

**CITY OF SHASTA LAKE,
CALIFORNIA**



**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2022**

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CITY OF SHASTA LAKE
Annual Financial Report
For the Year Ended June 30, 2022

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INTRODUCTORY SECTION

- **List of Officials**

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CITY OF SHASTA LAKE
List of Officials
For the Year Ended June 30, 2022

Elected Officials

Richard Kern	Mayor
Matthew Doyle	Vice-Mayor
Greg Watkins	Member
Janice Powell	Member
Pamelyn Morgan	Member

Administrative Personnel

Jessaca Lugo	City Manager
Vacant	Assistant City Manager
John Kenny	City Attorney
Wendy Howard	Finance Director
Jason Peterson	Finance and General Services Manager
James Takehara	Electric Utility Director
William Bond	City Engineer
Tony Thomasy	Water Utility Specialist
Chris Carr	Chief Water Treatment Plant Operator
Tom Chism	Wastewater Treatment Superintendent
Tyler Thompson	Sheriff's Lieutenant
Toni Coates	City Clerk

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FINANCIAL SECTION

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

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements**Opinions**

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 is the responsibility of management and, 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 obtain during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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 accompanying combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

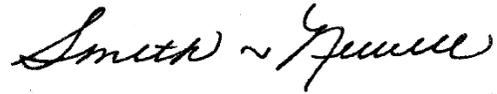
Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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 August 13, 2023, 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
August 13, 2023

Basic Financial Statements

- **Government-Wide Financial Statements**

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CITY OF SHASTA LAKE
Statement of Net Position
June 30, 2022

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and investments	\$ 11,452,435	\$ 39,054,672	\$ 50,507,107
Cash with fiscal agent	1,201,885	-	1,201,885
Receivables:			
Accounts, net	104,051	3,465,282	3,569,333
Interest	30,754	159,043	189,797
Taxes	639,203	10,429	649,632
Intergovernmental	532,024	-	532,024
Assessments	2,274,000	560,002	2,834,002
Deposits	4,428	1,455,233	1,459,661
Prepaid costs	1,155	89,149	90,304
Inventory	-	470,078	470,078
Internal balances	605,475	(605,475)	-
Restricted cash and investments	386,005	-	386,005
Loans receivable	4,071,565	-	4,071,565
Land held for resale	534,984	-	534,984
Net pension asset	1,812,751	3,830,902	5,643,653
Net OPEB asset	426,862	695,866	1,122,728
Capital assets:			
Non-depreciable	5,981,277	6,559,115	12,540,392
Depreciable, net	50,062,848	45,285,425	95,348,273
Total capital assets	<u>56,044,125</u>	<u>51,844,540</u>	<u>107,888,665</u>
Total Assets	<u>80,121,702</u>	<u>101,029,721</u>	<u>181,151,423</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension adjustments	3,083,811	6,517,037	9,600,848
Deferred OPEB adjustments	338,831	552,362	891,193
Total Deferred Outflows of Resources	<u>3,422,642</u>	<u>7,069,399</u>	<u>10,492,041</u>
LIABILITIES			
Accounts payable	444,763	910,945	1,355,708
Retentions payable	95,431	7,857	103,288
Salaries and benefits payable	199,643	209,551	409,194
Due to other governments	772,238	770,343	1,542,581
Deposits payable	692,394	10,880	703,274
Interest payable	205,056	105,372	310,428
Unearned revenues	1,202,832	-	1,202,832
Long-term liabilities:			
Due within one year	613,293	793,429	1,406,722
Due in more than one year	12,786,076	16,896,266	29,682,342
Total Liabilities	<u>17,011,726</u>	<u>19,704,643</u>	<u>36,716,369</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension adjustments	1,428,661	3,019,199	4,447,860
Deferred OPEB adjustments	927,135	1,511,409	2,438,544
Total Deferred Inflows of Resources	<u>2,355,796</u>	<u>4,530,608</u>	<u>6,886,404</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, 2022

NET POSITION	Governmental Activities	Business-Type Activities	Totals
Net investment in capital assets	51,398,350	34,515,927	85,914,277
Restricted for:			
General government	1,107,749	-	1,107,749
Public safety	10,982	-	10,982
Public ways and facilities	406,549	-	406,549
Community development	5,721,946	-	5,721,946
Debt service	3,780,689	627,586	4,408,275
Unrestricted	1,750,557	48,720,356	50,470,913
 Total Net Position	 \$ 64,176,822	 \$ 83,863,869	 \$ 148,040,691

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

Continued (Page 2 of 2)

CITY OF SHASTA LAKE
Statement of Activities
For the Year Ended June 30, 2022

<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	\$ 1,177,311	\$ 4,746,295	\$ 331,514	\$ -
Public safety	3,819,891	194,708	-	-
Public ways and facilities	2,254,670	273,651	2,869,180	101,075
Planning	(52,877)	-	-	-
Culture and recreation	251,852	3,717	-	-
Community development	367,251	-	730,928	-
Interest on long-term debt	390,304	-	-	-
Total Governmental Activities	8,208,402	5,218,371	3,931,622	101,075
Business-type activities:				
Water	1,838,960	3,926,941	-	-
Electric	20,920,569	27,374,207	-	568
Wastewater	2,502,728	3,458,809	-	-
Industrial park	52,122	32,829	-	-
Total Business-Type Activities	25,314,379	34,792,786	-	568
Total	\$ 33,522,781	\$ 40,011,157	\$ 3,931,622	\$ 101,643

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
- Loss on sale of capital assets

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**

Governmental Activities	Business-Type Activities	Totals
\$ 3,900,498	\$ -	\$ 3,900,498
(3,625,183)	-	(3,625,183)
989,236	-	989,236
52,877	-	52,877
(248,135)	-	(248,135)
363,677	-	363,677
(390,304)	-	(390,304)
1,042,666	-	1,042,666
-	2,087,981	2,087,981
-	6,454,206	6,454,206
-	956,081	956,081
-	(19,293)	(19,293)
-	9,478,975	9,478,975
1,042,666	9,478,975	10,521,641
1,521,698	-	1,521,698
764,644	-	764,644
29,581	-	29,581
227,790	-	227,790
681,471	-	681,471
1,034,116	-	1,034,116
(100,502)	(621,275)	(721,777)
25,012	373,679	398,691
(90,244)	-	(90,244)
(53,916)	53,916	-
4,039,650	(193,680)	3,845,970
5,082,316	9,285,295	14,367,611
58,576,408	74,578,574	133,154,982
518,098	-	518,098
59,094,506	74,578,574	133,673,080
\$ 64,176,822	\$ 83,863,869	\$ 148,040,691

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Basic Financial Statements

- **Fund Financial Statements**

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CITY OF SHASTA LAKE
Balance Sheet
Governmental Funds
June 30, 2022

	General	State Trafficway	CDBG Project	Other Governmental Funds	Totals
ASSETS					
Cash and investments	\$ 5,555,235	\$ 1,804,788	\$ -	\$ 4,092,412	\$ 11,452,435
Cash with fiscal agent	1,201,885	-	-	-	1,201,885
Receivables:					
Accounts, net	104,051	-	-	-	104,051
Interest	16,744	7,274	(4,041)	10,777	30,754
Taxes	464,687	155,031	-	19,485	639,203
Intergovernmental	54,554	41,019	356,721	79,730	532,024
Assessments	-	-	-	2,274,000	2,274,000
Deposits	4,428	-	-	-	4,428
Prepaid costs	1,155	-	-	-	1,155
Due from other funds	497,771	-	-	-	497,771
Restricted cash and investments	112,197	-	-	273,808	386,005
Loans receivable	-	-	263,089	3,808,476	4,071,565
Land held for resale	-	-	-	534,984	534,984
Total Assets	\$ 8,012,707	\$ 2,008,112	\$ 615,769	\$ 11,093,672	\$ 21,730,260
LIABILITIES					
Accounts payable	\$ 283,493	\$ 155,287	-	\$ 5,983	\$ 444,763
Retentions payable	8,647	86,784	-	-	95,431
Salaries and benefits payable	199,643	-	-	-	199,643
Due to other governments	738,298	-	17,273	16,667	772,238
Deposits payable	692,394	-	-	-	692,394
Due to other funds	-	-	400,240	740	400,980
Advances from other funds	154,632	-	-	-	154,632
Unearned revenues	32,537	-	-	1,170,295	1,202,832
Total Liabilities	2,109,644	242,071	417,513	1,193,685	3,962,913
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	138,226	41,019	322,522	53,730	555,497
Total Deferred Inflows of Resources	138,226	41,019	322,522	53,730	555,497
FUND BALANCES					
Restricted	688,715	1,725,022	-	9,901,603	12,315,340
Unassigned	5,076,122	-	(124,266)	(55,346)	4,896,510
Total Fund Balances	5,764,837	1,725,022	(124,266)	9,846,257	17,211,850
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 8,012,707	\$ 2,008,112	\$ 615,769	\$ 11,093,672	\$ 21,730,260

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, 2022

Total Fund Balance - Total Governmental Funds	\$ 17,211,850
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.	56,044,125
Other long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable revenues in the governmental funds.	555,497
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.	(205,056)
Deferred outflows of resources related to pension and OPEB are not reported in the governmental funds.	3,422,642
Deferred inflows of resources related to pension and OPEB are not reported in the governmental funds.	(2,355,796)
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	
Revenue bonds payable	(2,251,775)
Special assessment bonds payable	(24,000)
Certificates of participation, less unamortized discount of \$255,367	(10,964,633)
Compensated absences	(158,961)
Net pension asset	1,812,751
Net OPEB asset	426,862
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>663,316</u>
Net Position of Governmental Activities	<u><u>\$ 64,176,822</u></u>

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

CITY OF SHASTA LAKE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	General	State Trafficway	CDBG Project	Other Governmental Funds	Totals
REVENUES					
Taxes and assessments	\$ 3,116,797	\$ 482,981	\$ -	\$ 50,893	\$ 3,650,671
Licenses and permits	218,392	-	-	-	218,392
Fines and forfeitures	7,493	-	-	-	7,493
Use of money and property	(26,585)	(29,537)	(4,075)	(40,305)	(100,502)
Intergovernmental	1,240,418	1,098,581	3,388,542	201,210	5,928,751
Charges for services	4,835,419	16,801	-	140,266	4,992,486
Other revenues	25,012	-	-	-	25,012
Total Revenues	9,416,946	1,568,826	3,384,467	352,064	14,722,303
EXPENDITURES					
Current:					
General government	2,981,138	-	-	129,130	3,110,268
Public safety	4,157,780	-	-	100,000	4,257,780
Public ways and facilities	141,331	1,163,999	-	-	1,305,330
Planning	643,062	-	-	-	643,062
Culture and recreation	309,725	-	-	-	309,725
Community development	-	-	344,175	23,076	367,251
Debt service:					
Principal	404,000	-	-	127,000	531,000
Interest and other charges	375,516	-	-	105,392	480,908
Capital outlay	1,198,562	703,779	650,765	53,730	2,606,836
Total Expenditures	10,211,114	1,867,778	994,940	538,328	13,612,160
Excess of Revenues Over (Under) Expenditures	(794,168)	(298,952)	2,389,527	(186,264)	1,110,143
OTHER FINANCING SOURCES (USES)					
Proceeds from the sale of capital assets	198,929	-	-	-	198,929
Transfers out	-	-	-	(53,916)	(53,916)
Total Other Financing Sources (Uses)	198,929	-	-	(53,916)	145,013
Net Change in Fund Balances	(595,239)	(298,952)	2,389,527	(240,180)	1,255,156
Fund Balances - Beginning	5,841,978	2,023,974	(2,513,793)	10,086,437	15,438,596
Prior period adjustment	518,098	-	-	-	518,098
Fund Balances - Beginning, Restated	6,360,076	2,023,974	(2,513,793)	10,086,437	15,956,694
Fund Balances - Ending	\$ 5,764,837	\$ 1,725,022	\$ (124,266)	\$ 9,846,257	\$ 17,211,850

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, 2022

Net Change in Fund Balances - Total Governmental Funds \$ 1,255,156

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	2,606,836
Less current year depreciation	(1,400,981)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the Statement of Activities, gain or loss is reported for each disposal. This is the net cost of the capital assets disposed. Proceeds from the sale of capital assets was \$198,929.

(289,173)

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	531,000
Amortization of bond issue costs	(14,187)

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	(1,287,425)
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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	942,147
Change in deferred inflows of resources related to pension	60,216
Change in deferred outflows of resources related to OPEB	521,560
Change in deferred inflows of resources related to OPEB	(150,277)

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	15,000
Change in net pension liability	1,958,482
Change in net OPEB liability	112,515
Change in accrued interest on long-term debt	90,604

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.

130,843

Change in Net Position of Governmental Activities

\$ 5,082,316

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

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CITY OF SHASTA LAKE
Statement of Net Position
Proprietary Funds
June 30, 2022

	Business-Type Activities - Enterprise Funds			
	Major Funds			Nonmajor
	Water	Electric	Wastewater	Industrial Park
ASSETS				
Current Assets:				
Cash and investments	\$ 5,154,366	\$ 25,887,125	\$ 5,895,426	\$ -
Receivables:				
Accounts, net	513,680	2,511,045	439,547	-
Interest	20,188	107,600	23,749	-
Taxes	-	-	-	10,429
Assessments	-	-	-	560,002
Deposits	-	1,455,233	-	-
Prepaid costs	12,560	76,589	-	-
Inventory	4,108	465,970	-	-
Total Current Assets	5,704,902	30,503,562	6,358,722	570,431
Noncurrent Assets:				
Advances to other funds	-	295,661	-	-
Net pension asset	422,041	1,799,309	446,839	-
Net OPEB asset	127,991	204,224	-	-
Capital assets:				
Non-depreciable	267,210	4,252,450	646,759	1,392,696
Depreciable, net	10,953,351	6,106,707	27,328,158	-
Total Noncurrent Assets	11,770,593	12,658,351	28,421,756	1,392,696
Total Assets	17,475,495	43,161,913	34,780,478	1,963,127
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension adjustments	717,966	3,060,941	760,151	-
Deferred OPEB adjustments	101,596	162,108	-	-
Total Deferred Outflows of Resources	819,562	3,223,049	760,151	-

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

Totals	Governmental/ Business-Type Activities Internal Service Funds
\$ 36,936,917	\$ 2,117,755
3,464,272	1,010
151,537	7,506
10,429	-
560,002	-
1,455,233	-
89,149	-
470,078	-
43,137,617	2,126,271
295,661	-
2,668,189	1,162,713
332,215	363,651
6,559,115	-
44,388,216	897,209
54,243,396	2,423,573
97,381,013	4,549,844
4,539,058	1,977,979
263,704	288,658
4,802,762	2,266,637

CITY OF SHASTA LAKE
Statement of Net Position
Proprietary Funds
June 30, 2022

	Business-Type Activities - Enterprise Funds			
	Major Funds			Nonmajor
	Water	Electric	Wastewater	Industrial Park
LIABILITIES				
Current Liabilities:				
Accounts payable	95,482	699,851	85,343	-
Retentions payable	7,857	-	-	-
Salaries and benefits payable	22,692	91,700	23,538	-
Due to other governments	127,276	634,516	1,622	-
Deposits payable	10,880	-	-	-
Due to other funds	-	-	-	96,791
Interest payable	35,840	-	59,032	10,500
Compensated absences payable	18,299	81,786	26,443	-
Loans payable	181,429	-	391,459	-
Bonds payable	-	-	-	40,000
Total Current Liabilities	499,755	1,507,853	587,437	147,291
Noncurrent Liabilities:				
Compensated absences payable	18,299	81,786	26,443	-
Advances from other funds	25,478	-	25,655	-
Loans payable	2,657,383	-	13,498,342	-
Bonds payable	-	-	-	560,000
Total Noncurrent Liabilities	2,701,160	81,786	13,550,440	560,000
Total Liabilities	3,200,915	1,589,639	14,137,877	707,291
DEFERRED INFLOWS OF RESOURCES				
Deferred pension adjustments	332,618	1,418,066	352,161	-
Deferred OPEB adjustments	277,994	443,571	-	-
Total Deferred Inflows of Resources	610,612	1,861,637	352,161	-
NET POSITION				
Net investment in capital assets	8,381,749	10,359,157	14,085,116	792,696
Restricted	-	-	627,586	-
Unrestricted	6,101,781	32,574,529	6,337,889	463,140
Total Net Position	\$ 14,483,530	\$ 42,933,686	\$ 21,050,591	\$ 1,255,836

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.

Totals	Governmental/ Business-Type Activities Internal Service Funds
880,676	30,269
7,857	-
137,930	71,621
763,414	6,929
10,880	-
96,791	-
105,372	-
126,528	54,013
572,888	-
40,000	-
2,742,336	162,832
126,528	54,013
51,133	89,896
16,155,725	-
560,000	-
16,893,386	143,909
19,635,722	306,741
2,102,845	916,354
721,565	789,844
2,824,410	1,706,198
33,618,718	897,209
627,586	-
45,477,339	3,906,333
79,723,643	<u>\$ 4,803,542</u>
4,140,226	
\$ 83,863,869	

CITY OF SHASTA LAKE
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2022

	Business-Type Activities - Enterprise Funds			
	Major Funds			Nonmajor
	Water	Electric	Wastewater	Industrial Park
OPERATING REVENUES				
Charges for services	\$ 3,926,941	\$ 27,374,207	\$ 3,458,809	\$ -
Other revenues	8,306	365,373	-	-
Total Operating Revenues	<u>3,935,247</u>	<u>27,739,580</u>	<u>3,458,809</u>	<u>-</u>
OPERATING EXPENSES				
Salaries and benefits	771,079	(992,738)	593,845	-
Administration	626,542	3,286,856	572,857	7,016
Power and water	330,715	17,067,049	371,257	489
Insurance	60,000	174,138	86,704	12,142
Supplies	81,133	17,794	27,452	-
Repair and maintenance	379,727	686,735	256,920	-
Professional services	-	53,017	49,690	625
Depreciation	630,783	642,442	1,293,145	-
Other expense	11,721	24,714	9,590	-
Total Operating Expenses	<u>2,891,700</u>	<u>20,960,007</u>	<u>3,261,460</u>	<u>20,272</u>
Operating Income (Loss)	<u>1,043,547</u>	<u>6,779,573</u>	<u>197,349</u>	<u>(20,272)</u>
NON-OPERATING REVENUES (EXPENSES)				
Assessment revenue	-	-	-	32,829
Intergovernmental	-	568	-	-
Interest income	(81,453)	(411,795)	(97,570)	-
Interest expense	(96,311)	-	(241,845)	(31,850)
Gain on sale of assets	-	-	-	-
Total Non-Operating Revenues (Expenses)	<u>(177,764)</u>	<u>(411,227)</u>	<u>(339,415)</u>	<u>979</u>
Income (Loss) Before Transfers	865,783	6,368,346	(142,066)	(19,293)
Transfers in	650	-	53,266	-
Change in Net Position	866,433	6,368,346	(88,800)	(19,293)
Total Net Position - Beginning	<u>13,617,097</u>	<u>36,565,340</u>	<u>21,139,391</u>	<u>1,275,129</u>
Total Net Position - Ending	<u>\$ 14,483,530</u>	<u>\$ 42,933,686</u>	<u>\$ 21,050,591</u>	<u>\$ 1,255,836</u>

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

Change in Net Position of Business-Type Activities

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

	Governmental/ Business-Type Activities
Totals	Internal Service Funds
\$ 34,759,957	\$ 3,254,063
373,679	9,483
<u>35,133,636</u>	<u>3,263,546</u>
372,186	(142,847)
4,493,271	723,696
17,769,510	-
332,984	20,872
126,379	23,353
1,323,382	142,156
103,332	20,776
2,566,370	235,160
46,025	-
<u>27,133,439</u>	<u>1,023,166</u>
<u>8,000,197</u>	<u>2,240,380</u>
32,829	-
568	-
(590,818)	(30,457)
(370,006)	(2,842)
-	82,371
<u>(927,427)</u>	<u>49,072</u>
7,072,770	2,289,452
53,916	-
7,126,686	2,289,452
	<u>2,514,090</u>
	<u>\$ 4,803,542</u>
<u>2,158,609</u>	
<u>\$ 9,285,295</u>	

CITY OF SHASTA LAKE
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

	Business-Type Activities - Enterprise Funds			
	Major Funds			Nonmajor
	Water	Electric	Wastewater	Industrial Park
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 4,175,448	\$ 28,583,301	\$ 3,538,918	\$ -
Receipts from interfund services	-	-	-	-
Payments to suppliers	(1,470,569)	(22,205,258)	(1,298,013)	(20,272)
Payments to employees	(1,602,917)	(2,424,588)	(1,461,199)	-
Net Cash Provided by Operating Activities	<u>1,101,962</u>	<u>3,953,455</u>	<u>779,706</u>	<u>(20,272)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers from other funds	650	-	53,266	-
Interfund loans received	-	-	-	96,791
Interfund loans repaid	(12,545)	-	(12,631)	(66,369)
Interfund loans repayments received	-	145,576	-	-
Grants, assessments, and other receipts	-	568	-	62,400
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(11,895)</u>	<u>146,144</u>	<u>40,635</u>	<u>92,822</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(612,418)	(2,887,990)	-	-
Proceeds from the sale of capital assets	-	-	-	-
Principal paid on debt	(176,092)	-	(384,916)	(40,000)
Interest paid on debt	(98,534)	-	(243,481)	(32,550)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(887,044)</u>	<u>(2,887,990)</u>	<u>(628,397)</u>	<u>(72,550)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	(97,079)	(508,086)	(114,202)	-
Net Cash Provided by Investing Activities	<u>(97,079)</u>	<u>(508,086)</u>	<u>(114,202)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	105,944	703,523	77,742	-
Balances - Beginning	<u>5,048,422</u>	<u>25,183,602</u>	<u>5,817,684</u>	<u>-</u>
Balances - Ending	<u>\$ 5,154,366</u>	<u>\$ 25,887,125</u>	<u>\$ 5,895,426</u>	<u>\$ -</u>

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

	Governmental/ Business-Type Activities
Totals	Internal Service Funds
\$ 36,297,667	\$ 9,483
-	3,254,422
(24,994,112)	(947,848)
(5,488,704)	(2,118,846)
<u>5,814,851</u>	<u>197,211</u>
53,916	-
96,791	-
(91,545)	(44,262)
145,576	-
62,968	-
<u>267,706</u>	<u>(44,262)</u>
(3,500,408)	(183,750)
-	91,898
(601,008)	-
(374,565)	(2,842)
<u>(4,475,981)</u>	<u>(94,694)</u>
<u>(719,367)</u>	<u>(36,094)</u>
<u>(719,367)</u>	<u>(36,094)</u>
887,209	22,161
<u>36,049,708</u>	<u>2,095,594</u>
<u>\$ 36,936,917</u>	<u>\$ 2,117,755</u>

CITY OF SHASTA LAKE
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

	Business-Type Activities - Enterprise Funds			
	Major Funds			Nonmajor
	Water	Electric	Wastewater	Industrial Park
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 1,043,547	\$ 6,779,573	\$ 197,349	\$ (20,272)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	630,783	642,442	1,293,145	-
Decrease (increase) in:				
Accounts receivable	237,587	843,721	80,109	-
Deposits	-	(916,255)	-	-
Prepaid costs	27,272	(4,169)	-	-
Inventory	-	16,637	-	-
Pension adjustment - deferred outflows	(322,283)	(965,237)	(341,731)	-
OPEB adjustment - deferred outflows	(43,522)	(34,208)	38,716	-
Increase (decrease) in:		-		
Accounts payable	(102,934)	352,303	74,949	-
Salaries and benefits payable	4,009	7,743	942	-
Due to other governments	94,931	(343,471)	1,508	-
Deposits payable	2,614	-	-	-
Compensated absences	3,278	15,094	5,524	-
Net pension liability	(406,842)	(1,996,977)	(398,427)	-
Net OPEB asset/(liability)	(124,154)	(221,861)	2,365	-
Pension adjustment - deferred inflows	(58,392)	(308,829)	(66,793)	-
OPEB adjustment - deferred inflows	116,068	86,949	(107,950)	-
Net Cash Provided by Operating Activities	\$ 1,101,962	\$ 3,953,455	\$ 779,706	\$ (20,272)

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

Totals	Governmental/ Business-Type Activities Internal Service Funds
\$ 8,000,197	\$ 2,240,380
2,566,370	235,160
1,161,417	359
(916,255)	-
23,103	-
16,637	-
(1,629,251)	(645,186)
(39,014)	(100,610)
324,318	(20,939)
12,694	3,085
(247,032)	3,944
2,614	-
23,896	(4,018)
(2,802,246)	(1,113,608)
(343,650)	(426,917)
(434,014)	(239,952)
95,067	265,513
\$ 5,814,851	\$ 197,211

CITY OF SHASTA LAKE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

	Private Purpose Trust Fund (Successor Agency)	Custodial Fund (Community Facilities District)	Total Fiduciary Funds
ASSETS			
Current Assets:			
Cash and investments	\$ 540,843	\$ 434,621	\$ 975,464
Receivables:			
Interest	1,135	1,520	2,655
Taxes	-	872	872
Total Current Assets	<u>541,978</u>	<u>437,013</u>	<u>978,991</u>
Noncurrent Assets:			
Land held for resale	484	-	484
Total Noncurrent Assets	<u>484</u>	<u>-</u>	<u>484</u>
Total Assets	<u>542,462</u>	<u>437,013</u>	<u>979,475</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	-	4,007	4,007
Interest payable	6,117	-	6,117
Unearned revenues	384,703	-	384,703
Loans payable	345,000	-	345,000
Total Current Liabilities	<u>735,820</u>	<u>4,007</u>	<u>739,827</u>
Noncurrent Liabilities:			
Loans payable	1,520,000	-	1,520,000
Total Noncurrent Liabilities	<u>1,520,000</u>	<u>-</u>	<u>1,520,000</u>
Total Liabilities	<u>2,255,820</u>	<u>4,007</u>	<u>2,259,827</u>
NET POSITION			
Restricted for:			
Successor Agency to the Redevelopment Agency	(1,713,358)	-	(1,713,358)
Individuals, organizations, and other governments	-	433,006	433,006
Total Net Position	<u>\$ (1,713,358)</u>	<u>\$ 433,006</u>	<u>\$ (1,280,352)</u>

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

CITY OF SHASTA LAKE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2022

	Private Purpose Trust Fund (Successor Agency)	Custodial Fund (Community Facilities District)	Total Fiduciary Funds
ADDITIONS			
Taxes and assessments	\$ 409,531	\$ 69,941	\$ 479,472
Interest income	(4,448)	(6,239)	(10,687)
Total Additions	<u>405,083</u>	<u>63,702</u>	<u>468,785</u>
DEDUCTIONS			
Administrative expenses	5,025	-	5,025
Distribution of funds held for others	-	39,565	39,565
Interest expense	80,177	-	80,177
Total Deductions	<u>85,202</u>	<u>39,565</u>	<u>124,767</u>
Net Increase (Decrease) in Fiduciary Net Position	319,881	24,137	344,018
Total Net Position - Beginning	<u>(2,033,239)</u>	<u>408,869</u>	<u>(1,624,370)</u>
Total Net Position - Ending	<u><u>\$ (1,713,358)</u></u>	<u><u>\$ 433,006</u></u>	<u><u>\$ (1,280,352)</u></u>

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

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Basic Financial Statements

- **Notes to Basic Financial Statements**

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CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

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.

Component Units

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, 2022

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, 2022

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 State Trafficway fund is a special revenue fund used to account for transportation revenues and expenditures.
- The CDBG Project fund is a special revenue fund used to account for the CDBG program. Funding comes primarily from grant revenues.

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.
- Private-purpose trust funds are used to report all fiduciary activities that (a) are not required to be reported in pension (and other employee benefit) trust funds or investment trust funds and (b) are held in a trust in which the assets are (a) administered through a trust in which the government itself is not a beneficiary, (b) dedicated to providing benefits to recipients in accordance with the benefit terms, and (c) legally protected from the creditors of the government.
- Custodial funds are used to report fiduciary activities that are not required to be reported in pension trust funds, investment trust funds, or private-purpose trust funds.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting and Measurement Focus

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

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

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

Fiduciary funds include private-purpose trust funds and custodial funds. The fiduciary 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.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Investments (Continued)

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

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

G. Restricted Cash and Investments

Restricted assets in the governmental funds represent cash and investments held in the General fund for customer utility deposits of \$112,197 and in the Wastewater Treatment Debt fund for debt service of \$273,808.

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, 2022, the allowance for doubtful accounts was \$8,598.

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, 2022, the allowance for doubtful accounts was \$80,594.

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 and to WCI, Inc. for the CARB quarterly auction.

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.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Other Assets (Continued)

Inventory (Continued)

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, 2022, are recorded as prepaid costs in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

J. Loans Receivable

A total of \$4,071,565 was recorded as loans receivable at June 30, 2022. 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

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Capital Assets (Continued)

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

M. Property Tax

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

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

The City recognizes property taxes when the individual installments are due provided they are collected within 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.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Due to Other Governments

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

Q. Compensated Absences

In the government-wide financial statements, vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is recorded as an expense and related liability with the current portion estimated based on historical trends. In the governmental fund financial statements the expenditures and liabilities related to those obligations are recognized only when they mature. Vested or accumulated vacation leave of proprietary funds and in the government-wide financial statements is recorded as an expense and liability of those funds as the benefits accrue to employees.

Sick leave, however, does not vest to the employees and is payable only when sick leave is taken or when an individual has been employed by the City for ten years or longer. These employees receive 25 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, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

S. Other Postemployment Benefits (OPEB)

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

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

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, 2020
Measurement Date	June 30, 2021
Measurement Period	June 30, 2020 to June 30, 2021

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) Statements have been implemented, if applicable, in the current financial statements.

Statement No. 87, Leases. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. This statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Statement No. 92, Omnibus 2020. This Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature.

Statement No. 93, Replacement of Interbank Offered Rates. The objective of this Statement is to address implications of GASB Statement No. 53 and GASB Statement No. 87 and other accounting and financial reporting implications that result from the replacement of an IBOR.

Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. The requirements of this Statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.

W. Future Accounting Pronouncements

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

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. 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 provisions 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 a prior period adjustment to correct a prior year understatement of cash with fiscal agent.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

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, 2021 as previously reported	\$ 58,576,408
Adjustment associated with:	
Correction of prior year understatement of cash with fiscal agent	518,098
Total Adjustments	518,098
Net Position, July 1, 2021 as restated	\$ 59,094,506

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

	General Fund
Fund Balance, June 30, 2021 as previously reported	\$ 5,841,978
Adjustment associated with:	
Correction of prior year understatement of cash with fiscal agent	518,098
Total Adjustments	518,098
Fund Balance, July 1, 2021 as restated	\$ 6,360,076

B. Deficit Fund Balance

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

- The CDBG Project fund had a fund balance deficit of \$124,266, which is expected to be eliminated in future years through intergovernmental revenues.

The following nonmajor special revenue funds had deficit fund balances:

- The Wastewater P & FCC Charges fund had a fund balance deficit of \$586, which is expected to be eliminated in future years through increased charges for services.
- The Grant fund had a fund balance deficit of \$54,760, which is expected to be eliminated in future years through intergovernmental revenues.

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, 2022, does not expect to incur a liability.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 3: CASH AND INVESTMENTS

A. Financial Statement Presentation

As of June 30, 2022, the City’s cash and investments are reported in the financial statements as follows:

Governmental activities	\$ 13,040,325
Business-type activities	39,054,672
Fiduciary funds	<u>975,464</u>
Total Cash and Investments	<u>\$ 53,070,461</u>

As of June 30, 2022, the City’s cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 2,072
Deposits (less outstanding checks)	1,392,170
Cash with fiscal agent	<u>1,201,885</u>
Total Cash	<u>2,596,127</u>
Investments:	
In City’s pool	<u>50,474,334</u>
Total Investments	<u>50,474,334</u>
Total Cash and Investments	<u>\$ 53,070,461</u>

B. Cash

At year end, the carrying amount of the City’s cash deposits (including amounts in checking accounts and money market accounts) was \$2,594,055 and the bank balance was \$3,085,708. 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 \$2,072.

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

C. Investments

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

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

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
- Bankers' 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, 2022, 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>
Investments by Fair Value Level				
Federal Agencies	\$ 9,387,011	\$ 9,387,011	\$ -	\$ -
U.S. Treasuries	12,890,543	12,890,543	-	-
Collateralized Mortgage Obligations	597,158	597,158	-	-
Corporate Medium-Term Notes	7,328,883	7,328,883	-	-
Asset-Backed Securities	2,195,310	2,195,310	-	-
Supranationals	354,379	354,379	-	-
Total Investments Measured at Fair Value	32,753,284	<u>\$32,753,284</u>	<u>\$ -</u>	<u>\$ -</u>
Investments in External Investment Pools				
Shasta County Investment Pool	273,808			
LAIF	17,447,242			
Total Investments	<u>\$ 50,474,334</u>			

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

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, 2022, 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	0.125-3.125%	\$ 4,051,011	\$ 5,336,000	\$ 9,387,011	1.29
U.S. Treasury	0.125-3.000%	2,890,760	9,999,783	12,890,543	1.92
Collateralized Mortgage Obligations	3.308-3.389%	-	597,158	597,158	2.49
Corporate Medium-Term Notes	0.350-3.766%	751,753	6,577,130	7,328,883	2.20
Asset-Backed Securities	0.260-3.390%	-	2,195,310	2,195,310	3.47
Supranationals	0.500%	-	354,379	354,379	0.36
Shasta County Investment Pool	Variable	273,808	-	273,808	-
LAIF	Variable	17,447,242	-	17,447,242	-
Total Investments		<u>\$25,414,574</u>	<u>\$25,059,760</u>	<u>\$50,474,334</u>	<u>1.23</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, 2022

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

<u>Investment Type</u>	<u>Minimum Legal Rating</u>	<u>Standard & Poor's Rating</u>	<u>Moody's Rating</u>	<u>% of Portfolio</u>
Federal National Mortgage Association	-	-	-	3.74%
Federal Farm Credit Bank	-	-	-	6.42%
Federal Home Loan Bank	-	-	-	5.23%
Federal Home Loan Mortgage Corporation	-	-	-	3.21%
U.S. Treasury	-	-	-	25.54%
Collateralized Mortgage Obligations	-	-	-	1.18%
Corporate Medium-Term Notes	A	A	A1	2.49%
Corporate Medium-Term Notes	A	A+	A1	1.99%
Corporate Medium-Term Notes	A	AA	A1	0.36%
Corporate Medium-Term Notes	A	A	A2	4.30%
Corporate Medium-Term Notes	A	A-	A2	1.81%
Corporate Medium-Term Notes	A	A+	A2	1.43%
Corporate Medium-Term Notes	A	A+	A3	0.19%
Corporate Medium-Term Notes	A	AA	Aa2	0.50%
Corporate Medium-Term Notes	A	A	Aa3	0.49%
Corporate Medium-Term Notes	A	AA+	Aaa	0.96%
Asset-Backed Securities	A	AAA	Aaa	0.96%
Asset-Backed Securities	A	NR	Aaa	1.81%
Asset-Backed Securities	A	AAA	NR	1.58%
Supranationals	A	AAA	Aaa	0.70%
Shasta County Investment Pool	N/A	NR	NR	0.54%
LAIF	N/A	NR	NR	<u>34.57%</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, 2022, 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	\$ 3,239,668	6.42%
Federal Home Loan Bank	2,637,443	5.23%

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

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, 2022, the City's investment in LAIF valued at amortized cost was \$17,447,242 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 \$231.6 billion. Of that amount, 98.12 percent is invested in non-derivative financial products and 1.88 percent in structured notes and asset-backed securities.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Additions	Retirements	Transfers/ Adjustments	Balance June 30, 2022
Governmental Activities					
Capital Assets, Not Being Depreciated					
Land, easements, and right of way	\$ 3,826,936	\$ -	(\$ 18,600)	\$ -	\$ 3,808,336
Construction in progress	2,892,186	2,583,535	-	(3,302,780)	2,172,941
Total Capital Assets, Not Being Depreciated	6,719,122	2,583,535	(18,600)	(3,302,780)	5,981,277
Capital Assets, Being Depreciated					
Infrastructure and land improvements	54,169,861	-	-	3,302,780	57,472,641
Buildings and improvements	16,816,446	-	(662,584)	-	16,153,862
Machinery and equipment	747,266	23,301	(12,504)	-	758,063
Vehicles	34,571	-	-	-	34,571
Total Capital Assets, Being Depreciated	71,768,144	23,301	(675,088)	3,302,780	74,419,137
Less Accumulated Depreciation For:					
Infrastructure and land improvements	(19,569,314)	(923,657)	-	-	(20,492,971)
Building and improvements	(3,163,624)	(434,191)	392,011	-	(3,205,804)
Machinery and equipment	(592,314)	(43,133)	12,504	-	(622,943)
Vehicles	(34,571)	-	-	-	(34,571)
Total Accumulated Depreciation	(23,359,823)	(1,400,981)	404,515	-	(24,356,289)
Total Capital Assets, Being Depreciated, Net	48,408,321	(1,377,680)	(270,573)	3,302,780	50,062,848
Governmental Activities Capital Assets, Net	\$ 55,127,443	\$ 1,205,855	(\$ 289,173)	\$ -	\$ 56,044,125

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 4: CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2021	Additions	Retirements	Transfers/ Adjustments	Balance June 30, 2022
Business-Type Activities					
Capital Assets, Not Being Depreciated					
Land	\$ 1,837,377	\$ -	\$ -	\$ -	\$ 1,837,377
Construction in progress	2,342,469	3,516,200	-	(1,136,931)	4,721,738
Total Capital Assets, Not Being Depreciated	4,179,846	3,516,200	-	(1,136,931)	6,559,115
Capital Assets, Being Depreciated					
General and utility plant	93,755,983	-	-	1,056,886	94,812,869
Buildings and improvements	1,462,789	-	-	55,335	1,518,124
Equipment and vehicles	4,467,339	165,448	(383,207)	24,710	4,274,290
Total Capital Assets, Being Depreciated	99,686,111	165,448	(383,207)	1,136,931	100,605,283
Less Accumulated Depreciation For:					
General and utility plant	(48,428,045)	(2,516,017)	-	-	(50,944,062)
Building and improvements	(771,745)	(44,135)	-	-	(815,880)
Equipment and vehicles	(3,692,220)	(241,378)	373,682	-	(3,559,916)
Total Accumulated Depreciation	(52,892,010)	(2,801,530)	373,682	-	(55,319,858)
Total Capital Assets, Being Depreciated, Net	46,794,101	(2,636,082)	(9,525)	1,136,931	45,285,425
Governmental Activities Capital Assets, Net	\$ 50,973,947	\$ 880,118	(\$ 9,525)	\$ -	\$ 51,844,540

Depreciation

Depreciation expense was charged to governmental activities as follows:

General government	\$ 177,828
Public safety	7,917
Public ways and facilities	1,133,033
Planning	3,214
Culture and recreation	78,989
Total Depreciation and Expense – Governmental Activities	<u>\$ 1,400,981</u>

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

Water	\$ 630,783
Electric	642,442
Wastewater	1,293,145
Internal Service Funds	235,160
Total Depreciation Expense – Business-Type Activities	<u>\$ 2,801,530</u>

Construction in Progress

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

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 5: INTERFUND TRANSACTIONS

Due From/To 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 from and due to balances as of June 30, 2022:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General fund	\$ 497,771	\$ -
CDBG Project	-	400,240
Nonmajor governmental funds	-	740
Nonmajor enterprise funds	<u>-</u>	<u>96,791</u>
Total	<u>\$ 497,771</u>	<u>\$ 497,771</u>

Advances To/From Other Funds

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

The following are advances to/from other funds as of June 30, 2022:

	<u>Advances To Other Funds</u>	<u>Advances From Other Funds</u>
General fund	\$ -	\$ 154,632
Water	-	25,478
Electric	295,661	-
Wastewater	-	25,655
Internal service funds	<u>-</u>	<u>89,896</u>
Total	<u>\$ 295,661</u>	<u>\$ 295,661</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, 2022:

	<u>Transfers In</u>	<u>Transfers Out</u>
Nonmajor governmental funds	\$ -	\$ 53,916
Water	650	-
Wastewater	<u>53,266</u>	<u>-</u>
Total	<u>\$ 53,916</u>	<u>\$ 53,916</u>

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 6: UNEARNED/UNAVAILABLE REVENUES

At June 30, 2022, components of unearned and unavailable revenues were as follows:

	<u>Unearned</u>	<u>Unavailable</u>	<u>Totals</u>
General Fund			
Utility overpayments and deposit refunds	\$ 32,537	\$ -	\$ 32,537
Grants receivable	-	138,226	138,226
State Trafficway			
Grants Receivable	-	41,019	41,019
CDBG Project			
Grants Receivable	-	322,522	322,522
Nonmajor Governmental Funds			
ARPA Funds	1,170,295	-	1,170,295
Grants receivable	<u>-</u>	<u>53,730</u>	<u>53,730</u>
Total	<u>\$ 1,202,832</u>	<u>\$ 555,497</u>	<u>\$ 1,758,329</u>

NOTE 7: LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2022:

<u>Type of Indebtedness</u>	<u>Balance July 1, 2021</u>	<u>Adjustments/ Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2022</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Revenue Bonds	\$ 2,376,775	\$ -	(\$ 125,000)	\$ 2,251,775	\$ 130,000
Special Assessment Bonds	26,000	-	(2,000)	24,000	2,000
Certificates of Participation	11,624,000	-	(404,000)	11,220,000	416,000
Unamortized Discount	(269,554)	-	14,187	(255,367)	(14,187)
Certificates of Participation, Net	11,354,446	-	(389,813)	10,964,633	401,813
Compensated Absences	<u>173,961</u>	<u>261,219</u>	<u>(276,219)</u>	<u>158,961</u>	<u>79,480</u>
Total Governmental Activities	<u>\$ 13,931,182</u>	<u>\$ 261,219</u>	<u>(\$ 793,032)</u>	<u>\$ 13,399,369</u>	<u>\$ 613,293</u>
Business-Type Activities					
Loans	\$ 17,289,621	\$ -	(\$ 561,008)	\$ 16,728,613	\$ 572,888
Special Assessment Bonds	640,000	-	(40,000)	600,000	40,000
Compensated Absences	<u>341,204</u>	<u>324,586</u>	<u>(304,708)</u>	<u>361,082</u>	<u>180,541</u>
Total Business-Type Activities	<u>\$ 18,270,825</u>	<u>\$ 324,586</u>	<u>(\$ 905,716)</u>	<u>\$ 17,689,695</u>	<u>\$ 793,429</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.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

Individual issues of debt payable outstanding at June 30, 2022, are as follows:

Governmental Activities

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. 2,001,000

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. 250,775

Total Revenue Bonds 2,251,775

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. 24,000

Total Special Assessment Bonds 24,000

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. 2,370,000

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. 8,850,000

Total Certificates of Participation 11,220,000

Total Governmental Activities \$ 13,495,775

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

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. \$ 2,838,811

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 loan is secured by a lien on and pledge of net revenues and a reserve fund. 13,889,802

Total Loans 16,728,613

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. 600,000

Total Special Assessment Bonds 600,000

Total Business-Type Activities \$ 17,328,613

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

Governmental Activities

Year Ended <u>June 30</u>	<u>Revenue Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 130,000	\$ 98,370	\$ 228,370
2024	139,000	92,318	231,318
2025	143,000	85,972	228,972
2026	152,000	79,335	231,335
2027	155,000	72,428	227,428
2028-2032	891,000	247,657	1,138,657
2033-2035	<u>641,775</u>	<u>44,168</u>	<u>685,943</u>
Total	<u>\$ 2,251,775</u>	<u>\$ 720,248</u>	<u>\$ 2,972,023</u>

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued)

Year Ended June 30	Special Assessment Bonds		
	Principal	Interest	Total
2023	\$ 2,000	\$ 1,050	\$ 3,050
2024	2,000	925	2,925
2025	3,000	775	3,775
2026	3,000	625	3,625
2027	3,000	450	3,450
2028-2030	<u>11,000</u>	<u>325</u>	<u>11,325</u>
Total	<u>\$ 24,000</u>	<u>\$ 4,150</u>	<u>\$ 28,150</u>

Year Ended June 30	Certificates of Participation		
	Principal	Interest	Total
2023	\$ 416,000	\$ 361,360	\$ 777,360
2024	427,000	350,948	777,948
2025	438,000	339,768	777,768
2026	449,000	327,849	776,849
2027	460,000	315,218	775,218
2028-2032	2,507,000	1,357,305	3,864,305
2033-2037	2,962,000	897,361	3,859,361
2038-2042	2,170,000	361,598	2,531,598
2043-2047	360,000	203,417	563,417
2048-2052	422,000	140,984	562,984
2053-2057	495,000	67,762	562,762
2058	<u>114,000</u>	<u>3,704</u>	<u>117,704</u>
Total	<u>\$ 11,220,000</u>	<u>\$ 4,727,274</u>	<u>\$ 15,947,274</u>

Business-Type Activities

Year Ended June 30	Loans		
	Principal	Interest	Total
2023	\$ 572,888	\$ 335,714	\$ 908,602
2024	585,040	331,354	916,394
2025	597,471	319,394	916,865
2026	610,190	307,159	917,349
2027	623,202	294,641	917,843
2028-2032	3,322,004	1,275,059	4,597,063
2033-2037	3,152,857	915,504	4,068,361
2038-2042	2,607,570	616,805	3,224,375
2043-2047	2,836,878	395,099	3,231,977
2048-2050	<u>1,820,513</u>	<u>153,894</u>	<u>1,974,407</u>
Total	<u>\$ 16,728,613</u>	<u>\$ 4,944,623</u>	<u>\$ 21,673,236</u>

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

Business-Type Activities (Continued)

Year Ended June 30	Special Assessment Bonds		
	Principal	Interest	Total
2023	\$ 40,000	\$ 30,450	\$ 70,450
2024	45,000	28,219	73,219
2025	45,000	25,857	70,857
2026	50,000	23,363	73,363
2027	50,000	20,738	70,738
2028-2032	370,000	61,165	431,165
Total	\$ 600,000	\$ 189,792	\$ 789,792

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 \$11,655,501 of restricted net position, of which \$4,000,022 is restricted by enabling legislation.

Net Position Flow Assumption

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

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

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. Fund balances for governmental funds can be 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, 2022

NOTE 9: FUND BALANCES (CONTINUED)

The fund balances for all major and nonmajor governmental funds as of June 30, 2022, were distributed as follows:

	General Fund	State Trafficway	CDBG Project	Other Governmental Funds	Totals
Restricted for:					
HOME	\$ -	\$ -	\$ -	\$ 4,479,513	\$ 4,479,513
Wastewater treatment debt	-	-	-	3,060,159	3,060,159
Law enforcement fund (COPS)	-	-	-	10,982	10,982
Water P&FCC charges	-	-	-	440,158	440,158
State trafficway	-	1,725,022	-	-	1,725,022
Electric P&FCC charges	-	-	-	330,243	330,243
CDBG housing rehabilitation	-	-	-	139,910	139,910
Parks P&FCC charges	-	-	-	306,300	306,300
Former RDA low/moderate	-	-	-	1,102,523	1,102,523
Debt service	688,715	-	-	31,815	720,530
Subtotal	<u>688,715</u>	<u>1,725,022</u>	<u>-</u>	<u>9,901,603</u>	<u>12,315,340</u>
Unassigned	<u>5,076,122</u>	<u>-</u>	<u>(124,266)</u>	<u>(55,346)</u>	<u>4,896,510</u>
Total	<u>\$ 5,764,837</u>	<u>\$ 1,725,022</u>	<u>(\$ 124,266)</u>	<u>\$ 9,846,257</u>	<u>\$ 17,211,850</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.

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.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 10: PENSION PLAN (CONTINUED)

A. General Information about the Pension Plan (Continued)

Plan Description (Continued)

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, 2022, are summarized as follows:

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

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

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	15.250%	8.000%	0.000%
Miscellaneous Second Tier	9.130%	7.000%	0.000%
Miscellaneous PEPRA	7.590%	6.750%	0.000%

For the year ended June 30, 2022, the contributions recognized as part of pension expense were as follows:

	<u>Contributions-Employer</u>	<u>Contributions-Employee (Paid by Employer)</u>
Miscellaneous	\$ 563,348	\$ -

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

As of June 30, 2022, the City reported a net pension liability (asset) for its proportionate share of the net pension liability (asset) of the Plan as follows:

	<u>Proportionate Share of Net Pension Liability (Asset)</u>
Miscellaneous	(\$ 5,643,653)
Total Net Pension Liability (Asset)	(\$ 5,643,653)

The City's net pension liability (asset) for the Plan is measured as the proportionate share of the net pension liability (asset). The net pension liability (asset) of the Plan is measured as of June 30, 2021, and the total pension liability (asset) for the Plan used to calculate the net pension liability (asset) was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 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, 2021 and 2022 measurement dates was as follows:

	<u>Proportion June 30, 2021</u>	<u>Proportion June 30, 2022</u>	<u>Change- Increase (Decrease)</u>
Miscellaneous	0.00547%	-0.29722%	-0.30269%

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 10: PENSION PLAN (CONTINUED)

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

For the year ended June 30, 2022, the City recognized pension credit of \$9,712,421. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 571,058	\$ -
Difference between expected and actual experience	(632,875)	-
Difference between projected and actual earnings on pension plan investments	4,926,611	-
Difference between City contributions and proportionate share of contributions.	3,626,047	(964,667)
Amortization due to differences in proportions	<u>1,110,007</u>	<u>(3,483,193)</u>
Total	<u>\$ 9,600,848</u>	<u>(\$ 4,447,860)</u>

\$571,058 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, 2023. 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>	
2023	\$ 1,008,641
2024	1,081,232
2025	1,130,595
2026	1,361,462
Thereafter	<u>-</u>
Total	<u>\$ 4,581,930</u>

Actuarial Assumptions

The total pension liability (asset) in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
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, 2022

NOTE 10: PENSION PLAN (CONTINUED)

**B. Pension Liabilities (Asset), 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, 2022

NOTE 10: PENSION PLAN (CONTINUED)

B. Pension Liabilities (Asset), 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><u>100.0%</u></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 (Asset) 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 (asset) 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	(\$ 389,428)	(\$ 5,643,653)	(\$ 9,987,247)

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, 2022

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, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	29
Inactive employees entitled to but not yet receiving benefit payments	11
Active employees	<u>52</u>
Total	<u><u>92</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, 2022

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 2022:

City Non – Vesting Caps			
Group	Ee Only	Ee + Sp	Ee + Fam
Management	\$ 701.23	\$ 1,402.46	\$ 1,823.20
Teamsters	701.23	1,402.46	1,823.20
IBEW	701.23	1,402.46	1,823.20

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, 2022

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 2022, the caps are \$816 (employee), \$1,548 (employee plus one) and \$1,983 (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 2022 CalPERS monthly medical plan rates in the Region 1 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.

Region 1 2020 Health Plan Rates						
Plan	Activities and Pre-Med Retirees			Medicare Eligible Retirees		
	Ee Only	Ee & 1	Ee & 2+	Ee Only	Ee & 1	Ee & 2+
Kiaser HMO	\$ 857.06	\$ 1,714.12	\$ 2,228.36	\$ 302.53	\$ 605.06	\$ 1,119.30
PERS Platinum PPO	1,057.01	2,114.02	2,748.23	381.94	763.88	1,398.09
PERS Gold PPO	701.23	1,402.46	1,823.20	377.41	754.82	1,175.56

B. Net OPEB Liability (Asset)

The City's net OPEB Liability (asset) of (\$1,122,728) was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

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

B. Net OPEB Liability (Asset) (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2021
Funding Method	Entry Age Normal Cost, level of percent of pay
Asset Valuation Method	Market value of assets
Discount Rates	5.65% as of June 30, 2021 and 6.45% as of June 30, 2020
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	5.80% for 2020, decreasing 0.20% or 0.10% per year to an ultimate rate of 3.90% for 2076 and later years
Mortality rates	CalPERS 2017 experience study

The demographic actuarial assumptions used in the June 30, 2021 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 5.65 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, 2021 for the City's proportionate share.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

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, 2021	\$ 7,836,887	\$ 8,076,533	(\$ 239,646)
Changes for the year:			
Service cost	343,830	-	343,830
Interest	517,584	-	517,584
Differences between expected and actual experience (180,309)	-	(180,309)
Change of assumptions	392,586	-	392,586
Contributions – employer	-	372,321	(372,321)
Net investment income	-	1,587,392	(1,587,392)
Benefit payments,	(312,321)	(312,321)	-
Administrative expense	-	(2,940)	2,940
Net Changes	<u>761,370</u>	<u>1,644,452</u>	<u>(883,082)</u>
Balances at Fiscal Year Ending June 30, 2022	<u>\$ 8,598,257</u>	<u>\$ 9,720,985</u>	<u>(\$ 1,122,728)</u>

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 4.65%	Discount Rate 5.65%	1% Increase 6.65%
Net OPEB liability (asset)	\$ 162,941	(\$ 1,122,728)	(\$ 2,167,630)

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 (4.8% decreasing to 4.0%)	Healthcare Cost Trend Rates (5.8% decreasing to 5.0%)	1% Increase (6.8% decreasing to 6.0%)
Net OPEB liability (asset)	(\$ 2,290,813)	(\$ 1,122,728)	\$ 344,670

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, 2022

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, 2022, the City recognized OPEB income of \$197,549. At June 30, 2022, 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	\$ 374,517	\$ -
Changes of assumptions	516,676	(175,325)
Difference between expected and actual experience	-	(1,449,036)
Net differences between projected and actual earnings on OPEB plan investments	-	(814,183)
Total	\$ 891,193	(\$ 2,438,544)

\$374,517 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, 2023. 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	
2023	(\$ 533,656)
2024	(449,887)
2025	(445,180)
2026	(476,751)
2027	(56,085)
Thereafter	39,691
Total	(\$ 1,921,868)

Payable to the OPEB Plan

At June 30, 2022, the City reported a payable of \$0 for the outstanding amount of contributions to the Plan required for the year.

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, 2022

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, 2022

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, 2022, the City had construction commitments outstanding of approximately \$74,408.

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, 2022:

<u>Type of Indebtedness</u>	<u>Balance July 1, 2021</u>	<u>Additions/ Adjustments</u>	<u>Retirements</u>	<u>Balance June 30, 2022</u>	<u>Amounts Due Within One Year</u>
Tax Allocation Bonds	\$ 2,190,000	\$ -	(\$ 325,000)	\$ 1,865,000	\$ 345,000
Total	\$ 2,190,000	\$ -	(\$ 325,000)	\$ 1,865,000	\$ 345,000

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

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, 2022, 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>\$ 1,865,000</u>
Total Tax Allocation Bonds	<u>\$ 1,865,000</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
2023	\$ 345,000	\$ 64,781	\$ 409,781
2024	360,000	47,156	407,156
2025	375,000	33,703	408,703
2026	385,000	19,625	404,625
2027	400,000	5,000	405,000
Total	<u>\$ 1,865,000</u>	<u>\$ 170,265</u>	<u>\$ 2,035,265</u>

C. Subsequent Events

Management has evaluated events subsequent to June 30, 2022 through August 13, 2023, the date on which the financial statements were available for issuance and has determined no other subsequent events requiring disclosure have occurred.

**Required Supplementary Information
(Unaudited)**

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CITY OF SHASTA LAKE
Required Supplementary Information
City Pension Plan
Schedule of Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2022
Last 10 Years*

Measurement Date	2013/2014	2014/2015	2015/2016	2016/2017
Miscellaneous Plan				
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 eight years are shown.

<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>
0.19678%	0.20417%	0.00547%	-0.29722%
\$ 7,416,000 3,897,624	\$ 8,175,847 3,931,301	\$ 230,682 4,292,114	\$ (5,643,653) 4,698,897
190.27%	207.97%	5.37%	-120.11%
78.08%	77.37%	99.39%	114.18%

CITY OF SHASTA LAKE
Required Supplementary Information
City Pension Plan
Schedule of Contributions
For the Year Ended June 30, 2022
Last 10 Years*

Fiscal Year	<u>2014/2015</u>	<u>2015/2016</u>	<u>2016/2017</u>	<u>2017/2018</u>
Miscellaneous Plan				
Contractually required contribution (actuarially determined)	\$ 539,884	\$ 373,644	\$ 405,356	\$ 414,691
Contributions in relation to the actuarially determined contributions	<u>(2,502,238)</u>	<u>(604,944)</u>	<u>(670,799)</u>	<u>(723,724)</u>
Contribution deficiency (excess)	<u>\$ (1,962,354)</u>	<u>\$ (231,300)</u>	<u>\$ (265,443)</u>	<u>\$ (309,033)</u>
Covered 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 eight years are shown.

<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>	<u>2021/2022</u>
\$ 425,624	\$ 472,300	\$ 563,348	\$ 571,058
(817,880)	(9,341,569)	(563,348)	(571,058)
<u>\$ (392,256)</u>	<u>\$ (8,869,269)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,931,301	\$ 4,292,114	\$ 4,698,897	\$ 4,874,966
20.80%	217.64%	11.99%	11.71%

CITY OF SHASTA LAKE
Required Supplementary Information
City Pension Plan
Notes to City Pension Plan
For the Year Ended June 30, 2022

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

Change of Assumptions and Methods

Benefit Changes: None

Changes of Assumptions: None

NOTE 2: SCHEDULE OF CONTRIBUTIONS

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

Valuation Date	June 30, 2019
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
Discount Rate	7.00%
Payroll Growth	2.75%
Inflation	2.50%
Salary increases	Varies based on entry age and service
Investment rate of return	7.00%

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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, 2022
Last 10 Year Fiscal Years*

Measurement Date	2016/2017	2017/2018	2018/2019	2019/2020
Total OPEB Liability				
Service cost	\$ 291,008	\$ 326,791	\$ 361,837	\$ 333,816
Interest	566,870	551,780	582,324	484,815
Differences between expected and actual experience	(1,046,313)	-	(1,835,068)	-
Changes of assumptions	244,005	351,325	(297,932)	-
Benefit payments	(303,321)	(327,846)	(402,009)	(328,882)
Net Change in Total OPEB Liability	(247,751)	902,050	(1,590,848)	489,749
Total OPEB Liability - Beginning	8,283,687	8,035,936	8,937,986	7,347,138
Total OPEB Liability - Ending (a)	<u>\$ 8,035,936</u>	<u>\$ 8,937,986</u>	<u>\$ 7,347,138</u>	<u>\$ 7,836,887</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 473,437	\$ 472,498	\$ 445,979	\$ 328,882
Net investment income	435,349	406,313	503,091	414,776
Benefit payments	(303,321)	(327,846)	(402,009)	(328,882)
Administrative expenses	(3,167)	(3,480)	(1,535)	(3,782)
Other expenses	-	(8,704)	-	-
Net Change in Plan Fiduciary Net Position	602,298	538,781	545,526	410,994
Plan Fiduciary Net Position - Beginning	5,978,934	6,581,232	7,120,013	7,665,539
Plan Fiduciary Net Position - Ending (b)	<u>\$ 6,581,232</u>	<u>\$ 7,120,013</u>	<u>\$ 7,665,539</u>	<u>\$ 8,076,533</u>
Net OPEB Liability (Asset) - Ending (a) - (b)	<u>\$ 1,454,704</u>	<u>\$ 1,817,973</u>	<u>\$ (318,401)</u>	<u>\$ (239,646)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	81.90%	79.66%	104.33%	103.06%
Covered employee payroll	\$ 3,655,228	\$ 3,897,624	\$ 3,928,111	\$ 4,292,114
Net OPEB liability as a percentage of covered employee payroll	39.80%	46.64%	-8.11%	-5.58%

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

2020/2021

\$ 343,830
517,584
(180,309)
392,586
(312,321)

761,370

7,836,887

\$ 8,598,257

\$ 372,321
1,587,392
(312,321)
(2,940)
-

1,644,452

8,076,533

\$ 9,720,985

\$ (1,122,728)

113.06%

\$ 4,420,877
-25.40%

CITY OF SHASTA LAKE
Required Supplementary Information
City OPEB Plan
Schedule of Contributions
For the Year Ended June 30, 2022
Last 10 Fiscal Years*

Fiscal Year	<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>
Actuarially determined contribution	\$ 505,772	\$ 487,373	\$ 346,279	\$ 358,770
Contributions in relation to the actuarially determined contribution	(472,498)	(445,979)	(328,882)	(372,321)
Contribution deficiency (excess)	<u>\$ 33,274</u>	<u>\$ 41,394</u>	<u>\$ 17,397</u>	<u>\$ (13,551)</u>
Covered employee payroll	\$ 3,897,624	\$ 3,928,111	\$ 4,292,114	\$ 4,420,877
Contributions as a percentage of covered employee payroll	12.12%	11.35%	7.66%	8.42%

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

2021/2022

\$ 367,955
(374,517)

\$ (6,562)

\$ 4,877,603
7.68%

CITY OF SHASTA LAKE
Required Supplementary Information
City OPEB Plan
Notes to City OPEB Plan
For the Year Ended June 30, 2022

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, 2022 was determined and presented in the June 30, 2021 Actuarial Valuation report.

Methods and Assumptions Used to Determine Contributions:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar
Amortization period	30 years
Asset valuation method	Market value
Inflation	2.50%
Healthcare cost trend rates	6.5% in 2021, stepping down gradually to 4.0% in 2076
Salary increases	3.00%
Investment rate of return	6.35%
Retirement age	From 50 to 75
Mortality	CalPERS 2017 Experience Study
Mortality improvement	MW Scale 2020 generationally

CITY OF SHASTA LAKE
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Taxes and assessments	\$ 3,426,169	\$ 3,426,169	\$ 3,116,797	\$ (309,372)
Licenses and permits	275,900	275,900	218,392	(57,508)
Fines and forfeitures	19,250	19,250	7,493	(11,757)
Use of money and property	65,000	65,000	(26,585)	(91,585)
Intergovernmental	1,057,500	1,057,500	1,240,418	182,918
Charges for services	4,047,366	4,047,366	4,835,419	788,053
Other revenues	10,000	10,000	25,012	15,012
Total Revenues	<u>8,901,185</u>	<u>8,901,185</u>	<u>9,416,946</u>	<u>515,761</u>
EXPENDITURES				
Current:				
General government	3,193,239	3,209,239	2,981,138	228,101
Public safety	3,895,789	4,234,021	4,157,780	76,241
Public ways and facilities	310,625	310,625	141,331	169,294
Planning	892,699	892,699	643,062	249,637
Culture and recreation	406,525	406,525	309,725	96,800
Debt service:				
Principal	34,000	404,000	404,000	-
Interest	78,130	135,960	375,516	(239,556)
Capital outlay	730,000	2,628,800	1,198,562	1,430,238
Total Expenditures	<u>9,541,007</u>	<u>12,221,869</u>	<u>10,211,114</u>	<u>2,010,755</u>
Excess of Revenues Over (Under) Expenditures	<u>(639,822)</u>	<u>(3,320,684)</u>	<u>(794,168)</u>	<u>2,526,516</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from the sale of capital assets	-	-	198,929	198,929
Transfers in	-	427,830	-	(427,830)
Total Other Financing Sources (Uses)	<u>-</u>	<u>427,830</u>	<u>198,929</u>	<u>(228,901)</u>
Net Change in Fund Balances	<u>(639,822)</u>	<u>(2,892,854)</u>	<u>(595,239)</u>	<u>2,297,615</u>
Fund Balances - Beginning	5,841,978	5,841,978	5,841,978	-
Prior period adjustment	518,098	518,098	518,098	-
Fund Balances - Beginning, Restated	<u>6,360,076</u>	<u>6,360,076</u>	<u>6,360,076</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 5,720,254</u>	<u>\$ 3,467,222</u>	<u>\$ 5,764,837</u>	<u>\$ 2,297,615</u>

CITY OF SHASTA LAKE
Required Supplementary Information
Budgetary Comparison Schedule
State Trafficway
For the Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes and assessments	\$ 690,000	\$ 690,000	\$ 482,981	\$ (207,019)
Use of money and property	-	-	(29,537)	(29,537)
Intergovernmental	434,350	434,350	1,098,581	664,231
Charges for services	50,000	50,000	16,801	(33,199)
Total Revenues	<u>1,174,350</u>	<u>1,174,350</u>	<u>1,568,826</u>	<u>394,476</u>
EXPENDITURES				
Current:				
Public ways and facilities	290,000	290,000	1,163,999	(873,999)
Capital outlay	1,425,386	2,079,267	703,779	1,375,488
Total Expenditures	<u>1,715,386</u>	<u>2,369,267</u>	<u>1,867,778</u>	<u>501,489</u>
Net Change in Fund Balances	(541,036)	(1,194,917)	(298,952)	895,965
Fund Balances - Beginning	<u>2,023,974</u>	<u>2,023,974</u>	<u>2,023,974</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,482,938</u>	<u>\$ 829,057</u>	<u>\$ 1,725,022</u>	<u>\$ 895,965</u>

CITY OF SHASTA LAKE
Required Supplementary Information
Budgetary Comparison Schedule
CDBG Project
For the Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Use of money and property	\$ -	\$ -	\$ (4,075)	\$ (4,075)
Intergovernmental	150,000	2,006,614	3,388,542	1,381,928
Total Revenues	<u>150,000</u>	<u>2,006,614</u>	<u>3,384,467</u>	<u>1,377,853</u>
EXPENDITURES				
Current:				
Community development	150,000	2,006,614	344,175	1,662,439
Capital outlay	-	-	650,765	(650,765)
Total Expenditures	<u>150,000</u>	<u>2,006,614</u>	<u>994,940</u>	<u>1,011,674</u>
Net Change in Fund Balances	-	-	2,389,527	2,389,527
Fund Balances - Beginning	<u>(2,513,793)</u>	<u>(2,513,793)</u>	<u>(2,513,793)</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ (2,513,793)</u></u>	<u><u>\$ (2,513,793)</u></u>	<u><u>\$ (124,266)</u></u>	<u><u>\$ 2,389,527</u></u>

CITY OF SHASTA LAKE
Required Supplementary Information
Note to Budgetary Comparison Schedule
For the Year Ended June 30, 2022

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.

Combining and Individual Fund Financial Statements

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Nonmajor Governmental Funds

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CITY OF SHASTA LAKE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

	Special Revenue Funds	Debt Service Funds	Totals
ASSETS			
Cash and investments	\$ 3,569,501	\$ 522,911	\$ 4,092,412
Receivables:			
Interest	9,007	1,770	10,777
Taxes	-	19,485	19,485
Intergovernmental	79,730	-	79,730
Assessments	-	2,274,000	2,274,000
Restricted cash and investments	-	273,808	273,808
Loans receivable	3,808,476	-	3,808,476
Land held for resale	534,984	-	534,984
Total Assets	\$ 8,001,698	\$ 3,091,974	\$ 11,093,672
LIABILITIES			
Accounts payable	\$ 5,983	\$ -	\$ 5,983
Due to other governments	16,667	-	16,667
Due to other funds	740	-	740
Unearned revenue	1,170,295	-	1,170,295
Total Liabilities	1,193,685	-	1,193,685
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	53,730	-	53,730
Total Deferred Inflows of Resources	53,730	-	53,730
FUND BALANCES			
Restricted	6,809,629	3,091,974	9,901,603
Unassigned	(55,346)	-	(55,346)
Total Fund Balances	6,754,283	3,091,974	9,846,257
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 8,001,698	\$ 3,091,974	\$ 11,093,672

CITY OF SHASTA LAKE
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Special Revenue Funds	Debt Service Funds	Totals
REVENUES			
Taxes and assessments	\$ -	\$ 50,893	\$ 50,893
Use of money and property	(36,804)	(3,501)	(40,305)
Intergovernmental	201,210	-	201,210
Charges for services	140,266	-	140,266
	304,672	47,392	352,064
Total Revenues			
EXPENDITURES			
Current:			
General government	129,130	-	129,130
Public safety	100,000	-	100,000
Community development	12,646	10,430	23,076
Debt service:			
Principal	-	127,000	127,000
Interest	-	105,392	105,392
Capital outlay	53,730	-	53,730
	295,506	242,822	538,328
Total Expenditures			
Excess of Revenues Over (Under) Expenditures	9,166	(195,430)	(186,264)
OTHER FINANCING SOURCES (USES)			
Transfers out	(53,266)	(650)	(53,916)
	(53,266)	(650)	(53,916)
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	(44,100)	(196,080)	(240,180)
Fund Balances - Beginning	6,798,383	3,288,054	10,086,437
Fund Balances - Ending	\$ 6,754,283	\$ 3,091,974	\$ 9,846,257

Nonmajor Governmental Funds

- **Special Revenue Funds**

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CITY OF SHASTA LAKE
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2022

	Law Enforcement (COPS)	Water P&FCC Charges	Electric P&FCC Charges	HOME	CDBG Housing Rehabilitation
ASSETS					
Cash and investments	\$ 27,514	\$ 438,561	\$ 328,992	\$ 1,251,268	\$ 61,093
Receivables:					
Interest	135	1,597	1,251	4,292	212
Intergovernmental	-	-	-	-	-
Loans receivable	-	-	-	3,224,053	78,605
Land held for resale	-	-	-	-	-
Total Assets	\$ 27,649	\$ 440,158	\$ 330,243	\$ 4,479,613	\$ 139,910
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ 100	\$ -
Due to other governments	16,667	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total Liabilities	16,667	-	-	100	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
FUND BALANCES (DEFICIT)					
Restricted	10,982	440,158	330,243	4,479,513	139,910
Unassigned	-	-	-	-	-
Total Fund Balances	10,982	440,158	330,243	4,479,513	139,910
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 27,649	\$ 440,158	\$ 330,243	\$ 4,479,613	\$ 139,910

Wastewater P&FCC Charges	Parks P&FCC Charges	Housing Authority	Grant Fund	Totals
\$ -	\$ 305,184	\$ 61,471	\$ 1,095,418	\$ 3,569,501
154	1,116	250	-	9,007
-	-	-	79,730	79,730
-	-	505,818	-	3,808,476
-	-	534,984	-	534,984
<u>\$ 154</u>	<u>\$ 306,300</u>	<u>\$ 1,102,523</u>	<u>\$ 1,175,148</u>	<u>\$ 8,001,698</u>
\$ -	\$ -	\$ -	\$ 5,883	\$ 5,983
-	-	-	-	16,667
740	-	-	-	740
-	-	-	1,170,295	1,170,295
<u>740</u>	<u>-</u>	<u>-</u>	<u>1,176,178</u>	<u>1,193,685</u>
-	-	-	53,730	53,730
-	-	-	53,730	53,730
-	306,300	1,102,523	-	6,809,629
(586)	-	-	(54,760)	(55,346)
<u>(586)</u>	<u>306,300</u>	<u>1,102,523</u>	<u>(54,760)</u>	<u>6,754,283</u>
<u>\$ 154</u>	<u>\$ 306,300</u>	<u>\$ 1,102,523</u>	<u>\$ 1,175,148</u>	<u>\$ 8,001,698</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, 2022

	Law Enforcement (COPS)	Water P&FCC Charges	Electric P&FCC Charges	HOME	CDBG Housing Rehabilitation
REVENUES					
Use of money and property	\$ (552)	\$ (6,604)	\$ (5,151)	\$ (17,410)	\$ (573)
Intergovernmental	100,000	-	-	-	-
Charges for services	-	59,080	2,934	-	-
Total Revenues	<u>99,448</u>	<u>52,476</u>	<u>(2,217)</u>	<u>(17,410)</u>	<u>(573)</u>
EXPENDITURES					
Current:					
General government	-	9,354	1,900	-	-
Public safety	100,000	-	-	-	-
Community development	-	-	-	1,200	-
Capital outlay	-	-	-	-	-
Total Expenditures	<u>100,000</u>	<u>9,354</u>	<u>1,900</u>	<u>1,200</u>	<u>-</u>
Income (Loss) Before Transfers	(552)	43,122	(4,117)	(18,610)	(573)
Transfers out	-	-	-	-	-
Change in Net Position	(552)	43,122	(4,117)	(18,610)	(573)
Fund Balances - Beginning	<u>11,534</u>	<u>397,036</u>	<u>334,360</u>	<u>4,498,123</u>	<u>140,483</u>
Fund Balances (Deficit) - Ending	<u>\$ 10,982</u>	<u>\$ 440,158</u>	<u>\$ 330,243</u>	<u>\$ 4,479,513</u>	<u>\$ 139,910</u>

Wastewater P&FCC Charges	Parks P&FCC Charges	Housing Authority	Grant Fund	Totals
\$ (866)	\$ (4,593)	\$ (1,055)	\$ -	\$ (36,804)
-	-	-	101,210	201,210
49,650	28,602	-	-	140,266
48,784	24,009	(1,055)	101,210	304,672
12,490	3,146	-	102,240	129,130
-	-	-	-	100,000
-	-	11,446	-	12,646
-	-	-	53,730	53,730
12,490	3,146	11,446	155,970	295,506
36,294	20,863	(12,501)	(54,760)	9,166
(53,266)	-	-	-	(53,266)
(16,972)	20,863	(12,501)	(54,760)	(44,100)
16,386	285,437	1,115,024	-	6,798,383
<u>\$ (586)</u>	<u>\$ 306,300</u>	<u>\$ 1,102,523</u>	<u>\$ (54,760)</u>	<u>\$ 6,754,283</u>

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Nonmajor Governmental Funds

- **Debt Service Funds**

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CITY OF SHASTA LAKE
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2022

	Wastewater Treatment Debt	Riddle Road Water Bond	Davis Grunsky Loan Act	Totals
ASSETS				
Cash and investments	\$ 515,763	\$ 7,148	\$ -	\$ 522,911
Receivables:				
Interest	1,751	19	-	1,770
Taxes	18,837	648	-	19,485
Assessments	2,250,000	24,000	-	2,274,000
Restricted cash and investments	273,808	-	-	273,808
Total Assets	<u>\$ 3,060,159</u>	<u>\$ 31,815</u>	<u>\$ -</u>	<u>\$ 3,091,974</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted	3,060,159	31,815	-	3,091,974
Total Fund Balances	<u>3,060,159</u>	<u>31,815</u>	<u>-</u>	<u>3,091,974</u>
Total Liabilities and Fund Balances	<u>\$ 3,060,159</u>	<u>\$ 31,815</u>	<u>\$ -</u>	<u>\$ 3,091,974</u>

CITY OF SHASTA LAKE
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended June 30, 2022

	Wastewater Treatment Debt	Riddle Road Water Bond	Davis Grunsky Loan Act	Totals
REVENUES				
Taxes and assessments	\$ 49,552	\$ 1,341	\$ -	\$ 50,893
Use of money and property	(3,372)	(79)	(50)	(3,501)
Total Revenues	<u>46,180</u>	<u>1,262</u>	<u>(50)</u>	<u>47,392</u>
EXPENDITURES				
Community development				
Debt service:	10,430	-	-	10,430
Principal	125,000	2,000	-	127,000
Interest	104,142	1,900	(650)	105,392
Total Expenditures	<u>239,572</u>	<u>3,900</u>	<u>(650)</u>	<u>242,822</u>
Excess of Revenues Over (Under) Expenditures	(193,392)	(2,638)	600	(195,430)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(650)	(650)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(650)</u>	<u>(650)</u>
Net Change in Fund Balances	(193,392)	(2,638)	(50)	(196,080)
Fund Balances - Beginning	<u>3,253,551</u>	<u>34,453</u>	<u>50</u>	<u>3,288,054</u>
Fund Balances - Ending	<u>\$ 3,060,159</u>	<u>\$ 31,815</u>	<u>\$ -</u>	<u>\$ 3,091,974</u>

Internal Service Funds

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CITY OF SHASTA LAKE
Combining Statement of Net Position
Internal Service Funds
June 30, 2022

	Motor Pool	Public Works	Totals
ASSETS			
Current Assets:			
Cash and investments	\$ 714,955	\$ 1,402,800	\$ 2,117,755
Receivables:			
Accounts	-	1,010	1,010
Interest	1,001	6,505	7,506
Total Current Assets	<u>715,956</u>	<u>1,410,315</u>	<u>2,126,271</u>
Noncurrent Assets:			
Net pension asset	173,968	988,745	1,162,713
Net OPEB asset	36,264	327,387	363,651
Capital assets:			
Depreciable, net	733,650	163,559	897,209
Total Noncurrent Assets	<u>943,882</u>	<u>1,479,691</u>	<u>2,423,573</u>
Total Assets	<u>1,659,838</u>	<u>2,890,006</u>	<u>4,549,844</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension adjustments	295,949	1,682,030	1,977,979
Deferred OPEB adjustments	28,786	259,872	288,658
Total Deferred Outflows of Resources	<u>324,735</u>	<u>1,941,902</u>	<u>2,266,637</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	26,592	3,677	30,269
Salaries and benefits payable	8,617	63,004	71,621
Due to other governments	629	6,300	6,929
Compensated absences payable	8,619	45,394	54,013
Total Current Liabilities	<u>44,457</u>	<u>118,375</u>	<u>162,832</u>
Noncurrent Liabilities:			
Compensated absences payable	8,619	45,394	54,013
Advances from other funds	7,056	82,840	89,896
Total Noncurrent Liabilities	<u>15,675</u>	<u>128,234</u>	<u>143,909</u>
Total Liabilities	<u>60,132</u>	<u>246,609</u>	<u>306,741</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension adjustments	137,107	779,247	916,354
Deferred OPEB adjustments	78,765	711,079	789,844
Total Deferred Inflows of Resources	<u>215,872</u>	<u>1,490,326</u>	<u>1,706,198</u>
NET POSITION			
Investment in capital assets	733,650	163,559	897,209
Unrestricted	974,919	2,931,414	3,906,333
Total Net Position	<u>\$ 1,708,569</u>	<u>\$ 3,094,973</u>	<u>\$ 4,803,542</u>

CITY OF SHASTA LAKE
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2022

	Motor Pool	Public Works	Totals
OPERATING REVENUES			
Charges for services	\$ 862,714	\$ 2,391,349	\$ 3,254,063
Other revenue	7,722	1,761	9,483
Total Operating Revenues	870,436	2,393,110	3,263,546
OPERATING EXPENSES			
Salaries and benefits	(117,380)	(25,467)	(142,847)
Administration	239,841	483,855	723,696
Insurance	5,997	14,875	20,872
Supplies	4,748	18,605	23,353
Repair and maintenance	123,280	18,876	142,156
Professional services	3,753	17,023	20,776
Depreciation	223,206	11,954	235,160
Total Operating Expenses	483,445	539,721	1,023,166
Operating Income (Loss)	386,991	1,853,389	2,240,380
NON-OPERATING REVENUES (EXPENSES)			
Interest income	(3,812)	(26,645)	(30,457)
Interest expense	(223)	(2,619)	(2,842)
Gain on sale of assets	82,371	-	82,371
Total Non-Operating Revenues (Expenses)	78,336	(29,264)	49,072
Change in Net Position	465,327	1,824,125	2,289,452
Total Net Position - Beginning	1,243,242	1,270,848	2,514,090
Total Net Position - Ending	\$ 1,708,569	\$ 3,094,973	\$ 4,803,542

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CITY OF SHASTA LAKE
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2022

	Motor Pool	Public Works	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 7,722	\$ 1,761	\$ 9,483
Receipts from interfund services	862,714	2,391,708	3,254,422
Payments to suppliers	(394,246)	(553,602)	(947,848)
Payments to employees	(260,657)	(1,858,189)	(2,118,846)
Net Cash Provided (Used) by Operating Activities	215,533	(18,322)	197,211
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Interfund loans repaid	(3,474)	(40,788)	(44,262)
Net Cash Provided (Used) by Non-Capital Financing Activities	(3,474)	(40,788)	(44,262)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(183,750)	-	(183,750)
Proceeds from the sale of capital assets	91,898	-	91,898
Interest paid on debt	(223)	(2,619)	(2,842)
Net Cash Provided (Used) by Capital and Related Financing Activities	(92,075)	(2,619)	(94,694)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	(4,813)	(31,281)	(36,094)
Net Cash Provided by Investing Activities	(4,813)	(31,281)	(36,094)
Net Increase (Decrease) in Cash and Cash Equivalents	115,171	(93,010)	22,161
Balances - Beginning	599,784	1,495,810	2,095,594
Balances - Ending	\$ 714,955	\$ 1,402,800	\$ 2,117,755

Continued (Page 1 of 2)

CITY OF SHASTA LAKE
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2022

	Motor Pool	Public Works	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 386,991	\$ 1,853,389	\$ 2,240,380
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	223,206	11,954	235,160
Decrease (increase) in:			
Accounts receivable	-	359	359
Pension adjustment - deferred outflows	(198,532)	(446,654)	(645,186)
OPEB adjustment - deferred outflows	(7,354)	(93,256)	(100,610)
Increase (decrease) in:			
Accounts payable	(17,199)	(3,740)	(20,939)
Salaries and benefits payable	218	2,867	3,085
Due to other governments	572	3,372	3,944
Compensated absences	(612)	(3,406)	(4,018)
Net pension liability	(128,498)	(985,110)	(1,113,608)
Net OPEB liability	(56,038)	(370,879)	(426,917)
Pension adjustment - deferred inflows	(6,228)	(233,724)	(239,952)
OPEB adjustment - deferred inflows	19,007	246,506	265,513
	\$ 215,533	\$ (18,322)	\$ 197,211

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