

**REGULAR MEETING
DUNSMUIR CITY COUNCIL
COUNCIL CHAMBERS
5902 DUNSMUIR AVE, DUNSMUIR, CA
OCTOBER 1, 2015
CLOSED SESSION: NONE
REGULAR SESSION: 6:00 PM**

As a courtesy, please turn off cell phones and electronic devices while the meeting is in session. Thank you.

1. **CALL TO ORDER: 6:00 PM**
2. **ROLL CALL**
3. **FLAG SALUTE**
4. **APPROVAL OF AGENDA**
5. **APPROVAL OF MINUTES**
 - A. **Adjourned regular meeting of September 24, 2015**
6. **COMMITTEE REPORTS**
 - a. **Economic Development/Tourism**
 - b. **Finance**
 - c. **Public Facilities and Services**
 - d. **Public Safety**
 - e. **Airport**
 - f. **Solid Waste**
 - g. **Fiber Optic**
 - h. **Big Fish/Trophy Trout**

7. ANNOUNCEMENTS AND PUBLIC COMMENT

Regular City Council meetings are televised on Channel 15 to keep the City residents informed of City Council actions and deliberations that affect the community. Meetings are scheduled to be televised on the 1st and 3rd Thursday of each month. Meetings that take place on dates other than the 1st and 3rd Thursday will not be televised.

This time is set aside for citizens to address the City Council on matters listed on the Consent Agenda as well as other items **not** included on the Regular Agenda. If your comments concern an item noted on the Regular Agenda, please address the Council when that item is open for public comment. **Each speaker is allocated three (3) minutes to speak. Speakers may not cede their time.** Comments should be limited to matters within the jurisdiction of the City. Speaker forms are available from the City Clerk, 5915 Dunsmuir Ave, Dunsmuir, on the City's website, or on the podium. The City Council can only take action on matters that are on the Agenda, but may place matters brought to

their attention at this meeting on a future Agenda for consideration. If you have documents to present to members of the City Council, please provide a minimum of seven (7) copies.

8. ANNOUNCEMENTS AND REPORTS FROM COUNCIL AND STAFF:

Members of the Council or staff may ask questions, request reports for a later meeting, or ask that an item be placed on a future agenda on any subject within the Council's jurisdiction.

9. CONSENT AGENDA

The Consent Agenda consists of proposed actions on business matters which are considered routine and for which approval is based on previously approved City policy or practice. The Consent Agenda will be approved by a single motion to "Adopt the Consent Agenda" and Council Members will vote without debate. Council Members may remove a Consent Agenda matter for any reason and request that it be placed on the Agenda for discussion and consideration. Matters removed from the Consent Agenda will be placed on the agenda as an item of "New Business" for discussion and consideration.

A. Approve Check register dated September 25, 2015

10. PUBLIC HEARING

Public Hearing Protocol:

- a. Mayor will describe the purpose of the Public Hearing
- b. City Staff will provide the Staff Report
- c. City Staff will respond to questions by the City Council
- d. Mayor will open the Public Hearing
- e. Citizens wanting to comment will come to the podium, provide the City Clerk with their name and address and provide their comments.
- f. Mayor will close the Public Hearing

11. OLD BUSINESS

A. Presentation of Water Master Plan Update and Water Rate Study and Recommendations

12. NEW BUSINESS

- A. Consider and accept 2013-14 audit to be presented by AGT**
- B. Consider and approve request for additional services by Schlumberger Consulting Engineers for Community Center improvements**
- C. Consider and approve recommendation of Solid Waste Committee to schedule Cleanup Day in June, Household Hazardous Waste Disposal Day in July, Cleanup Day in August, and Green Waste Disposal Day in September 2016**

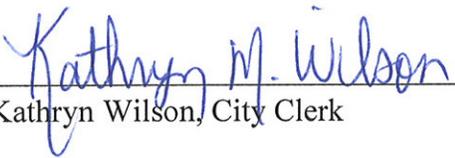
13. ADJOURNMENT:

Copies of this agenda were posted at City Hall, Dunsmuir City Library, Dunsmuir Parks & Recreation District Office and at the Post Office on or before 6:00 pm on Sunday, September 27, 2015.

The City of Dunsmuir does not discriminate on the basis of race, color, national origin, religion, age, gender, sexual orientation, disability or any other legally protected classes in employment or provision of services. Persons who need accommodations for a disability at a public meeting may call City Hall at (530) 235-4822 for assistance. Notification 48 hours prior to the meeting will enable the City reasonable arrangements to accomodate participation in the meeting.

CERTIFICATION

This is the official Dunsmuir City Council Agenda created and posted in accordance with the Dunsmuir City Council Protocols.



Kathryn Wilson, City Clerk

9/27/15
Date

Check Register Report

9-25-15 A/P

Date: 09/25/2015

Time: 10:02 am

Page: 1

City of Dunsmuir

BANK: U.S. BANK

Check Number	Check Date	Status	Void/Stop Date	Vendor Number	Vendor Name	Check Description	Amount
U.S. BANK Checks							
47341	09/25/2015	Printed		1225	ACME COMPUTER	APC BACKUP UPS (BATTERY)	251.63
47342	09/25/2015	Printed		1000	AIELLO,GOODRICH,TEUSCHER	PROF SVCS ENDING 8-31-15	6,900.00
47343	09/25/2015	Printed		1215	ALSCO	PW&WWTP CVRALL RNTL	32.00
47344	09/25/2015	Printed		10261	EMILY ARNOLD	REFND DEP E. ARNOLD #25069	154.00
47345	09/25/2015	Printed		9447	AUS SMALL BUSINESS	C.H.MATS, WKLY LNDRY 9-23-15	185.33
47346	09/25/2015	Printed		1923	AXCES INDUSTRIAL SUPPLY INC.	55GAL DRM FLOAT AWAY DEGRSR	2,601.50
47347	09/25/2015	Printed		2635	BASIC LABORATORY, INC.	MONTHLY TESTING	246.00
47348	09/25/2015	Printed		2800	BAXTER AUTO PARTS, INC.	FUEIL, AIR, SPIN ON FILTERS	415.79
47349	09/25/2015	Printed		5325	REBECCA CATLETT	9-13,15,20-15 CLN SVCS	132.00
47350	09/25/2015	Printed		9820	CITY OF DUNSMUIR	APLY DEP L WEIL #12023	149.72
47351	09/25/2015	Printed		6325	CLEMENS WASTE REMOVAL	CO YRD DMP FEE	1,440.51
47352	09/25/2015	Printed		10180	CVCWA	FRESHWA MUSSELS COLL STUDY	892.50
47353	09/25/2015	Printed		12750	DELL COMPUTER CORPORATION	LATE FEEXJR7C5NN5	5.00
47354	09/25/2015	Printed		10185	ARLENE DINGES	8-19-/9-20-15 PLN SVCS	332.25
47355	09/25/2015	Printed		9885	DUNSMUIR TIRE	1 COMM TIRE (#411)	184.00
47356	09/25/2015	Printed		9319	FEMA FLOOD PAYMENTS	FLOOD INS 800 S 1ST ST	3,584.00
47357	09/25/2015	Printed		5219	FERGUSON ENTERPRISES INC,1423	WWTP BALL VALVES	71.40
47358	09/25/2015	Printed		9197	GCS ENVIRONMENTAL EQUIP SVCS	DUO SKID-STANDARD	570.10
47359	09/25/2015	Printed		17013	GOLD NUGGET PRINTING CO.	500 BUSINESS CARDS - KEISLER	726.91
47360	09/25/2015	Printed		17297	GRAINGER	AXIAL FAN	58.05
47361	09/25/2015	Printed		18200	HACH COMPANY	RGT SET, TNT AMVER HR 50 TSTS	217.51
47362	09/25/2015	Printed		23425	JIM WILSON MOTORS	SVC TRK F250 '07	1,196.61
47363	09/25/2015	Printed		39466	JO PETERSON DESIGN WORKS, INC.	PLN CK BTRCUP, ROSSETTO RESIDE	1,892.48
47364	09/25/2015	Printed		26425	KEN ELGIN	LUBE&OIL, RPL R DRV SHFT U JNT	421.40
47365	09/25/2015	Printed		25317	KENNY, SNOWDEN & NORINE	AUG '15 LGL SVCS	817.26
47366	09/25/2015	Printed		31625	MEYER & SONS HEATING	REPL WA HTR (4837 DUNS AVE)	1,105.39
47367	09/25/2015	Printed		10214	MEYER FAMILY TRUST	RENT 9-22/10-22-15 C.M.	1,000.00
47368	09/25/2015	Printed		33120	MOUNTAIN COUNTIES SUPPLY CO.	AUG '15 VEH FUEL	1,317.04
47369	09/25/2015	Printed		33151	MT SHASTA RECREATION	AUG '15 SENIOR NUTRITION	144.00
47370	09/25/2015	Printed		9272	MT. LASSEN TROUT FARMS, INC.	799 LBS TROPHY TROUT	772.15
47371	09/25/2015	Printed		9999999449	NATIVE GROUNDS NURSERY	8-31/9-1-15 IVY RMVL T. PARK	1,440.00
47372	09/25/2015	Printed		35505	NORTHLAND CABLE TELEVISION	SEPT '15 HIGH SPEED INTERNET	140.15
47373	09/25/2015	Printed		9201	O'REILLY AUTO PARTS	OIL FILTERS	190.31
47374	09/25/2015	Printed		37106	OFFICEMAX CONTRACT INC.	1PK GP CERT GOLD CHNL	194.22
47375	09/25/2015	Printed		39005	PACE ENGINEERING, INC.	CITY OF DUNS WWTP CNTRC OPER	31,822.00
47376	09/25/2015	Printed		39015	PACIFIC POWER & LIGHT	AUG '14 TO SEPT 15, 15 ELECSVC	8,983.74
47377	09/25/2015	Printed		47520	SHASTA AUTO SUPPLY	LENS	325.82
47378	09/25/2015	Printed		47658	SISKIYOU DAILY NEWS	LEGAL #8179 NOTICE OF PUB HRNG	60.25
47379	09/25/2015	Printed		47631	SISKIYOU FIRE EQUIPMENT	ANUAL FIRE EXTNG SVC WWTP	157.00
47380	09/25/2015	Printed		57228	SOLANO'S HOME IMPROVEMNT CTR	CREDIT	44.79
47381	09/25/2015	Printed		9413	STATEWIDE TRAFFIC SAFETY	INTL 6101 WHT FAST DRY W/B 5GA	244.97
47382	09/25/2015	Printed		44670	THE RIVER EXCHANGE	23RD ANL CLN-UP 9-19-15	100.00
47383	09/25/2015	Printed		22163	TOM HESSELDENZ & ASSOCIATES	WRK @ T. PARK JULY&AUG'15	1,168.75
47384	09/25/2015	Printed		50807	TRANSACT TECHNOLOGIES, INC	RIBBON EPSON	26.25
47385	09/25/2015	Printed		53813	U.S. BANK CORP PAYMENT SYSTEMS	PAY PAL 9-9	590.74
47386	09/25/2015	Printed		53799	UPS	SHIP TO ECMS CHRGS	12.26
47387	09/25/2015	Printed		53806	USA BLUE BOOK, INC	HACH NITRATE/NITRITE TEST	110.43
47388	09/25/2015	Printed		10262	LAURA WEIL	REFND DEP L WEIL #12023	26.28

Check Register Report

9-25-15 A/P

Date: 09/25/2015

Time: 10:02 am

Page: 2

City of Dunsmuir

BANK: U.S. BANK

Check Number	Check Date	Status	Void/Stop Date	Vendor Number	Vendor Name	Check Description	Amount
				Total Checks: 48	Checks Total (excluding void checks):		73,454.49
				Total Payments: 48	Bank Total (excluding void checks):		73,454.49
				Total Payments: 48	Grand Total (excluding void checks):		73,454.49

**CITY COUNCIL AGENDA ITEM
INTERIM CITY MANAGER STAFF REPORT
OLD BUSINESS**

Item No: 11.A.
Date: October 1, 2015
Subject: Presentation of Water Master Plan update and Water Rate study and recommendations

Paul Reuter of PACE will be presenting the updated water system master plan and recommendations regarding water rates needed to implement that plan.

As you know, the water master plan had not been updated since 1994. While some improvements identified in the 1994 WMP were completed, the City did not implement a long-term plan to replace aging infrastructure, as recommended at that time. In 1994, the cost to replace aged infrastructure was about \$6 million. The cost in today's dollars is about \$12 million. The water distribution system (mains) and storage are mostly over 100 years old. These pipes and facilities are normally replaced after between 35 and 50 years of use.

This inattention has resulted in constant water leaks. The loss of potable water at any time is unfortunate but in these drought times even more significant. 107 leaks were documented by the City's utility crew in 2014. Each of these leaks probably went undetected between 1 to 2 weeks underneath a street before the water surfaced and the leak could be detected and fixed. If we assume each leak was the equivalent of a ½-inch diameter hole with 100 pounds per square inch of pressure, the leakage rate would be about 45 gallons per minute. A leak for one week would be a water loss of 450,000 gallons. For 107 leaks this would be a water loss of 48 million gallons.

A final part of each fix is to decontaminate the water main in both directions from the leak. This is needed because when the leak was active and adjacent properties turned water on and off, that could have pulled dirt into the system through the leak. The leaks also reduce pressure in the system and can ultimately jeopardize fire protection services. In recent years sufficient water was not available for a structure fire on Butterfly Avenue after collapse of water main due to the number of clamps used to fix leaks.

Recently the City applied for and was awarded a CDBG grant to replace water mains in South Dunsmuir areas. Construction of these improvements should begin later this month. The City has also applied for RWAP grants for replacement of water mains in additional South Dunsmuir areas and in North Dunsmuir. It is hoped in the next couple of months, notice will be received from State Department of Water Resources that these grants are awarded and construction can begin early next year. A third grant for replacement/relocation of water tank at High School and mains to and from the new tank location will be applied for from RWAP and hopefully awarded in 2016 and constructed in 2017.

Even with the provision of these grants, the neglect of maintenance of the water distribution system for decades has left the City with real problems and the need to act immediately. The consultant will present evidence of need and suggest a new water rate structure with annual rate increases that will enable the City to provide for replacement of 90% of water mains needing to be replaced over a five year period. Toward the end of that 5 year period it is recommended that the rate study be updated to reflect actual versus projected revenues/expenses, as well as perform a fresh evaluation of remaining capital project needs. It should be assumed that additional rate increases will be needed at that time to continue to provide for maintenance of a system long neglected, and to keep up with inflationary cost increases.

It bears saying, as a purveyor of water, the City is required by the State to always have a plan for and be implementing that plan for safe and healthy maintenance and operation of the water system. Failure to meet State standards will leave the City without the ability to operate the water system and require the State to take it over and impose whatever "fixes" the State deems are required, and set rates the State feels are required to implement those "fixes".

A Water Ad Hoc committee has been kept advised of the progress of both water master plan update and water rate study. During the last several months the committee has met six times and provided valuable input to consultant and staff. Special thanks go out to Committee Chairman and Councilman Craig, Vice Mayor Spurlock who served for several months and then moved to different committee assignments, Bruce Deutsch who served as citizen member and later as representative from City Council, Ed Steele, and Richard Dinges.

CITY COUNCIL AGENDA ITEM
INTERIM CITY MANAGER STAFF REPORT
NEW BUSINESS

Item No.: 12.A
Date: October 1, 2015
Subject: Consider and accept 2013-14 Audit to be presented by AGT

Aiello, Goodrich & Teuscher was retained by the City of Dunsmuir to audit its financial records. The report for 2013-14 Fiscal Year is now available and will be presented by Steve Drageset, CPA.

Motion: Move to receive and file and accept the 2013-14 Audit Report prepared by AGT and authorize its distribution to other financial agencies and the public.

CITY OF DUNSMUIR, CALIFORNIA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2014

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Dunsmuir, California

Report of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Dunsmuir, California as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City'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.

Auditors' 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 *Governmental 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 from 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 auditors' 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. And 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Dunsmuir, California as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the budgetary comparison information on pages 28 through 29 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.

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

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Dunsmuir, California's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2015 on our consideration of City of Dunsmuir, California'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Dunsmuir, California's internal control over financial reporting and compliance.

Aiello, Goodrich & Teuscher

Aiello, Goodrich & Teuscher
An Accountancy Corporation
Mt. Shasta, California
September 1, 2015



BASIC FINANCIAL STATEMENTS

City of Dunsmuir
Statement of Net Position
June 30, 2014

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 396,218	\$ 1,731,486	\$ 2,127,704
Receivables (net of allowances for bad debts, where applicable):			
Trade accounts	-	89,814	89,814
Loans	1,158,888	-	1,158,888
Intergovernmental	125,415	263,532	388,947
Internal balances	58,732	(58,732)	-
Other assets	8,778	-	8,778
Total current assets	1,748,031	2,026,100	3,774,131
Restricted assets:			
Cash and investments	-	215,369	215,369
Capital assets:			
Non-depreciable	1,231,166	7,637,375	8,868,541
Depreciable, net	2,794,796	6,639,238	9,434,034
Amortizable, net	-	2,146	2,146
Total capital assets	4,025,962	14,278,759	18,304,721
Total assets	5,773,993	16,520,228	22,294,221
<u>LIABILITIES</u>			
Accounts payable	130,678	456,658	587,336
Unearned revenue	9,058	2,175	11,233
Deposits	-	86,627	86,627
Current portion, compensated absences	13,354	20,060	33,414
Current portion of long-term debt	4,000	114,823	118,823
Total current liabilities	157,090	680,343	837,433
Long-term liabilities:			
Long-term compensated absences, net of current portion	45,163	52,701	97,864
Long-term debt, net of current portion	98,000	2,730,213	2,828,213
Total liabilities	300,253	3,463,257	3,763,510
<u>NET POSITION</u>			
Net investment in capital assets	3,923,962	11,433,723	15,357,685
Restricted, spendable	307,036	215,369	522,405
Unrestricted	1,242,742	1,407,879	2,650,621
Total net position	\$ 5,473,740	\$13,056,971	\$18,530,711

The accompanying notes are an integral part of these financial statements.

**City of Dunsmuir
Statement of Activities
June 30, 2014**

	Net (Expense) Revenues and Changes in Net Position					
	Program Revenues			Business- Type Activities		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental activities:						
General government	\$ 211,516	\$ 171,854	\$ -	\$ (19,164)	\$ -	\$ (19,164)
Public safety	678,739	86,020	-	(426,022)	-	(426,022)
Streets and roads	370,355	153,898	-	(216,457)	-	(216,457)
Community and economic development	37,339	-	-	(37,339)	-	(37,339)
Total governmental activities	<u>1,297,949</u>	<u>411,772</u>	<u>-</u>	<u>(698,982)</u>	<u>-</u>	<u>(698,982)</u>
Business-type activities:						
Sewer	755,055	-	3,896,472	-	3,903,864	3,903,864
Solid waste	404,371	5,000	-	-	5,286	5,286
Water	423,865	-	-	-	77,593	77,593
Airport	113,936	-	-	-	(101,143)	(101,143)
Total business-type activities	<u>1,697,227</u>	<u>5,000</u>	<u>3,896,472</u>	<u>-</u>	<u>3,885,600</u>	<u>3,885,600</u>
Total primary government	<u>\$2,995,176</u>	<u>\$ 416,772</u>	<u>\$3,896,472</u>	<u>(698,982)</u>	<u>3,885,600</u>	<u>3,186,618</u>
General revenues:						
Taxes:						
Property				265,580	-	265,580
Sales				110,288	-	110,288
Transient occupancy				109,567	-	109,567
Other				56,159	-	56,159
Investment earnings				3,831	2,843	6,674
Other				229,688	-	229,688
Total general revenues				<u>775,113</u>	<u>2,843</u>	<u>777,956</u>
Change in net position				76,131	3,888,443	3,964,574
Net position, beginning				5,397,609	9,173,528	14,571,137
Net position, ending				<u>\$5,473,740</u>	<u>\$13,061,971</u>	<u>\$18,535,711</u>

The accompanying notes are an integral part of these financial statements.

**City of Dunsmuir
Balance Sheet
Reconciliation of Governmental Fund Balance to the Statement of Net Position - Governmental Activities
Governmental Funds
June 30, 2014**

	General Fund	Community Development Block Grant Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 113,531	\$ -	\$ 282,687	\$ 396,218
Receivables, net of allowance				
Loans	-	856,763	302,125	1,158,888
Intergovernmental	89,574	2,762	33,079	125,415
Due from other funds	108,801	-	-	108,801
Other assets	8,778	-	-	8,778
Total assets	\$ 320,684	\$ 859,525	\$ 617,891	\$ 1,798,100
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 115,921	\$ 1,625	\$ 4,503	\$ 122,049
Due to other funds	-	45,842	4,227	50,069
Unearned revenue	9,058	-	-	9,058
Other	8,629	-	-	8,629
Total liabilities	133,608	47,467	8,730	189,805
Fund balances:				
Nonspendable:				
Noncurrent receivables	-	856,763	302,125	1,158,888
Restricted for:				
Streets and roads	-	-	24,026	24,026
Public safety	-	-	54,531	54,531
Community and economic development	-	-	228,479	228,479
Total	-	-	307,036	307,036
Unassigned	187,076	(44,705)	-	142,371
Total fund balance	187,076	812,058	609,161	1,608,295
Total liabilities and fund balance	\$ 320,684	\$ 859,525	\$ 617,891	\$ 1,798,100
Total governmental fund balance, as above				\$ 1,608,295

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds	4,025,962
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(102,000)
Compensated absences in governmental activities are not due and payable in the current period and therefore are not reported in the balance sheet	(58,517)
Net position of governmental activities	\$ 5,473,740

The accompanying notes are an integral part of these financial statements.

City of Dunsmuir
Statement of Revenues, Expenditures and Changes in Fund Balance
For The Year Ended June 30, 2014

	General Fund	Community Development Block Grant Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 265,580	\$ -	\$ -	\$ 265,580
Sales and use taxes	110,288	-	-	110,288
Transient occupancy taxes	109,567	-	-	109,567
Franchise and other licenses	56,159	-	-	56,159
Assessments	-	-	36,920	36,920
Licenses and permits	7,038	-	-	7,038
Intergovernmental revenues	257,874	7,052	153,898	418,824
Charges for services	100,904	-	-	100,904
Fines, forfeitures and penalties	5,413	-	-	5,413
Use of money and property	97,751	11,269	8,811	117,831
Other	145,556	-	-	145,556
Total revenues	<u>1,156,130</u>	<u>18,321</u>	<u>199,629</u>	<u>1,374,080</u>
EXPENDITURES				
Current:				
City council	11,595	-	-	11,595
City administrator	49,298	-	-	49,298
City clerk	7,069	-	-	7,069
City attorney	14,690	-	-	14,690
Planning	26,554	-	-	26,554
Finance and administration	82,083	-	-	82,083
Building inspection	17,939	-	-	17,939
Police protection	420,075	-	-	420,075
Fire protection	177,049	-	2,426	179,475
Streets and roads	110,471	-	113,598	224,069
Transit assistance	-	-	39,085	39,085
Buildings and grounds	101,868	-	-	101,868
Health and welfare	1,644	-	-	1,644
Community and economic development	21,136	9,135	7,068	37,339
Bad debt expense (recovery)	-	-	(168,155)	(168,155)
Capital outlay	23,514	-	-	23,514
Debt service:				
Principal	-	-	3,000	3,000
Interest	-	-	6,210	6,210
Total expenditures	<u>1,064,985</u>	<u>9,135</u>	<u>3,232</u>	<u>1,077,352</u>
Excess of revenues over (under) expenditures	<u>91,145</u>	<u>9,186</u>	<u>196,397</u>	<u>296,728</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	33,996	33,996
Operating transfers out	(33,996)	-	-	(33,996)
Total other financing sources (uses)	<u>(33,996)</u>	<u>-</u>	<u>33,996</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>57,149</u>	<u>9,186</u>	<u>230,393</u>	<u>296,728</u>
FUND BALANCE				
Beginning of the year	<u>129,927</u>	<u>802,872</u>	<u>378,768</u>	<u>1,311,567</u>
End of the year	<u>\$ 187,076</u>	<u>\$ 812,058</u>	<u>\$ 609,161</u>	<u>\$ 1,608,295</u>

The accompanying notes are an integral part of these financial statements.

City of Dunsmuir
 Reconciliation of the Statement of Revenues, Expenditures and
 Governmental Funds
 For The Year Ended June 30, 2014

Change in fund balance, governmental funds	\$ 296,728
Amounts reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital outlay:	23,514
Depreciation expense:	(251,790)
Government funds report repayment of long-term debt as an expenditure, but the repayment reduces long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities.	
	3,000
Government funds do not report the change in compensated absences as revenue or expenditure, but it is reported in the Statement of Activities	
	<u>4,679</u>
Change in net position of governmental activities	<u><u>\$ 76,131</u></u>

City of Dunsmuir
Statement of Net Position
June 30, 2014

	Sewer Fund	Solid Waste Fund	Water Fund	Airport Fund	Total
ASSETS					
Current assets:					
Cash and investments	\$ 733,363	\$ 540,858	\$ 455,794	\$ 1,471	\$ 1,731,486
Receivables (net of allowances for bad debts, where applicable):					
Trade accounts	56,838	24,413	8,563	-	89,814
Intergovernmental	263,532	-	-	-	263,532
Advances to other funds	-	49,886	-	-	49,886
Total current assets	<u>1,053,733</u>	<u>615,157</u>	<u>464,357</u>	<u>1,471</u>	<u>2,134,718</u>
Restricted assets:					
Cash and investments	<u>179,840</u>	<u>-</u>	<u>35,529</u>	<u>-</u>	<u>215,369</u>
Capital assets:					
Non-depreciable	6,048,867	-	166,831	1,421,677	7,637,375
Depreciable, net	2,975,813	25,807	2,576,093	1,061,525	6,639,238
Amortizable, net	-	-	2,146	-	2,146
Total capital assets, net	<u>9,024,680</u>	<u>25,807</u>	<u>2,745,070</u>	<u>2,483,202</u>	<u>14,278,759</u>
Total assets	<u>10,258,253</u>	<u>640,964</u>	<u>3,244,956</u>	<u>2,484,673</u>	<u>16,628,846</u>
LIABILITIES					
Current liabilities:					
Accounts payable	408,140	44,860	1,861	1,797	456,658
Unearned revenue	2,175	-	-	-	2,175
Deposits	-	-	86,627	-	86,627
Due to other funds	-	-	-	58,732	58,732
Advances from other funds	-	-	49,886	-	49,886
Current portion, compensated absences	6,827	2,707	10,350	176	20,060
Current portion of long-term debt	99,033	-	15,790	-	114,823
Total current liabilities	<u>516,175</u>	<u>47,567</u>	<u>164,514</u>	<u>60,705</u>	<u>788,961</u>
Long-term liabilities:					
Long-term compensated absences, net of current portion	22,092	17,360	11,820	1,429	52,701
Long-term debt, net of current portion	2,272,523	-	457,690	-	2,730,213
Total long-term liabilities	<u>2,294,615</u>	<u>17,360</u>	<u>469,510</u>	<u>1,429</u>	<u>2,782,914</u>
Total liabilities	<u>2,810,790</u>	<u>64,927</u>	<u>634,024</u>	<u>62,134</u>	<u>3,571,875</u>
NET POSITION					
Invested in capital assets, net of related debt	6,653,124	25,807	2,271,590	2,483,202	11,433,723
Restricted for debt service, spendable	179,840	-	35,529	-	215,369
Unrestricted	614,499	550,230	303,813	(60,663)	1,407,879
Total net position	<u>\$7,447,463</u>	<u>\$ 576,037</u>	<u>\$2,610,932</u>	<u>\$2,422,539</u>	<u>\$13,056,971</u>

The accompanying notes are an integral part of these financial statements.

City of Dunsmuir
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For The Year Ended June 30, 2014

	Sewer Fund	Solid Waste Fund	Water Fund	Airport Fund	Total
REVENUES					
User fees and charges	\$ 762,447	\$ 404,657	\$ 501,458	\$ -	\$ 1,668,562
Facilities rent	-	-	-	12,793	12,793
Total operating revenues	<u>762,447</u>	<u>404,657</u>	<u>501,458</u>	<u>12,793</u>	<u>1,681,355</u>
OPERATING EXPENSES					
Personnel and related expenses	208,152	67,244	130,976	4,730	411,102
Contract services	56,139	202,428	3,968	6,182	268,717
General and administrative services	212,613	74,904	106,878	6,622	401,017
Repairs and maintenance	36,152	33,729	12,097	855	82,833
Materials and supplies	28,703	9,818	22,712	-	61,233
Insurance and permits	20,633	9,796	19,971	5,137	55,537
Depreciation and amortization	145,093	6,452	103,228	90,410	345,183
Total operating expenses	<u>707,485</u>	<u>404,371</u>	<u>399,830</u>	<u>113,936</u>	<u>1,625,622</u>
Operating income (loss)	<u>54,962</u>	<u>286</u>	<u>101,628</u>	<u>(101,143)</u>	<u>55,733</u>
OTHER REVENUES (EXPENSES)					
Intergovernmental revenues	3,891,472	5,000	-	-	3,896,472
Interest earned	409	1,860	574	-	2,843
Interest expense	(47,570)	-	(24,035)	-	(71,605)
Total other revenues (expenses)	<u>3,844,311</u>	<u>6,860</u>	<u>(23,461)</u>	<u>-</u>	<u>3,827,710</u>
Change in net position	3,899,273	7,146	78,167	(101,143)	3,883,443
NET POSITION					
Beginning of year	<u>3,548,190</u>	<u>568,891</u>	<u>2,532,765</u>	<u>2,523,682</u>	<u>9,173,528</u>
End of the year	<u>\$7,447,463</u>	<u>\$ 576,037</u>	<u>\$2,610,932</u>	<u>\$2,422,539</u>	<u>\$13,056,971</u>

The accompanying notes are an integral part of these financial statements.

City of Dunsmuir
Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2014

	Sewer Fund	Solid Waste Fund	Water Fund	Airport Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 772,649	\$ 410,586	\$ 509,844	\$ 12,860	\$ 1,705,939
Payments to suppliers	(62,985)	(320,671)	(230,137)	(22,309)	(636,102)
Payments to employees	(128,635)	(38,573)	(69,691)	(2,952)	(239,851)
Net cash provided (used) by operating activities	<u>581,029</u>	<u>51,342</u>	<u>210,016</u>	<u>(12,401)</u>	<u>829,986</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Receipt of intergovernmental revenues	-	5,000	-	-	5,000
Interfund advances and payments	-	49,388	(49,388)	13,872	13,872
Net cash provided (used) by non-capital financing activities	<u>-</u>	<u>54,388</u>	<u>(49,388)</u>	<u>13,872</u>	<u>18,872</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING					
Receipt of intergovernmental revenues for capital	3,627,940	-	-	-	3,627,940
Purchase of capital assets	(5,408,982)	(32,259)	(7,974)	-	(5,449,215)
Proceeds from debt	1,296,556	-	-	-	-
Principal payments on debt	(21,000)	-	(14,790)	-	(35,790)
Interest payments on debt	(47,570)	-	(24,035)	-	(71,605)
Net cash (used) by investing activities	<u>(553,056)</u>	<u>(32,259)</u>	<u>(46,799)</u>	<u>-</u>	<u>(1,928,670)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income received	409	1,860	574	-	2,843
Net increase (decrease) in cash	28,382	75,331	114,403	1,471	219,587
CASH					
Beginning of the year	884,821	465,527	376,920	-	1,727,268
End of the year	<u>\$ 913,203</u>	<u>\$ 540,858</u>	<u>\$ 491,323</u>	<u>\$ 1,471</u>	<u>\$ 1,946,855</u>
Comprised of:					
Cash and investments	\$ 733,363	\$ 540,858	\$ 455,794	\$ 1,471	\$ 1,731,486
Restricted cash and investments	179,840	-	35,529	-	215,369
Total cash and cash investments	<u>\$ 913,203</u>	<u>\$ 540,858</u>	<u>\$ 491,323</u>	<u>\$ 1,471</u>	<u>\$ 1,946,855</u>
Reconciliation of operating income (loss) to cash provided (used) by operating activities:					
Operating income (loss)	\$ 54,962	\$ 286	\$ 101,628	\$ (101,143)	\$ 55,733
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:					
Depreciation and amortization	145,093	6,452	103,228	90,410	345,183
(Increase) decrease in accounts receivable	7,028	1,933	(1,644)	-	7,317
Decrease in other assets	3,174	3,996	2,236	67	9,473
Increase (decrease) in accounts payable	379,190	43,477	781	(1,098)	422,350
Decrease in compensated absences	(8,418)	(4,802)	(4,007)	(637)	(17,864)
Increase in deposits	-	-	7,794	-	7,794
Net cash provided (used) by operating activities	<u>\$ 581,029</u>	<u>\$ 51,342</u>	<u>\$ 210,016</u>	<u>\$ (12,401)</u>	<u>\$ 829,986</u>

The accompanying notes are an integral part of these financial statements.

City of Dunsmuir
Statement of Fiduciary Net Position
June 30, 2014

	<u>Agency Fund</u>
<u>ASSETS</u>	
Cash and investments	<u>\$ 19</u>
<u>LIABILITIES</u>	
Agency obligations	<u>\$ 19</u>

City of Dunsmuir
Notes to the Basic Financial Statements
June 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Dunsmuir, California (hereafter "the City") operates under a City Council – City Manager form of government and provides the following services: public safety, streets and roads, water and sewer, culture and recreation, public improvements, planning and zoning, and general administrative services.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental entities. The following is a summary of the more significant polices.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

The financial statements of the City include all of the financial activities of the City. In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities. Based upon the application of these criteria, the City does not have any component units.

B. Basis of Presentation

Government-wide Financial Statements:

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

The statement of activities presents a comparison between direct expenses and program revenues for each different identifiable activity of the City's business-type activities and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and therefore are clearly identifiable to a particular function. Program revenues include charges paid by recipients of goods and services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented instead as general revenues.

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

City of Dunsmuir
Notes to the Basic Financial Statements
June 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements:

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

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

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

The funds of the City are described below:

Major Governmental Funds:

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

The Community Development Block Grant (CDBG) Fund accounts for the financing of home rehabilitation, as financed by monies passed through the State by the federal government.

Major Proprietary Funds:

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

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

The Solid Waste Fund was established to account refuse collection, a self-supporting activity which renders a service on a user charge basis to residents and businesses within the City.

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

The Airport Fund was established to account for the operations of Mott Field.

Additionally, the City reports the following governmental funds:

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

City of Dunsmuir
Notes to the Basic Financial Statements
June 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Gas Tax Funds (2106, 2107, 2107.5, 2107SR): Established to account for the construction and maintenance of the streets and roads of the City as financed by gas taxes received from the State.

Fire Assessment Fund: Established to account for fire suppression activities, as financed by fire suppression fees levied on property owners.

Economic Development Block Grant (EDBG) Fund accounts for the financing of businesses, as financed by monies passed through the State by the federal government.

EDBG Revolving Loan Fund: Established to account for revolving loans and the monies associated with those loans.

CDBG Revolving Loan Fund: Established to account for revolving loans and the monies associated with those loans.

South Dunsmuir Sewer Assessment Fund: Established to account for assessments levied against certain property owners for the purpose of payment of long-term bonds issued for improvements of the sewer system.

The City reports the following Fiduciary Fund:

Siskiyou Regional Development Association Agency Fund: used to account for funds collected from other cities and used by the Association for meetings and economic development activities.

C. Measurement Focus and Basis of Accounting

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

Measurement Focus:

In the government-wide statements, both governmental and business-type activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus is used as appropriate.

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

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

Fiduciary (agency) funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

City of Dunsmuir
Notes to the Basic Financial Statements
June 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting:

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

In the fund financial statements, governmental and agency funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 60 days after year end. Expenditures (including capital outlays) are recorded when the related fund liability is incurred.

All proprietary funds utilize the accrual basis of accounting, as described above.

D. Assets, Liabilities, Net Position or Fund Equity

Cash and Cash Equivalents:

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

Investments:

The City participates in the California Local Agency Investment Fund ("LAIF"). LAIF is an external investment pool through which local governments may pool investments. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without the loss of interest. The fair value of the City's portion of LAIF is the same as its value of the pool shares. The regulatory oversight of LAIF rests with the Local Agency Investment Board.

Receivables:

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

Property Taxes:

The County of Siskiyou assesses, bills, and collects property taxes for the City. Assessed values are determined annually by the Siskiyou County Assessor as of January 1, and become a lien on such property January 1. Taxes are due November 1 and February 1 (secured), and July 1 (unsecured) and are delinquent if not paid by December 10 and April 10 (secured), and August 31 (unsecured). The County is permitted by the State Constitution (Article XIII A) to levy taxes at 1% of the full market value of the property (at the time of purchase) and can increase a property's assessed valuation by reappraisal due to new construction, change in ownership, or by increase in fair market value not to exceed a 2% each year. Property taxes collected by the County on behalf of the City but not remitted to the City by June 30 are accrued in revenue and included in other accounts receivable.

City of Dunsmuir
Notes to the Basic Financial Statements
June 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interfund Receivables and Payables:

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. These may include amounts relating to goods and services type transactions, and interfund loans.

Restricted Assets:

Certain resources set aside for the repayment of the City's sewer and water funds long-term debt are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable debt covenants.

Capital Assets:

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

In the government-wide financial statements, property, plant, equipment and infrastructure assets with a cost, as defined below, of \$1,000 or more are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available, except donated capital assets are recorded at their estimated fair market value at the date of donation. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Utility plant	40 years
Buildings	20 to 40 years
Improvements not buildings	10 to 40 years
Machinery and equipment	5 to 40 years
Infrastructure	40 years

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

Donated Assets:

Donated assets are recorded at fair market value at the time of donation.

Compensated Absences:

Vacation pay, sick leave, and compensated time off is vested to the employees as it accrues and is payable upon separation of service and therefore, have been accrued in the accompanying financial statements.

Unearned Revenue:

Unearned revenue represents monies received that has not yet been expended by the City and is not earned (as revenue) until it is properly expended.

City of Dunsmuir
Notes to the Basic Financial Statements
June 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance Classification:

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The City has classified police, fire, streets and roads, public transportation, community development and parks and fund balances as restricted for fund purposes. Monies set aside for noncurrent receivables and capital improvements are also classified as a restricted fund balance.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City did not have any committed resources as of June 30, 2014.
- Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to the City manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The City did not have any assigned resources as of June 30, 2014.
- Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The City would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

E. Revenues, Expenditures and Expenses

Operating Revenues and Expenses:

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

City of Dunsmuir
Notes to the Basic Financial Statements
June 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenditures/Expenses:

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

In the fund financial statements, expenditures are classified by character (current, debt service or capital outlay) for governmental funds, and by operating or nonoperating classifications for proprietary funds.

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

F. Estimates

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

G. Budgets

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

NOTE 2 CASH AND INVESTMENTS

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

Cash and investments as of June 30, 2014 are classified in the accompanying financial statements as follows:

Statement of net position:	
Current cash and investments	\$ 2,127,704
Restricted cash and investments	215,369
Statement of fiduciary net position	19
Total cash and investments	\$ 2,343,092
Consisting of the following:	
Cash on hand	\$ 350
Deposits with financial institutions	1,418,093
Investments in LAIF	924,649
	\$ 2,343,092

Investments Authorized:

The City manages its pooled idle cash investments under the guidelines of the State of California Government Code Section 53601 which specifically authorizes investments in the following instruments: treasury bills,

**City of Dunsmuir
Notes to the Basic Financial Statements
June 30, 2014**

NOTE 2 CASH AND INVESTMENTS (continued)

treasury notes, federal agency securities, bankers' acceptances, nonnegotiable certificates of deposit, commercial paper, negotiable certificates of deposit, and repurchase agreements. All investments activities are conducted with financial institutions approved by the City Council.
Disclosure Relating to Interest Rate Risk:

Interest rate risk is the risk that changes in market 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 in market interest rates. As of year end, the weighted average maturity, as well as the estimated fair value of each investment, are shown in the table below.

	Cost	Fair Value	Maturity Date
Local Agency Investment Fund	\$ 924,649	\$ 924,649	232 day average

Disclosure Relating to Credit Risk:

Generally, credit risk is the risk that an issuer if an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have such a rating.

Concentration of Credit Risk:

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

Custodial Credit Risk:

Custodial credit risk of 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 provisions for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal 110 percent 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 percent of the secured public deposits.

The City's balance in banks was \$1,177,864, all of which was covered by federal depository insurance, or the collateral requirements discussed in the preceding paragraph. The bank balance differs from the book balance of \$1,148,093 because of deposits in transit and outstanding checks.

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 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

City of Dunsmuir
Notes to the Basic Financial Statements
June 30, 2014

NOTE 2 CASH AND INVESTMENTS (continued)

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).

Investment in State Investment Pool (LAIF):

The City is a voluntary participant in the Local Agency Investment Fund (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 accounting records maintained by LAIF, which are recorded on an amortized cost basis.

NOTE 3 LOANS RECEIVABLE

The following is the composition of loans receivable at June 30, 2014:

	<u>CDBG Fund</u>	<u>EDBG Fund</u>	<u>EDBG Revolving Loan Funds</u>	<u>CDBG Revolving Loan Funds</u>	<u>Total</u>
Mortgage loans	\$ 936,222	\$ 246,263	\$ 108,279	\$ 57,991	\$ 1,348,755
Less: allowance for bad debt	(79,459)	(69,097)	-	(41,311)	(189,867)
Total	<u>\$ 856,763</u>	<u>\$ 177,166</u>	<u>\$ 108,279</u>	<u>\$ 16,680</u>	<u>\$ 1,158,888</u>
Related party loans	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 170,721</u>	<u>\$ -</u>	<u>\$ 170,721</u>

NOTE 4 DUE TO / DUE FROM OTHER FUNDS, ADVANCES TO / FROM OTHER FUNDS, AND OPERATING TRANSFERS IN/OUT

The following is a summary of the interfund receivables and payables at June 30, 2014:

<u>Due from:</u>	<u>Due to: General Fund</u>
Community Development Block Grant Fund	\$ 45,842
Local Transportation Fund	949
Gas Tax Fund	3,278
Airport Fund	58,732
Total	<u>\$ 108,801</u>

The above amounts are to cover negative cash balances in the respective funds' pooled cash accounts, and will be repaid by transferring monies from other cash accounts or from future revenues.

The Solid Waste Fund made an advance to the Water fund for the purpose of paying off the COPS Water Loan. The Water fund is scheduled to repay the advance over three years at 1% interest. The balance due to the Solid Waste fund from the Water fund at June 30, 2014 was \$49,886.

City of Dunsmuir
Notes to the Basic Financial Statements
June 30, 2014

NOTE 4 DUE TO / DUE FROM OTHER FUNDS, ADVANCES TO / FROM OTHER FUNDS, AND OPERATING TRANSFERS IN/OUT (Continued)

The following is a summary of operating transfers in/out:

Transfer in to:	Transfer out from:
Gas Tax Fund	General Fund
	\$ 33,996

The operating transfer to the Gas Tax Fund is for overhead activities in the General Fund.

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	June 30, 2013	Additions and Transfers	Retirements and Transfers	June 30, 2014
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,151,800	\$ -	\$ -	\$ 1,151,800
Construction in progress	59,855	19,511	-	79,366
Total capital assets not being depreciated:	1,211,655	19,511	-	1,231,166
Capital assets being depreciated:				
Buildings	1,739,864	-	-	1,739,864
Machinery and equipment	1,990,136	4,003	-	1,994,139
Infrastructure	2,901,010	-	-	2,901,010
Total capital assets being depreciated	6,631,010	4,003	-	6,635,013
Less accumulated depreciation for:				
Buildings	1,360,687	20,730	-	1,381,417
Machinery and equipment	912,152	86,366	-	998,518
Infrastructure	1,315,588	144,694	-	1,460,282
Total accumulated depreciation	3,588,427	251,790	-	3,840,217
Total capital assets being depreciated, net	3,042,583	(247,787)	-	2,794,796
Subtotal, governmental activities	4,254,238	(228,276)	-	4,025,962

City of Dunsmuir
Notes to the Basic Financial Statements
June 30, 2014

NOTE 5 CAPITAL ASSETS (Continued)

	June 30, 2013	Additions and Transfers	Retirements and Transfers	June 30, 2014
Business-type activities:				
Capital assets not being depreciated:				
Land	1,718,508	-	-	1,718,508
Construction in progress	523,258	5,395,609	-	5,918,867
Total capital assets not being depreciated	<u>2,241,766</u>	<u>5,395,609</u>	<u>-</u>	<u>7,637,375</u>
Capital assets being depreciated:				
Utility plant	7,821,527	-	-	7,821,527
Buildings	240,861	-	-	240,861
Improvements not buildings	2,896,158	-	-	2,896,158
Machinery and equipment	1,103,108	53,606	-	1,156,714
Total capital assets being depreciated	<u>12,061,654</u>	<u>53,606</u>	<u>-</u>	<u>12,115,260</u>
Less accumulated depreciation for:				
Utility plant	2,743,334	197,606	-	2,940,940
Buildings	103,560	10,120	-	113,680
Improvements not buildings	1,509,590	97,267	-	1,606,857
Machinery and equipment	780,098	34,447	-	814,545
Total accumulated depreciation	<u>5,136,582</u>	<u>339,440</u>	<u>-</u>	<u>5,476,022</u>
Total capital assets being depreciated, net	<u>6,925,072</u>	<u>(285,834)</u>	<u>-</u>	<u>6,639,238</u>
Capital assets being amortized:				
Organization costs	109,530	-	-	109,530
Less: accumulated amortization	101,641	5,743	-	107,384
Total capital assets being amortized, net	<u>7,889</u>	<u>(5,743)</u>	<u>-</u>	<u>2,146</u>
Subtotal, business-type activities	<u>9,174,727</u>	<u>5,104,032</u>	<u>-</u>	<u>14,278,759</u>
Total, government-wide	<u>\$ 13,428,965</u>	<u>\$ 4,875,756</u>	<u>\$ -</u>	<u>\$ 18,304,721</u>

Depreciation and amortization expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 26,315
Public safety	79,189
Streets and roads	146,286
Total depreciation and amortization expense - governmental activities	<u>\$ 251,790</u>
Business-type activities:	
Sewer	\$ 145,093
Solid Waste	6,452
Water	103,228
Airport	90,410
Total depreciation and amortization expense - business-type activities	<u>\$ 345,183</u>

City of Dunsmuir
Notes to the Basic Financial Statements
June 30, 2014

NOTE 6 LONG TERM DEBT

The following is a summary of Governmental activities long-term liabilities activity during the year ended June 30, 2014:

	June 30, 2013	Additions	Reductions	June 30, 2014	Current Portion
Bonds and notes payable:					
So. Dunsmuir Sewer Assessment system	105,000	-	3,000	102,000	4,000
Total governmental activities long-term debt	<u>\$ 105,000</u>	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ 102,000</u>	<u>\$ 4,000</u>

Payments on the bonds and notes payable that pertain to the City's governmental activities are made by South Dunsmuir Sewer Assessment District Fund.

Debt service requirements for principal and interest for Governmental bonds and notes payable for future years is as follows:

Interest rate date Year Ended June 30,:	So. Dunsmuir Sewer Assessment	
	6.00% September 2, 2030	
	Principal	Interest
2015	4,000	6,120
2016	4,000	5,880
2017	4,000	5,640
2018	4,000	5,400
2019	5,000	5,160
2020-2024	27,000	21,240
2025-2029	37,000	11,940
2030-2031	17,000	1,500
	<u>\$ 102,000</u>	<u>\$ 62,880</u>

The following is a summary of Business-type activities long-term liabilities activity during the year ended June 30, 2014:

	June 30, 2013	Additions	Reductions	June 30, 2014	Current Portion
Bonds and notes payable:					
1994 Sewer Improvement Certificates of Participation	\$ 396,000	\$ -	\$ 11,000	\$ 385,000	\$ 11,000
2007 USDA Sewer Loan	700,000	-	10,000	690,000	11,000
State Water Resources Control Board	-	1,296,556	-	1,296,556	77,033
Total sewer fund	<u>1,096,000</u>	<u>1,296,556</u>	<u>21,000</u>	<u>2,371,556</u>	<u>99,033</u>
1994 Water Improvement Certificates of Participation	452,000	-	12,000	440,000	13,000
2005 Water System Loan	36,270	-	2,790	33,480	2,790
Total water fund	<u>488,270</u>	<u>-</u>	<u>14,790</u>	<u>473,480</u>	<u>15,790</u>
Total Business-type activities long term debt	<u>\$ 1,584,270</u>	<u>\$1,296,556</u>	<u>\$ 35,790</u>	<u>\$ 2,845,036</u>	<u>\$ 114,823</u>

City of Dunsmuir
Notes to the Basic Financial Statements
June 30, 2014

NOTE 6 LONG TERM DEBT (continued)

Payments on the bonds and notes payable that pertain to the City's business-type activities are made by the Water and Sewer Funds.

Debt service requirements for principal and interest for Business-type activities bonds and notes payable for future years is as follows:

Interest rate Maturity Year Ended June 30,:	1994 Sewer Certificates of Participation		2007 USDA Sewer Loan		State Water Resources Control Board	
	4.50%		4.25%		1.80%	
	May 1, 2035		May 1, 2046		August 31, 2034	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	11,000	17,325	11,000	29,325	77,033	27,726
2016	12,000	16,830	11,000	28,857	74,642	30,117
2017	12,000	15,750	11,000	28,390	75,985	28,773
2018	13,000	16,290	12,000	27,923	77,353	27,406
2019	14,000	15,165	12,000	27,413	408,159	115,634
2020-2024	78,000	65,970	71,000	128,690	446,239	77,554
2025-2029	97,000	46,710	87,000	112,327	487,873	35,920
2030-2034	120,000	22,950	107,000	92,140	102,906	1,852
2035-2039	28,000	631	131,000	67,596	-	-
2040-2044	-	-	162,000	37,145	-	-
2045-2049	-	-	75,000	4,803	-	-
Total	\$ 385,000	\$ 217,621	\$690,000	\$584,609	\$ 1,750,190	\$ 344,982

Interest rate Maturity Year Ended June 30,:	1994 Water Improvement Certificates of		2005 Water System Loan		Total	
	5.13%		N/A			
	May 1, 2035		July, 1 2026			
	Principal	Interest	Principal	Interest	Principal	Interest
2015	13,000	22,499	2,790	-	114,823	96,875
2016	13,000	21,833	2,790	-	113,432	97,637
2017	14,000	21,166	2,790	-	115,775	94,079
2018	15,000	20,449	2,790	-	120,143	92,068
2019	16,000	19,680	2,790	-	452,949	177,892
2020-2024	90,000	85,588	13,950	-	699,189	357,802
2025-2029	116,000	59,963	5,580	-	793,453	254,920
2030-2034	149,000	27,009	-	-	478,906	143,951
2035-2039	14,000	666	-	-	173,000	68,893
2040-2044	-	-	-	-	162,000	37,145
2045-2049	-	-	-	-	75,000	4,803
Total	\$ 440,000	\$ 278,853	\$ 33,480	\$ -	\$ 3,298,670	\$ 1,426,065

The total principal amount shown above for the State Water Resources Control Board loan is higher than the outstanding balance at June 30, 2014. The remaining amount of the loan proceeds were received subsequent to year end, and the debt service requirements reflect the total loan.

City of Dunsmuir
Notes to the Basic Financial Statements
June 30, 2014

NOTE 7 COMPENSATED ABSENCES

Compensated absence activity for the year ended June 30, 2014 is summarized as follows:

	June 30, 2013	Additions	Reductions	June 30, 2014	Current Portion
Governmental activities:					
General fund	\$ 63,196	\$ -	\$ 4,679	\$ 58,517	\$ 13,354
Business-type activities:					
Sewer fund	37,337	-	8,418	28,919	6,827
Solid Waste fund	24,869	-	4,802	20,067	2,707
Water fund	26,177	-	4,007	22,170	10,350
Airport fund	2,242	-	637	1,605	176
Total business-type activities	90,625	-	17,864	72,761	20,060
Total compensated absences	\$ 153,821	\$ -	\$ 22,543	\$ 131,278	\$ 33,414

NOTE 8 PENSION PLAN

Plan Description – The City’s defined benefit pension plan, City of Dunsmuir Pension Plan (“the Plan”) provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Plan is part of the Public Agency portion of the California Public Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State Statutes within the Public Employees’ Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local resolutions. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, California 95814.

Funding Policy – Active plan members of the Plan are required to contribute 7.00% of their annual covered salary. The City has elected to pay a portion of the employees’ contribution. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the year ended June 30, 2014 was 9.691%. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost – For the year ended June 30, 2014 the City’s annual pension cost was \$ 42,668, which is also the amount the City contributed. The required contribution for the year ended June 30, 2014 was determined as part of the June 30, 2011 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percentage of pay. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by age, service, and type of employment ranging from 3.30% to 14.20%, and: (c) 3.00% cost-of-living adjustment. Both (a) and (b) include an inflation component of 2.75%. The actuarial value of the Plan’s assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a three year period. The Plan’s unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2014 was 7 years. The City’s employees also paid contributions, which totaled \$29,728 for the year ended June 30, 2014.

**City of Dunsmuir
Notes to the Basic Financial Statements
June 30, 2014**

Three Year Trend Information:

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Annual Pension Cost (APC)	\$ 42,668	\$ 44,806	\$ 38,397
Percentage APC contributed	100%	100%	100%
Net Pension Obligation	\$ -	\$ -	\$ -

During the year ended June 30, 2003, CalPERS grouped all small employers (defined as those with less than 100 members in the Plan) into a risk pool. Therefore, information for the years ended June 30, 2013, 2012 and 2011 (the latest available) are for the pool as a whole.

	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Actuarial value of assets (AVA)	\$ 3,686,598,343	\$ 3,203,214,899	\$ 2,946,408,106
Actuarial Accrued Liability (AAL)	\$ 4,175,139,166	\$ 3,619,835,876	\$ 3,309,064,934
Unfunded AAL (UAAL)	\$ 488,540,823	\$ 416,620,977	\$ 362,656,828
Funded Ratio (AVA/AAL)	88.3%	88.5%	89.0%

NOTE 9 SELF-INSURANCE

The City is a member of the Small Cities Organized Risk Effort (SCORE), a general liability shared risk pool. The City is responsible to pay the first \$25,000 of each claim, but has coverage through the pool of up to \$45,000,000 per claim.

NOTE 10 RESTRICTED NET POSITION

Restricted net position is equity whose use is subject to constraints that are either; (1) externally imposed by creditors (such as debt covenants), grantors, or laws or regulations of governments, or (2) imposed by law through constitutional provisions or enabling legislation. Restricted net position at June 30, 2014 for governmental activities were restricted for the specific fund purpose and business-type activities were restricted for debt service.

NOTE 11 FUND BALANCE

Fund balances are classified as follows:

Nonspendable—Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted—Amounts that can be spent only for specific purposes because of the City Charter, City Code, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed—Amounts that can be used only for specific purposes determined by a formal action by City Council ordinance or resolution. This includes the budget reserve account.

Assigned—Amounts that are designated by the Mayor for a specific purpose but are not spendable until a budget ordinance is passed by City Council.

City of Dunsmuir
Notes to the Basic Financial Statements
June 30, 2014

Unassigned—All amounts not included in other spendable classifications.

As discussed in Note 1, restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by Council or the Assignment has been changed by the Mayor. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order.

General Fund

The General Fund has Unassigned Fund Balance of \$187,076 at June 30, 2014.

Other Major Fund

The Community Development Block Grant Fund has Non-spendable Fund Balance of \$856,763 consisting of noncurrent receivables and an Unassigned Fund Balance (Deficit) of \$(44,705) at June 30, 2014.

Other Funds

Other governmental (nonmajor) funds have Non-spendable Fund Balance of \$302,125, consisting of noncurrent receivables, Restricted Fund Balance of \$307,036 restricted for fund purpose and Unassigned Fund Balance of \$142,371 at June 30, 2014.

NOTE 12 CONTINGENCIES

The City participates in several Federal and State assisted grant programs that are subject to audit by the grantors. Although the ultimate outcome of such audits cannot be determined at this time, the City believes that such audits will not have a material adverse effect on the City.

The City is also a party to several legal actions. Should the outcome be unfavorable to the City, it does not expect the financial effects will be material to the financial position of the City.

NOTE 13 OVEREXPENDITURE OF BUDGET

The Community Development Block Grant Fund overexpended its budget by \$8,981.

REQUIRED SUPPLEMENTARY INFORMATION

**City of Dunsmuir
Budgetary Comparison Schedule
For The Year Ended June 30, 2014**

	Original Budget	Final Budget	Actual Amounts	Favorable (Unfavorable) Variance With Final Budget
REVENUES				
Property taxes	\$ 250,700	\$ 250,000	\$ 265,580	\$ 15,580
Sales and use taxes	103,500	83,500	110,288	26,788
Transient occupancy taxes	125,000	85,000	109,567	24,567
Franchise and other licenses	57,750	57,810	56,159	(1,651)
Licenses and permits	18,500	9,000	7,038	(1,962)
Intergovernmental revenues	381,250	250,158	257,874	7,716
Charges for services	61,725	104,700	100,904	(3,796)
Fines, forfeitures and penalties	5,275	5,400	5,413	13
Use of money and property	95,305	97,825	97,751	(74)
Other	356,400	397,556	145,556	(252,000)
Total revenues	<u>1,455,405</u>	<u>1,340,949</u>	<u>1,156,130</u>	<u>(184,819)</u>
EXPENDITURES				
Current:				
City council	38,250	24,607	11,595	13,012
City administrator	112,227	111,515	49,298	62,217
City clerk	7,404	7,086	7,069	17
City attorney	56,200	46,200	14,690	31,510
Planning	19,702	30,432	26,554	3,878
Finance and administration	176,269	183,631	82,083	101,548
Building inspection	23,250	19,950	17,939	2,011
Police protection	424,642	407,372	420,075	(12,703)
Fire protection	158,371	167,048	177,049	(10,001)
Streets and roads	146,800	120,330	110,471	9,859
Buildings and grounds	219,822	107,446	101,868	5,578
Health and welfare	2,500	2,500	1,644	856
Community and economic development	21,700	19,925	21,136	(1,211)
Capital outlay	-	-	23,514	(23,514)
Total expenditures	<u>1,407,137</u>	<u>1,248,042</u>	<u>1,064,985</u>	<u>183,057</u>
Excess of revenues over (under) expenditures	<u>48,268</u>	<u>92,907</u>	<u>91,145</u>	<u>(1,762)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers out	(33,996)	(33,996)	(33,996)	-
Total other financing sources (uses)	<u>(33,996)</u>	<u>(33,996)</u>	<u>(33,996)</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ 14,272</u>	<u>\$ 58,911</u>	<u>\$ 57,149</u>	<u>\$ (1,762)</u>

**City of Dunsmuir
 Budgetary Comparison Schedule
 Community Development Block Grant
 For The Year Ended June 30, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Favorable (Unfavorable) Variance With Final Budget</u>
<u>REVENUES</u>				
Intergovernmental		\$ -	\$ 7,052	\$ 7,052
Use of money and property	1,060	1,060	11,269	10,209
Total revenues	<u>1,060</u>	<u>1,060</u>	<u>18,321</u>	<u>17,261</u>
<u>EXPENDITURES</u>				
Current:				
Community and economic development	136	154	9,135	(8,981)
Total expenditures	<u>136</u>	<u>154</u>	<u>9,135</u>	<u>(8,981)</u>
Excess of revenues (under) expenditures	<u>924</u>	<u>906</u>	<u>9,186</u>	<u>8,280</u>
<u>OTHER FINANCING (USES)</u>				
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues (under) expenditures and other u	<u>\$ 924</u>	<u>\$ 906</u>	<u>\$ 9,186</u>	<u>\$ 8,280</u>

SUPPLEMENTARY INFORMATION

City of Dunsmuir
Combining Balance Sheet
June 30, 2014

	Special Revenue						Total
	Local Transportation Fund	Gas Tax Fund	Fire Assessment Fund	EDBG Fund	EDBG Revolving Loan Fund	CDBG Revolving Loan Fund	
<u>ASSETS</u>							
Cash	\$ 8,954	\$ -	\$ 47,582	\$ 64,483	\$ 65,512	\$ 95,754	\$ 402
Receivables (net of allowance for doubtful accounts, where applicable):							
Loans	-	-	-	177,166	108,279	16,680	-
Intergovernmental and other	7,440	16,362	6,949	-	-	-	2,328
Total assets	<u>\$ 16,394</u>	<u>\$ 16,362</u>	<u>\$ 54,531</u>	<u>\$ 241,649</u>	<u>\$ 173,791</u>	<u>\$ 112,434</u>	<u>\$ 2,730</u>

LIABILITIES AND FUND BALANCES

Liabilities:							
Accounts payable	\$ 930	\$ 3,573	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	949	3,278	-	-	-	-	-
Total liabilities	<u>1,879</u>	<u>6,851</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:							
Nonspendable:							
Noncurrent receivables	-	-	-	177,166	108,279	16,680	-
Restricted for:							
Streets and roads	14,515	9,511	-	-	-	-	-
Public safety	-	-	54,531	-	-	-	-
Community and economic development	-	-	-	64,483	65,512	95,754	2,730
Total	<u>14,515</u>	<u>9,511</u>	<u>54,531</u>	<u>64,483</u>	<u>65,512</u>	<u>95,754</u>	<u>2,730</u>
Unassigned	-	-	-	-	-	-	-
Total fund balance	<u>14,515</u>	<u>9,511</u>	<u>54,531</u>	<u>241,649</u>	<u>173,791</u>	<u>112,434</u>	<u>2,730</u>
Total liabilities and fund balance	<u>\$ 16,394</u>	<u>\$ 16,362</u>	<u>\$ 54,531</u>	<u>\$ 241,649</u>	<u>\$ 173,791</u>	<u>\$ 112,434</u>	<u>\$ 2,730</u>

The accompanying notes are an integral part of these financial statements.

City of Dunsmuir
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For The Year Ended June 30, 2014

	Special Revenue						Total	
	Local Transportation Fund	Gas Tax Fund	Fire Assessment Fund	EDBG Fund	EDBG Revolving Loan Fund	CDBG Revolving Loan Fund		South Dunsmuir Sewer Assessment Fund
REVENUES								
Assessments	\$ -	\$ -	\$ 27,407	\$ -	\$ -	\$ -	\$ 9,513	\$ 36,920
Intergovernmental revenues	46,526	107,372	-	-	-	-	-	153,898
Use of money and property	25	-	126	6,896	1,517	247	-	8,811
Total revenues	<u>46,551</u>	<u>107,372</u>	<u>27,533</u>	<u>6,896</u>	<u>1,517</u>	<u>247</u>	<u>9,513</u>	<u>199,629</u>
EXPENDITURES								
Current:								
Fire protection	-	-	2,426	-	-	-	-	2,426
Streets and roads	6,521	107,077	-	-	-	-	-	113,598
Transit assistance	39,085	-	-	-	-	-	-	39,085
Community and economic development	-	-	-	180	6,816	72	-	7,068
Bad debt expense (recovery)	-	-	-	(59,876)	(108,279)	-	-	(168,155)
Debt service:								
Principal	-	-	-	-	-	-	3,000	3,000
Interest	-	-	-	-	-	-	6,210	6,210
Total expenditures	<u>45,606</u>	<u>107,077</u>	<u>2,426</u>	<u>(59,696)</u>	<u>(101,463)</u>	<u>72</u>	<u>9,210</u>	<u>3,232</u>
Excess of revenues over (under) expenditures	945	295	25,107	66,592	102,980	175	303	196,397
OTHER FINANCING SOURCES (USES)								
Operating transfers in	-	33,996	-	-	-	-	-	33,996
Operating transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	<u>33,996</u>	-	-	-	-	-	<u>33,996</u>
Excess of revenues and other sources over (under) expenditures and other uses	945	34,291	25,107	66,592	102,980	175	303	230,393
FUND BALANCE								
Beginning of the year	13,570	(24,780)	29,424	175,057	70,811	112,259	2,427	378,768
End of the year	<u>\$ 14,515</u>	<u>\$ 9,511</u>	<u>\$ 54,531</u>	<u>\$ 241,649</u>	<u>\$ 173,791</u>	<u>\$ 112,434</u>	<u>\$ 2,730</u>	<u>\$ 609,161</u>

SINGLE AUDIT SCHEDULES AND REPORTS

**City of Dunsmuir
Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2014**

<u>Program Title</u>	<u>Federal CFDA #</u>	<u>Pass Through Grantor #</u>	<u>Federal Expenditures</u>	<u>Loan Disbursements Included In Expenditures</u>
Department of Housing and Urban Development				
Passed through California Department of Housing and Community Development				
Community Development Block Grant/State's program	14.228	09-STBG-6403	\$ 7,052	-
Total Department of Housing and Urban Development Programs			<u>7,052</u>	<u>-</u>
Environmental Protection Agency				
Passed through California State Water Resources Control Board				
Capitalization Grants for Clean Water State Revolving Loan Fund	66.458	11-840-550	3,357,500	-
Total Environmental Protection Agency			<u>3,357,500</u>	<u>-</u>
Total Expenditure of Federal Awards			<u>\$ 3,364,552</u>	<u>\$ -</u>

Notes:

The Schedule of Expenditures of Federal Awards is prepared using the modified accrual basis of accounting, which is the same basis used in preparing the basic financial statements.

City of Dunsmuir, California expended no federal non-cash assistance during the year, had no federal insurance in effect during the year, and had no outstanding federal loan guarantees during the year.



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

To the City Council
City of Dunsmuir, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Dunsmuir as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Dunsmuir's basic financial statements, and have issued our report thereon dated September 1, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Dunsmuir's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Dunsmuir's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Dunsmuir's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2014-001 to be material weaknesses.

Compliance and Other Matters

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

Purpose of this Report

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

Aiello, Goodrich & Teuscher

Aiello, Goodrich & Teuscher
An Accountancy Corporation
Mt. Shasta, California
September 1, 2015





**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the City Council
City of Dunsmuir, California

Report on Compliance for Each Major Federal Program

We have audited City of Dunsmuir's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Dunsmuir's major federal programs for the year ended June 30, 2014. City of Dunsmuir's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of City of Dunsmuir's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Dunsmuir's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of City of Dunsmuir's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, City of Dunsmuir complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2014-001 and 2014-002. Our opinion on each major federal program is not modified with respect to these matters.

City of Dunsmuir's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Dunsmuir's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of City of Dunsmuir is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Dunsmuir's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Dunsmuir's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-001 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-002 to be a significant deficiency.

City of Dunsmuir's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Dunsmuir's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Aiello, Goodrich & Teuscher

Aiello, Goodrich & Teuscher
An Accountancy Corporation
Mt. Shasta, CA
September 1, 2015



**City of Dunsmuir
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014**

Summary of Auditors' Results

1. The auditors' report expresses an unmodified opinion on the financial statements of the City of Dunsmuir, California.
2. One material weakness (Item 2014-001) relating to the audit of the financial statements is reported in the *Independent Auditors' Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the City of Dunsmuir, California were disclosed during the audit.
4. One material weakness (Item 2014-001) and one significant deficiency (Item 2014-002) relating to the audit of the major federal awards programs are reported in the *Independent Auditors' Report On Compliance For Each Major Program And On Internal Control Over Compliance Required By OMB Circular A-133*.
5. The Independent Auditors' Report on compliance for the major federal award programs expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The program tested as a major program was CFDA #66.458 – Capitalization Grants for Clean Water State Revolving Loan Fund.
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The City of Dunsmuir, California did not qualify as a low-risk auditee.

Findings - Financial Statement Audit

2014-001 Material Errors in the Financial Statements

Condition: Material audit adjustments were proposed. The items consisted of adjustments to properly record revenues, and expenses, capitalize capital asset purchases, record a receivable and revenue related to the major federal award program, and record the loan related to a grant program.

Criteria: The City must present its financial statements in accordance with generally accepted accounting principles.

Cause: The City was without qualified accounting staff or a finance officer for an extended period subsequent to year end, when normally these items would have been adjusted.

Effect: Material errors existed in the City's financial statements.

Recommendation: The City must employ competent accounting staff at all times, and ensure that their functions are being properly performed.

Views of Responsible Officials and Planned Corrective Action: Lack of support staff during the period subsequent to June 30, 2014 was allowed by prior City Council. A new Council is in place, and they have approved budgets that include a full time interim City Manager and a full time Finance Director. Since February 2015, a full time

**City of Dunsmuir
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014**

Interim City Manager has been employed, and since March 2015 a 60% contract finance position has been utilized. Recruitments to fill both full time budget positions are to be soon underway.

Findings and Questioned Costs-Major Federal Award Programs Audit

Environmental Protection Agency
Capitalization Grants for Clean Water State Revolving Loan Fund
CFDA No. 66.458

2014-001 Material Errors in the Financial Statements

This finding, listed above under financial statement audit findings, applies to this major federal award program.

2014-002 Late Submission of Data Collection Form and Reporting Package

Condition: The Data Collection Form and Reporting Package were not submitted within nine months of the end of the audit period.

Criteria: The Data Collection Form and Reporting Package are required to be submitted within 30 days of the issuance of the audit, but in no case shall it be later than 9 months from the end of the audit period.

Cause: The City was not able to be audited until the summer of 2015 due to staff turnover and the need to complete the accounting records for the year ended June 30, 2014.

Effect: The City may lose its ability to be eligible for further federal financial assistance. In addition, if there were any errors, fraud, abuse or question costs, they would not have been detected in a timely manner.

Questioned Costs: None.

Recommendation: The City must employ appropriate accounting staff at all times to maintain current records, and it must be audited within the required time frame.

Views of Responsible Officials and Planned Corrective Action: Lack of support staff during the period subsequent to June 30, 2014 was allowed by prior City Council. A new Council is in place, and they have approved budgets that include a full time interim City Manager and a full time Finance Director. Since February 2015, a full time Interim City Manager has been employed, and since March 2015 a 60% contract finance position has been utilized. Recruitments to fill both full time budget positions are to be soon underway.

Summary of Prior Audit Findings

None

CITY COUNCIL AGENDA REPORT
October 1, 2015 Regular Meeting
ADMINISTRATIVE STAFF REPORT

Item No.: 12.B
Date: October 1, 2015
Subject: Request for Extra Services

ISSUE: Should the Council approve a contract amendment request for additional services related to the Dunsmuir Community Center remodel.

The City of Dunsmuir was awarded a grant through the Community Development Block Grant (CDBG) program to, in part, make repairs and improvements to the Community Center in Dunsmuir. The City of Dunsmuir awarded Schlumpberger Consulting Engineers, Inc. (SCE) a contract to complete plan specifications and assist with construction inspection. Although bid assistance from the design engineer is normal and usual in these contracts, it was inadvertently not included in the current contract with SCE. City grant staff believes that engineering participation is critical for a successful bid.

City grant staff has reviewed the SCE proposal for these additional services and believes that the proposed cost of \$5,000 is reasonable and can come from the Activity Delivery portion of the grant sodocument1\fontus\user-docs\cityadmin\my documents\city council agenda item request for extra services 10.01.15.docx there will be no cost to the City General Fund.

RECOMMENDATION: Move to approve request for additional services by Schlumpberger Consulting Engineers for Community Center improvements, to be funded by the Activity Services allocation of the CDBG 2013/14 grant.

Prepared by Jim Cook, Community Development on Call
Concurred with by Randy L. Johnsen, Interim City Manager



Schlumpberger Consulting Engineers, Inc.
Structural/Civil /Environmental/Construction Mgt.

*Main Office: Mount Shasta
624 S. Mt. Shasta Blvd., Mt. Shasta, CA 96067
Tel: 530-926-2605 Fax: 530-926-8921*

*Oregon: 17744 #A11 Hwy 101 N. Brookings, OR 97415
Tel: 541-412-2901
Website: www.sceshasta.com*

REQUEST FOR EXTRA SERVICES

RES. No. 1

Date: May 8, 2015

Project No: 13018.1

Client: City of Dunsmuir

Project: Dunsmuir Community Bldg Remodel/Addition

You have authorized the following services to be initiated on the above referenced project:

Bid Assist & Documents including Specifications, Addendums, Pre-Bid Conference,
per City & Grant requirements.

Our fee for these services will be a fixed amount of: Hourly, Not to Exceed \$5,000
Work to be billed as: Bid Assist

The purpose of this agreement is to authorize the initiation of design and engineering services. All scope and hourly estimate information contained within this authorization will be included in the project contract. All work will be performed in accordance with the Terms and Conditions of the SCE, Inc. Contract and Hourly Rate Schedule.

Thank you,

SCE, Inc.

Charles P. Schlumpberger, PE, Lic. #C-50456

5/11/15
Date

Approved by:

Company
Or Authorized Representative

Date

**CITY COUNCIL AGENDA ITEM
INTERIM CITY MANAGER STAFF REPORT
NEW BUSINESS**

Item No: 12.C.
Date: October 1, 2015
Subject: Consider and approve recommendation of Solid Waste Committee to schedule Cleanup Day in June, Household Hazardous Waste Disposal Day in July, Cleanup Day in August, and Green Waste Disposal Day in September 2016

=====

At their September 9 meeting, Solid Waste Committee members discussed and by consensus agreed to recommend that four events to assist in cleaning up Dunsmuir be held in 2016. The City has held cleanup days in the past and it is recommended the first for 2016 be held in June, the start of the summer when residents normally begin getting rid of items and cleaning up property after the winter months.

Siskiyou County has received grants to conduct household hazardous waste disposal events and, if requested, may be able to hold such an event in Dunsmuir. It is recommended that, if possible, such be set for July.

It is then recommended that another cleanup day event be held in August, which is conceivably the month that most of the accumulated items at residences would be organized for removal. This would again save residents a trip to the dump and, by making it easier to dispose of items, clean up Dunsmuir.

A green waste disposal event could be organized for September. Such an event has not been held previously and will require some planning and coordination, and possibly permitting from the County Health Department.

If the above conceptually works for the Council, committee and staff will work on organizing these events, coordinating with Clemens Waste Removal where necessary, arranging staff and volunteers to work the events, and coordinating with the County for use of their grant funded operations; i.e., \\fontus\user-docs\cityadmin\my documents\city council agenda item cleanup events in 2016 10.01.15.docx tire removal, battery recycling, etc.

Motion: Move to direct staff to work with the Solid Waste Committee, Clemens Waste Removal and County staff and other agencies to schedule and organize cleanup events in June and August, a household hazardous waste disposal event in July, and a green waste disposal event in September 2016; with funding for these events to be from the Solid Waste fund.