

**CITY OF CLEARLAKE, CALIFORNIA**

**ANNUAL FINANCIAL REPORT**

Year Ended June 30, 2020

Prepared by  
Administrative Services Department

**City of Clearlake**  
**Annual Financial Report**  
Year Ended June 30, 2020

**TABLE OF CONTENTS**

**Page**

**FINANCIAL SECTION**

<b>Independent Auditor's Report</b>	1 - 3
-------------------------------------	-------

**Basic Financial Statements**

Government-wide Financial Statements:	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements:	
Balance Sheet - Governmental Funds	6 - 7
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	8
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	9 - 10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	11
Statement of Fiduciary Net Position	12
Statement of Changes in Fiduciary Net Position	13
Notes to Financial Statements	14 - 35

**Required Supplementary Information**

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
General Fund	36
Police Measure P Special Revenue Fund	37
CDBG Code Enforcement Special Revenue Fund	38
HOME RLF Special Revenue Fund	39
Schedule of the City's Proportionate Share of the Net Pension Liability	40
Schedule of Plan Contributions	41
Notes to Required Supplementary Information	42

**Supplementary Information**

Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
Series B Infrastructure Bonds Capital Projects Fund	43
Roads Measure V Capital Projects Fund	44
Grants Capital Projects Fund	45
Non-Major Governmental Funds:	
Combining Balance Sheet	46 - 47
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	48 - 49

**City of Clearlake**  
**Annual Financial Report**  
Year Ended June 30, 2020

**TABLE OF CONTENTS - Continued**

Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
Low and Moderate-Income Housing Special Revenue Fund	50
Park Development Special Revenue Fund	51
PEG Special Revenue Fund	52
Police Grants Special Revenue Fund	53
Police ABC Special Revenue Fund	54
Police Asset Seizure Special Revenue Fund	55
Gas Tax Special Revenue Fund	56
Traffic Impact Special Revenue Fund	57
EDBG RLF Special Revenue Fund	58
Recycle Special Revenue Fund	59
Series A Infrastructure Bonds Capital Projects Fund	60
Agency Funds - Fiduciary Funds:	
Combining Statement of Changes in Assets and Liabilities	61

## **FINANCIAL SECTION**

## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

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, California, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Clearlake's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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**Van Lant & Fankhanel, LLP**

29970 Technology Drive, Suite 105 A  
Murrieta, CA 92563  
909.856.6879

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Clearlake, California, as of June 30, 2020, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***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 in the basic financial statements. Such 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, and historical context.

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, 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.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedules listed in the Supplementary Information section of the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules listed in the Supplementary Information section of 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 April 14, 2022, 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.

*Van Lant & Fankhaenel, LLP*

April 14, 2022

## **BASIC FINANCIAL STATEMENTS**



**City of Clearlake**  
**Statement of Net Position**  
June 30, 2020

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and Investments	\$ 5,148,274
Receivables:	
Accounts	1,038,225
Interest	15,700
Taxes Receivable	1,566,697
Notes Receivable	8,081,097
Land Held for Resale	113,154
Capital Assets:	
Land	7,306,000
Construction in Progress	3,012,354
Other Capital Assets, Net	14,773,250
Total Assets	<u>41,054,751</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Pension Related Items	<u>2,394,003</u>
<b>LIABILITIES</b>	
Accounts Payable	440,478
Accrued Payroll Liabilities	361,948
Deposits	79,137
Unearned Revenue	113,178
Noncurrent Liabilities:	
Due Within One Year	175,639
Due in More Than One Year	8,558,671
Total Liabilities	<u>9,729,051</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Pension Related Items	<u>406,487</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	24,145,964
Restricted for:	
PEG	230,057
Housing	8,866,342
Public Safety	181,432
Streets and Highways	869,907
Capital Projects	3,725,415
Unrestricted	(4,705,901)
Total Net Position	<u><u>\$ 33,313,216</u></u>

The accompanying notes are an integral part of this statement.

**City of Clearlake**  
**Statement of Activities**  
Year Ended June 30, 2020

					Net (Expense) Revenue and Change in Net Position
		Program Revenues			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activites
Governmental Activities:					
General Government	\$ 1,920,190	\$ 368,081	\$ 24,027	\$ 155,322	\$ (1,372,760)
Public Safety	6,093,660	367,406	297,849	138,666	(5,289,739)
Public Works	2,072,563	216,857	306,442	3,527,997	1,978,733
Housing	216,331	262,513	-	-	46,182
Parks and Recreation	1,674,407	140,006	-	-	(1,534,401)
Interest and Fiscal Charges	5,336	-	-	-	(5,336)
Total Governmental Activities	11,982,487	1,354,863	628,318	3,821,985	(6,177,321)
General Revenues:					
Taxes:					
					3,097,835
					2,111,873
					617,649
					367,358
					54,460
					4,685
					33,449
					6,287,309
Change in Net Position					
					109,988
Net Position - Beginning of Year					
					33,210,940
Restatement of Net Position					
					(7,712)
Net Position - End of Year					
					\$ 33,313,216

The accompanying notes are an integral part of this statement.

**City of Clearlake**  
**Balance Sheet**  
**Governmental Funds**  
June 30, 2020

		Special Revenue		
	General Fund	Police Measure P	CDBG Code Enforcement	HOME RLF
<b>ASSETS</b>				
Cash and Investments	\$ 43,653	\$ -	\$ 384,657	\$ 86,085
Receivables:				
Accounts	299,397	-	131,494	-
Interest	15,700	-	-	-
Taxes	780,248	248,236	-	-
Notes	-	-	1,523,327	5,274,468
Due from Other Funds	167,832	-	-	-
Land Held for Resale	-	-	113,154	-
Total Assets	<u>\$ 1,306,830</u>	<u>\$ 248,236</u>	<u>\$ 2,152,632</u>	<u>\$ 5,360,553</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 299,281	\$ -	\$ 2,924	\$ -
Accrued Payroll Liabilities	234,324	69,640	10,260	-
Deposits	72,078	-	-	-
Unearned Revenue	-	-	-	-
Due to Other Funds	-	302,385	-	-
Total Liabilities	<u>605,683</u>	<u>372,025</u>	<u>13,184</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenues - Interest Receivable	-	-	-	-
Unavailable Revenues - Grants Receivable	153,688	-	131,794	-
Total Deferred Inflows of Resources	<u>153,688</u>	<u>-</u>	<u>131,794</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable	-	-	-	-
Restricted	-	-	2,007,654	5,360,553
Committed	-	-	-	-
Unassigned	547,459	(123,789)	-	-
Total Fund Balances (Deficits)	<u>547,459</u>	<u>(123,789)</u>	<u>2,007,654</u>	<u>5,360,553</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 1,306,830</u>	<u>\$ 248,236</u>	<u>\$ 2,152,632</u>	<u>\$ 5,360,553</u>

The accompanying notes are an integral part of this statement.

Special Revenue	Capital Project			Total Nonmajor Governmental Funds	Totals
CARES Act	Series B Infrastructure Bonds	Roads Measure V	Grants		
\$ -	\$ 2,593,954	\$ 53,071	\$ 243,999	\$ 1,742,855	\$ 5,148,274
167,832	-	436,036	-	3,466	1,038,225
-	-	-	-	-	15,700
-	-	497,879	-	40,334	1,566,697
-	-	-	-	1,283,302	8,081,097
-	-	-	-	332,031	499,863
-	-	-	-	-	113,154
<u>\$ 167,832</u>	<u>\$ 2,593,954</u>	<u>\$ 986,986</u>	<u>\$ 243,999</u>	<u>\$ 3,401,988</u>	<u>\$ 16,463,010</u>
\$ -	\$ -	\$ 47,558	\$ 29,858	\$ 60,857	\$ 440,478
-	-	32,875	-	14,849	361,948
-	-	-	-	7,059	79,137
-	-	-	113,178	-	113,178
167,832	-	-	-	29,646	499,863
<u>167,832</u>	<u>-</u>	<u>80,433</u>	<u>143,036</u>	<u>112,411</u>	<u>1,494,604</u>
-	-	-	-	8,530	8,530
108,990	-	407,217	-	-	801,689
<u>108,990</u>	<u>-</u>	<u>407,217</u>	<u>-</u>	<u>8,530</u>	<u>810,219</u>
-	-	-	-	-	-
-	2,593,954	499,336	100,963	3,310,693	13,873,153
-	-	-	-	-	-
(108,990)	-	-	-	(29,646)	285,034
<u>(108,990)</u>	<u>2,593,954</u>	<u>499,336</u>	<u>100,963</u>	<u>3,281,047</u>	<u>14,158,187</u>
<u>\$ 167,832</u>	<u>\$ 2,593,954</u>	<u>\$ 986,986</u>	<u>\$ 243,999</u>	<u>\$ 3,401,988</u>	<u>\$ 16,463,010</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, 2020

Fund Balances of Governmental Funds	\$ 14,158,187
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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	\$ 7,306,000	
Construction in Progress	3,012,354	
Buildings and Improvements	3,561,387	
Vehicles and Equipment	3,088,429	
Infrastructure	15,830,087	
Less: Accumulated Depreciation	<u>(7,706,653)</u>	25,091,604

In governmental funds, other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	810,219
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Compensated Absences	(255,348)	
Net Pension Liability	(7,415,006)	
Claims Payable	(118,316)	
Energy Efficiency Loan Payable	(721,954)	
Lease Payable	(223,686)	

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	2,394,003	
Deferred Inflows Related to Pensions	<u>(406,487)</u>	

Net Position of Governmental Activities	<u><u>\$ 33,313,216</u></u>
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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, 2020

		Special Revenue		
	General	Police	CDBG	
	Fund	Measure P	Code	HOME RLF
			Enforcement	
<b>REVENUES</b>				
Taxes and Assessments	\$ 5,164,245	\$ 1,084,930	\$ -	\$ -
Fines and Forfeitures	108,476	-	-	-
Licenses and Permits	25,852	-	-	-
Use of Money and Property	4,986	-	4,067	1,950
Intergovernmental	224,397	-	-	-
Charges for Services	789,746	-	84,789	83,854
Other Revenues	24,439	-	-	-
Total Revenues	6,342,141	1,084,930	88,856	85,804
<b>EXPENDITURES</b>				
Current:				
General Government	1,636,581	-	-	-
Public Safety	4,067,502	1,193,320	228,294	-
Public Works and Streets	336,151	-	-	-
Housing	389,694	-	-	5,450
Parks and Recreation	203,715	-	-	-
Capital Outlay	130,681	13,783	-	-
Debt Service:				
Principal	108,300	-	-	-
Interest	5,336	-	-	-
Total Expenditures	6,877,960	1,207,103	228,294	5,450
Excess (Deficiency) of Revenues Over Expenditures	(535,819)	(122,173)	(139,438)	80,354
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	341,831	-	-	-
Transfers Out	(1,680)	-	-	-
Total Other Financing Sources (Uses)	340,151	-	-	-
Net Change in Fund Balances	(195,668)	(122,173)	(139,438)	80,354
Fund Balances, Beginning	883,021	(1,616)	2,147,092	5,280,199
Prior Period Adjustments	(139,894)	-	-	0
Fund Balances, Ending	\$ 547,459	\$ (123,789)	\$ 2,007,654	\$ 5,360,553

The accompanying notes are an integral part of this statement.

Special Revenue	Capital Project			Total Nonmajor Governmental Funds	
CARES Act	Series B Infrastructure Bonds	Roads Measure V	Grants		Totals
\$ -	\$ -	\$ 2,177,240	\$ -	\$ 707,120	\$ 9,133,535
-	-	-	-	-	108,476
-	-	-	-	-	25,852
-	31,104	-	31	33,907	76,045
58,842	-	-	740,609	401,782	1,425,630
-	-	-	-	70,398	1,028,787
-	-	-	-	3,955	28,394
<u>58,842</u>	<u>31,104</u>	<u>2,177,240</u>	<u>740,640</u>	<u>1,217,162</u>	<u>11,826,719</u>
-	-	-	-	41,222	1,677,803
-	-	-	-	100,221	5,589,337
-	-	713,953	-	624,303	1,674,407
-	-	-	-	94,639	489,783
-	-	-	-	12,616	216,331
-	-	122,392	4,768,630	124,985	5,160,471
-	-	-	-	-	108,300
-	-	-	-	-	5,336
<u>-</u>	<u>-</u>	<u>836,345</u>	<u>4,768,630</u>	<u>997,986</u>	<u>14,921,768</u>
<u>58,842</u>	<u>31,104</u>	<u>1,340,895</u>	<u>(4,027,990)</u>	<u>219,176</u>	<u>(717,076)</u>
-	-	-	4,508,322	1,680	4,851,833
<u>(167,832)</u>	<u>(513,634)</u>	<u>(1,283,390)</u>	<u>-</u>	<u>(2,885,297)</u>	<u>(4,851,833)</u>
<u>(167,832)</u>	<u>(513,634)</u>	<u>(1,283,390)</u>	<u>4,508,322</u>	<u>(2,883,617)</u>	<u>-</u>
(108,990)	(482,530)	57,505	480,332	(2,664,441)	(3,095,049)
-	3,076,484	441,831	(379,369)	5,945,488	17,393,130
-	-	-	-	-	(139,894)
<u>\$ (108,990)</u>	<u>\$ 2,593,954</u>	<u>\$ 499,336</u>	<u>\$ 100,963</u>	<u>\$ 3,281,047</u>	<u>\$ 14,158,187</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, 2020

Net Change in Fund Balances - Total Governmental Funds	\$	(3,095,049)
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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		4,136,706
Depreciation Expense		(764,528)

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.

265,756

The amounts below included in the Statement of Activities do not provide (require) the use of current financial resources and, therefore, are not reported as revenues or expenditures in governmental funds (net change):

Net Pension Liability		(354,121)
Claims Payable		(80,216)
Compensated Absences		(17,193)
Energy Efficiency Loan		68,169
Capital Lease Payable		40,131

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		(86,434)
Deferred Inflows Related to Pensions		(3,233)

Change in Net Position of Governmental Activities	\$	109,988
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The accompanying notes are an integral part of this statement.



**City of Clearlake**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
June 30, 2020

	LAFCO Agency Fund	Successor Agency Private-purpose Trust Fund
<b>ASSETS</b>		
Cash and Investments	\$ 190,776	\$ 473,598
Restricted Cash and Investments	-	1,012,911
Loans Receivable	-	5,746
Deposits	-	10,000
Land Held for Resale	-	2,083,877
	<hr/>	<hr/>
Total Assets	<u>\$ 190,776</u>	<u>3,586,132</u>
<b>LIABILITIES</b>		
Accounts Payable	10,785	10,000
Accrued Payroll Liabilities	-	2,332
Due to Other Agencies	179,991	-
Interest Payable	-	102,728
Long-Term Debt, Due within One Year	-	555,000
Long-Term Debt, Due in more Than One Year	-	11,224,422
	<hr/>	<hr/>
Total Liabilities	<u>\$ 190,776</u>	<u>11,894,482</u>
<b>NET POSITION</b>		
Net Position (Deficit) Held in Trust for Successor Agency		<u>\$ (8,308,350)</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, 2020

	Successor Agency Private-purpose Trust Fund
<b>ADDITIONS</b>	
Investment Income	\$ 146
Taxes and Assessments	<u>1,266,292</u>
Total Additions	<u>1,266,438</u>
<b>DEDUCTIONS</b>	
Administrative Costs	196,266
Interest Expense	<u>432,023</u>
Total Deductions	<u>628,289</u>
Change in Net Position	638,149
Net Position - Beginning of Year	<u>(8,946,499)</u>
Net Position - End of Year	<u><u>\$ (8,308,350)</u></u>

The accompanying notes are an integral part of this statement.

**City of Clearlake**  
**Notes to Financial Statements**  
Year Ended June 30, 2020

**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 and liabilities 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, 2020

**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.

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.

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.

**City of Clearlake**  
**Notes to Financial Statements**  
Year Ended June 30, 2020

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

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.

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.

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.

**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 *Police Measure P Fund* accounts for the use of a special sales tax measure approved for funding public safety activities.

The *CDBG Code Enforcement Fund* is used to support several areas of the Code Enforcement operations in areas of the City that meet CDBG program requirements.

The *HOME RLF 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 *CARES Act Fund* accounts for the use of CARES Act revenues.

The *Series B Infrastructure Bond Proceeds Fund* accounts for Series B proceeds used to complete various road and infrastructure projects consistent with the original bond issuance.

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.

**City of Clearlake**  
**Notes to Financial Statements**  
Year Ended June 30, 2020

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

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

The *Agency 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.

**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, County and City governments and remain unremitted to the City as of June 30, 2020.

**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.

**City of Clearlake**  
**Notes to Financial Statements**  
Year Ended June 30, 2020

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

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.

**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.

**City of Clearlake**  
**Notes to Financial Statements**  
Year Ended June 30, 2020

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**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.

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.



**City of Clearlake**  
**Notes to Financial Statements**  
Year Ended June 30, 2020

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**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 position 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 position 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 as a result of the City's implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, which qualify for reporting in this category.

**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.

**N) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements**

The Governmental Accounting Standards Board has issued the following Statements, which may affect the City's financial reporting requirements in the future:

*GASB 84 - Fiduciary Activities:* This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

*GASB 87 – Leases:* This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

**City of Clearlake**  
**Notes to Financial Statements**  
Year Ended June 30, 2020

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

*GASB 89 – Accounting for Interest Cost Incurred before the End of a Construction Period:* This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

*GASB 90 – Majority Equity Interests:* The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

*GASB 91 - Conduit Debt Obligations:* The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

**O) 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.

**2) CASH AND INVESTMENTS**

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

Statement of Net Position:	
Cash and Investments	\$ 5,148,274
Statement of Fiduciary Net Position:	
Cash and Investments	664,374
Cash and Investments with Fiscal Agents	<u>1,012,911</u>
Total Cash and Investments	<u>\$ 6,825,559</u>

Cash and Investments consist of the following:

Cash on Hand	\$ 640
Deposits with Financial Institutions	1,640,311
Investments	<u>5,184,608</u>
Total Cash and Investments	<u>\$ 6,825,559</u>

**City of Clearlake**  
**Notes to Financial Statements**  
Year Ended June 30, 2020

**2) CASH AND INVESTMENTS – Continued**

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.

<u>Authorized Investment Type</u>	<u>Authorized by Investment Policy</u>	<u>Maximum Maturity*</u>	<u>Maximum Percentage of Portfolio*</u>	<u>Maximum Investment In One Issuer*</u>
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.

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.

**City of Clearlake**  
**Notes to Financial Statements**  
Year Ended June 30, 2020

**2) CASH AND INVESTMENTS – Continued**

<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	\$ 4,171,697	\$ -	\$ -	\$ 4,171,697
Held by Bond Trustee:				
Money Market Mutual Funds	1,012,911	-	-	1,012,911
Total Pooled Investments	<u>\$ 5,184,608</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,184,608</u>

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.

**City of Clearlake**  
**Notes to Financial Statements**  
Year Ended June 30, 2020

**2) CASH AND INVESTMENTS - Continued**

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, 2020, 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, 2020, 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, 2020, 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.

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.

**City of Clearlake**  
**Notes to Financial Statements**  
Year Ended June 30, 2020

**2) CASH AND INVESTMENTS - Continued**

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, 2020 are as follows:

Due To (Receivable)	Due From (Payable)	Amount
General Fund	CARES Act Fund	\$ 167,832
Non-major Governmental Funds	Police Measure P	302,385
	Non-major Governmental Funds	<u>29,646</u>
Total		<u>\$ 499,863</u>

The \$167,832 due to the General Fund from the CARES Act Special Revenue Fund will be repaid when the grant revenues are received in the subsequent fiscal year. The \$302,385 due to the Non-major Special Revenue Funds from the Police Measure P Fund will be repaid with future Measure P revenues.

Transfers consisted of the following at June 30, 2020:

TRANSFERS OUT	TRANSFERS IN			Total
	General Fund	Grants	Non-Major Funds	
General Fund	\$ -	\$ -	\$ 1,680	\$ 1,680
CARES Act	167,832	-	-	167,832
Series B Infrastructure Bond Proceeds	-	513,634	-	513,634
Roads Measure V	-	1,283,390	-	1,283,390
Non-Major Funds	173,999	2,711,298	-	2,885,297
Total	<u>\$ 341,831</u>	<u>\$ 4,508,322</u>	<u>\$ 1,680</u>	<u>\$ 4,851,833</u>

Transfers were made from the CARES Act Fund to the General Fund of \$167,832 for coronavirus relief funding. Transfers were made from the Series B Infrastructure Bond Proceeds, Roads Measure V and Non-Major Funds totaling \$4,508,322 for project costs. In addition, the Non-Major Funds transferred \$173,999 in recycling franchise fees to the General Fund.

**City of Clearlake**  
**Notes to Financial Statements**  
Year Ended June 30, 2020

**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 \$6,595,682.

Loans and notes receivable for the year ended June 30, 2020, consisted of the following:

Fund	Beginning Balance	Additions	Deletions	Ending Balance
CDBG Code Enforcement	\$ 1,534,665	\$ 79,568	\$ 90,906	\$ 1,523,327
HOME RLF	5,129,466	149,966	4,964	5,274,468
Nonmajor Governmental Funds	1,298,287	-	14,985	1,283,302
Total	<u>\$ 7,962,418</u>	<u>\$ 229,534</u>	<u>\$ 110,855</u>	<u>\$ 8,081,097</u>

**5) CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2020 is as follows:

	Beginning Balance	Adjustments	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>					
Nondepreciable Capital Assets					
Land	\$ 7,361,000	\$ (55,000)	\$ -	\$ -	\$ 7,306,000
Construction in Progress	588,953	-	2,423,401	-	3,012,354
Total Capital Assets Not Depreciated	<u>7,949,953</u>	<u>(55,000)</u>	<u>2,423,401</u>	<u>-</u>	<u>10,318,354</u>
Depreciable Capital Assets					
Buildings and Improvements	3,683,536	(122,149)	-	-	3,561,387
Equipment	1,466,450	(47,454)	17,265	-	1,436,261
Vehicles	1,557,710	87,583	6,875	-	1,652,168
Infrastructure	14,140,922	-	1,689,165	-	15,830,087
Total Depreciable Capital Assets	<u>20,848,618</u>	<u>(82,020)</u>	<u>1,713,305</u>	<u>-</u>	<u>22,479,903</u>
Less Accumulated Depreciation:					
Buildings and Improvements	1,625,427	(76,666)	137,961	-	1,686,722
Equipment	705,123	(23,062)	83,446	-	765,507
Vehicles	1,179,440	(169,474)	98,130	-	1,108,096
Infrastructure	3,701,337	-	444,991	-	4,146,328
Total Accumulated Depreciation	<u>7,211,327</u>	<u>(269,202)</u>	<u>764,528</u>	<u>-</u>	<u>7,706,653</u>
Net Depreciable Capital Assets	<u>13,637,291</u>	<u>187,182</u>	<u>948,777</u>	<u>-</u>	<u>14,773,250</u>
Total Capital Assets, Net	<u>\$ 21,587,244</u>	<u>\$ 132,182</u>	<u>\$ 3,372,178</u>	<u>\$ -</u>	<u>\$ 25,091,604</u>

See Note 13 Restatement of Net Position for more information on the adjustments above.

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

General Government	\$ 144,978
Public Safety	60,535
Public Works and Streets	559,015
Total Depreciation Expense	<u>\$ 764,528</u>

**City of Clearlake**  
**Notes to Financial Statements**  
Year Ended June 30, 2020

**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, 2020:

<b>Governmental Activities:</b>	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	\$ 238,155	\$ 56,385	\$ 39,192	\$ 255,348	\$ 65,000
Net Pension Liability	7,060,885	354,121	-	7,415,006	-
Claims Payable	38,100	80,216	-	118,316	-
Loans from direct borrowings:					
Energy Efficiency Loan	762,085	-	40,131	721,954	40,823
Capital Lease Payable	291,855	-	68,169	223,686	69,816
<b>Total</b>	<b>\$ 8,391,080</b>	<b>\$ 490,722</b>	<b>\$ 147,492</b>	<b>\$ 8,734,310</b>	<b>\$ 175,639</b>

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

**Energy Efficiency Lease Agreement (direct borrowing)**

In April, 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 15<sup>th</sup> and each year, maturing on November 15, 2032. The General Fund will generally be responsible for making the debt service payments annually.

The annual debt service requirements for the lease agreement as of June 30, 2020 are as follows:

Fiscal Year Ending			
June 30,	Principal	Interest	Total
2021	\$ 40,823	\$ 17,098	\$ 57,921
2022	41,750	16,171	57,921
2023	42,702	15,219	57,921
2024	43,682	14,239	57,921
2025	44,691	13,230	57,921
2026-2030	239,625	49,979	289,604
2031-2035	268,681	19,996	288,677
<b>Totals</b>	<b>\$ 721,954</b>	<b>\$ 145,932</b>	<b>\$ 867,886</b>

**Capital Lease Payable**

The City, at various occasions, enters into lease agreements that qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The capitalized costs and accumulated depreciation on assets acquired through capital leases are \$291,855 and \$37,614. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020, were as follows:



**City of Clearlake**  
**Notes to Financial Statements**  
Year Ended June 30, 2020

**6) LONG-TERM LIABILITIES - Continued**

Fiscal Year Ending June 30,	Governmental Activities
2021	\$ 82,497
2022	82,497
2023	82,497
Totals	\$ 247,491
Less: Interest	(23,805)
Present Value	<u>\$ 223,686</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	\$ 12,625,000	\$ -	\$ 545,000	\$ 12,080,000	\$ 555,000
Bond Discount	(319,364)	-	(18,786)	(300,578)	(18,786)
Total	<u>\$ 12,305,636</u>	<u>\$ -</u>	<u>\$ 526,214</u>	<u>\$ 11,779,422</u>	<u>\$ 536,214</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:

Fiscal Year Ending June 30,	Principal	Interest	Total
2021	\$ 555,000	\$ 405,363	\$ 960,363
2022	560,000	393,163	953,163
2023	575,000	378,966	953,966
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>\$ 12,080,000</u>	<u>\$ 4,156,556</u>	<u>\$ 16,236,556</u>

**City of Clearlake**  
**Notes to Financial Statements**  
Year Ended June 30, 2020

**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, 2018 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2018 actuarial valuation report. This report is a publicly available valuation report that can be obtained at CalPERS' website under Forms and Publications.

The Plan's provisions and benefits in effect at June 30, 2020, 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	9.680% + \$158,049	6.985% + \$2,972
	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%	12%
Required employer contribution rates	20.707% + \$553,039	13.034% + \$4,611

**City of Clearlake**  
**Notes to Financial Statements**  
Year Ended June 30, 2020

**7) PENSION PLAN – Continued**

**Contributions** – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for 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 \$718,671 in fiscal year 2020. The City's contributions to the Plan for the year ended June 30, 2020 were \$1,197,351.

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

As of June 30, 2020, the City reported a net pension liability for its proportionate shares of the net pension liability of the Plan of \$7,415,006. The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability as of June 30, 2018, and 2019 was as follows:

Proportion - June 30, 2018	0.07327%
Proportion - June 30, 2019	0.07236%
Change - Increase (Decrease)	-0.00091%

For the year ended June 30, 2020, the City recognized pension expense of \$1,641,137. At June 30, 2020, 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	\$ 1,197,351	\$ -
Differences between actual and expected experience	492,684	11,053
Changes in assumptions	317,682	77,602
Change in employer's proportion	56,332	164,423
Differences between employer's contributions and employer's proportionate share of contributions	329,954	43,749
Net differences between projected and actual earnings on plan investments	-	109,660
Total	<u>\$ 2,394,003</u>	<u>\$ 406,487</u>

**City of Clearlake**  
**Notes to Financial Statements**  
Year Ended June 30, 2020

**7) PENSION PLAN – Continued**

\$1,197,351 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, 2021. 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,	
2020	\$ 712,772
2021	(30,857)
2022	86,646
2023	21,604
2024	-
Thereafter	-

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Actuarial cost method	entry-age normal
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Projected salary increase	(1)
Investment rate of return	7.15%
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 table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

**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.

**City of Clearlake**  
**Notes to Financial Statements**  
Year Ended June 30, 2020

**7) PENSION PLAN – Continued**

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	50%	4.80%	5.98%
Global Fixed Income	28%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	-	-0.92%

(1) An expected inflation of 2.0% used for this period.

(2) An expected inflation of 2.92% used for this period.

**Discount Rate** – The discount rate used to measure the total pension liability for PERF C was 7.15%. 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	6.15%
Net Pension Liability	\$ 11,284,543
Current Discount Rate	7.15%
Net Pension Liability	\$ 7,415,006
1% Increase	8.15%
Net Pension Liability	\$ 4,235,557

**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, 2020, the City reported no payables to the pension plan, for outstanding contributions required for the year ended June 30, 2020.

**City of Clearlake**  
**Notes to Financial Statements**  
Year Ended June 30, 2020

**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](http://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 \$118,316 for workers' compensation.

<u>Fiscal Year</u>	<u>Claims Payable Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Claims Payable End of Year</u>
6/30/20	\$ 38,100	\$ 80,216	\$ -	\$ 118,316
6/30/19	63,563	-	(25,463)	38,100

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, 2020

**10) FUND BALANCE**

	General Fund	Police Measure P	CDBG Code Enforcement	HOME RLF	CARES Act	Series A Infrastructure Bonds
Nonspendable:						
Notes Receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:						
Capital Projects	-	-	-	-	-	2,593,954
Housing	-	-	2,007,654	5,360,553	-	-
Public Works/Street Projects	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
PEG	-	-	-	-	-	-
LAFCO	-	-	-	-	-	-
Unassigned	547,459	(123,789)	-	-	(108,990)	-
Total Fund Balances	<u>\$ 547,459</u>	<u>\$ (123,789)</u>	<u>\$ 2,007,654</u>	<u>\$ 5,360,553</u>	<u>\$ (108,990)</u>	<u>\$ 2,593,954</u>

  

	Roads Measure V	Grants	Non-major Governmental Funds	Total
Nonspendable:				
Notes Receivable	\$ -	\$ -	\$ -	\$ -
Restricted for:				
Capital Projects	-	-	-	2,593,954
Housing	-	-	1,498,135	8,866,342
Public Works/Street Projects	499,336	100,963	1,401,069	2,001,368
Public Safety	-	-	181,432	181,432
PEG	-	-	230,057	230,057
Unassigned	-	-	(29,646)	285,034
Total Fund Balances	<u>\$ 499,336</u>	<u>\$ 100,963</u>	<u>\$ 3,281,047</u>	<u>\$ 14,158,187</u>

**11) ACCUMULATED FUND DEFICITS**

At June 30, 2020, the following funds had deficit fund balances:

Major Funds:	
Police Measure P	\$ (123,789)
CARES Act	(108,990)
Non-major Funds	
Recycle Fund	(29,646)

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

**City of Clearlake**  
**Notes to Financial Statements**  
Year Ended June 30, 2020

**12) SUBSEQUENT EVENTS**

In June 2019, the City, among other entities, was a party to a settlement with Pacific Gas and Electric Company (PG&E) with a total settlement of \$415 million. In July 2020, subsequent to the end of the fiscal year, the City was allocated a gross settlement amount of \$18,347,776, of which, the City received \$14,876,403. The settlement amount was based on documented costs incurred and/or impacts from fires where there wasn't another funding source. The largest of which was impacts to City roads and potential slope mitigation/watershed restoration costs. According to the settlement agreement, the use of the funds is entirely within the City's discretion.

In addition, in October 2020, subsequent to the end of the fiscal year, the City sold land for \$375,624.

**13) RESTATEMENT OF NET POSITION/PRIOR PERIOD ADJUSTMENT**

The restatement of net position of \$(7,712) in the Statement of Activities is the net adjustment of \$132,812 for capital asset activity related to prior years and the adjustment of \$(139,894) for expenses that should have been accrued in the prior year.

The prior period adjustment of \$(139,894) in the Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund is for expenditures that should have been accrued in the prior year.



## **REQUIRED SUPPLEMENTARY INFORMATION**

**City of Clearlake**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - General Fund**  
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes and Assessments	\$ 5,360,682	\$ 5,360,682	\$ 5,164,245	\$ (196,437)
Fines and Forfeitures	55,000	55,000	108,476	53,476
Licenses and Permits	16,500	16,500	25,852	9,352
Use of Money and Property	2,600	2,600	4,986	2,386
Intergovernmental	200,685	200,685	224,397	23,712
Charges for Services	948,500	948,500	789,746	(158,754)
Other Revenues	10,279	10,279	24,439	14,160
Total Revenues	6,594,246	6,594,246	6,342,141	(252,105)
<b>EXPENDITURES</b>				
Current:				
General Government	1,842,874	1,842,874	1,636,581	206,293
Public Safety	4,378,212	4,244,797	4,067,502	177,295
Public Works and Streets	429,595	429,595	389,694	39,901
Housing	335,423	335,423	203,715	131,708
Parks and Recreation	175,533	175,533	336,151	(160,618)
Capital Outlay	150,000	150,000	130,681	19,319
Debt Service:				
Principal	35,000	35,000	108,300	(73,300)
Interest	38,335	38,335	5,336	32,999
Total Expenditures	7,384,972	7,251,557	6,877,960	373,597
Excess (Deficiency) of Revenues over Expenditures	(790,726)	(657,311)	(535,819)	121,492
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	712,357	712,357	341,831	(370,526)
Transfers Out	-	-	(1,680)	(1,680)
Total Other Financing Sources (Uses)	712,357	712,357	340,151	(372,206)
Net Change in Fund Balances	(78,369)	55,046	(195,668)	(250,714)
Fund Balance, Beginning of Year	883,021	883,021	883,021	-
Fund Balance, End of Year	\$ 804,652	\$ 938,067	\$ 547,459	\$ (390,608)

**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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Taxes and Assessments	\$ 965,290	\$ 965,290	\$ 1,084,930	\$ 119,640
Use of Money and Property	50	50	-	(50)
Total Revenues	965,340	965,340	1,084,930	119,590
<b>EXPENDITURES</b>				
Current:				
Public Safety	1,066,852	1,066,852	1,193,320	(126,468)
Capital Outlay	-	-	13,783	(13,783)
Total Expenditures	1,066,852	1,066,852	1,207,103	(140,251)
Excess (Deficiency) of Revenues over Expenditures	(101,512)	(101,512)	(122,173)	(20,661)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	49,749	49,749	-	(49,749)
Transfers Out	(92,857)	(92,857)	-	92,857
Total Other Financing Sources (Uses)	(43,108)	(43,108)	-	43,108
Net Change in Fund Balances	(144,620)	(144,620)	(122,173)	22,447
Fund Balance, Beginning of Year	(1,616)	(1,616)	(1,616)	-
Fund Balance, End of Year	\$ (146,236)	\$ (146,236)	\$ (123,789)	\$ 22,447

**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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Use of Money and Property	\$ -	\$ -	\$ 4,067	\$ 4,067
Charges for Services	360,128	360,128	84,789	(275,339)
Total Revenues	360,128	360,128	88,856	(271,272)
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	-
Public Safety	198,463	198,463	228,294	(29,831)
Capital Outlay	12,000	12,000	-	12,000
Total Expenditures	210,463	210,463	228,294	(17,831)
Excess (Deficiency) of Revenues over Expenditures	149,665	149,665	(139,438)	(289,103)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	500,000	500,000	-	(500,000)
Transfers Out	(100,000)	(100,000)	-	100,000
Total Other Financing Sources (Uses)	400,000	400,000	-	(400,000)
Net Change in Fund Balances	549,665	549,665	(139,438)	(689,103)
Fund Balance, Beginning of Year	2,147,092	2,147,092	2,147,092	-
Fund Balance, End of Year	<u>\$ 2,696,757</u>	<u>\$ 2,696,757</u>	<u>\$ 2,007,654</u>	<u>\$ (689,103)</u>

**City of Clearlake**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - HOME RLF Special Revenue Fund**  
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Use of Money and Property	\$ 2,500	\$ 2,500	\$ 1,950	\$ (550)
Charges for Services	50,000	50,000	83,854	33,854
Total Revenues	52,500	52,500	85,804	33,304
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	-
Housing	225,050	225,050	5,450	219,600
Capital Outlay	-	-	-	0
Total Expenditures	225,050	225,050	5,450	219,600
Excess (Deficiency) of Revenues over Expenditures	(172,550)	(172,550)	80,354	252,904
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	(5,000)	(5,000)	-	5,000
Total Other Financing Sources (Uses)	(5,000)	(5,000)	-	5,000
Net Change in Fund Balances	(177,550)	(177,550)	80,354	257,904
Fund Balance, Beginning of Year	5,280,199	5,280,199	5,280,199	-
Fund Balance, End of Year	\$ 5,102,649	\$ 5,102,649	\$ 5,360,553	\$ 257,904

**City of Clearlake  
Required Supplementary Information  
Year Ended June 30, 2020**

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

<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a % of Payroll</u>	<u>Plan Fiduciary Net Position as a % of the Total Pension Liability</u>
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%.

\*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, 2020**

**Schedule of Plan Contributions  
Last 10 Years\***

<u>Fiscal Year</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Actuarially Determined Contributions</u>	<u>Contribution Deficiency/ (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
2020	\$ 1,197,351	\$ (1,197,351)	\$ -	\$ 3,309,939	36.17%
2019	841,961	(841,961)	-	2,896,358	29.07%
2018	1,375,377	(1,375,377)	-	3,013,215	45.64%
2017	181,051	(181,051)	-	2,561,821	7.07%
2016	659,326	(659,326)	-	2,427,382	27.16%
2015	673,740	(673,740)	-	2,170,611	31.04%

**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

\*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, 2020**

**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.

A budget was not adopted for the CARES Act Special Revenue Fund.

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



## **SUPPLEMENTARY INFORMATION**

**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, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Use of Money and Property	\$ -	\$ 31,104	\$ 31,104
Total Revenues	-	31,104	31,104
<b>EXPENDITURES</b>			
Capital Outlay	-	-	-
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	31,104	31,104
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	(100,000)	(513,634)	(413,634)
Total Other Financing Sources (Uses)	(100,000)	(513,634)	(413,634)
Net Change in Fund Balances	(100,000)	(482,530)	(382,530)
Fund Balance, Beginning of Year	3,076,484	3,076,484	-
Fund Balance, End of Year	<u>\$ 2,976,484</u>	<u>\$ 2,593,954</u>	<u>\$ (382,530)</u>

**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, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Taxes and Assessments	\$ 1,941,189	\$ 2,177,240	\$ 236,051
Use of Money and Property	500	-	(500)
	<u>1,941,689</u>	<u>2,177,240</u>	<u>235,551</u>
Total Revenues	<u>1,941,689</u>	<u>2,177,240</u>	<u>235,551</u>
<b>EXPENDITURES</b>			
Current:			
Public Works and Streets	1,009,253	713,953	295,300
Capital Outlay	250,000	122,392	127,608
	<u>1,259,253</u>	<u>836,345</u>	<u>422,908</u>
Total Expenditures	<u>1,259,253</u>	<u>836,345</u>	<u>422,908</u>
Excess (Deficiency) of Revenues over Expenditures	<u>682,436</u>	<u>1,340,895</u>	<u>658,459</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	(1,575,000)	(1,283,390)	291,610
	<u>(1,575,000)</u>	<u>(1,283,390)</u>	<u>291,610</u>
Total Other Financing Sources (Uses)	<u>(1,575,000)</u>	<u>(1,283,390)</u>	<u>291,610</u>
Net Change in Fund Balances	(892,564)	57,505	950,069
Fund Balance, Beginning of Year	441,831	441,831	-
Fund Balance, End of Year	<u>\$ (450,733)</u>	<u>\$ 499,336</u>	<u>\$ 950,069</u>

**City of Clearlake**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Grants Capital Project Fund**  
Year Ended June 30, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 3,164,281	\$ 740,609	\$ (2,423,672)
Use of Money and Property	40	31	(9)
	<u>3,164,321</u>	<u>740,640</u>	<u>(2,423,681)</u>
Total Revenues			
<b>EXPENDITURES</b>			
Current:			
General Government	-	-	-
Public Works and Streets	-	-	-
Capital Outlay	5,454,418	4,768,630	685,788
	<u>5,454,418</u>	<u>4,768,630</u>	<u>685,788</u>
Total Expenditures			
Excess (Deficiency) of Revenues over Expenditures	<u>(2,290,097)</u>	<u>(4,027,990)</u>	<u>(1,737,893)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	5,724,418	4,508,322	(1,216,096)
Transfers Out	-	-	-
	<u>5,724,418</u>	<u>4,508,322</u>	<u>(1,216,096)</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	3,434,321	480,332	(2,953,989)
Fund Balance, Beginning of Year	<u>(379,369)</u>	<u>(379,369)</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 3,054,952</u>	<u>\$ 100,963</u>	<u>\$ (2,953,989)</u>

## **NON-MAJOR GOVERNMENTAL FUNDS**

**City of Clearlake**  
**Combining Balance Sheet**  
**Non-major Governmental Funds**  
June 30, 2020

	Special Revenue				
	Low and Moderate Income Housing	Park Development	PEG	Police Grants	Police ABC
<b>ASSETS</b>					
Cash and Investments	\$ 120,606	\$ 3,955	\$ 233,641	\$ 89,599	\$ 14
Receivables:					
Accounts	3,466	-	-	-	-
Taxes	-	-	-	-	-
Notes Receivable	1,180,345	-	-	-	-
Due from Other Funds	-	-	-	-	-
Total Assets	<u>\$ 1,304,417</u>	<u>\$ 3,955</u>	<u>\$ 233,641</u>	<u>\$ 89,599</u>	<u>\$ 14</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ 1,013	\$ -	\$ 3,584	\$ -	\$ -
Accrued Payroll Liabilities	2,138	-	-	-	-
Deposits	7,059	-	-	-	-
Due to Other Funds	-	-	-	-	-
Total Liabilities	<u>10,210</u>	<u>-</u>	<u>3,584</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenues - Receivables	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE (DEFICITS)</b>					
Restricted	1,294,207	3,955	230,057	89,599	14
Unassigned	-	-	-	-	-
Total Fund Balances	<u>1,294,207</u>	<u>3,955</u>	<u>230,057</u>	<u>89,599</u>	<u>14</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 1,304,417</u>	<u>\$ 3,955</u>	<u>\$ 233,641</u>	<u>\$ 89,599</u>	<u>\$ 14</u>

Special Revenue					Capital Projects	Total Non-major Governmental Funds
Police Asset Seizure	Gas Tax	Traffic Impact	EDBG RLF	Recycle Fund	Series A Infrastructure Bonds	
\$ 91,819	\$ 272,009	\$ 18,781	\$ 113,001	\$ -	\$ 799,430	\$ 1,742,855
-	-	-	-	-	-	3,466
-	40,334	-	-	-	-	40,334
-	-	-	102,957	-	-	1,283,302
-	-	-	-	-	332,031	332,031
<u>\$ 91,819</u>	<u>\$ 312,343</u>	<u>\$ 18,781</u>	<u>\$ 215,958</u>	<u>\$ -</u>	<u>\$ 1,131,461</u>	<u>\$ 3,401,988</u>
\$ -	\$ 52,760	\$ -	\$ 3,500	\$ -	\$ -	\$ 60,857
-	12,711	-	-	-	-	14,849
-	-	-	-	-	-	7,059
-	-	-	-	29,646	-	29,646
-	65,471	-	3,500	29,646	-	112,411
-	-	-	8,530	-	-	8,530
-	-	-	8,530	-	-	8,530
91,819	246,872	18,781	203,928	-	1,131,461	3,310,693
-	-	-	-	(29,646)	-	(29,646)
<u>91,819</u>	<u>246,872</u>	<u>18,781</u>	<u>203,928</u>	<u>(29,646)</u>	<u>1,131,461</u>	<u>3,281,047</u>
<u>\$ 91,819</u>	<u>\$ 312,343</u>	<u>\$ 18,781</u>	<u>\$ 215,958</u>	<u>\$ -</u>	<u>\$ 1,131,461</u>	<u>\$ 3,401,988</u>

**City of Clearlake**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Governmental Funds**  
Year Ended June 30, 2020

	Special Revenue				
	Low and Moderate Income Housing	Park Development	PEG	Police Grants	Police ABC
<b>REVENUES</b>					
Taxes and Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Money and Property	854	-	4,117	-	-
Intergovernmental Revenues	-	-	94,037	100,000	-
Charges for Services	70,398	-	-	-	-
Other Revenues	-	3,955	-	-	-
Total Revenues	71,252	3,955	98,154	100,000	-
<b>EXPENDITURES</b>					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	100,000	-
Public Works and Streets	-	-	-	-	-
Housing	90,819	-	-	-	-
Parks and Recreation	-	-	12,616	-	-
Capital Outlay	-	-	53,910	28,743	-
Total Expenditures	90,819	-	66,526	128,743	-
Excess (Deficiency) of Revenues Over Expenditures	(19,567)	3,955	31,628	(28,743)	-
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	1,680	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	1,680	-	-	-
Net Change in Fund Balances	(19,567)	5,635	31,628	(28,743)	-
Fund Balances, Beginning of Year	1,313,774	(1,680)	198,429	118,342	14
Prior Period Adjustment	-	-	-	-	-
Fund Balances, End of Year	\$ 1,294,207	\$ 3,955	\$ 230,057	\$ 89,599	\$ 14



Special Revenue					Capital Projects	Total Non-major Governmental Funds
Police Asset Seizure	Gas Tax	Traffic Impact	EDBG RLF	Recycle Fund	Series A Infrastructure Bonds	
\$ -	\$ 598,305	\$ -	\$ -	\$ 108,815	\$ -	\$ 707,120
1,469	4,631	-	1,583	-	21,253	33,907
10,117	-	-	-	197,628	-	401,782
-	-	-	-	-	-	70,398
-	-	-	-	-	-	3,955
11,586	602,936	-	1,583	306,443	21,253	1,217,162
-	-	-	-	41,222	-	41,222
221	-	-	-	-	-	100,221
-	624,303	-	-	-	-	624,303
-	-	-	3,820	-	-	94,639
-	-	-	-	-	-	12,616
-	39,332	-	-	-	3,000	124,985
221	663,635	-	3,820	41,222	3,000	997,986
11,365	(60,699)	-	(2,237)	265,221	18,253	219,176
-	-	-	-	-	-	1,680
-	-	-	-	(173,998)	(2,711,299)	(2,885,297)
-	-	-	-	(173,998)	(2,711,299)	(2,883,617)
11,365	(60,699)	-	(2,237)	91,223	(2,693,046)	(2,664,441)
80,454	307,571	18,781	206,165	(120,869)	3,824,507	5,945,488
-	-	-	-	-	-	-
\$ 91,819	\$ 246,872	\$ 18,781	\$ 203,928	\$ (29,646)	\$ 1,131,461	\$ 3,281,047

**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, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Use of Money and Property	\$ 434	\$ 854	\$ 420
Charges for Services	96,474	70,398	(26,076)
Total Revenues	96,908	71,252	(25,656)
<b>EXPENDITURES</b>			
Current:			
General Government	-	-	-
Public Works and Streets	-	-	-
Housing	114,152	90,819	23,333
Capital Outlay	38,200	-	38,200
Total Expenditures	152,352	90,819	61,533
Excess (Deficiency) of Revenues over Expenditures	(55,444)	(19,567)	35,877
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	20,000	-	(20,000)
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	20,000	-	(20,000)
Net Change in Fund Balances	(35,444)	(19,567)	15,877
Fund Balance, Beginning of Year	1,313,774	1,313,774	-
Fund Balance, End of Year	<u>\$ 1,278,330</u>	<u>\$ 1,294,207</u>	<u>\$ 15,877</u>

**City of Clearlake**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Park Development Special Revenue Fund**  
Year Ended June 30, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Other Revenues	\$ -	\$ 3,955	\$ 3,955
Total Revenues	-	3,955	3,955
<b>EXPENDITURES</b>			
Current:			
Public Safety	-	-	-
Capital Outlay	-	-	-
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	3,955	3,955
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	1,680	1,680
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	1,680	1,680
Net Change in Fund Balances	-	5,635	5,635
Fund Balances, Beginning of Year	(1,680)	(1,680)	-
Fund Balance, End of Year	\$ (1,680)	\$ 3,955	\$ 5,635

**City of Clearlake**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - PEG Special Revenue Fund**  
Year Ended June 30, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Use of Money and Property	\$ -	\$ 4,117	\$ 4,117
Intergovernmental Revenues	153,250	94,037	(59,213)
Charges for Services	-	-	-
Other Revenues	7,250	-	(7,250)
	<u>153,250</u>	<u>98,154</u>	<u>(55,096)</u>
Total Revenues			
<b>EXPENDITURES</b>			
Current:			
General Government	-	-	-
Public Safety	-	-	-
Parks and Recreation	45,000	12,616	32,384
Capital Outlay	76,500	53,910	22,590
	<u>121,500</u>	<u>66,526</u>	<u>54,974</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over Expenditures	<u>31,750</u>	<u>31,628</u>	<u>(122)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
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	23,750	31,628	7,878
Fund Balance, Beginning of Year	<u>198,429</u>	<u>198,429</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 222,179</u>	<u>\$ 230,057</u>	<u>\$ 7,878</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, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Use of Money and Property	\$ 1,500	\$ -	\$ (1,500)
Intergovernmental Revenues	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total Revenues	<u>101,500</u>	<u>100,000</u>	<u>(1,500)</u>
<b>EXPENDITURES</b>			
Current:			
Public Safety	-	100,000	(100,000)
Capital Outlay	<u>35,000</u>	<u>28,743</u>	<u>6,257</u>
Total Expenditures	<u>35,000</u>	<u>128,743</u>	<u>(93,743)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>66,500</u>	<u>(28,743)</u>	<u>(95,243)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out	<u>(200,000)</u>	<u>-</u>	<u>200,000</u>
Total Other Financing Sources (Uses)	<u>(200,000)</u>	<u>-</u>	<u>200,000</u>
Net Change in Fund Balances	(133,500)	(28,743)	104,757
Fund Balance, Beginning of Year	<u>118,342</u>	<u>118,342</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ (15,158)</u></u>	<u><u>\$ 89,599</u></u>	<u><u>\$ 104,757</u></u>

**City of Clearlake**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Police ABC Special Revenue Fund**  
Year Ended June 30, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Use of Money and Property	\$ -	\$ -	\$ -
Intergovernmental Revenue	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>			
Current:			
Public Safety	-	-	-
Capital Outlay	9,000	-	9,000
	<u>9,000</u>	<u>-</u>	<u>9,000</u>
Total Expenditures	<u>9,000</u>	<u>-</u>	<u>9,000</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(9,000)</u>	<u>-</u>	<u>9,000</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(9,000)	-	9,000
Fund Balance, Beginning of Year	14	14	-
	<u>14</u>	<u>14</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (8,986)</u>	<u>\$ 14</u>	<u>\$ 9,000</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, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Use of Money and Property	\$ -	\$ 1,469	\$ 1,469
Intergovernmental Revenue	-	10,117	10,117
	<u>-</u>	<u>11,586</u>	<u>11,586</u>
<b>EXPENDITURES</b>			
Current:			
Public Safety	10,000	221	9,779
Capital Outlay	25,000	-	(25,000)
	<u>35,000</u>	<u>221</u>	<u>34,779</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(35,000)</u>	<u>11,365</u>	<u>46,365</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(35,000)	11,365	46,365
Fund Balance, Beginning of Year	80,454	80,454	-
Fund Balance, End of Year	<u>\$ 45,454</u>	<u>\$ 91,819</u>	<u>\$ 46,365</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, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Taxes and Assessments	\$ 660,811	\$ 598,305	\$ (62,506)
Use of Money and Property	1,500	4,631	3,131
Intergovernmental	197,950	-	(197,950)
Total Revenues	860,261	602,936	(257,325)
<b>EXPENDITURES</b>			
Current:			
Public Works and Streets	540,964	624,303	(83,339)
Capital Outlay	200,000	39,332	(160,668)
Total Expenditures	740,964	663,635	77,329
Excess (Deficiency) of Revenues over Expenditures	119,297	(60,699)	(179,996)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	(260,802)	-	260,802
Total Other Financing Sources (Uses)	(260,802)	-	260,802
Net Change in Fund Balances	(141,505)	(60,699)	80,806
Fund Balance, Beginning of Year	307,571	307,571	-
Fund Balance, End of Year	\$ 166,066	\$ 246,872	\$ 80,806



**City of Clearlake**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Traffic Impact Special Revenue Fund**  
Year Ended June 30, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Use of Money and Property	\$ -	\$ -	\$ -
Total Revenues	-	-	-
<b>EXPENDITURES</b>			
Current:			
Public Works and Streets	-	-	-
Capital Outlay	-	-	-
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	-	-	-
Fund Balance, Beginning of Year	18,781	18,781	-
Fund Balance, End of Year	\$ 18,781	\$ 18,781	\$ -

**City of Clearlake**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - EDBG RLF Special Revenue Fund**  
Year Ended June 30, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Use of Money and Property	\$ 12,800	\$ 1,583	\$ (11,217)
Charges for Services	10,000	-	(10,000)
	<u>22,800</u>	<u>1,583</u>	<u>(21,217)</u>
<b>EXPENDITURES</b>			
Current:			
General Government	19,000	-	19,000
Housing	8,750	3,820	(4,930)
	<u>27,750</u>	<u>3,820</u>	<u>23,930</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(4,950)</u>	<u>(2,237)</u>	<u>2,713</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	(50,282)	-	50,282
	<u>(50,282)</u>	<u>-</u>	<u>50,282</u>
Net Change in Fund Balances	(55,232)	(2,237)	52,995
Fund Balance, Beginning of Year	206,165	206,165	-
Fund Balance, End of Year	<u>\$ 150,933</u>	<u>\$ 203,928</u>	<u>\$ 52,995</u>

**City of Clearlake**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Recycle Special Revenue Fund**  
Year Ended June 30, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Taxes and Assessments	\$ 123,720	\$ 108,815	\$ (14,905)
Use of Money and Property	-	-	-
Intergovernmental Revenues	-	197,628	197,628
	<u>123,720</u>	<u>306,443</u>	<u>182,723</u>
Total Revenues			
<b>EXPENDITURES</b>			
Current:			
General Government	7,635	41,222	(33,587)
Capital Outlay	-	-	-
	<u>7,635</u>	<u>41,222</u>	<u>(33,587)</u>
Total Expenditures			
Excess (Deficiency) of Revenues over Expenditures	<u>116,085</u>	<u>265,221</u>	<u>149,136</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	(200,000)	(173,998)	26,002
	<u>(200,000)</u>	<u>(173,998)</u>	<u>26,002</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	(83,915)	91,223	175,138
Fund Balance, Beginning of Year	(120,869)	(120,869)	-
Fund Balance, End of Year	<u>\$ (204,784)</u>	<u>\$ (29,646)</u>	<u>\$ 175,138</u>

**City of Clearlake**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Series A Infrastructure Bonds Capital Projects Fund**  
Year Ended June 30, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Use of Money and Property	\$ -	\$ 21,253	\$ 21,253
Total Revenues	-	21,253	21,253
<b>EXPENDITURES</b>			
Current:			
General Government	-	3,000	(3,000)
Total Expenditures	-	3,000	(3,000)
Excess (Deficiency) of Revenues over Expenditures	-	18,253	18,253
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	(3,370,616)	(2,711,299)	659,317
Total Other Financing Sources (Uses)	(3,370,616)	(2,711,299)	659,317
Net Change in Fund Balances	(3,370,616)	(2,693,046)	677,570
Fund Balance, Beginning of Year	3,824,507	3,824,507	-
Fund Balance, End of Year	<u>\$ 453,891</u>	<u>\$ 1,131,461</u>	<u>\$ 677,570</u>

## **AGENCY FUNDS**

**City of Clearlake**  
**Combining Statement of Changes in Fiduciary Assets and Liabilities**  
**Agency Funds**  
Year Ended June 30, 2020

	Beginning Balance	Additions	Deletions	Ending Balance
<b><u>LAFCO</u></b>				
<b>ASSETS</b>				
Cash and Investments	\$ 155,541	\$ 190,776	\$ 155,541	\$ 190,776
Total Assets	<u>\$ 155,541</u>	<u>\$ 190,776</u>	<u>\$ 155,541</u>	<u>\$ 190,776</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 525	\$ 10,785	\$ 525	\$ 10,785
Due to Other Agencies	<u>155,016</u>	<u>179,991</u>	<u>155,016</u>	<u>179,991</u>
Total Liabilities	<u>\$ 155,541</u>	<u>\$ 190,776</u>	<u>\$ 155,541</u>	<u>\$ 190,776</u>