

CITY OF CLEARLAKE, CALIFORNIA

ANNUAL FINANCIAL REPORT

Year Ended June 30, 2023

Prepared by
Administrative Services Department

City of Clearlake
Annual Financial Report
Year Ended June 30, 2023

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Annual Financial Report
Year Ended June 30, 2023

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FINANCIAL SECTION



Independent Auditor's Report

The Honorable City Council
City of Clearlake, California
Clearlake, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Clearlake (City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Clearlake, as of June 30, 2023, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 error or fraud.

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

Van Lant & Fankhanel, LLP

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909.856.6879

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional 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's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary 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 required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements, as listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2024, on our consideration of the City of Clearlake's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



September 24, 2024

BASIC FINANCIAL STATEMENTS

City of Clearlake
Statement of Net Position
June 30, 2023

	Governmental Activities
ASSETS	
Cash and Investments	\$ 27,070,684
Receivables:	
Accounts	345,914
Interest	178,072
Taxes	2,403,538
Notes	7,470,529
Grants	1,778,799
Capital Assets:	
Land and Land Improvements	10,459,622
Construction in Progress	12,741,485
Other Capital Assets, Net	20,883,555
Total Assets	83,332,198
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Related Items	4,174,327
LIABILITIES	
Accounts Payable	1,359,711
Accrued Payroll Liabilities	269,978
Deposits	14,983
Noncurrent Liabilities:	
Due Within One Year	1,346,741
Due in More Than One Year	22,296,217
Total Liabilities	25,287,630
DEFERRED INFLOWS OF RESOURCES	
Deferred Pension Related Items	602,379
NET POSITION	
Net Investment in Capital Assets	42,999,055
Restricted for:	
PEG	302,994
Housing	6,776,358
Public Safety	1,933,378
Streets and Highways	13,942,024
Capital Projects	2,522,708
Unrestricted	(6,860,001)
Total Net Position	\$ 61,616,516

The accompanying notes are an integral part of this statement.

City of Clearlake
Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change in Net Position
Governmental Activities:					
General Government	\$ 2,061,064	\$ 619,995	\$ -	\$ -	\$ (1,441,069)
Public Safety	6,254,994	145,649	346,319	3,200	(5,759,826)
Public Works	4,687,087	466,221	-	2,917,681	(1,303,185)
Housing	500,539	140,660	345,669	4,675,877	4,661,667
Parks and Recreation	1,920,771	83,768	-	-	(1,837,003)
Interest and Fiscal Charges	487,434	-	-	-	(487,434)
Total Governmental Activities	15,911,889	1,456,293	691,988	7,596,758	(6,166,850)
General Revenues:					
Taxes:					
Sales and Use Taxes					3,567,210
Property Taxes					2,711,725
Franchise Fees					908,014
Transient Occupance Tax					390,443
Business Licenses					72,932
Investment Income					252,854
Miscellaneous Revenues					576,363
Total General Revenues and Transfers					8,479,541
Change in Net Position					2,312,691
Net Position - Beginning of Year					58,912,495
Restatement of Net Position					391,330
Net Position - End of Year					\$ 61,616,516

The accompanying notes are an integral part of this statement.

**City of Clearlake
Balance Sheet
Governmental Funds
June 30, 2023**

	General Fund	Special Revenue	Capital Projects	
		Housing Loans	CDBG Projects	Roads Measure V
ASSETS				
Cash and Investments	\$ 8,588,527	\$ 427,708	\$ -	\$ 13,319,477
Receivables:				
Accounts	320,281	-	-	-
Interest	34,581	2,871	-	111,454
Taxes	1,572,012	-	-	486,500
Grants	-	113,323	266,724	-
Notes	-	5,254,592	-	-
Due from Other Funds	717,160	-	-	-
Total Assets	\$ 11,232,561	\$ 5,798,494	\$ 266,724	\$ 13,917,431
LIABILITIES				
Accounts Payable	\$ 475,997	\$ -	\$ 49,035	\$ 82,269
Accrued Payroll Liabilities	185,170	-	51,145	10,281
Deposits	14,983	-	-	-
Due to Other Funds	-	113,323	229,081	-
Total Liabilities	676,150	113,323	329,261	92,550
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues - Grants Receivable	-	113,323	226,685	-
Total Deferred Inflows of Resources	-	113,323	226,685	-
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	-	-
Restricted	-	5,571,848	-	13,824,881
Unassigned	10,556,411	-	(289,222)	-
Total Fund Balances (Deficits)	10,556,411	5,571,848	(289,222)	13,824,881
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	\$ 11,232,561	\$ 5,798,494	\$ 266,724	\$ 13,917,431

The accompanying notes are an integral part of this statement.

<u>Capital Projects</u>	Total Nonmajor Governmental	Totals
<u>Grants</u>	<u>Funds</u>	
\$ 8,638	\$ 4,509,240	\$ 26,853,590
-	25,633	345,914
-	29,166	178,072
-	345,026	2,403,538
1,333,752	65,000	1,778,799
-	2,215,937	7,470,529
<u>-</u>	<u>-</u>	<u>717,160</u>
<u>\$ 1,342,390</u>	<u>\$ 7,190,002</u>	<u>\$ 39,747,602</u>
\$ 719,497	\$ 28,385	\$ 1,355,183
-	23,382	269,978
-	-	14,983
<u>264,220</u>	<u>110,536</u>	<u>717,160</u>
<u>983,717</u>	<u>162,303</u>	<u>2,357,304</u>
<u>908,829</u>	<u>65,000</u>	<u>1,313,837</u>
<u>908,829</u>	<u>65,000</u>	<u>1,313,837</u>
-	-	-
-	7,073,235	26,469,964
<u>(550,156)</u>	<u>(110,536)</u>	<u>9,606,497</u>
<u>(550,156)</u>	<u>6,962,699</u>	<u>36,076,461</u>
<u>\$ 1,342,390</u>	<u>\$ 7,190,002</u>	<u>\$ 39,747,602</u>

The accompanying notes are an integral part of this statement.

City of Clearlake
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2023

Fund Balances of Governmental Funds \$ 36,076,461

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.

Land and Land Improvements	\$ 10,459,622	
Construction in Progress	12,741,485	
Buildings and Improvements	3,389,222	
Vehicles and Equipment	4,888,541	
Infrastructure	24,035,948	
Less: Accumulated Depreciation	<u>(11,430,156)</u>	44,084,662

In governmental funds, other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 1,313,837

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Compensated Absences		(255,483)
Net Pension Liability		(8,855,260)
Claims Payable		(69,318)
2022 Installment Sale Agreement		(13,708,499)
Energy Efficiency Loan Payable		(584,977)
Lease Payable		(169,421)

Amounts for deferred inflows and deferred outflows related to the City's Net Pension Liability are not reported in the funds.

Deferred Outflows Related to Pensions		4,174,327
Deferred Inflows Related to Pensions		(602,379)

Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position. 212,566

Net Position of Governmental Activities \$ 61,616,516

The accompanying notes are an integral part of this statement.

City of Clearlake
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2023

	General Fund	Special Revenue	Capital Projects	
		Housing Loans	CDBG Projects	Roads Measure V
REVENUES				
Taxes and Assessments	\$ 6,351,023	\$ -	\$ -	\$ 2,611,140
Fines and Forfeitures	54,482	-	-	-
Licenses and Permits	309	-	-	-
Use of Money and Property	224,820	57,700	-	(26,433)
Intergovernmental	278,166	1,751,295	40,039	477,986
Charges for Services	856,622	-	-	-
Other Revenues	561,682	-	-	-
Total Revenues	8,327,104	1,808,995	40,039	3,062,693
EXPENDITURES				
Current:				
General Government	2,134,494	-	-	-
Public Safety	4,483,430	-	-	-
Public Works and Streets	582,382	-	-	755,035
Housing	429,156	1,832,057	329,261	-
Parks and Recreation	483,739	-	-	-
Capital Outlay	83,537	-	-	645,123
Debt Service:				
Principal	296,047	-	-	1,046,501
Interest	46,115	-	-	441,319
Total Expenditures	8,538,900	1,832,057	329,261	2,887,978
Excess (Deficiency) of Revenues Over Expenditures	(211,796)	(23,062)	(289,222)	174,715
OTHER FINANCING SOURCES (USES)				
Transfers In	240,708	-	-	-
Transfers Out	(3,078,977)	(1,265,119)	-	(1,431,163)
Total Other Financing Sources (Uses)	(2,838,269)	(1,265,119)	-	(1,431,163)
Net Change in Fund Balances	(3,050,065)	(1,288,181)	(289,222)	(1,256,448)
Fund Balances, Beginning	13,606,476	6,860,029	-	15,081,329
Fund Balances, Ending	\$ 10,556,411	\$ 5,571,848	\$ (289,222)	\$ 13,824,881

The accompanying notes are an integral part of this statement.

<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Totals</u>
Grants		
\$ -	\$ 2,096,321	\$ 11,058,484
-	-	54,482
-	-	309
-	76,676	332,763
3,908,287	612,349	7,068,122
-	360,786	1,217,408
-	25	561,707
<u>3,908,287</u>	<u>3,146,157</u>	<u>20,293,275</u>
-	5,000	2,139,494
-	1,721,150	6,204,580
-	583,354	1,920,771
228,338	40,616	2,859,428
-	16,800	500,539
5,692,521	263,015	6,684,196
-	-	1,342,548
-	-	487,434
<u>5,920,859</u>	<u>2,629,935</u>	<u>22,138,990</u>
<u>(2,012,572)</u>	<u>516,222</u>	<u>(234,858)</u>
4,510,140	1,265,119	6,015,967
<u>-</u>	<u>(240,708)</u>	<u>(6,015,967)</u>
<u>4,510,140</u>	<u>1,024,411</u>	<u>-</u>
2,497,568	1,540,633	(1,845,715)
<u>(3,047,724)</u>	<u>5,422,066</u>	<u>37,922,176</u>
<u>\$ (550,156)</u>	<u>\$ 6,962,699</u>	<u>\$ 36,076,461</u>

The accompanying notes are an integral part of this statement.

City of Clearlake
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds \$ (1,845,715)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report capital outlay as an expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense.

Capital Expenditures	5,664,509
Depreciation Expense	(1,215,738)

Certain receivables are offset by unavailable revenue in the governmental funds because they are not available to pay for current period expenditures. This amount represents the amount by which prior year unavaible revenue exceeded current year unavailable revenue. (2,068,695)

The issuance of long-term debt (e.g., loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities

Net Pension Liability	(4,628,080)
Claims Payable	104,717
Compensated Absences	(28,245)
2022 Installment Sale Agreement	1,046,501
Energy Efficiency Loan	47,590
Payments on Leases	248,457

Amounts for deferred inflows and deferred outflows related to the City's net pension and total OPEB liabilities are not reported in the funds. This is the net change in deferred inflows and outflows related to the net pension and total OPEB liabilities.

Deferred Outflows Related to Pensions	2,341,052
Deferred Inflows Related to Pensions	2,611,935

Internal service funds are used by management to charge the costs of insurance to individual funds. The net revenue (expense) of the internal service is reported with governmental activities. 34,403

Change in Net Position of Governmental Activities	\$ 2,312,691
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The accompanying notes are an integral part of this statement.

City of Clearlake
Statement of Net Position
Proprietary Fund
June 30, 2023

	Governmental Activities - Internal Service Fund
ASSETS	
Current:	
Cash and Investments	\$ 217,094
Interest Receivable	-
Total Current Assets	217,094
LIABILITIES	
Current:	
Accounts Payable	4,528
Total Current Liabilities	4,528
NET POSITION	
Unrestricted	212,566
Total Net Position	\$ 212,566

The accompanying notes are an integral part of this statement.

City of Clearlake
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
Year Ended June 30, 2023

	Governmental Activities - Internal Service Fund
OPERATING REVENUES	
Charges for Services	\$ 49,871
Total Operating Revenues	<u>49,871</u>
OPERATING EXPENSES	
Insurance	<u>15,328</u>
Total Operating Expenses	<u>15,328</u>
Operating Income (Loss)	<u>34,543</u>
NON-OPERATING REVENUES (EXPENSES)	
Investment Earnings	<u>(140)</u>
Total Non-Operating Revenues (Expenses)	<u>(140)</u>
Change in Net Position	34,403
Total Net Position, Beginning of Year	<u>178,163</u>
Total Net Position, End of Year	<u><u>\$ 212,566</u></u>

The accompanying notes are an integral part of this statement.

City of Clearlake
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2023

	Governmental Activities - Internal Service Fund
Cash Flows from Operating Activities	
Cash Received from User Funds	\$ 49,871
Cash Paid to Suppliers for Goods and Services	(10,800)
	39,071
Net Cash Provided (Used) By Operating Activities	39,071
Net Increase (Decrease) In Cash and Cash Equivalents	39,071
Cash and Cash Equivalents, Beginning of Year	178,023
	\$ 217,094
 Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ 34,543
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Increase (Decrease) In Accounts Payable	4,528
	\$ 39,071
Net Cash Provided (Used) By Operating Activities	

The accompanying notes are an integral part of this statement.

City of Clearlake
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	LAFCO Custodial Fund	Successor Agency Private-purpose Trust Fund
ASSETS		
Cash and Investments	\$ 272,986	\$ 511,915
Restricted Cash and Investments	-	47
Deposits	-	10,000
Land Held for Resale	-	2,083,877
	<u>272,986</u>	<u>2,605,839</u>
Total Assets		
LIABILITIES		
Accounts Payable	11,694	-
Accrued Payroll Liabilities	-	1,962
Interest Payable	-	92,085
Long-Term Debt, Due within One Year	-	581,214
Long-Term Debt, Due in more Than One Year	-	9,564,566
	<u>11,694</u>	<u>10,239,827</u>
Total Liabilities		
NET POSITION		
Held in Trust for:		
Successor Agency	-	(7,633,988)
Other Organizations	261,292	
	<u>261,292</u>	<u>(7,633,988)</u>
Total Net Position	<u>\$ 261,292</u>	<u>\$ (7,633,988)</u>

The accompanying notes are an integral part of this statement.

City of Clearlake
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2023

	LAFCO Custodial Fund	Successor Agency Private-purpose Trust Fund
	<u> </u>	<u> </u>
ADDITIONS		
Investment Income	\$ 357	\$ -
Taxes, Assessments, and Contributions	145,021	1,190,868
	<u> </u>	<u> </u>
Total Additions	145,378	1,190,868
	<u> </u>	<u> </u>
DEDUCTIONS		
Administrative Costs	109,139	256,036
Interest Expense	-	391,670
	<u> </u>	<u> </u>
Total Deductions	109,139	647,706
	<u> </u>	<u> </u>
Change in Net Position	36,239	543,162
Net Position - Beginning of Year	225,053	(8,177,150)
	<u> </u>	<u> </u>
Net Position - End of Year	<u>\$ 261,292</u>	<u>\$ (7,633,988)</u>

The accompanying notes are an integral part of this statement.

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2023

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Clearlake, California (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A) Reporting Entity

The City of Clearlake is a municipal corporation governed by an elected five-member City Council. The accompanying financial statements present the government and its component units, entities for which the City is considered to be financially accountable.

Blended Component Units – The Clearlake Public Financing Authority is a separate legal entity created for the purpose of improving the economic conditions of the City, making public improvements and providing financing for these purposes. This entity is governed by the City Council of the City of Clearlake, and is therefore reported as if it was part of the City. The Authority is reported as part of the City's special revenue, capital projects and debt service funds. The component unit redevelopment agency was dissolved effective February 1, 2012 and all residual asset and liabilities are reported in the Successor Agency private purpose fiduciary funds.

B) Basis of Accounting and Measurement Focus

The basic financial statements of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

Government-Wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the City.

Government-wide financial statements are presented using the economic resources measurement focus and accrual basis of accounting. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

Program revenues include charges for services and payments made by parties outside the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2023

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expense. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expense.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation.

Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental 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.

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about the major funds individually and nonmajor funds in the aggregate for all funds.

Governmental Funds

In the fund financial statements, governmental funds are presented using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period.

The City uses an availability period of 60 days. Sales taxes, property taxes, franchise taxes, gas taxes, motor vehicle in lieu, transient occupancy taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available when cash is received by the government.

Revenue recognition is subject to the *measurable* and *availability* criteria for the governmental funds in the fund financial statements. Exchange transactions are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed nonexchange transactions* are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary nonexchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2023

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered “available spendable resources,” since they do not represent the net current assets.

Recognition of governmental fund type revenues represented by non-current receivables are deferred until they become current receivables. Non-current portions of long-term receivables are offset by nonspendable fund balance, unless restricted as to the use of the funds collected in the future.

Due to the nature of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

Proprietary Funds

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

The City’s internal service funds are presented in the proprietary funds financial statements. Because the principal users of the internal services are the City’s governmental activities, the financial statements of the internal service fund are consolidated in the governmental activities column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity (general government, public protection, development, etc.).

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

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2023

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C) Fund Classifications

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

The *Housing Loans Fund* accounts for revolving loan funds used for activities pertaining to multi-family, first-time homebuyer, rehabilitation and other affordable housing loan and grant programs.

The *CDBG Projects Fund* accounts for CDBG grant funds to be used for specific projects in accordance with the grant agreements.

The *Roads Measure V Fund* accounts for and reports financial resources related to the 1% transaction and use tax for improving and maintaining roads within the City. The tax sunsets in 20 years and an Oversight Committee has been established to review prior year expenditures.

The *Grants Fund* accounts for and reports financial resources for the majority of all capital projects conducted by the City of Clearlake. The projects are funded by grant revenue deposited in Fund 240 or transfers from other funds within the City budget.

Additionally, the City reports the following fund types:

The *Internal Service Fund* accounts for the accumulation of resources for unemployment insurance.

The *Private-purpose Trust Fund* accounts for the balances and transactions of the Successor Agency to the Clearlake Redevelopment Agency.

The *Custodial Fund* accounts for monies held for the Lake County Local Agency Formation Commission (LAFCO).

D) Cash and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported in the accompanying financial statements at fair value, except for certain certificates of deposit and investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates. Changes in fair value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The City pools cash and investments of all funds, except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as *cash and investments*. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2023

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates, and have an original maturity date of 3 months or less. Cash equivalents represent the proprietary funds' share in the cash and investment pool of the City.

E) Due from Other Governments

The amounts recorded as due from other governments, include sales taxes, property taxes, and grant revenues, collected or provided by Federal, State, and County governments and remain unremitted to the City as of June 30, 2023.

F) Fund Balance

The City implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions as of June 30, 2011. Fund balances in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The City considers restricted fund balance to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance - Amounts that cannot be spent either because they are in nonspendable form or are required to be maintained intact.

Restricted Fund Balance - Amounts that are constrained to specific purposes by state or federal laws, or externally imposed conditions by grantors or creditors.

Committed Fund Balance - Amounts that may be specified by the City Council by ordinance to formally commit part of the City's fund balances or future revenues for a specific purpose(s) or program. To change or repeal any such commitment will require an additional formal City Council action utilizing the same type of action that was originally used.

Assigned Fund Balance - Amounts that are constrained by the City Council's intent to use specified financial resources for specific purposes, but are neither restricted nor committed. The City's fund balance policy delegates the authority to assign amounts to be used for specific purposes to the City Manager, or his designee.

Unassigned Fund Balance - These are either residual positive net resources of fund balance in excess of what can properly be classified in one of the other four categories, or negative balances.

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2023

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

G) Fund Equity

In the government-wide financial statements, net position is classified in the following categories:

Net investment in capital assets describes the portion of net position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulation, laws, or other restrictions which the City cannot unilaterally alter.

Unrestricted describes the portion of net position which is not restricted to use.

H) Property Tax Calendar

Property taxes attach as an enforceable lien on property as of January 1, each year. Taxes are levied on July 1, and are payable in two installments no later than December 10, and April 10, of each year. Lake County bills and collects the property taxes and remits them to the City in installments during the year. Under the provisions of NCGA Interpretation 3, property tax revenue is recognized in the fiscal year for which the taxes have been levied, provided it is collected within 60 days of the end of the fiscal year.

The County is permitted by State law (Proposition 13) to levy taxes at 1% of full market value (at time of purchase) and can increase the property tax rate no more than 2% per year. Property Valuations are established by the Lake County Assessor for the secured and unsecured property tax rolls; the utility property tax roll is valued by the State Board of Equalization. Under the provision of Article XIII-A of the State Constitution (Proposition 13, adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. From this base assessment, subsequent annual increases in valuation are limited to a maximum of two percent. However, an increase to full value is allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations and is subject to annual reappraisal.

I) Compensated Absences

In accordance with GASB Statement No 16, a liability is recorded for unused balances only to the extent that it is probable that the unused balances will result in termination payments. This is estimated by including in the liability the unused balances of employees currently entitled to receive termination payment, as well as those who are expected to become eligible to receive termination benefits as a result of continuing their employment with the City. Upon separation, 100% of accrued vacation leave (up to a maximum of 400 hours) and accrued comp time is paid and, depending on longevity, sick leave is paid out up to 50% of the accrued amount. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness) which is outside the control of the City and the employee.

J) Capital Assets

Capital assets are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Contributed capital assets received prior to the implementation of GASB 72 are valued at their estimated fair market value at the date of the contribution. Contributed capital assets received subsequent to the implementation of GASB 72 are recorded at acquisition value as of the date received. The City capitalizes assets with an original cost greater than \$5,000 and with a useful lifespan longer than three years.

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2023

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Capital assets include public domain (infrastructure) assets consisting of certain improvements including roads, streets, sidewalks, medians and storm drains. Depreciation has been provided using the straight line method over the estimated useful life of the asset in the government-wide financial statements. No depreciation is recorded in the year of acquisition or in the year of disposition.

The following schedule summarizes capital asset useful lives:

Building and improvements	5 - 50 years
Roadway improvements	50 years
Sidewalks, curbs, and gutters	50 years
Storm drain pipes/structures	50 years
Traffic signal devices	5 - 40 years
Landscaping	30 years
Signage	25 years
Leasehold improvements	5 years
Machinery and equipment	3 - 5 years
Vehicles	3 years

K) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

L) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents consumption of net assets that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City reports deferred outflows of resources related to pension liabilities.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has certain items, which arise only under the modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, special assessments, grant receivables, and other miscellaneous receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the City reports deferred inflows related to pension liabilities. See Note 7 for further details.

M) Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the statement of net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position.

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2023

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

N) Pensions

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

O) Leases

Lessee: The City is a lessee for noncancellable leases of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements and the proprietary funds. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2023

2) CASH AND INVESTMENTS

Cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Investments	\$ 27,070,684
Statement of Fiduciary Net Position:	
Cash and Investments	784,901
Cash and Investments with Fiscal Agents	47
Total Cash and Investments	\$ 27,855,632

Cash and Investments consist of the following:

Cash on Hand	\$ 640
Deposits with Financial Institutions	5,627,008
Investments	22,227,984
Total Cash and Investments	\$ 27,855,632

Investments Authorized by the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Authorized by Investment Policy	Maximum Maturity*	Maximum Percentage of Portfolio*	Maximum Investment In One Issuer*
Local Agency Bonds	No	5 years	None	None
U.S. Treasury Obligations	Yes	2 years	None	None
U.S. Agency Securities	Yes	5 years	None	None
Banker's Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	15%	10%
Negotiable Certificates of Deposit	Yes	2 years	30%	None
Repurchase Agreements	Yes	1 year	None	None
Reverse Repurchase Agreements	No	92 days	20% of base value	None
Medium Term Notes	No	5 years	30%	None
Mutual Funds	No	N/A	20%	10%
Money Market Mutual Funds	Yes	N/A	20%	10%
Mortgage Pass-through Securities	No	5 years	20%	None
County Pooled Investment Funds	No	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	None	None
Supranationals	Yes	5 years	30%	None
JPA Pools (other investment pools)	No	N/A	None	None

*Based on state law requirements or investment policy requirements, whichever is more restrictive.

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2023

2) CASH AND INVESTMENTS – Continued

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provision of the California Government Code or the City’s investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker’s Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Medium Term Notes	5 years	30%	5%
Money Market Mutual Funds	N/A	20%	10%
Repurchase Agreements	270 days	30%	None
Investment Contracts	30 years	None	None
Local Agency Investment Fund (LAIF)	N/A	50 million	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rate. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City’s investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City’s investment by maturity:

<u>Investment Type</u>	<u>Remaining Maturity (in Months)</u>			<u>Total</u>
	<u>12 Months or Less</u>	<u>1 to 2 Years</u>	<u>2 to 5 Years</u>	
Local Agency Investment Fund Held by Bond Trustee:	\$ 22,227,937	\$ -	\$ -	\$ 22,227,937
Money Market Mutual Funds	47	-	-	47
Total Pooled Investments	<u>\$ 22,227,984</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,227,984</u>

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2023

2) CASH AND INVESTMENTS – Continued

Disclosures Relating to 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 rating by a nationally recognized statistical rating organization.

The Local Agency Investment Fund is not required to be rated. Money Market Mutual funds held by bond trustees are rated AAA.

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2023, there were no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments.

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 and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). 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. 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.

As of June 30, 2023, no deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) 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. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities.

Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF). As of June 30, 2023, none of the City's investments were held by the broker-dealer (counterparty) that was used by the City to purchase the securities.

For investments identified herein as held by bond trustee, the bond trustee selects the investments under terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2023

2) CASH AND INVESTMENTS – Continued

Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Local Agency Investment Fund and money market mutual funds are not subject to the fair value hierarchy; therefore, the City has no investments that are subject to recurring fair value measurements.

Investment in State Investment Pool

The City is a voluntary participant in the LAIF that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

3) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables at June 30, 2023 are as follows:

Due To (Receivable)	Due From (Payable)	Amount
General Fund	Housing Loans	\$ 113,323
	CDBG Projects	229,081
	Grants	264,220
	Non-major Governmental Funds	110,536
Total		<u>\$ 717,160</u>

The amounts due from other funds will be paid when grants are reimbursed in the following fiscal year.

Transfers consisted of the following at June 30, 2023:

TRANSFERS OUT	TRANSFERS IN			Total
	General Fund	Grants	Non-Major Funds	
General Fund	\$ -	\$ 3,078,977	\$ -	\$ 3,078,977
Housing Loans	-	-	1,265,119	1,265,119
Roads Measure V	-	1,431,163	-	1,431,163
Non-Major Funds	240,708	-	-	240,708
Total	<u>\$ 240,708</u>	<u>\$ 4,510,140</u>	<u>\$ 1,265,119</u>	<u>\$ 6,015,967</u>

Transfers were made to the Grants Capital Projects Fund from the General Fund and Roads Measure V Fund to pay for various capital projects. In addition, the Housing Loans Special Revenue Fund transferred \$1,265,119 of loans receivable to the Non-Major CDBG Fund to separate CDBG loans from HOME loans in the City's accounting records.

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2023

4) LOANS AND NOTES RECEIVABLE

Through the City's various housing rehabilitation funds, first-time home buyer's funds, and business/economic development loan funds, the City has loaned funds to qualifying individuals and businesses. Interest rates vary depending on the terms of the loan. Interest is accrued on the loans that bear interest. The balance of the loans receivable includes the accrued interest earned and deferred until future periods and an allowance for doubtful accounts of \$7,470,529.

Loans and notes receivable for the year ended June 30, 2023, consisted of the following:

Fund	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Housing Loans Special Revenue Fund	\$ 6,581,684	\$ -	\$ 204,373	\$ (1,122,719)	\$ 5,254,592
Nonmajor Governmental Funds	1,093,218	-	-	1,122,719	2,215,937
Total	\$ 7,674,902	\$ -	\$ 204,373	\$ -	\$ 7,470,529

5) CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Adjustments*	Ending Balance
Governmental Activities:					
Nondepreciable Capital Assets					
Land and Land Improvements	\$ 9,592,637	\$ 866,985	\$ -	\$ -	\$ 10,459,622
Construction in Progress	10,343,690	4,690,484	2,292,689	-	12,741,485
Total Capital Assets Not Depreciated	19,936,327	5,557,469	2,292,689	-	23,201,107
Depreciable Capital Assets					
Buildings and Improvements	3,181,722	-	-	207,500	3,389,222
Equipment	1,884,038	107,040	-	-	1,991,078
Vehicles	1,718,996	-	-	334,406	2,053,402
Infrastructure	21,743,259	2,292,689	-	-	24,035,948
Right-to-use Leased Vehicles	844,061	-	-	-	844,061
Total Depreciable Capital Assets	29,372,076	2,399,729	-	541,906	32,313,711
Less Accumulated Depreciation/Amortization:					
Buildings and Improvements	1,853,166	127,197	-	63,979	2,044,342
Equipment	1,065,503	120,800	-	-	1,186,303
Vehicles	1,304,419	97,956	-	86,597	1,488,972
Infrastructure	5,339,835	700,973	-	-	6,040,808
Right-to-use Leased Vehicles	500,919	168,812	-	-	669,731
Total Accumulated Depreciation/Amortization	10,063,842	1,215,738	-	150,576	11,430,156
Net Depreciable Capital Assets	19,308,234	1,183,991	-	391,330	20,883,555
Total Capital Assets, Net	\$ 39,244,561	\$ 6,741,460	\$ 2,292,689	\$ 391,330	\$ 44,084,662

*See Note 12 Restatement of Net Position for additional information on adjustments to capital assets.

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2023

5) CAPITAL ASSETS - Continued

Depreciation expense was charged in the following function of the Statement of Activities:

General Government	\$ 194,898
Public Safety	212,868
Public Works and Streets	807,972
Total Depreciation Expense	\$ 1,215,738

6) LONG-TERM LIABILITIES

The following is a summary of long-term liabilities, all of which are funded by the General Fund, for the year ended June 30, 2023:

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	\$ 227,238	\$ 168,103	\$ 139,858	\$ 255,483	\$ 128,350
Net Pension Liability	4,227,180	4,628,080	-	8,855,260	-
Claims Payable	174,035	55,637	160,354	69,318	-
Loans from direct borrowings:					
2022 Installment Sale Agreement	14,755,000	-	1,046,501	13,708,499	1,057,668
Energy Efficiency Loan	632,567	-	47,590	584,977	48,209
Lease Payable	417,878	-	248,457	169,421	112,514
Total	\$ 20,433,898	\$ 4,851,820	\$ 1,642,760	\$ 23,642,958	\$ 1,346,741

Compensated absences, claims liability and the net pension liability are typically liquidated by the General Fund.

Energy Efficiency Lease Agreement (direct borrowing)

In April 2017, the City entered into a lease-purchase agreement for the acquisition and installation of certain energy conservation equipment including lighting and solar with an aggregate principal borrowing of \$808,519. The proceeds are to be used to pay for the energy efficiency and conservation improvements as specified in the agreement. The payments bear interest at 3.50% and are due and payable annually on November 15th and each year, maturing on November 15, 2032. The General Fund will generally be responsible for making the debt service payments annually.

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2023

6) LONG-TERM LIABILITIES – Continued

The annual debt service requirements for the lease agreement as of June 30, 2023 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 48,209	\$ 20,917	\$ 69,126
2025	50,360	19,141	69,501
2026	53,233	18,278	71,511
2027	56,478	15,306	71,784
2028	59,962	13,214	73,176
2029	63,696	10,992	74,688
2030	67,690	8,631	76,321
2031	71,865	6,123	77,988
2032	75,070	3,461	78,531
2033	38,414	701	39,115
Totals	<u>\$ 584,977</u>	<u>\$ 116,764</u>	<u>\$ 701,741</u>

Leases Payable (direct borrowing)

The City has entered into lease agreements for equipment. The City is required to make principal and interest payments through November 2026. The lease agreements have interest rates of 3.5%. The rates are based on the City's incremental borrowing rate. Total amount of leased assets recognized, net of accumulated amortization is \$174,330. Remaining principal and interest payments on the leases are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 112,514	\$ 18,587	\$ 131,101
2025	38,761	6,247	45,008
2026	15,188	2,381	17,569
2027	2,958	474	3,432
Totals	<u>\$ 169,421</u>	<u>\$ 27,689</u>	<u>\$ 197,110</u>

2022 Installment Sale Agreement (direct borrowing)

In June 2022, the City of Clearlake Public Financing Authority issued \$14,755,000 in an installment sale agreement for the financing of certain improvements of the City's roads and related infrastructure. The City is required to make semi-annual principal and interest payments (3.2% per annum) on December 1 and June 1 of each fiscal year, commencing on December 1, 2022. The installment payments are secured by lease payments from the City of Clearlake to the City of Clearlake Public Financing Authority. The lease payments are secured by Measure V Sales tax override funds. The following represents the future lease payments on installment sale agreement:

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2023

6) LONG-TERM LIABILITIES – Continued

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 1,057,668	\$ 430,152	\$ 1,487,820
2025	1,091,784	396,036	1,487,820
2026	1,127,000	360,819	1,487,819
2027	1,163,353	324,467	1,487,820
2028	1,200,878	286,942	1,487,820
2029	1,239,613	248,206	1,487,819
2030	1,279,598	208,221	1,487,819
2031	1,320,873	166,946	1,487,819
2032	1,363,479	124,340	1,487,819
2033	1,407,460	80,360	1,487,820
2034	1,456,793	31,026	1,487,819
Totals	<u>\$ 13,708,499</u>	<u>\$ 2,657,515</u>	<u>\$ 16,366,014</u>

Fiduciary Fund Long-term Debt

The following is a summary of the Successor Agency Private-purpose Trust Fund long-term debt:

Tax Allocation Bonds:	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Series 2017	\$ 10,965,000	\$ -	\$ 575,000	\$ 10,390,000	\$ 600,000
Bond Discount	(263,006)	-	(18,786)	(244,220)	(18,786)
Total	<u>\$ 10,701,994</u>	<u>\$ -</u>	<u>\$ 556,214</u>	<u>\$ 10,145,780</u>	<u>\$ 581,214</u>

In December 2017, the Clearlake Successor Agency sold \$13,275,000 in 2017 Taxable Tax Allocation Refunding Bonds to refund the previously outstanding 2006A and 2006B Series bonds, at a discount of \$338,150. Interest on the 2017 Bonds is payable on April 1 and October 1 of each year. Principal payments are made on October 1 of each year, with the final payment due on October 1, 2036. Interest rates range from 1.75% to 4%. Future debt service requirements are as follows:

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2023

6) LONG-TERM LIABILITIES – Continued

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 600,000	\$ 363,544	\$ 963,544
2025	610,000	347,281	957,281
2026	630,000	329,444	959,444
2027	645,000	309,916	954,916
2028	665,000	289,031	954,031
2029	690,000	265,288	955,288
2030	715,000	238,944	953,944
2031	745,000	211,569	956,569
2032	770,000	183,163	953,163
2033	800,000	153,725	953,725
2034	830,000	123,163	953,163
2035	865,000	90,300	955,300
2036	895,000	55,100	950,100
2037	930,000	18,600	948,600
Totals	<u>\$ 10,390,000</u>	<u>\$ 2,979,068</u>	<u>\$ 13,369,068</u>

7) PENSION PLAN

General Information about the Defined Benefit Pension Plan

Plan Description – All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees’ Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all others.) Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City of Clearlake sponsors 2 rate plans (both are miscellaneous.) Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2021 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2021 actuarial valuation report. This report is a publicly available valuation report that can be obtained at CalPERS’ website under Forms and Publications.

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2023

7) PENSION PLAN – Continued

The Plan’s provisions and benefits in effect at June 30, 2023, are summarized as follows:

	Miscellaneous	Miscellaneous PEPRA
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2%	2%
Required employee contribution rates	7%	6.75%
Required employer contribution rates	10.32% + \$188,069	7.47% + \$4,964
	Safety Police	Safety Police PEPRA
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3% @ 50	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3%	2% to 2.7%
Required employee contribution rates	9%	13%
Required employer contribution rates	22.47% + \$454,533	12.78% + \$6,937

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund. The dollar amounts are billed on a monthly basis. The City’s required contribution for the unfunded liability was \$654,503 in fiscal year 2023. The City’s contributions to the Plan for the year ended June 30, 2023 were \$1,047,462.

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

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2023

7) PENSION PLAN – Continued

As of June 30, 2023, the City reported a net pension liability for its proportionate shares of the net pension liability of the Plan of \$8,855,260. The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability as of June 30, 2021, and 2022 was as follows:

Proportion - June 30, 2021	0.07816%
Proportion - June 30, 2022	0.07666%
Change - Increase (Decrease)	-0.00150%

For the year ended June 30, 2023, the City recognized pension expense of \$622,555. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,047,462	\$ -
Differences between actual and expected experience	310,715	102,943
Changes in assumptions	897,173	-
Change in employer's proportion	423,523	54,068
Differences between employer's contributions and employer's proportionate share of contributions	30,959	445,368
Net differences between projected and actual earnings on plan investments	1,464,495	-
Total	\$ 4,174,327	\$ 602,379

\$1,047,762 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Amount
2024	\$ 711,943
2025	576,019
2026	342,386
2027	894,138
2028	-
Thereafter	-

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2023

7) PENSION PLAN – Continued

Actuarial Assumptions – The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Actuarial cost method	entry-age normal
Actuarial assumptions:	
Discount rate	6.90%
Inflation	2.30%
Projected salary increase	(1)
Investment rate of return	6.90%
Mortality	(2)

- (1) Depending on age, service and type of employment
(2) Derived using CalPERS' Membership Data for all Funds.

The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

Changes of Assumptions – CalPERS reduced the discount rate and inflation rate from 7.15% and 2.5%, respectively, in measurement year ended June 30, 2021 to 6.90% and 2.30%, respectively, for measurement year ended June 30, 2022.

Long-term Expected Rate of Return - The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows.

Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund.

The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2023

7) PENSION PLAN – Continued

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

Asset Class	New Strategic Allocation	Real Return (1,2)
Global Equity - Cap Weighted	30%	4.54%
Global Equity - Non-Cap Weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%

(1) An expected inflation of 2.3% used for this period.

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

Discount Rate – The discount rate used to measure the total pension liability for PERF C was 6.90%. 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 the Plan, calculated using the discount rate for the Plan, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease	5.90%
Net Pension Liability	\$ 13,475,288
Current Discount Rate	6.90%
Net Pension Liability	\$ 8,855,260
1% Increase	7.90%
Net Pension Liability	\$ 5,071,330

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan – At June 30, 2023, the City reported no payables to the pension plan, for outstanding contributions required for the year ended June 30, 2023.

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2023

8) SUMMARY DISCLOSURE OF SELF-INSURANCE CONTINGENCIES

The City of Clearlake (“City”) is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City obtains insurance coverage. The City maintains self-insurance programs for workers’ compensation, general and auto liability. Claims are processed by an independent third-party claims administrator.

The City is a member of the Public Agency Risk Sharing Authority of California- PARSAC (“Authority”), a joint powers authority, which provides joint protection programs for public entities covering automobile, general liability, errors and omission losses, workers’ compensation, and property claims. Under the program, the City has a \$50,000 retention limit similar to a deductible with the Authority being responsible for losses above that amount up to \$1 million. The Authority has additional coverage of \$49 million in excess of its \$1 million retention limit through affiliated risk management authorities.

Liabilities of the City are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate.

The Authority covers workers’ compensation claims up to its self-insurance limit of \$500,000. The Local Agency Workers Compensation Excess Pool provides excess coverage to statutory limits. The City pays an annual premium to the Authority and may share in any surplus revenues or may be required to pay additional assessments based upon the Authority’s operating results. Financial statements of the Public Agency Risk Sharing Authority of California (PARSAC) may be obtained from its administrative office located at 1525 Response Road, Suite One, Sacramento, California, 95815; www.parsac.org or by calling (916) 927-7727.

Included in the accrued claims liability is an estimated liability for claims filed, as calculated by the City’s third-party claims administrator, but not paid, in the amount of \$69,318 for workers’ compensation.

Fiscal Year	Claims Payable Beginning of Year	Additions	Deletions	Claims Payable End of Year
6/30/23	\$ 174,035	\$ 55,637	\$ 160,354	\$ 69,318
6/30/22	238,202	8,723	72,890	174,035

During the past three fiscal years none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability covered from coverage in the prior year.

9) COMMITMENTS AND CONTINGENCIES

The City has received State and Federal funds that are subject to review and audit by the grantor agencies. Such audits could generate expenditure disallowances under terms of the grants; however, it is believed that any such reimbursements will not be significant.

City of Clearlake
Notes to Financial Statements
Year Ended June 30, 2023

10) FUND BALANCE

	General Fund	Housing Loans	CDBG Projects	Roads Measure V	Grants	Non-major Governmental Funds	Total
Nonspendable:							
Notes Receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:							
Capital Projects	-	-	-	-	-	2,522,708	2,522,708
Housing	-	5,571,848	-	-	-	2,967,821	8,539,669
Public Works/Street Projects	-	-	-	13,824,881	-	649,698	14,474,579
Public Safety	-	-	-	-	-	630,014	630,014
PEG	-	-	-	-	-	302,994	302,994
Unassigned	10,556,411	-	(289,222)	-	(550,156)	(110,536)	9,606,497
Total Fund Balances	\$ 10,556,411	\$ 5,571,848	\$ (289,222)	\$ 13,824,881	\$ (550,156)	\$ 6,962,699	\$ 36,076,461

11) ACCUMULATED FUND DEFICITS

At June 30, 2023, the following funds had deficit fund balances:

Non-major Funds	
HCD Planning Grants Fund	\$ (97,459)
Recycle Fund	(13,077)

These deficits will be eliminated through the collection of unavailable revenues and future revenues.

11) EXCESS EXPENDITURES OVER APPROPRIATIONS

The Roads Measure V Capital Project Fund had expenditures in excess of appropriations of \$124,878. This was funded through additional grant revenues.

12) RESTATEMENT OF NET POSITION

Adjustments were made to the Statement of Net Position to add \$391,330 in capital assets that should have been recorded in prior years.

REQUIRED SUPPLEMENTARY INFORMATION

City of Clearlake
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes and Assessments	\$ 6,075,087	\$ 6,258,957	\$ 6,351,023	\$ 92,066
Fines and Forfeitures	89,500	104,500	54,482	(50,018)
Licenses and Permits	-	-	309	309
Use of Money and Property	18,000	30,000	224,820	194,820
Intergovernmental	125,000	147,500	278,166	130,666
Charges for Services	1,164,133	1,257,968	856,622	(401,346)
Other Revenues	80,100	229,874	561,682	331,808
	<u>7,551,820</u>	<u>8,028,799</u>	<u>8,327,104</u>	<u>298,305</u>
EXPENDITURES				
Current:				
General Government	2,091,582	2,228,783	2,134,494	94,289
Public Safety	4,733,369	4,968,424	4,483,430	484,994
Public Works and Streets	571,217	627,067	582,382	44,685
Housing	504,994	642,897	429,156	213,741
Parks and Recreation	338,137	345,637	483,739	(138,102)
Capital Outlay	80,500	94,621	83,537	11,084
Debt Service:				
Principal	74,000	74,000	296,047	(222,047)
Interest	-	-	46,115	(46,115)
	<u>8,393,799</u>	<u>8,981,429</u>	<u>8,538,900</u>	<u>442,529</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(841,979)</u>	<u>(952,630)</u>	<u>(211,796)</u>	<u>740,834</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	325,979	436,925	240,708	(196,217)
Transfers Out	-	(11,976,802)	(3,078,977)	8,897,825
	<u>325,979</u>	<u>(11,539,877)</u>	<u>(2,838,269)</u>	<u>8,701,608</u>
Net Change in Fund Balances	(516,000)	(12,492,507)	(3,050,065)	9,442,442
Fund Balance, Beginning of Year	<u>13,606,476</u>	<u>13,606,476</u>	<u>13,606,476</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 13,090,476</u>	<u>\$ 1,113,969</u>	<u>\$ 10,556,411</u>	<u>\$ 9,442,442</u>

See notes to Required Supplementary Information

City of Clearlake
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Housing Loans Special Revenue Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of Money and Property	\$ 62,500	\$ 62,500	\$ 57,700	\$ (4,800)
Intergovernmental	-	-	1,751,295	1,751,295
Total Revenues	<u>62,500</u>	<u>62,500</u>	<u>1,808,995</u>	<u>1,746,495</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Housing	142,500	3,381,450	1,832,057	1,549,393
Capital Outlay	467,600	467,600	-	467,600
Total Expenditures	<u>610,100</u>	<u>3,849,050</u>	<u>1,832,057</u>	<u>2,016,993</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(547,600)</u>	<u>(3,786,550)</u>	<u>(23,062)</u>	<u>3,763,488</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	450,000	450,000	-	(450,000)
Transfers Out	(5,000)	(5,000)	(1,265,119)	(1,260,119)
Total Other Financing Sources (Uses)	<u>445,000</u>	<u>445,000</u>	<u>(1,265,119)</u>	<u>(1,710,119)</u>
Net Change in Fund Balances	(102,600)	(3,341,550)	(1,288,181)	2,053,369
Fund Balance, Beginning of Year	<u>6,860,029</u>	<u>6,860,029</u>	<u>6,860,029</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 6,757,429</u></u>	<u><u>\$ 3,518,479</u></u>	<u><u>\$ 5,571,848</u></u>	<u><u>\$ 2,053,369</u></u>

See notes to Required Supplementary Information

City of Clearlake
Required Supplementary Information
Year Ended June 30, 2023

Schedule of the City's Proportionate Share of the Net Pension Liability
Last 10 Years*

Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a % of Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
2022	0.07666%	\$ 8,855,260	\$ 4,369,184	202.68%	73.64%
2021	0.07816%	4,227,180	3,908,004	108.17%	86.32%
2020	0.07203%	7,837,662	3,854,560	203.33%	73.75%
2019	0.07236%	7,415,006	3,309,939	224.02%	73.89%
2018	0.07327%	7,060,885	2,896,358	243.78%	73.66%
2017	0.07339%	7,277,873	3,013,215	241.53%	70.88%
2016	0.07556%	6,538,364	2,561,821	255.22%	70.81%
2015	0.07978%	5,476,171	2,427,382	225.60%	74.68%
2014	0.08254%	5,135,962	2,170,611	236.61%	75.69%

Notes to the Schedule of the City's Proportionate Share of the Net Pension Liability

Benefit Changes: None

Changes in Assumptions: In 2017, the accounting discount rate changed from 7.65% to 7.15%. In 2022, the accounting discount rate changed from 7.15% to 6.90%.

*Fiscal year 2015 was the first year of implementation; therefore, 10 years of information are not yet available.

City of Clearlake
Required Supplementary Information
Year Ended June 30, 2023

Schedule of Plan Contributions
Last 10 Years*

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2023	\$ 1,047,462	\$ (1,047,462)	\$ -	\$ 4,492,175	23.32%
2022	1,070,992	(1,070,992)	-	4,369,184	24.51%
2021	1,071,532	(1,071,532)	-	3,908,004	27.42%
2020	1,197,351	(1,197,351)	-	3,854,560	31.06%
2019	841,961	(841,961)	-	3,309,939	25.44%
2018	1,375,377	(1,375,377)	-	2,896,358	47.49%
2017	181,051	(181,051)	-	3,013,215	6.01%
2016	659,326	(659,326)	-	2,561,821	25.74%
2015	673,740	(673,740)	-	2,427,382	27.76%

Notes to the Schedule of Plan Contributions

Valuation Date: 6/30/2013, 6/30/2014, 6/30/2015, 6/30/2016, 6/30/2017, 6/30/2018, 6/30/2019, 6/30/2020, 6/30/2021

*Fiscal year 2015 was the first year of implementation, therefore, not all 10 years of information are available.

City of Clearlake
Notes to Required Supplementary Information
Year Ended June 30, 2023

1. Budgetary Control and Accounting

The City Council approves each year's budget submitted by the City Manager and Assistant City Manager prior to the beginning of the new fiscal year. Public hearings are conducted prior to its adoption by the Council. All supplemental appropriations, where required during the period, are also approved by the Council. Intradepartmental budget transfers are approved by the City Manager. In most cases, expenditures may not exceed appropriations at the departmental level within the general fund and at the fund level for other funds. At fiscal year-end, all operating budget appropriations lapse.

Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

A budget was not adopted for the following non-major funds:

- Park Development Special Revenue Fund
- Police ABC Special Revenue Fund
- Traffic Impact Fees Special Revenue Fund
- HCD Planning Grants Special Revenue Fund
- Series A Infrastructure Bonds Capital Projects Fund

SUPPLEMENTARY INFORMATION

City of Clearlake
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - CDBG Projects Capital Project Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of Money and Property	\$ -	\$ -	\$ -
Intergovernmental	500,000	40,039	(459,961)
Total Revenues	500,000	40,039	(459,961)
EXPENDITURES			
Current:			
Housing	621,900	329,261	292,639
Capital Outlay	870,000	-	870,000
Total Expenditures	1,491,900	329,261	1,162,639
Excess (Deficiency) of Revenues over Expenditures	(991,900)	(289,222)	702,678
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	(991,900)	(289,222)	702,678
Fund Balance, Beginning of Year	-	-	-
Fund Balance, End of Year	\$ (991,900)	\$ (289,222)	\$ 702,678

City of Clearlake
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Roads Measure V Capital Project Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes and Assessments	\$ 2,787,563	\$ 2,611,140	\$ (176,423)
Use of Money and Property	500	(26,433)	(26,933)
Intergovernmental	-	477,986	477,986
	<u>2,788,063</u>	<u>3,062,693</u>	<u>274,630</u>
EXPENDITURES			
Current:			
Public Works and Streets	794,647	755,035	39,612
Capital Outlay	440,574	645,123	(204,549)
Debt Service:			
Principal	1,050,436	1,046,501	3,935
Interest	437,384	441,319	(3,935)
	<u>2,723,041</u>	<u>2,887,978</u>	<u>(164,937)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>65,022</u>	<u>174,715</u>	<u>109,693</u>
OTHER FINANCING SOURCES (USES)			
Issuance of Debt	-	-	-
Transfers In	-	-	-
Transfers Out	(449,388)	(1,431,163)	(981,775)
	<u>(449,388)</u>	<u>(1,431,163)</u>	<u>(981,775)</u>
Net Change in Fund Balances	(384,366)	(1,256,448)	(872,082)
Fund Balance, Beginning of Year	15,081,329	15,081,329	-
Fund Balance, End of Year	<u>\$ 14,696,963</u>	<u>\$ 13,824,881</u>	<u>\$ (872,082)</u>

City of Clearlake
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Grants Capital Project Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ 10,484,969	\$ 3,908,287	\$ (6,576,682)
Other Revenues	-	-	0
Total Revenues	<u>10,484,969</u>	<u>3,908,287</u>	<u>(6,576,682)</u>
EXPENDITURES			
Current:			
General Government	-	-	-
Housing	1,567,158	228,338	1,338,820
Capital Outlay	<u>22,625,789</u>	<u>5,692,521</u>	<u>16,933,268</u>
Total Expenditures	<u>24,192,947</u>	<u>5,920,859</u>	<u>18,272,088</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(13,707,978)</u>	<u>(2,012,572)</u>	<u>11,695,406</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	13,697,777	4,510,140	(9,187,637)
Transfers Out	<u>(35,891)</u>	<u>-</u>	<u>35,891</u>
Total Other Financing Sources (Uses)	<u>13,661,886</u>	<u>4,510,140</u>	<u>(9,151,746)</u>
Net Change in Fund Balances	(46,092)	2,497,568	2,543,660
Fund Balance, Beginning of Year	<u>(3,047,724)</u>	<u>(3,047,724)</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ (3,093,816)</u></u>	<u><u>\$ (550,156)</u></u>	<u><u>\$ 2,543,660</u></u>

NON-MAJOR GOVERNMENTAL FUNDS

City of Clearlake
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2023

	Special Revenue				
	Police Measure P	Low and Moderate Income Housing	Park Development	PEG	Police Grants
ASSETS					
Cash and Investments	\$ 234,563	\$ 109,489	\$ 3,955	\$ 282,190	\$ 106,536
Receivables:					
Accounts	-	2,571	-	23,062	-
Taxes	242,036	-	-	-	-
Interest	2,287	-	-	-	-
Grants	-	-	-	-	-
Notes Receivable	-	1,093,218	-	-	-
Due from Other Funds	-	-	-	-	-
Total Assets	<u>\$ 478,886</u>	<u>\$ 1,205,278</u>	<u>\$ 3,955</u>	<u>\$ 305,252</u>	<u>\$ 106,536</u>
LIABILITIES					
Accounts Payable	\$ 624	\$ -	\$ -	\$ 2,258	\$ 1,212
Accrued Payroll Liabilities	18,315	768	-	-	-
Unearned Revenue	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Total Liabilities	<u>18,939</u>	<u>768</u>	<u>-</u>	<u>2,258</u>	<u>1,212</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues - Receivables	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICITS)					
Restricted	459,947	1,204,510	3,955	302,994	105,324
Unassigned	-	-	-	-	-
Total Fund Balances	<u>459,947</u>	<u>1,204,510</u>	<u>3,955</u>	<u>302,994</u>	<u>105,324</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 478,886</u>	<u>\$ 1,205,278</u>	<u>\$ 3,955</u>	<u>\$ 305,252</u>	<u>\$ 106,536</u>

Special Revenue

Police ABC	Police Asset Seizure	Gas Tax	Traffic Impact	CDBG Code Enforcement	HCD Planning Grants
\$ 14	\$ 64,215	\$ 36,419	\$ 528,443	\$ 640,595	\$ -
-	-	-	-	-	-
-	-	102,990	-	-	-
-	514	443	4,112	1,923	-
-	-	-	-	-	65,000
-	-	-	-	1,122,719	-
-	-	-	-	-	-
<u>\$ 14</u>	<u>\$ 64,729</u>	<u>\$ 139,852</u>	<u>\$ 532,555</u>	<u>\$ 1,765,237</u>	<u>\$ 65,000</u>
\$ -	\$ -	\$ 22,365	\$ -	\$ 1,926	\$ -
-	-	4,299	-	-	-
-	-	-	-	-	-
-	-	-	-	-	97,459
-	-	26,664	-	1,926	97,459
-	-	-	-	-	65,000
-	-	-	-	-	65,000
14	64,729	113,188	532,555	1,763,311	-
-	-	-	-	-	(97,459)
<u>14</u>	<u>64,729</u>	<u>113,188</u>	<u>532,555</u>	<u>1,763,311</u>	<u>(97,459)</u>
<u>\$ 14</u>	<u>\$ 64,729</u>	<u>\$ 139,852</u>	<u>\$ 532,555</u>	<u>\$ 1,765,237</u>	<u>\$ 65,000</u>

City of Clearlake
Combining Balance Sheet
Non-major Governmental Funds - Continued
June 30, 2023

	Special Revenue	Capital Projects		Total Non-major Governmental Funds
	Recycle Fund	Series A Infrastructure Bonds	Series B Infrastructure Bonds	
ASSETS				
Cash and Investments	\$ -	\$ 15,961	\$ 2,486,860	\$ 4,509,240
Receivables:				
Accounts	-	-	-	25,633
Taxes	-	-	-	345,026
Interest	-	124	19,763	29,166
Grants	-	-	-	65,000
Notes Receivable	-	-	-	2,215,937
Due from Other Funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ -</u>	<u>\$ 16,085</u>	<u>\$ 2,506,623</u>	<u>\$ 7,190,002</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ 28,385
Accrued Payroll Liabilities	-	-	-	23,382
Deposits	-	-	-	-
Due to Other Funds	13,077	-	-	110,536
	<u>13,077</u>	<u>-</u>	<u>-</u>	<u>110,536</u>
Total Liabilities	<u>13,077</u>	<u>-</u>	<u>-</u>	<u>162,303</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues - Receivables	-	-	-	65,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,000</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,000</u>
FUND BALANCE (DEFICITS)				
Restricted	-	16,085	2,506,623	7,073,235
Unassigned	(13,077)	-	-	(110,536)
	<u>(13,077)</u>	<u>16,085</u>	<u>2,506,623</u>	<u>6,962,699</u>
Total Fund Balances	<u>(13,077)</u>	<u>16,085</u>	<u>2,506,623</u>	<u>6,962,699</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ -</u>	<u>\$ 16,085</u>	<u>\$ 2,506,623</u>	<u>\$ 7,190,002</u>

City of Clearlake
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
Year Ended June 30, 2023

	Special Revenue				
	Police Measure P	Low and Moderate Income Housing	Park Development	PEG	Police Grants
REVENUES					
Taxes and Assessments	\$ 1,299,300	\$ -	\$ -	\$ -	\$ -
Use of Money and Property	6,096	1,459	-	(226)	-
Intergovernmental Revenues	-	-	-	58,759	247,959
Charges for Services	19,571	3,308	-	-	-
Other Revenues	-	-	-	25	-
Total Revenues	1,324,967	4,767	-	58,558	247,959
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	1,367,693	-	-	-	115,000
Public Works and Streets	-	-	-	-	-
Housing	-	40,616	-	-	-
Parks and Recreation	-	-	-	16,800	-
Capital Outlay	15,416	-	-	51,352	48,280
Total Expenditures	1,383,109	40,616	-	68,152	163,280
Excess (Deficiency) of Revenues Over Expenditures	(58,142)	(35,849)	-	(9,594)	84,679
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	(33,446)	-	-	-	-
Total Other Financing Sources (Uses)	(33,446)	-	-	-	-
Net Change in Fund Balances	(91,588)	(35,849)	-	(9,594)	84,679
Fund Balances, Beginning of Year	551,535	1,240,359	3,955	312,588	20,645
Fund Balances, End of Year	<u>\$ 459,947</u>	<u>\$ 1,204,510</u>	<u>\$ 3,955</u>	<u>\$ 302,994</u>	<u>\$ 105,324</u>

Special Revenue

Police ABC	Police Asset Seizure	Gas Tax	Traffic Impact	CDBG Code Enforcement	HCD Planning Grants
\$ -	\$ -	\$ 797,021	\$ -	\$ -	\$ -
-	1,414	668	11,311	1,100	-
-	-	-	-	125,165	180,466
-	-	-	104,850	131,922	-
-	-	-	-	-	-
-	1,414	797,689	116,161	258,187	180,466
-	-	-	-	-	-
-	2,283	-	-	236,174	-
-	-	583,354	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	69,406	-	-	-
-	2,283	652,760	-	236,174	-
-	(869)	144,929	116,161	22,013	180,466
-	-	-	-	1,265,119	-
-	-	(40,809)	-	-	(124,453)
-	-	(40,809)	-	1,265,119	(124,453)
-	(869)	104,120	116,161	1,287,132	56,013
14	65,598	9,068	416,394	476,179	(153,472)
<u>\$ 14</u>	<u>\$ 64,729</u>	<u>\$ 113,188</u>	<u>\$ 532,555</u>	<u>\$ 1,763,311</u>	<u>\$ (97,459)</u>

City of Clearlake
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds - Continued
Year Ended June 30, 2023

	Special Revenue	Capital Projects		Total Non-major Governmental Funds
	Recycle Fund	Series A Infrastructure Bonds	Series B Infrastructure Bonds	
REVENUES				
Taxes and Assessments	\$ -	\$ -	\$ -	\$ 2,096,321
Use of Money and Property	-	345	54,509	76,676
Intergovernmental Revenues	-	-	-	612,349
Charges for Services	-	-	101,135	360,786
Other Revenues	-	-	-	25
Total Revenues	<u>-</u>	<u>345</u>	<u>155,644</u>	<u>3,146,157</u>
EXPENDITURES				
Current:				
General Government	5,000	-	-	5,000
Public Safety	-	-	-	1,721,150
Public Works and Streets	-	-	-	583,354
Housing	-	-	-	40,616
Parks and Recreation	-	-	-	16,800
Capital Outlay	-	-	78,561	263,015
Total Expenditures	<u>5,000</u>	<u>-</u>	<u>78,561</u>	<u>2,629,935</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(5,000)</u>	<u>345</u>	<u>77,083</u>	<u>516,222</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	1,265,119
Transfers Out	-	-	(42,000)	(240,708)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(42,000)</u>	<u>1,024,411</u>
Net Change in Fund Balances	(5,000)	345	35,083	1,540,633
Fund Balances, Beginning of Year	<u>(8,077)</u>	<u>15,740</u>	<u>2,471,540</u>	<u>5,422,066</u>
Fund Balances, End of Year	<u>\$ (13,077)</u>	<u>\$ 16,085</u>	<u>\$ 2,506,623</u>	<u>\$ 6,962,699</u>

City of Clearlake
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Police Measure P Special Revenue Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes and Assessments	\$ 1,385,800	\$ 1,299,300	\$ (86,500)
Use of Money and Property	50	6,096	6,046
Charges for Services	19,572	19,571	(1)
Total Revenues	<u>1,405,422</u>	<u>1,324,967</u>	<u>(80,455)</u>
EXPENDITURES			
Current:			
Public Safety	1,358,324	1,367,693	(9,369)
Capital Outlay	60,000	15,416	44,584
Total Expenditures	<u>1,418,324</u>	<u>1,383,109</u>	<u>35,215</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(12,902)</u>	<u>(58,142)</u>	<u>(45,240)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	(66,892)	(33,446)	33,446
Total Other Financing Sources (Uses)	<u>(66,892)</u>	<u>(33,446)</u>	<u>33,446</u>
Net Change in Fund Balances	(79,794)	(91,588)	(11,794)
Fund Balance, Beginning of Year	<u>551,535</u>	<u>551,535</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 471,741</u></u>	<u><u>\$ 459,947</u></u>	<u><u>\$ (11,794)</u></u>

City of Clearlake
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Low and Moderate Income Housing Special Revenue Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of Money and Property	\$ 200	\$ 1,459	\$ 1,259
Charges for Services	35,082	3,308	(31,774)
Other Revenues	-	-	-
Total Revenues	<u>35,282</u>	<u>4,767</u>	<u>(30,515)</u>
EXPENDITURES			
Current:			
General Government	-	-	-
Public Works and Streets	-	-	-
Housing	38,720	40,616	(1,896)
Capital Outlay	-	-	-
Total Expenditures	<u>38,720</u>	<u>40,616</u>	<u>(1,896)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(3,438)</u>	<u>(35,849)</u>	<u>(32,411)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(3,438)	(35,849)	(32,411)
Fund Balance, Beginning of Year	<u>1,240,359</u>	<u>1,240,359</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 1,236,921</u></u>	<u><u>\$ 1,204,510</u></u>	<u><u>\$ (32,411)</u></u>

City of Clearlake
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - PEG Special Revenue Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of Money and Property	\$ -	\$ (226)	\$ (226)
Intergovernmental Revenues	83,500	58,759	(24,741)
Charges for Services	-	-	-
Other Revenues	7,250	25	(7,225)
	<u>90,750</u>	<u>58,558</u>	<u>(32,192)</u>
Total Revenues			
EXPENDITURES			
Current:			
General Government	-	-	-
Public Safety	-	-	-
Parks and Recreation	25,200	16,800	8,400
Capital Outlay	64,938	51,352	13,586
	<u>90,138</u>	<u>68,152</u>	<u>21,986</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over Expenditures	612	(9,594)	(10,206)
OTHER FINANCING SOURCES (USES)			
Transfers Out	(8,000)	-	8,000
	<u>(8,000)</u>	<u>-</u>	<u>8,000</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	(7,388)	(9,594)	(2,206)
Fund Balance, Beginning of Year	312,588	312,588	-
Fund Balance, End of Year	<u>\$ 305,200</u>	<u>\$ 302,994</u>	<u>\$ (2,206)</u>

City of Clearlake
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Police Grants Special Revenue Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of Money and Property	\$ -	\$ -	\$ -
Intergovernmental Revenues	238,919	247,959	9,040
Total Revenues	<u>238,919</u>	<u>247,959</u>	<u>9,040</u>
EXPENDITURES			
Current:			
Public Safety	115,000	115,000	-
Capital Outlay	54,901	48,280	6,621
Total Expenditures	<u>169,901</u>	<u>163,280</u>	<u>6,621</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>69,018</u>	<u>84,679</u>	<u>15,661</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	69,018	84,679	15,661
Fund Balance, Beginning of Year	<u>20,645</u>	<u>20,645</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 89,663</u></u>	<u><u>\$ 105,324</u></u>	<u><u>\$ 15,661</u></u>

City of Clearlake
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Police Asset Seizure Special Revenue Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of Money and Property	\$ -	\$ 1,414	\$ 1,414
Intergovernmental Revenue	-	-	-
Total Revenues	<u>-</u>	<u>1,414</u>	<u>1,414</u>
EXPENDITURES			
Current:			
Public Safety	35,000	2,283	32,717
Capital Outlay	-	-	-
Total Expenditures	<u>35,000</u>	<u>2,283</u>	<u>32,717</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(35,000)</u>	<u>(869)</u>	<u>34,131</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(35,000)	(869)	34,131
Fund Balance, Beginning of Year	<u>65,598</u>	<u>65,598</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 30,598</u></u>	<u><u>\$ 64,729</u></u>	<u><u>\$ 34,131</u></u>

City of Clearlake
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Gas Tax Special Revenue Fund
Year Ended June 30, 2023

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Taxes and Assessments	\$ 786,678	\$ 797,021	\$ 10,343
Use of Money and Property	<u>50</u>	<u>668</u>	<u>618</u>
Total Revenues	<u>786,728</u>	<u>797,689</u>	<u>10,961</u>
EXPENDITURES			
Current:			
Public Works and Streets	620,467	583,354	37,113
Capital Outlay	<u>172,847</u>	<u>69,406</u>	<u>(103,441)</u>
Total Expenditures	<u>793,314</u>	<u>652,760</u>	<u>140,554</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(6,586)</u>	<u>144,929</u>	<u>151,515</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>(40,809)</u>	<u>(40,809)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(40,809)</u>	<u>(40,809)</u>	<u>-</u>
Net Change in Fund Balances	(47,395)	104,120	151,515
Fund Balance, Beginning of Year	<u>9,068</u>	<u>9,068</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ (38,327)</u></u>	<u><u>\$ 113,188</u></u>	<u><u>\$ 151,515</u></u>

City of Clearlake
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - CDBG Code Enforcement Special Revenue Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of Money and Property	\$ -	\$ 1,100	\$ 1,100
Intergovernmental	-	125,165	125,165
Charges for Services	428,133	131,922	(296,211)
Total Revenues	<u>428,133</u>	<u>258,187</u>	<u>(169,946)</u>
EXPENDITURES			
Current:			
General Government	-	-	-
Public Safety	428,133	236,174	191,959
Capital Outlay	-	-	-
Total Expenditures	<u>428,133</u>	<u>236,174</u>	<u>191,959</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>22,013</u>	<u>22,013</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	1,265,119	1,265,119
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,265,119</u>	<u>1,265,119</u>
Net Change in Fund Balances	-	1,287,132	1,287,132
Fund Balance, Beginning of Year	<u>476,179</u>	<u>476,179</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 476,179</u></u>	<u><u>\$ 1,763,311</u></u>	<u><u>\$ 1,287,132</u></u>

City of Clearlake
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Recycle Special Revenue Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes and Assessments	\$ -	\$ -	\$ -
Use of Money and Property	-	-	-
Intergovernmental Revenues	5,000	-	(5,000)
Total Revenues	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
EXPENDITURES			
Current:			
General Government	5,000	5,000	-
Capital Outlay	-	-	-
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>(5,000)</u>	<u>(5,000)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	(5,000)	(5,000)
Fund Balance, Beginning of Year	<u>(8,077)</u>	<u>(8,077)</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ (8,077)</u></u>	<u><u>\$ (13,077)</u></u>	<u><u>\$ (5,000)</u></u>

City of Clearlake
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Series B Infrastructure Bonds Capital Projects Fund
Year Ended June 30, 2023

	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
REVENUES			
Use of Money and Property	\$ -	\$ 54,509	\$ 54,509
Charges for Services	-	101,135	101,135
Total Revenues	<u>-</u>	<u>155,644</u>	<u>155,644</u>
EXPENDITURES			
Capital Outlay	<u>1,000,000</u>	<u>78,561</u>	<u>921,439</u>
Total Expenditures	<u>1,000,000</u>	<u>78,561</u>	<u>921,439</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,000,000)</u>	<u>77,083</u>	<u>1,077,083</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>(13,349)</u>	<u>(42,000)</u>	<u>(28,651)</u>
Total Other Financing Sources (Uses)	<u>(13,349)</u>	<u>(42,000)</u>	<u>(28,651)</u>
Net Change in Fund Balances	(1,013,349)	35,083	1,048,432
Fund Balance, Beginning of Year	<u>2,471,540</u>	<u>2,471,540</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 1,458,191</u></u>	<u><u>\$ 2,506,623</u></u>	<u><u>\$ 1,048,432</u></u>