

**CITY OF SHASTA LAKE,  
CALIFORNIA**



**FINANCIAL STATEMENTS  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2020**

**THIS PAGE INTENTIONALLY LEFT BLANK**

**CITY OF SHASTA LAKE**  
**Annual Financial Report**  
**For the Year Ended June 30, 2020**

**Table of Contents**

	Page
<b>INTRODUCTORY SECTION</b>	
List of Officials .....	i
<b>FINANCIAL SECTION</b>	
Independent Auditor’s Report.....	1-3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position .....	4-5
Statement of Activities.....	6
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet .....	7
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position – Governmental Activities .....	8
Statement of Revenues, Expenditures and Changes in Fund Balances .....	9
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities – Governmental Activities .....	10
Proprietary Funds:	
Statement of Net Position.....	11-12
Statement of Revenues, Expenses and Changes in Net Position.....	13
Statement of Cash Flows.....	14-15
Fiduciary Funds:	
Statement of Fiduciary Net Position.....	16
Statement of Changes in Fiduciary Net Position.....	17
Notes to Basic Financial Statements .....	18-57
Required Supplementary Information (Unaudited):	
City Pension Plan – Schedule of Proportionate Share of the Net Pension Liability .....	58
City Pension Plan – Schedule of Contributions .....	59
City Pension Plan – Notes to City Pension Plan .....	60
City OPEB Plan – Schedule of Changes in the Net OPEB Liability and Related Ratios .....	61
City OPEB Plan – Schedule of Contributions .....	62
City OPEB Plan – Notes to City OPEB Plan .....	63
Budgetary Comparison Schedule – General Fund .....	64
Note to Budgetary Comparison Schedule .....	65
Combining and Individual Fund Financial Statements:	
Nonmajor Governmental Funds:	
Combining Balance Sheet.....	66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	67

**CITY OF SHASTA LAKE**  
**Annual Financial Report**  
**For the Year Ended June 30, 2020**

**Table of Contents**

	Page
<b>FINANCIAL SECTION (CONTINUED)</b>	
Combining and Individual Fund Financial Statements: (Continued)	
Nonmajor Governmental Funds: (Continued)	
Special Revenue Funds:	
Combining Balance Sheet .....	68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	69
Debt Service Funds:	
Combining Balance Sheet .....	70
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	71
Internal Service Funds:	
Combining Statement of Net Position.....	72
Combining Statement of Revenues, Expenses and Changes in Net Position.....	73
Combining Statement of Cash Flows .....	74-75
Fiduciary Funds:	
Agency Fund:	
Statement of Assets and Liabilities.....	76
Statement of Changes in Assets and Liabilities .....	77

---

## **INTRODUCTORY SECTION**

- **List of Officials**

**THIS PAGE INTENTIONALLY LEFT BLANK**

**CITY OF SHASTA LAKE**  
**List of Officials**  
**For the Year Ended June 30, 2020**

**Elected Officials**

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

**Administrative Personnel**

John N. Duckett, Jr.	City Manager
Jessica Lugo	Assistant City Manager
John Kenny	City Attorney
Wendy Howard	Finance Director
Jason Peterson	Finance and General Services Manager
James Takehara	Electric Utility Director
Jeff Tedder	City Engineer
Tony Thomasy	Water Treatment Superintendent
Tom Chism	Wastewater Treatment Superintendent
Tom Campbell	Sheriff's Captain
Toni Coates	City Clerk

**THIS PAGE INTENTIONALLY LEFT BLANK**

---

## **FINANCIAL SECTION**

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

**THIS PAGE INTENTIONALLY LEFT BLANK**

**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, 2020, 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, 2020, 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.

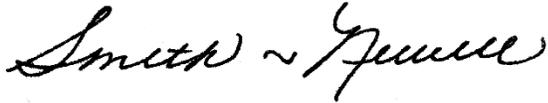
The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in 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 June 8, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.



Smith & Newell CPAs  
Yuba City, California  
June 8, 2021

**THIS PAGE INTENTIONALLY LEFT BLANK**

---

## **Basic Financial Statements**

- **Government-Wide Financial Statements**

**THIS PAGE INTENTIONALLY LEFT BLANK**

**CITY OF SHASTA LAKE**  
**Statement of Net Position**  
**June 30, 2020**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
<b>ASSETS</b>			
Cash and investments	\$ 10,423,706	\$ 34,053,026	\$ 44,476,732
Cash with fiscal agent	678,927	-	678,927
Receivables:			
Accounts, net	136,342	4,051,526	4,187,868
Interest	21,305	72,612	93,917
Taxes	482,279	-	482,279
Intergovernmental	430,864	-	430,864
Assessments	2,523,000	640,002	3,163,002
Deposits	4,428	424,421	428,849
Prepaid costs	-	94,821	94,821
Inventory	-	437,894	437,894
Internal balances	266,546	(266,546)	-
Restricted cash and investments	968,530	-	968,530
Loans receivable	4,553,546	-	4,553,546
Land held for resale	534,984	-	534,984
Net OPEB asset/(liability)	346,085	(27,684)	318,401
Capital assets:			
Non-depreciable	4,031,613	3,117,536	7,149,149
Depreciable, net	49,390,321	49,064,116	98,454,437
Total capital assets	<u>53,421,934</u>	<u>52,181,652</u>	<u>105,603,586</u>
<b>Total Assets</b>	<u>74,792,476</u>	<u>91,661,724</u>	<u>166,454,200</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pension adjustments	785,343	1,430,556	2,215,899
Deferred OPEB adjustments	280,393	415,371	695,764
<b>Total Deferred Outflows of Resources</b>	<u>1,065,736</u>	<u>1,845,927</u>	<u>2,911,663</u>
<b>LIABILITIES</b>			
Accounts payable	428,792	436,603	865,395
Retentions payable	16,436	9,507	25,943
Salaries and benefits payable	117,806	161,510	279,316
Due to other governments	174,952	949,178	1,124,130
Deposits payable	650,902	6,500	657,402
Interest payable	337,670	52,121	389,791
Unearned revenues	22,408	-	22,408
Long-term liabilities:			
Due within one year	655,163	915,717	1,570,880
Due in more than one year	13,756,221	17,929,621	31,685,842
Net pension liability	2,882,773	5,293,074	8,175,847
<b>Total Liabilities</b>	<u>19,043,123</u>	<u>25,753,831</u>	<u>44,796,954</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pension adjustments	271,490	498,826	770,316
Deferred OPEB adjustments	971,244	1,438,790	2,410,034
<b>Total Deferred Inflows of Resources</b>	<u>1,242,734</u>	<u>1,937,616</u>	<u>3,180,350</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, 2020**

<b>NET POSITION</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
Net investment in capital assets	48,402,716	33,655,304	82,058,020
Restricted for:			
General government	1,139,897	-	1,139,897
Public safety	11,383	-	11,383
Public ways and facilities	1,721,881	-	1,721,881
Community development	3,249,373	-	3,249,373
Debt service	4,323,103	-	4,323,103
Unrestricted	(3,275,998)	32,160,900	28,884,902
<b>Total Net Position</b>	<b>\$ 55,572,355</b>	<b>\$ 65,816,204</b>	<b>\$ 121,388,559</b>

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

Continued (Page 2 of 2)

**THIS PAGE INTENTIONALLY LEFT BLANK**

**CITY OF SHASTA LAKE**  
**Statement of Activities**  
**For the Year Ended June 30, 2020**

<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	\$ 11,646,289	\$ 3,647,631	\$ 122,559	\$ -
Public safety	3,589,130	293,749	100,000	-
Public ways and facilities	2,848,484	669,139	1,458,617	620,749
Planning	598,684	-	-	-
Culture and recreation	399,219	2,984	-	-
Community development	43,872	-	34,300	-
Interest on long-term debt	616,834	-	-	-
<b>Total Governmental Activities</b>	<b>19,742,512</b>	<b>4,613,503</b>	<b>1,715,476</b>	<b>620,749</b>
Business-type activities:				
Water	3,049,716	4,052,319	80,795	-
Electric	22,546,800	23,818,266	225,957	-
Wastewater	3,402,750	3,159,781	2,564	-
Industrial park	56,760	178,849	-	-
<b>Total Business-Type Activities</b>	<b>29,056,026</b>	<b>31,209,215</b>	<b>309,316</b>	<b>-</b>
<b>Total</b>	<b>\$ 48,798,538</b>	<b>\$ 35,822,718</b>	<b>\$ 2,024,792</b>	<b>\$ 620,749</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**

Prior period adjustment

**Net Position - Beginning, Restated**

**Net Position - Ending**

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

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

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
\$ (7,876,099)	\$ -	\$ (7,876,099)
(3,195,381)	-	(3,195,381)
(99,979)	-	(99,979)
(598,684)	-	(598,684)
(396,235)	-	(396,235)
(9,572)	-	(9,572)
(616,834)	-	(616,834)
(12,792,784)	-	(12,792,784)
-	1,083,398	1,083,398
-	1,497,423	1,497,423
-	(240,405)	(240,405)
-	122,089	122,089
-	2,462,505	2,462,505
(12,792,784)	2,462,505	(10,330,279)
1,638,319	-	1,638,319
929,531	-	929,531
7,505	-	7,505
206,156	-	206,156
1,035,730	-	1,035,730
937,946	-	937,946
199,990	959,355	1,159,345
53,233	693,423	746,656
(461,488)	461,488	-
4,546,922	2,114,266	6,661,188
(8,245,862)	4,576,771	(3,669,091)
59,364,471	61,239,433	120,603,904
4,453,746	-	4,453,746
63,818,217	61,239,433	125,057,650
\$ 55,572,355	\$ 65,816,204	\$ 121,388,559

**THIS PAGE INTENTIONALLY LEFT BLANK**

---

## **Basic Financial Statements**

- **Fund Financial Statements**

**THIS PAGE INTENTIONALLY LEFT BLANK**

**CITY OF SHASTA LAKE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2020**

	<b>General</b>	<b>Other Governmental Funds</b>	<b>Totals</b>
<b>ASSETS</b>			
Cash and investments	\$ 6,373,632	\$ 4,050,074	\$ 10,423,706
Cash with fiscal agent	678,927	-	678,927
Receivables:			
Accounts, net	129,447	6,895	136,342
Interest	6,751	14,554	21,305
Taxes	378,260	104,019	482,279
Intergovernmental	20,605	410,259	430,864
Assessments	-	2,523,000	2,523,000
Deposits	4,428	-	4,428
Due from other funds	55,199	-	55,199
Restricted cash and investments	697,778	270,752	968,530
Loans receivable	-	4,553,546	4,553,546
Land held for resale	-	534,984	534,984
	<hr/>	<hr/>	<hr/>
<b>Total Assets</b>	<b>\$ 8,345,027</b>	<b>\$ 12,468,083</b>	<b>\$ 20,813,110</b>
	<hr/>	<hr/>	<hr/>
<b>LIABILITIES</b>			
Accounts payable	\$ 406,537	\$ 22,255	\$ 428,792
Retentions payable	-	16,436	16,436
Salaries and benefits payable	117,806	-	117,806
Interest payable	40,121	-	40,121
Due to other governments	166,619	8,333	174,952
Deposits payable	650,902	-	650,902
Due to other funds	-	4,206	4,206
Advances from other funds	303,262	-	303,262
Unearned revenues	22,408	-	22,408
	<hr/>	<hr/>	<hr/>
<b>Total Liabilities</b>	<b>1,707,655</b>	<b>51,230</b>	<b>1,758,885</b>
	<hr/>	<hr/>	<hr/>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues	20,605	409,059	429,664
	<hr/>	<hr/>	<hr/>
<b>Total Deferred Inflows of Resources</b>	<b>20,605</b>	<b>409,059</b>	<b>429,664</b>
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES</b>			
Restricted	765,982	12,007,794	12,773,776
Unassigned	5,850,785	-	5,850,785
	<hr/>	<hr/>	<hr/>
<b>Total Fund Balances</b>	<b>6,616,767</b>	<b>12,007,794</b>	<b>18,624,561</b>
	<hr/>	<hr/>	<hr/>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 8,345,027</b>	<b>\$ 12,468,083</b>	<b>\$ 20,813,110</b>
	<hr/>	<hr/>	<hr/>

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, 2020**

<b>Total Fund Balance - Total Governmental Funds</b>	<b>\$ 18,624,561</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.	53,421,934
Other long-term assets are not available to pay for current period expenditures and therefore, are reported as unavailable revenues in the governmental funds.	429,664
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.	(297,549)
Deferred outflows of resources related to pension and OPEB are not reported in the governmental funds.	1,065,736
Deferred inflows of resources related to pension and OPEB are not reported in the governmental funds.	(1,242,734)
Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.	
Loans payable	(59,442)
Revenue bonds payable	(2,494,775)
Special assessment bonds payable	(28,000)
Certificates of participation, less unamortized discount of \$283,741	(11,653,259)
Compensated absences	(175,908)
Net pension liability	(2,882,773)
Net OPEB asset/(liability)	346,085
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>518,815</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ 55,572,355</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, 2020**

	<b>General</b>	<b>Other Governmental Funds</b>	<b>Totals</b>
<b>REVENUES</b>			
Taxes and assessments	\$ 3,795,954	\$ 1,027,619	\$ 4,823,573
Licenses and permits	308,509	-	308,509
Fines and forfeitures	6,904	-	6,904
Use of money and property	120,184	79,806	199,990
Intergovernmental	1,052,793	1,005,259	2,058,052
Charges for services	3,842,408	455,682	4,298,090
Other revenues	32,283	20,950	53,233
<b>Total Revenues</b>	<u>9,159,035</u>	<u>2,589,316</u>	<u>11,748,351</u>
<b>EXPENDITURES</b>			
Current:			
General government	11,328,988	25,346	11,354,334
Public safety	3,462,465	100,000	3,562,465
Public ways and facilities	67,740	1,402,561	1,470,301
Planning	587,176	-	587,176
Culture and recreation	316,592	-	316,592
Community development	-	43,872	43,872
Debt service:			
Principal	32,000	125,009	157,009
Interest and other charges	241,514	118,422	359,936
Capital outlay	176,475	444,728	621,203
<b>Total Expenditures</b>	<u>16,212,950</u>	<u>2,259,938</u>	<u>18,472,888</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(7,053,915)</u>	<u>329,378</u>	<u>(6,724,537)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Debt proceeds	9,500,000	-	9,500,000
Discount on certificates of participation issued	(283,741)	-	(283,741)
Transfers out	-	(461,488)	(461,488)
<b>Total Other Financing Sources (Uses)</b>	<u>9,216,259</u>	<u>(461,488)</u>	<u>8,754,771</u>
<b>Net Change in Fund Balances</b>	<u>2,162,344</u>	<u>(132,110)</u>	<u>2,030,234</u>
<b>Fund Balances - Beginning</b>	4,454,423	5,163,158	9,617,581
Prior period adjustment	-	6,976,746	6,976,746
<b>Fund Balances - Beginning, Restated</b>	<u>4,454,423</u>	<u>12,139,904</u>	<u>16,594,327</u>
<b>Fund Balances - Ending</b>	<u>\$ 6,616,767</u>	<u>\$ 12,007,794</u>	<u>\$ 18,624,561</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, 2020**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 2,030,234</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay 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	621,203
Less current year depreciation	(1,592,196)
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	157,009
Proceeds from the issuance of debt, less discount of \$283,741	(9,216,259)
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	209,787
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	(487)
Change in deferred inflows of resources related to pension	(26,028)
Change in deferred outflows of resources related to OPEB	(92,018)
Change in deferred inflows of resources related to OPEB	(683,868)
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	(11,174)
Change in net pension liability	(254,543)
Change in net OPEB liability	860,959
Change in accrued interest on long-term debt	(256,898)
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.	
	8,417
<b>Change in Net Position of Governmental Activities</b>	<b>\$ (8,245,862)</b>

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

**THIS PAGE INTENTIONALLY LEFT BLANK**

**CITY OF SHASTA LAKE**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2020**

	<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	\$ 5,027,915	\$ 21,687,246	\$ 5,598,974	\$ -
Receivables:				
Accounts, net	560,754	3,108,258	382,514	-
Interest	12,613	44,694	9,308	-
Assessments	-	-	-	640,002
Deposits	-	424,421	-	-
Prepaid costs	8,315	86,506	-	-
Inventory	4,108	433,786	-	-
<b>Total Current Assets</b>	<b>5,613,705</b>	<b>25,784,911</b>	<b>5,990,796</b>	<b>640,002</b>
Noncurrent Assets:				
Advances to other funds	-	579,842	-	-
Net OPEB asset/(liability)	10,453	(3,067)	6,775	-
Capital assets:				
Non-depreciable	359,154	718,927	646,759	1,392,696
Depreciable, net	10,824,623	7,379,218	29,919,118	-
<b>Total Noncurrent Assets</b>	<b>11,194,230</b>	<b>8,674,920</b>	<b>30,572,652</b>	<b>1,392,696</b>
<b>Total Assets</b>	<b>16,807,935</b>	<b>34,459,831</b>	<b>36,563,448</b>	<b>2,032,698</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred pension adjustments	146,473	708,203	148,461	-
Deferred OPEB adjustments	58,444	128,716	38,963	-
<b>Total Deferred Outflows of Resources</b>	<b>204,917</b>	<b>836,919</b>	<b>187,424</b>	<b>-</b>

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

<b>Totals</b>	<b>Governmental/ Business-Type Activities Internal Service Funds</b>
\$ 32,314,135	\$ 1,738,891
4,051,526	-
66,615	5,997
640,002	-
424,421	-
94,821	-
437,894	-
38,029,414	1,744,888
579,842	-
14,161	(41,845)
3,117,536	-
48,122,959	941,157
51,834,498	899,312
89,863,912	2,644,200
1,003,137	427,419
226,123	189,248
1,229,260	616,667

**CITY OF SHASTA LAKE**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2020**

	<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	103,678	268,728	35,793	-
Retentions payable	9,507	-	-	-
Salaries and benefits payable	15,793	71,486	18,998	-
Due to other governments	145,533	795,159	1,602	-
Deposits payable	6,500	-	-	-
Due to other funds	-	-	-	50,993
Interest payable	40,221	-	-	11,900
Compensated absences payable	29,579	136,237	47,842	-
Loans payable	170,914	-	385,813	-
Bonds payable	-	-	-	40,000
<b>Total Current Liabilities</b>	<b>521,725</b>	<b>1,271,610</b>	<b>490,048</b>	<b>102,893</b>
Noncurrent Liabilities:				
Advances from other funds	49,967	-	50,313	-
Loans payable	3,014,904	-	14,274,717	-
Bonds payable	-	-	-	640,000
Net pension liability	539,456	2,612,004	550,121	-
<b>Total Noncurrent Liabilities</b>	<b>3,604,327</b>	<b>2,612,004</b>	<b>14,875,151</b>	<b>640,000</b>
<b>Total Liabilities</b>	<b>4,126,052</b>	<b>3,883,614</b>	<b>15,365,199</b>	<b>742,893</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred pension adjustments	50,819	246,091	51,851	-
Deferred OPEB adjustments	202,443	445,856	134,962	-
<b>Total Deferred Inflows of Resources</b>	<b>253,262</b>	<b>691,947</b>	<b>186,813</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	7,997,959	8,098,145	15,905,347	712,696
Restricted	-	-	627,586	-
Unrestricted	4,635,579	22,623,044	4,665,927	577,109
<b>Total Net Position</b>	<b>\$ 12,633,538</b>	<b>\$ 30,721,189</b>	<b>\$ 21,198,860</b>	<b>\$ 1,289,805</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.

<b>Totals</b>	<b>Governmental/ Business-Type Activities Internal Service Funds</b>
408,199	28,404
9,507	-
106,277	55,233
942,294	6,884
6,500	-
50,993	-
52,121	-
213,658	105,332
556,727	-
40,000	-
2,386,276	195,853
100,280	176,300
17,289,621	-
640,000	-
3,701,581	1,591,493
21,731,482	1,767,793
24,117,758	1,963,646
348,761	150,065
783,261	655,529
1,132,022	805,594
32,714,147	941,157
627,586	-
32,501,659	(449,530)
65,843,392	\$ 491,627
(27,188)	
\$ 65,816,204	

**CITY OF SHASTA LAKE**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2020**

	<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	\$ 4,052,319	\$ 23,818,266	\$ 3,159,781	\$ -
Other revenues	14,222	519,468	159,733	-
<b>Total Operating Revenues</b>	<b>4,066,541</b>	<b>24,337,734</b>	<b>3,319,514</b>	<b>-</b>
<b>OPERATING EXPENSES</b>				
Salaries and benefits	1,152,996	2,265,423	1,209,302	-
Administration	587,828	3,561,545	538,074	6,614
Power and water	370,235	14,575,240	328,338	402
Insurance	38,897	105,862	63,558	9,666
Supplies	99,834	62,753	82,737	-
Repair and maintenance	129,911	651,322	130,782	-
Professional services	26,712	87,944	84,345	4,072
Depreciation	555,988	788,042	852,766	-
Other expense	55,693	451,206	17,301	-
<b>Total Operating Expenses</b>	<b>3,018,094</b>	<b>22,549,337</b>	<b>3,307,203</b>	<b>20,754</b>
<b>Operating Income (Loss)</b>	<b>1,048,447</b>	<b>1,788,397</b>	<b>12,311</b>	<b>(20,754)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Assessment revenue	-	-	-	178,849
Intergovernmental	80,795	225,957	2,564	-
Interest income	121,598	737,199	67,871	-
Interest expense	(105,540)	-	(159,914)	(36,006)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>96,853</b>	<b>963,156</b>	<b>(89,479)</b>	<b>142,843</b>
<b>Income (Loss) Before Capital Contributions and Transfers</b>	<b>1,145,300</b>	<b>2,751,553</b>	<b>(77,168)</b>	<b>122,089</b>
Transfers in	-	-	461,488	-
<b>Change in Net Position</b>	<b>1,145,300</b>	<b>2,751,553</b>	<b>384,320</b>	<b>122,089</b>
<b>Total Net Position - Beginning</b>	<b>11,488,238</b>	<b>27,969,636</b>	<b>20,814,540</b>	<b>1,167,716</b>
<b>Total Net Position - Ending</b>	<b>\$ 12,633,538</b>	<b>\$ 30,721,189</b>	<b>\$ 21,198,860</b>	<b>\$ 1,289,805</b>

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.

<b>Totals</b>	<b>Governmental/ Business-Type Activities Internal Service Funds</b>
\$ 31,030,366	\$ 2,906,477
693,423	16,466
31,723,789	2,922,943
4,627,721	1,667,206
4,694,061	603,044
15,274,215	-
217,983	21,198
245,324	28,783
912,015	163,778
203,073	35,029
2,196,796	272,376
524,200	-
28,895,388	2,791,414
2,828,401	131,529
178,849	-
309,316	21,391
926,668	32,687
(301,460)	(3,681)
1,113,373	50,397
3,941,774	181,926
461,488	-
4,403,262	181,926
	309,701
	\$ 491,627
173,509	
\$ 4,576,771	

**CITY OF SHASTA LAKE**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2020**

	<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	\$ 4,184,481	\$ 23,436,805	\$ 3,293,887	\$ 670
Receipts from interfund services	-	-	-	-
Payments to suppliers	(1,054,987)	(19,457,850)	(2,711,148)	(21,842)
Payments for interfund services	-	-	-	-
Payments to employees	(1,111,969)	(2,006,155)	(1,149,107)	-
<b>Net Cash Provided by Operating Activities</b>	<u>2,017,525</u>	<u>1,972,800</u>	<u>(566,368)</u>	<u>(21,172)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	-	-	461,488	-
Interfund loans received	-	-	-	50,993
Interfund loans repaid	(11,886)	-	(11,968)	(41,838)
Interfund loans repayments received	-	137,924	-	-
Grants, assessments, and other receipts	80,795	225,957	288,482	83,636
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<u>68,909</u>	<u>363,881</u>	<u>738,002</u>	<u>92,791</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(450,017)	(245,983)	(5,074,230)	-
Proceeds from debt	-	-	8,857,790	-
Principal paid on debt	(165,888)	-	-	(35,000)
Interest paid on debt	(107,634)	-	(159,914)	(36,619)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(723,539)</u>	<u>(245,983)</u>	<u>3,623,646</u>	<u>(71,619)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	122,552	738,492	63,687	-
<b>Net Cash Provided by Investing Activities</b>	<u>122,552</u>	<u>738,492</u>	<u>63,687</u>	<u>-</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	1,485,447	2,829,190	3,858,967	-
<b>Balances - Beginning</b>	<u>3,542,468</u>	<u>18,858,056</u>	<u>1,740,007</u>	<u>-</u>
<b>Balances - Ending</b>	<u><u>\$ 5,027,915</u></u>	<u><u>\$ 21,687,246</u></u>	<u><u>\$ 5,598,974</u></u>	<u><u>\$ -</u></u>

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

	<b>Governmental/ Business-Type Activities</b>
<b>Totals</b>	<b>Internal Service Funds</b>
\$ 30,915,843	\$ 16,466
-	2,908,010
(23,245,827)	(614,524)
-	(237,253)
(4,267,231)	(1,516,947)
<u>3,402,785</u>	<u>555,752</u>
461,488	-
50,993	-
(65,692)	(41,936)
137,924	-
<u>678,870</u>	<u>21,391</u>
<u>1,263,583</u>	<u>(20,545)</u>
(5,770,230)	(311,185)
8,857,790	-
(200,888)	-
(304,167)	(3,681)
<u>2,582,505</u>	<u>(314,866)</u>
<u>924,731</u>	<u>33,703</u>
<u>924,731</u>	<u>33,703</u>
8,173,604	254,044
<u>24,140,531</u>	<u>1,484,847</u>
<u>\$ 32,314,135</u>	<u>\$ 1,738,891</u>

**CITY OF SHASTA LAKE**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2020**

	<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) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 1,048,447	\$ 1,788,397	\$ 12,311	\$ (20,754)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	555,988	788,042	852,766	-
Decrease (increase) in:				
Accounts receivable	116,640	(900,929)	(25,627)	670
Deposits	-	(16,149)	-	-
Prepaid costs	33,596	62,946	-	-
Inventory	-	(8,893)	-	-
Pension adjustment - deferred outflows	94	463	102	-
OPEB adjustment - deferred outflows	19,180	42,242	12,786	-
Increase (decrease) in:				
Accounts payable	73,356	97,723	(1,467,615)	(1,088)
Retentions payable	9,507	-	-	-
Salaries and benefits payable	3,525	13,680	6,240	-
Due to other governments	137,664	(97,605)	1,602	-
Deposits payable	1,300	-	-	-
Compensated absences	845	17,597	6,981	-
Net pension liability	49,258	241,850	53,249	-
Net OPEB asset/(liability)	(179,455)	(395,229)	(119,637)	-
Pension adjustment - deferred inflows	5,037	24,731	5,445	-
OPEB adjustment - deferred inflows	142,543	313,934	95,029	-
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 2,017,525</b>	<b>\$ 1,972,800</b>	<b>\$ (566,368)</b>	<b>\$ (21,172)</b>

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

<b>Totals</b>	<b>Governmental/ Business-Type Activities Internal Service Funds</b>
\$ 2,828,401	\$ 131,529
2,196,796	272,376
(809,246)	1,533
(16,149)	-
96,542	-
(8,893)	-
659	308
74,208	62,107
(1,297,624)	(6,829)
9,507	-
23,445	13,579
41,661	6,884
1,300	-
25,423	16,386
344,357	160,947
(694,321)	(581,094)
35,213	16,458
551,506	461,568
\$ 3,402,785	\$ 555,752

**CITY OF SHASTA LAKE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2020**

	<b>Private Purpose Trust Fund (Successor Agency)</b>	<b>Agency Fund</b>
<b>ASSETS</b>		
Current Assets:		
Cash and investments	\$ 526,705	\$ 375,519
Receivables:		
Interest	4,171	1,142
Taxes	-	788
	<hr/>	<hr/>
<b>Total Current Assets</b>	<b>530,876</b>	<b>377,449</b>
	<hr/>	<hr/>
Noncurrent Assets:		
Land held for resale	484	-
	<hr/>	<hr/>
<b>Total Noncurrent Assets</b>	<b>484</b>	<b>-</b>
	<hr/>	<hr/>
<b>Total Assets</b>	<b>531,360</b>	<b>377,449</b>
	<hr/>	<hr/>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	150	250
Interest payable	8,505	-
Unearned revenues	318,053	-
Loans payable	310,000	-
Agency obligations	-	377,199
	<hr/>	<hr/>
<b>Total Current Liabilities</b>	<b>636,708</b>	<b>377,449</b>
	<hr/>	<hr/>
Noncurrent Liabilities:		
Loans payable	2,190,000	-
	<hr/>	<hr/>
<b>Total Noncurrent Liabilities</b>	<b>2,190,000</b>	<b>-</b>
	<hr/>	<hr/>
<b>Total Liabilities</b>	<b>2,826,708</b>	<b>377,449</b>
	<hr/>	<hr/>
<b>NET POSITION</b>		
Net position held in trust	(2,295,348)	-
	<hr/>	<hr/>
<b>Total Net Position</b>	<b>\$ (2,295,348)</b>	<b>\$ -</b>
	<hr/>	<hr/>

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, 2020**

	<u>Private Purpose Trust Fund (Successor Agency)</u>
<b>ADDITIONS</b>	
Taxes and assessments	\$ 276,235
Interest income	22,738
<b>Total Additions</b>	<u>298,973</u>
<b>DEDUCTIONS</b>	
Administrative expenses	2,625
Interest expense	106,795
Sale of assets	1,124,875
<b>Total Deductions</b>	<u>1,234,295</u>
<b>Change in Net Position</b>	(935,322)
<b>Net Position - Beginning</b>	<u>(1,360,026)</u>
<b>Net Position - Ending</b>	<u><u>\$ (2,295,348)</u></u>

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

**THIS PAGE INTENTIONALLY LEFT BLANK**

---

## **Basic Financial Statements**

- **Notes to Basic Financial Statements**

**THIS PAGE INTENTIONALLY LEFT BLANK**

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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, 2020**

**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, 2020**

**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 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.

**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.

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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

**C. Basis of Accounting and Measurement Focus (Continued)**

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.

**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.

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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

**F. Investments (Continued)**

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 \$697,778 and in the Wastewater Treatment Debt fund for debt service of \$270,752.

**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, 2020, the allowance for doubtful accounts was \$10,765.

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, 2020, the allowance for doubtful accounts was \$101,662.

**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.

**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, 2020, 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.

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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

**J. Loans Receivable**

A total of \$4,553,546 was recorded as loans receivable at June 30, 2020. These represent low interest notes and related accrued interest to finance multi-family and single family construction and rehabilitation projects and homebuyer assistance for low income families. Loan terms are 15 to 55 years with an interest rate at 0 to 5 percent. The primary source of funding for these loans comes from grants from the Federal Community Development Block Grant (CDBG) program and Home Investment Partnerships (HOME) program and the State CalHome program. The CDBG, HOME and CalHome grants contain monitoring requirements to ensure grant compliance. These requirements are reflected in the loan agreements.

**K. Land Held For Resale**

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

**L. Capital Assets**

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

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.

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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

**M. Property Tax (Continued)**

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 60 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.

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.

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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

**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.

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, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

**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.

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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

**S. Other Postemployment Benefits (OPEB) (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, 2019
Measurement Date	June 30, 2019
Measurement Period	June 30, 2018 to June 30, 2019

**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 three 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 and third 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.

**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) Statement has been implemented, if applicable, in the current financial statements.

**Statement No. 95**, Postponement of the Effective Dates of Certain Authoritative Guidance. This Statement extends the effective dates of certain accounting and financial reporting provisions in the Statements and Implementation Guides that were first effective for reporting periods beginning after June 15, 2018. The requirements of this Statement apply to the financial statements of all state and local governments. The GASB Statements effected by this statement include Statement No. 84 - Fiduciary Activities, Statement No. 87 – Leases, Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period, Statement No. 90 - Majority Equity Interests, Statement No. 91 – Conduit Debt Obligations, Statement No. 92 – Omnibus 2020, and Statement No. 93 – Replacement of Interbank Offered Rates.

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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

**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, 2019. (FY 20/21)
Statement No. 87 “Leases”	The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)
Statement No. 89 “Accounting for Interest Cost Incurred Before the End of a Construction Period”	The requirements of this statement are effective for periods beginning after December 15, 2020. (FY 21/22)
Statement No. 90 “Majority Equity Interests”	The requirements of this statement are effective for periods beginning after December 15, 2019. (FY 20/21)
Statement No. 91 “Conduit Debt Obligations”	The requirements of this statement are effective for periods beginning after December 15, 2021. (FY 22/23)
Statement No. 92 “Omnibus 2020”	The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)
Statement No. 93 “Replacement of Interbank Offered Rates”	The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)
Statement No. 94 “Public-Private and Public-Public Partnerships and Availability Payment Arrangements”	The requirements of this statement are effective for periods beginning after June 15, 2022. (FY 22/23)
Statement No. 96 “Subscription-Based Information Technology Arrangements”	The requirements of this statement are effective for periods beginning after June 15, 2022. (FY 22/23)

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

**A. Restatement of Net Position/Fund Balance**

Adjustments resulting from errors or a change to comply with provision of the accounting standards are treated as adjustments to prior periods. Accordingly, the City reports these changes as restatements of beginning net position/fund balance. During the current year the City reported prior period adjustments to correct a prior year overstatement of unavailable revenue related to deferred housing loan payments and special assessments.

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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

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

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

	Governmental Activities
Net Position, June 30, 2019 as previously reported	\$ 59,364,471
Adjustment associated with:	
Correction of deferred housing loan payments	4,453,746
Total Adjustments	4,453,746
Net Position, July 1, 2019 as restated	\$ 63,818,217

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

	Other Governmental Funds
Fund Balance, June 30, 2019 as previous reported	\$ 5,163,158
Adjustment associated with:	
Correction to unavailable revenue related to special assessments	2,523,000
Correction of deferred housing loan payments	4,453,746
Total Adjustments	6,976,746
Fund Balance, July 1, 2019 as restated	\$ 12,139,904

**B. Deficit Net Position**

The following internal service fund has a deficit net position:

- The Public Works fund has a net position deficit of \$533,267, which is expected to be eliminated in future years through internal service reimbursements.

**C. Rebtable 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, 2020, does not expect to incur a liability.

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE 3: CASH AND INVESTMENTS**

**A. Financial Statement Presentation**

As of June 30, 2020, the City's cash and investments are reported in the financial statements as follows:

Governmental activities	\$ 12,071,163
Business-type activities	34,053,026
Private purpose trust fund	526,705
Agency fund	<u>375,519</u>
Total Cash and Investments	<u>\$ 47,026,413</u>

As of June 30, 2020, the City's cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 2,100
Deposits (less outstanding checks)	2,702,893
Cash with fiscal agent	<u>678,927</u>
Total Cash	<u>3,383,920</u>
Investments:	
In City's pool	<u>43,642,493</u>
Total Investments	<u>43,642,493</u>
Total Cash and Investments	<u>\$ 47,026,413</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 \$3,381,820 and the bank balance was \$3,769,930. 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.

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, interest bearing 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.

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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

**C. Investments (Continued)**

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.

At June 30, 2020, the City had the following recurring fair value measurements:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>Investments by Fair Value Level</b>				
Federal Agencies	\$ 9,041,431	\$ 9,041,431	\$ -	\$ -
U.S. Treasuries	4,262,327	4,262,327	-	-
Corporate Medium-Term Notes	4,202,786	4,202,786	-	-
Asset-Backed Securities	884,532	884,532	-	-
Certificates of Deposit	<u>251,230</u>	<u>251,230</u>	-	-
Total Investments Measured at Fair Value	18,642,306	<u>\$18,642,306</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Investments in External Investment Pools</b>				
Shasta County Investment Pool	270,752			
LAIF	<u>24,729,435</u>			
Total Investments	<u>\$ 43,642,493</u>			

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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

**C. Investments (Continued)**

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, 2020, 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	0.250-3.125%	\$ 1,617,023	\$ 7,424,408	\$ 9,041,431	2.11
U.S. Treasuries	0.500-2.250%	1,056,637	3,205,690	4,262,327	1.99
Corporate Notes	1.650-3.375%	2,065,272	2,137,514	4,202,786	1.32
Asset-Backed Securities	1.100-2.950%	-	884,532	884,532	3.03
Negotiable Certificates of Deposit	1.000%	251,230	-	251,230	0.18
Shasta County Investment Pool	Variable	270,752	-	270,752	-
LAIF	Variable	24,729,435	-	24,729,435	-
Total Investments		<u>\$29,990,349</u>	<u>\$13,652,144</u>	<u>\$43,642,493</u>	<u>0.82</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, 2020**

**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	-	-	-	3.83%
Federal Farm Credit Bank	-	-	-	6.53%
Federal Home Loan Bank	-	-	-	8.75%
Federal Home Loan Mortgage Corporation	-	-	-	1.62%
U.S. Treasuries	-	-	-	9.77%
Corporate Medium-Term Notes	A	A	A1	1.17%
Corporate Medium-Term Notes	A	A+	A1	1.52%
Corporate Medium-Term Notes	A	A	A2	2.96%
Corporate Medium-Term Notes	A	A-	A2	0.65%
Corporate Medium-Term Notes	A	A-	A3	0.46%
Corporate Medium-Term Notes	A	AA+	AA1	0.61%
Corporate Medium-Term Notes	A	AA	AA2	1.14%
Corporate Medium-Term Notes	A	AA-	AA3	1.12%
Asset-Backed Securities	A	AAA	AAA	0.73%
Asset-Backed Securities	A	NR	AAA	1.15%
Asset-Backed Securities	A	AAA	NR	0.15%
Certificate of Deposit	A	NR	NR	0.58%
Shasta County Investment Pool	N/A	NR	NR	0.62%
LAIF	N/A	NR	NR	<u>56.64%</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, 2020, 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	\$ 2,848,118	6.53%
Federal Home Loan Bank	3,817,372	8.75%

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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

**D. Investment in External Investment Pools**

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, 2020, the City's investment in LAIF valued at amortized cost was \$24,729,435 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 \$100.9 billion. Of that amount, 96.63 percent is invested in non-derivative financial products and 3.37 percent in structured notes and asset-backed securities.

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE 4: CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Transfers/ Retirements	Balance June 30, 2020
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Land, easements, and right of way	\$ 3,748,240	\$ 78,696	\$ -	\$ 3,826,936
Construction in progress	<u>243,100</u>	<u>-</u>	<u>( 38,423)</u>	<u>204,677</u>
Total Capital Assets, Not Being Depreciated	<u>3,991,340</u>	<u>78,696</u>	<u>( 38,423)</u>	<u>4,031,613</u>
Capital Assets, Being Depreciated:				
Infrastructure and land improvements	53,042,111	-	-	53,042,111
Buildings and improvements	16,816,446	515,849	38,423	17,370,718
Machinery and equipment	711,275	26,658	-	737,933
Vehicles	<u>34,571</u>	<u>-</u>	<u>-</u>	<u>34,571</u>
Total Capital Assets, Being Depreciated	<u>70,604,403</u>	<u>542,507</u>	<u>38,423</u>	<u>71,185,333</u>
Less Accumulated Depreciation For:				
Infrastructure and land improvements	( 17,400,188)	( 1,099,088)	-	( 18,499,276)
Buildings and improvements	( 2,263,099)	( 450,263)	-	( 2,713,362)
Machinery and equipment	( 504,958)	( 42,845)	-	( 547,803)
Vehicles	<u>( 34,571)</u>	<u>-</u>	<u>-</u>	<u>( 34,571)</u>
Total Accumulated Depreciation	<u>( 20,202,816)</u>	<u>( 1,592,196)</u>	<u>-</u>	<u>( 21,795,012)</u>
Total Capital Assets, Being Depreciated, Net	<u>50,401,587</u>	<u>( 1,049,689)</u>	<u>38,423</u>	<u>49,390,321</u>
Governmental Activities Capital Assets, Net	<u>\$54,392,927</u>	<u>(\$ 970,993)</u>	<u>\$ -</u>	<u>\$ 53,421,934</u>
	Balance July 1, 2019	Additions	Transfers/ Retirements	Balance June 30, 2020
<b>Business-Type Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,837,377	\$ -	\$ -	\$ 1,837,377
Construction in progress	<u>19,773,054</u>	<u>245,983</u>	<u>( 18,738,878)</u>	<u>1,280,159</u>
Total Capital Assets, Not Being Depreciated	<u>21,610,431</u>	<u>245,983</u>	<u>( 18,738,878)</u>	<u>3,117,536</u>
Capital Assets, Being Depreciated:				
General and utility plant	70,205,644	4,721,914	18,738,878	93,666,436
Buildings and improvements	1,317,699	-	-	1,317,699
Equipment and vehicles	<u>3,823,445</u>	<u>326,151</u>	<u>-</u>	<u>4,149,596</u>
Total Capital Assets, Being Depreciated	<u>75,346,788</u>	<u>5,048,065</u>	<u>18,738,878</u>	<u>99,133,731</u>
Less Accumulated Depreciation For:				
General and utility plant	( 43,807,410)	( 2,143,304)	-	( 45,950,714)
Buildings and improvements	( 693,504)	( 35,695)	-	( 729,199)
Equipment and vehicles	<u>( 3,099,529)</u>	<u>( 290,173)</u>	<u>-</u>	<u>( 3,389,702)</u>
Total Accumulated Depreciation	<u>( 47,600,443)</u>	<u>( 2,469,172)</u>	<u>-</u>	<u>( 50,069,615)</u>
Total Capital Assets, Being Depreciated, Net	<u>27,746,345</u>	<u>2,578,893</u>	<u>18,738,878</u>	<u>49,064,116</u>
Business-Type Activities Capital Assets, Net	<u>\$49,356,776</u>	<u>\$ 2,824,876</u>	<u>\$ -</u>	<u>\$ 52,181,652</u>

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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

**Depreciation**

Depreciation expense was charged to governmental activities as follows:

General government	\$ 187,814
Public safety	6,050
Public ways and facilities	1,315,505
Planning	3,214
Culture and recreation	<u>79,613</u>
Total Depreciation and Expense – Governmental Activities	<u>\$ 1,592,196</u>

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

Water	\$ 555,988
Electric	788,042
Wastewater	852,766
Internal Service Funds	<u>272,376</u>
Total Depreciation Expense – Business-Type Activities	<u>\$ 2,469,172</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.

**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, 2020:

	Due From Other funds	Due To Other funds
General fund	\$ 55,199	\$ -
Other governmental funds	-	4,206
Other enterprise funds	<u>-</u>	<u>50,993</u>
Total	<u>\$ 55,199</u>	<u>\$ 55,199</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.

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE 5: INTERFUND TRANSACTIONS (CONTINUED)**

**Advances To/From Other Funds (Continued)**

The following are advances to/from other funds as of June 30, 2020:

	<u>Advances To Other Funds</u>	<u>Advances From Other Funds</u>
General fund	\$ -	\$ 303,262
Water	-	49,967
Electric	579,842	-
Wastewater	-	50,313
Internal service funds	-	176,300
Total	<u>\$ 579,842</u>	<u>\$ 579,842</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, 2020:

	<u>Transfers In</u>	<u>Transfers Out</u>
Other governmental funds	\$ -	\$ 461,488
Wastewater	461,488	-
Total	<u>\$ 461,488</u>	<u>\$ 461,488</u>

**NOTE 6: UNEARNED/UNAVAILABLE REVENUES**

At June 30, 2020, components of unearned and unavailable revenues were as follows:

	<u>Unearned</u>	<u>Unavailable</u>	<u>Totals</u>
General Fund			
Utility bill prepayments	\$ 22,408	\$ -	\$ 22,408
Utility billing receivable	-	20,605	20,605
Nonmajor Governmental Funds			
Special assessments receivable	-	409,059	409,059
Total	<u>\$ 22,408</u>	<u>\$ 429,664</u>	<u>\$ 452,072</u>

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE 7: LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2020:

<u>Type of Indebtedness</u>	<u>Balance July 1, 2019</u>	<u>Adjustments/ Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2020</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities</b>					
Loans	\$ 69,226	\$ -	(\$ 9,784)	\$ 59,442	\$ 59,442
Revenue Bonds	2,608,000	-	( 113,225)	2,494,775	119,000
Special Assessment Bonds	30,000	-	( 2,000)	28,000	2,000
Certificates of Participation	2,469,000	9,500,000	( 32,000)	11,937,000	313,000
Less Deferred Amounts:					
Unamortized Discount	-	( 283,741)	-	( 283,741)	( 14,187)
Certificates of Participation, Net	2,469,000	9,216,259	( 32,000)	11,653,259	298,813
Compensated Absences	164,734	142,523	( 131,349)	175,908	175,908
Total Governmental Activities	<u>\$ 5,340,960</u>	<u>\$9,358,782</u>	<u>(\$ 288,358)</u>	<u>\$14,411,384</u>	<u>\$ 655,163</u>
<b>Business-Type Activities</b>					
Loans	\$ 9,154,446	\$8,857,790	(\$ 165,888)	\$17,846,348	\$ 556,727
Special Assessment Bonds	715,000	-	( 35,000)	680,000	40,000
Compensated Absences	277,181	293,246	( 251,437)	318,990	318,990
Total Business-Type Activities	<u>\$ 10,146,627</u>	<u>\$9,151,036</u>	<u>(\$ 452,325)</u>	<u>\$18,845,338</u>	<u>\$ 915,717</u>

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

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

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

Individual issues of debt payable outstanding at June 30, 2020, 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.

\$ 59,442

Total Loans

59,442

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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

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. 2,218,000

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. 276,775

Total Revenue Bonds 2,494,775

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. 28,000

Total Special Assessment Bonds 28,000

Certificates of Participation:

2018 Certificates of Participation issued February 15, 2018, in the amount of \$2,500,000, payable in annual installments of \$31,000 to \$114,000, with an interest rate of 3.25% and maturity on January 1, 2058. The certificates were used to finance construction of certain improvements to the City Hall/Community Center Project and are secured by lease payments pursuant to a lease-leaseback arrangement, as well as a lien on the property. 2,437,000

2019 Certificates of Participation issued October 8, 2019, in the amount of \$9,500,000, payable in annual installments of \$280,000 to \$645,000 with an interest rate of 2.05 to 3.70% and maturity on July 15, 2039. The certificates were used to refinance a portion of the City's unfunded actuarial accrued liability (UAAL) with respect to its payments to CalPERS and are secured by lease payments pursuant to a lease-leaseback arrangement, as well as a lien on the property. 9,500,000

Total Certificates of Participation 11,937,000

Total Governmental Activities \$ 14,519,218

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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

**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. \$ 3,185,818

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. 14,660,530

Total Loans 17,846,348

Special Assessment Bonds:

Shasta Gateway Industrial Park 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 Shasta Gateway Industrial Park 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. 680,000

Total Special Assessment Bonds 680,000  
\$ 18,526,348

Total Business-Type Activities

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 <u>June 30</u>	Loans		
	Principal	Interest	Total
2021	\$ <u>59,442</u>	\$ <u>38</u>	\$ <u>59,480</u>
Total	\$ <u>59,442</u>	\$ <u>38</u>	\$ <u>59,480</u>

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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

**Governmental Activities (Continued)**

Year Ended June 30	Revenue Bonds		
	Principal	Interest	Total
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	143,000	85,972	228,972
2026-2030	820,000	324,540	1,144,540
2031-2035	1,017,775	119,047	1,136,822
Total	\$ 2,494,775	\$ 934,020	\$ 3,428,795

Year Ended June 30	Special Assessment Bonds		
	Principal	Interest	Total
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	3,000	775	3,775
2026-2030	17,000	2,175	19,175
Total	\$ 28,000	\$ 7,325	\$ 35,325

Year Ended June 30	Certificates of Participation		
	Principal	Interest	Total
2021	\$ 313,000	\$ 459,863	\$ 772,863
2022	404,000	370,723	774,723
2023	416,000	361,360	777,360
2024	427,000	350,948	777,948
2025	438,000	339,768	777,768
2026-2030	2,368,000	1,505,360	3,873,360
2031-2035	2,765,000	1,096,270	3,861,270
2036-2040	3,287,000	561,013	3,848,013
2041-2045	337,000	225,680	562,680
2046-2050	396,000	167,148	563,198
2051-2055	465,000	98,475	563,475
2056-2058	321,000	21,255	342,255
Total	\$ 11,937,000	\$ 5,557,863	\$ 17,494,863

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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

**Business-Type Activities**

Year Ended June 30	Loans		
	Principal	Interest	Total
2021	\$ 556,727	\$ 335,714	\$ 892,441
2022	561,008	331,354	892,362
2023	572,888	319,394	892,282
2024	585,040	307,159	892,199
2025	597,471	294,641	892,112
2026-2030	3,184,122	1,275,059	4,459,181
2031-2035	3,541,106	915,504	4,456,610
2036-2040	2,521,123	616,805	3,137,928
2041-2045	2,742,829	395,099	3,137,928
2046-2050	2,984,034	153,894	3,137,928
Total	\$ 17,846,348	\$ 4,944,623	\$ 22,790,971

Year Ended June 30	Special Assessment Bonds		
	Principal	Interest	Total
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	45,000	25,857	70,857
2026-2030	270,000	89,252	359,252
2031-2032	200,000	16,014	216,014
Total	\$ 680,000	\$ 256,992	\$ 936,992

**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 \$9,679,655 of restricted net position, of which \$3,946,019 is restricted by enabling legislation.

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE 8: NET POSITION (CONTINUED)**

**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, 2020, 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.
- **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.

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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

The fund balances for all major and nonmajor governmental funds as of June 30, 2020, were distributed as follows:

	General Fund	Other Governmental Funds	Totals
<b>Restricted for:</b>			
General plan maintenance fee	\$ 493	\$ -	\$ 493
Information technology	76,774	-	76,774
2018 COPs debt	18,250	-	18,250
2019 CalPERS debt	670,465	-	670,465
HOME	-	4,483,526	4,483,526
Wastewater treatment debt	-	3,414,011	3,414,011
Law enforcement COPS	-	11,383	11,383
Water P&FCC charges	-	353,692	353,692
State trafficway	-	1,341,595	1,341,595
Electric P&FCC charges	-	299,753	299,753
CDBG housing rehabilitation	-	353,537	353,537
Wastewater P&FCC charges	-	214,964	214,964
Parks P&FCC charges	-	271,488	271,488
Former RDA low/mod housing	-	1,120,735	1,120,735
Riddle Road water bond	-	35,766	35,766
Davis-Grunsky Act loan	-	107,344	107,344
	<u>765,982</u>	<u>12,007,794</u>	<u>12,773,776</u>
Subtotal	765,982	12,007,794	12,773,776
<b>Unassigned</b>	<u>5,850,785</u>	<u>-</u>	<u>5,850,785</u>
Total	<u>\$ 6,616,767</u>	<u>\$12,007,794</u>	<u>\$18,624,561</u>

**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.

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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

**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, 2020, are summarized as follows:

	<u>Benefit</u> <u>Formula</u>	<u>Retirement</u> <u>Age</u>	<u>Monthly Benefits</u> as a % of <u>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%

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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

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

**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	14.398%	8.000%	0.000%
Miscellaneous Second Tier	8.563%	7.000%	0.000%
Miscellaneous PEPRAs	6.985%	6.250%	0.000%

For the year ended June 30, 2020, the contributions recognized as part of pension expense were as follows:

	<u>Contributions-Employer</u>	<u>Contributions-Employee (Paid by Employer)</u>
Miscellaneous	\$ 817,880	\$ -

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

As of June 30, 2020, 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	\$ 8,175,847
Total Net Pension Liability	<u>\$ 8,175,847</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, 2019, 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, 2018 rolled forward to June 30, 2019 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, 2018 and 2019 measurement dates was as follows:

	<u>Proportion June 30, 2019</u>	<u>Proportion June 30, 2020</u>	<u>Change- Increase (Decrease)</u>
Miscellaneous	0.19678%	0.20417%	0.00739%

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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

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

For the year ended June 30, 2020, the City recognized pension expense of \$839,001. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 957,677	\$ -
Changes of assumptions	389,862	( 138,203)
Difference between expected and actual experience	567,847	( 43,997)
Difference between projected and actual earnings on pension plan investments	-	( 142,939)
Difference between City contributions and proportionate share of contributions.	-	( 445,177)
Amortization due to differences in proportions	300,513	-
Total	\$ 2,215,899	(\$ 770,316)

\$957,677 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>	
2021	\$ 518,703
2022	( 107,516)
2023	47,835
2024	28,884
Thereafter	-
Total	\$ 487,906

**Actuarial Assumptions**

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Investment Rate of Return	7.15%
Inflation	2.50%
Salary Increases	Varies by entry-age and service
Mortality Rate Table	Derived using CalPERS' membership data for all funds
Post-Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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

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

**Actuarial Assumptions (Continued)**

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.

**Long-Term Expected Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future 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 return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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

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

**Long-Term Expected Rate of Return (Continued)**

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	\$ 13,034,265	\$ 8,175,847	\$ 7,165,567

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

**A. General Information about the OPEB Plan**

**Pension Plan Fiduciary Net Position**

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

**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.

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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

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

**Plan Description (Continued)**

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, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	27
Inactive employees entitled to but not yet receiving benefit payments	9
Active employees	<u>50</u>
Total	<u><u>86</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, 2020**

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

**A. General Information about the OPEB Plan (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 2020:

City Non – Vesting Caps			
Group	Ee Only	Ee + Sp	Ee + Fam
Management	\$ 520.29	\$ 1,040.58	\$ 1,352.75
Teamsters	520.29	1,040.58	1,352.75
IBEW	520.29	1,040.58	1,352.75

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.

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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

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

**Contributions (Continued)**

The cap amounts vary by coverage level and are adjusted annually. For 2019, the caps are \$767 (employee), \$1,461 (employee plus one) and \$1,868 (employee plus family).

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

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

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

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

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

<b>Region 1 2020 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	\$ 861.18	\$ 1,722.36	\$ 2,239.07	\$ 351.39	\$ 702.78	\$ 1,219.49
Kiaser HMO	768.49	1,536.98	1, 998.07	339.43	678.86	1,139.95
PERS Select PPO	520.29	1,040.58	1, 352.75	351.89	702.78	1,014.95
PERS Care PPO	1,133.14	2,266.28	2,946.16	384.78	769.565	1,449.44
United Healthcare HMO	899.94	1,799.88	2,339.84	327.05	654.06	1,194.02

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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

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

The City's net OPEB asset of (\$318,401) was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019.

**Actuarial Assumptions and Other Inputs**

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2019
Funding Method	Entry Age Normal Cost, level of percent of pay
Asset Valuation Method	Market value of assets
Long Term Return on Assets	6.45% as of June 30, 2019 and 6.40% as of June 30, 2018
Discount Rates	6.45% as of June 30, 2019 and 6.40% as of June 30, 2018
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Salary Increase	3.00% 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	2.50% per year
Healthcare cost trend rates	6.5% for 2019, decreasing 0.5% per year to an ultimate rate of 5.0% for 2076 and later years
Mortality rates	CalPERS 2017 experience study

The demographic actuarial assumptions used in the June 30, 2019 valuation are based on the 2017 experience study of the California Public Employees Retirement System using data from 1997 to 2015, except for basis used to project future mortality improvements.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 6.45 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 (Asset)**

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 (asset) during the measurement period ending on June 30, 2019 for the City's proportionate share.

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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

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

	Increases (Decreases)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balances at Fiscal Year Ending June 30, 2019	\$ 8,937,986	\$ 7,120,013	\$ 1,817,973
Changes for the year:			
Service cost	361,837	-	361,837
Interest	582,324	-	582,324
Differences between expected and actual experience (	1,835,932)	-	( 1,835,068)
Change of assumptions (	297,932)	-	( 297,932)
Contributions – employer	-	445,979	( 445,979)
Net investment income	-	503,091	( 503,091)
Benefit payments,	( 402,009)	( 402,009)	-
Administrative expense	-	( 1,535)	1,535
Net Changes	( 1,590,848)	545,526	( 2,136,374)
Balances at Fiscal Year Ending June 30, 2020	\$ 7,347,138	\$ 7,665,539	(\$ 318,401)

**Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate**

The following presents the net OPEB asset of the City, as well as what the City’s net OPEB asset 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 5.45%	Discount Rate 6.45%	1% Increase 7.45%
Net OPEB liability (asset)	\$ 744,156	(\$ 318,401)	(\$ 1,184,653)

**Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates**

The following presents the net OPEB asset of the City, as well as what the City’s net OPEB asset 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 (5.5% decreasing to 4.0%)	Healthcare Cost Trend Rates (6.5% decreasing to 5.0%)	1% Increase (7.5% decreasing to 6.0%)
Net OPEB liability (asset)	(\$ 1,269,593)	(\$ 318,401)	\$ 866,882

**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, 2020**

**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, 2020, the City recognized OPEB expense of \$117,783. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made subsequent to the measurement date	\$ 328,882	\$ -
Changes of assumptions	366,882	( 257,063)
Difference between expected and actual experience	-	( 2,129,827)
Net differences between projected and actual earnings on OPEB plan investments	-	( 23,144)
Total	\$ 695,764	(\$ 2,410,034)

\$328,882 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 (asset) 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:

Fiscal Year Ended June 30	
2021	(\$ 370,874)
2022	( 370,873)
2023	( 365,403)
2024	( 281,634)
2025	( 276,926)
Thereafter	( 377,442)
Total	(\$ 2,043,152)

**Payable to the OPEB Plan**

At June 30, 2020, the City reported a payable of \$0 for the outstanding amount of contributions to the Plan required for the year ended June 30, 2020.

**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, 2020**

**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, 2020**

**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**

At June 30, 2020, the City had construction commitments outstanding of approximately \$32,331.

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, 2020:

<u>Type of Indebtedness</u>	<u>Balance July 1, 2019</u>	<u>Additions/ Adjustments</u>	<u>Retirements</u>	<u>Balance June 30, 2020</u>	<u>Amounts Due Within One Year</u>
Tax Allocation Bonds	\$ 2,800,000	\$ -	(\$ 300,000)	\$ 2,500,000	\$ 310,000
Total	\$ 2,800,000	\$ -	(\$ 300,000)	\$ 2,500,000	\$ 310,000

**CITY OF SHASTA LAKE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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, 2020, 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>\$ 2,500,000</u>
Total Tax Allocation Bonds	<u>\$ 2,500,000</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
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	375,000	33,703	408,703
2026-2027	785,000	24,625	809,625
Total	\$ 2,500,000	\$ 347,652	\$ 2,847,652

**C. Subsequent Events**

Management has evaluated events subsequent to June 30, 2020 through June 8, 2021, the date on which the financial statements were available for issuance and has determined no other subsequent events requiring disclosure have occurred.

---

**Required Supplementary Information  
(Unaudited)**

**THIS PAGE INTENTIONALLY LEFT BLANK**

**THIS PAGE INTENTIONALLY LEFT BLANK**

**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, 2020**  
**Last 10 Years\***

<b>Measurement Date</b>	<b>2013/2014</b>	<b>2014/2015</b>	<b>2015/2016</b>	<b>2016/2017</b>
<b>Miscellaneous Plan</b>				
Proportion of the net pension liability	0.17774%	0.17492%	0.18668%	0.19250%
Proportionate share of the net pension liability	\$ 4,392,836	\$ 4,798,851	\$ 6,485,096	\$ 7,588,576
Covered payroll	3,288,389	3,191,503	3,310,634	3,655,228
Proportionate share of the net pension liability as a percentage of covered payroll	133.59%	150.36%	195.89%	207.61%
Plan fiduciary net position as a percentage of the total pension liability	83.80%	82.80%	78.07%	76.44%

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

<u>2017/2018</u>	<u>2018/2019</u>
0.19678%	0.20417%
\$ 7,416,000	\$ 8,175,847
3,897,624	3,931,301
190.27%	207.97%
78.08%	77.37%

**CITY OF SHASTA LAKE**  
**Required Supplementary Information**  
**City Pension Plan**  
**Schedule of Contributions**  
**For the Year Ended June 30, 2020**  
**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>
<b>Miscellaneous Plan</b>				
Contractually required contribution (actuarially determined)	\$ 539,884	\$ 373,644	\$ 405,356	\$ 414,691
Contributions in relation to the actuarially determined contributions	<u>(2,502,238)</u>	<u>(604,944)</u>	<u>(670,799)</u>	<u>(723,724)</u>
Contribution deficiency (excess)	<u>\$ (1,962,354)</u>	<u>\$ (231,300)</u>	<u>\$ (265,443)</u>	<u>\$ (309,033)</u>
Covered payroll	\$ 3,191,503	\$ 3,310,634	\$ 3,655,228	\$ 3,897,624
Contributions as a percentage of covered payroll	78.40%	18.27%	18.35%	18.57%

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

<u>2018/2019</u>	<u>2019/2020</u>
\$ 425,624	\$ 472,300
<u>(817,880)</u>	<u>(957,677)</u>
<u>\$ (392,256)</u>	<u>\$ (485,377)</u>
\$ 3,931,301	\$ 4,292,114
20.80%	22.31%

**CITY OF SHASTA LAKE**  
**Required Supplementary Information**  
**City Pension Plan**  
**Notes to City Pension Plan**  
**For the Year Ended June 30, 2020**

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

**Change of Assumptions and Methods**

CalPERS has implemented a new actuarial valuation software system for the June 30, 2018, valuation. This new system has refined and improved calculation methodology. In December 2017, the CalPERS Board of Administration (the Board) adopted new mortality assumptions for plan participation in the Public Employee's Retirement Fund (PERF). The new mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90 percent of scale MP 2016 published by the Society of Actuaries. The inflation assumption was reduced from 2.75 percent to 2.50 percent.

The assumptions for individual salary increases and overall payroll growth were reduced from 3.00 percent to 2.75 percent. These changes are being implemented in two steps commencing in the June 30, 2018, funding valuation. For financial reporting purposes, these assumption changes are fully reflected in the results for Fiscal Year 2017-18. In Fiscal Year 2014-15, the financial reporting discount rate was increased from 7.50 percent to 7.65 percent resulting from eliminating the 15 basis-point reduction for administrative expenses. The funding discount rate remained at 7.50 percent during this period, and remained adjusted for administrative expenses.

**NOTE 2: SCHEDULE OF CONTRIBUTIONS**

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

Valuation Date	June 30, 2017
Actuarial cost method	Individual Entry Age Normal
Amortization method	Level Percentage of Payroll and Direct Rate Smoothing
Remaining Amortization Period	Differs by employer rate plan but no more than 30 years
Asset valuation method	Fair value
Inflation	2.75%
Salary increases	Varies based on entry age and service
Investment rate of return	7.38%

**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, 2020**  
**Last 10 Year Fiscal Years\***

	<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>
<b>Total OPEB Liability</b>			
Service cost	\$ 291,008	\$ 326,791	\$ 361,837
Interest	566,870	551,780	582,324
Differences between expected and actual experience	(1,046,313)	-	(1,835,068)
Changes of assumptions	244,005	351,325	(297,932)
Benefit payments	<u>(303,321)</u>	<u>(327,846)</u>	<u>(402,009)</u>
<b>Net Change in Total OPEB Liability</b>	(247,751)	902,050	(1,590,848)
<b>Total OPEB Liability - Beginning</b>	<u>8,283,687</u>	<u>8,035,936</u>	<u>8,937,986</u>
<b>Total OPEB Liability - Ending (a)</b>	<u>\$ 8,035,936</u>	<u>\$ 8,937,986</u>	<u>\$ 7,347,138</u>
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 473,437	\$ 472,498	\$ 445,979
Net investment income	435,349	406,313	503,091
Benefit payments	(303,321)	(327,846)	(402,009)
Administrative expenses	(3,167)	(3,480)	(1,535)
Other expenses	<u>-</u>	<u>(8,704)</u>	<u>-</u>
<b>Net Change in Plan Fiduciary Net Position</b>	602,298	538,781	545,526
<b>Plan Fiduciary Net Position - Beginning</b>	<u>5,978,934</u>	<u>6,581,232</u>	<u>7,120,013</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 6,581,232</u>	<u>\$ 7,120,013</u>	<u>\$ 7,665,539</u>
<b>Net OPEB Liability (Asset) - Ending (a) - (b)</b>	<u>\$ 1,454,704</u>	<u>\$ 1,817,973</u>	<u>\$ (318,401)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	81.90%	79.66%	104.33%
Covered employee payroll	\$ 3,655,228	\$ 3,897,624	\$ 3,928,111
Net OPEB liability as a percentage of covered employee payroll	39.80%	46.64%	-8.11%

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

**CITY OF SHASTA LAKE**  
**Required Supplementary Information**  
**City OPEB Plan**  
**Schedule of Contributions**  
**For the Year Ended June 30, 2020**  
**Last 10 Fiscal Years\***

	<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>
Actuarially determined contribution	\$ 505,772	\$ 487,373	\$ 346,279
Contributions in relation to the actuarially determined contribution	(472,498)	(445,979)	(328,882)
Contribution deficiency (excess)	<u>\$ 33,274</u>	<u>\$ 41,394</u>	<u>\$ 17,397</u>
Covered employee payroll	\$ 3,897,624	\$ 3,928,111	\$ 4,292,114
Contributions as a percentage of covered employee payroll	12.12%	11.35%	7.66%

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

**CITY OF SHASTA LAKE**  
**Required Supplementary Information**  
**City OPEB Plan**  
**Notes to City OPEB Plan**  
**For the Year Ended June 30, 2020**

**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, 2020 was determined and presented in the June 30, 2019 Actuarial Valuation report.

Methods and Assumptions Used to Determine Contributions:

Actuarial cost method	Entry Age Normal Cost, Level % of Pay
Amortization method	Level dollar; closed 30-year period
Amortization period	19 years remaining
Asset valuation method	Market value
Inflation	2.50%
Healthcare cost trend rates	6.5% in 2019, stepping down by 0.5% to 4.0% in 2076
Salary increases	3.25%
Investment rate of return	6.35%
Retirement age	From 50 to 75
Mortality	CalPERS 2017 Experience Study

**CITY OF SHASTA LAKE**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Taxes and assessments	\$ 2,864,080	\$ 2,864,080	\$ 3,795,954	\$ 931,874
Licenses and permits	197,900	197,900	308,509	110,609
Fines and forfeitures	14,400	14,400	6,904	(7,496)
Use of money and property	21,500	21,500	120,184	98,684
Intergovernmental	864,300	864,300	1,052,793	188,493
Charges for services	3,826,851	3,826,851	3,842,408	15,557
Other revenues	17,500	17,500	32,283	14,783
<b>Total Revenues</b>	<u>7,806,531</u>	<u>7,806,531</u>	<u>9,159,035</u>	<u>1,352,504</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,616,682	2,744,393	2,945,096	(200,703)
Public safety	3,617,882	3,649,382	3,462,465	186,917
Public ways and facilities	223,588	241,788	67,740	174,048
Planning	963,396	1,013,571	587,176	426,395
Culture and recreation	353,144	354,344	316,592	37,752
Debt service:				
Principal	103,407	103,407	32,000	71,407
Interest	87,732	87,732	241,514	(153,782)
Capital outlay	40,000	310,823	176,475	134,348
<b>Total Expenditures</b>	<u>8,005,831</u>	<u>8,505,440</u>	<u>7,829,058</u>	<u>676,382</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(199,300)</u>	<u>(698,909)</u>	<u>1,329,977</u>	<u>2,028,886</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt proceeds (Pension Obligation Bonds)	-	-	9,500,000	9,500,000
Discount on debt issuance	-	-	(283,741)	(283,741)
Payment of pension UAAL from debt proceeds	-	-	(8,383,892)	(8,383,892)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>832,367</u>	<u>832,367</u>
<b>Net Change in Fund Balances</b>	<u>(199,300)</u>	<u>(698,909)</u>	<u>2,162,344</u>	<u>2,861,253</u>
<b>Fund Balances - Beginning</b>	<u>4,454,423</u>	<u>4,454,423</u>	<u>4,454,423</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 4,255,123</u>	<u>\$ 3,755,514</u>	<u>\$ 6,616,767</u>	<u>\$ 2,861,253</u>

The City of Shasta Lake issued pension obligation bonds to pay off the Unfunded Actuarial Accrued Liability (UAAL) in the current fiscal year. For purposes of the budgetary comparison schedule, the UAAL payoff is presented as other financing sources (uses).

**CITY OF SHASTA LAKE**  
**Required Supplementary Information**  
**Note to Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2020**

**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.

**THIS PAGE INTENTIONALLY LEFT BLANK**

---

**Combining and Individual Fund Financial Statements**

**THIS PAGE INTENTIONALLY LEFT BLANK**

---

**Nonmajor Governmental Funds**

**THIS PAGE INTENTIONALLY LEFT BLANK**

**CITY OF SHASTA LAKE**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2020**

	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Totals</b>
<b>ASSETS</b>			
Cash and investments	\$ 3,322,266	\$ 727,808	\$ 4,050,074
Receivables:			
Accountns	6,895	-	6,895
Interest	12,467	2,087	14,554
Taxes	70,545	33,474	104,019
Intergovernmental	410,259	-	410,259
Assessments	-	2,523,000	2,523,000
Restricted cash and investments	-	270,752	270,752
Loans receivable	4,553,546	-	4,553,546
Land held for resale	534,984	-	534,984
	<b>\$ 8,910,962</b>	<b>\$ 3,557,121</b>	<b>\$ 12,468,083</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 22,255	\$ -	\$ 22,255
Retentions payable	16,436	-	16,436
Due to other governments	8,333	-	8,333
Due to other funds	4,206	-	4,206
	<b>51,230</b>	<b>-</b>	<b>51,230</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues	409,059	-	409,059
	<b>409,059</b>	<b>-</b>	<b>409,059</b>
<b>FUND BALANCES</b>			
Restricted	8,450,673	3,557,121	12,007,794
	<b>8,450,673</b>	<b>3,557,121</b>	<b>12,007,794</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 8,910,962</b>	<b>\$ 3,557,121</b>	<b>\$ 12,468,083</b>

**CITY OF SHASTA LAKE**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2020**

	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Totals</b>
<b>REVENUES</b>			
Taxes and assessments	\$ 444,748	\$ 582,871	\$ 1,027,619
Use of money and property	67,953	11,853	79,806
Intergovernmental	1,005,238	21	1,005,259
Charges for services	455,682	-	455,682
Other	20,950	-	20,950
<b>Total Revenues</b>	<b>1,994,571</b>	<b>594,745</b>	<b>2,589,316</b>
<b>EXPENDITURES</b>			
Current:			
General government	25,346	-	25,346
Public safety	100,000	-	100,000
Public ways and facilities	1,402,561	-	1,402,561
Community development	37,210	6,662	43,872
Debt service:			
Principal	-	125,009	125,009
Interest	-	118,422	118,422
Capital outlay	444,728	-	444,728
<b>Total Expenditures</b>	<b>2,009,845</b>	<b>250,093</b>	<b>2,259,938</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(15,274)</b>	<b>344,652</b>	<b>329,378</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(461,488)	-	(461,488)
<b>Total Other Financing Sources (Uses)</b>	<b>(461,488)</b>	<b>-</b>	<b>(461,488)</b>
<b>Net Change in Fund Balances</b>	<b>(476,762)</b>	<b>344,652</b>	<b>(132,110)</b>
<b>Fund Balances - Beginning</b>	<b>4,473,689</b>	<b>689,469</b>	<b>5,163,158</b>
Prior period adjustment	4,453,746	2,523,000	6,976,746
<b>Fund Balances - Beginning, Restated</b>	<b>8,927,435</b>	<b>3,212,469</b>	<b>12,139,904</b>
<b>Fund Balances - Ending</b>	<b>\$ 8,450,673</b>	<b>\$ 3,557,121</b>	<b>\$ 12,007,794</b>

---

## **Nonmajor Governmental Funds**

- **Special Revenue Funds**

**THIS PAGE INTENTIONALLY LEFT BLANK**

**THIS PAGE INTENTIONALLY LEFT BLANK**

**CITY OF SHASTA LAKE**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2020**

	<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	\$ 12,753	\$ 352,805	\$ 1,304,421	\$ 298,799
Receivables:				
Accounts	6,895	-	-	-
Interest	68	887	5,320	954
Taxes	-	-	70,545	-
Intergovernmental	-	-	409,059	-
Loans receivable	-	-	-	-
Land held for resale	-	-	-	-
<b>Total Assets</b>	<b>\$ 19,716</b>	<b>\$ 353,692</b>	<b>\$ 1,789,345</b>	<b>\$ 299,753</b>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ 22,255	\$ -
Retentions payable	-	-	16,436	-
Due to other governments	8,333	-	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>8,333</b>	<b>-</b>	<b>38,691</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues	-	-	409,059	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>409,059</b>	<b>-</b>
<b>FUND BALANCES (DEFICIT)</b>				
Restricted	11,383	353,692	1,341,595	299,753
<b>Total Fund Balances</b>	<b>11,383</b>	<b>353,692</b>	<b>1,341,595</b>	<b>299,753</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 19,716</b>	<b>\$ 353,692</b>	<b>\$ 1,789,345</b>	<b>\$ 299,753</b>

<b>CDBG Project</b>	<b>HOME</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>
\$ -	\$ 725,087	\$ 65,076	\$ 212,890	\$ 270,691	\$ 79,744	\$ 3,322,266
-	-	-	-	-	-	6,895
-	1,976	203	2,074	797	188	12,467
-	-	-	-	-	-	70,545
-	1,200	-	-	-	-	410,259
187,091	3,755,263	105,373	-	-	505,819	4,553,546
-	-	-	-	-	534,984	534,984
<u>\$ 187,091</u>	<u>\$ 4,483,526</u>	<u>\$ 170,652</u>	<u>\$ 214,964</u>	<u>\$ 271,488</u>	<u>\$ 1,120,735</u>	<u>\$ 8,910,962</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,255
-	-	-	-	-	-	16,436
-	-	-	-	-	-	8,333
4,206	-	-	-	-	-	4,206
<u>4,206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,230</u>
-	-	-	-	-	-	409,059
-	-	-	-	-	-	409,059
<u>182,885</u>	<u>4,483,526</u>	<u>170,652</u>	<u>214,964</u>	<u>271,488</u>	<u>1,120,735</u>	<u>8,450,673</u>
<u>182,885</u>	<u>4,483,526</u>	<u>170,652</u>	<u>214,964</u>	<u>271,488</u>	<u>1,120,735</u>	<u>8,450,673</u>
<u>\$ 187,091</u>	<u>\$ 4,483,526</u>	<u>\$ 170,652</u>	<u>\$ 214,964</u>	<u>\$ 271,488</u>	<u>\$ 1,120,735</u>	<u>\$ 8,910,962</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, 2020**

	<b>Law Enforcement (COPS)</b>	<b>Water P&amp;FCC Charges</b>	<b>State Trafficway</b>	<b>Electric P&amp;FCC Charges</b>
<b>REVENUES</b>				
Taxes and assessments	\$ -	\$ -	\$ 444,748	\$ -
Use of money and property	369	4,834	28,999	5,202
Intergovernmental	100,000	-	685,513	-
Charges for services	-	179,662	57,151	4,470
Other	-	-	-	-
<b>Total Revenues</b>	<b>100,369</b>	<b>184,496</b>	<b>1,216,411</b>	<b>9,672</b>
<b>EXPENDITURES</b>				
Current:				
General government	-	8,817	-	1,791
Public safety	100,000	-	-	-
Public ways and facilities	-	-	1,402,561	-
Community development	-	-	-	-
Capital outlay	-	-	444,728	-
<b>Total Expenditures</b>	<b>100,000</b>	<b>8,817</b>	<b>1,847,289</b>	<b>1,791</b>
<b>Income (Loss) Before Transfers</b>	<b>369</b>	<b>175,679</b>	<b>(630,878)</b>	<b>7,881</b>
Transfers out	-	-	-	-
<b>Change in Net Position</b>	<b>369</b>	<b>175,679</b>	<b>(630,878)</b>	<b>7,881</b>
<b>Fund Balances (Deficit) - Beginning</b>	<b>11,014</b>	<b>178,013</b>	<b>1,972,473</b>	<b>291,872</b>
Prior period adjustment	-	-	-	-
<b>Fund Balances - Beginning, Restated</b>	<b>11,014</b>	<b>178,013</b>	<b>1,972,473</b>	<b>291,872</b>
<b>Fund Balances - Ending</b>	<b>\$ 11,383</b>	<b>\$ 353,692</b>	<b>\$ 1,341,595</b>	<b>\$ 299,753</b>

<b>CDBG Project</b>	<b>HOME</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 444,748
-	10,772	1,106	11,305	4,342	1,024	67,953
-	219,725	-	-	-	-	1,005,238
-	-	-	161,962	52,437	-	455,682
-	-	-	-	-	20,950	20,950
-	230,497	1,106	173,267	56,779	21,974	1,994,571
-	-	-	11,773	2,965	-	25,346
-	-	-	-	-	-	100,000
-	-	-	-	-	-	1,402,561
-	180	-	-	-	37,030	37,210
-	-	-	-	-	-	444,728
-	180	-	11,773	2,965	37,030	2,009,845
-	230,317	1,106	161,494	53,814	(15,056)	(15,274)
-	-	-	(461,488)	-	-	(461,488)
-	230,317	1,106	(299,994)	53,814	(15,056)	(476,762)
(4,206)	497,946	63,973	514,958	217,674	729,972	4,473,689
187,091	3,755,263	105,573	-	-	405,819	4,453,746
182,885	4,253,209	169,546	514,958	217,674	1,135,791	8,927,435
<u>\$ 182,885</u>	<u>\$ 4,483,526</u>	<u>\$ 170,652</u>	<u>\$ 214,964</u>	<u>\$ 271,488</u>	<u>\$ 1,120,735</u>	<u>\$ 8,450,673</u>

**THIS PAGE INTENTIONALLY LEFT BLANK**

---

## **Nonmajor Governmental Funds**

- **Debt Service Funds**

**THIS PAGE INTENTIONALLY LEFT BLANK**

**CITY OF SHASTA LAKE**  
**Combining Balance Sheet**  
**Nonmajor Debt Service Funds**  
**June 30, 2020**

	<b>Wastewater Treatment Debt</b>	<b>Riddle Road Water Bond</b>	<b>Davis Grunsky Loan Act</b>	<b>Totals</b>
<b>ASSETS</b>				
Cash and investments	\$ 613,317	\$ 7,519	\$ 106,972	\$ 727,808
Receivables:				
Interest	1,733	23	331	2,087
Taxes	33,209	224	41	33,474
Assessments	2,495,000	28,000	-	2,523,000
Restricted cash and investments	270,752	-	-	270,752
<b>Total Assets</b>	<b>\$ 3,414,011</b>	<b>\$ 35,766</b>	<b>\$ 107,344</b>	<b>\$ 3,557,121</b>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
Restricted	3,414,011	35,766	107,344	3,557,121
<b>Total Fund Balances</b>	<b>3,414,011</b>	<b>35,766</b>	<b>107,344</b>	<b>3,557,121</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,414,011</b>	<b>\$ 35,766</b>	<b>\$ 107,344</b>	<b>\$ 3,557,121</b>

**CITY OF SHASTA LAKE**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Nonmajor Debt Service Funds**  
**For the Year Ended June 30, 2020**

	<b>Wastewater Treatment Debt</b>	<b>Riddle Road Water Bond</b>	<b>Davis Grunsky Loan Act</b>	<b>Totals</b>
<b>REVENUES</b>				
Taxes and assessments	\$ 565,315	\$ 3,504	\$ 14,052	\$ 582,871
Use of money and property	9,911	124	1,818	11,853
Intergovernmental	-	-	21	21
<b>Total Revenues</b>	<u>575,226</u>	<u>3,628</u>	<u>15,891</u>	<u>594,745</u>
<b>EXPENDITURES</b>				
Community development				
Debt service:	6,662	-	-	6,662
Principal	113,225	2,000	9,784	125,009
Interest	114,582	1,450	2,390	118,422
<b>Total Expenditures</b>	<u>234,469</u>	<u>3,450</u>	<u>12,174</u>	<u>250,093</u>
<b>Net Change in Fund Balances</b>	<u>340,757</u>	<u>178</u>	<u>3,717</u>	<u>344,652</u>
<b>Fund Balances - Beginning</b>	578,254	7,588	103,627	689,469
Prior period adjustment	2,495,000	28,000	-	2,523,000
<b>Fund Balances - Beginning, Restated</b>	<u>3,073,254</u>	<u>35,588</u>	<u>103,627</u>	<u>3,212,469</u>
<b>Fund Balances - Ending</b>	<u>\$ 3,414,011</u>	<u>\$ 35,766</u>	<u>\$ 107,344</u>	<u>\$ 3,557,121</u>

---

## **Internal Service Funds**

**THIS PAGE INTENTIONALLY LEFT BLANK**

**CITY OF SHASTA LAKE**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2020**

	<b>Motor Pool</b>	<b>Public Works</b>	<b>Totals</b>
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ 526,850	\$ 1,212,041	\$ 1,738,891
Receivables:			
Interest	1,480	4,517	5,997
<b>Total Current Assets</b>	<u>528,330</u>	<u>1,216,558</u>	<u>1,744,888</u>
Noncurrent Assets:			
Net OPEB asset/(liability)	(17,332)	(24,513)	(41,845)
Capital assets:			
Depreciable, net	757,984	183,173	941,157
<b>Total Noncurrent Assets</b>	<u>740,652</u>	<u>158,660</u>	<u>899,312</u>
<b>Total Assets</b>	<u>1,268,982</u>	<u>1,375,218</u>	<u>2,644,200</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pension adjustments	44,319	383,100	427,419
Deferred OPEB adjustments	21,569	167,679	189,248
<b>Total Deferred Outflows of Resources</b>	<u>65,888</u>	<u>550,779</u>	<u>616,667</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	23,178	5,226	28,404
Salaries and benefits payable	3,829	51,404	55,233
Due to other governments	434	6,450	6,884
Compensated absences payable	15,451	89,881	105,332
<b>Total Current Liabilities</b>	<u>42,892</u>	<u>152,961</u>	<u>195,853</u>
Noncurrent Liabilities:			
Advances from other funds	13,837	162,463	176,300
Net pension liability	163,165	1,428,328	1,591,493
<b>Total Noncurrent Liabilities</b>	<u>177,002</u>	<u>1,590,791</u>	<u>1,767,793</u>
<b>Total Liabilities</b>	<u>219,894</u>	<u>1,743,752</u>	<u>1,963,646</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pension adjustments	15,371	134,694	150,065
Deferred OPEB adjustments	74,711	580,818	655,529
<b>Total Deferred Inflows of Resources</b>	<u>90,082</u>	<u>715,512</u>	<u>805,594</u>
<b>NET POSITION</b>			
Investment in capital assets	757,984	183,173	941,157
Unrestricted	266,910	(716,440)	(449,530)
<b>Total Net Position</b>	<u>\$ 1,024,894</u>	<u>\$ (533,267)</u>	<u>\$ 491,627</u>

**CITY OF SHASTA LAKE**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2020**

	<b>Motor Pool</b>	<b>Public Works</b>	<b>Totals</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 938,671	\$ 1,967,806	\$ 2,906,477
Other revenue	2,687	13,779	16,466
<b>Total Operating Revenues</b>	<b>941,358</b>	<b>1,981,585</b>	<b>2,922,943</b>
<b>OPERATING EXPENSES</b>			
Salaries and benefits	127,171	1,540,035	1,667,206
Administration	172,536	430,508	603,044
Insurance	7,507	13,691	21,198
Supplies	5,122	23,661	28,783
Repair and maintenance	151,644	12,134	163,778
Professional services	25,021	10,008	35,029
Depreciation	264,717	7,659	272,376
<b>Total Operating Expenses</b>	<b>753,718</b>	<b>2,037,696</b>	<b>2,791,414</b>
<b>Operating Income (Loss)</b>	<b>187,640</b>	<b>(56,111)</b>	<b>131,529</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Intergovernmental	-	21,391	21,391
Interest income	8,069	24,618	32,687
Interest expense	(289)	(3,392)	(3,681)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>7,780</b>	<b>42,617</b>	<b>50,397</b>
<b>Change in Net Position</b>	<b>195,420</b>	<b>(13,494)</b>	<b>181,926</b>
<b>Total Net Position - Beginning</b>	<b>829,474</b>	<b>(519,773)</b>	<b>309,701</b>
<b>Total Net Position - Ending</b>	<b>\$ 1,024,894</b>	<b>\$ (533,267)</b>	<b>\$ 491,627</b>

**CITY OF SHASTA LAKE**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2020**

	<b>Motor Pool</b>	<b>Public Works</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 2,687	\$ 13,779	\$ 16,466
Receipts from interfund services	938,826	1,969,184	2,908,010
Payments to suppliers	(312,985)	(301,539)	(614,524)
Payments for interfund services	(41,952)	(195,301)	(237,253)
Payments to employees	(116,424)	(1,400,523)	(1,516,947)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>470,152</u>	<u>85,600</u>	<u>555,752</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Interfund loans repaid	(3,291)	(38,645)	(41,936)
Grants, assessments, and other receipts	-	21,391	21,391
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<u>(3,291)</u>	<u>(17,254)</u>	<u>(20,545)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	(311,185)	-	(311,185)
Interest paid on debt	(289)	(3,392)	(3,681)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(311,474)</u>	<u>(3,392)</u>	<u>(314,866)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	8,130	25,573	33,703
<b>Net Cash Provided by Investing Activities</b>	<u>8,130</u>	<u>25,573</u>	<u>33,703</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	163,517	90,527	254,044
<b>Balances - Beginning</b>	<u>363,333</u>	<u>1,121,514</u>	<u>1,484,847</u>
<b>Balances - Ending</b>	<u>\$ 526,850</u>	<u>\$ 1,212,041</u>	<u>\$ 1,738,891</u>

Continued (Page 1 of 2)

**CITY OF SHASTA LAKE**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2020**

	<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)	\$ 187,640	\$ (56,111)	\$ 131,529
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	264,717	7,659	272,376
Decrease (increase) in:			
Accounts receivable	155	1,378	1,533
Pension adjustment - deferred outflows	28	280	308
OPEB adjustment - deferred outflows	7,078	55,029	62,107
Increase (decrease) in:			
Accounts payable	6,459	(13,288)	(6,829)
Salaries and benefits payable	712	12,867	13,579
Due to other governments	434	6,450	6,884
Compensated absences	189	16,197	16,386
Net pension liability	14,845	146,102	160,947
Net OPEB liability	(66,228)	(514,866)	(581,094)
Pension adjustment - deferred inflows	1,518	14,940	16,458
OPEB adjustment - deferred inflows	52,605	408,963	461,568
	<b>\$ 470,152</b>	<b>\$ 85,600</b>	<b>\$ 555,752</b>

Continued (Page 2 of 2)

---

## **Fiduciary Funds**

**THIS PAGE INTENTIONALLY LEFT BLANK**

**CITY OF SHASTA LAKE**  
**Statement of Assets and Liabilities**  
**Agency Fund**  
**June 30, 2020**

	<b>Community Facility Districts</b>	<b>Totals</b>
<b>ASSETS</b>		
Cash and investments	\$ 375,519	\$ 375,519
Receivables:		
Interest	1,142	1,142
Taxes	788	788
<b>Total Assets</b>	<b>\$ 377,449</b>	<b>\$ 377,449</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 250	\$ 250
Agency obligations	377,199	377,199
<b>Total Liabilities</b>	<b>\$ 377,449</b>	<b>\$ 377,449</b>

**CITY OF SHASTA LAKE**  
**Statement of Changes in Assets and Liabilities**  
**Agency Fund**  
**For the Year Ended June 30, 2020**

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2020</u>
<b>COMMUNITY FACILITY DISTRICTS</b>				
<b>ASSETS</b>				
Cash and investments	\$ 375,048	\$ 82,406	\$ 81,935	\$ 375,519
Receivables:				
Interest	2,141	2,307	3,306	1,142
Taxes	714	788	714	788
	<u>714</u>	<u>788</u>	<u>714</u>	<u>788</u>
<b>Total Assets</b>	<u>\$ 377,903</u>	<u>\$ 85,501</u>	<u>\$ 85,955</u>	<u>\$ 377,449</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 975	\$ 73,654	\$ 74,379	\$ 250
Agency obligations	376,928	11,847	11,576	377,199
	<u>376,928</u>	<u>11,847</u>	<u>11,576</u>	<u>377,199</u>
<b>Total Liabilities</b>	<u>\$ 377,903</u>	<u>\$ 85,501</u>	<u>\$ 85,955</u>	<u>\$ 377,449</u>