

**CITY OF SHASTA LAKE,
CALIFORNIA**



**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2023**

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CITY OF SHASTA LAKE
Annual Financial Report
For the Year Ended June 30, 2023

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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, 2023

Elected Officials

Greg Watkins	Mayor
Janice Powell	Vice-Mayor
Justin Jones	Member
Tena Eisenbeisz	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
Caleb MacGregor	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, 2023, 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, 2023, 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

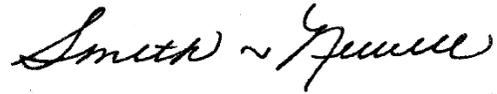
Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, 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 March 13, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.



Smith & Newell CPAs
Yuba City, California
March 13, 2024

Basic Financial Statements

- **Government-Wide Financial Statements**

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CITY OF SHASTA LAKE
Statement of Net Position
June 30, 2023

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and investments	\$ 13,173,405	\$ 40,013,254	\$ 53,186,659
Cash with fiscal agent	1,214,427	-	1,214,427
Receivables:			
Accounts, net	46,119	6,023,443	6,069,562
Interest	52,964	212,038	265,002
Taxes	552,145	2,480	554,625
Intergovernmental	424,589	-	424,589
Assessments	2,142,000	560,001	2,702,001
Deposits	4,428	853,738	858,166
Prepaid costs	-	86,798	86,798
Inventory	-	476,200	476,200
Internal balances	594,315	(594,315)	-
Restricted cash and investments	278,557	-	278,557
Loans receivable	3,821,418	-	3,821,418
Land held for resale	534,984	-	534,984
Capital assets:			
Non-depreciable	4,324,116	7,525,997	11,850,113
Depreciable, net	50,412,257	44,392,935	94,805,192
Total capital assets	<u>54,736,373</u>	<u>51,918,932</u>	<u>106,655,305</u>
Total Assets	<u>77,575,724</u>	<u>99,552,569</u>	<u>177,128,293</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension adjustments	2,515,646	5,284,577	7,800,223
Deferred OPEB adjustments	762,850	780,443	1,543,293
Total Deferred Outflows of Resources	<u>3,278,496</u>	<u>6,065,020</u>	<u>9,343,516</u>
LIABILITIES			
Accounts payable	907,825	4,731,559	5,639,384
Retentions payable	-	93,373	93,373
Salaries and benefits payable	260,588	75,181	335,769
Deposits payable	646,955	8,280	655,235
Interest payable	198,395	100,717	299,112
Unearned revenues	2,649,133	-	2,649,133
Long-term liabilities:			
Due within one year	640,392	825,235	1,465,627
Due in more than one year	12,239,362	16,280,880	28,520,242
Net pension liability	563,789	1,184,342	1,748,131
Net OPEB liability	306,935	314,013	620,948
Total Liabilities	<u>18,413,374</u>	<u>23,613,580</u>	<u>42,026,954</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension adjustments	1,063,500	2,234,078	3,297,578
Deferred OPEB adjustments	563,861	576,865	1,140,726
Total Deferred Inflows of Resources	<u>1,627,361</u>	<u>2,810,943</u>	<u>4,438,304</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, 2023

NET POSITION	Governmental Activities	Business-Type Activities	Totals
Net investment in capital assets	50,258,598	35,203,207	85,461,805
Restricted for:			
General government	1,019,314	-	1,019,314
Public safety	11,491	-	11,491
Public ways and facilities	2,160,444	-	2,160,444
Community development	5,931,954	-	5,931,954
Debt service	3,586,246	627,586	4,213,832
Unrestricted	(2,154,562)	43,362,273	41,207,711
Total Net Position	\$ 60,813,485	\$ 79,193,066	\$ 140,006,551

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, 2023

<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	\$ 6,061,177	\$ 4,358,264	\$ 171,803	\$ -
Public safety	4,663,790	258,737	-	-
Public ways and facilities	2,342,671	249,122	1,009,091	92,086
Planning	886,698	-	-	-
Culture and recreation	528,435	2,356	-	-
Community development	216,869	-	856,707	-
Interest on long-term debt	456,170	-	-	-
Total Governmental Activities	15,155,810	4,868,479	2,037,601	92,086
Business-type activities:				
Water	5,471,360	3,856,737	-	-
Electric	39,055,855	36,860,009	-	-
Wastewater	5,767,880	3,649,271	-	-
Industrial park	37,695	75,940	-	-
Total Business-Type Activities	50,332,790	44,441,957	-	-
Total	\$ 65,488,600	\$ 49,310,436	\$ 2,037,601	\$ 92,086

General revenues:

Taxes:

- Property taxes
- Sales and use taxes
- Transient occupancy taxes
- Franchise taxes
- Other taxes
- Unrestricted grants and contributions
- Interest and investment earnings
- Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

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

Governmental Activities	Business-Type Activities	Totals
\$ (1,531,110)	\$ -	\$ (1,531,110)
(4,405,053)	-	(4,405,053)
(992,372)	-	(992,372)
(886,698)	-	(886,698)
(526,079)	-	(526,079)
639,838	-	639,838
(456,170)	-	(456,170)
<u>(8,157,644)</u>	<u>-</u>	<u>(8,157,644)</u>
-	(1,614,623)	(1,614,623)
-	(2,195,846)	(2,195,846)
-	(2,118,609)	(2,118,609)
-	38,245	38,245
<u>-</u>	<u>(5,890,833)</u>	<u>(5,890,833)</u>
<u>(8,157,644)</u>	<u>(5,890,833)</u>	<u>(14,048,477)</u>
1,602,636	-	1,602,636
797,932	-	797,932
42,235	-	42,235
240,283	-	240,283
721,574	-	721,574
1,098,908	41,466	1,140,374
203,469	577,189	780,658
122,270	566,375	688,645
(35,000)	35,000	-
<u>4,794,307</u>	<u>1,220,030</u>	<u>6,014,337</u>
(3,363,337)	(4,670,803)	(8,034,140)
<u>64,176,822</u>	<u>83,863,869</u>	<u>148,040,691</u>
<u>\$ 60,813,485</u>	<u>\$ 79,193,066</u>	<u>\$ 140,006,551</u>

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Basic Financial Statements

- **Fund Financial Statements**

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CITY OF SHASTA LAKE
Balance Sheet
Governmental Funds
June 30, 2023

	<u>General</u>	<u>Grant</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
ASSETS				
Cash and investments	\$ 6,133,505	\$ 1,553,474	\$ 5,486,426	\$ 13,173,405
Cash with fiscal agent	1,214,427	-	-	1,214,427
Receivables:				
Accounts, net	46,119	-	-	46,119
Interest	16,975	10,609	25,380	52,964
Taxes	419,114	-	133,031	552,145
Intergovernmental	27,931	329,223	67,435	424,589
Assessments	-	-	2,142,000	2,142,000
Deposits	4,428	-	-	4,428
Due from other funds	269,746	-	-	269,746
Restricted cash and investments	-	-	278,557	278,557
Loans receivable	-	-	3,821,418	3,821,418
Land held for resale	-	-	534,984	534,984
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ 8,132,245	\$ 1,893,306	\$ 12,489,231	\$ 22,514,782
LIABILITIES				
Accounts payable	\$ 802,518	\$ 79,334	\$ 25,973	\$ 907,825
Salaries and benefits payable	260,588	-	-	260,588
Deposits payable	646,955	-	-	646,955
Due to other funds	-	-	178,450	178,450
Advances from other funds	78,081	-	-	78,081
Unearned revenues	61,037	2,588,096	-	2,649,133
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	1,849,179	2,667,430	204,423	4,721,032
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	19,339	259,644	67,435	346,418
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	19,339	259,644	67,435	346,418
FUND BALANCES				
Restricted	688,715	-	12,229,813	12,918,528
Unassigned	5,575,012	(1,033,768)	(12,440)	4,528,804
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	6,263,727	(1,033,768)	12,217,373	17,447,332
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 8,132,245	\$ 1,893,306	\$ 12,489,231	\$ 22,514,782

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, 2023

Total Fund Balance - Total Governmental Funds	\$ 17,447,332
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.	54,736,373
Other long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable revenues in the governmental funds.	346,418
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.	(198,395)
Deferred outflows of resources related to pension and OPEB are not reported in the governmental funds.	3,278,496
Deferred inflows of resources related to pension and OPEB are not reported in the governmental funds.	(1,627,361)
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	
Revenue bonds payable	(2,121,775)
Special assessment bonds payable	(22,000)
Certificates of participation, less unamortized discount of \$241,180	(10,562,820)
Compensated absences	(173,159)
Net pension liability	(563,789)
Net OPEB liability	(306,935)
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>581,100</u>
Net Position of Governmental Activities	<u><u>\$ 60,813,485</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, 2023

	General	Grant	Other Governmental Funds	Totals
REVENUES				
Taxes and assessments	\$ 3,296,558	\$ -	\$ 35,225	\$ 3,331,783
Licenses and permits	268,650	-	-	268,650
Fines and forfeitures	12,171	-	-	12,171
Use of money and property	97,331	28,697	77,441	203,469
Intergovernmental	1,125,482	270,979	2,114,090	3,510,551
Charges for services	4,480,406	-	107,252	4,587,658
Other revenues	111,842	-	10,428	122,270
Total Revenues	9,392,440	299,676	2,344,436	12,036,552
EXPENDITURES				
Current:				
General government	2,909,134	1,276,557	27,697	4,213,388
Public safety	3,949,577	-	100,000	4,049,577
Public ways and facilities	130,967	-	901,881	1,032,848
Planning	714,753	-	-	714,753
Culture and recreation	352,461	-	-	352,461
Community development	-	-	216,869	216,869
Debt service:				
Principal	416,000	-	132,000	548,000
Interest and other charges	363,276	-	99,555	462,831
Capital outlay	83,103	2,127	90,113	175,343
Total Expenditures	8,919,271	1,278,684	1,568,115	11,766,070
Excess of Revenues Over (Under) Expenditures	473,169	(979,008)	776,321	270,482
OTHER FINANCING SOURCES (USES)				
Transfers in	25,721	-	187,140	212,861
Transfers out	-	-	(247,861)	(247,861)
Total Other Financing Sources (Uses)	25,721	-	(60,721)	(35,000)
Net Change in Fund Balances	498,890	(979,008)	715,600	235,482
Fund Balances - Beginning	5,764,837	(54,760)	11,501,773	17,211,850
Fund Balances - Ending	\$ 6,263,727	\$ (1,033,768)	\$ 12,217,373	\$ 17,447,332

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, 2023

Net Change in Fund Balances - Total Governmental Funds	\$ 235,482
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	175,343
Less current year depreciation	(1,483,095)
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	548,000
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	(209,079)
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	(568,165)
Change in deferred inflows of resources related to pension	365,161
Change in deferred outflows of resources related to OPEB	424,019
Change in deferred inflows of resources related to OPEB	363,274
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	(14,198)
Change in net pension liability	(2,376,540)
Change in net OPEB liability	(733,797)
Change in accrued interest on long-term debt	6,661
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.	
	<u>(82,216)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (3,363,337)</u></u>

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, 2023

	Business-Type Activities - Enterprise Funds			
	Major Funds			Nonmajor
	Water	Electric	Wastewater	Industrial Park
ASSETS				
Current Assets:				
Cash and investments	\$ 4,890,050	\$ 27,128,145	\$ 5,941,011	\$ -
Receivables:				
Accounts, net	545,927	5,027,903	435,180	-
Interest	27,045	143,955	31,638	-
Taxes	-	-	-	2,480
Assessments	-	-	-	560,001
Deposits	-	853,738	-	-
Prepaid costs	11,140	75,658	-	-
Inventory	4,108	472,092	-	-
Total Current Assets	5,478,270	33,701,491	6,407,829	562,481
Noncurrent Assets:				
Advances to other funds	-	149,294	-	-
Capital assets:				
Non-depreciable	676,909	4,809,633	646,759	1,392,696
Depreciable, net	10,616,344	6,642,370	26,102,387	-
Total Noncurrent Assets	11,293,253	11,601,297	26,749,146	1,392,696
Total Assets	16,771,523	45,302,788	33,156,975	1,955,177
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension adjustments	675,634	2,475,308	633,620	-
Deferred OPEB adjustments	109,728	243,377	120,994	-
Total Deferred Outflows of Resources	785,362	2,718,685	754,614	-

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

Totals	Governmental/ Business-Type Activities Internal Service Funds
\$ 37,959,206	\$ 2,054,048
6,009,010	14,433
202,638	9,400
2,480	-
560,001	-
853,738	-
86,798	-
476,200	-
46,150,071	2,077,881
149,294	-
7,525,997	-
43,361,101	1,031,834
51,036,392	1,031,834
97,186,463	3,109,715
3,784,562	1,500,015
474,099	306,344
4,258,661	1,806,359

CITY OF SHASTA LAKE
Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-Type Activities - Enterprise Funds			
	Major Funds			Nonmajor
	Water	Electric	Wastewater	Industrial Park
LIABILITIES				
Current Liabilities:				
Accounts payable	484,050	4,173,463	43,449	-
Retentions payable	29,185	64,188	-	-
Salaries and benefits payable	9,161	31,278	8,505	-
Deposits payable	8,280	-	-	-
Due to other funds	-	-	-	91,296
Interest payable	33,549	-	57,368	9,800
Compensated absences payable	20,633	84,071	30,855	-
Loans payable	186,926	-	398,114	-
Bonds payable	-	-	-	45,000
Total Current Liabilities	771,784	4,353,000	538,291	146,096
Noncurrent Liabilities:				
Compensated absences payable	20,633	84,071	30,855	-
Advances from other funds	12,865	-	12,954	-
Loans payable	2,470,457	-	13,100,228	-
Bonds payable	-	-	-	515,000
Net pension liability	151,418	554,749	142,002	-
Net OPEB liability	44,149	97,923	48,682	-
Total Noncurrent Liabilities	2,699,522	736,743	13,334,721	515,000
Total Liabilities	3,471,306	5,089,743	13,873,012	661,096
DEFERRED INFLOWS OF RESOURCES				
Deferred pension adjustments	285,627	1,046,447	267,866	-
Deferred OPEB adjustments	81,106	179,892	89,433	-
Total Deferred Inflows of Resources	366,733	1,226,339	357,299	-
NET POSITION				
Net investment in capital assets	8,635,870	11,452,003	13,250,804	832,696
Restricted	-	-	627,586	-
Unrestricted	5,082,976	30,253,388	5,802,888	461,385
Total Net Position	\$ 13,718,846	\$ 41,705,391	\$ 19,681,278	\$ 1,294,081

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
4,700,962	30,597
93,373	-
48,944	26,237
8,280	-
91,296	-
100,717	-
135,559	59,636
585,040	-
45,000	-
5,809,171	116,470
135,559	59,636
25,819	45,394
15,570,685	-
515,000	-
848,169	336,173
190,754	123,259
17,285,986	564,462
23,095,157	680,932
1,599,940	634,138
350,431	226,434
1,950,371	860,572
34,171,373	1,031,834
627,586	-
41,600,637	2,342,736
76,399,596	\$ 3,374,570
2,006,973	
\$ 78,406,569	

CITY OF SHASTA LAKE
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds			
	Major Funds			Nonmajor
	Water	Electric	Wastewater	Industrial Park
OPERATING REVENUES				
Charges for services	\$ 3,856,737	\$ 36,860,009	\$ 3,649,271	\$ -
Other revenues	54,767	511,608	-	-
Total Operating Revenues	<u>3,911,504</u>	<u>37,371,617</u>	<u>3,649,271</u>	<u>-</u>
OPERATING EXPENSES				
Salaries and benefits	2,248,738	4,830,283	2,137,182	-
Administration	646,063	3,421,543	635,883	7,226
Power and water	391,565	27,623,390	361,114	-
Insurance	84,571	182,352	94,299	319
Supplies	77,874	81,567	24,081	-
Repair and maintenance	491,116	1,158,335	266,911	-
Professional services	77,336	55,300	98,171	400
Depreciation	631,818	633,103	1,280,761	-
Other expense	10,451	1,045,200	5,975	-
Total Operating Expenses	<u>4,659,532</u>	<u>39,031,073</u>	<u>4,904,377</u>	<u>7,945</u>
Operating Income (Loss)	<u>(748,028)</u>	<u>(1,659,456)</u>	<u>(1,255,106)</u>	<u>(7,945)</u>
NON-OPERATING REVENUES (EXPENSES)				
Assessment revenue	-	-	-	75,940
Intergovernmental	-	38,130	-	-
Interest income	73,154	393,031	85,574	-
Interest expense	(89,810)	-	(234,781)	(29,750)
Total Non-Operating Revenues (Expenses)	<u>(16,656)</u>	<u>431,161</u>	<u>(149,207)</u>	<u>46,190</u>
Income (Loss) Before Capital Contributions and Transfers	<u>(764,684)</u>	<u>(1,228,295)</u>	<u>(1,404,313)</u>	<u>38,245</u>
Transfers in	-	-	35,000	-
Change in Net Position	<u>(764,684)</u>	<u>(1,228,295)</u>	<u>(1,369,313)</u>	<u>38,245</u>
Total Net Position - Beginning	<u>14,483,530</u>	<u>42,933,686</u>	<u>21,050,591</u>	<u>1,255,836</u>
Total Net Position - Ending	<u>\$ 13,718,846</u>	<u>\$ 41,705,391</u>	<u>\$ 19,681,278</u>	<u>\$ 1,294,081</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.

Totals	Governmental/ Business-Type Activities Internal Service Funds
\$ 44,366,017	\$ 3,437,978
566,375	24,586
44,932,392	3,462,564
9,216,203	3,648,768
4,710,715	738,804
28,376,069	-
361,541	24,693
183,522	45,978
1,916,362	195,861
231,207	22,555
2,545,682	242,530
1,061,626	-
48,602,927	4,919,189
(3,670,535)	(1,456,625)
75,940	-
38,130	3,336
551,759	25,430
(354,341)	(1,113)
311,488	27,653
(3,359,047)	(1,428,972)
35,000	-
(3,324,047)	(1,428,972)
	4,803,542
	\$ 3,374,570
25,356	
\$ (3,298,691)	

CITY OF SHASTA LAKE
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds			
	Major Funds			Nonmajor
	Water	Electric	Wastewater	Industrial Park
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 3,876,657	\$ 34,854,759	\$ 3,653,638	\$ -
Receipts from interfund services	-	-	-	-
Payments to suppliers	(1,516,264)	(30,132,287)	(1,529,950)	(7,945)
Payments to employees	(1,721,681)	(2,360,864)	(1,495,193)	-
Net Cash Provided by Operating Activities	<u>638,712</u>	<u>2,361,608</u>	<u>628,495</u>	<u>(7,945)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers from other funds	-	-	35,000	-
Interfund loans received	-	-	-	91,296
Interfund loans repaid	(12,613)	-	(12,701)	(96,791)
Interfund loans repayments received	-	146,367	-	-
Grants, assessments, and other receipts	-	38,130	-	83,890
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(12,613)</u>	<u>184,497</u>	<u>22,299</u>	<u>78,395</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(683,182)	(1,661,761)	(54,990)	-
Principal paid on debt	(181,429)	-	(391,459)	(40,000)
Interest paid on debt	(92,101)	-	(236,445)	(30,450)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(956,712)</u>	<u>(1,661,761)</u>	<u>(682,894)</u>	<u>(70,450)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	66,297	356,676	77,685	-
Net Cash Provided by Investing Activities	<u>66,297</u>	<u>356,676</u>	<u>77,685</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(264,316)	1,241,020	45,585	-
Balances - Beginning	<u>5,154,366</u>	<u>25,887,125</u>	<u>5,895,426</u>	<u>-</u>
Balances - Ending	<u>\$ 4,890,050</u>	<u>\$ 27,128,145</u>	<u>\$ 5,941,011</u>	<u>\$ -</u>

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

Totals	Governmental/ Business-Type Activities Internal Service Funds
\$ 42,385,054	\$ 24,586
-	3,424,555
(33,186,446)	(1,034,492)
(5,577,738)	(2,082,458)
3,620,870	332,191
35,000	-
91,296	-
(122,105)	(44,502)
146,367	-
122,020	3,336
272,578	(41,166)
(2,399,933)	(377,155)
(612,888)	-
(358,996)	(1,113)
(3,371,817)	(378,268)
500,658	23,536
500,658	23,536
1,022,289	(63,707)
36,936,917	2,117,755
\$ 37,959,206	\$ 2,054,048

CITY OF SHASTA LAKE
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	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)	\$ (748,028)	\$ (1,659,456)	\$ (1,255,106)	\$ (7,945)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	631,818	633,103	1,280,761	-
Decrease (increase) in:				
Accounts receivable	(32,247)	(2,516,858)	4,367	-
Deposits	-	601,495	-	-
Prepaid costs	1,420	931	-	-
Inventory	-	(6,122)	-	-
Pension adjustment - deferred outflows	42,332	585,633	126,531	-
OPEB adjustment - deferred outflows	(8,132)	(81,269)	(120,994)	-
Increase (decrease) in:				
Accounts payable	388,568	3,473,612	(41,894)	-
Salaries and benefits payable	(13,531)	(60,422)	(15,033)	-
Due to other governments	(127,276)	(634,516)	(1,622)	-
Deposits payable	(2,600)	-	-	-
Compensated absences	4,668	4,570	8,824	-
Net pension liability	573,459	2,354,058	588,841	-
Net OPEB liability	172,140	302,147	48,682	-
Pension adjustment - deferred inflows	(46,991)	(371,619)	(84,295)	-
OPEB adjustment - deferred inflows	(196,888)	(263,679)	89,433	-
Net Cash Provided by Operating Activities	\$ 638,712	\$ 2,361,608	\$ 628,495	\$ (7,945)

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

Totals	Governmental/ Business-Type Activities Internal Service Funds
\$ (3,670,535)	\$ (1,456,625)
2,545,682	242,530
(2,544,738)	(13,423)
601,495	-
2,351	-
(6,122)	-
754,496	477,964
(210,395)	(17,686)
3,820,286	328
(88,986)	(45,384)
(763,414)	(6,929)
(2,600)	-
18,062	11,246
3,516,358	1,498,886
522,969	486,910
(502,905)	(282,216)
(371,134)	(563,410)
\$ 3,620,870	\$ 332,191

CITY OF SHASTA LAKE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Private Purpose Trust Fund (Successor Agency)	Custodial Fund (Community Facilities District)	Total Fiduciary Funds
ASSETS			
Current Assets:			
Cash and investments	\$ 549,338	\$ 465,480	\$ 1,014,818
Receivables:			
Interest	1,450	2,121	3,571
Taxes	-	593	593
Total Current Assets	<u>550,788</u>	<u>468,194</u>	<u>1,018,982</u>
Noncurrent Assets:			
Land held for resale	484	-	484
Total Noncurrent Assets	<u>484</u>	<u>-</u>	<u>484</u>
Total Assets	<u>551,272</u>	<u>468,194</u>	<u>1,019,466</u>
LIABILITIES			
Current Liabilities:			
Interest payable	4,680	-	4,680
Unearned revenues	391,078	-	391,078
Loans payable	360,000	-	360,000
Total Current Liabilities	<u>755,758</u>	<u>-</u>	<u>755,758</u>
Noncurrent Liabilities:			
Loans payable	1,160,000	-	1,160,000
Total Noncurrent Liabilities	<u>1,160,000</u>	<u>-</u>	<u>1,160,000</u>
Total Liabilities	<u>1,915,758</u>	<u>-</u>	<u>1,915,758</u>
NET POSITION			
Restricted for:			
Successor Agency to the Redevelopment Agency	(1,364,486)	-	(1,364,486)
Individuals, organizations, and other governments	-	468,194	468,194
Total Net Position	<u>\$ (1,364,486)</u>	<u>\$ 468,194</u>	<u>\$ (896,292)</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, 2023

	Private Purpose Trust Fund (Successor Agency)	Custodial Fund (Community Facilities District)	Total Fiduciary Funds
ADDITIONS			
Taxes and assessments	\$ 412,781	\$ 72,769	\$ 485,550
Interest income	3,921	5,737	9,658
Total Additions	<u>416,702</u>	<u>78,506</u>	<u>495,208</u>
DEDUCTIONS			
Administrative expenses	4,486	-	4,486
Distribution of funds held for others	-	43,318	43,318
Interest expense	63,344	-	63,344
Total Deductions	<u>67,830</u>	<u>43,318</u>	<u>111,148</u>
Net Increase (Decrease) in Fiduciary Net Position	348,872	35,188	384,060
Total Net Position - Beginning	<u>(1,713,358)</u>	<u>433,006</u>	<u>(1,280,352)</u>
Total Net Position - Ending	<u><u>\$ (1,364,486)</u></u>	<u><u>\$ 468,194</u></u>	<u><u>\$ (896,292)</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, 2023

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, 2023

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, 2023

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 Grant fund is a special revenue fund used to account for the various grant programs of the City. 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.

C. Basis of Accounting and Measurement Focus

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

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting and Measurement Focus (Continued)

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

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

Fiduciary funds include 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.

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

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Investments (Continued)

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

G. Restricted Cash and Investments

Restricted assets in the governmental funds represent cash and investments held in the Wastewater Treatment Debt fund for debt service of \$278,557.

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, 2023, the allowance for doubtful accounts was \$7,874.

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, 2023, the allowance for doubtful accounts was \$70,865.

I. Other Assets

Deposits

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

Inventory

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

Inventories are stated at cost using the first-in, first-out method for proprietary funds. Inventory recorded by the proprietary funds includes electric power equipment. Proprietary fund inventories are recorded as expenses when consumed.

Prepaid Items

Payments made for services that will benefit periods beyond June 30, 2023, 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.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Loans Receivable

A total of \$3,821,418 was recorded as loans receivable at June 30, 2023. These represent low interest notes and related accrued interest to finance multi-family and single-family construction and rehabilitation projects and homebuyer assistance for low-income families. Loan terms are 15 to 55 years with an interest rate at 0 to 5 percent. The primary source of funding for these loans comes from grants from the Federal Community Development Block Grant (CDBG) program and Home Investment Partnerships (HOME) program and the State CalHome program. The CDBG, HOME and CalHome grants contain monitoring requirements to ensure grant compliance. These requirements are reflected in the loan agreements.

K. Land Held for Resale

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

L. Capital Assets

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

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

<u>Depreciable Asset</u>	<u>Estimated Lives</u>
Electric, water and wastewater system assets	20 to 50 years
Other system assets	20 to 33 years
Buildings	33 years
Equipment	5 to 10 years
Infrastructure	20 to 50 years

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

M. Property Tax

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

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Property Tax (Continued)

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

The City recognizes property taxes when the individual installments are due provided they are collected within 60 days after year-end.

N. Interfund Transactions

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

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

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

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

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

O. Unearned Revenue

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

P. 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.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Compensated Absences (Continued)

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.

Q. 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, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

R. 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.

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, 2021
Measurement Date	June 30, 2022
Measurement Period	June 30, 2021 to June 30, 2022

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. 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 City 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.

T. 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.

U. 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. 91, Conduit Debt Obligations. This statement improves the comparability of financial reporting for issuers by eliminating the option to recognize a liability for a conduit debt obligation.

Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. This statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions.

Statement No. 96, Subscription-Based Information Technology Arrangements. This statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The definition and uniform guidance will result in greater consistency in practice.

Statement No. 99, Omnibus 2022. This statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. Future Accounting Pronouncements

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

Statement No. 99 “Omnibus 2022” The requirements of this statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023. (FY 23/24)

Statement No. 100 “Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62” The requirements of this statement are effective for fiscal years beginning after June 15, 2023. (FY 23/24)

Statement No. 101 “Compensated Absences” The requirements of this statement are effective for fiscal years beginning after December 15, 2023. (FY 24/25)

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Balance

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

- The Grant fund had a fund balance deficit of \$1,033,768, 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 \$12,440, which is expected to be eliminated in future years through increased charges for services.

B. Rebatable Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. During the current year, the City performed calculations of excess investment earnings on various bonds and financing and at June 30, 2023, does not expect to incur a liability.

NOTE 3: CASH AND INVESTMENTS

A. Financial Statement Presentation

As of June 30, 2023, the City’s cash and investments are reported in the financial statements as follows:

Governmental activities	\$ 14,666,389
Business-type activities	40,013,254
Fiduciary funds	<u>1,014,818</u>
Total Cash and Investments	<u>\$ 55,694,461</u>

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

A. Financial Statement Presentation (Continued)

As of June 30, 2023, the City's cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 2,072
Deposits (less outstanding checks)	1,766,845
Cash with fiscal agent	<u>1,214,427</u>
Total Cash	<u>2,983,344</u>
Investments:	
In City's pool	<u>52,711,117</u>
Total Investments	<u>52,711,117</u>
Total Cash and Investments	<u>\$ 55,694,461</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 \$2,981,272 and the bank balance was \$2,931,993. 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, 2023

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, 2023, 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	\$ 7,055,858	\$ 7,055,858	\$ -	\$ -
U.S. Treasuries	13,254,829	13,254,829	-	-
Collateralized Mortgage Obligations	1,998,549	1,998,549	-	-
Corporate Medium-Term Notes	8,260,512	8,260,512	-	-
Asset-Backed Securities	2,088,156	2,088,156	-	-
Supranationals	<u>353,306</u>	<u>353,306</u>	-	-
Total Investments Measured at Fair Value	33,011,210	<u>\$33,011,210</u>	<u>\$ -</u>	<u>\$ -</u>
Investments in External Investment Pools				
Shasta County Investment Pool	278,557			
LAIF	<u>19,421,350</u>			
Total Investments	<u>\$ 52,711,117</u>			

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

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, 2023, 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	0.125-4.500%	\$ 3,759,962	\$ 3,295,896	\$ 7,055,858	1.32
U.S. Treasury	0.125-3.250%	2,678,489	10,576,340	13,254,829	1.84
Collateralized Mortgage Obligations	2.745-3.850%	289,747	1,708,802	1,998,549	3.38
Corporate Medium-Term Notes	0.350-4.600%	1,989,440	6,271,072	8,260,512	1.82
Asset-Backed Securities	0.260-3.390%	1,366	2,086,790	2,088,156	3.12
Supranationals	0.500%	353,306	-	353,306	1.24
Shasta County Investment Pool	Variable	278,557	-	278,557	-
LAIF	Variable	19,421,350	-	19,421,350	-
Total Investments		<u>\$28,772,217</u>	<u>\$23,938,900</u>	<u>\$52,711,117</u>	<u>1.18</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, 2023

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	-	-	-	2.22%
Federal Farm Credit Bank	-	-	-	3.25%
Federal Home Loan Bank	-	-	-	5.44%
Federal Home Loan Mortgage Corporation	-	-	-	2.48%
U.S. Treasury	-	-	-	25.15%
Collateralized Mortgage Obligations	-	-	-	3.79%
Corporate Medium-Term Notes	A	A	A1	2.36%
Corporate Medium-Term Notes	A	A+	A1	1.26%
Corporate Medium-Term Notes	A	A-	A1	0.67%
Corporate Medium-Term Notes	A	AA	A1	0.76%
Corporate Medium-Term Notes	A	A	A2	3.55%
Corporate Medium-Term Notes	A	A-	A2	2.44%
Corporate Medium-Term Notes	A	A+	A2	0.73%
Corporate Medium-Term Notes	A	A	A3	0.64%
Corporate Medium-Term Notes	A	A+	A3	0.73%
Corporate Medium-Term Notes	A	A+	AA2	0.56%
Corporate Medium-Term Notes	A	AA	AA2	0.63%
Corporate Medium-Term Notes	A	A	AA3	0.45%
Corporate Medium-Term Notes	A	A+	AA3	0.45%
Corporate Medium-Term Notes	A	AA+	AAA	0.44%
Asset-Backed Securities	A	AAA	AAA	1.00%
Asset-Backed Securities	A	NR	AAA	0.96%
Asset-Backed Securities	A	AAA	NR	2.00%
Supranationals	A	AAA	Aaa	0.67%
Shasta County Investment Pool	N/A	NR	NR	0.53%
LAIF	N/A	NR	NR	<u>36.84%</u>
Total				<u>100.00%</u>

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

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. The City's investment policy contains limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) at June 30, 2023, 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 Home Loan Bank	\$ 2,868,786	5.44%

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

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, 2023, the City's investment in LAIF valued at amortized cost was \$19,421,350 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 \$176.4 billion. Of that amount, 97.22 percent is invested in non-derivative financial products and 2.78 percent in structured notes and asset-backed securities.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Additions	Retirements	Transfers/ Adjustments	Balance June 30, 2023
Governmental Activities					
Capital Assets, Not Being Depreciated					
Land, easements, and right of way	\$ 3,808,336	\$ -	\$ -	\$ -	\$ 3,808,336
Construction in progress	2,172,941	175,343	-	(1,832,504)	515,780
Total Capital Assets, Not Being Depreciated	5,981,277	175,343	-	(1,832,504)	4,324,116
Capital Assets, Being Depreciated					
Infrastructure and land improvements	57,472,641	-	-	1,832,504	59,305,145
Buildings and improvements	16,153,862	-	-	-	16,153,862
Machinery and equipment	758,063	-	-	-	758,063
Vehicles	34,571	-	-	-	34,571
Total Capital Assets, Being Depreciated	74,419,137	-	-	1,832,504	76,251,641
Less Accumulated Depreciation For:					
Infrastructure and land improvements	(20,492,971)	(1,002,664)	-	3,215	(21,492,420)
Building and improvements	(3,205,804)	(434,192)	-	(3,215)	(3,643,211)
Machinery and equipment	(622,943)	(46,239)	-	-	(669,182)
Vehicles	(34,571)	-	-	-	(34,571)
Total Accumulated Depreciation	(24,356,289)	(1,483,095)	-	-	(25,839,384)
Total Capital Assets, Being Depreciated, Net	50,062,848	(1,483,095)	-	1,832,504	50,412,257
Governmental Activities Capital Assets, Net	\$ 56,044,125	(\$1,307,752)	\$ -	\$ -	\$ 54,736,373

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 4: CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2022	Additions	Retirements	Transfers/ Adjustments	Balance June 30, 2023
Business-Type Activities					
Capital Assets, Not Being Depreciated					
Land	\$ 1,837,377	\$ -	\$ -	\$ -	\$ 1,837,377
Construction in progress	4,721,738	2,508,083	(106,456)	(1,434,745)	5,688,620
Total Capital Assets, Not Being Depreciated	<u>6,559,115</u>	<u>2,508,083</u>	<u>(106,456)</u>	<u>(1,434,745)</u>	<u>7,525,997</u>
Capital Assets, Being Depreciated					
General and utility plant	94,812,869	77,400	-	1,379,754	96,270,023
Buildings and improvements	1,518,124	-	-	54,991	1,573,115
Equipment and vehicles	4,274,290	383,577	-	-	4,657,867
Total Capital Assets, Being Depreciated	<u>\$100,605,283</u>	<u>460,977</u>	<u>-</u>	<u>1,434,745</u>	<u>102,501,005</u>
Less Accumulated Depreciation For:					
General and utility plant	(50,944,062)	(2,496,705)	-	-	(53,440,767)
Building and improvements	(815,880)	(46,076)	-	-	(861,956)
Equipment and vehicles	(3,559,916)	(245,431)	-	-	(3,805,347)
Total Accumulated Depreciation	<u>(55,319,858)</u>	<u>(2,788,212)</u>	<u>-</u>	<u>-</u>	<u>(58,108,070)</u>
Total Capital Assets, Being Depreciated, Net	<u>45,285,425</u>	<u>(2,327,235)</u>	<u>-</u>	<u>1,434,745</u>	<u>44,392,935</u>
Governmental Activities					
Capital Assets, Net	<u>\$ 51,844,540</u>	<u>\$ 180,848</u>	<u>(\$ 106,456)</u>	<u>\$ -</u>	<u>\$ 51,918,932</u>

Depreciation

Depreciation expense was charged to governmental activities as follows:

General government	\$ 180,017
Public safety	7,917
Public ways and facilities	1,212,825
Culture and recreation	<u>82,336</u>
Total Depreciation and Expense – Governmental Activities	<u>\$ 1,483,095</u>

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

Water	\$ 631,818
Electric	633,103
Wastewater	1,280,761
Internal Service Funds	<u>242,530</u>
Total Depreciation Expense – Business-Type Activities	<u>\$ 2,788,212</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, 2023

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, 2023:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General fund	\$ 269,746	\$ -
Nonmajor governmental funds	-	178,450
Nonmajor enterprise funds	-	91,296
Total	<u>\$ 269,746</u>	<u>\$ 269,746</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, 2023:

	<u>Advances To Other Funds</u>	<u>Advances From Other Funds</u>
General fund	\$ -	\$ 78,081
Water	-	12,865
Electric	149,294	-
Wastewater	-	12,954
Internal service funds	-	45,394
Total	<u>\$ 149,294</u>	<u>\$ 149,294</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, 2023:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 25,721	\$ -
Nonmajor governmental funds	187,140	247,861
Wastewater	35,000	-
Total	<u>\$ 247,861</u>	<u>\$ 247,861</u>

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 6: UNEARNED/UNAVAILABLE REVENUES

At June 30, 2023, 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	\$ 61,037	\$ -	\$ 61,037
Grants receivable	-	19,339	19,339
Grant Fund			
Grants Receivable	-	259,644	259,644
Nonmajor Governmental Funds			
ARPA Funds	2,393,097	-	2,393,097
Grants received in advance	194,999	-	194,999
Grants receivable	<u>-</u>	<u>67,435</u>	<u>67,435</u>
Total	<u>\$ 2,649,133</u>	<u>\$ 346,418</u>	<u>\$ 2,995,551</u>

NOTE 7: LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2023:

<u>Type of Indebtedness</u>	<u>Balance</u> <u>July 1, 2022</u>	<u>Adjustments/</u> <u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Governmental Activities					
Revenue Bonds	\$ 2,251,775	\$ -	(\$ 130,000)	\$ 2,121,775	\$ 139,000
Special Assessment Bonds	24,000	-	(2,000)	22,000	2,000
Certificates of Participation	11,220,000	-	(416,000)	10,804,000	427,000
Unamortized Discount	<u>(255,367)</u>	<u>-</u>	<u>14,187</u>	<u>(241,180)</u>	<u>(14,187)</u>
Certificates of Participation, Net	10,964,633	-	(401,813)	10,562,820	412,813
Compensated Absences	<u>158,961</u>	<u>130,326</u>	<u>(116,128)</u>	<u>173,159</u>	<u>86,579</u>
Total Governmental Activities	<u>\$ 13,399,369</u>	<u>\$ 130,326</u>	<u>(\$ 649,941)</u>	<u>\$ 12,879,754</u>	<u>\$ 640,392</u>
Business-Type Activities					
Loans	\$ 16,728,613	\$ -	(\$ 572,888)	\$ 16,155,725	\$ 585,040
Special Assessment Bonds	600,000	-	(40,000)	560,000	45,000
Compensated Absences	<u>361,082</u>	<u>326,865</u>	<u>(297,557)</u>	<u>390,390</u>	<u>195,195</u>
Total Business-Type Activities	<u>\$ 17,689,695</u>	<u>\$ 326,865</u>	<u>(\$ 910,445)</u>	<u>\$ 17,106,115</u>	<u>\$ 825,235</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, 2023

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

Individual issues of debt payable outstanding at June 30, 2023, 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. 1,885,000

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. 236,775

Total Revenue Bonds 2,121,775

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. 22,000

Total Special Assessment Bonds 22,000

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. 2,334,000

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. 8,470,000

Total Certificates of Participation 10,804,000

Total Governmental Activities \$ 12,947,775

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

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. \$ 2,657,382

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. 13,498,343

Total Loans 16,155,725

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. 560,000

Total Special Assessment Bonds 560,000

Total Business-Type Activities \$ 16,715,725

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>
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	164,000	65,250	229,250
2029-2033	930,000	206,685	1,136,685
2034-2035	<u>438,775</u>	<u>19,890</u>	<u>458,665</u>
Total	<u>\$ 2,121,775</u>	<u>\$ 621,878</u>	<u>\$ 2,743,653</u>

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued)

Year Ended June 30	Special Assessment Bonds		
	Principal	Interest	Total
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	4,000	250	4,250
2029-2030	<u>7,000</u>	<u>75</u>	<u>7,075</u>
Total	<u>\$ 22,000</u>	<u>\$ 3,100</u>	<u>\$ 25,100</u>

Year Ended June 30	Certificates of Participation		
	Principal	Interest	Total
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	472,000	301,803	773,803
2029-2033	2,589,000	1,275,419	3,864,419
2034-2038	3,065,000	790,470	3,855,470
2039-2043	1,580,000	361,598	1,941,598
2044-2048	372,000	191,717	563,717
2049-2053	436,000	127,269	563,269
2054-2058	<u>516,000</u>	<u>51,674</u>	<u>567,674</u>
Total	<u>\$ 10,804,000</u>	<u>\$ 4,433,733</u>	<u>\$ 15,237,733</u>

Business-Type Activities

Year Ended June 30	Loans		
	Principal	Interest	Total
2024	\$ 585,040	\$ 307,159	\$ 892,199
2025	597,471	294,641	892,112
2026	610,190	281,834	892,024
2027	623,202	268,731	891,933
2028	636,516	255,323	891,839
2029-2033	3,393,360	1,064,325	4,457,685
2034-2038	2,949,067	716,001	3,665,068
2039-2043	2,651,898	486,030	3,137,928
2044-2048	2,885,104	252,823	3,137,927
2049-2050	<u>1,223,877</u>	<u>31,296</u>	<u>1,255,173</u>
Total	<u>\$ 16,155,725</u>	<u>\$ 3,958,163</u>	<u>\$ 20,113,888</u>

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

Business-Type Activities (Continued)

Year Ended June 30	Special Assessment Bonds		
	Principal	Interest	Total
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	55,000	17,982	72,982
2028-2032	315,000	43,183	358,183
Total	\$ 560,000	\$ 159,342	\$ 719,342

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 \$13,337,035 of restricted net position, of which \$4,392,636 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, 2023

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, 2023

NOTE 9: FUND BALANCES (CONTINUED)

The fund balances for all major and nonmajor governmental funds as of June 30, 2023, were distributed as follows:

	General Fund	Grant Fund	Other Governmental Funds	Totals
Restricted for:				
HOME	\$ -	\$ -	\$ 4,498,318	\$ 4,498,318
Wastewater treatment debt	-	-	2,867,554	2,867,554
Law enforcement fund (COPS)	-	-	11,491	11,491
Water P&FCC charges	-	-	477,512	477,512
State trafficway	-	-	2,250,636	2,250,636
Electric P&FCC charges	-	-	332,717	332,717
CDBG housing rehabilitation	-	-	177,842	177,842
CDBG projects	-	-	156,669	156,669
Parks P&FCC charges	-	-	327,972	327,972
Former RDA low/moderate	-	-	1,099,125	1,099,125
Debt service	688,715	-	29,977	718,692
Subtotal	688,715	-	12,229,813	12,918,528
Unassigned	5,575,012	(1,033,768)	(12,440)	4,528,804
Total	\$ 6,263,727	(\$ 1,033,768)	\$ 12,217,373	\$ 17,447,332

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, 2023

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 Plan 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 tier (i.e., Miscellaneous). 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, 2023, 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, 2023

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	9.120%	7.000%	0.000%
Miscellaneous PEPRA	7.470%	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	\$ 571,058	\$ -

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

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 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, 2022 and 2023 measurement dates was as follows:

	<u>Proportion June 30, 2022</u>	<u>Proportion June 30, 2023</u>	<u>Change- Increase (Decrease)</u>
Miscellaneous	-0.29722%	0.03736%	0.33458%

As of June 30, 2023, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

Miscellaneous	<u>\$ 1,748,131</u>
Total Net Pension Liability (Asset)	<u>\$ 1,748,131</u>

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 10: PENSION PLAN (CONTINUED)

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

For the year ended June 30, 2023, the City recognized pension expense of \$8,659,876. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 617,749	\$ -
Change in assumptions	179,133	-
Difference between expected and actual experience	35,106	(23,512)
Difference between projected and actual earnings on pension plan investments	320,211	-
Difference between City contributions and proportionate share of contributions.	1,611,576	(1,725,980)
Amortization due to differences in proportions	5,036,448	(1,548,086)
Total	\$ 7,800,223	(\$ 3,297,578)

\$617,749 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, 2024. 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>	
2024	\$ 1,445,506
2025	1,347,167
2026	896,372
2027	195,851
Thereafter	-
Total	\$ 3,884,896

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Investment Rate of Return	6.90%
Inflation	2.30%
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 2.30% 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, 2023

NOTE 10: PENSION PLAN (CONTINUED)

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

Actuarial Assumptions (Continued)

The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80 percent of Scale MP-2020 published by the Society of Actuaries. For more details, please refer to the CalPERS 2021 experience study that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability for PERFC was 6.90 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

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations, as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long-term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

The expected real rates of return by asset class are as follows:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10 (1, 2)</u>
Global Equity – Cap-Weighted	30.0%	4.54%
Global Equity – Non-Cap-Weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	(5.0%)	(0.59%)
Total	<u>100.0%</u>	

(1) An expected price inflation of 2.30% used for this period

(2) Figures are based on the 2021 Asset Liability Management Study

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 10: PENSION PLAN (CONTINUED)

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

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:

	1% Decrease 5.90%	Discount Rate 6.90%	1% Increase 7.90%
Miscellaneous	\$ 7,678,019	\$ 1,748,131	(\$ 3,130,696)

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.

The City provides medical 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 currently 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.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

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

A. General Information about the OPEB Plan (Continued)

Employees Covered by Benefit Terms

At the OPEB liability measurement date of June 30, 2022, 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

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

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

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

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

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

A. General Information about the OPEB Plan (Continued)

Contributions (Continued)

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

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

The cap amounts vary by coverage level and are adjusted annually. For 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%

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.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

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

A. General Information about the OPEB Plan (Continued)

Contributions (Continued)

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						
	Activities and Pre-Med Retirees			Medicare Eligible Retirees		
Plan	Ee Only	Ee & 1	Ee & 2+	Ee Only	Ee & 1	Ee & 2+
Kaiser 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

The City's net OPEB Liability of \$620,948 was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

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, 2022 and 5.65% as of June 30, 2021
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 and to determine the amortization payment component of the Actuarially Determined Contributions
General Inflation Rate	2.50% per year
Healthcare cost trend rates	5.80% for 2023, 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

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. The representative mortality rates were those published by CalPERS adjusted to back out 15 years of Scale MP-2016 to central year 2015.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

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

B. Net OPEB Liability (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 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, 2022 for the City's proportionate share.

	Increases (Decreases)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balances at Fiscal Year Ending June 30, 2022	\$ 8,598,257	\$ 9,720,985	(\$ 1,122,728)
Changes for the year:			
Service cost	395,738	-	395,738
Interest	497,581	-	497,581
Contributions – employer	-	374,514	(374,514)
Net investment income	-	(1,222,414)	1,222,414
Benefit payments,	(374,514)	(374,514)	-
Administrative expense	-	(2,457)	2,457
Net Changes	518,805	(1,224,871)	1,743,676
Balances at Fiscal Year Ending June 30, 2023	\$ 9,117,062	\$ 8,496,114	\$ 620,948

Sensitivity of the Net Pension Liability 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)	\$ 1,987,315	\$ 620,948	(\$ 490,113)

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

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

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

Sensitivity of the Net OPEB Liability 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)	(\$ 617,617)	\$ 620,948	\$ 1,555,938

OPEB Plan Fiduciary Net Position

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

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

For the year ended June 30, 2023, the City recognized OPEB income of \$167,270. At June 30, 2023, 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	\$ 373,513	\$ -
Changes of assumptions	368,685	(134,456)
Difference between expected and actual experience	-	(1,006,270)
Net differences between projected and actual earnings on OPEB plan investments	801,095	-
Total	\$ 1,543,293	(\$ 1,140,726)

\$373,513 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 <u>June 30</u>	
2024	(\$ 95,571)
2025	(90,864)
2026	(122,435)
2027	298,231
2028	28,764
Thereafter	10,929
Total	\$ 29,054

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

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

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

Payable to the OPEB Plan

At June 30, 2023, 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.

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. Members are only obligated for agency costs related to programs and services expressly selected by members. Members are empowered to opt in to programs and projects and agree to fund a pro rata share allocation associated with selected programs and projects. As a member of NCPA, the City participates in the Legislative & Regulatory Affairs Program.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 13: JOINT VENTURES (CONTINUED)

A. NCPA (Continued)

Northern California Power Agency (Continued)

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

B. Balancing Authority of Northern California

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

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

The members' rights and expense-sharing are based on the participation percentages in most BANC activities. BANC members' participation percentages are based on each 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, 2023, the City had construction commitments outstanding of approximately \$2,744,148.

CITY OF SHASTA LAKE
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 14: OTHER INFORMATION (CONTINUED)

A. Commitments and Contingencies (Continued)

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, 2023:

<u>Type of Indebtedness</u>	<u>Balance July 1, 2022</u>	<u>Additions/ Adjustments</u>	<u>Retirements</u>	<u>Balance June 30, 2023</u>	<u>Amounts Due Within One Year</u>
Tax Allocation Bonds	\$ 1,865,000	\$ -	(\$ 345,000)	\$ 1,520,000	\$ 360,000
Total	\$ 1,865,000	\$ -	(\$ 345,000)	\$ 1,520,000	\$ 360,000

Individual issues of debt payable outstanding at June 30, 2023, are as follows:

Tax Allocation Bonds:

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

Total Tax Allocation Bonds

\$ 1,520,000
\$ 1,520,000

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

<u>Year Ended June 30</u>	<u>Tax Allocation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 360,000	\$ 47,156	\$ 407,156
2025	375,000	33,703	408,703
2026	385,000	19,625	404,625
2027	<u>400,000</u>	<u>5,000</u>	<u>405,000</u>
Total	<u>\$ 1,520,000</u>	<u>\$ 105,484</u>	<u>\$ 1,625,484</u>

C. Subsequent Events

Management has evaluated events subsequent to June 30, 2023 through March 13, 2024, 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, 2023
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 nine years are shown.

<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>	<u>2021/2022</u>
0.19678%	0.20417%	0.00547%	-0.29722%	0.03736%
\$ 7,416,000 3,897,624	\$ 8,175,847 3,931,301	\$ 230,682 4,292,114	\$ (5,643,653) 4,698,897	\$ 1,748,131 4,874,966
190.27%	207.97%	5.37%	-120.11%	35.86%
78.08%	77.37%	99.39%	114.18%	95.98%

CITY OF SHASTA LAKE
Required Supplementary Information
City Pension Plan
Schedule of Contributions
For the Year Ended June 30, 2023
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 nine years are shown.

<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>	<u>2021/2022</u>	<u>2022/2023</u>
\$ 425,624	\$ 472,300	\$ 563,348	\$ 571,048	\$ 617,749
<u>(817,880)</u>	<u>(9,341,569)</u>	<u>(563,348)</u>	<u>(571,048)</u>	<u>(617,749)</u>
<u>\$ (392,256)</u>	<u>\$ (8,869,269)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,931,301	\$ 4,292,114	\$ 4,698,897	\$ 4,874,966	\$ 5,166,506
20.80%	217.64%	11.99%	11.71%	11.96%

CITY OF SHASTA LAKE
Required Supplementary Information
City Pension Plan
Notes to City Pension Plan
For the Year Ended June 30, 2023

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, 2021
Actuarial cost method	Individual Entry Age Normal
Amortization method	Level Percentage of Payroll (Pre-2019), Level Dollar
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, 2023
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 six years are shown.

<u>2020/2021</u>	<u>2021/2022</u>
\$ 343,830	\$ 395,738
517,584	497,581
(180,309)	-
392,586	-
<u>(312,321)</u>	<u>(374,514)</u>
761,370	518,805
<u>7,836,887</u>	<u>8,598,257</u>
<u>\$ 8,598,257</u>	<u>\$ 9,117,062</u>
\$ 372,321	\$ 374,514
1,587,391	(1,222,414)
(312,321)	(374,514)
(2,940)	(2,456)
<u>-</u>	<u>-</u>
1,644,451	(1,224,870)
<u>8,076,533</u>	<u>9,720,984</u>
<u>\$ 9,720,984</u>	<u>\$ 8,496,114</u>
<u>\$ (1,122,727)</u>	<u>\$ 620,948</u>
113.06%	93.19%
\$ 4,420,877	\$ 4,766,358
-25.40%	13.03%

CITY OF SHASTA LAKE
Required Supplementary Information
City OPEB Plan
Schedule of Contributions
For the Year Ended June 30, 2023
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 six years are shown.

<u>2021/2022</u>	<u>2022/2023</u>
\$ 367,955 (374,514)	\$ 342,178 (373,513)
<u>\$ (6,559)</u>	<u>\$ (31,335)</u>
\$ 4,766,358 7.86%	\$ 5,154,429 7.25%

CITY OF SHASTA LAKE
Required Supplementary Information
City OPEB Plan
Notes to City OPEB Plan
For the Year Ended June 30, 2023

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, 2023 was determined and presented in the June 30, 2022 Actuarial Valuation report.

Methods and Assumptions Used to Determine Contributions:

Actuarial cost method	Entry Age Normal Level % of Pay
Amortization method	Level dollar Open 30 years
Amortization period	30 years
Asset valuation method	Market value
Inflation	2.50%
Healthcare cost trend rates	5.80% in 2023, stepping down gradually to 4.00% in 2076
Salary increases	3.00%
Investment rate of return	5.65%
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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Taxes and assessments	\$ 2,942,724	\$ 2,942,724	\$ 3,296,558	\$ 353,834
Licenses and permits	217,600	217,600	268,650	51,050
Fines and forfeitures	9,250	9,250	12,171	2,921
Use of money and property	75,000	75,000	97,331	22,331
Intergovernmental	1,150,500	1,166,100	1,125,482	(40,618)
Charges for services	4,512,664	4,512,664	4,480,406	(32,258)
Other revenues	447,830	447,830	111,842	(335,988)
Total Revenues	<u>9,355,568</u>	<u>9,371,168</u>	<u>9,392,440</u>	<u>21,272</u>
EXPENDITURES				
Current:				
General government	4,297,866	4,516,866	2,909,134	1,607,732
Public safety	4,523,068	4,527,068	3,949,577	577,491
Public ways and facilities	249,657	249,657	130,967	118,690
Planning	816,325	823,325	714,753	108,572
Culture and recreation	442,712	442,712	352,461	90,251
Debt service:				
Principal	36,000	36,000	416,000	(380,000)
Interest	77,025	77,025	363,276	(286,251)
Capital outlay	253,750	269,350	83,103	186,247
Total Expenditures	<u>10,696,403</u>	<u>10,942,003</u>	<u>8,919,271</u>	<u>2,022,732</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,340,835)</u>	<u>(1,570,835)</u>	<u>473,169</u>	<u>2,044,004</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	25,721	25,721
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>25,721</u>	<u>25,721</u>
Net Change in Fund Balances	<u>(1,340,835)</u>	<u>(1,570,835)</u>	<u>498,890</u>	<u>2,069,725</u>
Fund Balances - Beginning	<u>5,764,837</u>	<u>5,764,837</u>	<u>5,764,837</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 4,424,002</u>	<u>\$ 4,194,002</u>	<u>\$ 6,263,727</u>	<u>\$ 2,069,725</u>

CITY OF SHASTA LAKE
Required Supplementary Information
Budgetary Comparison Schedule
Grant Fund
For the Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Use of money and property	\$ -	\$ -	\$ 28,697	\$ 28,697
Intergovernmental	1,873,457	2,096,457	270,979	(1,825,478)
Total Revenues	<u>1,873,457</u>	<u>2,096,457</u>	<u>299,676</u>	<u>(1,796,781)</u>
EXPENDITURES				
Current:				
General government	1,245,505	1,245,505	1,276,557	(31,052)
Capital outlay	627,952	850,952	2,127	848,825
Total Expenditures	<u>1,873,457</u>	<u>2,096,457</u>	<u>1,278,684</u>	<u>817,773</u>
Net Change in Fund Balances	-	-	(979,008)	(979,008)
Fund Balances - Beginning	<u>(54,760)</u>	<u>(54,760)</u>	<u>(54,760)</u>	<u>-</u>
Fund Balances - Ending	<u>\$ (54,760)</u>	<u>\$ (54,760)</u>	<u>\$ (1,033,768)</u>	<u>\$ (979,008)</u>

CITY OF SHASTA LAKE
Required Supplementary Information
Note to Budgetary Comparison Schedule
For the Year Ended June 30, 2023

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

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Combining and Individual Fund Financial Statements

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Nonmajor Governmental Funds

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CITY OF SHASTA LAKE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds	Debt Service Funds	Totals
ASSETS			
Cash and investments	\$ 5,013,839	\$ 472,587	\$ 5,486,426
Receivables:			
Interest	23,419	1,961	25,380
Taxes	130,605	2,426	133,031
Intergovernmental	67,435	-	67,435
Assessments	-	2,142,000	2,142,000
Restricted cash and investments	-	278,557	278,557
Loans receivable	3,821,418	-	3,821,418
Land held for resale	534,984	-	534,984
Total Assets	\$ 9,591,700	\$ 2,897,531	\$ 12,489,231
LIABILITIES			
Accounts payable	\$ 25,973	\$ -	\$ 25,973
Due to other governments	-	-	-
Due to other funds	178,450	-	178,450
Unearned revenue	-	-	-
Total Liabilities	204,423	-	204,423
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	67,435	-	67,435
Total Deferred Inflows of Resources	67,435	-	67,435
FUND BALANCES			
Restricted	9,332,282	2,897,531	12,229,813
Unassigned	(12,440)	-	(12,440)
Total Fund Balances	9,319,842	2,897,531	12,217,373
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 9,591,700	\$ 2,897,531	\$ 12,489,231

CITY OF SHASTA LAKE
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds	Debt Service Funds	Totals
REVENUES			
Taxes and assessments	\$ -	\$ 35,225	\$ 35,225
Use of money and property	67,388	10,053	77,441
Intergovernmental	2,114,090	-	2,114,090
Charges for services	107,252	-	107,252
Other revenues	10,428	-	10,428
Total Revenues	2,299,158	45,278	2,344,436
EXPENDITURES			
Current:			
General government	27,697	-	27,697
Public safety	100,000	-	100,000
Public ways and facilities	901,881	-	901,881
Community development	208,703	8,166	216,869
Debt service:			
Principal	-	132,000	132,000
Interest	-	99,555	99,555
Capital outlay	90,113	-	90,113
Total Expenditures	1,328,394	239,721	1,568,115
Excess of Revenues Over (Under) Expenditures	970,764	(194,443)	776,321
OTHER FINANCING SOURCES (USES)			
Transfers in	187,140	-	187,140
Transfers out	(247,861)	-	(247,861)
Total Other Financing Sources (Uses)	(60,721)	-	(60,721)
Net Change in Fund Balances	910,043	(194,443)	715,600
Fund Balances - Beginning	8,409,799	3,091,974	11,501,773
Fund Balances - Ending	\$ 9,319,842	\$ 2,897,531	\$ 12,217,373

Nonmajor Governmental Funds

- **Special Revenue Funds**

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CITY OF SHASTA LAKE
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2023

	Law Enforcement (COPS)	Water P&FCC Charges	Electric P&FCC Charges	HOME	CDBG Housing Rehabilitation
ASSETS					
Cash and investments	\$ 36,303	\$ 475,175	\$ 331,079	\$ 1,575,336	\$ 100,115
Receivables:					
Interest	188	2,337	1,638	7,359	322
Taxes	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Loans receivable	-	-	-	2,915,623	77,405
Land held for resale	-	-	-	-	-
Total Assets	<u>\$ 36,491</u>	<u>\$ 477,512</u>	<u>\$ 332,717</u>	<u>\$ 4,498,318</u>	<u>\$ 177,842</u>
LIABILITIES					
Accounts payable	\$ 25,000	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Total Liabilities	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICIT)					
Restricted	11,491	477,512	332,717	4,498,318	177,842
Unassigned	-	-	-	-	-
Total Fund Balances (Deficit)	<u>11,491</u>	<u>477,512</u>	<u>332,717</u>	<u>4,498,318</u>	<u>177,842</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 36,491</u>	<u>\$ 477,512</u>	<u>\$ 332,717</u>	<u>\$ 4,498,318</u>	<u>\$ 177,842</u>

CDBG Project	Wastewater P&FCC Charges	Parks P&FCC Charges	Housing Authority	State Trafficway	Totals
\$ -	\$ -	\$ 326,387	\$ 58,028	\$ 2,111,416	\$ 5,013,839
-	107	1,585	295	9,588	23,419
-	-	-	-	130,605	130,605
66,851	-	-	-	584	67,435
322,572	-	-	505,818	-	3,821,418
-	-	-	534,984	-	534,984
<u>\$ 389,423</u>	<u>\$ 107</u>	<u>\$ 327,972</u>	<u>\$ 1,099,125</u>	<u>\$ 2,252,193</u>	<u>\$ 9,591,700</u>
\$ -	\$ -	\$ -	\$ -	\$ 973	\$ 25,973
165,903	12,547	-	-	-	178,450
<u>165,903</u>	<u>12,547</u>	<u>-</u>	<u>-</u>	<u>973</u>	<u>204,423</u>
<u>66,851</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>584</u>	<u>67,435</u>
<u>66,851</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>584</u>	<u>67,435</u>
156,669	-	327,972	1,099,125	2,250,636	9,332,282
-	(12,440)	-	-	-	(12,440)
<u>156,669</u>	<u>(12,440)</u>	<u>327,972</u>	<u>1,099,125</u>	<u>2,250,636</u>	<u>9,319,842</u>
<u>\$ 389,423</u>	<u>\$ 107</u>	<u>\$ 327,972</u>	<u>\$ 1,099,125</u>	<u>\$ 2,252,193</u>	<u>\$ 9,591,700</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, 2023

	Law Enforcement (COPS)	Water P&FCC Charges	Electric P&FCC Charges	HOME	CDBG Housing Rehabilitation
REVENUES					
Use of money and property	\$ 509	\$ 6,320	\$ 4,431	\$ 19,905	\$ 872
Intergovernmental	100,000	-	-	-	-
Charges for services	-	40,669	-	-	-
Other revenues	-	-	-	-	-
Total Revenues	100,509	46,989	4,431	19,905	872
EXPENDITURES					
Current:					
General government	-	9,635	1,957	-	-
Public safety	100,000	-	-	-	-
Public ways and facilities	-	-	-	-	-
Community development	-	-	-	1,100	-
Capital outlay	-	-	-	-	-
Total Expenditures	100,000	9,635	1,957	1,100	-
Excess of Revenues Over (Under) Expenditures	509	37,354	2,474	18,805	872
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	187,140
Transfers out	-	-	-	-	(150,080)
Change in Net Position	509	37,354	2,474	18,805	37,932
Fund Balances (Deficit) - Beginning	10,982	440,158	330,243	4,479,513	139,910
Fund Balances (Deficit) - Ending	\$ 11,491	\$ 477,512	\$ 332,717	\$ 4,498,318	\$ 177,842

CDBG Project	Wastewater P&FCC Charges	Parks P&FCC Charges	Housing Authority	State Trafficway	Totals
\$ 4,042	\$ 289	\$ 4,287	\$ 799	\$ 25,934	\$ 67,388
574,309	-	-	-	1,439,781	2,114,090
-	35,722	20,625	-	10,236	107,252
-	-	-	10,428	-	10,428
<u>578,351</u>	<u>36,011</u>	<u>24,912</u>	<u>11,227</u>	<u>1,475,951</u>	<u>2,299,158</u>
-	12,865	3,240	-	-	27,697
-	-	-	-	-	100,000
-	-	-	-	901,881	901,881
192,978	-	-	14,625	-	208,703
41,657	-	-	-	48,456	90,113
<u>234,635</u>	<u>12,865</u>	<u>3,240</u>	<u>14,625</u>	<u>950,337</u>	<u>1,328,394</u>
343,716	23,146	21,672	(3,398)	525,614	970,764
-	-	-	-	-	187,140
(62,781)	(35,000)	-	-	-	(247,861)
280,935	(11,854)	21,672	(3,398)	525,614	910,043
(124,266)	(586)	306,300	1,102,523	1,725,022	8,409,799
<u>\$ 156,669</u>	<u>\$ (12,440)</u>	<u>\$ 327,972</u>	<u>\$ 1,099,125</u>	<u>\$ 2,250,636</u>	<u>\$ 9,319,842</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, 2023

	Wastewater Treatment Debt	Riddle Road Water Bond	Totals
ASSETS			
Cash and investments	\$ 465,158	\$ 7,429	\$ 472,587
Receivables:			
Interest	1,934	27	1,961
Taxes	1,905	521	2,426
Assessments	2,120,000	22,000	2,142,000
Restricted cash and investments	278,557	-	278,557
Total Assets	\$ 2,867,554	\$ 29,977	\$ 2,897,531
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Total Liabilities	-	-	-
FUND BALANCES			
Restricted	2,867,554	29,977	2,897,531
Total Fund Balances	2,867,554	29,977	2,897,531
Total Liabilities and Fund Balances	\$ 2,867,554	\$ 29,977	\$ 2,897,531

CITY OF SHASTA LAKE
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended June 30, 2023

	Wastewater Treatment Debt	Riddle Road Water Bond	Totals
REVENUES			
Taxes and assessments	\$ 33,986	\$ 1,239	\$ 35,225
Use of money and property	9,980	73	10,053
Total Revenues	43,966	1,312	45,278
EXPENDITURES			
Community development			
Debt service:	8,166	-	8,166
Principal	130,000	2,000	132,000
Interest	98,405	1,150	99,555
Total Expenditures	236,571	3,150	239,721
Net Change in Fund Balances	(192,605)	(1,838)	(194,443)
Fund Balances - Beginning	3,060,159	31,815	3,091,974
Fund Balances - Ending	\$ 2,867,554	\$ 29,977	\$ 2,897,531

Internal Service Funds

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CITY OF SHASTA LAKE
Combining Statement of Net Position
Internal Service Funds
June 30, 2023

	Motor Pool	Public Works	Totals
ASSETS			
Current Assets:			
Cash and investments	\$ 533,724	\$ 1,520,324	\$ 2,054,048
Receivables:			
Accounts	14,433	-	14,433
Interest	1,155	8,245	9,400
Total Current Assets	<u>549,312</u>	<u>1,528,569</u>	<u>2,077,881</u>
Noncurrent Assets:			
Capital assets:			
Depreciable, net	855,614	176,220	1,031,834
Total Noncurrent Assets	<u>855,614</u>	<u>176,220</u>	<u>1,031,834</u>
Total Assets	<u>1,404,926</u>	<u>1,704,789</u>	<u>3,109,715</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension adjustments	248,799	1,251,216	1,500,015
Deferred OPEB adjustments	51,546	254,798	306,344
Total Deferred Outflows of Resources	<u>300,345</u>	<u>1,506,014</u>	<u>1,806,359</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	19,005	11,592	30,597
Salaries and benefits payable	3,280	22,957	26,237
Compensated absences payable	9,254	50,382	59,636
Total Current Liabilities	<u>31,539</u>	<u>84,931</u>	<u>116,470</u>
Noncurrent Liabilities:			
Compensated absences payable	9,254	50,382	59,636
Advances from other funds	3,564	41,830	45,394
Net pension liability	55,759	280,414	336,173
Net OPEB liability	20,740	102,519	123,259
Total Noncurrent Liabilities	<u>89,317</u>	<u>475,145</u>	<u>564,462</u>
Total Liabilities	<u>120,856</u>	<u>560,076</u>	<u>680,932</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension adjustments	105,181	528,957	634,138
Deferred OPEB adjustments	38,100	188,334	226,434
Total Deferred Inflows of Resources	<u>143,281</u>	<u>717,291</u>	<u>860,572</u>
NET POSITION			
Investment in capital assets	855,614	176,220	1,031,834
Unrestricted	585,520	1,757,216	2,342,736
Total Net Position	<u>\$ 1,441,134</u>	<u>\$ 1,933,436</u>	<u>\$ 3,374,570</u>

CITY OF SHASTA LAKE
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2023

	Motor Pool	Public Works	Totals
OPERATING REVENUES			
Charges for services	\$ 883,764	\$ 2,554,214	\$ 3,437,978
Other revenue	22,688	1,898	24,586
Total Operating Revenues	906,452	2,556,112	3,462,564
OPERATING EXPENSES			
Salaries and benefits	498,127	3,150,641	3,648,768
Administration	241,899	496,905	738,804
Insurance	9,128	15,565	24,693
Supplies	4,467	41,511	45,978
Repair and maintenance	172,714	23,147	195,861
Professional services	11,695	10,860	22,555
Depreciation	238,895	3,635	242,530
Total Operating Expenses	1,176,925	3,742,264	4,919,189
Operating Income (Loss)	(270,473)	(1,186,152)	(1,456,625)
NON-OPERATING REVENUES (EXPENSES)			
Intergovernmental	-	3,336	3,336
Interest income	3,125	22,305	25,430
Interest expense	(87)	(1,026)	(1,113)
Total Non-Operating Revenues (Expenses)	3,038	24,615	27,653
Change in Net Position	(267,435)	(1,161,537)	(1,428,972)
Total Net Position - Beginning	1,708,569	3,094,973	4,803,542
Total Net Position - Ending	\$ 1,441,134	\$ 1,933,436	\$ 3,374,570

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CITY OF SHASTA LAKE
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2023

	Motor Pool	Public Works	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 22,688	\$ 1,898	\$ 24,586
Receipts from interfund services	869,331	2,555,224	3,424,555
Payments to suppliers	(448,119)	(586,373)	(1,034,492)
Payments to employees	(263,664)	(1,818,794)	(2,082,458)
Net Cash Provided (Used) by Operating Activities	180,236	151,955	332,191
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Interfund loans repaid	(3,492)	(41,010)	(44,502)
Grants, assessments, and other receipts	-	3,336	3,336
Net Cash Provided (Used) by Non-Capital Financing Activities	(3,492)	(37,674)	(41,166)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(360,859)	(16,296)	(377,155)
Interest paid on debt	(87)	(1,026)	(1,113)
Net Cash Provided (Used) by Capital and Related Financing Activities	(360,946)	(17,322)	(378,268)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	2,971	20,565	23,536
Net Cash Provided by Investing Activities	2,971	20,565	23,536
Net Increase (Decrease) in Cash and Cash Equivalentents	(181,231)	117,524	(63,707)
Balances - Beginning	714,955	1,402,800	2,117,755
Balances - Ending	\$ 533,724	\$ 1,520,324	\$ 2,054,048

Continued (Page 1 of 2)

CITY OF SHASTA LAKE
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2023

	Motor Pool	Public Works	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (270,473)	\$ (1,186,152)	\$ (1,456,625)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	238,895	3,635	242,530
Decrease (increase) in:			
Accounts receivable	(14,433)	1,010	(13,423)
Pension adjustment - deferred outflows	47,150	430,814	477,964
OPEB adjustment - deferred outflows	(22,760)	5,074	(17,686)
Increase (decrease) in:			
Accounts payable	(7,587)	7,915	328
Salaries and benefits payable	(5,337)	(40,047)	(45,384)
Due to other governments	(629)	(6,300)	(6,929)
Compensated absences	1,270	9,976	11,246
Net pension liability	229,727	1,269,159	1,498,886
Net OPEB liability	57,004	429,906	486,910
Pension adjustment - deferred inflows	(31,926)	(250,290)	(282,216)
OPEB adjustment - deferred inflows	(40,665)	(522,745)	(563,410)
Net Cash Provided (Used) by Operating Activities	\$ 180,236	\$ 151,955	\$ 332,191

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