u>\$ 169,546</u>	<u>\$ 514,958</u>	<u>\$ 217,674</u>	<u>\$ 1,135,791</u>	<u>\$ 4,755,030</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, 2019**

	<u>Law Enforcement (COPS)</u>	<u>Water P&amp;FCC Charges</u>	<u>State Trafficway</u>	<u>Electric P&amp;FCC Charges</u>
<b>REVENUES</b>				
Taxes and assessments	\$ -	\$ -	\$ 670,804	\$ -
Use of money and property	427	2,428	37,357	6,168
Intergovernmental	110,347	-	838,353	-
Charges for services	-	182,318	51,211	26,029
<b>Total Revenues</b>	<u>110,774</u>	<u>184,746</u>	<u>1,597,725</u>	<u>32,197</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	8,560	-	1,739
Public safety	100,000	-	-	-
Public ways and facilities	-	-	1,013,810	-
Community development	-	-	-	-
Capital outlay	-	-	705,666	-
<b>Total Expenditures</b>	<u>100,000</u>	<u>8,560</u>	<u>1,719,476</u>	<u>1,739</u>
<b>Net Change in Fund Balances</b>	10,774	176,186	(121,751)	30,458
<b>Fund Balances (Deficit) - Beginning</b>	<u>240</u>	<u>1,827</u>	<u>2,094,224</u>	<u>261,414</u>
<b>Fund Balances (Deficit) - Ending</b>	<u>\$ 11,014</u>	<u>\$ 178,013</u>	<u>\$ 1,972,473</u>	<u>\$ 291,872</u>

<b>CDBG Project</b>	<b>CDBG Housing Rehabilitation</b>	<b>Wastewater P&amp;FCC Charges</b>	<b>Parks P&amp;FCC Charges</b>	<b>Housing Authority</b>	<b>Totals</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 670,804
-	63,930	9,482	4,513	100,772	225,077
29,257	-	-	-	-	977,957
-	-	232,025	60,657	-	552,240
29,257	63,930	241,507	65,170	100,772	2,426,078
-	-	11,430	2,879	-	24,608
-	-	-	-	-	100,000
-	-	-	-	-	1,013,810
-	-	-	-	604	604
-	-	-	26,279	-	731,945
-	-	11,430	29,158	604	1,870,967
29,257	63,930	230,077	36,012	100,168	555,111
(33,463)	43	284,881	181,662	629,804	3,420,632
<u>\$ (4,206)</u>	<u>\$ 63,973</u>	<u>\$ 514,958</u>	<u>\$ 217,674</u>	<u>\$ 729,972</u>	<u>\$ 3,975,743</u>

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## **Nonmajor Governmental Funds**

- **Debt Service Funds**

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**CITY OF SHASTA LAKE**  
**Combining Balance Sheet**  
**Nonmajor Debt Service Funds**  
**June 30, 2019**

	<b>Riddle Road Water Bond</b>	<b>Davis Grunsky Loan Act</b>	<b>Totals</b>
<b>ASSETS</b>			
Cash and investments	\$ 7,441	\$ 103,025	\$ 110,466
Receivables:			
Interest	32	560	592
Taxes	115	42	157
Assessments	30,000	-	30,000
<b>Total Assets</b>	\$ 37,588	\$ 103,627	\$ 141,215
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues	\$ 30,000	\$ -	\$ 30,000
<b>Total Deferred Inflows of Resources</b>	30,000	-	30,000
<b>FUND BALANCES</b>			
Restricted	7,588	103,627	111,215
<b>Total Fund Balances</b>	7,588	103,627	111,215
<b>Total Deferred Inflows of Resources and Fund Balances</b>	\$ 37,588	\$ 103,627	\$ 141,215

**CITY OF SHASTA LAKE**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Nonmajor Debt Service Funds**  
**For the Year Ended June 30, 2019**

	<b>Riddle Road Water Bond</b>	<b>Davis Grunsky Loan Act</b>	<b>Totals</b>
<b>REVENUES</b>			
Taxes and assessments	\$ 3,606	\$ 27,995	\$ 31,601
Use of money and property	114	2,002	2,116
Intergovernmental	-	21	21
<b>Total Revenues</b>	<u>3,720</u>	<u>30,018</u>	<u>33,738</u>
<b>EXPENDITURES</b>			
Debt service:			
Principal	2,000	9,326	11,326
Interest	1,550	2,849	4,399
<b>Total Expenditures</b>	<u>3,550</u>	<u>12,175</u>	<u>15,725</u>
<b>Net Change in Fund Balances</b>	170	17,843	18,013
<b>Fund Balances - Beginning</b>	<u>7,418</u>	<u>85,784</u>	<u>93,202</u>
<b>Fund Balances - Ending</b>	<u>\$ 7,588</u>	<u>\$ 103,627</u>	<u>\$ 111,215</u>

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## **Internal Service Funds**

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**CITY OF SHASTA LAKE**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2019**

	<u>Motor Pool</u>	<u>Public Works</u>	<u>Totals</u>
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ 363,333	\$ 1,121,514	\$ 1,484,847
Receivables:			
Accounts, net	155	1,378	1,533
Interest	1,541	5,473	7,014
<b>Total Current Assets</b>	<u>365,029</u>	<u>1,128,365</u>	<u>1,493,394</u>
Noncurrent Assets:			
Capital assets:			
Depreciable, net	711,516	190,831	902,347
<b>Total Noncurrent Assets</b>	<u>711,516</u>	<u>190,831</u>	<u>902,347</u>
<b>Total Assets</b>	<u>1,076,545</u>	<u>1,319,196</u>	<u>2,395,741</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pension adjustments	44,347	383,380	427,727
Deferred OPEB adjustments	28,647	222,708	251,355
<b>Total Deferred Outflows of Resources</b>	<u>72,994</u>	<u>606,088</u>	<u>679,082</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	16,719	18,514	35,233
Salaries and benefits payable	3,117	38,537	41,654
Compensated absences payable	15,262	73,684	88,946
<b>Total Current Liabilities</b>	<u>35,098</u>	<u>130,735</u>	<u>165,833</u>
Noncurrent Liabilities:			
Advances from other funds	17,128	201,108	218,236
Net pension liability	148,320	1,282,226	1,430,546
Net OPEB liability	83,560	539,379	622,939
<b>Total Noncurrent Liabilities</b>	<u>249,008</u>	<u>2,022,713</u>	<u>2,271,721</u>
<b>Total Liabilities</b>	<u>284,106</u>	<u>2,153,448</u>	<u>2,437,554</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pension adjustments	13,853	119,754	133,607
Deferred OPEB adjustments	22,106	171,855	193,961
<b>Total Deferred Inflows of Resources</b>	<u>35,959</u>	<u>291,609</u>	<u>327,568</u>
<b>NET POSITION</b>			
Investment in capital assets	711,516	190,831	902,347
Unrestricted	117,958	(710,604)	(592,646)
<b>Total Net Position</b>	<u>\$ 829,474</u>	<u>\$ (519,773)</u>	<u>\$ 309,701</u>

**CITY OF SHASTA LAKE**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2019**

	<u>Motor Pool</u>	<u>Public Works</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 691,763	\$ 2,409,581	\$ 3,101,344
Other revenue	-	2,445	2,445
<b>Total Operating Revenues</b>	<u>691,763</u>	<u>2,412,026</u>	<u>3,103,789</u>
<b>OPERATING EXPENSES</b>			
Salaries and benefits	115,176	1,159,210	1,274,386
Administration	197,898	425,283	623,181
Insurance	5,917	3,226	9,143
Supplies	8,988	21,228	30,216
Repair and maintenance	142,030	31,653	173,683
Professional services	3,261	28,461	31,722
Depreciation	251,854	7,633	259,487
<b>Total Operating Expenses</b>	<u>725,124</u>	<u>1,676,694</u>	<u>2,401,818</u>
<b>Operating Income (Loss)</b>	<u>(33,361)</u>	<u>735,332</u>	<u>701,971</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest income	5,430	19,276	24,706
Interest expense	(353)	(4,149)	(4,502)
<b>Total Non-Operating Revenues (Expenses)</b>	<u>5,077</u>	<u>15,127</u>	<u>20,204</u>
<b>Income (Loss) Before Transfers</b>	<u>(28,284)</u>	<u>750,459</u>	<u>722,175</u>
Transfers out	(2,684)	(31,005)	(33,689)
<b>Change in Net Position</b>	<u>(30,968)</u>	<u>719,454</u>	<u>688,486</u>
<b>Total Net Position - Beginning</b>	<u>860,442</u>	<u>(1,239,227)</u>	<u>(378,785)</u>
<b>Total Net Position - Ending</b>	<u>\$ 829,474</u>	<u>\$ (519,773)</u>	<u>\$ 309,701</u>

**CITY OF SHASTA LAKE**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2019**

	<u>Motor Pool</u>	<u>Public Works</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ -	\$ 2,445	\$ 2,445
Receipts from interfund services	693,937	2,421,640	3,115,577
Payments to suppliers	(322,259)	(115,350)	(437,609)
Payments for interfund services	(40,730)	(383,564)	(424,294)
Payments to employees	(117,246)	(1,256,885)	(1,374,131)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>213,702</u>	<u>668,286</u>	<u>881,988</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Transfers to other funds	(2,684)	(31,005)	(33,689)
Interfund loans repaid	(3,227)	(37,887)	(41,114)
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<u>(5,911)</u>	<u>(68,892)</u>	<u>(74,803)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	(189,445)	-	(189,445)
Interest paid on debt	(353)	(4,149)	(4,502)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(189,798)</u>	<u>(4,149)</u>	<u>(193,947)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	3,889	13,804	17,693
<b>Net Cash Provided by Investing Activities</b>	<u>3,889</u>	<u>13,804</u>	<u>17,693</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	21,882	609,049	630,931
<b>Balances - Beginning</b>	<u>341,451</u>	<u>512,465</u>	<u>853,916</u>
<b>Balances - Ending</b>	<u>\$ 363,333</u>	<u>\$ 1,121,514</u>	<u>\$ 1,484,847</u>

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**CITY OF SHASTA LAKE**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2019**

	<b>Motor Pool</b>	<b>Public Works</b>	<b>Totals</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (33,361)	\$ 735,332	\$ 701,971
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	251,854	7,633	259,487
Decrease (increase) in:			
Accounts receivable	2,174	12,059	14,233
Pension adjustment - deferred outflows	(5,339)	(41,858)	(47,197)
OPEB adjustment - deferred outflows	5,032	(12,230)	(7,198)
Increase (decrease) in:			
Accounts payable	(4,513)	13,752	9,239
Salaries and benefits payable	62	6,889	6,951
Due to other governments	(382)	(2,815)	(3,197)
Compensated absences	2,469	21,276	23,745
Net pension liability	4,844	(67,131)	(62,287)
Net OPEB liability	11,261	87,548	98,809
Pension adjustment - deferred inflows	2,303	16,008	18,311
OPEB adjustment - deferred inflows	(22,702)	(108,177)	(130,879)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 213,702</b>	<b>\$ 668,286</b>	<b>\$ 881,988</b>

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## **Fiduciary Funds**

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**CITY OF SHASTA LAKE**  
**Statement of Assets and Liabilities**  
**Agency Fund**  
**June 30, 2019**

	<b>Community Facility Districts</b>	<b>Totals</b>
<b>ASSETS</b>		
Cash and investments	\$ 375,048	\$ 375,048
Receivables:		
Interest	2,141	2,141
Taxes	714	714
<b>Total Assets</b>	<b>\$ 377,903</b>	<b>\$ 377,903</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 975	\$ 975
Agency obligations	376,928	376,928
<b>Total Liabilities</b>	<b>\$ 377,903</b>	<b>\$ 377,903</b>

**CITY OF SHASTA LAKE**  
**Statement of Changes in Assets and Liabilities**  
**Agency Fund**  
**For the Year Ended June 30, 2019**

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>
<b>COMMUNITY FACILITY DISTRICTS</b>				
<b>ASSETS</b>				
Cash and investments	\$ 337,813	\$ 71,022	\$ 33,787	\$ 375,048
Receivables:				
Interest	-	2,141	-	2,141
Taxes	218	714	218	714
	<u>218</u>	<u>714</u>	<u>218</u>	<u>714</u>
<b>Total Assets</b>	<b>\$ 338,031</b>	<b>\$ 73,877</b>	<b>\$ 34,005</b>	<b>\$ 377,903</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 975	\$ 975	\$ 975	\$ 975
Agency obligations	337,056	72,902	33,030	376,928
	<u>337,056</u>	<u>72,902</u>	<u>33,030</u>	<u>376,928</u>
<b>Total Liabilities</b>	<b>\$ 338,031</b>	<b>\$ 73,877</b>	<b>\$ 34,005</b>	<b>\$ 377,903</b>