

Mt. Shasta City Council Regular Meeting Agenda

Monday, March 25, 2024, 5:30 p.m.

This meeting will be presented in a hybrid format and can be attended in two ways:
In-Person at the Mt. Shasta City Park Upper Lodge, 1315 Nixon Rd. Mt. Shasta, CA

OR

Online at the following link:

MountShasta.22Ave.tv

For the safety of our staff, the council, and public, we are no longer allowing members of the audience to carry large bags, backpacks, or other items outside of small personal items such as purses or satchels. Only service animals are allowed inside council chambers; nonservice pets are not allowed under any circumstances. Violators will be asked to remove the bag and/or animal, and refusal to do so will be cause for removal from the meeting.

“Our mission is to maintain the character of our “small town” community while striking an appropriate balance between economic development and preservation of our quality of life. We help create a dynamic and vital City by providing quality, cost-effective municipal services and by forming partnerships with residents and organizations in the constant pursuit of excellence.”

Page	Item	STANDING AGENDA ITEMS
	1.	Call to Order and Flag Salute
	2.	Roll call
	3.	Special Presentation: Siskiyou Child Abuse Prevention Council Collaborative Proclamation
	4.	Public Comment: This time is set aside for citizens to address the City Council on matters listed on the Consent Agenda as well as other items not included on the Regular Agenda. If your comments concern an agenda item noted on the regular agenda, please address the Council when that item is open for public comment. Each speaker is allocated three (3) minutes to speak. Speakers may not cede their time. Comments should be limited to matters within the jurisdiction of the City. Council discussion or action cannot be taken on items not listed on the agenda other than to receive comments. If you have documents to present to members of Council, please provide a minimum of seven (7) copies to the Deputy City Clerk. Email Comments may be submitted to the City Clerk’s Office (kjoyce@mtshastaca.gov). Items received no later than 12:00 pm on the day of the meeting will be provided to the City Council prior to the meeting. These items will NOT be read into the record.
	5.	Council and Staff Comments
	6.	Committee Updates: a) Downtown Enhancement Advisory Committee b) Library Tax Advisory Committee c) Beautification Committee d) Active Transportation Committee

Mt. Shasta Regular City Council Meeting Agenda

Monday, March 25, 2024

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	CITY COUNCIL BUSINESS
Page 5-28	<p>7. Consent Agenda – The City Manager recommends approval of the following Consent Agenda items. All Resolutions and Ordinances on this agenda, or added hereto, shall be introduced or adopted, as applicable, by title only, and the full reading thereof is hereby waived.</p> <ul style="list-style-type: none">a. Approval of Minutes: March 11, 2024 Regular and Special Meetingsb. Approval of Disbursements: Accounts Payable: 3/8/2024; Total Gross Payroll and Taxes: For Period Ending 3/3/2024c. Monthly Investment and Revenue Reportd. Committee Minutes: Downtown Enhancement Advisory Committee 1/31 and 2/28/2024e. Resolution Accepting the State-Mandated Wastewater Treatment and Disposal Improvements
Page 29-59	<p>8. Proposed Operating Budget for Fiscal Year 24/25</p> <p><u>Background:</u> Staff will present the proposed fiscal year 2024/2025 operating budget for Council review and discussion.</p> <p><u>Report By:</u> Muriel Terrell, Finance Director</p> <p><u>Recommended Council Action:</u> Review and discuss the proposed operating budget for fiscal year 2024-2025; direct staff.</p>
Page 60-145	<p>9. 2022-2023 Audited Financial Statements City of Mt. Shasta and Mount Shasta Public Financing Authority</p> <p><u>Background:</u> The City's Independent Auditor, Charles Pillon, CPA, has completed the audit of the financial statements for the 2022-2023 fiscal year. There was an additional audit required for the Mount Shasta Public Financing Authority, which is presented for the Council's approval. The audited financial statements have been distributed and the final report will now be issued.</p> <p><u>Report By:</u> Muriel Terrell, Finance Director</p> <p><u>Recommended Council Action:</u> Staff respectfully requests that City Council review and adopt Resolution CCR-24-XX, A Resolution of the City Council of the City of Mt. Shasta Accepting the Independent Audit Reports for Fiscal Year 2022-2023.</p>

Mt. Shasta Regular City Council Meeting Agenda

Monday, March 25, 2024

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	CITY COUNCIL/STAFF REPORTING PERIOD
	10. Reports on Outside Meetings
	<p>11. Future Agenda Items and Meetings (Appearing on the agenda within 60-90 days):</p> <ul style="list-style-type: none">a. Discussion and Possible Action: Downtown Enhancement Advisory Committee Fiscal Review and Project Approval – 4/8/2024b. Amendment to Parking Ordinance – 4/8/2024c. Resolution Calling an Election and Requesting Consolidation – 5/2024d. Expansion of Enhanced Infrastructure Financing District boundaries – TBDe. Discussion and Possible Action: City Manager Salary – TBDf. Approval of Funds to Complete a Survey of Washington Avenue – TBDg. Amendment of Parklet Ordinance – TBDh. Discussion and Possible Action: Beautification Committee Fiscal Review and Project Approval – TBDi. General Plan & Housing Annual Progress Report – TBDj. Graffiti Ordinance – TBDk. Discussion and Possible Action: Rental, Lease, or Purchase of Lot Located at the northwest corner of Alma and N. Mt. Shasta Blvd – TBD <p>Future Agenda Items Over 90 Days:</p> <ul style="list-style-type: none">l. Discussion and Possible Action: Review of Chapter 13.95 Extraction and Exportation of Groundwater from the City of Mt. Shastam. Objective Design Standards Presentation/Discussion
	<p>12. Adjourn</p> <p>I, Kathryn Joyce, declare under penalty of perjury that this agenda has been posted at least 72 hours in advance at the Mt. Shasta City Hall, 305 N. Mt. Shasta Blvd, Mt. Shasta, CA, in the glass case and on the City website at www.mtshastaca.gov. Agendas and packets shall be made available at least 72 hours in advance of regular meetings and 24 hours in advance of special meetings on the City's web site. Any writings or documents pertaining to an open session item provided to a majority of the City Council less than 72 hours prior to the meeting shall be made available on the City's web site www.mtshastaca.gov. Availability of Public Records: All public records related to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body will be available for public inspection at City Hall located at 305 North Mt. Shasta Blvd.</p> <p>The City of Mt. Shasta does not discriminate on the basis of race, color, national origin, sex, religion, age or disability in employment or provision of services. In compliance with the Americans with Disabilities Act, if you need special assistance, a disability-related modification or accommodation, agenda materials in an alternative format, or auxiliary aids to participate in this meeting, please contact the Office of the City Clerk at 530-326-7516 or kjoyce@mtshastaca.gov as soon as possible. Providing at least 72 hours' notice will help ensure that reasonable arrangements can be made.</p>



April 2024: The Siskiyou Child Abuse Prevention Council Collaborative Proclamation

Whereas, to become healthy adults, all children deserve to live in safe, stable and nurturing homes and communities;

Whereas, children are vital to Siskiyou County's prosperity and future success;

Whereas, the people of Siskiyou County believe in the celebration of life, inclusion, and hope through our children, and deplore and condemn acts of violence committed upon the children of our communities;

Whereas, the lives of children--who have been hurt or lost to child abuse--are honored by studying their stories in order to prevent future abuse and protect the innocence, health and lives of all our county's children;

Whereas, child abuse, rape, sexual assault and sexual harassment impact our society;

Whereas, child abuse, neglect and sexual assault prevention is a community responsibility affecting both the current and future generations;

Whereas, research has shown the enormous impact that positive parenting practices have on a child's social, emotional, and intellectual development and future success:

Whereas, communities that understand the importance of prevention and support for the well-being of citizens, thrive and prosper;

Whereas, effective child abuse and sexual assault prevention succeed because of partnerships among citizens and all sectors of the county;

Whereas, April is the month to focus public attention on the needs of all children, and prevention of sexual assault;

Whereas, with leadership, dedication, and encouragement, there is evidence that we can be successful in preventing child abuse and sexual violence in Siskiyou County;

Therefore, we hereby proclaim April as Child Abuse Prevention and Sexual Assault Awareness Month—as well as April 6th–12th, 2024 as Week of the Young Child. We call upon all citizens, community agencies, faith groups, medical facilities, elected leaders and businesses to increase their participation in efforts to support families, thereby preventing child abuse and strengthening families in the communities in which we live.

John Stackfleth
Mayor, City of Mt. Shasta

Date

Mt. Shasta City Council Special Meeting DRAFT Minutes

March 11, 2024, 5:00 p.m.

City Park Upper Lodge 1315 Nixon Road, Mt. Shasta

Meeting allowed for virtual attendance via ZOOM

Our mission is to maintain the character of our “small town” community while striking an appropriate balance between economic development and preservation of our quality of life. We help create a dynamic and vital City by providing quality, cost-effective municipal services and by forming partnerships with residents and organizations in the constant pursuit of excellence.”

STANDING AGENDA ITEMS

1. Call to Order and Roll Call: At the hour of 5:00 p.m. Mayor John Stackfleth called the meeting to order.
Council Members Present: Stackfleth, Collings, Clure. Stearns arrived at 5:07 p.m.
Council Members Absent: Redmond

2. Interview of Applicant and Possible Appointment of Planning Commissioner

a. Patty McCarthy

Interview of applicant.

COUNCIL ACTION: Appoint Patty McCarthy to the Planning Commission.

MOTION: Clure

SECOND: Collings

AYES: Stackfleth, Collings, Clure

NAYS: None

ABSENT: Redmond, Stearns

ABSTAIN: None

3. Adjourn: There being no further business, the meeting was adjourned at 5:08 p.m.

Respectfully Submitted by: Kathryn M. Joyce, CMC Administrative Assistant/Deputy City Clerk

Mt. Shasta City Council Regular Meeting DRAFT Minutes

Monday, March 11, 2024; 5:30 p.m.

City Park Upper Lodge 1315 Nixon Road, Mt. Shasta
Meeting allowed for virtual attendance via ZOOM

“Our mission is to maintain the character of our “small town” community while striking an appropriate balance between economic development and preservation of our quality of life. We help create a dynamic and vital City by providing quality, cost-effective municipal services and by forming partnerships with residents and organizations in the constant pursuit of excellence.”

STANDING AGENDA ITEMS

1. Call to Order and Flag Salute: At the hour of 5:30 p.m. Mayor Stackfleth called the meeting to order and led the audience in the flag salute.

2. Roll Call:

Council Members Present: Stackfleth, Collings, Redmond, Stearns, Clure

Council Members Absent: None

3. Special Presentation: None

4. Public Comment:

John Fryer – Comments in support of the museum, letter of support.

Thomas Wisby – Comments regarding nuisance property, short-term rentals, tax, tourism and hospitality.

5. Council and Staff Comments:

Todd Juhasz, City Manager – Comments regarding development of The Landing, grant possibilities for future development. Update on the old hospital property cleanup.

Clarifying questions from Council.

Tessa Clure, Councilmember – Comments regarding Audit Committee meeting.

6. Committee Updates:

a) Downtown Enhancement Advisory Committee

b) Library Tax Advisory Committee

c) Beautification Committee

d) Active Transportation Committee

Todd Juhasz, City Manager – Update on DEAC power box art, next meeting date.

Clarifying questions from Council.

CITY COUNCIL BUSINESS

7. Consent Agenda:

COUNCIL ACTION: Approved the following Consent Agenda items. All Resolutions and Ordinances on this agenda, or added hereto, shall be introduced or adopted, as applicable, by title only, and the full reading thereof is hereby waived.

- a. Approval of Minutes: February 26, 2024 Regular and Special Meetings
- b. Approval of Disbursements: Accounts Payable: 2/21, 2/27, and 3/4/2024; Total Gross Payroll and Taxes: For Period Ending 2/18/2024
- c. Police Department Report February 2024
- d. Letter of Support for the Mt. Shasta Museum Lease

COUNCIL ACTION: Approve items a-d

MOTION TO APPROVE: Clure

SECOND: Redmond

AYES: Stackfleth, Collings, Redmond, Stearns, Clure

NOES: None

ABSENT: None

ABSTAIN: None

8. Resolution for Revised Snow Removal Fee in Downtown Area

Todd Juhasz, City Manager – Introduction of the item, review of cost of snow removal, options.

Ken Kellogg, Public Works Director – Review of staff report and exhibits, breakdown of cost based on square footage.

Clarifying questions from Council and discussion.

Johanna Altorfer – Comments regarding business versus owner fees, calculations.

Thomas Wisby – Comments regarding fees for businesses.

Council and staff discussion.

COUNCIL ACTION: Table the discussion

MOTION: Redmond

SECOND: Collings

AYES: Stackfleth, Redmond, Collings, Clure, Stearns

NOES: None

ABSENT: None

ABSTAIN: None

COUNCIL ACTION: Form a subcommittee of two City Council Members to work with staff and businesses to dig deeper and see if more of the unanswered questions might be answered.

MOTION: Stearns

SECOND: Clure

AYES: Stackfleth, Collings, Clure, Stearns

NOES: Redmond

ABSENT: None

ABSTAIN: None

Councilmember Collings and Mayor Stackfleth were appointed to the snow removal ad hoc committee.

9. Approval of funds for grant writing services for the latest round of Federal Rebuilding American Infrastructure with Sustainability and Equity (RAISE) grant funds

Todd Juhasz, City Manager – Review of federal grant, previous application and re-submission.

Clarifying questions from Council.

No public comment.

COUNCIL ACTION: Approve funds for grant writing services for the latest round of federal RAISE funds in the amount of \$6,330.

MOTION: Clure

SECOND: Redmond

AYES: Stackfleth, Redmond, Collings, Clure, Stearns

NOES: None

ABSENT: None

ABSTAIN: None

10. Reports on Outside Meetings:

John Stackfleth, Mayor – Review of Audit Committee meeting, Colliers Interpretive and Information Center meeting.

11. Future Agenda Items (Appearing on the agenda within 60-90 days):

COUNCIL ACTION: Reviewed items a through n.

- a. Noll & Tam Contract – 3/25/2024
- b. Fiscal year 24/25 budget projection – TBD
- c. Expansion of Enhanced Infrastructure Financing District boundaries – TBD
- d. Discussion and Possible Action: City Manager Salary – TBD
- e. Approval of Funds to Complete a Survey of Washington Avenue – TBD
- f. Amendment of Parklet Ordinance – TBD
- g. Discussion and Possible Action: Downtown Enhancement Advisory Committee Fiscal Review and Project Approval - TBD
- h. Discussion and Possible Action: Beautification Committee Fiscal Review and Project Approval – TBD
- i. General Plan & Housing Annual Progress Report – TBD
- j. Graffiti Ordinance – TBD
- k. Discussion and Possible Action: Rental, Lease, or Purchase of Lot Located at the northwest corner of Alma and N. Mt. Shasta Blvd – TBD
- l. Graffiti Ordinance – TBD

Future Agenda Items Over 90 Days:

- m. Discussion and Possible Action: Review of Chapter 13.95 Extraction and Exportation of Groundwater from the City of Mt. Shasta
- n. Objective Design Standards Presentation/Discussion

12. Adjourn: There being no further business, the meeting was adjourned at 6:54 p.m.

Respectfully Submitted By: Kathryn M. Joyce, Administrative Assistant/Deputy City Clerk

City Council Agenda Item #7b
Staff Report

Meeting Date: March 25, 2024
To: Mayor and City Council
From: Muriel Howarth Terrell, Finance Director
Subject: Approval of Warrants and Payroll

	Regular
x	Consent
	Closed
	Presentation

Recommendation:

Staff requests the Mayor and City Council Approve warrants paid including payroll benefits and withholding, and payroll distribution, in the amount of \$465,465.27.

Background & Summary:

Approval of Check Numbers 52056-520595	\$ 309,941.80
Total Payroll Distribution	\$ 90,064.48
Total EFTPS – CalPERS, Nationwide	\$ 24,532.77
Total Payroll EFTPS Taxes	<u>\$ 40,926.22</u>
	\$ 465,465.27

Financial Impact:

Expenditures are consistent with the Budget that the City Council has adopted.

Attachments:

- 1.) Check Registers – 3/08/24
- 2.) ACH Payroll Distribution – 3/07/24
- 3.) EFTPS Reports – 3/07/24

Check Register Report

Fiscal Year 2023-2024

Date: 03/08/2024

Time: 7:57 am

Page: 1

City of Mt. Shasta

BANK: TRI COUNTIES BANK

Check Number	Check Date	Status	Void/Stop Date	Reconcile Date	Vendor Number	Vendor Name	Check Description	Amount
TRI COUNTIES BANK Checks								
52056	03/08/24	Printed			10229	AMAZON CAPITAL SERVICES	Safety equipment	286.91
52057	03/08/24	Printed			10373	ARAMARK	Feb 24 CH,PD,FD linen serv	482.46
52058	03/08/24	Printed			11156	YOLANDE DIEDRE BELL	Library cleaning Feb 29	160.40
52059	03/08/24	Printed			11240	BLACK BUTTE AUTO	Tow PD #5 to City Shop	300.00
52060	03/08/24	Printed			11327	BROOKE BOYER	2023-24 work clothing reimb #3	63.30
52061	03/08/24	Printed			11328	BOYS & GIRLS CLUB OF GREATER	Prop 64 cohort 3 reimbursement July 23- Sept 23	24,831.00
52062	03/08/24	Printed			12200	CALIFORNIA SAFETY COMPANY	Mar 24 WWTP alarm service	225.00
52063	03/08/24	Printed			12551	CITY OF MT SHASTA	Mar 24 Library Utilities	78.97
52064	03/08/24	Printed			12640	COLONIAL LIFE & ACCIDENT INSUR	Mar 24 life/accident insurance	372.34
52065	03/08/24	Printed			12765	CRAFCO INC	Cold Patch- PW	1,002.08
52066	03/08/24	Printed			12820	CROSS PETROLEUM	Heating Oil- Library	326.70
52067	03/08/24	Printed			13071	DELTA HEALTH SYSTEMS	Mar 24 health insurance	40,823.00
52068	03/08/24	Printed			13224	DRY CREEK LANDFILL INC	Sludge Removal- WWTP	1,517.43
52069	03/08/24	Printed			15221	FRIENDS OF THE MT SHASTA	Reimbursement for expenses and payroll 2023-2024	5,800.74
52070	03/08/24	Printed			34040	GOLD NUGGET PRINTING	Custom Window Envelope	711.27
52071	03/08/24	Printed			18063	INTERSTATE BATTERY	Battery -FD1600	380.14
52072	03/08/24	Printed			20003	JONES CARPET CLEANING &	Feb 24 cleaning services	800.00
52073	03/08/24	Printed			20041	KEN KELLOGG	Reimburse - Renewal CA Civil Engineering License & mileage	226.90
52074	03/08/24	Printed			22140	KENNY & NORINE	Feb 24 Valtinjos LLC v MS 201 Eugene Ave	5,074.91
52075	03/08/24	Printed			22133	MEYERS POLICE K-9 TRAINING LLC	Feb 24 K-9 training	700.00
52076	03/08/24	Printed			22298	MT. SHASTA HIGH SCHOOL	Prop 64 cohort 3 reimbursement Jul - Sept 23	41,173.00
52077	03/08/24	Printed			22300	MT. SHASTA RECREATION & PARKS	Feb 24 building rental	600.00
52078	03/08/24	Printed			28120	NAPA AUTO PARTS	Feb 24 equipment parts	1,220.17
52079	03/08/24	Printed			11140	PACE ANALYTICAL SERVICES LLC	WWTP lab services	1,082.46
52080	03/08/24	Printed			25198	CHARLES W PILLON	3/1 - 3/7/24 audit services	31,801.12
52081	03/08/24	Printed			25121	PITNEY BOWES INC	Postage meter ink cartridge	98.14
52082	03/08/24	Printed			25160	POSTMASTER	Bulk mail permit reimbursement	2,000.00
52083	03/08/24	Printed			27000	RAMSHAW'S ACE HARDWARE INC	Feb 24 misc supplies	37.25
52084	03/08/24	Printed			28594	SMITH BUILDING SERVICES LLC	Feb 24 Building Inspector serv	2,916.66
52085	03/08/24	Printed			32060	SOLANOS INC	Feb 24 misc supplies	1,222.05
52086	03/08/24	Printed			28637	SONSRAY MACHINERY	PW 23 parts	1,957.55
52087	03/08/24	Printed			28815	STERLING HEALTH ADMINISTRATION	3/7/2024 HSA Deductions	200.00
52088	03/08/24	Printed			30069	US BANK CORPORATE PAYMENT SYS	Feb 24 credit card charges	12,584.40
52089	03/08/24	Printed			28857	USA WASTE OF CALIFORNIA INC	Feb 24 bin rental fees	4,473.34
52090	03/08/24	Printed			28857	USA WASTE OF CALIFORNIA INC	Feb 24 solid waste services	104,778.36
52091	03/08/24	Printed			31024	VALLEY PACIFIC PETROLEUM	Feb 24 fuel - Fire	10,228.70
52092	03/08/24	Printed			31050	VERIZON CONNECT FLEET USA LLC	Mar 24 Police GPS subscription	93.38
52093	03/08/24	Printed			32140	WESTERN BUSINESS PRODUCTS	Copier maint & extra copies	1,215.47
52094	03/08/24	Printed			32122	WESTERN FIRE SUPPLY	FD- PPE	3,496.20
52095	03/08/24	Printed			34055	YREKA TRANSFER, LLC	Dumpster Rental for WWTP Sludge Removal	4,600.00

Total Checks: 40

Checks Total (excluding void checks):

309,941.80

Total Payments: 40

Bank Total (excluding void checks):

309,941.80

Jodi Polk

From: Tri Counties Bank <tricoties@olbanking.com>
Sent: Wednesday, March 6, 2024 3:05 PM
To: Jodi Polk
Subject: Tri Counties Bank - ACH Payment Status Change Notification

ACH Notification



Report Date/Time 03/06/24 15:05:10 PST

This transaction has been successfully completed.

Transaction Number: ACH-01165657

ACH Company: City Mt Shasta

Company Entry Description: ACHTRANS

Payment Date: 03/07/2024

Total Credits: \$90,064.48 (54)

Total Debits: \$0.00 (0)

Status: Completed

CalPERS Electronic Funds Transfer

Date: 3/8/2024

CalPERS ID: 6941008066
Employer: City of Mt Shasta

Fiscal Year: 2023/2024

Service Period:
02/19/2024-03/03/2024**Contribution for Defined Benefit - CalPERS**

Rate Plan	Type	Amount Outstanding	Amount Paid
Rate Plan	Member Contributions		825.51
925	Employer Contributions		1,425.17
Miscellaneous	Total		\$2,250.68
Rate Plan	Member Contributions		244.46
926	Employer Contributions		554.06
Safety - Fire	Total		\$798.52
Rate Plan	Member Contributions		544.90
927	Employer Contributions		1,232.19
Safety - Police	Total		\$1,777.09
Rate Plan	Member Contributions		2,248.02
25861	Employer Contributions		2,213.67
Safety - Fire New	Total		\$4,461.69
Rate Plan	Member Contributions		3,044.56
25862	Employer Contributions		2,998.07
Safety - Police New	Total		\$6,042.63
Rate Plan	Member Contributions		4,370.81
27429	Employer Contributions		4,331.35
Miscellaneous New	Total		\$8,702.16
	Total		<u>\$24,032.77</u>

Contribution for 457 Supplemental Income Plan - CalPERS

SIP Plan ID	450083	Member Contributions	500.00
	Total		<u>\$500.00</u>
	Grand Total		<u>\$24,532.77</u>



Contact us at 1-877-496-1630 or NRSPlan@nationwide.com.

FastPay

Payroll
detail
payment
submission

Plan name	MOUNT SHASTA457 PLAN & TRUST
Plan number	0041004001
Pay Center	MOUNT SHASTA457 PLAN & TRUST
Submission date	03-08-2024
Submission time	8:00:48 AM
Pay date	03-07-2024
Payment amount	\$3,375.00
DebitACH account	Checking
Bank routing number	*****5045
Bank account number	*****0938
Debit account type	Checking
Debit ACH draft date	03-11-2024

Approved
[Signature]

FEDERAL PAYROLL TAX PAYMENT (EFTPS-941)		
PAYROLL PERIOD ENDING:		03/03/24
PAYROLL DATE:		03/07/24
ACCOUNT NAME:	ACCT.#	AMOUNT
SOCIAL SECURITY	11-000-2110	\$17,091.24
MEDICARE	11-000-2110	\$3,997.20
FED. WITHHOLDING	11-000-2120	\$13,870.79
TOTAL DEPOSIT:		\$34,959.23
EFTPS CONFIRMATION NO:		14784168
EFTPS BANK DEBIT DATE:		3/12/2024
APPROVED: <i>M. J. J. J.</i>		

STATE PAYROLL TAX PAYMENT (EDD)		
PAYROLL PERIOD ENDING:		03/03/24
PAYROLL DATE:		03/07/24
ACCOUNT NAME:	ACCT.#	AMOUNT
STATE WITHHOLDING	11-000-2130	\$4,590.83
STATE DISABILITY INS	11-000-2140	\$1,376.16
TOTAL DEPOSIT:		\$5,966.99
EDD CONFIRMATION # (STATE):		7674416
EDD CONFIRMATION # (SDI):		7674420
EDD BANK DEBIT DATE:		3/12/2024
APPROVED: <i>M. Scull</i>		

City Council Agenda Item # 7d
Staff Report

Meeting Date: March 25, 2024

To: Mayor and City Council

From: Muriel Howarth Terrell, Director of Finance

Subject: Revenue Status Update, Monthly Investment and Financial Report for the Period Ending February 29, 2024

	Regular
X	Consent
	Closed
	Presentation

Recommendation:

Staff respectfully requests the City Council review the provided information regarding the City's revenue and investments.

Background & Summary:

Revenues:

Revenue for this report has been updated to recognize the collections for July 2023 through February 2024.

Property Tax Revenue:

The City has received \$427,993 in property tax for the current fiscal year. This represents the December payment and a small amount of delinquent payments. The amount is \$29,000 more than the prior year.

Sales Tax Revenue:

The City has received \$870,663 through February 29, 2024 in sales tax for fiscal year 2023-2024 for July- December, 2023. This is \$33,869 less than the prior year a decrease of 3.7%.

Transient Occupancy Tax:

The city has received \$729,116 in TOT for through February 2024 of fiscal year 2023-2024. The prior year amount was \$728,428. The amount collected is just slightly over the previous year.

As of February 29, 2024, the combined funds the City of Mt. Shasta had invested in the Local Agency Investment Fund (L.A.I.F.) totaled \$254,168. The February 2024 LAIF statement is attached, along with the performance data for the month of January. Most surplus funds over which the City has control are currently invested in ProEquities. The balance of the City's cash funds are held in the pooled checking account with Tri Counties Bank and LAIF.

Current investment rates are:

L.A.I.F.	February 29, 2024	4.122%
Treasury Note – 3 month	January 31, 2024	5.37%
Treasury Note – 2 Yr.	January 31, 2024	4.21%
Treasury Note – 5 Yr.	January 31, 2024	3.84%
Treasury Note – 10 Yr.	January 31, 2024	3.91%
Treasury Note – 30 Yr.	January 31, 2024	4.17%

Bloomberg as reported by Chandler Asset Management

The LAIF average increased slightly from last month, with the short term notes experiencing decreases and the long term 10 and 30 year notes experiencing slight increases. We continue to anticipate the LAIF rate slowly increasing staying just above 4%. Short term CD rates are now better than the LAIF rate and longer-term notes may offer better yields it does not give us the liquidity we need. The LAIF rate remains the best available rate that meets the City's requirement for liquidity and safety.

Financial Impact:

The investments are in compliance with the City's investment policy and provides for meeting the City's cash flow needs for the next month and 6 month periods.

Compliance with 2014-17 City Council Strategic Plan:

The City Council's leadership efforts to ensure adherence to the best possible financial practices and overall transparency falls under Strategic Focus IV – Grow Mt. Shasta Pride and Quality and the Municipal Responsibilities of Progressive Leadership and Financial Health and Economic Opportunity.

Attachments:

- LAIF Monthly Statement
- LAIF Performance Report
- LAIF Monthly Balances
- February 2024 Chandler Asset Management

California State Treasurer
Fiona Ma, CPA



Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

March 19, 2024

LAIF Home
PMIA Average Monthly Yields

CITY OF MT SHASTA

DIRECTOR OF FINANCE
305 NORTH MT SHASTA BLVD
MT SHASTA, CA 96067

Tran Type Definitions

//

Account Number: 98-47-572

February 2024 Statement

Account Summary

Total Deposit:	0.00	Beginning Balance:	254,168.49
Total Withdrawal:	0.00	Ending Balance:	254,168.49



PMIA/LAIF Performance Report as of 3/13/24



Quarterly Performance Quarter Ended 12/31/23

LAIF Apportionment Rate ⁽²⁾ :	4.00
LAIF Earnings Ratio ⁽²⁾ :	0.00010932476863589
LAIF Administrative Cost ^{(1)*} :	0.29
LAIF Fair Value Factor ⁽¹⁾ :	0.993543131
PMIA Daily ⁽¹⁾ :	3.96
PMIA Quarter to Date ⁽¹⁾ :	3.81
PMIA Average Life ⁽¹⁾ :	230

PMIA Average Monthly Effective Yields⁽¹⁾

February	4.122
January	4.012
December	3.929
November	3.843
October	3.670
September	3.534

Pooled Money Investment Account Monthly Portfolio Composition ⁽¹⁾ 2/29/24 \$164.3 billion

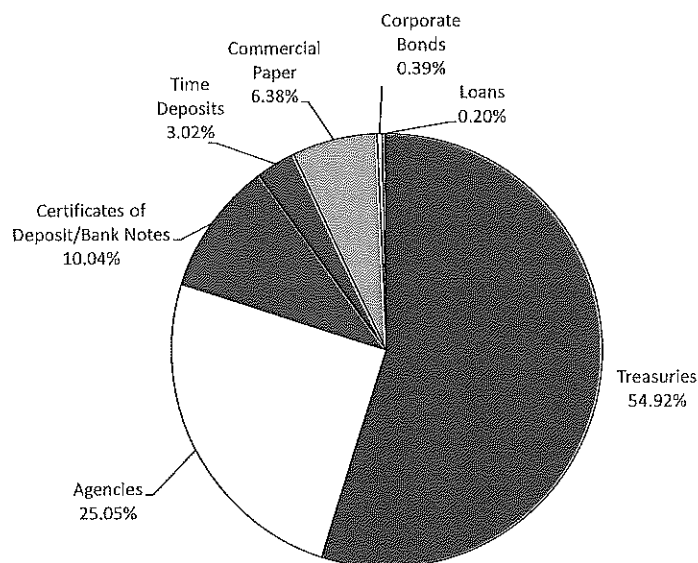


Chart does not include \$2,059,000.00 in mortgages, which equates to 0.001%. Percentages may not total 100% due to rounding.

Daily rates are now available here. [View PMIA Daily Rates](#)

Notes: The apportionment rate includes interest earned on the CalPERS Supplemental Pension Payment pursuant to Government Code 20825 (c)(1) and interest earned on the Wildfire Fund loan pursuant to Public Utility Code 3288 (a).

*The percentage of administrative cost equals the total administrative cost divided by the quarterly interest earnings. The law provides that administrative costs are not to exceed 5% of quarterly EARNINGS of the fund. However, if the 13-week Daily Treasury Bill Rate on the last day of the fiscal year is below 1%, then administrative costs shall not exceed 8% of quarterly EARNINGS of the fund for the subsequent fiscal year.

Source:

⁽¹⁾ State of California, Office of the Treasurer

⁽²⁾ State of California, Office of the Controller



FEBRUARY 2024



Market Data

World Stock Market Indices
 data as of 01/31/2024

	Change (12/31/2023)	%CHG
S&P 500		
4,845.65	75.82	1.59%
NASDAQ		
15,164.01	152.66	1.02%
DOW JONES		
38,150.30	460.76	1.22%
FTSE(UK)		
7,630.57	(102.67)	(1.33%)
DAX (Germany)		
16,903.76	152.12	0.91%
Hang Seng (Hong Kong)		
15,485.07	(1,562.32)	(9.16%)
Nikkei (Japan)		
36,286.71	2,822.54	8.43%

Source: Bloomberg. Please see descriptions of indices on Page 2.

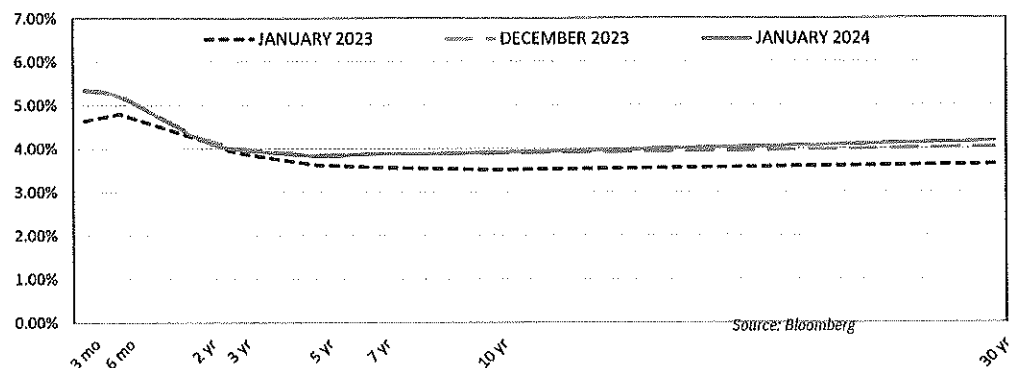
Market Summary

Recent economic data indicates above-trend growth driven by a rise in consumer spending and a healthy US job market. While inflationary trends are subsiding, core levels remain above the Federal Reserve's (Fed) 2% target. Given the cumulative effects of restrictive monetary policy and tighter financial conditions, we anticipate gradual economic softening, prompting the Fed to ease monetary policy in 2024.

At the January meeting, the Federal Open Market Committee (FOMC) unanimously voted to maintain the Federal Funds rate within the target range of 5.25% - 5.50%. Fed Chair Powell suggested that the federal funds rate is at or near its peak, but discounted market expectations of a rate cut in March. We anticipate the FOMC will ease monetary policy by cutting the federal funds rate in mid-2024 as inflation and economic growth moderate.

Bond investors weighed the benefits of improving inflation reports against the impact of strong GDP, consumer spending, and employment data on the likely pace of future rate cuts by the Fed. Following the Federal Reserve's meeting on January 31st, Chair Powell confirmed that while inflation was moving in the right direction, the Fed was unlikely to reduce rates at the next meeting in March. Consequently, US Treasury yields showed mixed movements: short-term yields decreased slightly while longer-term yields rose. Specifically, the 2-year Treasury yield declined by 4 basis points to 4.21%, the 5-year Treasury yield dropped by 1 basis point to 3.84%, and the 10-year Treasury yield increased by 3 basis points to 3.91%.

Treasury Yields Were Mixed in January, With Yields Falling on The Short End While Longer-Term Rates Increased



At the end of January, the 2-year Treasury yield decreased by 1 basis point, while the 10-year Treasury yield dropped by 40 basis points compared to the previous year. The inversion between the 2-year and 10-year Treasury yields narrowed to -30 basis points by the end of January, down from -37 basis points in December. Notably, the average historical spread between these yields since 2003 is approximately +130 basis points. Additionally, the inversion between 3-month and 10-year Treasuries remained unchanged at -146 basis points in January compared to December. It is important to note that this inversion is likely to persist until the Federal Reserve begins to cut rates, a probability that has increased in recent months.

TREASURY YIELDS	Trend (▲/▼)	01/31/2024	12/31/2023	Change
3-Month	▲	5.37	5.34	0.02
2-Year	▼	4.21	4.25	-0.04
3-Year	▼	3.98	4.01	-0.03
5-Year	▼	3.84	3.85	-0.01
7-Year	▼	3.88	3.88	-0.01
10-Year	▲	3.91	3.88	0.03
30-Year	▲	4.17	4.03	0.14

Source: Bloomberg

BOND MARKET REVIEW

Credit Spreads Tightened in January

CREDIT SPREADS	Spread to Treasuries (%)	One Month Ago (%)	Change
3-month top rated commercial paper	5.38	5.44	(0.06)
2-year A corporate note	4.68	4.71	(0.03)
5-year A corporate note	4.52	4.44	0.08
5-year Agency note	3.94	3.96	(0.02)

Source: Bloomberg

Data as of 01/31/2024

Crude Oil Prices Increased in Tandem With Increasing Tensions in The Middle East

ECONOMIC INDICATOR	Current Release	Prior Release	One Year Ago
Trade Balance	(62.20) \$B In DEC 23	(58.66) \$B In NOV 23	(71.39) \$B In DEC 22
Gross Domestic Product	3.30% DEC 23	2.10% SEP 23	2.60% DEC 22
Unemployment Rate	3.70% JAN 24	3.80% DEC 23	3.40% JAN 23
Prime Rate	8.50% JAN 24	8.50% DEC 23	7.50% JAN 23
Refinitiv/CoreCommodity CRB Index	272.41 JAN 24	263.83 DEC 23	278.09 JAN 23
Oil (West Texas Int.)	\$75.85 JAN 24	\$71.65 DEC 23	\$78.87 JAN 23
Consumer Price Index (y/o/y)	3.10% JAN 24	3.70% DEC 23	6.40% JAN 23
Producer Price Index (y/o/y)	(1.10%) JAN 24	2.10% DEC 23	8.80% JAN 23
Euro/Dollar	1.08 JAN 24	1.10 DEC 23	1.09 JAN 23

Source: Bloomberg

Economic Roundup

Consumer Prices

Consumer prices surged more than anticipated in January, with the headline CPI rising by 0.3 percent for the month. On a year-over-year basis, the CPI climbed by 3.1 percent, a slight decline from December's 3.4 percent. Excluding food and energy, the CPI saw a 0.4 percent increase for the month, following a 0.3 percent rise in December, while the 12-month rate remained stable at 3.9 percent, slightly surpassing the consensus of 3.7 percent. In December, the Personal Consumption Expenditures (PCE) Index saw a 0.2 percent increase in headline inflation month-over-month, rising by 2.6 percent year-over-year, consistent with November's figures. Core PCE, the Federal Reserve's preferred inflation gauge, also rose by 0.2 percent month-over-month, continuing its deceleration to 2.9 percent year-over-year in December from 3.2 percent in November. Despite the moderation in trend, inflation persists above the Fed's 2 percent target.

Retail Sales

Retail and food services sales fell by 0.8 percent in January compared to December, significantly below the consensus forecast of a 0.1 percent decrease. Weakness in retail activity was widespread in January, although a few sectors managed to show modest gains. The main contributors to the decline in January retail sales were a 1.7 percent drop in motor vehicles and parts sales and a 1.7 percent decrease in sales at gasoline stations. Meanwhile, the Conference Board's Consumer Confidence Index surged to a two-year high of 114.8 in January, up from 108.0 in December, driven by heightened perceptions of current conditions and reduced pessimism about the future. This increase in confidence suggests expectations of slower inflation, anticipation of lower interest rates, and generally positive employment conditions. However, despite consumer resilience, concerns arise from diminishing excess savings, increasing credit card balances, and the resumption of student loan payments, which may pose potential headwinds to future economic growth.

Labor Market

The U.S. economy added 353,000 jobs in January, vastly exceeding consensus expectations of 185,000, and upwardly revised 333,000 jobs in December. Leading sectors included professional and business services, health care, retail trade, and social assistance. The trajectory of job creation has increased, with the three-month moving average payrolls at 289,000 and the six-month moving average at 248,000. The unemployment rate remained unchanged at 3.7% for the third month, and the labor participation rate was unchanged at 62.5%, remaining below the pre-pandemic level of 63.3%. The U-6 underemployment rate, which includes those who are marginally attached to the labor force and employed part time for economic reasons rose to 7.2% from 7.1% last month. Average hourly earnings rose 4.5% year-over-year in January, increasing from an upwardly revised 4.3% gain last month. Employment remains strong by historical standards.

Housing Starts

Housing Starts decreased month-over-month in December by 4.3% to an annual rate of 1.460 million units. Starts for single-family homes were down 8.6%, while multi-family homes rose 7.5%. Total starts of new homes are up 15.8% year-over-year. Although single family home starts decreased in December, the National Association of Home Builders Market Index increased faster than expectations due to lower mortgage rates providing a boost in confidence for homebuilders. According to Freddie Mac, average 30-year fixed rate mortgage rates declined to 6.63% as of February 1st. According to the Case-Shiller 20-City Home Price Index, housing prices rose 5.40% year-over-year in November, accelerating from a 4.88% year-over-year gain in October. Tight inventories and higher mortgage rates continue to impact affordability.

World Stock Market Index Descriptions

S&P 500—The S&P 500 is a market value-weighted index of 500 large-capitalization stocks. The 500 companies included in the index capture approximately 80% of available US market capitalization. NASDAQ—The NASDAQ Composite Index is the market capitalization-weighted index of over 3,300 common stocks listed on the NASDAQ stock exchange. Dow Jones—The Dow Jones Industrial Average is an index that tracks 30 large, publicly-owned companies trading on the New York Stock Exchange and the NASDAQ. The Financial Times Stock Exchange Group (FTSE)—The FTSE is a share index of the 100 companies listed on the London Stock Exchange with the highest market capitalization. DAX—The Deutscher Aktienindex (DAX) is a blue chip stock market index consisting of the 30 major German companies trading on the Frankfurt Stock Exchange. Hang Seng—The Hang Seng Index is a freefloat-adjusted market-capitalization-weighted stock market index in Hong Kong. It is used to record and monitor daily changes of the largest companies of the Hong Kong stock market and is the main indicator of overall market performance in Hong Kong. Nikkei-Japan's Nikkei 225 Stock Average is a price-weighted index composed of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange.

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MOUNT SHASTA

DOWNTOWN ENHANCEMENT ADVISORY COMMITTEE

"Our mission is to maintain the character of our 'small town' community while striking an appropriate balance between economic development and preservation of our quality of life. We help create a dynamic and vital City by providing quality, cost-effective municipal services and by forming partnerships with residents and organizations in the constant pursuit of excellence."

MEETING MINUTES - Mount Shasta City Council - Friday, January 31, 2024, 8:45am

STANDING AGENDA ITEMS

1. **Call to order:** Committee Member Ashley Hagge called the meeting to order at 8.45am

2. **Roll call:**

Present: Ashley Hagge, Jake Pritchard, Erika Bruser, Dani Williams (remotely.)

3. **Public Comment:** Observation, Eric & Shashell from Power Organics

4. **Staff & Members Comment:** None

5. **Consent Agenda:** Approval of Minutes: *Dani/Ashley*

6. **Minutes:** Jake/Ashley

7. **Biketober Event:**

Scheduling, permits, need to start now. Winter Magic the Chamber of Commerce may not be proceeding with running it next year, so DEAC may need to spearhead it. Bike groups did have a fun day event at the start the idea growing. Small scale debut. Chamber could help get the word out, but need to get the course defined and cleared. There is one section that makes it difficult to finish the course at Shastice Park. We could include the Boys and Girls club.

Keep regular meeting to focus on this event Feb 28th.

8. **Flower of Life:** Gary Mt Shasta Crane can't contribute to help. Jake reaching out to others to see if he can find someone who is qualified to do. Erika to tell Ashley update.

9. **Power Box Art:**

Submissions to review (Jake on computer) Voting proceeded. Jake to contact the artists with the contract. Also contact the high school for submissions. Placement of which boxes will be defined next meeting. Big box to be the children art collage. Social media for winning artists.

10. **Façade Improvements:** Dani to do letter to be sent. Signage not included because it's approval through planning.
11. **Parkers Plaza:** There are too many living in cars in the plaza. And incidents of interactions with homeless that are involving valdalism. Can ask to put sign up that states 24 hours only parking, not 72 hours as current. Unless snow removal conditions exist. Ashley to send email to Robert Gibson police chief, copy Todd. Critical infrastructure ordinance.
12. **All other articles on hold**

Adjorn: Meeting adjorned at 9:50am. Next meeting Feb 28, 8.30am at City Hall.



MOUNT SHASTA

DOWNTOWN ENHANCEMENT ADVISORY COMMITTEE

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MEETING MINUTES - Mount Shasta City Council - Friday, Feb 28, 2024, 8:45am

STANDING AGENDA ITEMS

1. **Call to order:** Committee Member Ashley Hagge called the meeting to order at 8.38am
2. **Roll call:**
Present: Ashley Hagge, Jake Pritchard, Erika Bruser, Dani Williams.
3. **Public Comment:** None
4. **Staff & Members Comment:** None
5. **Consent Agenda:** Approval of Minutes: *Dani/Ashley*
6. **Power Box Art:**
Artworks have been voted and selected, an proceeding with getting artists agreements out for disclaimers for winning artists, and then announce on social media the winners. Erika to send scanned artwork to Ashley. DAC to choose placement once agreements returned.
7. **Façade Improvements:** Dani received a list of business/building owners. Once Kathy has printed the letters and provided envelopes Dani will coordinate mail out. Todd to print letters.
8. **Art in Public Places:** Flower of Life, Reaching out to Redding/Medford crane companies to get quotes. Other Art in public places, looking at murals and how to incorporate, thinking that it will be a separate project.
9. **Biketober Event:**
Considering committees we will ask to be incorporated into the project. Boys and girls club (utilize the Art Van); Siskiyou County Art Council (art cart or similar booth?); Concert in the Park (stage, band contacts, etc); Bike Shasta (trail, race event, permits, full running & receive entry proceeds, trike race for kids? fun side events); Vendors for parking area, work out cost of vendor booths to cover space rental; T-shirt (Dani check with Bike Shasta to go halves) or mug (metal); wrist bands for beer garden (under/over 21); Ashley email Shannon to review previous application for permits; Update map at next meeting. Ashley email Kaila regarding vendors list. Thrive (for non-alcoholic kombucha). Main Costs: Insurance, permits, license, band, toilets, beer, marketing (token. Banners, etc). Biketoberfest banner across Mt Shasta Blvd a month before. Set up meeting with Shannon/ Mike Kellog, to review the site and make sure we have everything covered. Race times usually 9-3, have band

start 1-2, then 3-5, then a headliner 5-7. Have three bands. Finish around 7pm. Music playing all day. Seating (Jonathan/Solano). Possible sponsorship to cover band. Mulled wine option for non-beer drinkers. Pepsi for sodas. Lederhosen for bar workers. Date TBA. Tentative 5th October.

10. **Parkers Plaza:** On hold.

11. **Future Agenda Items:** Alleyway spaces. Mural Projects.

Adjourn: Meeting adjourned at 10:14am. Next meeting Mar 13th, 8:30am at City Hall. Meeting after that 17th April, Dani remote.

RESOLUTION CCR-24-XX

**A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MT. SHASTA
ACCEPTING THE STATE-MANDATED WASTEWATER TREATMENT
AND DISPOSAL IMPROVEMENTS**

WHEREAS, the City of Mt. Shasta has strived to improve the quality of life for its residents through various infrastructure projects; and

WHEREAS, the State-Mandated Wastewater Treatment and Disposal Project was undertaken with the aim of improving treated wastewater quality; and

WHEREAS, the City Council has thoroughly reviewed the plans, costs, and potential impacts associated with the construction of the State-Mandated Wastewater Treatment and Disposal Improvements; and

WHEREAS, after careful consideration, the City Council finds that State-Mandated Wastewater Treatment and Disposal Improvements aligns with the City's long-term goals and objectives, enhances public welfare, and fosters economic growth and community development.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Mt. Shasta:

Section 1: The City Council hereby accepts the completed the State-Mandated Wastewater Treatment and Disposal Improvements as presented and acknowledges its successful execution and fulfillment of its intended purpose.

Section 2: The City Council extends its gratitude to all parties involved in the planning, development, and execution of the State-Mandated Wastewater Treatment and Disposal Improvements including but not limited to, consultants, city staff, and community members.

Section 3: The City Council directs the City Manager to ensure proper documentation of the completion of the State-Mandated Wastewater Treatment and Disposal Improvements and to take any necessary administrative actions to finalize the project including, but not limited to, filing a Notice of Completion, Notice of Acceptance of the Work.

Section 4: The City Council affirms its commitment to maintaining and preserving the State-Mandated Wastewater Treatment and Disposal Improvements to ensure its continued benefit to the community for years to come.

Section 5: This resolution shall take effect immediately upon its passage and approval.

Passed and adopted this 25th day of March, 2024 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

DATED: March 25, 2024

ATTEST:

CITY OF MT. SHASTA

Kathryn M. Joyce, Deputy City Clerk

John Stackfleth, Mayor

DATE: March 25, 2024

TO: Mayor Stackfleth and City Council

FROM: Finance Director Terrell

SUBJECT: 2024-2025 Proposed Operating Budget All Funds

RECOMMENDATION:

We respectfully request your review and discuss the Proposed Operating Budget All Fund for fiscal year 2024-2025.

BACKGROUND:

General Fund:

Our City relies heavily on Sales Tax and Transient Occupancy Taxes (TOT) they represent about fifty percent (50%) of our general fund revenues.

Pre-COVID actual 2018-2019	TOT	\$821,454	Sales Tax	\$1,260,633
Actual 2019-2020	TOT	\$727,545	Sales Tax	\$1,287,491
Actual 2020-2021	TOT	\$1,037,318	Sales Tax	\$1,523,959
Actual 2021-2022	TOT	\$1,186,841	Sales Tax	\$1,665,866
Actual 2022-2023	TOT	\$1,254,916	Sales Tax	\$1,693,783
Budgeted 2023-2024	TOT	\$1,224,000	Sales Tax	\$1,724,000
Budgeted 2024-2025	TOT	\$1,468,000	Sales Tax	\$1,760,000

For fiscal year 2023-2024 General Fund revenues are estimated at \$6.014 million, which is approximately \$200,000 higher than the 2022-2023 actuals. The new 2024-2025 budget includes projected increases in the TOT due to the approved increase to the TOT rate.

In determining expenditures for the General Fund, we start with employee and benefit costs as a starting point. The authorized positions worksheet is as required part of developing the budget and includes the increases already approved by Council. Union negotiations will begin in April of 2024 and was not a part of this budget. There are pending grants that may increase fire positions and this too is not a part of this budget. Each department head then developed all other costs within their departments using historical data. The majority of the deficits for the current fiscal year and the proposed budget is due to the increases in salaries.

The transfer from Gas Tax for Snow Removal is anticipated to be about \$40,000, which is much less than the previous year due to the snow season we had this year. We expect the administrative cost allocation to be in the \$350,000 range. In total General Fund expenditures are projected at \$6.77 million.

This budget includes the \$75,000 transfer out of the General Fund to be set aside for the Equipment Replacement Fund.

The General Fund is projected to have a carryover of around \$1.56 million. This creates a reserve of about 25.16% going into the 2024-2025 fiscal year. The amount going into the 2025-2026 fiscal year after the projected loss in 2024-2025 of \$310,757 \$ will be \$1.24 million and creates a reserve percentage of 18.91%.

Enterprise Funds:

In the Drainage Fund we continue with the determination of potential new rates with the proposition 218 process currently underway. Shortfalls for the contract labor for this analysis will be made up through the new rates if the process is unsuccessful the shortfall will need to be provided by the general fund, economic enhancement fund or through grants.

In the Solid Waste Fund, we are continuing negotiations between the City and Waste Management to determine which entity will be billing for the continued service provided by Waste Management. We anticipate this coming to Council before the end of the calendar year.

In the Water and Wastewater funds budgets reflect the rate increases as specified in the rate studies. In the Wastewater fund an additional employee was budgeted as a part of the study and has been reflected in this budget as well as the previous budget. There are no projects expected in fiscal year 2024-2025.

Special Revenue Funds

In the Gas Tax and Transportation Funds we had anticipate approximately \$500,000 to \$750,000 in construction to occur this summer into fall of 2024, however Siskiyou County road crews are not available for the fiscal year 2024-2025 schedule. The projects for road construction and maintenance will be pushed out until the 2025-2026 fiscal year. These funds will continue to accumulate and will increase the amount of construction that be expected in 2025-2026.

In the CDBG for Food and Subsistence programs have been completed with the only current funding to be for Senior Snow Removal.

For the Brownfield removal of the stockpiled soil at the old Roseburg has been and the site is currently doing surveys to determine deed restrictions on portions of the property.

In the rest of the special revenue funds they are consistent from year to year and are reflected as such.

**City of Mt. Shasta Mid-Year
Operating Budget
2023-2024**

City of Mt. Shasta

FUND	ACCOUNT GROUP	Final Budget 2023-2024	Mid Year Budget Adjustment	Mid Year Budget Amounts 2023-2024	December Actual 2023-2024	Year to Date Percent of budget	
GENERAL FUND							
	Beginning Fund Balance (July 1) Carryover	2,065,045	2,065,045	2,065,045	2,065,045		
	Beginning Fund Balance From 22/23 Audited Financial Statements						
	Revenues						
	Taxes	\$ 4,281,800	23,044	4,304,844	\$ 1,764,751	40.99%	VLF increased 23K
	Franchises	\$ 88,000		88,000	\$ 3,469	3.94%	
	Federal Grants	\$ 77,000		77,000	\$ 46,695	60.64%	
	State Subventions and Grants	\$ 730,182		730,182	\$ 3,725	0.51%	Fire 50/50 Grant
	Fines and Forfeitures	\$ 9,000		9,000	\$ 4,410	49.00%	
	Interest and Rental Revenues	\$ 1,150	10,500	11,650	\$ 374	3.21%	Walsh Roseberg Rent
	Permits and Licenses	\$ 107,500		107,500	\$ 52,704	49.03%	
	Current Service Charges	\$ 32,350	39,500	71,850	\$ 49,133	68.38%	Police and Fire Personnel reimb
	Other Miscellaneous Revenues	\$ 203,664		203,664	\$ 53,714	26.37%	
	Administrative Allocation	\$ 313,000	(20,200)	292,800	\$ 148,554	50.74%	Mid-year admin reallocation
	Transfers In	\$ 170,000	113,410	283,410	\$ 35,000	12.35%	FEMA transfer
	Total General Fund Revenues	6,013,646	166,254	6,179,900	2,162,529	34.99%	

City of Mt. Shasta

FUND	ACCOUNT GROUP	Final Budget 2023-2024	Mid Year Budget Adjustment	Mid Year Budget Amounts	December Actual 2023-2024	Year to Date Percent of budget	
Expenditures							
Legislative							
City Council							
					December 23 Actuals		
	Salaries and Benefits	\$ 14,412		14,412	\$ 7,206	50.00%	
	Employee Related Costs	\$ 2,000	2,000	4,000	\$ 3,697	92.43%	Travel
	Facilities Expenses	\$ 24,250		24,250	\$ 13,515	55.73%	
	Principal and Interest	\$ 7,201		7,201	\$ -	0.00%	
	Miscellaneous Expenses	\$ 3,000		3,000	\$ 1,700	56.67%	
	Total City Council	50,863	2,000	52,863	26,118	49.41%	
Total Legislative		50,863	2,000	52,863	26,118		
Administration and Finance							
City Manager/Administration							
	Salaries and Benefits	\$ 279,069		279,069	\$ 126,746	45.42%	
	Employee Related Costs	\$ 2,900		2,900	\$ 1,596	55.03%	
	Facilities Expenses	\$ 2,930		2,930	\$ 1,266	43.21%	
	Services-Personal and Professional	\$ -		-	\$ -	0.00%	
	Miscellaneous Expenses	\$ 100		100	\$ -	0.00%	
	Total City Manager/Administration	284,999	-	284,999	129,608	45.48%	
City Clerk							
	Salaries and Benefits	1,679		1,679	\$ 517	30.79%	
	Employee Related Costs	1,320		1,320	\$ 597	45.23%	
	Services-Personal and Professional	23,000	14,200	37,200	\$ 30,003	80.65%	Election for TOT
	Insurance, Licenses, and Taxes	50		50	\$ -	0.00%	
	Total City Clerk	26,049	14,200	40,249	31,117	77.31%	
Finance							
	Salaries and Benefits	\$ 446,239		446,239	\$ 204,825	45.90%	
	Employee Related Costs	\$ 2,385		2,385	\$ 2,120	88.89%	
	Services-Personal and Professional	\$ 69,850		69,850	\$ 33,437	47.87%	
	Insurance, Licenses, and Taxes	\$ 8,000	1,800	9,800	\$ 9,752	99.51%	Tyler Tech
	Facilities Expenses	\$ 22,480		22,480	\$ 9,749	43.37%	
	Maintenance and Repairs	\$ -		-	\$ -	0.00%	
	Materials and Supplies	\$ 18,000		18,000	\$ 7,002	38.90%	
	Debt Service	\$ 4,937		4,937	\$ -	0.00%	
	Capital Outlay	\$ -		-	\$ -	0.00%	
	Total Finance	571,891	1,800	573,691	266,885	46.52%	
Management Information Systems							
	Employee Related Costs	\$ -		-	\$ -	0.00%	
	Services-Personal and Professional	\$ 68,000		68,000	\$ 35,957	52.88%	Apex contract
	Insurance, Licenses, and Taxes	\$ 25,200		25,200	\$ 14,017	55.62%	
	Maintenance and Repairs			-	\$ -	0.00%	
	Materials and Supplies	\$ -		-	\$ -	0.00%	
	Capital Outlay	\$ -		-	\$ -	0.00%	
	Total Data Processing / Information Systems	93,200	-	93,200	49,974	53.62%	
City-Wide Insurance							
	Employee Related Costs	\$ 3,000	-	3,000	\$ 191	6.37%	
	Insurance, Licenses, and Taxes	\$ 298,147	34,500	332,647	\$ 224,370	67.45%	property, liability, WC first aid
	Total Insurance	301,147	34,500	335,647	224,561	66.90%	
City Attorney							
	Services-Personal and Professional	65,000	-	65,000	\$ 21,355	32.85%	
	Total City Attorney	65,000	-	65,000	21,355	32.85%	
Total Administration and Finance		1,342,286	50,500	1,392,786	723,500	51.95%	

**City of Mt. Shasta Mid-Year
Operating Budget
2023-2024**

City of Mt. Shasta

FUND	ACCOUNT GROUP	Final Budget 2023-2024	Mid Year Budget Adjustment	Mid Year Budget Amounts	December Actual 2023-2024	Year to Date Percent of budget	
Public Safety- Police and Fire							
Police Department							
	Salaries and Benefits	\$ 1,109,573	40,000	1,149,573	\$ 658,754	57.30%	Overtime
	Employee Related Costs	\$ 25,500		25,500	\$ 15,867	62.22%	
	Services-Personal and Professional	\$ 43,500	26,000	69,500	\$ 52,119	74.99%	Taser/ body cam evidence storage
	Facilities Expenses	\$ 12,150		12,150	\$ 5,897	48.53%	
	Maintenance and Repairs	\$ 84,400		84,400	\$ 43,420	51.45%	
	Materials and Supplies	\$ 31,750		31,750	\$ 15,397	48.49%	
	Debt Service	\$ 1,150		1,150	\$ -	0.00%	
	Miscellaneous Expenses	\$ 6,000		6,000	\$ 5,044	84.07%	
	Capital Outlay	\$ 94,667		94,667	\$ 70,450	74.42%	
	Total Police Department	1,408,690	66,000	1,474,690	866,948	58.79%	
Dispatch							
	Salaries and Benefits	\$ 435,132		435,132	\$ 219,053	50.34%	
	Employee Related Costs	\$ 4,750		4,750	\$ 2,415	50.84%	
	Services-Personal and Professional	\$ 8,500		8,500	\$ -	0.00%	
	Materials and Supplies	\$ 6,000		6,000	\$ 1,550	25.83%	
	Capital Outlay	\$ 200,000		-	\$ -	0.00%	Prop 64
	Total Dispatch	654,382	-	654,382	223,018	34.08%	
Code Enforcement							
	Salaries and Benefits	\$ 80,455		80,455	\$ 39,559	49.17%	
	Employee Related Costs	\$ 1,480	400	1,880	\$ 1,782	94.79%	training
	Services-Personal and Professional	\$ 196,812		196,812	\$ 1,151	0.58%	Boys and Girls Club, MS High School
	Facilities Expenses	\$ 1,500		1,500	\$ 650	43.33%	
	Maintenance and Repairs	\$ 6,450		6,450	\$ 1,174	18.20%	
	Material and Supplies	\$ 300		300	\$ -	0.00%	
	Supplies & Miscellaneous Expenses	\$ 12,500		12,500	\$ 5,619	44.95%	
	Capital Outlay	\$ 12,000		12,000	\$ -	0.00%	
	Total Animal Control	311,497	400	311,897	49,935	16.01%	
Fire Department							
	Salaries and Benefits	\$ 882,469	30,000	912,469	\$ 421,353	46.18%	Overtime
	Employee Related Costs	\$ 17,335		17,335	\$ 4,920	28.38%	
	Professional Services	\$ -	13,495	13,495	\$ 3,495	25.90%	Social Media Archive, Old Hospital Clean
	Insurance, Licenses, and Taxes	\$ 10,000	3,013	13,013	\$ 13,013	100.00%	Property Insurance
	Facilities Expenses	\$ 11,600		11,600	\$ 2,484	21.41%	
	Maintenance and Repairs	\$ 45,000		45,000	\$ 29,857	66.35%	
	Materials and Supplies	\$ 14,000		14,000	\$ 8,860	63.29%	
	Miscellaneous Expenses	\$ 1,000		1,000	\$ 525	52.50%	
	Capital Outlay	\$ -		-	\$ -	0.00%	
	Total Fire Department	981,404	46,508	1,027,912	484,507	47.14%	
Total Police and Fire Safety		3,355,973	112,908	3,468,881	1,624,408	46.83%	

City of Mt. Shasta

FUND	ACCOUNT GROUP	Final Budget 2023-2024	Mid Year Budget Adjustment	Mid Year Budget Amounts	December Actual 2023-2024	Year to Date Percent of budget
	Buildings and Operations					
	Non-Departmental					
	Salaries and Benefits	\$ 228,690		228,690	\$ 210,569	92.08% PERS unfunded liability
	Employee Related Costs	\$ -		-	\$ -	0.00%
	Services-Personal and Professional	\$ -		-	\$ 1,394	0.00%
	Insurance, Licenses, and Taxes	\$ 1,325		1,325	\$ 1,429	107.85%
	Materials and Supplies	\$ 100		100	\$ -	0.00%
	Debt Service	\$ 77,378		77,378	\$ 76,208	98.49%
	Transfers out	\$ 75,000	-	75,000	\$ 35,000	46.67%
	Total Non-Departmental	382,493	-	382,493	324,600	84.86%
	Planning and Zoning					
	Salaries and Benefits	\$ 130,118		130,118	\$ 41,527	31.91%
	Employee Related Costs	\$ 2,200	950	3,150	\$ 2,300	73.02% recruitment
	Services-Personal and Professional	\$ 124,500	(60,000)	64,500	\$ 25,348	39.30% Hiring of Planner
	Facilities Expense	\$ 15,000		15,000	\$ 3,773	25.15%
	Materials and Supplies	\$ 4,000	1,850	5,850	\$ 5,051	86.34% Parcel quest
	Miscellaneous Expenses	\$ -	400	400	\$ 395	98.75%
	Total Planning	275,818	(56,800)	219,018	78,394	35.79%
	Community Promotion and Visitors					
	Salaries and Benefits	\$ 12,587		12,587	\$ 8,680	68.96%
	Grounds Maintenance	\$ 14,200		14,200	\$ 4,623	32.56%
	Materials and Supplies	\$ -	400	400	\$ 398	99.50%
	Miscellaneous Expenses	\$ 112,600	16,450	129,050	\$ 32,572	25.24% VB increase, small amt Event exp
	Transfers out	\$ -		-	\$ -	0.00%
	Capital Outlay	\$ -		-	\$ -	0.00%
	Total Community Promotion	139,387	16,850	156,237	46,273	29.62%
	Public Works Administration					
	Salaries and Benefits	\$ 157,154		157,154	\$ 69,485	44.21%
	Employee Related Costs	\$ 1,500		1,500	\$ 183	12.20%
	Services-Personal and Professional	\$ 6,000		6,000	\$ 2,293	38.22%
	Facilities Expenses	\$ 3,000		3,000	\$ 1,686	56.20%
	Maintenance and Repairs	\$ 350		350	\$ 21	6.00%
	Materials and Supplies	\$ 100	500	600	\$ 599	99.83% CAD system
	Total Public Works Administration	168,104	500	168,604	74,267	44.05%
	Building & Safety Inspection					
	Salaries and Benefits	\$ -		-	\$ -	0.00%
	Employee Related Costs	\$ -		-	\$ -	0.00%
	Services-Personal and Professional	\$ 60,000	20,000	80,000	\$ 38,337	47.92% Bldg inspection
	Facilities Expenses	\$ 425		425	\$ 173	40.71%
	Maintenance and Repairs	\$ -		-	\$ -	0.00%
	Materials and Supplies	\$ -	750	750	\$ 738	98.40%
	Total Building Inspection	60,425	20,750	81,175	39,248	48.35%
	Government Buildings					
	Salaries and Benefits	\$ 15,384		15,384	\$ 15,456	100.47%
	Services-Personal and Professional	\$ -		-	\$ -	0.00%
	Facilities Expenses	\$ 30,000		30,000	\$ 7,485	24.95%
	Maintenance and Repairs	\$ 25,100	38,000	63,100	\$ 49,756	78.85% Generator replacement
	Materials and Supplies	\$ 150		150	\$ -	0.00%
	Miscellaneous Expenses	\$ 360		360	\$ 145	40.28%
	Capital Outlay	\$ -		-	\$ -	0.00%
	Total Government Buildings	70,994	38,000	108,994	72,842	66.83%
	Total Buildings and Operations	1,097,221	19,300	1,116,521	635,624	56.93%

**City of Mt. Shasta Mid-Year
Operating Budget
2023-2024**

City of Mt. Shasta

FUND	ACCOUNT GROUP	Final Budget 2023-2024	Mid Year Budget Adjustment	Mid Year Budget Amounts	December Actual 2023-2024	Year to Date Percent of budget
	Public Works Department					
	Central Garage					
	Salaries and Benefits	\$ 99,680		99,680	\$ 38,035	38.16%
	Employee Related Costs	\$ 600		600	\$ 716	119.33%
	Insurance, Licenses, and Taxes	\$ 475		475	\$ 404	85.05%
	Facilities Expenses	\$ 8,580		8,580	\$ 2,191	25.54%
	Maintenance and Repairs	\$ 26,500	9,000	35,500	\$ 20,357	57.34% Loader tires
	Materials and Supplies	\$ 12,700	3,300	16,000	\$ 7,964	49.78% Parcel Quest
	Miscellaneous Expenses	\$ -		-	\$ -	0.00%
	Capital Outlay	\$ -		-	\$ -	0.00%
	Total Central Garage	148,535	12,300	160,835	69,667	43.32%
	Streets and Roadways					
	Salaries and Benefits	\$ 216,790	-	216,790	\$ 56,585	26.10% FEMA allocation supported with timecards
	Employee Related Costs	\$ -		-	\$ -	0.00%
	Services-Personal and Professional	\$ -	3,250	3,250	\$ 3,250	100.00% Land Survey
	Maintenance and Repairs	\$ 65,000		65,000	\$ 60,593	93.22%
	Materials and Supplies	\$ 2,800		2,800	\$ 4,915	175.54%
	Total Streets	284,590	3,250	287,840	125,343	43.55%
	Streets - Landscape Maintenance					
	Salaries and Benefits	\$ 12,764		12,764	\$ 1,107	8.67%
	Employee Related Costs	\$ -		-	\$ -	0.00%
	Services-Personal and Professional	\$ -		-	\$ -	0.00%
	Materials and Supplies	\$ 200	-	200	\$ -	0.00%
	Total Streets - Landscape Maintenance	12,964	-	12,964	1,107	8.54%
	Street Cleaning					
	Salaries and Benefits	\$ 25,525		25,525	\$ 12,349	48.38%
	Maintenance and Repairs	\$ 13,000		13,000	\$ 9,016	69.35%
	Materials and Supplies	\$ -		-	\$ 17.00	#DIV/0!
	Total Street Cleaning	38,525	-	38,525	21,382	55.50%
	Traffic Safety					
	Salaries and Benefits	\$ 27,972		27,972	\$ 12,462	44.55%
	Facilities Expenses	\$ 16,500		16,500	\$ 5,740	34.79%
	Maintenance and Repairs	\$ 13,500		13,500	\$ 3,827	28.35%
	Materials and Supplies	\$ 500		500	\$ -	0.00%
	Capital Outlay	\$ -		-	\$ -	#DIV/0!
	Total Traffic Safety	58,472	-	58,472	22,029	37.67%
	Snow Removal					
	Salaries and Benefits	\$ 55,943		55,943	\$ 9,216	16.47%
	Employee Related Costs	\$ 600		600	\$ -	0.00%
	Maintenance and Repairs	\$ 20,000		20,000	\$ 2,754	13.77%
	Materials and Supplies	\$ 23,700		23,700	\$ 106	0.45%
	Capital Outlay	\$ -		-	\$ -	0.00%
	Total Snow Removal	100,243	-	100,243	12,076	12.05%
	Total Public Works Department	643,329	15,550	658,879	251,604	38.19%
	Transfer out					
	Total General Fund Expenditures	6,489,672	200,258	6,689,930	3,261,254	48.75%
	Net Revenues / (Expenses)	(476,026)	(34,004)	(510,030)	(1,098,725)	
	Contingency Reserve					
	Ending General Fund Balance (June 30) Reserves	1,589,019	1,555,015	1,555,015	966,320	
		26.42%		25.16%		
	Salaries as a percent of the General Fund			4,301,635	64.30%	

**City of Mt. Shasta Mid-Year
Operating Budget
2023-2024**

City of Mt. Shasta

FUND	ACCOUNT GROUP	Final Budget 2023-2024	Mid Year Budget Adjustment	Mid Year Budget Amounts	December Actual 2023-2024	Year to Date Percent of budget
DEVELOPMENT IMPACT MITIGATION FUND						
	Beginning Fund Balance (July 1) Carryover	\$ 40,678		40,678	\$ 40,678	
	Revenues					
	Interest and Rental Revenues	\$ 100		100	\$ -	0.00%
	DI Fees	\$ -		-	\$ -	
	Expenditures					
	Capital Outlay	\$ -		-	\$ -	
	Net Revenues / (Expenditures)	\$ 100		100	\$ -	
	Ending Fund Balance (June 30) Reserves	\$ 40,778		40,778	\$ 40,678	
TRANSPORTATION FUND (LTC)						
	Beginning Fund Balance (July 1) Carryover	\$ 539,687		539,687	\$ 638,687	
	Revenues					
	Interest and Rental Revenues	\$ 1,000		1,000	\$ -	
	County Processed Subventions	\$ 83,000	60,922	143,922	\$ -	Information 23-34 received Dec 23
	Expenditures					
	Services-Personal and Professional	\$ -	126,500	126,500	\$ 43,372	34.29% Trans Plan Lake/ Chestnut/Castle/PedX, I
	STAGE	\$ 82,000	621	82,621	\$ -	Stage
	Capital Outlay	\$ -		-	\$ -	
	Net Revenues / (Expenditures)	\$ 2,000		(64,199)	\$ (43,372)	
	Ending Fund Balance (June 30) Reserves	\$ 541,687		475,488	\$ 595,315	
TRANSPORTATION PROJECTS FUND						
	Beginning Fund Balance (July 1) Carryover	\$ 769		769	\$ 769	
	Revenues					
	State Subventions and Grants - 920,921,922		9,600	9,600	\$ -	STIP two projects
	Other Reimbursements	\$ -		-	\$ -	MS Blvd, Lake Street
	Expenditures					Pending Lake Street expanded plan
	Services-Personal and Professional - 920	\$ -		-	\$ -	
	Capital Outlay - 920	\$ -		-	\$ -	
	Services-Personal and Professional - 921&922		9,600	9,600	\$ 9,519	
	Special Project Expense - 921&922	\$ -		-	\$ -	
	Net Revenues / (Expenditures)	\$ -		-	\$ (9,519)	
	Ending Fund Balance (June 30) Reserves	\$ 769		769	\$ (8,750)	
GAS TAX - GENERAL CONSTRUCTION (2105)						
	Beginning Fund Balance (July 1) Carryover	\$ 54,849		54,849	\$ 54,948	
	Revenues					
	State Subventions and Grants	\$ 21,287		21,287	\$ 9,978	46.87%
	Interest and Rental Revenues	\$ 100		100	\$ 55	55.00%
	Transfers In to Other Funds	\$ -		-	\$ -	
	Expenditures					
	Services-Personal and Professional	\$ -	6,500	6,500	\$ -	McCloud Ave Engineering
	Capital Outlay	\$ -		-	\$ -	
	Net Revenues / (Expenditures)	\$ 21,387		14,887	\$ 64,981	
	Ending Fund Balance (June 30) Reserves	\$ 76,236		69,736	\$ 64,981	
GAS TAX - CONSTRUCTION (2106)						
	Beginning Fund Balance (July 1) Carryover	\$ 133,102		133,102	\$ 133,102	
	Revenues					
	State Subventions and Grants	\$ 52,463		52,463	\$ 26,930	51.33%
	Interest and Rental Revenues	\$ 300		300	\$ 134	44.67%
	Expenditures					
	Services-Personal and Professional	\$ -		-	\$ -	
	Transfer Out	\$ -		-	\$ -	
	Capital Outlay	\$ -		-	\$ -	
	Net Revenues / (Expenditures)	\$ 52,763		52,763	\$ 27,064	
	Ending Fund Balance (June 30) Reserves	\$ 185,865		185,865	\$ 160,166	

City of Mt. Shasta

FUND	ACCOUNT GROUP	Final Budget 2023-2024	Mid Year Budget Adjustment	Mid Year Budget Amounts	December Actual 2023-2024	Year to Date Percent of budget
GAS TAX - MAINTENANCE (2107)						
	Beginning Fund Balance (July 1) Carryover	\$ 93,525		93,525	\$ 93,525	
	Revenues					
	State Subventions and Grants	\$ 119,600		119,600	\$ 11,351	9.49%
	Interest and Rental Revenues	\$ 300		300	\$ 93	31.00%
	Expenditures					
	Services-Personal and Professional	\$ -	112,700	112,700	\$ -	Preparation for chip seal and/or paving
	Maintenance and Repairs	\$ -		-	\$ -	
	Capital Outlay	\$ -		-	\$ -	
	Transfers Out to Other Funds	\$ 100,000		100,000	\$ -	Snow reimbursement
	Net Revenues / (Expenditures)	\$ 19,900		(92,800)	\$ 11,444	
	Ending Fund Balance (June 30) Reserves	\$ 113,425		725	\$ 104,969	
GAS TAX - ENGINEERING (2107.5)						
	Beginning Fund Balance (July 1) Carryover	\$ 10,912		10,912	\$ 10,912	
	Revenues					
	State Subventions and Grants	\$ 1,000		1,000	\$ 1,000	100.00%
	Interest and Rental Revenues	\$ 50		50	\$ 11	22.00%
	Expenditures					
	Services-Personal and Professional	\$ -	11,500	11,500	\$ -	Engineering Prep
	Net Revenues / (Expenditures)	\$ 1,050	11,500	(10,450)	\$ 1,011	
	Ending Fund Balance (June 30) Reserves	\$ 11,962		462	\$ 11,923	
GAX TAX - ROAD MAINTENANCE						
	Beginning Fund Balance (July 1) Carryover	\$ 261,171		261,171	\$ 261,171	
	Revenues					
	State Subventions and Grants	\$ 80,192		80,192	26,941	33.60%
	Interest and Rental Revenues	\$ 850		850	249	29.29%
	Expenditures					
	Services-Personal and Professional	\$ -	125,800	125,800	-	Preparation for chip seal and/or paving
	Net Revenues / (Expenditures)	\$ 81,042		(44,758)	27,190	
	Ending Fund Balance (June 30) Reserves	\$ 342,213		216,413	288,361	
	COMBINED GAS TAX FUNDS BALANCE	\$ 729,701	-	473,201	630,400	
DRAINAGE OPERATIONS FUND						
	Beginning Retained Earnings (July 1) Carryover	\$ (47,207)	(47,207)	(47,207)	\$ 622,568	Transfer for 22/23 into here Prop 218 needed negative 47K cash
	Revenues					
	Interest and Rental Revenues	\$ 250		250	\$ 119	47.60%
	Current User Fees	\$ 25,000	62,925	87,925	\$ 12,582	14.31%
	Transfer In	\$ -	29,038	29,038	\$ -	0.00%
	Total Revenue	\$ 25,250		117,213	\$ 12,701	10.84%
	Expenditures					
	Salaries and Benefits	\$ 21,361		21,361	\$ 14,225	66.59%
	Services-Personal and Professional	\$ 44,000		44,000	\$ 25,293	57.48%
	Insurance, Licenses, and Taxes	\$ 1,000		1,000	\$ 488	48.80%
	Maintenance and Repairs	\$ -	1,000	1,000	\$ 966	96.60%
	Materials and Supplies	\$ -		-	\$ -	0.00%
	Capital Outlay	\$ -		-	\$ -	0.00%
	Administrative Allocation	\$ 5,000		5,000	\$ 2,500	50.00%
	Total Expenditures	\$ 71,361		44,852	\$ 43,472	
	Net Revenues / (Expenditures)	\$ (46,111)		15,814	\$ (30,771)	
	Ending Retained Earnings (June 30) Reserves	\$ (93,318)		(31,393)	\$ 591,797	
DRAINAGE IMPROVEMENT FUND						
	Beginning Fund Balance (July 1) Carryover	\$ 29,167		29,167	29,167	
	Revenues					
	Interest and Rental Revenues	\$ -		-	-	0.00%
	Current User Fees	\$ 1,000		1,000	-	0.00%
	Total Revenue	\$ 1,000		1,000	-	0.00%
	Expenditures					
	Services-Personal and Professional;	\$ -		-	-	0.00%
	Transfer Out	\$ -	29,038	29,038	-	
	Capital Outlay	\$ -		-	-	0.00%
	Total Expenditures	\$ -		-	-	0.00%
	Net Revenues / (Expenditures)	\$ 2,000		(27,038)	-	
	Ending Fund Balance (June 30) Reserves	\$ 31,167		2,129	29,167	

**City of Mt. Shasta Mid-Year
Operating Budget
2023-2024**

City of Mt. Shasta

FUND	ACCOUNT GROUP	Final Budget 2023-2024	Mid Year Budget Adjustment	Mid Year Budget Amounts	December Actual 2023-2024	Year to Date Percent of budget
SOLID WASTE COLLECTIONS FUND						
	Beginning Retained Earnings (July 1) Carryover	\$ 90,139		90,139	90,139	
	Revenues					
	Interest and Rental Revenues	\$ 12,800		12,800	5,681	44.38%
	Processing Fees	\$ 15,000		15,000	8,355	55.70%
	Bin Rental	\$ -		-	-	0.00%
	Commercial recycling fees	\$ 13,800		13,800	8,269	59.92%
	Current User Fees	\$ 1,160,000		1,160,000	649,020	55.95%
	Total Revenue	\$ 1,201,600		1,201,600	671,325	55.87%
	Expenditures					
	Salaries and Benefits			-	-	
	Services-Personal and Professional	\$ 1,100,000		1,100,000	531,099	48.28%
	Insurance, Licenses, and Taxes	\$ 4,500		4,500	336	7.47%
	Maintenance and Repairs	\$ -		-	-	0.00%
	Materials and Supplies	\$ -		-	-	0.00%
	Miscellaneous Expenses	\$ 5,000		5,000	4,405	88.10%
	Franchise fee (Transfer)	\$ 46,400		46,400	-	0.00%
	Administrative Allocation	\$ 15,000		15,000	7,500	50.00%
	Total Expenditures	\$ 1,170,900		1,170,900	543,340	
	Net Revenues / (Expenditures)	\$ 30,700		30,700	127,985	
	Ending Retained Earnings (June 30) Reserves	\$ 120,839		120,839	218,124	
SOLID WASTE IMPROVEMENT FUND						
	Beginning Retained Earnings (July 1) Carryover	\$ 131,656		131,656	131,656	Transfers at year end
	Revenues - transfer in Franchise Fee	46,400		46,400	-	
	Interest earnings	400		400	-	
	Total Revenue	46,800		46,800	-	
	Expenditures					
	Total Expenditures	-	-	-	-	
	Net Revenues / (Expenditures)	46,400	-	46,800	-	
	Ending Retained Earnings (June 30) Reserves	178,056	-	178,456	131,656	
WATER OPERATIONS FUND						
	Beginning Working Capital (July 1) Carryover	\$ 17,011,560		17,011,560	17,011,560	
	Revenues					
	Interest and Rental Revenues	\$ 6,500		6,500	3,447	53.03%
	Current User Fees	\$ 705,500		705,500	414,729	58.79%
	Grant	\$ -		-	-	
	Total Revenues	\$ 712,000		712,000	418,176	
	Expenditures					
	Salaries and Benefits	\$ 218,604		218,604	112,443	51.44%
	Employee Related Costs	\$ 8,000		8,000	900	11.25%
	Services-Personal and Professional	\$ 53,974	12,000	65,974	33,066	50.12% PRV analysis Rockfellow
	Insurance, Licenses, and Taxes	\$ 30,950		30,950	15,132	48.89%
	Facilities Expenses	\$ 18,300		18,300	4,563	24.93%
	Maintenance and Repairs	\$ 86,500		86,500	20,585	23.80%
	Materials and Supplies	\$ 7,400	3,700	11,100	9,758	87.91% Steel Plates for coverage
	Debt Service Expenditure	\$ 9,625		9,625	9,428	97.95%
	Capital Outlay	\$ -		-	-	
	Administrative Allocation	\$ 65,000		65,000	32,500	50.00%
	Transfers Out to Other Funds	\$ -		-	-	
	Total Expenditures	\$ 498,353	(15,700)	514,053	238,375	
	Net Revenues / (Expenditures)	\$ 213,647		197,947	179,801	
	Ending Retained Earnings (June 30) Reserves	\$ 17,225,207		17,209,507	17,191,361	
	Designated Retained Earnings					

City of Mt. Shasta

FUND	ACCOUNT GROUP	Final Budget 2023-2024	Mid Year Budget Adjustment	Mid Year Budget Amounts	December Actual 2023-2024	Year to Date Percent of budget	
WATER IMPROVEMENTS FUND							
Beginning Fund Balance (July 1) Carryover	\$	(562,241)		(562,241)	(562,241)		
Revenues							
Grant Funding							
Tank 1 & Roseburg 945	\$	-		-	-		
CDBG Pine Street 947	\$	-	12,119	12,119	-		
Water Distribution System 912	\$	-	9,771	9,771	-		
IRWM Oak Street 910	\$	1,010,000		1,010,000	-		
Interest	\$	-		-	-		
Current User Fees	\$	5,100		5,100	190	3.73%	
Expenditures							
Services-Personal and Professional;	\$	-	10,000	10,000	9,452	94.52%	Springhill Storage
Tank 1 Roseburg Replacement Project 945	\$	-		-	-		
CDBG Pine Street 947	\$	-	12,119	12,119	12,119	100.00%	
Springhill Water Supply Project 946	\$	-		-	-	0.00%	
IRWM Oak Street 910	\$	1,010,000		1,010,000	613,176	60.71%	
Water Distribution System	\$	-	9,771	9,771	-	0.00%	
Transfers Out to Other Funds	\$	-		-	-	0.00%	
Net Revenues / (Expenditures)	\$	5,100		(4,900)	(634,557)		
Ending Fund Balance (June 30) Reserves	\$	(557,141)		(567,141)	(1,196,798)		
COMBINED WATER FUNDS BALANCE	\$	16,668,066	-	16,642,366	15,994,563		
WASTEWATER OPERATIONS FUND							
Beginning Working Capital (July 1) Carryover	\$	38,712,476		38,712,476	38,712,476		
Revenues							
Interest and Rental Revenues	\$	18,000		18,000	11,312	62.84%	
Current User Fees	\$	2,498,967		2,498,967	1,301,208	52.07%	
Other Miscellaneous Revenues	\$	14,000		14,000	4,785	34.18%	
Transfer In	\$	-		-	-	0.00%	
Total Revenues	\$	2,530,967		2,530,967	1,317,305		
Expenditures							
Field System Service							
Salaries and Benefits	\$	182,950		182,950	52,504	28.70%	
Employee Related Costs	\$	3,000		3,000	-	0.00%	
Services-Personal and Professional	\$	9,000	25,000	34,000	592	1.74%	manhole design replacement
Insurance, Licenses, and Taxes	\$	16,000		16,000	5,251	32.82%	
Facilities Expenses	\$	6,000		6,000	2,109	35.15%	
Maintenance and Repairs	\$	19,500		19,500	9,212	47.24%	
Materials and Supplies	\$	7,100		7,100	6,052	85.24%	
Debt Service Expenditure	\$	106,407		106,407	36,044	33.87%	
Capital Outlay	\$	-	15,000	15,000	-	0.00%	new line Oak Street Alley
Administrative Allocation	\$	75,400	6,824	82,224	41,112	50.00%	
Total System Expenditures	\$	425,357		425,357	152,876		
Treatment Plant Operations							
Salaries and Benefits	\$	329,222	10,000	339,222	167,375	49.34%	Overtime
Employee Related Costs	\$	5,600		5,600	817	14.59%	
Services-Personal and Professional	\$	69,200		69,200	13,107	18.94%	
Insurance, Licenses, and Taxes	\$	94,100		94,100	71,858	76.36%	
Facilities Expenses	\$	52,700		52,700	52,307	99.25%	
Maintenance and Repairs	\$	25,900		25,900	8,473	32.71%	
Materials and Supplies	\$	81,500		81,500	40,920	50.21%	
Debt Service Expenditure	\$	200,000	264,116	464,116	464,116	100.00%	Interim interest CoBank WWTP
Capital Outlay	\$	-		-	-	0.00%	
Administrative Allocation	\$	114,400		114,400	57,200	50.00%	
Total Plant Expenditures	\$	972,622		1,246,738	876,173		
Total Wastewater Operations Expenses	\$	1,397,979		1,672,095	1,029,049		
Net Revenues / (Expenditures)	\$	1,132,988		858,872	288,256		
Ending Retained Earnings (June 30) Reserves	\$	39,845,464		39,571,348	39,000,732		

**City of Mt. Shasta Mid-Year
Operating Budget
2023-2024**

City of Mt. Shasta

FUND	ACCOUNT GROUP	Final Budget 2023-2024	Mid Year Budget Adjustment	Mid Year Budget Amounts	December Actual 2023-2024	Year to Date Percent of budget
WASTEWATER IMPROVEMENTS FUND						
	Beginning Fund Balance (July 1) Carryover	\$ 550,928		550,928	550,928	
	Revenues					
	Interest and Rental Revenues	-		-	-	
	Current User Fees	5,000		5,000	4,684	
	Total Revenue			5,000	4,684	
	Expenditures					
	Services-Personal and Professional;	-		-	-	
	Capital Outlay	-		-	-	
	Transfers Out to Other Funds	-		-	-	
	Net Revenues / (Expenditures)	5,000		5,000	4,684	
	Ending Fund Balance (June 30) Reserves	559,078		555,928	555,612	
	COMBINED SEWER FUNDS BALANCE	\$ 40,404,542		40,127,276	39,556,344	
WASTEWATER/ WATER GRANT FUND						
	Beginning Fund Balance (July 1) Carryover	\$ (13,701,610)		(13,701,610)	(13,701,610)	
	Revenues					
	Interest and Rental Revenues	\$ -		-	-	
	Interceptor Project 946	\$ 83,500	475,658	559,158	-	
	State Mandated WWTP Grant 945	\$ -		-	-	
	State Mandated WWTP Loan 945	\$ 1,890,000		1,890,000	181,922	
	USDA Grant WWTP 945	\$ -	1,228,540	1,228,540	277,746	
	USDA loan WWTP 945	\$ -		-	-	
	Expenditures					
	Interceptor Project 946	\$ -	559,158	559,158	559,158	
	State Mandated Sewer Project 945	\$ 1,890,000	1,228,540	3,118,540	854,319	
	Project 947	\$ -		-	-	
	PV Project 000	\$ -		-	-	
	Transfers Out to Other Funds	\$ -		-	-	
	Net Revenues / (Expenditures)	\$ 83,500		83,500	(953,809)	
	Ending Fund Balance (June 30) Reserves	\$ (13,618,110)		(13,618,110)	(14,655,419)	
	FIRE ASSESSMENT DISTRICT	\$ 111,933	-	111,933	111,933	
	Beginning Fund Balance (July 1) Carryover					
	Revenues					
	Taxes	50,000		50,000	690	
	Sale of Equipment	-		-	-	
	Interest and Rental Revenue	450	-	450	108	
	Miscellaneous Revenue		12,500	12,500	-	
	Expenditures					
	Debt Service Expenditures	27,660		27,660	13,830	
	Capital Outlay/Down payment	-	24,500	24,500	-	
	Transfer out	-		-	-	
	Net Revenues / (Expenditures)	22,790		10,790	(13,032)	
	Ending Fund Balance (June 30) Reserves	134,723		122,723	98,901	
	SPRINGHILL SEWER ASSESSMENT DISTRICT REDEMPTION FUND					
	Beginning Fund Balance (July 1) Carryover	7,907		7,907	7,907	
	Revenues					
	Taxes	-		-	-	
	Interest and Rental Revenue			-	136	
	Transfer In			-	-	
	Expenditures					
	repayment to land owners			-	-	
	Net Revenues / (Expenditures)	-		-	136	
	Ending Fund Balance (June 30) Reserves	7,907		7,907	8,043	

City of Mt. Shasta

FUND	ACCOUNT GROUP	Final Budget 2023-2024	Mid Year Budget Adjustment	Mid Year Budget Amounts	December Actual 2023-2024	Year to Date Percent of budget
SPRINGHILL SEWER ASSESSMENT DISTRICT BOND ADMIN. FUND						
	Beginning Fund Balance (July 1) Carryover	\$ 132,978		132,978	132,978	
	Revenues					
	Taxes	\$ -		-	-	
	Interest and Rental Revenue	-		-	-	
	Expenditures					
	Services-Personal and Professional	-		-	-	
	Transfer out	-		-	-	
	Net Revenues / (Expenditures)				-	
	Ending Fund Balance (June 30) Reserves	\$ 132,978		132,978		
COMMUNITY DEVELOPMENT BLOCK GRANTS						
	Beginning Fund Balance (July 1) Carryover	\$ 113,061		113,061	113,061	
	Revenues					
	Interest and Rental Revenue					
	CDBG - Food (000)	197,000	(100,000)	97,000	75,686	
	CDBG - Substance (930)	653,000	(350,000)	303,000	233,255	
	CDBG - Technical Assistance (931)	3,500	(2,831)	669	669	
	CDBG - Business Assistance (940)	3,500	(2,643)	857	857	
	CDBG - Micro Enterprise Assistance (943)	3,500	(3,224)	276	276	
	Senior Snow Removal (941)	160,000		160,000	16,124	
	Expenditures					
	Services-Personal and Professional	-		-	-	
	Activity Delivery	-		-	-	
	Development Loans/Grants	-		-	-	
	CDBG - Food (000)	197,000	(100,000)	97,000	77,449	
	CDBG - Substance (930)	653,000	(350,000)	303,000	209,571	
	CDBG - Technical Assistance (931)	3,200	(2,531)	669	669	
	CDBG - Business Assistance (940)	3,200	(2,343)	857	857	
	CDBG - Micro Enterprise Assistance (943)	3,200	(2,924)	276	276	
	Senior Snow Removal (941)	160,000	-	160,000	15,851	
	Net Revenues / (Expenditures)	900	(900)	-	22,194	
	Ending Fund Balance (June 30) Reserves	113,961	(900)	113,061	135,255	
CDBG PROGRAM INCOME FUND						
	Beginning Fund Balance (July 1) Carryover	666,517		666,517	666,517	
	Revenues					
	Interest and Rental Revenue	-		-	-	
	Loan Payments	12,000	12,000	24,000	18,132	
	Transfer In	-		-	-	
	Expenditures					
	Professional services	-		-	-	
	Senior Snow removal	-		-	-	
	Development Loans	-		-	-	
	Transfer out	12,000	12,000	24,000	-	transfer happens at the end of the FY
	Net Revenues / (Expenditures)	-	(900)	-	18,132	
	Ending Fund Balance (June 30) Reserves	666,517		666,517	684,649	
ECONOMIC ENHANCEMENT FUND						
	Beginning Fund Balance (July 1) Carryover	\$ 91,230		91,230	91,230	
	Revenues					
	Interest and Rental Revenue	-		-	-	
	Loan Payments	-		-	-	
	Transfers In	12,000	12,000	24,000	-	
	Expenditures					
	Professional services	-		-	-	
	Loan Services	-		-	-	
	Development Loans	-		-	-	
	Transfer out	-	5,000	5,000	-	
	Net Revenues / (Expenditures)	12,000		19,000	\$ -	
	Ending Fund Balance (June 30) Reserves	103,230		110,230	91,230	

**City of Mt. Shasta Mid-Year
Operating Budget
2023-2024**

City of Mt. Shasta

FUND	ACCOUNT GROUP	Final Budget 2023-2024	Mid Year Budget Adjustment	Mid Year Budget Amounts	December Actual 2023-2024	Year to Date Percent of budget
FEMA Fund						
	Beginning Fund Balance (July 1) Carryover	\$ -		-	-	
	Revenues					
	Interest and Rental Revenue	-		-	-	
	FEMA/OES Reimbursement	-	113,410	113,410	-	
	Transfers In	-	-	-	-	
	Expenditures					
	City Personnel	-	65,800	-	-	reimbursement for City Personnel and equipment use
	Professional Services	-	-	-	-	To General Fund
	Supplies/ equipment	-	47,610	-	-	
	Transfer out	-	113,410	113,410	-	
	Net Revenues / (Expenditures)	0		0	\$ -	
	Ending Fund Balance (June 30) Reserves	0		0		
COPS Fund						
	Beginning Fund Balance (July 1) Carryover	52,356		52,356	52,356	
	COPS Supplemental	150,000	15,271	165,271	-	
	Non Government Contribution/Grant/Int	5,081		5,081	-	
	Expenditures					
	COPS Expenditures	-	25,957	25,957	25,957	
	Other Miscellaneous Expenses	15,081		15,081	19,246	
	Capital Outlay	70,000	83,100	153,100	153,099	
	Transfers Out	70,000		70,000	35,000	
	Net Revenues / (Expenditures)	-	(93,786)	(93,786)	(233,302)	
	Ending Fund Balance (June 30) Reserves	-		(41,430)	(233,302)	
BUSINESS IMPROVEMENT DISTRICT FUND						
	Beginning Fund Balance (July 1) Carryover	\$ 70,008		70,008	70,008	
	Revenues					
	Interest, Rental and Contributions	200	-	200	-	
	Current Service Charges	9,500	-	9,500	9,251	
	Expenditures					
	Services-Personal and Professional	10,000	10,000	20,000	1,391	Environmental review and committee exp
	Rental expense	-	13,500	13,500	-	Rental Chestnut Street 6 months
	Capital Outlay	-	-	-	-	
	Debt Service	-	-	-	-	
	Net Revenues / (Expenditures)	(300)	(23,500)	(23,800)	7,860	
	Ending Fund Balance (June 30) Reserves	69,708	(23,500)	46,208	77,868	
SPECIAL PROJECTS GRANT FUND						
	Beginning Fund Balance (July 1) Carryover	\$ 1,755	-	1,755	1,755	
	Revenues					
	IRWM - Trout	115,801		115,801	-	
	IRWM - Dunsmuir	1,000,000		1,000,000	-	
	IRWM - McCloud	253,054		253,054	-	
	Brownfield Old Mill	-		-	-	
	Brownfield Box Factory	-		-	-	
	EDA	-		-	-	
	Brownfield New Mill SDA EPA	674,000		-	-	
	Expenditures					
	IRWM - Trout	115,801		115,801	-	
	IRWM - Dunsmuir	1,000,000		1,000,000	-	
	IRWM - McCloud	253,054		253,054	-	
	Brownfield Old Mill	-		-	4,823	
	Brownfield Box Factory	-		-	-	
	Brownfield New Mill SDA EPA	674,000		-	14,506	
	EDA	-		-	-	
	Net Revenues / (Expenditures)	-		-	(19,329)	
	Ending Fund Balance (June 30) Reserves	1,755		1,755	(17,574)	

City of Mt. Shasta

FUND	ACCOUNT GROUP	Final Budget 2023-2024	Mid Year Budget Adjustment	Mid Year Budget Amounts	December Actual 2023-2024	Year to Date Percent of budget
LIBRARY FUND						
Beginning Fund Balance (July 1)	Carryover	\$ 1,132,224		1,132,224	1,132,224	
Revenues						
Sales Tax		390,000		390,000	137,699	35.31%
Interest and Rental Revenues		1,200		1,200	1,089	90.75%
Contributions				-	-	
Expenditures						
Services-Personal and Professional		170,000		170,000	22,712	13.36%
Insurance, licenses, & taxes		6,100		6,100	2,282	37.41%
Facilities Expenses		11,000		11,000	4,005	36.41%
Maintenance and Repairs		15,500		15,500	13,625	87.90%
Materials and Supplies		12,000		12,000	-	0.00%
Other Miscellaneous Expenses		8,000		8,000	-	0.00%
Capital Outlay		-		-	-	0.00%
Administrative Overhead		5,000		5,000	2,500	50.00%
Net Revenues / (Expenditures)		163,600		163,600	93,664	
Ending Fund Balance (June 30)	Reserves	1,295,824		1,123,787	1,225,888	
Fund Balance Designations				172,037		
BEAUTIFICATION PROJECTS FUNDS						
Beginning Fund Balance (July 1)	Carryover	\$ 12,497		12,497	12,497	
Revenues						
Miscellaneous Revenue		\$ -		-	-	
Transfers In from Other Funds		\$ 5,000		5,000	-	
Expenditures						
Materials and Supplies		\$ 11,700		11,700	40	
Other Miscellaneous Expenses		\$ -		-	-	
Net Revenues / (Expenditures)		\$ (6,700)		(6,700)	(40)	
Ending Fund Balance (June 30)	Reserves	\$ 5,797	-	5,797	12,457	
BEAUTIFICATION ENDOWMENT FUND						
Beginning Fund Balance (July 1)	Carryover	\$ 1,736		1,736	1,736	
Revenues						
Interest and Rental Revenues		100		100	259	
Miscellaneous Revenue		-	-	-	-	
Expenditures						
Facilities Expense		450		450	450	
Capital Outlay		-		-	-	
Net Revenues / (Expenditures)		(350)		(350)	(191)	
Ending Fund Balance (June 30)	Reserves	1,386		1,386	1,545	
COMMUNITY ENHANCEMENT FUND						
Beginning Fund Balance (July 1)	Carryover	\$ 11,249		11,249	11,249	
Revenues						
Contributions K-9		-		-	183	K-9
Misc Grant Prop 64		5,082		-	-	
Expenditures						
Contributions		-		-	-	
Other Miscellaneous Expenses		5,082		5,082	30,776	
Transfers out		-		-	-	
Net Revenues / (Expenditures)		-		(5,082)	(30,593)	
Ending Fund Balance (June 30)	Reserves	6,167		6,167	(19,344)	
FIRE - TRAINING & RESCUE						
Beginning Fund Balance (July 1)	Carryover	\$ 515	515	515	515	
Revenues						
Miscellaneous Revenue		\$ -	-	-	-	
Expenditures						
Maintenance and Repairs		\$ -	-	-	-	
Other Miscellaneous Expenses		-		-	-	
Net Revenues / (Expenditures)		\$ -	-	-	-	
Ending Fund Balance (June 30)	Reserves	\$ 515	515	515	515	

**City of Mt. Shasta
Operating Budget
Preliminary
2024-2025**

FUND	ACCOUNT GROUP	City of Mt. Shasta			
		Preliminary Budget 2024-2025	Adjustments	Final Budget 2024-2025	
GENERAL FUND	Estimated Fund Balance (July 1) 2024	1,555,015	-	1,555,015	Percent of GF Revenue
	Revenues				
	Taxes	\$ 4,668,000	\$	4,668,000	70.41%
	Franchises	\$ 85,000	\$	85,000	1.28%
	Federal Grants	\$ 50,000	\$	50,000	0.75%
	State Subventions and Grants	\$ 961,140	\$	961,140	14.50%
	Fines and Forfeitures	\$ 11,500	\$	11,500	0.17%
	Interest and Rental Revenues	\$ 18,150	\$	18,150	0.27%
	Permits and Licenses	\$ 108,600	\$	108,600	1.64%
	Current Service Charges	\$ 52,250	\$	52,250	0.79%
	Other Miscellaneous Revenues	\$ 202,000	\$	202,000	3.05%
	Administrative Allocation	\$ 363,000	\$	363,000	5.48%
	Transfers In	\$ 110,000	\$	110,000	1.66%
	Total General Fund Revenues	\$ 6,629,640	\$ -	\$ 6,629,640	

City of Mt. Shasta

FUND

		Preliminary Budget 2024-2025	Adjustments	Final Budget 2024-2025
	ACCOUNT GROUP			
Expenditures				
Legislative				
	City Council			
	Salaries and Benefits	\$	19,497	
	Employee Related Costs	\$	2,000	
	Facilities Expenses	\$	19,800	
	Principal and Interest	\$	7,200	
	Miscellaneous Expenses	\$	4,100	
	Total City Council	\$	52,597	
Total Legislative				
Administration and Finance				
	City Manager/Administration			
	Salaries and Benefits	\$	282,592	
	Employee Related Costs	\$	4,000	
	Facilities Expenses	\$	2,900	
	Services-Personal and Professional	\$	-	
	Miscellaneous Expenses	\$	500	
	Total City Manager/Administration	\$	289,992	
	City Clerk			
	Salaries and Benefits	\$	1,680	
	Employee Related Costs	\$	3,681	
	Services-Personal and Professional	\$	25,000	
	Insurance, Licenses, and Taxes	\$	-	
	Total City Clerk	\$	30,361	
	Finance			
	Salaries and Benefits	\$	454,122	
	Employee Related Costs	\$	2,600	
	Services-Personal and Professional	\$	46,750	
	Insurance, Licenses, and Taxes	\$	-	
	Facilities Expenses	\$	18,780	
	Maintenance and Repairs	\$	18,000	
	Materials and Supplies	\$	13,000	
	Debt Service	\$	5,000	
	Capital Outlay	\$	-	
	Total Finance	\$	558,252	
	Management Information Systems			
	Employee Related Costs	\$	-	
	Services-Personal and Professional	\$	68,000	
	Insurance, Licenses, and Taxes	\$	47,804	
	Maintenance and Repairs	\$	-	
	Materials and Supplies	\$	-	
	Capital Outlay	\$	-	
	Total Data Processing / Information Systems	\$	115,804	
	City-Wide Insurance			
	Employee Related Costs	\$	1,000	
	Insurance, Licenses, and Taxes	\$	366,700	
	Total Insurance	\$	367,700	
	City Attorney			
	Services-Personal and Professional	\$	65,000	
	Total City Attorney	\$	65,000	
Total Administration and Finance			1,427,109	

**City of Mt. Shasta Mid-Year
Operating Budget
2023-2024**

City of Mt. Shasta

FUND	ACCOUNT GROUP	Preliminary Budget 2024-2025	Adjustments	Final Budget 2024-2025
	Public Safety- Police and Fire			
	Police Department			
	Salaries and Benefits	\$ 1,192,662		
	Employee Related Costs	\$ 23,200		
	Services-Personal and Professional	\$ 70,000		
	Facilities Expenses	\$ 10,200		
	Maintenance and Repairs	\$ 80,500		
	Materials and Supplies	\$ 27,000		
	Debt Service	\$ 2,000		
	Miscellaneous Expenses	\$ 10,000		
	Capital Outlay	\$ 45,000		
	Total Police Department	\$ 1,460,562		
	Dispatch			
	Salaries and Benefits	\$ 467,010		
	Employee Related Costs	\$ 4,380		
	Services-Personal and Professional	\$ 8,500		
	Materials and Supplies	\$ 6,060		
	Capital Outlay	\$ 200,000		
	Total Dispatch	\$ 685,950		
	Code Enforcement			
	Salaries and Benefits	\$ 83,792		
	Employee Related Costs	\$ 1,480		
	Services-Personal and Professional	\$ 197,000		
	Facilities Expenses	\$ 2,340		
	Maintenance and Repairs	\$ 6,800		
	Material and Supplies	\$ 300		
	Supplies & Miscellaneous Expenses	\$ -		
	Capital Outlay	\$ -		
	Total Animal Control	\$ 291,712		
	Fire Department			
	Salaries and Benefits	\$ 864,680		
	Employee Related Costs	\$ 17,935		
	Professional Services	\$ 13,495		
	Insurance, Licenses, and Taxes	\$ 16,000		
	Facilities Expenses	\$ 11,600		
	Maintenance and Repairs	\$ 49,500		
	Materials and Supplies	\$ 37,700		
	Miscellaneous Expenses	\$ 1,500		
	Capital Outlay	\$ 220,000		
	Total Fire Department	\$ 1,232,410		
	Total Police and Fire Safety	\$ 3,670,634		

City of Mt. Shasta

FUND

		Preliminary Budget 2024-2025	Adjustments	Final Budget 2024-2025
	ACCOUNT GROUP			
	Buildings and Operations			
	Non-Departmental			
	Salaries and Benefits	\$ 250,000		
	Employee Related Costs	\$ -		
	Services-Personal and Professional	\$ 1,500		
	Insurance, Licenses, and Taxes	\$ 1,300		
	Materials and Supplies	\$ -		
	Debt Service	\$ 78,204		
	Transfers out	\$ 75,000		
	Total Non-Departmental	\$ 406,004		
	Planning and Zoning			
	Salaries and Benefits	\$ 157,636		
	Employee Related Costs	\$ -		
	Services-Personal and Professional	\$ 63,500		
	Facilities Expense	\$ 15,000		
	Materials and Supplies	\$ 5,850		
	Miscellaneous Expenses	\$ -		
	Total Planning	\$ 241,986		
	Community Promotion and Visitors			
	Salaries and Benefits	\$ 12,284		
	Grounds Maintenance	\$ -		
	Materials and Supplies	\$ 120,000		
	Miscellaneous Expenses	\$ -		
	Transfers out	\$ -		
	Capital Outlay	\$ -		
	Total Community Promotion	\$ 132,284		
	Public Works Administration			
	Salaries and Benefits	\$ 164,790		
	Employee Related Costs	\$ 2,000		
	Services-Personal and Professional	\$ 2,500		
	Facilities Expenses	\$ 3,000		
	Maintenance and Repairs	\$ -		
	Materials and Supplies	\$ 500		
	Total Public Works Administration	\$ 172,790		
	Building & Safety Inspection			
	Salaries and Benefits	\$ -		
	Employee Related Costs	\$ 80,000		
	Services-Personal and Professional	\$ 425		
	Facilities Expenses	\$ -		
	Maintenance and Repairs	\$ -		
	Materials and Supplies	\$ 3,500		
	Total Building Inspection	\$ 83,925		
	Government Buildings			
	Salaries and Benefits	\$ 15,014		
	Services-Personal and Professional	\$ -		
	Facilities Expenses	\$ 30,000		
	Maintenance and Repairs	\$ 25,000		
	Materials and Supplies	\$ -		
	Miscellaneous Expenses	\$ -		
	Capital Outlay	\$ -		
	Total Government Buildings	\$ 70,014		
	Total Buildings and Operations	1,107,003		

**City of Mt. Shasta Mid-Year
Operating Budget
2023-2024**

City of Mt. Shasta

FUND		Preliminary Budget 2024-2025	Adjustments	Final Budget 2024-2025
	ACCOUNT GROUP			
	Public Works Department			
	Central Garage			
	Salaries and Benefits	\$ 112,544		
	Employee Related Costs	\$ 100		
	Insurance, Licenses, and Taxes	\$ 500		
	Facilities Expenses	\$ 8,580		
	Maintenance and Repairs	\$ 35,500		
	Materials and Supplies	\$ 15,450		
	Miscellaneous Expenses	\$ -		
	Capital Outlay	\$ -		
	Total Central Garage	\$ 172,674		
	Streets and Roadways			
	Salaries and Benefits	\$ 210,594		
	Employee Related Costs	\$ -		
	Services-Personal and Professional	\$ 4,000		
	Maintenance and Repairs	\$ 65,000		
	Materials and Supplies	\$ 7,100		
	Total Streets	\$ 286,694		
	Streets - Landscape Maintenance			
	Salaries and Benefits	\$ 13,270		
	Employee Related Costs	\$ -		
	Services-Personal and Professional	\$ -		
	Materials and Supplies	\$ 500		
	Total Streets - Landscape Maintenance	\$ 13,770		
	Street Cleaning			
	Salaries and Benefits	\$ 24,718		
	Maintenance and Repairs	\$ 16,000		
	Materials and Supplies	\$ -		
	Total Street Cleaning	\$ 40,718		
	Traffic Safety			
	Salaries and Benefits	\$ 27,300		
	Facilities Expenses	\$ 15,000		
	Maintenance and Repairs	\$ 27,500		
	Materials and Supplies	\$ 500		
	Capital Outlay	\$ -		
	Total Traffic Safety	\$ 70,300		
	Snow Removal			
	Salaries and Benefits	\$ 54,598		
	Employee Related Costs	\$ 600		
	Maintenance and Repairs	\$ 20,000		
	Materials and Supplies	\$ 23,700		
	Capital Outlay	\$ -		
	Total Snow Removal	\$ 98,898		
	Total Public Works Department	683,054		
	Transfer out			
	Total General Fund Expenditures	6,940,397		
	Net Revenues / (Expenses)	(310,757)		
	Ending General Fund Balance (June 30) Reserves	\$ 1,244,258		
		18.77%		
	Salaries as a percent of the total for the General Fund	4,408,783	63.52%	

City of Mt. Shasta

FUND	ACCOUNT GROUP	Preliminary		Final	
		Budget	Adjustments	Budget	Adjustments
		2024-2025		2024-2025	
		Preliminary		Final	
		Budget	Adjustments	Budget	Adjustments
		2024-2025		2024-2025	
EQUIPMENT REPLACEMENT FUND					
	Beginning Fund Balance (July 1) Carryover	\$	234,814		
	Revenues				
	Interest and Rental Revenues	\$	-		
	Transfers In From Other Funds	\$	75,000		
	Expenditures				
	Capital Outlay	\$	60,000		
	Net Revenues / (Expenditures)	\$	15,000		
	Ending Fund Balance (June 30) Reserves	\$	249,814		

**City of Mt. Shasta Mid-Year
Operating Budget
2023-2024**

City of Mt. Shasta

FUND

ACCOUNT GROUP	Preliminary Budget 2024-2025	Adjustments	Final Budget 2024-2025
DEVELOPMENT IMPACT MITIGATION FUND			
Beginning Fund Balance (July 1) Carryover		40678	
Revenues			
Interest and Rental Revenues	\$	100	
DI Fees	\$	-	
Expenditures			
Capital Outlay	\$	-	
Net Revenues / (Expenditures)	\$	100	
Ending Fund Balance (June 30) Reserves	\$	40,778	
TRANSPORTATION FUND (LTC)			
Beginning Fund Balance (July 1) Carryover	\$	475,488	Projects pending County availability
Revenues			
Interest and Rental Revenues	\$	600	
County Processed Subventions	\$	140,000	
Expenditures			
Services-Personal and Professional	\$	-	
STAGE	\$	83,000	
Capital Outlay	\$	-	
Net Revenues / (Expenditures)	\$	57,600	
Ending Fund Balance (June 30) Reserves	\$	533,088	
TRANSPORTATION PROJECTS FUND			
Beginning Fund Balance (July 1) Carryover	\$	769	
Revenues			
State Subventions and Grants - 920,921,922			Pending updated budget
Other Reimbursements			and available funding
Expenditures			
Services-Personal and Professional - 920			
Capital Outlay - 920			
Services-Personal and Professional - 921&922			
Special Project Expense - 921&922			
Net Revenues / (Expenditures)			
Ending Fund Balance (June 30) Reserves			
GAS TAX - GENERAL CONSTRUCTION (2105)			
Beginning Fund Balance (July 1) Carryover	\$	14,887	
Revenues			
State Subventions and Grants	\$	20,140	
Interest and Rental Revenues	\$	50	
Transfers In to Other Funds	\$	-	
Expenditures			
Services-Personal and Professional	\$	-	
Capital Outlay	\$	-	
Net Revenues / (Expenditures)	\$	20,190	
Ending Fund Balance (June 30) Reserves	\$	35,077	
GAS TAX - CONSTRUCTION (2106)			
Beginning Fund Balance (July 1) Carryover	\$	185,865	
Revenues			
State Subventions and Grants	\$	48,451	
Interest and Rental Revenues	\$	200	
Expenditures			
Services-Personal and Professional	\$	-	
Transfer Out	\$	-	
Capital Outlay	\$	-	
Net Revenues / (Expenditures)	\$	48,651	
Ending Fund Balance (June 30) Reserves	\$	234,516	

City of Mt. Shasta

FUND

		Preliminary Budget 2024-2025	Adjustments	Final Budget 2024-2025
	ACCOUNT GROUP			
GAS TAX - MAINTENANCE (2107)				
	Beginning Fund Balance (July 1) Carryover	\$	725	
	Revenues			
	State Subventions and Grants	\$	65,000	
	Interest and Rental Revenues	\$	200	
	Expenditures			
	Services-Personal and Professional	\$	-	
	Maintenance and Repairs	\$	-	
	Capital Outlay	\$	-	
	Transfers Out to Other Funds	\$	40,000	
	Net Revenues / (Expenditures)	\$	25,200	
	Ending Fund Balance (June 30) Reserves	\$	25,925	
GAS TAX - ENGINEERING (2107.5)				
	Beginning Fund Balance (July 1) Carryover	\$	462	
	Revenues			
	State Subventions and Grants	\$	1,000	
	Interest and Rental Revenues	\$	-	
	Expenditures			
	Services-Personal and Professional	\$	-	
	Net Revenues / (Expenditures)	\$	1,000	
	Ending Fund Balance (June 30) Reserves	\$	1,462	
GAX TAX - ROAD MAINTENANCE				
	Beginning Fund Balance (July 1) Carryover	\$	216,413	
	Revenues			
	State Subventions and Grants	\$	83,022	
	Interest and Rental Revenues	\$	200	
	Expenditures			
	Services-Personal and Professional	\$	-	
	Net Revenues / (Expenditures)	\$	83,222	
	Ending Fund Balance (June 30) Reserves	\$	299,635	
	COMBINED GAS TAX FUNDS BALANCE		596,615	
DRAINAGE OPERATIONS FUND				
	Beginning Retained Earnings (July 1) Carryove	\$	(100,000)	
	Revenues			
	Interest and Rental Revenues	\$	-	
	Current User Fees	\$	755,100	Pending 218 approval
	Transfer In	\$	-	grant fundingpotential
	Total Revenue			
	Expenditures			
	Salaries and Benefits	\$	21,129	
	Services-Personal and Professional	\$	267,000	
	Insurance, Licenses, and Taxes	\$	1,000	
	Maintenance and Repairs	\$	1,000	
	Materials and Supplies	\$	-	
	Capital Outlay	\$	-	
	Administrative Allocation	\$	15,000	
	Total Expenditures	\$	305,129	
	Net Revenues / (Expenditures)	\$	449,971	
	Ending Retained Earnings (June 30) Reserves	\$	349,971	
DRAINAGE IMPROVEMENT FUND				
	Beginning Fund Balance (July 1) Carryover	\$	29,167	
	Revenues			
	Interest and Rental Revenues	\$	-	
	Current User Fees	\$	1,000	
	Total Revenue			
	Expenditures			
	Services-Personal and Professional;	\$	-	
	Transfer Out	\$	-	
	Capital Outlay	\$	-	
	Total Expenditures	\$	-	
	Net Revenues / (Expenditures)	\$	1,000	
	Ending Fund Balance (June 30) Reserves	\$	30,167	

**City of Mt. Shasta Mid-Year
Operating Budget
2023-2024**

City of Mt. Shasta

FUND	ACCOUNT GROUP	Preliminary Budget 2024-2025	Adjustments	Final Budget 2024-2025
SOLID WASTE COLLECTIONS FUND				
	Beginning Retained Earnings (July 1) Carryove	\$	120,839	
	Revenues			
	Interest and Rental Revenues	\$	12,100	
	Processing Fees	\$	15,000	
	Bin Rental	\$	-	
	Commerical recyclin fees	\$	13,000	
	Current User Fees	\$	1,300,000	
	Total Revenue	\$	1,340,100	
	Expenditures			
	Salaries and Benefits	\$	-	
	Services-Personal and Professional	\$	1,200,000	
	Insurance, Licenses, and Taxes	\$	4,500	
	Maintenance and Repairs	\$	5,000	
	Materials and Supplies	\$	-	
	Miscellaneous Expenses	\$	-	
	Franchise fee (Transfer)	\$	46,000	
	Administrative Allocation	\$	15,000	
	Total Expenditures	\$	1,270,500	
	Net Revenues / (Expenditures)	\$	69,600	
	Ending Retained Earnings (June 30) Reserves	\$	190,439	
SOLID WASTE IMPROVEMENT FUND				
	Beginning Retained Earnings (July 1) Carryove	\$	178,456	
	Revenues - transfer in Franchise Fee	\$	46,000	
	Interest earnings	\$	200	
	Total Revenue	\$	46,200	
	Expenditures			
	Total Expenditures	\$	-	
	Net Revenues / (Expenditures)	\$	46,200	
	Ending Retained Earnings (June 30) Reserves	\$	224,656	
WATER OPERATIONS FUND				
	Beginning Working Capital (July 1) Carryover	\$	17,209,507	
	Revenues			
	Interest and Rental Revenues	\$	51,500	
	Current User Fees	\$	700,000	
	Grant	\$	-	
	Total Revenues	\$	751,500	
	Expenditures			
	Salaries and Benefits	\$	216,295	
	Employee Related Costs	\$	9,000	
	Services-Personal and Professional	\$	55,974	
	Insurance, Licenses, and Taxes	\$	33,425	
	Facilities Expenses	\$	18,300	
	Maintenance and Repairs	\$	88,000	
	Materials and Supplies	\$	11,700	
	Debt Service Expenditure	\$	9,824	
	Capital Outlay	\$	-	
	Administrative Allocation	\$	65,000	
	Transfers Out to Other Funds	\$	-	
	Total Expenditures	\$	507,518	
	Net Revenues / (Expenditures)	\$	243,982	
	Ending Retained Earnings (June 30) Reserves	\$	17,453,489	
	Designated Retained Earnings			

City of Mt. Shasta

FUND

ACCOUNT GROUP

Preliminary
Budget
2024-2025

Adjustments

Final
Budget
2024-2025

WATER IMPROVEMENTS FUND

Beginning Fund Balance (July 1) Carryover	\$	(567,141)	no projects are planned
Revenues			
Grant Funding	\$	-	
Tank 1 & Roseburg 945	\$	-	
CDBG Pine Street 947	\$	-	
Water Distribution System 912	\$	-	
IRWM Oak Street 910	\$	-	
Interest	\$	-	
Current User Fees	\$	-	
Expenditures			
Services-Personal and Professional;	\$	-	
Tank 1 Roseburg Replacement Proje	\$	-	
CDBG Pine Street 947	\$	-	
Springhill Water Supply Project 946	\$	-	
IRWM Oak Street 910	\$	-	
Water Distribution System	\$	-	
Transfers Out to Other Funds	\$	-	
Net Revenues / (Expenditures)	\$	-	
Ending Fund Balance (June 30) Reserves	\$	(567,141)	

COMBINED WATER FUNDS BALANCE

WASTEWATER OPERATIONS FUND

Beginning Working Capital (July 1) Carryover	\$	39,571,348
Revenues		
Interest and Rental Revenues	\$	23,000
Current User Fees	\$	2,545,323
Other Miscellaneous Revenues	\$	14,000
Transfer In	\$	-
Total Revenues	\$	2,582,323
Expenditures		
Field System Service		
Salaries and Benefits	\$	177,672
Employee Related Costs	\$	3,000
Services-Personal and Professional	\$	19,000
Insurance, Licenses, and Taxes	\$	24,633
Facilities Expenses	\$	6,000
Maintenance and Repairs	\$	25,500
Materials and Supplies	\$	6,600
Debt Service Expenditure	\$	226,819
Capital Outlay	\$	60,000
Administrative Allocation	\$	75,000
Total System Expenditures	\$	624,224
Treatment Plant Operations		
Salaries and Benefits	\$	337,495
Employee Related Costs	\$	4,050
Services-Personal and Professional	\$	68,800
Insurance, Licenses, and Taxes	\$	94,400
Facilities Expenses	\$	99,700
Maintenance and Repairs	\$	20,650
Materials and Supplies	\$	71,400
Debt Service Expenditure	\$	164,231
Capital Outlay	\$	-
Administrative Allocation	\$	116,000
Total Plant Expenditures	\$	976,726
Total Wastewater Operations Expenses	\$	1,600,950
Net Revenues / (Expenditures)	\$	981,373
Ending Retained Earnings (June 30) Reserves	\$	40,552,721

**City of Mt. Shasta Mid-Year
Operating Budget
2023-2024**

City of Mt. Shasta

FUND

		Preliminary Budget 2024-2025	Adjustments	Final Budget 2024-2025
	ACCOUNT GROUP			
WASTEWATER IMPROVEMENTS FUND				
	Beginning Fund Balance (July 1) Carryover	\$	555,928	
	Revenues			
	Interest and Rental Revenues	\$	-	
	Current User Fees	\$	5,000	
	Total Revenue	\$	5,000	
	Expenditures			
	Services-Personal and Professional;	\$	-	
	Capital Outlay	\$	-	
	Transfers Out to Other Funds	\$	-	
	Net Revenues / (Expenditures)	\$	5,000	
	Ending Fund Balance (June 30) Reserves	\$	560,928	
	COMBINED SEWER FUNDS BALANCE	\$	41,113,649	
WASTEWATER/ WATER GRANT FUND				
	Beginning Fund Balance (July 1) Carryover	\$	(13,618,110)	No Projects planned
	Revenues			
	Interest and Rental Revenues	\$	-	
	Interceptor Project 946	\$	-	
	State Mandated WWTP Grant 945	\$	-	
	State Mandated WWTP Loan 945	\$	-	
	USDA Grant WWTP 945	\$	-	
	USDA loan WWTP 945	\$	-	
	Expenditures			
	Interceptor Project 946	\$	-	
	State Mandated Sewer Project 945	\$	-	
	Project 947	\$	-	
	PV Project 000	\$	-	
	Transfers Out to Other Funds	\$	-	
	Net Revenues / (Expenditures)	\$	-	
	Ending Fund Balance (June 30) Reserves	\$	(13,618,110)	
FIRE ASSESSMENT DISTRICT				
	Beginning Fund Balance (July 1) Carryover	\$	122,723	
	Revenues			
	Taxes	\$	50,000	
	Sale of Equipment	\$	-	
	Interest and Rental Revenue	\$	-	
	Miscellaneous Revenue	\$	-	
	Expenditures			
	Debt Service Expenditures	\$	27,660	
	Capital Outlay/Down payment	\$	-	
	Transfer out	\$	-	
	Net Revenues / (Expenditures)	\$	22,340	
	Ending Fund Balance (June 30) Reserves	\$	145,063	
SPRINGHILL SEWER ASSESSMENT DISTRICT REDEMPTION FUND				
	Beginning Fund Balance (July 1) Carryover	\$	7,907	
	Revenues			
	Taxes	\$	-	
	Interest and Rental Revenue	\$	350	
	Transfer In	\$	122,978	
	Expenditures			
	repayment to land owners	\$	131,235	
	Net Revenues / (Expenditures)	\$	(7,907)	
	Ending Fund Balance (June 30) Reserves	\$	-	

City of Mt. Shasta

FUND

		Preliminary Budget 2024-2025	Adjustments	Final Budget 2024-2025
	ACCOUNT GROUP			
SPRINGHILL SEWER ASSESSMENT DISTRICT BOND ADMIN. FUND				
	Beginning Fund Balance (July 1) Carryover	\$	132,978	
	Revenues			
	Taxes	\$	-	
	Interest and Rental Revenue	\$	-	
	Expenditures			
	Services-Personal and Professional	\$	10,000	
	Transfer out	\$	122,978	
	Net Revenues / (Expenditures)	\$	(132,978)	
	Ending Fund Balance (June 30) Reserves	\$	-	
COMMUNITY DEVELOPMENT BLOCK GRANTS				
	Beginning Fund Balance (July 1) Carryover	\$	113,061	
	Revenues			
	Interest and Rental Revenue			
	CDBG - Food (000)	\$	-	
	CDBG - Subsistence (930)	\$	-	
	CDBG - Technical Assistance (931)	\$	-	
	CDBG - Business Assistance (940)	\$	-	
	CDBG - Micro Enterprise Assistance (943)	\$	-	
	Senior Snow Removal (941)	\$	160,000	
	Expenditures			
	Services-Personal and Professional	\$	-	
	Activity Delivery	\$	-	
	Development Loans/Grants	\$	-	
	CDBG - Food (000)	\$	-	
	CDBG - Subsistence (930)	\$	-	
	CDBG - Technical Assistance (931)	\$	-	
	CDBG - Business Assistance (940)	\$	-	
	CDBG - Micro Enterprise Assistance (943)	\$	-	
	Senior Snow Removal (941)	\$	160,000	
	Net Revenues / (Expenditures)	\$	-	
	Ending Fund Balance (June 30) Reserves	\$	113,061	
CDBG PROGRAM INCOME FUND				
	Beginning Fund Balance (July 1) Carryover	\$	666,517	
	Revenues			
	Interest and Rental Revenue	\$	-	
	Loan Payments	\$	15,000	
	Transfer In	\$	-	
	Expenditures			
	Professional services	\$	-	
	Senior Snow removal	\$	-	
	Development Loans	\$	-	
	Transfer out	\$	15,000	
	Net Revenues / (Expenditures)	\$	-	
	Ending Fund Balance (June 30) Reserves	\$	666,517	
ECONOMIC ENHANCEMENT FUND				
	Beginning Fund Balance (July 1) Carryover	\$	110,230	
	Revenues			
	Interest and Rental Revenue	\$	-	
	Loan Payments	\$	-	
	Transfers In	\$	15,000	
	Expenditures			
	Professional services	\$	-	
	Loan Services	\$	-	
	Development Loans	\$	-	
	Transfer out	\$	10,000	
	Net Revenues / (Expenditures)	\$	5,000	
	Ending Fund Balance (June 30) Reserves	\$	115,230	

**City of Mt. Shasta Mid-Year
Operating Budget
2023-2024**

City of Mt. Shasta

FUND

	ACCOUNT GROUP	Preliminary Budget 2024-2025	Adjustments	Final Budget 2024-2025
FEMA Fund				
Beginning Fund Balance (July 1) Carryover	\$	-		
Revenues				
Interest and Rental Revenue	\$	-		
FEMA/OES Reimbursement	\$	-		
Transfers In	\$	-		
Expenditures				
City Personnel	\$	-		
Professional Services	\$	-		
Supplies/ equipment	\$	-		
Transfer out	\$	-		
Net Revenues / (Expenditures)	\$	-		
Ending Fund Balance (June 30) Reserves	\$	-		
COPS Fund				
Beginning Fund Balance (July 1) Carryover	\$	(41,430)		
COPS Supplemental	\$	165,000		
Non Government				
Contribution/Grant/Int	\$	-		
Expenditures				
COPS Expenditures	\$	-		
Other Miscellaneous Expenses	\$	17,000		
Capital Outlay	\$	62,000		
Transfers Out	\$	70,000		
Net Revenues / (Expenditures)	\$	16,000		
Ending Fund Balance (June 30) Reserves	\$	(25,430)		
BUSINESS IMPROVEMENT DISTRICT FUND				
Beginning Fund Balance (July 1) Carryover	\$	62,058		
Revenues				
Interest, Rental and Contributions	\$	2,100		
Current Service Charges	\$	9,500		
Expenditures				
Services-Personal and Professional	\$	18,000		
Rental expense	\$	4,500		
Capital Outlay/ other miscellaneous	\$	10,000		
Debt Service	\$	-		
Net Revenues / (Expenditures)	\$	(20,900)		
Ending Fund Balance (June 30) Reserves	\$	41,158		
SPECIAL PROJECTS GRANT FUND				
Beginning Fund Balance (July 1) Carryover	\$	1,755		
Revenues				
IRWM - Trout				
IRWM - Dunsmuir				
IRWM - McCloud				
Brownfield Old Mill				
Brownfield Box Factory				
EDA				
Brownfield New Mill SDA EPA				
Expenditures				
IRWM - Trout				
IRWM - Dunsmuir				
IRWM - McCloud				
Brownfield Old Mill				
Brownfield Box Factory				
Brownfield New Mill SDA EPA				
EDA				
Net Revenues / (Expenditures)				
Ending Fund Balance (June 30) Reserves				

City of Mt. Shasta

FUND	ACCOUNT GROUP	Preliminary Budget 2024-2025	Adjustments	Final Budget 2024-2025
LIBRARY FUND				
	Beginning Fund Balance (July 1) Carryover	\$	1,123,787	
	Revenues			
	Sales Tax	\$	390,000	
	Interest and Rental Revenues	\$	1,800	
	Contributions	\$	-	
	Expenditures			
	Services-Personal and Professional	\$	206,830	
	Insurance, licenses, & taxes	\$	6,000	
	Facilities Expenses	\$	11,000	
	Maintenance and Repairs	\$	15,500	
	Materials and Supplies	\$	12,000	
	Other Miscellaneous Expenses	\$	8,000	
	Capital Outlay	\$	-	
	Administrative Overhead	\$	5,000	
	Net Revenues / (Expenditures)	\$	127,470	
	Ending Fund Balance (June 30) Reserves	\$	1,251,257	
	Fund Balance Designations	\$	172,037	
BEAUTIFICATION PROJECTS FUNDS				
	Beginning Fund Balance (July 1) Carryover	\$	5,797	
	Revenues			
	Miscellaneous Revenue	\$	-	
	Transfers In from Other Funds	\$	10,000	
	Expenditures			
	Materials and Supplies	\$	-	
	Other Miscellaneous Expenses	\$	10,000	
	Net Revenues / (Expenditures)	\$	-	
	Ending Fund Balance (June 30) Reserves	\$	5,797	
BEAUTIFICATION ENDOWMENT FUND				
	Beginning Fund Balance (July 1) Carryover	\$	1,386	
	Revenues			
	Interest and Rental Revenues	\$	300	
	Miscellaneous Revenue	\$	-	
	Expenditures			
	Facilities Expense	\$	450	
	Capital Outlay	\$	-	
	Net Revenues / (Expenditures)	\$	(150)	
	Ending Fund Balance (June 30) Reserves	\$	1,236	
COMMUNITY ENHANCEMENT FUND				
	Beginning Fund Balance (July 1) Carryover	\$	6,167	
	Revenues			
	Contributions K-9	\$	-	
	Misc Grant Prop 64	\$	-	
	Expenditures			
	Contributions	\$	-	
	Other Miscellaneous Expenses	\$	-	
	Transfers out	\$	-	
	Net Revenues / (Expenditures)	\$	-	
	Ending Fund Balance (June 30) Reserves	\$	6,167	
FIRE - TRAINING & RESCUE				
	Beginning Fund Balance (July 1) Carryover	\$	515	
	Revenues			
	Miscellaneous Revenue	\$	-	
	Expenditures			
	Maintenance and Repairs	\$	-	
	Other Miscellaneous Expenses	\$	-	
	Net Revenues / (Expenditures)	\$	-	
	Ending Fund Balance (June 30) Reserves	\$	515	

CITY OF MT. SHASTA AUTHORIZED POSITIONS 2024-2025

Position Title	Authorized Positions	Monthly Salary Range			Longevity 2.5% 3 yr	Longevity		
						2.5% 10 yr	5.0% 15 yr	7.5% 20 yr
City Manager	1	Contract			12,533			
Police Chief	1	A	B	C	D			
Director of Finance	1	7,358	7,542	7,726	7,910	8,296	8,499	8,701
Director of Public Works	1	7,358	7,542	7,726	7,910	8,296	8,499	8,701
Director of Public Works with PE	1	7,358	7,542	7,726	7,910	8,296	8,499	8,701
Fire Chief	1	9,081	9,318	9,546	9,773	10,250	10,500	10,750
Planning Director	1	7,358	7,542	7,726	7,910	8,296	8,499	8,701
	1	7,358	7,542	7,726	7,910	10,250	10,500	10,750
Police Lieutenant	0	5,012	5,137	5,263	5,388	5,651	5,789	5,926
Police Sergeant w/ Advanced	2	5,553	5,692	5,831	5,969	6,417	6,574	6,730
	As earned from 2 Sergeants	5,692	5,834	5,976	6,119	6,578	6,738	6,899
Police Officer w/ Advanced	7	4,759	4,878	4,997	5,116	5,500	5,634	5,768
	As earned from 6 Officers	4,878	5,000	5,122	5,244	5,639	5,776	5,914
Probationary Police Officer		4,326	(A 12 month 1-Step Position)					
Reserve Police Officer		24.96	per hour without benefits					
Police Officer Recruit		22.96	per hour without benefits					
Community Service Officer	1	4,364	4,473	4,582	4,691	4,920	5,040	5,160
Police Services Manager	1	5,155	5,284	5,413	5,542	5,958	6,103	6,249
Police Dispatch Supervisor	1	4,564	4,678	4,792	4,906	5,274	5,403	5,531
Communications Dispatcher	3	3,768	3,862	3,956	4,051	4,355	4,461	4,567
Communications Dispatcher-On Call	1	Hourly				4,249	21.09 + diff	
					After 4 years	22.14 + diff		
Fire Battalion Chief	0	4,602	4,717	4,832	4,947	5,189	5,315	5,442
Fire Captain	2	4,940	5,084	5,187	5,311	5,570	5,705	5,841
Firefighter	3	4,105	4,208	4,310	4,413	4,629	4,741	4,854
Public Works Supervisor	1	A	B	C	D			
Chief Plant Operator	1	5,255	5,386	5,518	5,649	5,926	6,070	6,215
Senior Maintenance Worker	2	5,652	5,793	5,935	6,076	6,372	6,528	6,683
Wastewater Plant Operator II	1	4,463	4,575	4,686	4,798	5,032	5,154	5,277
Maintenance Worker II	5	4,364	4,473	4,582	4,691	4,920	5,040	5,160
		4,065	4,167	4,268	4,370	4,584	4,696	4,807

Senior Mechanic	1	4,364	4,473	4,582	4,691	to	4,800	4,920	5,040	5,160
Maintenance Worker I	As needed from Operators									
Administrative Supervisor	1	5,155	5,284	5,413	5,542	to	5,671	5,813	5,955	6,096
Accounting Assistant	2	3,966	4,065	4,164	4,263	to	4,363	4,472	4,581	4,690
Office Assistant	1	3,371	3,455	3,540	3,624	to	3,708	3,801	3,893	3,986
Deputy City Clerk	1	4,564	4,678	4,792	4,906	to	5,020	5,146	5,271	5,397

City Council Agenda Item #9
Staff Report

Meeting Date: March 25, 2024
To: Mayor and City Council
From: Muriel Howarth Terrel, Finance Director
Subject: 2022-2023 Audited Financial Statements City of Mt. Shasta and Mount Shasta Public Financing Authority

X	Regular
	Consent
	Closed
	Presentation

Recommendation:

Staff respectfully requests that City Council review and adopt Resolution CCR-24-~~XX~~, A Resolution of the City Council of the City of Mt. Shasta Accepting the Independent Audit Reports for Fiscal Year 2022-2023.

Background & Summary:

The City's Independent Auditor, Charles Pillon, CPA, has completed the audit of the financial statements for the 2022-2023 fiscal year. There was an additional audit required for the Mount Shasta Public Financing Authority, which is presented for the Councils approval. The audited financial statements have been distributed and the final report will now be issued.

Derived from the same underlying basic financial statements information as the City's Budget Reports which are reported on separately, the Audited Financial Statements differ significantly in the presentation of that information. The City's Budget Reports are presented primarily on a cash basis to show the operating capabilities of each of the operational funds of the City during a single period. The Audited Financial Statements, based on "generally accepted accounting principles"(GAAP), promulgated by the Governmental Accounting Standards Board (GASB), focus more on presenting an overall picture of the financial position of the City. In addition to the financial information, the Audited Financial Statements includes two auditor's reports, detailed notes to the financial statements, and the Auditor's Schedule of Findings.

The initial report in the Audited Financial Statements is a Statement of Net Position for Governmental Activities and Business-Type Activities on page 5. This statement for Governmental Activities combines all of the City's Funds except for the Enterprise Funds and Trust and Agency Funds under Governmental Activities and the City's eight Enterprise Funds under Business-Type Activities.

The Governmental Activities portion of this statement includes all of the capital assets, accumulated depreciation, and long-term debt of the City's General Fund and Special Revenue

Funds to represent what purportedly is the City's financial net worth, just as if they were any other private business entity. The Enterprise Funds are reported in the same manner. This year, the City reports Governmental assets, net of accumulated depreciation of \$14.91 million dollars. Net position is \$5.46 million the difference being pension liabilities and long-term debt. Along with the Enterprise Funds, the City has reported net assets of just over \$76.83 million.

The Business-Type Activities portion of the Statement of Net Assets has always been reported on a net assets basis although the terminology has been changed from reporting "retained earnings" to "net position". Total Assets for the Enterprise Funds net of depreciation are just over \$61.92 million. Total Net Position is \$42.88 million which is higher than last year.

The second report is a Statement of Activities, again combining funds in the same manner, on page 6. This statement reformats the revenues and expenditures of the City as presented in the City's internal Budget Reports adding depreciation and subtracting principle payments of debt and capital outlay. This statement shows expenditures and related program revenues by type of activity rather than by fund. The statement then adds the amounts of general revenues including taxes and investment earnings that are not committed to a particular activity. The result is the change in net assets for the 2022-2023 fiscal year. The City expended \$8.90 million on governmental activities, and collected \$451,500 in charges for services and \$3,238,323 in grants and contributions. The City collected \$5.03 million in taxes, investment earnings and extraordinary earnings. Net position went up down \$184,226.

After these statements, the Financial Statements then present most of the familiar old form Balance Sheets and Changes in Fund Balance in substantially the same manner that government entities have always reported, with the exception of the addition of reconciliations back to the two prior statements. These statements correspond most directly to the Budget Reports that Council receives.

As always, we suggest that the most interesting and informative part of the financial statements are the accompanying notes to the financial statements on pages 13 through 38. Note 1 gives a detailed summary of the financial organization of the City and how municipal fund accounting is carried out, along with an explanation of any new Accounting Standards format and Funds groupings. Notes 3 through 9 basically follow the balance sheet categories. Note 2 discloses the impact of recently issued accounting standards. Notes 3 outlines cash and investments and 4 outlines receivables. Note 5 outlines operating transfers in and out. Note 6 recaps all of the capital asset reporting. Note 7 outlines the long-term debt. Note 8 explains the position of the pension obligation. Note 9 details fund balance following GASB 54 which redefined how fund balances of the governmental funds are presented in the financial statements. The remaining notes, 10, 11, 12, 13, 14, 15, 16, 17 and 18 details risk management, contingent liabilities, prior period adjustments, subsequent events, deferred compensation plan, agreements, loan receivable, and stewardship, compliance and accountability that are required to be disclosed for the financials statements to be in compliance with GAAP. These statements do not necessarily include all financial data but are important for the reader of the financial statements to evaluate the City's fiscal position.

The next section is the Required Supplementary Information that includes the Cost-sharing Multiple-employer Defined Benefit Pension Plan information.

The next section is the Supplementary Information that includes all of the non-major Government funds. This information is combined and reported in the financials at the beginning of the audited financials in Other Governmental Funds. Included in this Supplementary Information are Budget Comparison Schedules, which are similar to our Final Budget Report, and Combining Statements which details the underlying non-major Fund information that makes up the Governmental Activities.

The last section is the Single Audit Schedules and Reports that are required when a government expends more than \$750,000 of federal awards. Included in this last section are required reports, a schedule of expenditures of federal awards, notes to the schedule and a schedule of findings and questioned costs.

The primary purpose of an independent audit is to assure the users of the financial statements that they can rely on those statements to accurately present the financial status of the City. The audit is not a guarantee that the statements are absolutely perfect, nor that there have been no defalcations or misappropriation of City resources. The Auditor's Report states that after studying and analyzing the City's financial records, using their expertise, accepted standards, and due diligence, they have reached the conclusion that the financial statement "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 of Mt. Shasta..."

One additional item, the Management Discussion and Analysis (MD&A), that GASB 34 suggested for inclusion as a part of the Financial Statements is not included in the statements. If the report is included it requires management to prepare in layman's terms an analysis of the Financial Statements. Since the Council is already provided with the periodic budget reports along with the initial, amended, and final budget reviews, they have already received most of what would be included in the MD&A.

The Mount Shasta Public Financing Authority was created on May 13, 2019 as a result of a Joint Exercise of Powers Agreement between the City of Mt. Shasta and the Mount Shasta Industrial Development Authority. The purpose of the Authority is to finance public capital improvements for the benefit of the City, which included the refinance of the City's Series 2008 Revenue Bond debt. The Authority is a component unit of the City and as such is included in the City of Mt. Shasta Financials and is reported separately with its own financial statements and single audit. The Authority undertook the sale and issuance of bonds. Bond proceeds are used to design, construct and acquire public capital improvements and lease, lease-back, sell or resell such improvements to the City. The projects included in this year's reports are the New Corporate Yard Garage, Solar and Energy Efficient Improvements and Refinance of Debt and the Downtown Collection Sewer System Improvements. The notes to the financial statements detail this debt.

The opinion on the City of Mt. Shasta's and the Mount Shasta Public Financing Authority's Financial Statements were considered qualified, or in laymen's terms, a clean report. However, material weaknesses were identified related to the Independent Auditor's Report in Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. This finding was caused by not identifying and correcting misstatements before the start of the audit. The schedule of expenditures of federal awards were prepared without including the grant portion of a major federal award and some subrecipient pass through balances were incorrect. A corrective action plan was implemented to ensure the recording of all adjustments are posted prior to the start of the audit.

Government code and practice requires that the City Council formally accept the independent auditor's report. By the very nature of the independence of the auditor, the City cannot alter or change the reports, so the purpose of the practice is only to assure that the governing body has been presented with the report. Staff has prepared a resolution accepting the audit report.

Financial Impact:

There are no direct financial impacts associated with the City Council's acceptance of the independent third party annual audit process.

Attachments:

- Financial Statements
- Proposed Resolution CCR-24-XX

RESOLUTION CCR-24-XX

**A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MT. SHASTA
ACCEPTING THE INDEPENDENT AUDIT REPORTS AND SINGLE AUDIT
FOR FISCAL YEAR 2022 – 2023**

WHEREAS, the City Council has received the published financial statements for the City of Mt. Shasta and Mount Shasta Public Financing Authority (A Component Unit of the City of Mt. Shasta) for the 2022-2023 fiscal year; and,

WHEREAS, the Council has received and reviewed the reports of the independent auditor, Charles Pillon, on those financial statements; and,

WHEREAS, the Council has reviewed the reports of the Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Mt. Shasta that the published City of Mt. Shasta Financial Statements and Mount Shasta Public Financing Authority Financial Statements for Fiscal Year ended June 30, 2023, and the Independent Auditor's Report on those statements is accepted and made available to the interested public.

IT IS HEREBY CERTIFIED that the foregoing Resolution was introduced and duly adopted by the City Council of the City of Mt. Shasta at a regular meeting held on the 25th day of March 2024 by the following vote:

ROLL CALL VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

DATED: March 25, 2024

ATTEST:

CITY OF MT. SHASTA

Kathryn M. Joyce, Deputy City Clerk

John Stackfleth, Mayor

CITY OF MT. SHASTA

Mt. Shasta, California

BASIC FINANCIAL STATEMENTS

and

SINGLE AUDIT REPORTS

June 30, 2023

CITY OF MT. SHASTA

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CITY OF MT. SHASTA

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CITY OF MT. SHASTA

CITY OFFICIALS

June 30, 2023

CITY COUNCIL

MayorTessa Clure

Council MemberJohn Redmond

Council MemberJohn Stackfleth

Council MemberJeffrey Collings

Council MemberTim Sterns

ADMINISTRATIVE

City ManagerTodd Juhasz

Finance DirectorMuriel Howarth Terrell

City ClerkJohn Kennedy

City TreasurerRhonda Boss-Monaghan

Chief of PoliceRobert Gibson

Fire ChiefCory Burns

Public Works DirectorKen Kellogg

City AttorneyJohn Kenny

INDEPENDENT AUDITOR'S REPORT

To the City Council and Audit Committee
City of Mt. Shasta, California

Report on the Audit of the Financial Statements

Opinions

I 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 Mt. Shasta, California as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Mt. Shasta, California's basic financial statements as listed in the table of contents.

In my 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 City of Mt. Shasta, California 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

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the City of Mt. Shasta, California and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 of Mt. Shasta, California'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.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

INDEPENDENT AUDITOR'S REPORT

(Continued)

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

- Exercise professional judgment 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 of Mt. Shasta, California'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Mt. Shasta, California's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* (not presented), the budgetary comparison information on pages 39-40 and the pension disclosure schedules on pages 41-42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mt. Shasta, California's basic financial statements. The accompanying combining and individual nonmajor fund financial statements on pages 43-46 and schedule of expenditures of federal awards on page 51, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for the purpose 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 my opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT

(Continued)

Other Information

Management has omitted *Management's Discussion and Analysis* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board. My opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated March 6, 2024, on my consideration of the City of Mt. Shasta, California's internal control over financial reporting and on my tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my 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 of Mt. Shasta, California'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 City of Mt. Shasta, California's internal control over financial reporting and compliance.

A handwritten signature in blue ink, appearing to read "Charles W. Pilon, CPA".

Charles W. Pilon, CPA
Anderson, California

March 6, 2024

BASIC FINANCIAL STATEMENTS

CITY OF MT. SHASTA
Statement of Net Position
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments, current unrestricted	\$ 4,115,887	\$ 382,302	\$ 4,498,189
Cash and investments, current restricted	-	731,090	731,090
Receivables (net of allowances for bad debts, where applicable):			
Trade accounts	-	412,046	412,046
Loans	771,517	-	771,517
Intergovernmental	1,525,920	4,918,258	6,444,178
Interest	1,811	131	1,942
Assessments and other	322,735	-	322,735
Prepaid expenses	20,749	-	20,749
Cash investments, non-current unrestricted	242,972	668,056	911,028
Contributed capital invested	39,918	-	39,918
Capital assets:			
Non-depreciable	995,504	33,157,371	34,152,875
Depreciable, net	6,870,380	21,653,538	28,523,918
Total Assets	14,907,393	61,922,792	76,830,185
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pensions	2,117,025	257,910	2,374,935
LIABILITIES			
Accounts payable	470,473	1,541,377	2,011,850
Accrued liabilities	260,108	16,380	276,488
Overdraft payable	438,526	386,232	824,758
Due to other governments	4,803	-	4,803
Unearned revenue	57,930	-	57,930
Deposits	-	172,712	172,712
Long-term liabilities:			
Due within one year	246,055	451,177	697,232
Due in more than one year	1,293,330	16,085,457	17,378,787
Net pension liability	4,482,829	601,646	5,084,475
Total Liabilities	7,254,054	19,254,981	26,509,035
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pensions	323,005	41,079	364,084
NET POSITION			
Net investment in capital assets	6,536,889	38,688,754	45,225,643
Restricted	2,592,762	760,257	3,353,019
Unrestricted	317,708	3,435,631	3,753,339
Total Net Position	\$ 9,447,359	\$ 42,884,642	\$ 52,332,001

CITY OF MT. SHASTA
Statement of Activities
For The Year Ended June 30, 2023

		Program Revenues			Net (Expense) Revenues and Changes in Net Position		
	Expense	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ 1,521,019	\$ 117,366	\$ 507,116	\$ -	\$ (896,537)	\$ -	\$ (896,537)
Public safety	3,169,436	294,485	170,769	-	(2,704,182)	-	(2,704,182)
Public works - administration	67,769	18,346	-	-	(49,423)	-	(49,423)
Public works - streets & roads	1,250,415	-	244,751	-	(1,005,664)	-	(1,005,664)
Public works - buildings and grounds	321,666	-	-	-	(321,666)	-	(321,666)
Community development	2,347,157	21,303	2,315,687	-	(10,167)	-	(10,167)
Library	198,609	-	-	-	(198,609)	-	(198,609)
Interest on long-term debt	26,055	-	-	-	(26,055)	-	(26,055)
Total Governmental Activities	8,902,126	451,500	3,238,323	-	(5,212,303)	-	(5,212,303)
Business-Type Activities:							
Water	967,849	701,674	-	2,695,941	-	2,429,766	2,429,766
Sewer	1,826,508	2,241,643	-	7,101,478	-	7,516,613	7,516,613
Garbage	1,281,057	1,282,941	-	-	-	1,884	1,884
Drainage	99,201	25,811	-	-	-	(73,390)	(73,390)
Total Business-Type Activities	4,174,615	4,252,069	-	9,797,419	-	9,874,873	9,874,873
Total Primary Government	\$ 13,076,741	\$ 4,703,569	\$ 3,238,323	\$ 9,797,419	(5,212,303)	9,874,873	4,662,570
General Revenues:							
Taxes:							
Property					701,550	-	701,550
Sales					2,850,802	-	2,850,802
Transient occupancy					1,254,916	-	1,254,916
Other					85,692	52,773	138,465
Investment earnings					15,126	771	15,897
Net change in fair value of investments					17,975	12,632	30,607
Other					120,016	-	120,016
Transfers in (out)					(18,000)	18,000	-
Total General Revenues					5,028,077	84,176	5,112,253
Changes in Net Position					(184,226)	9,959,049	9,774,823
Net position, beginning, as reported					9,631,585	33,375,681	43,007,266
Prior period adjustment					-	(450,088)	(450,088)
Net Position, Beginning, as Restated					9,631,585	32,925,593	42,557,178
Net Position, Ending					\$ 9,447,359	\$ 42,884,642	\$ 52,332,001

The accompanying notes are an integral part of these financial statements.
Mt. Shasta City Council Regular Meeting March 25, 2024

CITY OF MT. SHASTA
Balance Sheet - Governmental Funds and
Reconciliation of Governmental Fund Balance to the
Statement of Net Position - Governmental Activities
June 30, 2023

	General Fund	Community Development Block Grant Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments, unrestricted	\$ 1,610,472	\$ -	\$ -	\$ 2,748,387	\$ 4,358,859
Receivables, net of allowance					
Loans	-	771,517	-	-	771,517
Intergovernmental	662,706	607,442	-	255,772	1,525,920
Interest	388	-	-	1,423	1,811
Special assessments and other	322,735	-	-	-	322,735
Prepaid expenses	20,749	-	-	-	20,749
Total Assets	\$ 2,617,050	\$ 1,378,959	\$ -	\$ 3,005,582	\$ 7,001,591
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 96,642	\$ 171,945	\$ -	\$ 201,886	\$ 470,473
Accrued liabilities	260,108	-	-	-	260,108
Overdraft payable	-	427,436	-	11,090	438,526
Due to other governments	-	-	-	4,803	4,803
Unearned revenue	35,441	-	-	22,489	57,930
Total Liabilities	392,191	599,381	-	240,268	1,231,840
Fund Balances					
Nonspendable	20,749	771,517	-	-	792,266
Restricted	-	-	-	2,592,762	2,592,762
Committed	159,814	-	-	172,037	331,851
Unassigned	2,044,296	8,061	-	515	2,052,872
Total Fund Balances	2,224,859	779,578	-	2,765,314	5,769,751
Total Liabilities and Fund Balances	\$ 2,617,050	\$ 1,378,959	\$ -	\$ 3,005,582	\$ 7,001,591
Total governmental fund balance, as above					\$ 5,769,751
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 not reported in the funds					7,865,884
Contributed capital investment used in governmental activities is not a financial resource and therefore not reported in the funds					39,918
Long-term liabilities, including bonds and bond premium payable, are not due and payable in the current period and therefore are not reported in the funds					(1,342,277)
Pension liabilities are not due and payable in the current period and therefore are not reported on the balance sheet					(4,482,829)
Compensated absences in governmental activities are not due and payable in the current period and therefore are not reported in the balance sheet					(197,108)
Deferred outflows and inflows are not receivable or due and payable in the current period and therefore are not reported on the balance sheet					1,794,020
Net Position of Governmental Activities					\$ 9,447,359

CITY OF MT. SHASTA
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds
For The Year Ended June 30, 2023

	General Fund	Community Development Block Grant Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 701,550	\$ -	\$ -	\$ -	\$ 701,550
Sales and use taxes	2,325,568	-	-	525,234	2,850,802
Transient occupancy taxes	1,254,916	-	-	-	1,254,916
Franchises	85,692	-	-	-	85,692
Assessments	-	-	-	58,838	58,838
Licenses and permits	117,366	-	-	-	117,366
Intergovernmental revenues	512,579	243,391	-	1,088,986	1,844,956
CARES Act Covid-19 revenues	-	1,342,273	-	-	1,342,273
Charges for services	249,744	-	-	14,126	263,870
Fines, forfeitures and penalties	11,426	-	-	-	11,426
Use of money and property	2,607	5,624	308,672	6,895	323,798
Net change in fair value of investments	5,870	-	-	12,105	17,975
Other and administrative	118,086	-	-	53,024	171,110
Total Revenues	5,385,404	1,591,288	308,672	1,759,208	9,044,572
EXPENDITURES					
Current:					
City council	47,152	-	-	-	47,152
City administration	242,844	-	-	-	242,844
City clerk	12,930	-	-	-	12,930
Finance and personnel	441,796	-	-	-	441,796
City attorney	76,318	-	-	-	76,318
Police protection	1,389,528	-	-	53,347	1,442,875
Fire protection	999,595	-	-	19,876	1,019,471
Public safety dispatching	480,617	-	-	-	480,617
Animal regulation - code enforcement	136,481	-	-	-	136,481
Planning	340,023	-	-	-	340,023
Public works - administration	67,769	-	-	-	67,769
Public works - streets & roads	595,679	-	-	-	595,679
Public works - buildings & grounds	297,363	-	-	-	297,363
Public transit assistance	-	-	-	81,818	81,818
Insurance	275,201	-	-	-	275,201
Community and economic development	156,121	138,938	-	715,948	1,011,007
CARES Act Covid-19 assistance	-	1,336,150	-	-	1,336,150
Library	-	-	-	198,609	198,609
Other	304,512	-	-	-	304,512
Capital outlay	60,715	-	-	128,752	189,467
Debt service:					
Principal payments	45,464	-	157,200	24,752	227,416
Interest	33,498	-	151,472	2,907	187,877
Total Expenditures	6,003,606	1,475,088	308,672	1,226,009	9,013,375
Excess (Deficiency) of Revenues Over (Under)					
Expenditures	(618,202)	116,200	-	533,199	31,197
OTHER FINANCING SOURCES (USES)					
Operating transfers in (out)	102,695	(10,498)	-	(110,197)	(18,000)
Re-measurement of lease liability	(687)	-	-	-	(687)
Total Other Financing Sources (Uses)	102,008	(10,498)	-	(110,197)	(18,687)
Changes in Fund Balance	(516,194)	105,702	-	423,002	12,510
Fund Balance - Beginning of Year	2,741,053	673,876	-	2,342,312	5,757,241
Fund Balance - End of Year	\$ 2,224,859	\$ 779,578	\$ -	\$ 2,765,314	\$ 5,769,751

CITY OF MT. SHASTA
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance - Governmental Funds
to the Statement of Activities - Governmental Activities
For The Year Ended June 30, 2023

Changes in Fund Balance - Governmental Funds	\$ 12,510
Amounts reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense:	
Capital outlay	189,467
Depreciation expense	(865,126)
Amortization expense	(12,578)
Governmental funds report repayments of principal on long-term obligations as expenditures, but it is reported as a reduction of long-term liabilities in the Statement of Net Position.	70,216
Governmental funds report issuance of long-term debt, including bond premium, as a revenue, but the issuance is reported as long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	687
Governmental funds do not report the amortization of bond premium as a reduction of interest expenditure, but it is reported in the Statement of Activities	9,938
Governmental funds do not report the change in accrual of interest on long-term obligations, but it is reported in the Statement of Activities	412
Governmental funds do not report the change in compensated absences as revenue or (expenditure), but it is reported in the Statement of Activities	(27,242)
Governmental funds do not report the decrease of unfunded pension obligations revenue or (expenditure), but it is reported in the Statement of Activities	437,490
Changes in Net Position - Governmental Activities	\$ (184,226)

CITY OF MT. SHASTA
Statement of Net Position - Proprietary Funds
June 30, 2023

	Water	Sewer	Garbage	Drainage	Total Enterprise Funds
ASSETS					
Cash and investments, current unrestricted	\$ 166,277	\$ -	\$ 216,025	\$ -	\$ 382,302
Cash and investments, current restricted	-	731,090	-	-	731,090
Receivables (net of allowances for bad debts, where applicable):					
Trade accounts	70,073	222,657	117,213	2,103	412,046
Intergovernmental	598,617	4,319,641	-	-	4,918,258
Notes	-	-	-	-	-
Interest	-	-	131	-	131
Cash investments, non-current unrestricted	668,056	-	-	-	668,056
Capital assets:					
Non-depreciable	4,376,542	28,780,829	-	-	33,157,371
Depreciable, net	11,022,860	9,960,902	-	669,776	21,653,538
Total Assets	16,902,425	44,015,119	333,369	671,879	61,922,792
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows - pensions	126,520	127,911	-	3,479	257,910
LIABILITIES					
Accounts payable	12,899	1,416,904	111,574	-	1,541,377
Accrued liabilities	7,002	9,054	-	324	16,380
Overdraft payable	-	371,604	-	14,628	386,232
Deposits	86,589	86,123	-	-	172,712
Long-term liabilities:					
Due within one year	20,138	431,039	-	-	451,177
Due in more than one year	137,705	15,947,752	-	-	16,085,457
Net pension liability	295,142	298,388	-	8,116	601,646
Total Liabilities	559,475	18,560,864	111,574	23,068	19,254,981
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - pensions	20,151	20,373	-	555	41,079
NET POSITION					
Net investment in capital assets	15,260,779	22,758,199	-	669,776	38,688,754
Restricted:					
Restricted for capital projects	-	87,726	-	29,167	116,893
Restricted for debt service reserve	-	19,596	-	-	19,596
Restricted for short-lived asset reserve	-	623,768	-	-	623,768
Unrestricted	1,188,540	2,072,504	221,795	(47,208)	3,435,631
Total Net Position	\$16,449,319	\$ 25,561,793	\$ 221,795	\$ 651,735	\$42,884,642

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

	Water	Sewer	Garbage	Drainage	Total Enterprise Funds
REVENUES					
User fees and charges	\$ 701,674	\$ 2,241,643	\$1,282,941	\$ 25,811	\$ 4,252,069
OPERATING EXPENSES					
Cost of power and water	11,564	54,221	-	-	65,785
Maintenance, operations, and administration	491,122	836,847	1,281,057	76,590	2,685,616
Depreciation and amortization	460,878	391,427	-	22,611	874,916
Total Operating Expenses	963,564	1,282,495	1,281,057	99,201	3,626,317
Operating Income (Loss)	(261,890)	959,148	1,884	(73,390)	625,752
NONOPERATING REVENUES (EXPENSES)					
Interest earned	-	6	727	38	771
Net change in fair value of investments	11,378	174	951	129	12,632
Franchise fees	-	-	52,773	-	52,773
Interest expense	(4,285)	(544,013)	-	-	(548,298)
Total Nonoperating Revenues (Expenses)	7,093	(543,833)	54,451	167	(482,122)
Capital grants and contributions	2,695,941	7,101,478	-	-	9,797,419
Transfers in (out)	-	-	-	18,000	18,000
Changes in Net Position	2,441,144	7,516,793	56,335	(55,223)	9,959,049
NET POSITION					
Beginning of year, as reported	14,458,263	18,045,000	165,460	706,958	33,375,681
Prior period adjustments	(450,088)	-	-	-	(450,088)
Beginning of Year, as Restated	14,008,175	18,045,000	165,460	706,958	32,925,593
End of Year	\$16,449,319	\$ 25,561,793	\$ 221,795	\$ 651,735	\$42,884,642

CITY OF MT. SHASTA
Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2023

	Water	Sewer	Garbage	Drainage	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 711,314	\$ 2,228,094	\$1,282,145	\$ 25,836	\$ 4,247,389
Payments to suppliers	(338,328)	(641,308)	(1,282,298)	(46,652)	(2,308,586)
Payments to employees	(243,700)	(359,261)	-	(22,244)	(625,205)
Net cash provided (used) by operating activities	129,286	1,227,525	(153)	(43,060)	1,313,598
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Receipt of franchise fees	-	-	52,773	-	52,773
Interfund transfers and repayments	-	-	-	18,000	18,000
Net cash provided (used) by non-capital financing activities	-	-	52,773	18,000	70,773
CASH FLOWS FROM CAPITAL AND RELATED FINANCING					
Capital grants received	4,913,279	3,379,535	-	-	8,292,814
Purchase of capital assets	(4,874,102)	(12,942,296)	-	-	(17,816,398)
Proceeds from debt issuance	-	8,229,848	-	-	8,229,848
Principal paid on capital debt	(4,308)	(119,941)	-	-	(124,249)
Interest payments on debt	(4,338)	(323,009)	-	-	(327,347)
Net cash provided (used) by capital and related financing	30,531	(1,775,863)	-	-	(1,745,332)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income received	242	5	744	41	1,032
Net change in fair value of investments	11,378	174	951	129	12,632
Net cash provided (used) by investing activities	11,620	179	1,695	170	13,664
Net Increase (Decrease) in Cash	171,437	(548,159)	54,315	(24,890)	(347,297)
CASH					
Beginning of Year	662,896	1,279,249	161,710	24,890	2,128,745
End of Year	\$ 834,333	\$ 731,090	\$ 216,025	\$ -	\$ 1,781,448
Comprised of:					
Cash and investments, current unrestricted	\$ 166,277	\$ -	\$ 216,025	\$ -	\$ 382,302
Cash investments, non-current unrestricted	668,056	-	-	-	668,056
Cash and investments, restricted	-	731,090	-	-	731,090
Cash and Investments	\$ 834,333	\$ 731,090	\$ 216,025	\$ -	\$ 1,781,448
Reconciliation of operating income (loss) to cash provided (used) by operating activities:					
Operating income (loss)	\$ (261,890)	\$ 959,148	\$ 1,884	\$ (73,390)	\$ 625,752
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:					
Depreciation and amortization	460,878	391,427	-	22,611	874,916
(Increase) decrease in accounts receivable	(3,273)	(16,656)	(796)	25	(20,700)
Decrease in deferred outflows of resources related to pensions	(77,852)	(78,708)	-	(2,141)	(158,701)
Increase in accounts payable	(46,971)	(76,217)	(1,241)	8,583	(115,846)
Increase in compensated absences	5,293	6,668	-	-	11,961
Increase (decrease) in deposits and other liabilities	16,740	5,101	-	252	22,093
Increase in net pension liability	153,214	154,900	-	4,213	312,327
(Decrease) in deferred inflows of resources related to pensions	(116,853)	(118,138)	-	(3,213)	(238,204)
Net Cash Provided (Used) by Operating Activities	\$ 129,286	\$ 1,227,525	\$ (153)	\$ (43,060)	\$ 1,313,598
Note regarding operating activities:					
The respective change in accounts payable does not reflect the payable related to capital assets					
	\$ 54,198	\$ 1,336,288	\$ -	\$ -	1,390,486

The accompanying notes are an integral part of these financial statements
Mt. Shasta City Council Regular Meeting March 25, 2024

CITY OF MT. SHASTA
Notes to the Financial Statements
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Mt. Shasta, California's (hereafter "the City") financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental entities. The more significant accounting policies established in GAAP and used by the City are discussed below.

A. Reporting Entity

The City operates under a City Manager - City Council form of government and provides the following services: public safety, streets and roads, library, water, sewer, sanitation and drainage, public improvements, planning and zoning, and general administrative services.

The City has defined its reporting entity in accordance with U.S. generally accepted accounting principles, which provides guidance for determining which governmental activities, organization, and functions should be included in the reporting entity. In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The primary criterion for including a potential component unit within the reporting entity is the governing body's financial accountability. A primary government is financially accountable if it appoints a voting majority of a component unit's governing body and it imposes its will on the component unit, or if there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government unit. A primary government may also be financially accountable if a component unit is fiscally dependent on the primary governmental entity regardless of whether the component unit has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.

In accordance with GASB Statement No. 61, the City's financial reporting entity comprises the following:

Primary Government:

City of Mt. Shasta

Blended Component Unit:

The Mount Shasta Public Financing Authority

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City's governing board or the component unit provides services entirely to the City. This component units' fund is blended into those of the City by appropriate activity type to compose the primary government presentation.

The component unit that is blended in the reporting activity of the City's report is as follows:

The Mount Shasta Public Financing Authority (Authority) was created on May 13, 2019, as a result of a Joint Exercise of Powers Agreement between the City and the Mount Shasta Industrial Development Authority. The fund is reported as a debt service fund. The Authority's purpose is to finance public capital improvements for the benefit of the City, including refinance of the City's 2008 Revenue Bond debt. Separate financial statements for Authority may be obtained by contacting the City.

B. Basis of Presentation

The financial statement presentation required by GASB provides a comprehensive, entity-wide perspective of the City's overall financial position and results of operations while maintaining the presentation of the financial position, results of operations and cash flows, as applicable, of the City's major funds.

Government-wide Financial Statements:

The statement of net position and statement of activities include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities are reported separately from business-type activities (such as water, sewer, garbage, and drainage).

CITY OF MT. SHASTA
Notes to the Financial Statements
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 charges paid by recipients of goods and services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented instead as general revenues.

When both restricted and unrestricted net position are available, restricted resources are depleted first before the unrestricted resources are used.

Fund Financial Statements:

Fund financial statements of the City are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

Total assets, liabilities, revenues, or expenditure/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category type; and

Total assets, liabilities, revenues, or expenditures/expenses for the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the City are described below:

Major Governmental Funds:

The General Fund: is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Community Development Block Grant Fund: Accounts for the financing of home rehabilitation, job creation and retention, community public works and planning activities to support community and economic development as financed by monies passed through the State by the federal government.

The Debt Service Fund: Established to account for the financing and refinancing of public capital improvements for the benefit of the City.

Major Proprietary Funds:

The Enterprise Funds (Water, Sewer, Garbage and Drainage) are used to account for operations that are financed and operated in a manner similar to a private business enterprise where the intent of the governing body is that the costs (expenses) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Water Fund: Established to account for the operations of the City's water utility, a self-supporting activity which renders a service on a user charge basis to residents and businesses within the City.

The Sewer Fund: Established to account for the operations of the City's sewer utility, a self-supporting activity which renders a service on a user charge basis to residents and businesses within the City.

The Garbage Fund: Established to account for the operations of the City's garbage utility, a self-supporting activity which renders a service on a user charge basis to residents and businesses within the City.

The Drainage Fund: Established to account for the operations of the City's drainage utility, a self-supporting activity which renders service on a user charge basis to residents and businesses within the City.

CITY OF MT. SHASTA
Notes to the Financial Statements
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Additionally, the City reports the following non-major funds:

Business Improvement Fund: Accounts for proceeds from special business improvement area tax funded through downtown City businesses that primarily provides parking.

Fire Assessment Fund: Established to account for fire suppression equipment acquisition, as financed by fire suppression assessments levied on property owners.

Development Impact Fund: Established to account for the collection of impact fees that are to ensure that new development projects contribute their share to the orderly development of infrastructure necessary to accommodate the anticipated growth of the community.

Local Transportation Fund: Established to account for the construction and maintenance of the streets and roads of the City, as well as to provide mass transit, as financed from "Transportation Development Act" monies passed through the County of Siskiyou by the State.

Transportation Project Fund: Established to account for transportation projects funded through various funding sources. In the current year, this fund is recognizing the Safe Routes to School and Bicycling Transportation projects.

COPS Fund: Accounts for State public safety grant funded through the State of California.

Community Public Safety Enhancement Fund: Accounts for the community enhancement program which contributes to public safety which is run through the police department and funded from public donations.

Gas Tax Fund: Established to account for the construction and maintenance of the streets and roads of the City as financed by gas taxes received from the State.

Springhill Assessment Fund: Accounts for sewer main line trunk extension funded by property owners.

The Capital Projects Fund: Established to account for the acquisition and installation of a new corporate yard garage and solar facilities and related improvements within the City.

Economic Enhancement Fund: Established to account from excess CDBG program income that would not be used for CDBG regulated expenditures. The de-federalized dollars are intended to be used to provide economic development within the City.

Special Projects Grant Fund: Established to account for the environmental assessments of Brownfield Sites funded through the U.S. Environmental Protection Agency.

Library Fund: Established to account for the operation of the City's Library which is funded through an additional .25% sales tax on sales within the city limits of Mt. Shasta.

Other Special Revenue Funds: Includes activity in the Beautification Projects, Fire Training and Public Works Reimbursable funds.

C. Measurement Focus and Basis of Accounting:

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus:

In the government-wide statements, both governmental and business-type activities are presented using the economic resources measurement focus as defined below. In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus is used as appropriate.

CITY OF MT. SHASTA
Notes to the Financial Statements
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All governmental funds utilize a current financial resources measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present resources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the year.

All proprietary (enterprise) funds utilize an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting:

In the government-wide statements, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available. Measurable means knowing or being able to reasonably estimate the amount. For this purpose, the City considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlays) are recorded when the related fund liability is incurred. All proprietary funds utilize the accrual basis of accounting, as described above.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided, including fees, fines, and forfeitures, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenue. Likewise, general revenues include all taxes.

D. Assets, Liabilities, Net Position or Fund Equity

Cash and Cash Equivalents:

For purposes of the statement of cash flows, the City considers, as cash equivalents, all highly liquid investments with a maturity at the date of purchase of three months or less.

Investments:

The City is a voluntary participant in the California Local Agency Investment Fund ("LAIF"). LAIF is an external investment pool through which local governments may pool investments. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without the loss of interest. The regulatory oversight of LAIF rests with the Local Agency Investment Board. GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, provides that amounts held in external investment pools be reported at fair value.

The City also has investments in a brokerage firm, Time Value Investments ("TVI"), for the purpose of obtaining higher rates of return. Investments in TVI are money market and fixed income investments in U.S. Government Bonds and Certificates of Deposit with maturities ranging from 4 months to 4 years. The fair value is materially equivalent to the value of the investments. The types of investments are within the scope of the City's investment policy.

CITY OF MT. SHASTA
Notes to the Financial Statements
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables:

In the fund financial statements, material receivables in governmental funds are the same as those in the government-wide statements since they are both measurable and available. Interest earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end but not yet received. Allowances for uncollectible accounts receivable are based on historical trends, periodic aging of accounts receivable, and management's detailed analysis of the composition of accounts receivable. Management has determined all receivables are fully collectable.

Property Taxes:

The County of Siskiyou assesses, bills, and collects property taxes for the City. The County remits the property taxes to the City when the taxes are collected, and the allocation has been determined. Property taxes attach as an enforceable lien as of January 1st and are due November 1 and February 1 (secured), and July 1 (unsecured).

The City participates in an alternative method of distribution of property tax levies and assessments known as the "Teeter Plan." The *California Revenue and Taxation Code* allows counties to distribute secured real property, assessment, and supplemental property taxes on an accrual basis resulting in full payment to cities each fiscal year. Any subsequent delinquent payments and related penalties and interest during a fiscal year will revert to Siskiyou County. The Teeter Plan payment is included in property tax revenue.

Interfund Receivables and Payables:

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. These may include amounts relating to goods and services type transactions, and interfund loans. Short-term activities are reported as due to/due from other funds. Long-term interfund loans are shown as advances to or advances from other funds in the government-wide financial statements.

Capital Assets:

The accounting treatment over property, plant, equipment, and infrastructure assets (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, property, plant, equipment, and infrastructure assets are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available, except donated capital assets are recorded at their estimated fair market value at the date of donation. Items with a cost of \$5,000 or more are accounted for as capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Costs of assets sold or retired (and related amounts of accumulated depreciation) are eliminated from the accounts in the year of sale or retirement and the resulting gain or loss is included in the operating statement of the related fund.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Due to the early implementation of GASB Statement No. 89, interest incurred during the construction phase of capital assets of business-type activities is no longer included as part of the capitalized value of the assets constructed, but rather reported as an expense in the current period.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

The range of estimated useful lives by type of asset is as follows:

Utility plants	7 to 50 years
Buildings and improvements	5 to 35 years
Equipment, furnishings, and vehicles	3 to 35 years
Infrastructure	10 to 40 years

CITY OF MT. SHASTA
Notes to the Financial Statements
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Compensated Absences:

Vacation and accrued compensatory time off pay is vested to the employees as it accrues and is payable upon separation of service. Sick leave does not vest to the employees and is paid only when sick leave is taken. Therefore, only vacation and accrued compensatory time off pay has been accrued in the accompanying financial statements for proprietary and government-wide statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. However, if material, a liability is recognized for that portion of accumulated sick leave benefits that is estimated will be taken as "terminal leave" prior to retirement.

Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position includes 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(s) which will only be recognized as an outflow of resources (expense/expenditures) in the future. In addition to liabilities, the statement of net position includes 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(s) and would only be recognized as an inflow of resources (revenue) at that time.

For the City's pension plans, City contributions subsequent to the measurement date, differences between expected and actual experience, differences due to changes in assumptions, differences due to differences in proportions, differences between projected and actual earnings on plan investments and differences between projected and actual contributions are reported as deferred outflows/inflows of resources in the government-wide statement of net position. City contributions subsequent to the measurement date will be amortized during the next fiscal year. Differences between expected and actual experience, changes in assumptions, differences in proportion, and differences between projection and actual contributions are amortized over the estimated service lives of the plan participants. Difference between projected and actual earnings on pension plan investments will be amortized over a five-year period.

Long-Term Liabilities:

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are expensed in the period the debt is issued. Current portions of debt obligations are reported as long-term liabilities: due within one year.

In the governmental funds' financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Pension Liability:

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

CITY OF MT. SHASTA
Notes to the Financial Statements
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unearned Revenue:

Unearned revenue consists of public works reimbursables, parking fees and business licenses paid in advance by the City's customers.

Equity Classifications:

In the government-wide financial statements, equity is classified as net position and displayed as follows:

Net investment in capital assets: Consists of capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted net position: Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations or other governments, or by law through constitutional provisions or enabling legislation.

Unrestricted net position: Consists of all other net position that do not meet the definition of restricted or invested in capital assets, net of related debt.

The government-wide statement of net position reports \$3,353,019 of restricted net position, all of which is restricted by enabling legislation or constraints placed on use by creditors.

Fund Balance Classifications:

Applying the requirements of GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*; the governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) legally or contractually required to be maintained intact or (b) not in spendable form.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as a debt covenant), grantors, contributors, or laws or regulation of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations.

Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegation of this responsibility to the City Manager through the budgetary process.

Unassigned: This classification includes residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

CITY OF MT. SHASTA
Notes to the Financial Statements
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Revenues, Expenditures and Expenses

Operating Revenues and Expenses:

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses:

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified by character (current, debt service or capital outlay) for governmental funds, and by operating or nonoperating classifications for proprietary funds. Governmental funds report expenditures of financial resources and Proprietary funds report expenses relating to use of economic resources.

F. 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.

G. Budgets

The City adopts an annual budget for the fiscal year commencing the following July 1. Budgets are adopted on a basis consistent with generally accepted accounting principles. The level of control (the level at which expenditures may not exceed budget) is the fund level. Unused appropriations lapse at the end of the fiscal year. The City does not use encumbrance accounting.

H. Budgetary Comparison

Under GASB Statement No. 34, budgetary comparison information is required to be presented for the general fund and each major special revenue fund with a legally adopted budget. The Authority is not legally required to adopt a budget for the debt service fund.

I. Blended Component Unit

As stated in Note 1, Section A, Financial Reporting Entity, the Authority, a blended component unit of the City, was created to finance public capital improvements for the benefit of the City, including refinance of the City's 2008 Revenue Bond debt. During the fiscal year ended June 30, 2020, the Authority issued two Series 2019 Revenue Bonds in order to finance City capital projects and refinance the debt. See Note 7 for a full description. The Bonds are special obligations of the Authority payable from the Net Revenues pledged under the Indenture, consisting primarily of (1) base rental payments to be made by the City to the Authority as rental for certain City-owned property under a site lease agreement dated October 1, 2019, by and between the Authority and the City; and (2) installment payments to be made by the City under two installment sale agreements, (i) dated August 1, 2019, to repay the Series 2019 Wastewater Enterprise Revenue Bond owned by the United States Department of Agriculture issued to acquire and construct the project known as the Downtown Collection Wastewater System Improvement Project; and (ii) dated October 1, 2019, to repay Series 2019 Revenue Bonds owned and issued by the Authority for two purposes, (1) to acquire and install certain new solar and energy efficient equipment and improvements located at the City's Corporate Yard Garage, City Hall, Police Station, Fire Station and the Wastewater Treatment Plant; and (2) to prepay and discharge the 2008 Installment Sale Agreement (i.e. Series 2008 Revenue Bonds) by and between the City and IBank.

CITY OF MT. SHASTA
Notes to the Financial Statements
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Blended Component Unit (Continued)

In the fund financial statements, when the Authority is blended into the City's financial statements as a component unit, the Authority is presented as a debt service fund. Interest earnings from the lease and installment sale agreements with the City are shown as revenues, while principal repayments and interest on the revenue bond debt are shown as debt service expenditures. Significant items related to the long-term debt issuance and debt premium are shown as other financing sources, while proceeds from the debt issuance invested in the City capital projects and refinancing are shown as other financing uses.

In the government-wide financial statements, when the Authority is blended into the City's financial statements, the long-term assets and liabilities of the Authority are eliminated, and the long-term debt related to the repayment of the revenue bonds and accrued interest is shown in the governmental activities or the business-type activities based on the Governmental Fund affected by the capital project paid for by the issuance of the bond debt. The Capital Projects Fund, a Governmental Fund of the City's General Fund, accounts for the capital improvements and related long-term debt in the governmental activities used for the acquisition and construction of a portion of the new corporate yard garage and the solar energy equipment installed at the corporate yard, the City Hall, Police Station and Fire Station. The Water and Sewer Funds, Proprietary Funds of the City, account for the capital improvements and related long-term debt in the business-type activities used for the acquisition and construction of a portion of the new corporate yard garage and the solar energy equipment installed at the corporate yard and the wastewater treatment plant, as well as the refinance of the 2008 Wastewater Revenue Bond debt.

NOTE 2 IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

Effective in Future Fiscal Years

Effective for fiscal years beginning July 1, 2024, the **GASB issued Statement No. 101, *Compensated Absences***. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

This Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences.

Effective for fiscal years beginning July 1, 2024, the **GASB issued Statement No. 102, *Certain Risk Disclosures***. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely to begin to occur within 12 months of the date the financial statements are issued.

NOTE 3 CASH AND INVESTMENTS

The City follows the practice of pooling cash of all funds, unless the funds are required by law, debt covenant or other instrument to be held in a separate account. Interest income on pooled cash invested is allocated quarterly to the various funds based on the same proportion that such funds bear to the total monies invested.

CITY OF MT. SHASTA
Notes to the Financial Statements
June 30, 2023

NOTE 3 CASH AND INVESTMENTS (Continued)

Cash and investments as of June 30, 2023, are classified according to liquidity and separated between unrestricted and restricted in the accompanying financial statements as follows:

Statement of Net Position	
Cash and investments, current unrestricted	\$ 4,498,189
Cash and investments, current restricted	731,090
Cash investments, non-current unrestricted	911,028
Cash and Investments	\$ 6,140,307
Consisted of the following	
Cash on hand	\$ 300
Deposits with banks	4,875,892
Time Value Investments brokerage	1,020,420
LAIF	243,695
Cash and Investments	\$ 6,140,307

Investments Authorized:

The City manages its pooled idle cash investments under the guidelines of the State of California Government Code Section 53601 which specifically authorizes investments in the following instruments: treasury bills, treasury notes, federal agency securities, bankers' acceptances, nonnegotiable certificates of deposit, commercial paper, negotiable certificates of deposit, and repurchase agreements. All investment activities are conducted with financial institutions approved by the City Council.

Interest Rate Risk:

While the City's investment policy does not address interest rate risk, the City manages its exposure to interest rate risks through reliance on the managers of the Local Agency Investment Fund (LAIF) for its investment in those funds and the Finance Director and City Treasurer for the City's investment in money market accounts, US Government bonds and certificates of deposit.

Credit Risk:

Generally, 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. LAIF does not have such a rating.

Concentration of Credit Risk:

The investment policy of the City contains no limitation on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5 percent or more of total City investments or reporting unit.

Custodial Credit Risk:

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code has provisions for financial institutions that limit custodial credit risk for deposits. Financial institutions are required to secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

CITY OF MT. SHASTA
Notes to the Financial Statements
June 30, 2023

NOTE 3 CASH AND INVESTMENTS (Continued)

California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The City's financial institutions also have insurance through the Federal Depository Insurance Corporation (FDIC). The City's investment policy has no additional provisions for limiting custodial credit risk for deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments; however, it is the practice of the City Treasurer that all investments are insured, registered, or held by the Treasurer's custodial agent in the City's name.

The City's balance in banks was \$4,167,321, all of which was covered by federal depository insurance, or the collateral requirements discussed in the preceding paragraph. The bank balance differs from the book balance of \$4,875,892 because of outstanding deposits net of outstanding checks.

Equity in Pooled Cash and Investment

The City invests funds in the State Treasurer's Pooled Money Investment Account (PMIA) through LAIF, a voluntary program created by statute in 1977. The PMIA has regulatory oversight from the Pooled Money Investment Board and an in-house Investment Committee. The Local Agency Investment Advisory Board has oversight of LAIF. LAIF is an unrated external investment pool.

Carrying value of investments must be at fair value if the difference between carrying value and fair value becomes material. During the year ended June 30, 2023, the City recognized an adjustment to the fair value of the investments in the City's external investment pool held by LAIF by increasing cash and cash investments in various Funds by \$16,963; and the City recognized an adjustment to the fair value of the investments held with the City's brokerage firm, TVI, by decreasing cash and cash investments in various Funds by \$13,519.

In accordance with authorized investment laws, the State Treasurer's Investment Pool (LAIF) invests in various structured notes and mortgage-backed securities, such as collateralized mortgage obligations. As of June 30, 2023, PIMA's weighted average maturities were 1.07 years. (Copies of a report of LAIF's investments may be obtained from the State Treasurer's Office; Local Agency Investment Fund; P.O. Box 942809; Sacramento, CA 94209-0001)

NOTE 4 RECEIVABLES

The following is the composition of loans receivable, net of zero allowance for doubtful loans, at June 30, 2023:

	Community Development Block Grant Fund
Mortgage and business loans	\$ <u>771,517</u>

NOTE 5 OPERATING TRANSFERS IN/OUT

The following is a summary of operating transfers in/out for the year ended June 30, 2023:

Transfer In To	Transfer Out From			
	General Fund	Community Development Block Grant Fund	Non-major Governmental Funds	Total Transfers In
General Fund	\$ -	\$ -	\$ 120,695	\$ 120,695
Drainage Fund	18,000	-	-	18,000
Non-major Governmental Funds	-	10,498	-	10,498
Total Transfers Out	\$ 18,000	\$ 10,498	\$ 120,695	\$ 149,193

All of the transfers were to pay for a fund's share of a project or activity that occurred in another fund.

CITY OF MT. SHASTA
Notes to the Financial Statements
June 30, 2023

NOTE 6 CAPITAL ASSETS

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

	Balance July 1, 2022	Additions	Retirements and Transfers	Balance June 30, 2023
Governmental Activities				
Capital Assets not being Depreciated:				
Land	\$ 747,310	\$ -	\$ -	\$ 747,310
Construction in progress	251,484	-	(3,290)	248,194
Total Capital Assets not being Depreciated	998,794	-	(3,290)	995,504
Capital Assets being Depreciated:				
Buildings and improvements	1,708,222	-	-	1,708,222
Right to use asset - building	13,959	-	(686)	13,273
Equipment, furnishings and vehicles	4,424,567	193,443	(33,082)	4,584,928
Right to use asset - equipment	23,052	-	-	23,052
Infrastructure	23,969,201	-	-	23,969,201
Total Capital Assets being Depreciated	30,139,001	193,443	(33,768)	30,298,676
Less Accumulated Depreciation and Amortization:				
Buildings and improvements	644,319	29,876	-	674,195
Right to use asset - building	6,980	6,293	-	13,273
Equipment, furnishings and vehicles	3,161,624	262,332	(33,082)	3,390,874
Right to use asset - equipment	6,285	6,285	-	12,570
Infrastructure	18,764,466	572,918	-	19,337,384
Total Accumulated Depreciation and Amortization	22,583,674	877,704	(33,082)	23,428,296
Total Capital Assets being Depreciated, Net	7,555,327	(684,261)	(686)	6,870,380
Governmental Activities Capital Assets, Net	8,554,121	(684,261)	(3,976)	7,865,884
Business-Type Activities				
Capital Assets not being Depreciated:				
Land	264,788	-	-	264,788
Construction in progress	21,818,200	16,733,719	(5,659,336)	32,892,583
Total Capital Assets not being Depreciated	22,082,988	16,733,719	(5,659,336)	33,157,371
Capital Assets being Depreciated:				
Buildings and improvements	1,207,868	-	-	1,207,868
Equipment, furnishings and vehicles	2,212,957	146,095	-	2,359,052
Infrastructure	25,433,156	-	5,659,336	31,092,492
Total Capital Assets being Depreciated	28,853,981	146,095	5,659,336	34,659,412
Less Accumulated Depreciation:				
Buildings and improvements	289,548	25,051	-	314,599
Equipment, furnishings and vehicles	737,512	102,887	-	840,399
Infrastructure	11,103,898	746,978	-	11,850,876
Total Accumulated Depreciation	12,130,958	874,916	-	13,005,874
Total Capital Assets being Depreciated, Net	16,723,023	(728,821)	5,659,336	21,653,538
Business-Type Activities Capital Assets, Net	38,806,011	16,004,898	-	54,810,909
Government-Wide Capital Assets, Net	\$47,360,132	\$15,320,637	\$ (3,976)	\$ 62,676,793

CITY OF MT. SHASTA
Notes to the Financial Statements
June 30, 2023

NOTE 6 CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
General government	\$ 62,530
Public safety	229,678
Public works – streets, roads, buildings & garage	585,496
Depreciation Expense – Governmental Activities	\$ 877,704
Business-Type Activities	
Water	\$ 460,878
Sewer	391,427
Drainage	22,611
Depreciation Expense – Business-Type Activities	\$ 874,916

NOTE 7 LONG-TERM DEBT

Long-term liabilities at June 30, 2023 consisted of the following:

Types of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount
Governmental Activities				
Revenue Bonds				
2019 Issue (financed the acquisition and installation of a new corporate yard garage and solar equipment)				
Term Current Interest Bond	8/1/2044	2.65% - 4%	\$120,000 - \$220,000	\$ 1,121,646
Capital Lease Obligation				
Master Equipment Lease Purchase Agreement - Type II Wildland Fire Engine				
Community First National Bank	5/1/2026	2.966%	Approx. \$25,000	127,489
Lease Liabilities				
Building Lease Agreement - Upper Lodge Facility				
Mt. Shasta Recreation and Parks District	7/1/2023	3.00%	\$ 7,200.00	13,960
Equipment Lease Agreement - Lanier IMC 3000 Copier				
U.S. Bank	1/9/2024	7.50%	\$ 2,299.92	5,228
Equipment Lease Agreement - Lanier IMC 2500, 6000 Copiers				
De Lage Landen	8/19/2025	7.50%	\$ 4,936.72	17,824
Total Lease Liabilities				37,012
Governmental Activities				\$ 1,286,147

CITY OF MT. SHASTA
Notes to the Financial Statements
June 30, 2023

NOTE 7 LONG-TERM DEBT (Continued)

Business-Type Activities

Revenue Bonds

2019 Issue (financed the acquisition and installation of a new corporate yard garage and solar equipment)

Term Current Interest Bond	8/1/2044	2.65% - 4%	\$120,000 - \$220,000	\$	2,263,355
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2019 Issue (refinanced 2008 revenue bonds)

Term Current Interest Bond	8/1/2044	2.65% - 4%	\$120,000 - \$220,000		930,000
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2019 Issue (financed the downtown sewer collection system improvements)

Term Current Interest Bond	8/1/2059	2.125%	\$9,100 - \$48,300		1,309,000
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Total Revenue Bonds	4,502,355
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Anticipation Notes

Series 2021 WasteWater Revenue Bond Anticipation Notes
(USDA Grant and Loan Anticipation Financing)

CoBank, ACB Revolving Credit	5/1/2024	1.2% - 4%	Not Applicable		9,209,000
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Series 2021 Revolving Credit Promissory Notes

(SWRCB Grant and Loan Anticipation Financing)

CoBank, ACB Revolving Credit	5/1/2024	1.2% - 4%	Not Applicable		3,000,000
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Total Anticipation Notes	12,209,000
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Line of Credit

CoBank, ACB Term Revolver Credit Line	5/1/2024	1.2% - 4%	Not Applicable		3,000,000
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Business-Type Activities	\$ 19,711,355
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The following is a summary of long-term liabilities activity for the fiscal year ended June 30, 2023:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due in One Year
Governmental Activities					
Revenue bonds	\$ 1,060,275	\$ -	\$ 32,950	\$ 1,027,325	\$ 34,231
Revenue bond premium	221,537	-	9,938	211,599	9,938
Interest payable	13,694	-	412	13,282	13,282
Capital lease obligation	103,565	-	24,753	78,812	25,497
Lease liabilities	24,460	-	13,201	11,259	5,421
Compensated absences	169,866	27,242	-	197,108	157,686
Governmental Activities	\$ 1,593,397	\$ 27,242	\$ 81,254	\$ 1,539,385	\$ 246,055
Business-Type activities					
Revenue bonds	\$ 4,277,823	\$ -	\$ 124,249	\$ 4,153,574	\$ 133,469
Anticipation notes	3,826,459	8,229,848	-	12,056,307	-
Interest payable	60,579	220,950	-	281,529	281,529
Compensated absences	33,262	11,962	-	45,224	36,179
Business-Type Activities	\$ 8,198,123	\$ 8,462,760	\$ 124,249	\$ 16,536,634	\$ 451,177

CITY OF MT. SHASTA
Notes to the Financial Statements
June 30, 2023

NOTE 7 LONG-TERM DEBT (Continued)

REVENUE BONDS:

As stated in Note 1, Sections A and I, the Mount Shasta Public Financing Authority (Authority), a component unit of the City, was created on May 13, 2019, as a result of a Joint Exercise of Powers Agreement between the City and the Mount Shasta Industrial Development Authority. The Authority's purpose is to finance public capital improvements for the benefit of the City and refinance the City's 2008 Revenue Bond debt. The Series 2019 Revenue Bonds shown in the first table of Note 7, is split between Governmental and Business-type Activities based on the capital improvements made for the specific fund. The revenue bond was issued for \$4,315,000 to finance the acquisition and construction of a new corporate yard garage which serves the City's public works department, as well as the water and sewer operations, thus the share of the financing related to the corporate garage, \$1,090,000, is allocated between the governmental activity (i.e. public works) and the business-type activities. The revenue bond was also issued to finance the acquisition and installation of solar energy efficient equipment in the new corporate garage, City Hall, police station, fire station and the wastewater treatment plant, thus the share of the financing related to the solar equipment installation, \$2,295,000, is allocated between the governmental activity (i.e. public works and general government) and the business-type activities of the water and sewer funds. Lastly, the revenue bond was issued to prepay and discharge the 2008 revenue bond debt of the sewer operations, thus, \$930,000 of the revenue bonds have been allocated to the sewer fund. These bonds have varying interest rates based on when the bonds mature according to rates established in the bond maturity schedule. These rates are not subject to change based on market conditions.

Governmental and Business-Type Activities Combined:

Term Current Interest Bond, maturity 8/1/2044

Payment: pursuant to the Indenture of Trust dated October 1, 2019, and as described in the immediately preceding paragraph, the Authority issued limited obligations in the amount of \$4,315,000. The amount allocated to governmental activities for the corporate garage and solar equipment, \$1,121,646, will accrue interest from the date of delivery of the bonds, and interest thereon will be payable semiannually on February 1 and August 1 of each year, commencing February 1, 2020. Similarly, the amounts allocated to business-type activities, \$3,193,354 for the corporate garage and solar equipment (\$2,263,354) and refinance (\$930,000), will accrue and pay interest in similar fashion.

Redemption: The Bonds are subject to optional, extraordinary, and mandatory sinking account redemption prior to their stated maturity dates, as provided in the Indenture Agreement.

Reserve Fund: A Reserve Fund is established with the Bond Trustee pursuant to the Indenture in an amount equal to the Reserve Requirement, \$267,937.50. The Reserve Fund is satisfied by the City purchasing a Municipal Bond Debt Service Reserve Insurance Policy (Reserve Policy) from the Municipal Assurance Corp. and deposit the Reserve Policy with the Trustee. The City purchased this policy as part of the bond debt issuance costs in October 2019.

Security: The Bonds are limited obligations of the Authority and, as such, only the Revenues of the Authority are pledged as security for the Bonds. Revenues are defined as 1) all installment payments, including interest, payable by the City to the Authority using the Net Revenues of the Wastewater (Sewer) Enterprise 2) all base rental payments, including interest, payable by the City to the Authority and 3) amounts deposited in the Reserve Fund.

There are no significant default provisions.

Governmental Activities:

Capital Lease Obligation

Through a master equipment lease purchase agreement with Community First National Bank dated as of April 21, 2021, the City's Governmental Activities purchased a 2021 Type II Wildland Fire Engine for \$377,489 that included a down payment of \$250,000 and lease financing of \$127,489. The effective date is May 1, 2021 and is financed over five years with semi-annual equal payments of principal, and accrued interest thereon, of \$13,829.79, starting November 1, 2021 and maturing May 1, 2026.

CITY OF MT. SHASTA
Notes to the Financial Statements
June 30, 2023

NOTE 7 LONG-TERM DEBT (Continued)

Security and Default: Consistent with lease purchase agreements, security lies solely in the right to repossess the equipment in the event of default. In addition, failure to pay any lease payment at the time specified in the lease will constitute default, and under these circumstances, the Lessor has the option to demand payment of the outstanding principal and accrued interest thereon immediately due and payable.

Lease Liabilities

Upper Lodge Facility Lease: Pursuant to the implementation of GASB Statement No. 87, *Leases*, on July 1, 2021, the City recorded a lease liability in Governmental Activities in the amount of \$13,960. An incremental borrowing rate of 3% was used to calculate the present value of the future minimum lease payments to record the liability. The lease term is from July 1, 2021 to June 30, 2023, with no options to renew. Monthly payments of \$600 are due to the Mt. Shasta Recreation and Parks District for the City's right to use the facility for 3 meetings per month. There are no significant default provisions. During the year ended June 30, 2023, the lease liability was re-measured pursuant to Statement No. 87 due to changing rental payments.

Equipment Lease – Lanier IMC 3000: Also pursuant Statement No. 87, the City recorded a lease liability in Governmental Activities in the amount of \$5,228. An incremental borrowing rate of 7.5% was used to calculate the present value of the future minimum lease payments to record the liability. The remaining lease term ends January 9, 2024, with no options to renew, except to roll over month-to-month. Monthly payments of \$191.66 are due to U.S. Bank for the City's right to use the copier equipment. Consistent with equipment lease agreements, security lies solely in the right to repossess the equipment in the event of default.

Equipment Lease – Lanier IMC 2500 & 6000: Also pursuant Statement No. 87, the City recorded a lease liability in Governmental Activities in the amount of \$17,824. An incremental borrowing rate of 7.5% was used to calculate the present value of the future minimum lease payments to record the liability. The remaining lease term ends August 19, 2025, with no options to renew, except to roll over month-to-month. Quarterly payments of \$1,234.18 are due to De Lage Landen for the City's right to use the copier equipment. Consistent with equipment lease agreements, security lies solely in the right to repossess the equipment in the event of default.

Business-type Activities:

Term Current Interest Bond, maturity 8/1/2059

On May 9, 2019, an obligation of funds between the United States Department of Agriculture (USDA) Rural Development and the City of Mt. Shasta was authorized to fund a sewer project called the Downtown Sewer Collection Project. The funding from USDA Rural Development includes a loan of \$1,309,000 in the form of Series 2019 Wastewater Enterprise Revenue Bond (Bond), and a grant of \$2,151,880. The debt was issued on August 28, 2019 and will mature on August 1, 2059. The name of the owner of the bond is the USDA and the issuer is the Authority for the benefit of the City. The repayment of the bond by the Authority is made pursuant to an Installment Sale Agreement dated August 1, 2019, by and between the Authority and the City, whereby the City repays the annual debt service under the Installment Sale Agreement in amount exactly equal to the debt service required to repay the Bond.

Pledged Assets, Debt Reserves and Default: The City is obligated to pay the installment payments from Net Revenues as defined in the Trust Agreement dated August 1, 2019, by and between the Authority and the City. There is a required debt service reserve equal to at least one annual loan installment that accumulates at the rate of 10% of one annual payment per year for 10 years or until a total of \$51,065 has accumulated. Ten percent of the proposed loan payment would equal \$426 per month. This would equate to \$19,596 at June 30, 2023 and has been deposited by the City. Additionally, there is a required short-lived asset reserve to be deposited based on an annual assessment of the facility's short-lived asset needs to pay for repairs and/or replacement of major system assets. The assessed needs at June 30, 2023, of \$623,768, has been deposited by the City. In the event of default, the Bond includes a provision that if the City is more than 30 days late on an installment payment, the full amount of the unpaid principal balance, together with accrued interest, becomes due immediately.

CITY OF MT. SHASTA
Notes to the Financial Statements
June 30, 2023

NOTE 7 LONG-TERM DEBT (Continued)

Revenue Bond and Promissory Note Anticipation Notes

On May 1, 2021, the City entered into an interim financing agreement with CoBank, ACB (CoBank), for the Federal loan anticipation financing for the State Mandated Wastewater Treatment Plant and Disposal Improvement Project. In anticipation of the Series 2021 Wastewater Revenue Bonds to be issued by the USDA in the amount of \$9,209,000, Series 2021 Wastewater Revenue Bond Anticipation Notes (USDA Grant and Loan Anticipation Financing), on a draw-down basis, were approved by the City and are being financed by CoBank in the aforementioned interim financing agreement. The amount drawn down from this financing as of June 30, 2023 was \$9,209,000. The total principal outstanding at the end of construction will be repaid from the proceeds of the Series 2021 Wastewater Revenue Bonds to be issued when the conditions of completion have been met. During the interim financing arrangement, interest is charged on the outstanding balance of the loan at the 1-month LIBOR Rate plus 1.4%. The project is expected to be finished and the USDA Rural Development RUS financing issued in FY23-24.

In anticipation of the Promissory Note with the State of California Water Resources Control Board (SWRCB) in the amount of \$4,926,942, Series 2021 Revolving Credit Promissory Notes (SWRCB Loan Anticipation Financing), on a draw-down basis, were approved by the City and are being financed by SWRCB. The amount drawn down from this financing as of June 30, 2023 was \$2,847,307. The total principal outstanding at the end of construction will be repaid from the proceeds of the Promissory Note to be financed when the conditions of completion have been met. During the interim financing arrangement, no interest is being charged. The project is expected to be finished and the State financing received in FY23-24.

Security and Default: Pursuant to Government Code, the proceeds of the RD/RUS financing are pledged for the payment of the interim financing obligation and the interest thereon. Default is defined as the City failing to make any payment to the lender or a termination or material modification of the RD/RUS letter of conditions. In the event of default, the lender may suspend construction financing and declare all outstanding principal and accrued interest thereon immediately due and payable.

The City also has an open Term Revolver Credit Line with CoBank for the purpose of meeting construction related cash flow needs in the interim before funds are received from interim financing or grant funds. The amount approved on a draw-down basis is \$3,000,000. There is zero outstanding on this credit line at June 30, 2023.

The debt service requirements for the revenue bonds are as follows:

Year Ended June 30,	Revenue Bonds			
	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 34,232	\$ 31,363	\$ 133,469	\$ 115,437
2025	37,482	30,287	135,719	111,606
2026	37,482	29,163	136,119	107,738
2027	38,122	28,029	140,978	103,795
2028	38,763	26,876	145,938	99,711
2029-2033	218,389	110,622	802,911	416,773
2034-2038	259,761	71,574	936,238	282,905
2039-2043	252,407	35,790	759,792	169,547
2044-2048	110,687	3,330	444,310	74,676
2049-2053	-	-	200,200	46,720
2054-2058	-	-	222,200	24,531
2059-2061	-	-	95,700	3,055
Totals	\$ 1,027,325	\$ 367,034	\$ 4,153,574	\$ 1,556,494

CITY OF MT. SHASTA
Notes to the Financial Statements
June 30, 2023

NOTE 7 LONG-TERM DEBT (Continued)

The debt service requirements for the anticipation notes are as follows:

Year Ended June 30,	Anticipation Notes Business-Type Activities	
	Principal	Interest
2024	\$ -	\$ 578,325
2025	312,681	195,691
2026	315,835	192,537
2027	319,057	189,315
2028	322,347	186,025
2029-2033	1,663,585	878,275
2034-2038	1,756,979	784,881
2039-2043	1,587,645	681,133
2044-2048	1,154,822	565,883
2049-2053	1,282,848	437,857
2054-2058	1,425,068	295,637
2059-2063	1,583,055	137,650
2064	332,385	7,063
Totals	\$ 12,056,307	\$ 5,130,272

The debt service requirements for the capital lease obligations are as follows:

Year Ended June 30,	Capital Lease Governmental Activities	
	Principal	Interest
2024	\$ 25,497	\$ 2,163
2025	26,263	1,396
2026	27,053	607
Totals	\$ 78,812	\$ 4,166

The debt service requirements for the lease liabilities are as follows:

Year Ended June 30,	Lease Liabilities Governmental Activities	
	Principal	Interest
2024	\$ 5,421	\$ 666
2025	4,627	310
2026	1,211	23
Totals	\$ 11,259	\$ 998

NOTE 8 PENSION PLANS

General Information about the Pension Plans

Plan Description, Benefits Provided, and Employees Covered

The **Plan** is a cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). The June 30, 2022 GASB 68 actuarial valuation report for the combined **Miscellaneous** (employees other than Safety) and **Safety** (police and fire) **Risk Pools** list a full description of the assumptions for funding purposes, but not accounting purposes, and membership information. The benefit provided from Appendix B of the June 30, 2022 actuarial valuation reports for the CalPERS **Miscellaneous** and **Safety Risk Pools** are available on the CalPERS' website (www.calpers.ca.gov) under "Forms and "Publications".

CITY OF MT. SHASTA
Notes to the Financial Statements
June 30, 2023

NOTE 8 PENSION PLANS (continued)

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that an actuary determine the employer contribution rates for all public employers on an annual basis, and that the rates shall be effective on the July 1 following notice of a change in the rate. The CalPERS' annual actuarial valuation process determines the total plan contributions. For public-agency cost-sharing plans covered by either the **Plan**, the basis of the **Plan**'s actuarially determined rate is the estimated amount necessary to pay the **Plan**'s allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. PERL requires the employer to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2022 (the measurement date), the basis for the contribution rates is actual contributions made, and not the actuarially determined contribution. The employees and the employer had the following contribution rates, shown as a percentage of the annual payroll.

Miscellaneous Risk Pool				
Contribution Type	Classic	PEPRA		
Employee (Charged)	7.00%	6.75%		
Employee (Effective)	6.91%	6.75%		
Employer	10.34%	7.59%		
Safety Risk Pool				
Contribution Type	Classic - Fire	Classic - Police	PEPRA - Fire	PEPRA - Police
Employee (Charged)	9.00%	9.00%	13.00%	13.00%
Employee (Effective)	8.99%	8.95%	13.00%	13.00%
Employer	18.19%	18.19%	13.13%	13.13%

The charged employee contribution rate is the percentage that the plan charges the employees after the first \$400 in earnings for Classic plans. The Classic plan charges the first \$400 in earnings at two-thirds of the charged rate. The effective employee contribution rate takes this into consideration.

Employer contribution rates may change if the **Plan** amends its contracts. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any employer-paid member contributions, or situations where members pay a portion of the employer contribution.

Actuarial Methods and Assumptions Used to Determine Plan Contributions

CalPERS derived the actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2021–2022 from the June 30, 2021 funding valuation report.

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Investment rate of return	6.90%
Inflation	2.30%
Salary increases	Varies by Entry Age and Service
Mortality rate table ¹	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.3% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

¹ The mortality table used was developed based on CalPERS-specific data. The table rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

CITY OF MT. SHASTA
Notes to the Financial Statements
June 30, 2023

NOTE 8 PENSION PLANS (continued)

All other actuarial assumptions used in the June 30, 2022 valuation use the results of the 2021 CalPERS Experience Study and Review of Actuarial Assumptions, including updates to salary increases, mortality, and retirement rates, as a basis. Employers should refer to CalPERS' Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022, to obtain the required supplementary information for proper financial reporting.

Amortization of Deferred Outflows and Deferred Inflows of Resources

Description of the Amortization Methodology

Under GASB 68, agencies recognize actuarial gains and losses related to changes in total pension liability and fiduciary net position in the pension expense systematically over time.

Agencies recognize the first amortized amount of a gain or loss in the pension expense for the year the gain or loss occurs. Agencies categorize the remaining amounts as deferred outflows and deferred inflows of resources related to pensions that are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	Five-year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members provided with benefits (active, inactive and retired), as of the beginning of the measurement period.

The report amortizes the Net Difference between the Projected and Actual Investment Earnings on Pension Plan Investments over a five-year period on a straight-line basis. The report recognizes one-fifth of the total in the Pension Expense during the measurement period and amortizes the remaining Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments at the measurement date over the remaining four-year period. The Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments in the Schedule of Collective Pension Amounts represents the unamortized balance relating to the current measurement period and the prior measurement period on a net basis.

The employer should amortize deferred outflows and deferred inflows of resources relating to Differences between Expected and Actual Experience, Changes of Assumptions, and employer-specific amounts over the EARSL of members provided with pensions through the **Plan**. The EARSL for PERF C for the June 30, 2022 measurement date is 3.7 years.

CalPERS derived the EARSL by dividing the total service years of 574,665 (the sum of remaining service lifetimes of all active employees) by 153,587 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to zero. The basis of total future service is the members' probability of decrementing due to an event other than receiving a cash refund.

The Schedule of Collective Pension Amounts does not reflect employer-specific amounts such as changes in the employer proportion, differences between actual employer contributions and employers' proportionate shares of contributions, and employer contributions to PERF C subsequent to the measurement date, as defined in GASB 68 paragraphs 54, 55, and 57. Appropriate treatment of such amounts is the responsibility of the employers.

CalPERS' website provides CalPERS' Comprehensive Annual Financial Report for the fiscal year ended June 30, 2022, and the CalPERS' GASB 68 Accounting Valuation Reports for the public agency **Miscellaneous** and **Safety Risk Pools**, which together provide additional financial and actuarial information required for GASB 68 disclosures.

CITY OF MT. SHASTA
Notes to the Financial Statements
June 30, 2023

NOTE 8 PENSION PLANS (continued)

Allocation of Net Pension Liability and Pension Expense to Individual Plans

A key aspect of GASB 68 pertaining to cost-sharing employers is the establishment of an approach to allocate the net pension liability and pension expense to the individual employers within the risk pool. Paragraph 49 of GASB 68 indicates that for pools with contribution rates within the pool based on separate relationships, the proportional allocation should reflect those relationships. The allocation method utilized by CalPERS determines the employer's share by reflecting these relationships through the plans they sponsor within the risk pool. The valuation uses plan liability and asset-related information where available, and proportional allocations of individual plan amounts as of the valuation date where not available.

1. In determining a cost-sharing plan's proportionate share, CalPERS' staff calculated the total amounts of liabilities and assets for the risk pool on the valuation date (June 30, 2021). The risk pool's fiduciary net position (FNP) subtracted from its total pension liability (TPL) determines the net pension liability (NPL) at the valuation date.
2. Using standard actuarial roll-forward methods, the staff then calculated the risk-pool TPL at the measurement date (June 30, 2022). The staff then subtracted the risk-pool FNP at the measurement date from this number to determine the NPL for the risk pool at the measurement date.
3. We calculated the individual plan's TPL, FNP, and NPL at the valuation date. We calculated this and the subsequent steps each risk pool separately.
4. We calculated two ratios by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.
5. The plan's TPL as of the Measurement Date is equal to the risk-pool TPL generated in (2), multiplied by the TPL ratio generated in (4).
6. The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4), plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
7. The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).
8. We combined the results from each risk pool for the results in this report.

Please refer to the CalPERS "Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan Schedules of Employer Allocations and Collective Pension Amounts" report for the Miscellaneous and Safety Risk Pools, available from CalPERS' website under the GASB 68 section.

Each plan's proportion of aggregate employer contributions is equal to the plan's proportion of FNP calculated in (4). Each plan's proportionate share of risk-pool pension expense is the sum of the related proportionate shares of the components of the aggregate pension expense.

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

For the year ended June 30, 2023, the contributions recognized as part of pension expense for each Plan were as follows:

Measurement Year Ended June 30, 2022	Miscellaneous		Safety	
Contributions - employer	\$	262,024	\$	263,757
Contributions - employee	\$	23,796	\$	19,479

CITY OF MT. SHASTA
Notes to the Financial Statements
June 30, 2023

NOTE 8 PENSION PLANS (continued)

As of June 30, 2023, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Net Pension Liability
Miscellaneous	\$ 2,705,247
Safety	2,379,228
Total	\$ 5,084,475

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2022, and the total pension liability for each 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 plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan as of June 30, 2021 and 2022 was as follows:

	Miscellaneous	Safety	Total
Proportion - June 30, 2021	0.06851%	0.03477%	0.04661%
Proportion - June 30, 2022	0.05781%	0.03462%	0.04402%
Change - Increase (Decrease)	-0.01070%	-0.00015%	-0.00259%

For the year ended June 30, 2023, the City recognized net pension expense of \$88,816.

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Measurement Year Ended June 30, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 517,108	\$ -
Differences between actual and expected experience	152,794	62,223
Net difference between projected and actual earnings on pension plan investments	871,243	-
Difference between actual contributions vs. proportionate share of contributions	-	298,878
Change in employer's proportion	207,956	2,983
Pension contributions made subsequent to the measurement date	625,834	-
Total	\$ 2,374,935	\$ 364,084

The amount of \$625,834 reported as deferred outflows of resources related to contributions subsequent to the measurement date for the miscellaneous and safety plans, will be recognized as reduction of the net pension liability in the measurement year ended June 30, 2023.

CITY OF MT. SHASTA
Notes to the Financial Statements
June 30, 2023

NOTE 8 PENSION PLANS (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension plans will be recognized as pension expense as follows:

Measurement Year Ended June 30,		
2023	\$	364,424
2024		312,631
2025		175,689
2026		532,273
2027		-
Thereafter		-
Total	\$	1,385,017

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 6.9%. 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.

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

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

Plan's Net Pension Liability/(Asset)	Discount Rate		Current		Discount	
	-1%		Discount Rate		Rate	
	5.90%		6.90%		+1%	
					7.90%	
Miscellaneous	\$	4,066,665	\$	2,705,247	\$	1,585,138
Safety		3,520,694		2,379,228		1,446,338
Total	\$	7,587,359	\$	5,084,475	\$	3,031,476

Pension Plan Fiduciary Net Position

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

Long-Term Expected Rate of Return

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. 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.

CITY OF MT. SHASTA
Notes to the Financial Statements
June 30, 2023

NOTE 8 PENSION PLANS (continued)

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

Asset Class	Assumed Asset Allocation	Real Return Years 1 - 10^{1,2}
Global equity - cap-weighted	30.0%	4.45%
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)

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021-22 Asset Liability Management study.

NOTE 9 FUND BALANCE

The following table provides details of the Fund Balance classifications used in the Balance Sheet of the governmental funds:

June 30, 2023	General Fund	Special Revenue Funds	Total
Nonspendable for:			
Loans receivable	\$ -	\$ 771,517	\$ 771,517
Prepaid expenses	20,749	-	20,749
Nonspendable Fund Balance	\$ 20,749	\$ 771,517	\$ 792,266
Restricted for:			
Police	\$ -	\$ 52,356	\$ 52,356
Fire	-	111,933	111,933
Sewer assesement	-	140,885	140,885
Community development	-	229,154	229,154
Capital projects fund	-	4,233	4,233
Streets & roads	-	1,094,014	1,094,014
Library	-	960,187	960,187
Restricted Fund Balance	\$ -	\$ 2,592,762	\$ 2,592,762
Committed for:			
Capital assets	\$ 159,814	\$ -	\$ 159,814
Library capital projects	-	172,037	172,037
Committed Fund Balance	\$ 159,814	\$ 172,037	\$ 331,851

CITY OF MT. SHASTA
Notes to the Financial Statements
June 30, 2023

NOTE 10 RISK MANAGEMENT

The City belongs to a joint power authority called Small Cities Organized Risk Effort (SCORE). The cities in SCORE are involved in a program whereby they share risk for general liability, workers compensation, and employment practices to limits of \$25,000,000 for general liability, \$100,000,000 for workers compensation, and \$1,000,000 for employment practices. Each City has a self-insured retention (SIR) of \$25,000 in a banking plan. Losses above the SIR are covered under the program risk sharing provisions up to \$500,000 for liability, or \$150,000 for workers compensation. Beyond these limits, coverage is provided by larger joint powers authorities: *California Joint Powers Risk Management Authority (CJPRMA)*, *Local Agencies Excess Workers Compensation Excess Joint Powers Authority (LAWCX)*, and *Employment Risk Management Authority (ERMA)* through a combination of self-insurance and/or reinsurance to the maximum limits. There has been no significant reduction in any of the insurance coverages from the prior year.

NOTE 11 CONTINGENCIES

The City is involved in certain claims and lawsuits. In the opinion of the City's management, of the remaining unsettled lawsuits, it is unlikely that these claims and lawsuits will have a material adverse effect on the accompanying financial statements.

The City has received federal and state grants for specific purposes that are subject to reviews by the grantor agencies. Such reviews could lead to requests for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. The amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time, although City management expects such amounts, if any to be immaterial.

The Sewer Fund has deposits collected in prior years for prepaid sewer connections. The landowners who purchased connections before March 25, 1991 do not have to pay the difference between the prepaid connection cost and the current cost of construction. Therefore, the City will be liable for any costs over the amount that was prepaid. As of June 30, 2023, there are 105 connections that were purchased before March 25, 1991. The dollar amount of the potential excess costs to be incurred by the City is undeterminable.

NOTE 12 PRIOR PERIOD ADJUSTMENT

During the fiscal year ended June 30, 2023, the City discovered that previously recorded \$450,088 of grant receivables in the Water Fund for the Tank 1 and Roseburg Water System Improvement Project will become uncollectible because they were not billed within the period allotted in the grant agreement. A prior period adjustment was recorded in this fund as a decrease in beginning Net Position on page 11 because the revenue recognition criteria was not fully satisfied in the year that these costs should have been billed for reimbursement. The effect on the prior change in net position for FY21-22, the effect on beginning net position for the Water Fund and the overall effect on beginning net position for the Business-Type Activities, is presented as follows:

	Water Fund	Business-Type Activities
<u>BUSINESS-TYPE ACTIVITIES</u>		
Net Position - July 1, 2022 - as previously reported	\$ 14,458,263	\$ 33,375,681
Prior Period Adjustments:		
1. Prior period adjustment for correcting the beginning grant receivable balance	(450,088)	(450,088)
Net impact on the Net Position: (Decrease)	(450,088)	(450,088)
Net Position - July 1, 2022 - as restated	\$ 14,008,175	\$ 32,925,593
<u>Effect on the Change in Net position</u>		
Change in Net Position, as previously reported FY21-22	\$ 5,894,979	\$ 12,676,783
Prior period adjustment	(450,088)	(450,088)
Change in Net Position, as restated FY21-22	\$ 5,444,891	\$ 12,226,695

CITY OF MT. SHASTA
Notes to the Financial Statements
June 30, 2023

NOTE 13 SUBSEQUENT EVENTS

As of March 6, 2024, the date in which the financial statements were available to be issued and the issuance date, the City's City Council and management have reviewed the financial statements and they are not aware of any events that have occurred subsequent to the balance sheet date and through the date of the independent auditor's report that would require adjustments to or disclosure in the financial statements.

NOTE 14 DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan (the "Plan") created in accordance with IRS Code Section 457. Amounts deferred by employees and the related income are held in trust by the plan provider for the exclusive benefit of the participants and their beneficiaries. The amounts are not owned by the City, nor are they available to the City's creditors. The Plan is funded solely by the employees' voluntary contributions to the Plan up to the limits prescribed by the IRS. The City does not match employee contributions; therefore, no expense is reported with respect to this plan.

Under the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has superseded GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the City is not required to report the value of the plan assets since the assets are held in trust for the exclusive benefit of the participants and their beneficiaries. Consequently, the values of the plan assets and any related liability to plan participants have been excluded from the City's financial statements.

NOTE 15 AGREEMENTS

The City has an agreement with the Mt. Shasta Fire Protection District to provide fire personnel services to the District. The City received \$190,000 for the year ended June 30, 2023.

NOTE 16 COMMITMENTS

The City had contractual commitments at June 30, 2023, of approximately \$1,297,000 for construction of various City sewer and water projects. The City also had contractual commitments at June 30, 2023, of approximately \$122,000 for a subrecipient agreement for services provided for the Covid-19 supplemental food program.

NOTE 17 LOAN RECEIVABLE

During the year ended June 30, 2023, the City provided a \$105,000 loan to a local business under the 18-CDBG-12914 Economic Development Grant Program. According to the terms of this loan and the grant program, principal and interest shall be deferred to provide the necessary timeframe to meet, document and verify eligibility for forgiveness of the loan. The deferral period for forgiveness will be one year from the closing date. The deferral period may be extended with approval from Lender. Loans awarded under this program will become eligible for complete forgiveness once the CDBG "National Objective Standards" as stated in Section 3.4 of the Guidelines for Business Assistance Loan/Grant Program operated by City of Mt. Shasta with CDBG Funding adopted January 23, 2023. As of the date of this audit report, the eligibility requirements have not been met and the City is providing the extended timeframe to meet the eligibility for loan forgiveness.

NOTE 18 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary information – the annual budget is adopted on a basis consistent with generally accepted accounting principles for all major Governmental funds of the City and significant non-major Governmental funds. The budget is adjusted throughout the year as necessary.

Excess of expenditures over appropriations – for the year ended June 30, 2023, expenditures exceeded appropriations for the General Fund by \$50,458 primarily due to approved but unbudgeted capital outlay expenditures. The City's Community Development Block Grant Fund's expenditures exceeded appropriations by \$569,088 due to approved but unbudgeted CARES Act assistance expenditures, which were offset by additional revenues billed to the grant.

**REQUIRED SUPPLEMENTARY INFORMATION SECTION
(UNAUDITED)**

CITY OF MT. SHASTA
Budgetary Comparison Schedule
General Fund
For The Year Ended June 30, 2023

	Original Budget	Final Budget	Actual Amounts	Favorable (Unfavorable) Variance With Final Budget
REVENUES				
Property taxes	\$ 615,000	\$ 635,000	\$ 701,550	\$ 66,550
Sales and use taxes	2,231,265	2,311,565	2,325,568	14,003
Transient occupancy taxes	1,224,000	1,224,000	1,254,916	30,916
Franchise and other licenses	90,100	90,100	85,692	(4,408)
Licenses and permits	32,500	52,500	117,366	64,866
Intergovernmental revenues	622,825	522,825	512,579	(10,246)
Charges for services	263,100	265,600	249,744	(15,856)
Fines, forfeitures and penalties	6,600	6,600	11,426	4,826
Use of money and property	650	650	2,607	1,957
Net change in fair value of investments	-	-	5,870	5,870
Other	388,100	388,100	118,086	(270,014)
Total Revenues	5,474,140	5,496,940	5,385,404	(111,536)
EXPENDITURES				
Current:				
City council	49,280	50,980	47,152	3,828
City administrator	257,439	284,984	242,844	42,140
City clerk	8,029	13,029	12,930	99
Finance and administration	1,262,110	1,269,513	1,089,278	180,235
City attorney	61,000	65,000	76,318	(11,318)
Police protection	1,731,543	1,985,661	2,006,626	(20,965)
Fire protection	882,716	954,557	999,595	(45,038)
Planning	451,746	281,874	340,023	(58,149)
Streets and roads	487,235	570,776	595,679	(24,903)
Buildings and grounds	232,956	267,577	297,363	(29,786)
Community and economic development	114,721	143,969	156,121	(12,152)
Capital outlay	-	-	60,715	(60,715)
Debt service:				
Principal payments	32,951	32,951	45,464	(12,513)
Interest	32,277	32,277	33,498	(1,221)
Total Expenditures	5,604,003	5,953,148	6,003,606	(50,458)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(129,863)	(456,208)	(618,202)	(161,994)
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	92,000	92,000	102,695	10,695
Re-measurement of lease liability	-	-	(687)	(687)
Total Other Financing Sources (Uses)	92,000	92,000	102,008	10,008
Change in Fund Balance	\$ (37,863)	\$ (364,208)	\$ (516,194)	\$ (151,986)

CITY OF MT. SHASTA
Budgetary Comparison Schedule
Community Development Black Grant Fund
For The Year Ended June 30, 2023

	Original Budget	Final Budget	Actual Amounts	Favorable (Unfavorable) Variance With Final Budget
REVENUES				
Intergovernmental revenues	86,000	151,000	243,391	92,391
CARES Act Covid-19 revenues	755,000	755,000	1,342,273	587,273
Use of money and property	15,025	15,025	5,624	(9,401)
Total Revenues	856,025	921,025	1,591,288	670,263
EXPENDITURES				
Current:				
Community and economic development	86,000	151,000	138,938	12,062
CARES Act Covid-19 assistance	755,000	755,000	1,336,150	(581,150)
Total Expenditures	841,000	906,000	1,475,088	(569,088)
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,025	15,025	116,200	101,175
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	(15,025)	(15,025)	(10,498)	4,527
Total Other Financing Sources (Uses)	(15,025)	(15,025)	(10,498)	4,527
Change in Fund Balance	\$ -	\$ -	\$ 105,702	\$ 105,702

CITY OF MT. SHASTA
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
June 30, 2023
Last 10 Years

SCHEDULE OF THE LOCAL GOVERNMENT'S
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
COMBINED PLANS

Measurement Year Ending June 30: ¹	2014	2015	2016	2017	2018	2019	2020	2021	2022
Plan's proportion of the net pension liability	0.03677%	0.03478%	0.03669%	0.03691%	0.03753%	0.03836%	0.03933%	0.04661%	0.04402%
Plan's proportionate share of the net pension liability	\$2,288,034	\$2,387,208	\$3,174,391	\$3,660,325	\$3,616,147	\$3,930,972	\$4,279,666	\$2,521,006	\$5,084,475
Plan's covered-employee payroll	\$1,395,764	\$1,504,449	\$1,711,974	\$1,749,876	\$1,770,620	\$2,015,466	\$1,934,681	\$1,931,680	\$1,975,448
Plan's proportionate share of the net pension liability as percentage of its covered-employee payroll	163.93%	158.68%	185.42%	209.18%	204.23%	195.04%	221.21%	130.51%	257.38%
Plan's proportionate share of the fiduciary net position as a percentage of the plan's total pension liability	18.97%	18.99%	23.69%	25.01%	23.69%	24.58%	25.48%	14.55%	72.14%
Plan's proportionate share of aggregate employer contributions ²	\$269,809	\$349,779	\$368,746	\$399,015	\$465,252	\$512,667	\$598,343	\$675,255	\$770,427

¹ GASB 68 requires historical information only for measurement periods for which GASB 68 is applicable.

² The Plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The Plan's proportionate share of aggregate contributions uses the Plan's proportion of fiduciary net position multiplied by the total employer contribution amount as its basis, as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period. GASB 68 does not require that we display this data for employers participating in cost-sharing plans, but it we show it here because we use it in the calculation of the Plan's pension expense.

CITY OF MT. SHASTA
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
June 30, 2023
Last 10 Years

SCHEDULE OF PLANS CONTRIBUTIONS
COMBINED PLANS

Measurement Year Ending June 30: ¹	2014	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contribution ²	\$ 205,584	\$ 215,802	\$ 274,569	\$ 326,891	\$ 353,005	\$ 436,230	\$ 441,494	\$ 485,179	\$ 525,780
Contributions in relation to the actuarially determined contribution	205,584	215,802	274,569	326,891	353,005	436,230	441,494	485,179	525,780
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 1,395,764	\$ 1,504,449	\$ 1,711,974	\$ 1,749,876	\$ 1,770,620	\$ 2,015,466	\$ 1,934,681	\$ 1,931,680	\$ 1,975,448
Contributions as a percentage of covered-employee payroll	14.73%	14.34%	16.04%	18.68%	19.94%	21.64%	22.82%	25.12%	26.62%

¹ GASB 68 requires historical information only for measurement periods for which GASB 68 is applicable.

² GASB 68 assumes that employers contribute an amount equal to the actuarially determined contribution. However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for such plans exceed the actuarially determined contribution. CalPERS determined that employer obligations referred to as "side funds" do not conform to the circumstances described in the paragraph 120 of GASB 68, therefore CalPERS does not consider them separately financed specific liabilities.

Notes to Schedule:

Change in Benefit Terms: There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specified period (also known as "Golden Handshakes"). Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities. These employers should consult with their auditors.

Change in Assumptions: None

SUPPLEMENTARY INFORMATION

CITY OF MT. SHASTA
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds									
	Business Improvement Fund	Fire Assessment Fund	Development Impact Fund	Local Transportation Fund	Transportation Project Fund	COPS Fund	Community Public Safety Enhancement Fund	Gas Tax Fund	Balance Forward	
ASSETS										
Cash and investments	\$ 69,967	\$ 101,086	\$ 40,655	\$ 534,088	\$ -	\$ 60,321	\$ 69,201	\$ 532,705	\$1,408,023	
Receivables (net of allowances for doubtful Accounts, where applicable):										
Intergovernmental	-	10,790	-	10,114	7,947	35	-	20,540	49,426	
Interest	41	57	24	288	-	-	-	313	723	
Total Assets	\$ 70,008	\$ 111,933	\$ 40,679	\$ 544,490	\$ 7,947	\$ 60,356	\$ 69,201	\$ 553,558	\$1,458,172	
LIABILITIES AND FUND BALANCES										
Liabilities										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,000	\$ 57,952	\$ -	\$ 65,952	
Overdraft payable	-	-	-	-	7,178	-	-	-	7,178	
Due to other governments	-	-	-	4,803	-	-	-	-	4,803	
Total Liabilities	-	-	-	4,803	7,178	8,000	57,952	-	77,933	
Fund Balances										
Restricted	70,008	111,933	40,679	539,687	769	52,356	11,249	553,558	1,380,239	
Unassigned	-	-	-	-	-	-	-	-	-	
Total Fund Balances	70,008	111,933	40,679	539,687	769	52,356	11,249	553,558	1,380,239	
Total Liabilities and Fund Balances	\$ 70,008	\$ 111,933	\$ 40,679	\$ 544,490	\$ 7,947	\$ 60,356	\$ 69,201	\$ 553,558	\$1,458,172	

CITY OF MT. SHASTA
Combining Balance Sheet - Nonmajor Governmental Funds (Continued)
June 30, 2023

	Special Revenue Funds							
	Balance Brought Forward	Springhill Assessment Fund	Capital Projects Fund	Economic Enhancement Fund	Special Projects Grant Fund	Library Fund	Other Special Revenue Funds	Total
ASSETS								
Cash and investments	\$ 1,408,023	\$ 140,802	\$ 4,233	\$ 91,230	\$ -	\$1,071,251	\$ 32,848	\$ 2,748,387
Receivables (net of allowances for doubtful Accounts, where applicable):								
Intergovernmental	49,426	-	-	-	135,866	70,480	-	255,772
Interest	723	83	-	-	-	616	1	1,423
Total Assets	\$ 1,458,172	\$ 140,885	\$ 4,233	\$ 91,230	\$ 135,866	\$1,142,347	\$ 32,849	\$ 3,005,582
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 65,952	\$ -	\$ -	\$ -	\$ 125,811	\$ 10,123	\$ -	\$ 201,886
Overdraft payable	7,178	-	-	-	3,912	-	-	11,090
Due to other governments	4,803	-	-	-	-	-	-	4,803
Unearned revenue	-	-	-	-	4,388	-	18,101	22,489
Total Liabilities	77,933	-	-	-	134,111	10,123	18,101	240,268
Fund Balances								
Restricted	1,380,239	140,885	4,233	91,230	1,755	960,187	14,233	2,592,762
Committed	-	-	-	-	-	172,037	-	172,037
Unassigned	-	-	-	-	-	-	515	515
Total Fund Balances	1,380,239	140,885	4,233	91,230	1,755	1,132,224	14,748	2,765,314
Total Liabilities and Fund Balances	\$ 1,458,172	\$ 140,885	\$ 4,233	\$ 91,230	\$ 135,866	\$1,142,347	\$ 32,849	\$ 3,005,582

CITY OF MT. SHASTA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
For The Year Ended June 30, 2023

	Special Revenue Funds								
	Business Improvement Fund	Fire Assessment Fund	Development Impact Fund	Local Transportation Fund	Transportation Project Fund	COPS Fund	Community Public Safety Enhancement Fund	Gas Tax Fund	Balance Forward
REVENUES									
Sales and use taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 133,539	\$ 133,539
Assessments	9,877	48,961	-	-	-	-	-	-	58,838
Intergovernmental revenues	-	-	-	172,353	-	165,306	-	72,398	410,057
Charges for services	-	14,126	-	-	-	-	-	-	14,126
Use of money and property	289	383	161	1,573	-	-	-	1,751	4,157
Net change in fair value of investments	309	447	180	2,360	-	1,578	-	2,354	7,228
Other revenue	1,930	-	-	-	-	-	51,094	-	53,024
Total Revenues	12,405	63,917	341	176,286	-	166,884	51,094	210,042	680,969
EXPENDITURES									
Current:									
Police protection	-	-	-	-	-	31,914	21,433	-	53,347
Fire protection	-	19,876	-	-	-	-	-	-	19,876
Public transit assistance	-	-	-	81,818	-	-	-	-	81,818
Capital outlay	-	-	-	-	-	110,716	21,326	-	132,042
Debt service:									
Principal	-	24,752	-	-	-	-	-	-	24,752
Interest	-	2,907	-	-	-	-	-	-	2,907
Total Expenditures	6,498	47,535	-	81,818	-	142,630	42,759	-	321,240
Excess of Revenues Over (Under)									
Expenditures	5,907	16,382	341	94,468	-	24,254	8,335	210,042	359,729
OTHER FINANCING SOURCES (USES)									
Operating transfers in (out)	-	-	-	-	-	(70,000)	(5,000)	(43,108)	(118,108)
Total Other Financing Sources (Uses)	-	-	-	-	-	(70,000)	(5,000)	(43,108)	(118,108)
Changes in Fund Balances	5,907	16,382	341	94,468	-	(45,746)	3,335	166,934	241,621
FUND BALANCES									
Beginning of year	64,101	95,551	40,338	445,219	769	98,102	7,914	386,624	1,138,618
End of year	\$ 70,008	\$ 111,933	\$ 40,679	\$ 539,687	\$ 769	\$ 52,356	\$ 11,249	\$ 553,558	\$ 1,380,239

CITY OF MT. SHASTA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds (Continued)
For The Year Ended June 30, 2023

Special Revenue Funds

	Balance Brought Forward	Springhill Assessment Fund	Capital Projects Fund	Economic Enhancement Fund	Special Projects Grant Fund	Library Fund	Other Special Revenue Funds	Total
REVENUES								
Sales and use taxes	\$ 133,539	\$ -	\$ -	\$ -	\$ -	\$ 391,695	\$ -	\$ 525,234
Assessments	58,838	-	-	-	-	-	-	58,838
Intergovernmental revenues	410,057	-	-	-	678,929	-	-	1,088,986
Charges for services	14,126	-	-	-	-	-	-	14,126
Use of money and property	4,157	558	-	14	-	2,110	56	6,895
Net change in fair value of investments	7,228	622	-	(534)	-	4,734	55	12,105
Other revenue	53,024	-	-	-	-	-	-	53,024
Total Revenues	680,969	1,180	-	(520)	678,929	398,539	111	1,759,208
EXPENDITURES								
Current:								
Police protection	53,347	-	-	-	-	-	-	53,347
Fire protection	19,876	-	-	-	-	-	-	19,876
Public transit assistance	81,818	-	-	-	-	-	-	81,818
Community development	6,498	-	-	1,705	689,004	-	18,741	715,948
Library	-	-	-	-	-	198,609	-	198,609
Capital outlay	132,042	-	-	-	-	(3,290)	-	128,752
Debt service:								
Principal	24,752	-	-	-	-	-	-	24,752
Interest	2,907	-	-	-	-	-	-	2,907
Total Expenditures	321,240	-	-	1,705	689,004	195,319	18,741	1,226,009
Excess of Revenues Over (Under)								
Expenditures	359,729	1,180	-	(2,225)	(10,075)	203,220	(18,630)	533,199
OTHER FINANCING SOURCES (USES)								
Operating transfers in (out)	(118,108)	-	-	5,498	(2,587)	-	5,000	(110,197)
Total Other Financing Sources (Uses)	(118,108)	-	-	5,498	(2,587)	-	5,000	(110,197)
Changes in Fund Balances	241,621	1,180	-	3,273	(12,662)	203,220	(13,630)	423,002
FUND BALANCES								
Beginning of year	1,138,618	139,705	4,233	87,957	14,417	929,004	28,378	2,342,312
End of year	\$ 1,380,239	\$ 140,885	\$ 4,233	\$ 91,230	\$ 1,755	\$ 1,132,224	\$ 14,748	\$ 2,765,314

The accompanying notes are an integral
part of these financial statements
Mt. Shasta City Council Regular Meeting March 25, 2024

SINGLE AUDIT SCHEDULES AND REPORTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the City Council and Audit Committee
City of Mt. Shasta, California

I have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mt. Shasta, California as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Mt. Shasta, California's basic financial statements, and have issued my report thereon dated March 6, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the City of Mt. Shasta, California's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Mt. Shasta, California's internal control. Accordingly, I do not express an opinion on the effectiveness of the City of Mt. Shasta, California's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. I identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that I consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Mt. Shasta, California's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

INDEPENDENT AUDITOR'S REPORT

(Continued)

City of Mt. Shasta, California's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Mt. Shasta, California's response to the findings identified in my audit and described in the accompanying schedule of findings and questioned costs. City of Mt. Shasta, California's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink, appearing to read "Charles W. Pillon, CPA".

Charles W. Pillon, CPA
Anderson, California

March 6, 2024

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the City Council and Audit Committee
City of Mt. Shasta, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

I have audited City of Mt. Shasta, California's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Mt. Shasta, California's major federal programs for the year ended June 30, 2023. City of Mt. Shasta, California's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, City of Mt. Shasta, California complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Mt. Shasta, California's federal programs.

Auditor's Responsibilities for the Audit of Compliance

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Mt. Shasta, California's compliance based on my audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Mt. Shasta, California's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, I:

INDEPENDENT AUDITOR'S REPORT

(Continued)

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of Mt. Shasta, California's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of City of Mt. Shasta, California's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Mt. Shasta, California's internal control over compliance. Accordingly, no such opinion is expressed.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that I identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

My audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Charles W. Pillon, CPA
Anderson, California

March 6, 2024

CITY OF MT. SHASTA
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023

<u>Federal Agency/Program or Cluster Title</u>	<u>ALN</u>	<u>Pass-Through Agency</u>	<u>Other Award Number</u>	<u>Federal Expenditures</u>	<u>Passed-through to Subrecipients</u>
Economic Development Cluster					
Department of Commerce					
Economic Adjustment Assistance	11.307			43,999	
Total Economic Development Cluster: Department of Commerce				43,999	
Clean Water State Revolving Fund Cluster					
United States Environmental Protection Agency					
Capitalization Grants for Clean Water State Revolving Funds: State Mandated Wastewater Treatment and Disposal Improvement Project	66.458	California State Water Resources Control Board	D1701041	2,359,855	
Total Clean Water State Revolving Fund Cluster: United States Environmental Protection Agency				2,359,855	
Other Programs (Treated individually for major program determination)					
United States Department of Agriculture					
Cooperative Forestry Assistance	10.664			38,259	
Water and Waste Disposal Systems for Rural Communities: State Mandated Wastewater Treatment and Disposal Improvement Project	10.760			10,930,530	
Loan balance - beginning of period = \$ 4,872,165					
Loans current period = \$ 4,336,835					
Loan balance - end of period = \$ 9,209,000					
Total United States Department of Agriculture				10,968,789	
Department of Housing and Urban Development					
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii					
COVID-19 CV-02 Supplemental Food	14.228	State of California	20-CDBG-CV2-3-00094	370,822	370,822
COVID-19 CV-02 Subsistence	14.228	State of California	20-CDBG-CV2-3-00106	965,328	116,505
2018 Business Assistance	14.228	State of California	18-CDBG-12914	113,582	8,499
2018 Micro Enterprise Program - Technical Assistance	14.228	State of California	18-CDBG-12916	35,903	4,196
2018 Microenterprise Financial Assistance	14.228	State of California	18-CDBG-12915	94,455	15,815
Non Housing OTC (2019) Pine Street Water Project	14.228	State of California	20-CDBG-12093	1,996,726	
Total ALN 14.228: Department of Housing and Urban Development				3,576,816	515,837
United States Environmental Protection Agency					
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818		BF-99T45801-0	130,694	
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818		BF-98T07101-0	337,006	
Total ALN 66.818: United States Environmental Protection Agency				467,700	
Total Other Programs (Treated individually for major program determination)				15,013,305	
Total Expenditures of Federal Awards				\$ 17,417,159	\$ 515,837

CITY OF MT. SHASTA
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

NOTE A—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Mt. Shasta (the City) under programs of the federal government for the fiscal year ended June 30, 2023. The information in this Schedule is presented in accordance with the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial net position or changes in net position of the City.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, when applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Also, when applicable, recognition is following the Uniform Guidance for federal awards granted after December 26, 2014.

2. Pass-through entity identifying numbers are presented where available.

NOTE C—SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the City provided \$515,837 of the federal awards to subrecipients.

NOTE D—INDIRECT COST RATE

The City did not elect to use the 10% de Minimis indirect cost rate on the federal awards presented in this schedule.

NOTE E—FEDERAL LOANS

- a) The City was approved by the United States Department of Agriculture (USDA) Rural Development to receive a loan totaling \$9,209,000 for the State Mandated Wastewater Treatment Plant and Disposal Improvement Project. Interim loan financing was received for the construction period. Due to this loan having “continuing compliance requirements” pursuant to the 2023 Compliance Supplement, the amount listed for this loan includes the beginning of the period loan balance plus proceeds used during the year. The balance owing at the end of the period is \$9,209,000.
- b) The City was approved by the pass-through entity, California State Water Resources Control Board, to receive a pass-through loan (i.e. sub-award) from the Environmental Protection Agency Clean Water State Revolving Fund totaling \$6,926,942 for the State Mandated Wastewater Treatment Plant and Disposal Improvement Project. \$2,000,000 of this loan is funded using Principal Forgiveness subsidy funding and has reduced the loan balance at the end of the period. Due to this loan not having “continuing compliance requirements” pursuant to the 2023 Compliance Supplement, the amount listed for ALN 66.458 is the fiscal year expenditures funded by this loan during the fiscal year under audit without the beginning loan balance. The balance owing at the end of the period is \$2,847,307.

CITY OF MT. SHASTA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

SUMMARY OF AUDITOR'S RESULTS

1. The independent auditor's report expresses an unmodified opinion on whether the financial statements of the City of Mt. Shasta, California were prepared in accordance with GAAP.
2. Material weaknesses were identified relating to the audit of the financial statements as reported in the *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the City of Mt. Shasta were identified which would be required to be reported in accordance with *Government Auditing Standards*.
4. No material weakness was identified in internal control over compliance for the major federal award program reported in the *Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance*.
5. The independent auditor's report on compliance over major federal award programs expressed an unmodified opinion on all major federal award programs.
6. There are no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) reported in this Schedule.
7. The programs tested as major programs were:
 - **United States Department of Agriculture**, Water and Waste Disposal Systems for Rural Communities, ALN 10.760
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The City of Mt. Shasta did not qualify as a low-risk auditee.

**CITY OF MT. SHASTA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023**

FINDINGS – FINANCIAL STATEMENT AUDIT

Finding 2023-001 Lack of Effective Internal Control over Financial Close and Reporting

Condition: I identified and posted numerous material audit adjustments as part of my audit in order to agree the financial statements with the underlying support. These were required in order for the financial statements to be prepared in accordance and/or conformity with generally accepted accounting principles (GAAP). In addition, there were material misstatements in the preparation of the schedule of expenditures of federal awards.

Criteria: The City must present its financial statements in accordance with generally accepted accounting principles and the schedule of expenditures of federal awards must be in accordance with *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. In accordance with Statement on Auditing Standards No. 122c, external auditors cannot be part of an entity's internal controls over the preparation of the financial statements, or the schedule of expenditures of federal awards, and are prohibited from auditing their own work, which could impair independence.

Cause: The Finance Director did not identify and correct material misstatements in the financial statements before the start of the audit. The schedule of expenditures of federal awards was prepared without including the grant portion of a major federal award and the some subrecipient pass-through balances were incorrect.

Effect: This is a material weakness in the internal controls over financial close and reporting, which includes the preparation of the schedule of expenditures of federal awards. Year-end financial statements contained material misstatements which could lead to inaccurate decisions that impact the City, as well as impacting the external users of the financial statements. **There are no questioned costs related to this finding.**

Context: This is a new finding. The items consisted of adjustments to properly record grant revenues and expenditures, correct year-end balances for investments, loans receivable, grant related receivables, accounts payable, interest payable, long-term debt, capital assets and depreciation, and ensure the schedule of expenditures of federal awards was fairly stated.

Recommendation: I recommend that the City takes steps to ensure that all adjustments necessary to prepare the financial statements, and related notes, in accordance with GAAP be identified and posted prior to the start of the audit. The City should also ensure that the schedule of expenditures of federal awards is fairly stated by including all federal awards and amounts passed through to subrecipients are correct.

Views of Responsible Officials: The City agrees with this finding.

FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

NONE



CITY OF MT. SHASTA

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Mt. Shasta, California 96067
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CORRECTIVE ACTION PLAN

Year ended 6/30/23

Finding: 2023-001

Agency: City of Mt. Shasta, California

Responsible person name/title: Muriel Howarth Terrell, Finance Director

Anticipated completion date: June 30, 2024 Audit

Corrective action plan: The City's Finance Director will be responsible for ensuring that all adjustments necessary to prepare the financial statements and related notes, in accordance with GAPP will be identified and posted prior to the start of the audit. The schedule of expenditures of federal award is fairly stated by including all federal awards and amounts passed through to subrecipients are correct.

**MOUNT SHASTA PUBLIC
FINANCING AUTHORITY
Mt. Shasta, California
BASIC FINANCIAL STATEMENTS
June 30, 2023**

MOUNT SHASTA PUBLIC FINANCING AUTHORITY

(A Component Unit of the City of Mt. Shasta, California)

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June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Audit Committee
Mount Shasta Public Financing Authority
Mt. Shasta, California

Report on the Audit of the Financial Statements

Opinions

I have audited the accompanying financial statements of the governmental activities and major fund of the Mount Shasta Public Financing Authority, a component unit of the City of Mt. Shasta, California as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In my 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 Mount Shasta Public Financing Authority 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

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Mount Shasta Public Financing Authority and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Mount Shasta Public Financing Authority'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.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

INDEPENDENT AUDITOR'S REPORT (Continued)

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

- Exercise professional judgment 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 Mount Shasta Public Financing Authority'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Mount Shasta Public Financing Authority's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (not presented), be presented to supplement the basic financial statements. Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated March 6, 2024, on my consideration of the Mount Shasta Public Financing Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Mount Shasta Public Financing Authority's internal control over financial reporting and compliance.



Charles W. Pilon, CPA
Anderson, California

March 6, 2024

BASIC FINANCIAL STATEMENTS

MOUNT SHASTA PUBLIC FINANCING AUTHORITY
(A Component Unit of the City of Mt. Shasta, California)
Statement of Net Position, Governmental Funds Balance Sheet and
Reconciliation of Governmental Fund Balance to the
Statement of Net Position - Governmental Activities
June 30, 2023

	General Fund	Adjustments	Governmental Activities Statement of Net Position
ASSETS			
Restricted cash and investments	\$ -	\$ -	\$ -
Interest receivable	-	62,073	62,073
Investment in lease to the City of Mt. Shasta	-	1,005,000	1,005,000
Installment notes receivable with the City of Mt. Shasta	-	4,175,900	4,175,900
Contributed capital investment in the City of Mt. Shasta	-	36,198	36,198
Total Assets	\$ -	\$ 5,279,171	\$ 5,279,171
LIABILITIES AND FUND BALANCE			
Liabilities			
Interest payable	\$ -	\$ 62,073	\$ 62,073
Due within one year	-	177,638	177,638
Due in more than one year	-	5,214,861	5,214,861
Total Liabilities	-	5,454,572	5,454,572
Fund Balance/Net Position			
Fund balance	-	(175,401)	
Total Liabilities and Fund Balance	\$ -		
Total Net Position		\$ (175,401)	\$ (175,401)
Total governmental fund balance, as above			\$ -
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Interest receivable used in governmental activities is not a financial resource and therefore not reported in the funds			62,073
Contributed capital investment used in governmental activities is not a financial resource and therefore not reported in the funds			36,198
Long-term investment in the capital lease to the City of Mt. Shasta in governmental activities is not a financial resource and therefore not reported in the funds			1,005,000
Long-term installment notes receivable with the City of Mt. Shasta in governmental activities are not financial resources and therefore not reported in the funds			4,175,900
Long-term liabilities, as follows, are not due and payable in the current period and therefore are not reported in the funds:			
2019 Series Revenue Bonds payable			(3,925,000)
2019 Series Revenue Bonds Premium payable			(211,599)
2019 Series Wastewater Enterprise Revenue Bonds payable			(1,255,900)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when legally due, however, the Statement of Activities reflects interest payable as the obligation is incurred			(62,073)
Net Position of Governmental Activities			\$ (175,401)

MOUNT SHASTA PUBLIC FINANCING AUTHORITY
(A Component Unit of the City of Mt. Shasta, California)
Statement of Activities and Governmental Fund Revenues,
Expenditures and Change in Fund Balance
For The Year Ended June 30, 2023

	General Fund	Adjustments	Statement of Activities
REVENUES			
Lease interest income	\$ 31,330	\$ (375)	\$ 30,955
Installment note interest income	120,142	(1,509)	118,633
Total Revenues	151,472	(1,884)	149,588
EXPENDITURES			
Debt service:			
Principal payments	157,200	(157,200)	-
Interest charges	151,472	(11,822)	139,650
Total Expenditures	308,672	(169,022)	139,650
Excess (Deficiency) of Revenues Over (Under)			
Expenditures/Expenses	(157,200)	167,138	9,938
OTHER FINANCING SOURCES (USES)			
Proceeds from lease investment reduction	30,000	(30,000)	-
Proceeds from installment note repayments	127,200	(127,200)	-
Total Other Financing Sources (Uses)	157,200	(157,200)	-
Change in Fund Balance/Net Position	-	9,938	9,938
Fund Balance - Beginning of Year	-	(185,339)	(185,339)
Fund Balance - End of Year	\$ -	\$ (175,401)	\$ (175,401)

MOUNT SHASTA PUBLIC FINANCING AUTHORITY
(A Component Unit of the City of Mt. Shasta, California)
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance - Governmental Funds
to the Statement of Activities - Governmental Activities
For The Year Ended June 30, 2023

Change in Fund Balance - Governmental Funds	\$ -
Amounts reported for governmental activities in the statement of activities is different because:	
Governmental funds report interest income when it is legally due, however, in the Statement of Activities it is reported when incurred	
Lease interest income	(375)
Installment note interest income	(1,509)
Governmental funds report proceeds from repayments of long-term debt, as a revenue, but the repayment is reported as a reduction of investment in lease or installment notes receivable in the Statement of Net Position and does not affect the Statement of Activities:	
Lease investment	(30,000)
Installment note receivable	(127,200)
Governmental funds do not report the amortization of bond premium as a reduction of interest expenditure, but it is reported in the Statement of Activities	9,938
Repayment of bond principal is reported as expenditure in governmental funds and, thus, has the effect of reducing fund balance because current resources have been used. However, the principal payments reduce liabilities in the Statement of Net Position and does not affect the Statement of Activities	157,200
Interest expense in the Statement of Activities is reported when incurred in contrast to governmental funds where it is recorded when legally due	1,884
Change in Net Position - Governmental Activities	\$ 9,938

MOUNT SHASTA PUBLIC FINANCING AUTHORITY
(A Component Unit of the City of Mt. Shasta, California)
Notes to the Financial Statements
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Mount Shasta Public Financing Authority's (hereafter "the Authority"), a component unit of the City of Mt. Shasta, California, (hereafter "the City"), financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America as applicable to governmental entities. The more significant accounting policies established in GAAP and used by the City are discussed below.

A. Reporting Entity

The Authority was created on May 13, 2019, as a result of a Joint Exercise of Powers Agreement between the City and the Mount Shasta Industrial Development Authority (Development Authority). The Authority is empowered to exercise any powers common to the City and the Development Authority.

The Authority's purpose is to finance public capital improvements. The Authority undertakes the sale and issuance of bonds. Bond proceeds are then used to design, construct, and acquire public capital improvements and lease, lease-back, sell, or re-sell such improvements to the City.

The Agreement is effective until terminated by the members as evidenced by a resolution adopted by the governing board of each respective member. The Agreement cannot terminate while any bonds remain outstanding. Upon dissolution of the Authority, any surplus assets shall be returned to the City and the Development Authority in proportion to any contributions made.

The Authority is a component unit of the City, and accordingly, is included in the basic financial statements of the City because the City Council exercises oversight responsibility over the operation of the Authority and the Authority provides specific financial benefits to the City. Only the accounts of the Authority are included herein; therefore, these financial statements do not purport to represent the financial position or results of operations of the City. The financial data of the Authority is included in the City's annual financial report. Administrative costs of the Authority are paid by the City and are not included in the accompanying financial statements.

B. Basis of Presentation

Government-wide and Fund Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, while the governmental fund financial statements are reported using the current financial resources measurement and the modified accrual basis of accounting.

The operations of the fund statements are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, and expenditures. Authority resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The Authority only uses a governmental fund.

Governmental fund types account for the activities of the Authority. The measurement focus is based upon spending or financial flow and the determination of changes in fund balance (net current assets). The following are the Authority's governmental fund types:

General fund accounts for the accumulation of financial resources for, and the payment of, general long-term debt principal, interest, and related costs.

The statement of net position and statement of activities columns reflect consolidated results of operations using the accrual basis of accounting and eliminating all interfund activity.

Basis of Accounting:

Refers to when revenues and expenditures are recognized in the accounts and reported in the basic financial statements.

MOUNT SHASTA PUBLIC FINANCING AUTHORITY
(A Component Unit of the City of Mt. Shasta, California)
Notes to the Financial Statements
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental fund types are accounted for using the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available) as net current assets. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A sixty (60) day availability period is used for revenue recognition for all other governmental fund revenues. Revenues not considered available are recorded as deferred revenues, unavailable. Revenues considered susceptible to accrual include interest and lease payments. Expenditures are generally recognized when the related fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when due.

The statement of net position and statement of activities columns represent operations on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Capital Assets: are not capitalized in the accompanying financial statements as they are under capital lease or installment sale to the City.

Investment in Lease to City of Mt. Shasta: is recorded as direct financing lease to the City.

Installment Sale to the City of Mt. Shasta: is recorded as installment notes receivable with the City.

Contributed Capital: represents excess bond premium invested in the City projects.

Bond Issuance Costs: are expensed immediately, as incurred.

Bond Premium and Discount: are amortized on a straight-line basis over the life of the related debt obligations which is not materially different from the effective interest method.

Use of Estimates: in preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America are required by management as well as assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

C. Budgetary Comparison

Under GASBS No. 34, budgetary comparison information is required to be presented for the general fund. The Authority is not legally required to adopt a budget; therefore, budget comparison information is not included for the general fund.

NOTE 2 INVESTMENT IN LEASE TO THE CITY OF MT. SHASTA

New Corporate Yard Garage

On October 1, 2019, the City and the Authority entered into an agreement for the Authority to finance the design, construction and/or rehabilitation of a new corporate yard garage. In order to finance the project, the City will lease certain real property and improvements thereon commonly known as the City of Mount Shasta City Hall, Police and Fire Station ("Leased Property"), pursuant to a Site and Facilities Lease, dated October 1, 2019, for an advance rental equal to \$1,090,000 of the Series 2019 Revenue Bonds. In turn, the Authority, pursuant to a Lease Agreement, will sublease the Leased Property to the City, in consideration for Base Rental Payments to be made by the City to the Authority, according to a schedule that corresponds in amount to the principal and interest coming due with respect to the Bonds issued for this project. The first principal payment made under the lease was made on August 1, 2020 and will have a final maturity of August 1, 2044.

MOUNT SHASTA PUBLIC FINANCING AUTHORITY
(A Component Unit of the City of Mt. Shasta, California)
Notes to the Financial Statements
June 30, 2023

NOTE 2 INVESTMENT IN LEASE TO THE CITY OF MT. SHASTA (Continued)

Future minimum lease payments to be received as of June 30, 2023, are as follows:

Year Ended June 30,	Total
2024	\$ 60,612
2025	64,638
2026	63,587
2027	62,538
2028	61,487
2029-2033	310,838
2034-2038	314,887
2039-2043	313,956
2044-2045	123,600
Total Lease Payments	1,376,143
Less: unearned income	(371,143)
Net Investment in Lease Receivable	\$ 1,005,000

NOTE 3 INSTALLMENT NOTES RECEIVABLES

The following is a summary of the Authority's installment notes receivable future minimum installment payments to be received from the City as of June 30, 2023:

Year Ended June 30,	Total
2024	\$ 253,888
2025	250,456
2026	246,912
2027	248,386
2028	249,799
2029-2033	1,043,307
2034-2038	1,233,561
2039-2043	1,100,161
2044-2048	509,405
2049-2053	246,920
2054-2058	246,731
2059-2060	98,758
Total Installment Notes Receivable	5,728,284
Less: unearned income	(1,552,384)
Net Installment Notes Receivable	\$ 4,175,900

Solar and Energy Efficient Improvements and Refinance

On October 1, 2019, the City and the Authority entered into an agreement for the Authority to finance the acquisition and installation of solar and energy efficient equipment in the new corporate yard garage, City Hall, Police and Fire Stations, and the Wastewater treatment plant. Also, the Authority agreed to provide additional financing to prepay and discharge the Series 2008 Revenue Bond debt of the City's Sewer Fund. These are defined as the "project".

The Authority has agreed to provide the financing for the solar and energy efficient improvements in the amount of \$2,295,000 and to discharge the revenue bond debt in the amount of \$930,000, by selling the project to the City for \$3,225,000, in consideration of the agreement by the City to pay the purchase price of the project in semiannual installments of principal and interest. The installment payments will be secured by an irrevocable pledge of the Net Revenues of the Wastewater operations. The first principal payment made under the installment sale was made on August 1, 2020 and will have a final maturity of August 1, 2044.

MOUNT SHASTA PUBLIC FINANCING AUTHORITY
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Notes to the Financial Statements
June 30, 2023

NOTE 3 INSTALLMENT NOTES RECEIVABLES (Continued)

Future minimum installment payments to be received under this agreement, as of June 30, 2023, are as follows:

Year Ended June 30,	Total
2024	\$ 204,500
2025	201,050
2026	197,600
2027	199,075
2028	200,400
2029-2033	796,600
2034-2038	986,719
2039-2043	853,306
2044-2045	262,725
Total Installment Notes Receivable	3,901,975
Less: unearned income	(981,975)
Net Installment Notes Receivable	\$ 2,920,000

Downtown Collection Sewer System Improvements

On August 1, 2019, the City and the Authority entered into an agreement for the Authority to finance the acquisition and improvement of/to the Wastewater system known as the downtown collection system for \$1,309,000. The Authority has agreed to provide financing for the improvement project by selling the project to the City in consideration of the agreement by the City to pay the purchase price of the project in semiannual installments of principal and interest. The installment payments will be secured by an irrevocable pledge of the Net Revenues of the Wastewater operations. The first principal payment made under the installment sale was made on August 1, 2020 and will have a final maturity of August 1, 2059.

Future minimum installment payments to be received under this agreement, as of June 30, 2023, are as follows:

Year Ended June 30,	Total
2024	\$ 49,388
2025	49,406
2026	49,312
2027	49,311
2028	49,399
2029-2033	246,707
2034-2038	246,842
2039-2043	246,855
2044-2048	246,680
2049-2053	246,920
2054-2058	246,731
2059-2060	98,758
Total Installment Notes Receivable	1,826,309
Less: unearned income	(570,409)
Net Installment Notes Receivable	\$ 1,255,900

MOUNT SHASTA PUBLIC FINANCING AUTHORITY
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June 30, 2023

NOTE 4 LONG-TERM DEBT

The Authority's long-term debt obligations consist of the following at June 30, 2023:

Types of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount
Governmental Activities				
Revenue Bonds:				
2019 Issue (financed the acquisition and installation of a new corporate yard garage and solar equipment; and refinance the 2008 revenue bonds)				
Term Current Interest Bond	8/1/2044	2.65% - 4%	\$120,000 - \$220,000	\$ 4,315,000
2019 Issue (financed the downtown sewer collection system improvements)				
Term Current Interest Bond	8/1/2059	2.125%	\$9,100 - \$48,300	\$ 1,309,000
Governmental Activities				\$ 5,624,000

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

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due in One Year
Governmental Activities					
Series 2019 Revenue Bonds -					
Garage, Solar, Refinance	\$ 4,060,000	\$ -	\$ 135,000	\$ 3,925,000	\$ 145,000
Amortized bond premium	221,537	-	9,938	211,599	9,938
Series 2019 Wastewater					
Enterprise Revenue Bond	1,278,100	-	22,200	1,255,900	22,700
Governmental Activities	\$ 5,559,637	\$ -	\$ 167,138	\$ 5,392,499	\$ 177,638

REVENUE BONDS:

The Authority was created on May 13, 2019, as a result of a Joint Exercise of Powers Agreement between the City and the Mount Shasta Industrial Development Authority. The Authority's purpose is to finance public capital improvements for the benefit of the City, which includes the refinance of the City's Series 2008 Revenue Bond debt.

Term Current Interest Bond, maturity 8/1/2044

The Series 2019 Revenue Bonds shown in the first table of Note 4 on page 10, were issued for \$4,315,000 to finance the acquisition and construction of a new corporate yard garage, the acquisition and installation of solar energy efficient equipment in the new corporate garage, City Hall, Police and Fire stations, and the Wastewater treatment plant, and to prepay and discharge the 2008 revenue bond debt of the sewer operations. The bonds will accrue interest from the date of delivery, and interest thereon will be payable semiannually on February 1 and August 1 of each year, commencing February 1, 2020. These bonds have varying interest rates based on when the bonds mature according to rates established in the bond maturity schedule. These rates are not subject to change based on market conditions.

The repayment of the bonds by the Authority is made pursuant to a Lease Agreement and an Installment Sale Agreement dated October 1, 2019, by and between the Authority and the City, whereby the City repays the annual debt service under the Lease Agreement and the Installment Sale Agreement in amount exactly equal to the debt service required to repay the Bond. The Series 2019 Revenue Bonds first principal payment was made on August 1, 2020 and will have a final maturity of August 1, 2044.

Redemption: The Bonds are subject to optional, extraordinary, and mandatory sinking account redemption prior to their stated maturity dates, as provided in the Indenture Agreement.

MOUNT SHASTA PUBLIC FINANCING AUTHORITY
(A Component Unit of the City of Mt. Shasta, California)
Notes to the Financial Statements
June 30, 2023

NOTE 4 LONG-TERM DEBT (Continued)

Reserve Fund: A Reserve Fund is established with the Bond Trustee pursuant to the Indenture in an amount equal to the Reserve Requirement, \$267,937.50. The Reserve Fund is satisfied by the City purchasing a Municipal Bond Debt Service Reserve Insurance Policy (Reserve Policy) from the Municipal Assurance Corp. and deposit the Reserve Policy with the Trustee. The City purchased this policy as part of the bond debt issuance costs in October 2019.

Security: The Bonds are limited obligations of the Authority and, as such, only the Revenues of the Authority are pledged as security for the Bonds. Revenues are defined as 1) all installment payments, including interest, payable by the City to the Authority using the Net Revenues of the Wastewater (Sewer) Enterprise 2) all base rental payments, including interest, payable by the City to the Authority and 3) amounts deposited in the Reserve Fund.

There are no significant default provisions.

The payment schedule for these bonds are as follows:

Year Ended June 30,	Principal	Interest
2024	\$ 145,000	\$ 120,113
2025	150,000	115,688
2026	150,000	111,188
2027	155,000	106,613
2028	160,000	101,888
2029-2033	890,000	411,988
2034-2038	1,050,000	253,638
2039-2043	850,000	120,681
2044-2045	375,000	11,325
Totals	\$ 3,925,000	\$ 1,353,122

Term Current Interest Bond, maturity 8/1/2059

On May 9, 2019, an obligation of funds between the United States Department of Agriculture (USDA) Rural Development and the City was authorized to fund a sewer project called the Downtown Sewer Collection System Project. The funding from USDA Rural Development includes a loan of \$1,309,000 in the form of Series 2019 Wastewater Enterprise Revenue Bond. The debt was issued on August 28, 2019 and will mature on August 1, 2059. The name of the owner of the bond is the USDA and the issuer is the Authority for the benefit of the City.

The repayment of the bond by the Authority is made pursuant to an Installment Sale Agreement dated August 1, 2019, by and between the Authority and the City, whereby the City repays the annual debt service under the Installment Sale Agreement in amount exactly equal to the debt service required to repay the Bond. The Series 2019 Wastewater Enterprise Revenue Bond's first principal payment was made on August 1, 2020 and will have a final maturity of August 1, 2044.

Pledged Assets, Debt Reserves and Default: The City is obligated to pay the installment payments from Net Revenues as defined in the Trust Agreement dated August 1, 2019, by and between the Authority and the City. There is a required debt service reserve equal to at least one annual loan installment that accumulates at the rate of 10% of one annual payment per year for 10 years or until a total of \$51,065 has accumulated. Ten percent of the proposed loan payment would equal \$426 per month. This would equate to \$19,596 at June 30, 2023 and has been deposited by, and recorded by, the City. Additionally, there is a required short-lived asset reserve to be deposited based on an annual assessment of the facility's short-lived asset needs to pay for repairs and/or replacement of major system assets. The assessed needs at June 30, 2023 of \$623,768 has been deposited and recorded by the City. In the event of default, this Bond of \$1,309,000 includes a provision that if the City is more than 30 days late on an installment payment, the full amount of the unpaid principal balance, together with accrued interest, becomes due immediately.

MOUNT SHASTA PUBLIC FINANCING AUTHORITY
(A Component Unit of the City of Mt. Shasta, California)
Notes to the Financial Statements
June 30, 2023

NOTE 4 LONG-TERM DEBT (Continued)

The payment schedule for these bonds are as follows:

Year Ended June 30,	Principal	Interest
2024	\$ 22,700	\$ 26,688
2025	23,200	26,206
2026	23,600	25,713
2027	24,100	25,211
2028	24,700	24,699
2029-2033	131,300	115,407
2034-2038	146,000	100,842
2039-2043	162,200	84,656
2044-2048	180,000	66,680
2049-2053	200,200	46,728
2054-2058	222,200	24,531
2059-2060	95,700	3,060
Totals	\$ 1,255,900	\$ 570,421

NOTE 5 RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and distribution of assets; errors and omissions; and natural disasters. Because of the close relationship between the Authority and the City, the Authority's liability coverage is provided by the City's insurance policies. Complete information on risk management can be found in the City's audited financial statements.

NOTE 6 SUBSEQUENT EVENTS

As of March 6, 2024, the date in which the financial statements were available to be issued and the issuance date, the City's City Council and management have reviewed the financial statements and they are not aware of any events that have occurred subsequent to the balance sheet date and through the date of the independent auditor's report that would require adjustments to or disclosure in the financial statements.

OTHER SCHEDULES AND REPORTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors and Audit Committee
Mount Shasta Public Financing Authority
Mt. Shasta, California

I have audited, in accordance with the 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, the financial statements of the governmental activities and the major fund of the Mount Shasta Public Financing Authority, a component unit of the City of Mt. Shasta, California as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Mount Shasta Public Financing Authority's basic financial statements, and have issued my report thereon dated March 6, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Mount Shasta Public Financing Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Mount Shasta Public Financing Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of the Mount Shasta Public Financing Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. I identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that I consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Mount Shasta Public Financing Authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

INDEPENDENT AUDITOR'S REPORT

(Continued)

Mount Shasta Public Financing Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Mount Shasta Public Financing Authority's response to the findings identified in my audit and described in the accompanying schedule of findings and questioned costs. Mount Shasta Public Financing Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink, appearing to read "Charles W. Pilon, CPA".

Charles W. Pilon, CPA
Anderson, California

March 6, 2024

**Mount Shasta Public Financing Authority
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023**

FINDINGS – FINANCIAL STATEMENT AUDIT

Finding 2023-001 Lack of Effective Internal Control over Financial Close and Reporting

Condition: I identified and posted numerous material audit adjustments as part of my audit in order to agree the financial statements with the underlying support. These were required in order for the financial statements to be prepared in accordance and/or conformity with generally accepted accounting principles (GAAP).

Criteria: The City must present its financial statements in accordance with generally accepted accounting principles. In accordance with Statement on Auditing Standards No. 122c, external auditors cannot be part of an entity's internal controls over the preparation of the financial statements and are prohibited from auditing their own work, which could impair independence.

Cause: The Finance Director did not identify and correct material misstatements in the financial statements before the start of the audit.

Effect: This is a material weakness in the internal controls over financial close and reporting. Year-end financial statements contained material misstatements which could lead to inaccurate decisions that impact the Authority, as well as impacting the external users of the financial statements. **There are no questioned costs related to this finding.**

Context: This is a new finding. The items consisted of adjustments to properly record investments, revenues and debt related expenditures.

Recommendation: I recommend that the Authority takes steps to ensure that all adjustments necessary to prepare the financial statements, and related notes, in accordance with GAAP be identified and posted prior to the start of the audit.

Views of Responsible Officials: The Authority agrees with this finding.

SUMMARY OF PRIOR AUDIT FINDINGS

NONE