

### **Question 8 – Safety Inventory**

A Cut Above Tree Service Inc will comply with the California Manual on Uniform Traffic Control Devices (California MUTCD) for all traffic control requirements and situations including motoring public, pedestrians, and ACA employees in relation to this project. Situations and layout will vary depending on specific job locations.

**Question 9 – Claims and Suits**

9a: None

9b: None

9c: None

## Question 10 – Recycling and Salvage

### 10a: Firm's Waste reduction history:

A Cut Above Tree Service Inc has a long waste reduction history.

Example 1: Roseville Sub Clearing Project. Vegetation: Mixed Conifer. Donated green waste products to Rocklin Rio Bravo Bio Mass Facility.

Example 2: Donating chips to private equine facilities, the Siskiyou Humane Society, Mount Shasta Elementary/Sisson Schools, among many other local organizations

Example 3: Donating firewood to 5013c Non-Profit organizations

### 10b. Waste Reduction Plan:

Green Waste materials will be processed at 5941 Truck Village Drive and as needed transported to Wheelabrators Bio Mass Facility in Anderson CA.



## CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

01/07/2016

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER InterWest Insurance Services License #0B01094 310 Hemsted Dr., Suite 200 Redding, CA 96002-0935 Phil Watkins, CRIS	CONTACT NAME: Jennifer Stone	FAX (A/C. No.): 530-222-3771	
	PHONE (A/C. No. Ext): 530-222-1737	E-MAIL ADDRESS: jstone@iwins.com	
INSURED A Cut Above Tree Service, Inc 5941 Truck Village Dr. Mt. Shasta, CA 96067	INSURER(S) AFFORDING COVERAGE		NAIC #
	INSURER A: Wesco Insurance Company		25011
	INSURER B: State Comp Ins Fund (CA)		35076
	INSURER C: Great American Alliance		26832
	INSURER D:		
	INSURER E:		
INSURER F:			

## COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PROJECT <input type="checkbox"/> LOC <input type="checkbox"/> OTHER	X		WPP138191300	06/20/2015	06/20/2016	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 50,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 Emp Ben. \$ 1,000,000 COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTC <input type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS			WPP138191300	06/20/2015	06/20/2016	EACH OCCURRENCE \$ 2,000,000 AGGREGATE \$ 2,000,000
C	<input type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED: RETENTION \$			XS3842891	06/20/2015	06/20/2016	PER STATUTE <input checked="" type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	905955515	09/01/2015	09/01/2016	See Below
A	Inland Marine			WPP138191300	06/20/2015	06/20/2016	See Below

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

In respects to General Liability, additional insured status applies per endorsements attached.

## CERTIFICATE HOLDER

DUNSM-1

City of Dunsmuir  
5915 Dunsmuir Avenue  
Dunsmuir, CA 96025

## CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

*Paul O. Watson*

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – SCHEDULED PERSON OR ORGANIZATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

### SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s)	Location(s) Of Covered Operations
Blanket as required by written contract.	Blanket as required by written contract.
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

**A. Section II – Who Is An Insured** is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your acts or omissions; or
2. The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured(s) at the location(s) designated above.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

**B.** With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to "bodily injury" or "property damage" occurring after:

1. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
2. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or

2. Available under the applicable Limits of Insurance shown in the Declarations;  
whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – COMPLETED OPERATIONS**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

**SCHEDULE**

Name Of Additional Insured Person(s) Or Organization(s)	Location And Description Of Completed Operations
Blanket as required by written contract.	Blanket as required by written contract.
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

**A. Section II – Who Is An Insured** is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury" or "property damage" caused, in whole or in part, by "your work" at the location designated and described in the Schedule of this endorsement performed for that additional insured and included in the "products-completed operations hazard".

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

**B. With respect to the insurance afforded to these additional insureds, the following is added to Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
2. Available under the applicable Limits of Insurance shown in the Declarations;

whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## PRIMARY AND NONCONTRIBUTORY – OTHER INSURANCE CONDITION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

The following is added to the **Other Insurance** Condition and supersedes any provision to the contrary:

### **Primary And Noncontributory Insurance**

This insurance is primary to and will not seek contribution from any other insurance available to an additional insured under your policy provided that:

(1) The additional insured is a Named Insured under such other insurance; and

(2) You have agreed in writing in a contract or agreement that this insurance would be primary and would not seek contribution from any other insurance available to the additional insured.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## DESIGNATED CONSTRUCTION PROJECT(S) GENERAL AGGREGATE LIMIT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

### SCHEDULE

**Designated Construction Project(s):** This endorsement applies only to your projects away from premises owned by or rented to you for which you have certificates of insurance on file at your office.

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

- A. For all sums which the insured becomes legally obligated to pay as damages caused by "occurrences" under Section I – Coverage A, and for all medical expenses caused by accidents under Section I – Coverage C, which can be attributed only to ongoing operations at a single designated construction project shown in the Schedule above:
  - 1. A separate Designated Construction Project General Aggregate Limit applies to each designated construction project, and that limit is equal to the amount of the General Aggregate Limit shown in the Declarations.
  - 2. The Designated Construction Project General Aggregate Limit is the most we will pay for the sum of all damages under Coverage A, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard", and for medical expenses under Coverage C regardless of the number of:
    - a. Insureds;
    - b. Claims made or "suits" brought; or
    - c. Persons or organizations making claims or bringing "suits".
  - 3. Any payments made under Coverage A for damages or under Coverage C for medical expenses shall reduce the Designated Construction Project General Aggregate Limit for that designated construction project. Such payments shall not reduce the General Aggregate Limit shown in the Declarations nor shall they reduce any other Designated Construction Project General Aggregate Limit for any other designated construction project shown in the Schedule above.
  - 4. The limits shown in the Declarations for Each Occurrence, Damage To Premises Rented To You and Medical Expense continue to apply. However, instead of being subject to the General Aggregate Limit shown in the Declarations, such limits will be subject to the applicable Designated Construction Project General Aggregate Limit.
- B. For all sums which the insured becomes legally obligated to pay as damages caused by "occurrences" under Section I – Coverage A, and for all medical expenses caused by accidents under Section I – Coverage C, which cannot be attributed only to ongoing operations at a single designated construction project shown in the Schedule above:

1. Any payments made under Coverage A for damages or under Coverage C for medical expenses shall reduce the amount available under the General Aggregate Limit or the Products-completed Operations Aggregate Limit, whichever is applicable; and
  2. Such payments shall not reduce any Designated Construction Project General Aggregate Limit.
- C. When coverage for liability arising out of the "products-completed operations hazard" is provided, any payments for damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard" will reduce the Products-completed Operations Aggregate Limit, and not reduce the General Aggregate Limit nor the Designated Construction Project General Aggregate Limit.
- D. If the applicable designated construction project has been abandoned, delayed, or abandoned and then restarted, or if the authorized contracting parties deviate from plans, blueprints, designs, specifications or timetables, the project will still be deemed to be the same construction project.
- E. The provisions of Section III – Limits Of Insurance not otherwise modified by this endorsement shall continue to apply as stipulated.

**Business Information**

A CUT ABOVE TREE SERVICE INC  
5941 TRUCK VILLAGE DRIVE  
MT SHASTA, CA 96067  
Business Phone Number:(530) 340-2074

Entity Corporation  
Issue Date 06/29/2010  
Expire Date **06/30/2016**

**License Status**

**This license is current and active.**

All information below should be reviewed.

**Classifications**

C-61 / D49 - TREE SERVICE

**Bonding Information**

**Contractor's Bond**

This license filed a Contractor's Bond with AMERICAN CONTRACTORS INDEMNITY COMPANY.  
**Bond Number:** 100118254  
**Bond Amount:** \$15,000  
**Effective Date:** 01/01/2016  
Contractor's Bond History

**Bond of Qualifying Individual**

The Responsible Managing Officer (RMO) BORGATTI NICHOLAS LEE certified that he/she owns 10 percent or more of the voting stock/equity of the corporation. A bond of qualifying individual is not required.  
**Effective Date:** 06/29/2010

**Workers' Compensation**

This license has workers compensation insurance with the STATE COMPENSATION INSURANCE FUND  
**Policy Number:**9059555  
**Effective Date:** 06/04/2013  
**Expire Date:** 09/01/2016  
Workers' Compensation History

**Other**

Personnel listed on this license (current or disassociated) are listed on other licenses.

**Contractor License #** 949456  
**Contractor Name** A CUT ABOVE TREE SERVICE INC

Click on the person's name to see a more detailed page of information on that person

Personnel Currently Associated with License

**Name** NICHOLAS LEE BORGATTI  
**Title** RMO  
**Association Date** 06/29/2010  
**Classification** D49  
**Name** JASMINE SKY BORGATTI  
**Title** CEO / PRESIDENT  
**Association Date** 06/29/2010

ECONOMY BONDS

A CUT ABOVE TREE SERVICE IN  
LICENSE NUMBER 949456  
BOND EXPIRATION DATE 03/18/2019  
BOND NUMBER 100118254

## California Certification Report

## 514420 - A CUT ABOVE TREE SERVICE, INC. - MB

Legal Business Name	A CUT ABOVE TREE SERVICE, INC.		
Doing Business As	A CUT ABOVE TREE SERVICE, INC.		
Address	5941 Truck Village Drive	Phone	(530) 340-2074
	MOUNT SHASTA, CA 96067	FAX	(530) 926-3111
Email	nick@acutabovetreesvc.com		
Web Page	http://www.acutabovetreesvc.com		
Active Certifications	SB (micro) Feb 25, 2013 - Feb 28, 2017		
Business Types	Service;		
Classifications	[701515] Forestry management [701516] Forestry industry [701517] Forestry harvesting [731115] Wood processing [771015] Environmental impact assessment [771016] Environmental planning [771116] Environmental rehabilitation [831018] Electric utilities [861015] Agriculture and forestry and other natural resources training services [921016] Fire services [931318] Disaster preparedness and relief		
Keywords	Tree Service, Tree Trimming, Tree Removal, Tree Consultation, Utility Line Clearance, Vegetation Management, Mastication, Bullhog, Brush Chipping, Tree Chipping, Chipping, Stumpgrinding, Stump Removal, Hazard Tree Removal, Crane, Bucket Truck, Chip Truck,		

**SUPPLIER CLEARINGHOUSE  
CERTIFICATE OF ELIGIBILITY**

CERTIFICATE EXPIRATION DATE: 03-13-2016

The Supplier Clearinghouse for the Utility Supplier Diversity Program of the California Public Utilities Commission hereby certifies that it has audited and verified the eligibility of:

*A Cut Above Tree Service, Inc.  
of Mt. Shasta, California as a WBE*

pursuant to Commission General Order 156, and the terms and conditions stipulated in the Verification Application Package. This Certificate shall be valid only with the Clearinghouse seal affixed hereto.

Eligibility must be maintained at all times, and renewed within 30 days of any changes in ownership or control. Failure to comply may result in a denial of eligibility. The Clearinghouse may reconsider certification if it is determined that such status was obtained by false, misleading or incorrect information. Decertification may occur if any verification criterion under which eligibility was awarded later becomes invalid due to Commission ruling. The Clearinghouse may request additional information or conduct on-site visits during the term of verification to verify eligibility.

This certification is valid only for the period that the above named firm remains eligible as determined by the Clearinghouse. Utility companies may direct inquiries concerning this Certificate to the Clearinghouse at 800-359-7998 in Los Angeles.

**VON: 12040058**

**Determination Date: 03-13-2013**

**City Council Agenda Item**  
**Interim City Manager Staff Report**  
**Old Business**

**Item No:** 14.D.  
**Date:** February 4, 2016  
**Subject:** Presentation of 2014-15 Audit Report and 2015-16 budget comparison report for the period July 1, 2015 to December 31, 2015

The Finance Committee reviewed these reports at their February 1, 2016 meeting.

**Recommendation:** Move to accept presentations and authorize distribution of single audit report to grant agencies and others requesting copy of full or single audit.

**CITY OF DUNSMUIR, CALIFORNIA**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2015**

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Aiello, Goodrich & Teuscher

An Accountancy Corporation

## INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Dunsmuir, California

### Report on 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, 2015, 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.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require the budgetary comparison information on pages 32 and 33, the City of Dunsmuir's Retirement System Schedule of the City's Proportionate Share of the Net Pension Liability and the Retirement System Schedule of the City's Contributions on pages 34 and 35, and the Schedule of Expenditures of Federal Awards on page 38 be presented to supplement the basic financial statements. Such

information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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.

The combining nonmajor fund financial statements on pages 36 and 37 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2016, on our consideration of the City of Dunsmuir'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 City of Dunsmuir's internal control over financial reporting and compliance.

**Aiello, Goodrich & Teuscher**  
Aiello, Goodrich & Teuscher  
An Accountancy Corporation  
Mt. Shasta, California  
January 9, 2016

BASIC FINANCIAL STATEMENTS

City of Dunsmuir  
Statement of Net Position  
June 30, 2015

	Governmental Activities	Business-type Activities	Total
<b><u>ASSETS</u></b>			
Current assets:			
Cash and investments	\$ 522,898	\$ 1,892,955	\$ 2,415,853
Receivables (net of allowances for bad debts, where applicable):			
Trade accounts	-	77,381	77,381
Loans	1,146,104	-	1,146,104
Intergovernmental	197,852	-	197,852
Internal balances	66,051	(66,051)	-
Other assets	1,870	-	1,870
Total current assets	1,934,775	1,904,285	3,839,060
Restricted assets:			
Cash and investments	-	215,462	215,462
Capital assets:			
Non-depreciable	1,169,473	1,718,508	2,887,981
Depreciable, net	2,974,461	12,930,618	15,905,079
Total capital assets	4,143,934	14,649,126	18,793,060
Total assets	6,078,709	16,768,873	22,847,582
<b><u>LIABILITIES</u></b>			
Accounts payable	306,873	51,702	358,575
Unearned revenue	11,019	2,175	13,194
Deposits	8,500	94,824	103,324
Current portion, compensated absences	10,169	34,303	44,472
Current portion of long-term debt	4,000	115,823	119,823
Total current liabilities	340,561	298,827	639,388
Long-term liabilities:			
Long-term compensated absences, net of current portion	31,066	51,951	83,017
Long-term debt, net of current portion	94,000	3,145,057	3,239,057
Net pension liability	397,089	335,850	732,939
Total long-term liabilities	522,155	3,532,858	4,055,013
Total liabilities	862,716	3,831,685	4,694,401
<b><u>DEFERRED INFLOWS</u></b>			
Pension related deferred inflows	120,128	110,721	230,849
<b><u>NET POSITION</u></b>			
Net investment in capital assets	4,045,934	11,388,246	15,434,180
Restricted, spendable	246,216	215,462	461,678
Unrestricted	803,715	1,222,759	2,026,474
Total net position	\$ 5,095,865	\$12,826,467	\$17,922,332

**City of Dunsmuir**  
**Statement of Activities**  
**June 30, 2015**

	Program Revenues			Net (Expense) Revenues and Changes in Net Position			
	Expense	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Business-Type Activities		Total
					Governmental Activities	Business-Type Activities	
Governmental activities:							
General government	\$ 172,575	\$ 128,156	-	\$ 155,960	\$ 111,541	\$ -	\$ 111,541
Public safety	705,166	110,900	120,848	200,001	(273,417)	-	(273,417)
Streets and roads	543,800	141,686	-	184,540	(217,574)	-	(217,574)
Community and economic development	40,965	-	-	-	(40,965)	-	(40,965)
Total governmental activities	<u>1,462,506</u>	<u>380,742</u>	<u>120,848</u>	<u>540,501</u>	<u>(420,415)</u>	<u>-</u>	<u>(420,415)</u>
Business-type activities:							
Sewer	910,745	758,400	-	-	-	(152,345)	(152,345)
Solid waste	442,821	400,580	-	-	-	(42,241)	(42,241)
Water	447,029	591,434	-	184,834	-	329,239	329,239
Airport	118,280	11,028	-	-	-	(107,252)	(107,252)
Total business-type activities	<u>1,918,875</u>	<u>1,761,442</u>	<u>-</u>	<u>184,834</u>	<u>-</u>	<u>27,401</u>	<u>27,401</u>
Total primary government	<u>\$3,381,381</u>	<u>\$2,142,184</u>	<u>\$ 120,848</u>	<u>\$ 725,335</u>	<u>(420,415)</u>	<u>27,401</u>	<u>(393,014)</u>
General revenues:							
Taxes:							
Property					271,047	-	271,047
Sales					126,385	-	126,385
Transient occupancy					111,614	-	111,614
Investment earnings					109,084	1,907	110,991
Other					127,912	-	127,912
Transfers in (out)					(182,155)	182,155	-
Total general revenues					<u>563,887</u>	<u>184,062</u>	<u>747,949</u>
Change in net position					<u>143,472</u>	<u>211,463</u>	<u>354,935</u>
Net position, as previously reported					<u>5,473,740</u>	<u>13,056,971</u>	<u>18,530,711</u>
Prior period adjustment					<u>(521,347)</u>	<u>(441,967)</u>	<u>(963,314)</u>
Net position, as restated					<u>4,952,393</u>	<u>12,615,004</u>	<u>17,567,397</u>
Net position, ending					<u>\$5,095,865</u>	<u>\$12,826,467</u>	<u>\$17,922,332</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, 2015

	General Fund	Community Development Project Income Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 258,084	\$ 38,512	\$ 226,302	\$ 522,898
Receivables, net of allowance				1,146,104
Loans	-	868,832	277,272	1,146,104
Intergovernmental	169,886	-	27,966	197,852
Due from other funds	73,876	-	-	73,876
Other assets	1,870	-	-	1,870
	<u>\$ 503,716</u>	<u>\$ 907,344</u>	<u>\$ 531,540</u>	<u>\$ 1,942,600</u>
<b>Total assets</b>				
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 116,035	\$ 190,614	\$ 224	\$ 306,873
Due to other funds	-	-	7,825	7,825
Unearned revenue	11,019	-	-	11,019
Other	8,500	-	-	8,500
	<u>135,554</u>	<u>190,614</u>	<u>8,049</u>	<u>334,217</u>
<b>Total liabilities</b>				
 <b>Fund balances:</b>				
<b>Nonspendable:</b>				
Noncurrent receivables	-	868,832	277,272	1,146,104
 <b>Restricted for:</b>				
Streets and roads	-	-	27,029	27,029
Public safety	-	-	78,294	78,294
Community and economic development	-	-	140,896	140,896
Total	<u>-</u>	<u>-</u>	<u>246,219</u>	<u>246,219</u>
Unassigned	368,162	(152,102)	-	216,060
<b>Total fund balance</b>	<u>368,162</u>	<u>716,730</u>	<u>523,491</u>	<u>1,608,383</u>
 <b>Total liabilities and fund balance</b>	<u>\$ 503,716</u>	<u>\$ 907,344</u>	<u>\$ 531,540</u>	<u>\$ 1,942,600</u>

Total governmental fund balance, as above \$ 1,608,383

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	4,143,934
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(98,000)
Pension liabilities are not due and payable in the current period and therefore are not reported on the balance sheet	(397,089)
Compensated absences in governmental activities are not due and payable in the current period and therefore are not reported in the balance sheet	(41,235)
Deferred inflows are not receivable or due and payable in the current period and therefore are not reported on the balance sheet	(120,128)

Net position of governmental activities

\$ 5,095,865

City of Dunsmuir  
Statement of Revenues, Expenditures and Changes in Fund Balance  
For The Year Ended June 30, 2015

	General Fund	Community Development Project Income Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 271,047	\$ -	\$ -	\$ 271,047
Sales and use taxes	126,385	-	-	126,385
Transient occupancy taxes	111,614	-	-	111,614
Franchise and other licenses	93,234	-	-	93,234
Assessments	-	-	26,637	26,637
Licenses and permits	27,284	-	-	27,284
Intergovernmental revenues	661,349	-	141,686	803,035
Charges for services	87,315	-	-	87,315
Fines, forfeitures and penalties	4,586	-	-	4,586
Use of money and property	94,947	9,242	4,895	109,084
Other	127,912	-	-	127,912
Total revenues	<u>1,605,673</u>	<u>9,242</u>	<u>173,218</u>	<u>1,788,133</u>
<b>EXPENDITURES</b>				
Current:				
City council	5,467	-	-	5,467
City administrator	54,709	-	-	54,709
City clerk	7,834	-	-	7,834
City attorney	11,854	-	-	11,854
Planning	33,776	-	-	33,776
Finance and administration	34,753	-	-	34,753
Building inspection	22,214	-	-	22,214
Police protection	421,650	-	-	421,650
Fire protection	164,144	-	2,985	167,129
Streets and roads	105,238	-	109,706	214,944
Transit assistance	-	-	45,790	45,790
Buildings and grounds	111,078	-	-	111,078
Health and welfare	3,642	-	-	3,642
Community and economic development	20,820	17,176	2,969	40,965
Capital outlay	420,085	-	-	420,085
Debt service:				
Principal	-	-	4,000	4,000
Interest	-	-	6,000	6,000
Total expenditures	<u>1,417,264</u>	<u>17,176</u>	<u>171,450</u>	<u>1,605,890</u>
Excess of revenues over (under) expenditures	<u>188,409</u>	<u>(7,934)</u>	<u>1,768</u>	<u>182,243</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	17,673	-	24,996	42,669
Operating transfers out	(24,996)	(199,828)	-	(224,824)
Total other financing sources (uses)	<u>(7,323)</u>	<u>(199,828)</u>	<u>24,996</u>	<u>(182,155)</u>
Excess of revenues and other sources over (under) expenditures and other uses	181,086	(207,762)	26,764	88
<b>FUND BALANCE</b>				
Beginning of the year	187,076	924,492	496,727	1,608,295
End of the year	<u>\$ 368,162</u>	<u>\$ 716,730</u>	<u>\$ 523,491</u>	<u>\$ 1,608,383</u>

City of Dunsmuir  
 Reconciliation of the Statement of Revenues, Expenditures and  
 Governmental Funds  
 For The Year Ended June 30, 2015

Change in fund balance, governmental funds	\$ 88
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:	420,085
Depreciation expense:	(302,113)
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.	4,000
Government funds do not report the change in compensated absences as revenue or expenditure, but it is reported in the Statement of Activities	17,282
Government funds do not report the decrease of unfunded pension obligations as a revenue, but it is reported in the Statement of Activities	<u>4,130</u>
Change in net position of governmental activities	<u><u>\$ 143,472</u></u>

City of Dunsmuir  
Statement of Net Position  
June 30, 2015

	Sewer Fund	Solid Waste Fund	Water Fund	Airport Fund	Total
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 736,855	\$ 484,062	\$ 672,038	\$ -	\$ 1,892,955
Receivables (net of allowances for bad debts, where applicable):					
Trade accounts	56,815	17,665	2,898	3	77,381
Total current assets	<u>793,670</u>	<u>501,727</u>	<u>674,936</u>	<u>3</u>	<u>1,970,336</u>
Restricted assets:					
Cash and investments	<u>179,933</u>	<u>-</u>	<u>35,529</u>	<u>-</u>	<u>215,462</u>
Capital assets:					
Non-depreciable	130,000	-	166,831	1,421,677	1,718,508
Depreciable, net	9,237,725	68,810	2,663,067	961,016	12,930,618
Total capital assets, net	<u>9,367,725</u>	<u>68,810</u>	<u>2,829,898</u>	<u>2,382,693</u>	<u>14,649,126</u>
Total assets	<u>10,341,328</u>	<u>570,537</u>	<u>3,540,363</u>	<u>2,382,696</u>	<u>16,834,924</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	25,606	18,303	7,793	-	51,702
Unearned revenue	2,175	-	-	-	2,175
Deposits	-	-	94,824	-	94,824
Due to other funds	-	-	-	66,051	66,051
Current portion, compensated absences	10,464	3,213	20,447	179	34,303
Current portion of long-term debt	100,033	-	15,790	-	115,823
Total current liabilities	<u>138,278</u>	<u>21,516</u>	<u>138,854</u>	<u>66,230</u>	<u>364,878</u>
Long-term liabilities:					
Long-term compensated absences, net of current portion	25,433	11,660	13,727	1,131	51,951
Long-term debt, net of current portion	2,703,157	-	441,900	-	3,145,057
Net pension liability	103,392	172,300	56,647	3,511	335,850
Total long-term liabilities	<u>2,831,982</u>	<u>183,960</u>	<u>512,274</u>	<u>4,642</u>	<u>3,532,858</u>
Total liabilities	<u>2,970,260</u>	<u>205,476</u>	<u>651,128</u>	<u>70,872</u>	<u>3,897,736</u>
<b>DEFERRED INFLOWS</b>					
Pension related deferred inflows	<u>34,085</u>	<u>56,803</u>	<u>18,675</u>	<u>1,158</u>	<u>110,721</u>
<b>NET POSITION</b>					
Invested in capital assets, net of related debt	6,564,535	68,810	2,372,208	2,382,693	11,388,246
Restricted for debt service, spendable	179,933	-	35,529	-	215,462
Unrestricted	592,515	239,448	462,823	(72,027)	1,222,759
Total net position	<u>\$7,336,983</u>	<u>\$ 308,258</u>	<u>\$2,870,560</u>	<u>\$2,310,666</u>	<u>\$12,826,467</u>

City of Dunsmuir  
Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
For The Year Ended June 30, 2015

	Sewer Fund	Solid Waste Fund	Water Fund	Airport Fund	Total
<b>REVENUES</b>					
User fees and charges	\$ 758,400	\$ 400,580	\$ 591,434	\$ -	\$ 1,750,414
Facilities rent	-	-	-	11,028	11,028
Total operating revenues	<u>758,400</u>	<u>400,580</u>	<u>591,434</u>	<u>11,028</u>	<u>1,761,442</u>
<b>OPERATING EXPENSES</b>					
Personnel and related expenses	225,769	72,814	142,834	4,559	445,976
Contract services	38,807	225,611	8,368	2,722	275,508
General and administrative services	205,366	80,810	110,035	4,287	400,498
Repairs and maintenance	11,688	29,485	13,951	896	56,020
Materials and supplies	24,017	10,947	24,500	-	59,464
Insurance and permits	35,613	4,338	21,106	5,308	66,365
Depreciation and amortization	306,931	18,816	104,436	100,508	530,691
Total operating expenses	<u>848,191</u>	<u>442,821</u>	<u>425,230</u>	<u>118,280</u>	<u>1,834,522</u>
Operating income (loss)	<u>(89,791)</u>	<u>(42,241)</u>	<u>166,204</u>	<u>(107,252)</u>	<u>(73,080)</u>
<b>OTHER REVENUES (EXPENSES)</b>					
Intergovernmental revenues	184,834	-	-	-	184,834
Interest earned	198	1,203	506	-	1,907
Interest expense	(62,554)	-	(21,799)	-	(84,353)
Total other revenues (expenses)	<u>122,478</u>	<u>1,203</u>	<u>(21,293)</u>	<u>-</u>	<u>102,388</u>
Net income (loss) before transfers	<u>32,687</u>	<u>(41,038)</u>	<u>144,911</u>	<u>(107,252)</u>	<u>29,308</u>
<b>TRANSFERS</b>					
Transfers in (out)	<u>(7,107)</u>	<u>-</u>	<u>189,262</u>	<u>-</u>	<u>182,155</u>
Change in net position	<u>25,580</u>	<u>(41,038)</u>	<u>334,173</u>	<u>(107,252)</u>	<u>211,463</u>
<b>NET POSITION</b>					
Beginning of the year, as previously reported	7,447,463	576,037	2,610,932	2,422,539	13,056,971
Prior period adjustment	(136,060)	(226,741)	(74,545)	(4,621)	(441,967)
Beginning of the year, as restated	<u>7,311,403</u>	<u>349,296</u>	<u>2,536,387</u>	<u>2,417,918</u>	<u>12,615,004</u>
End of the year	<u>\$7,336,983</u>	<u>\$ 308,258</u>	<u>\$2,870,560</u>	<u>\$2,310,666</u>	<u>\$12,826,467</u>

City of Dunsmuir  
Statement of Cash Flows  
Proprietary Funds  
For The Year Ended June 30, 2015

	Sewer Fund	Solid Waste Fund	Water Fund	Airport Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$1,021,955	\$ 407,328	\$ 605,296	\$ 11,025	\$ 2,045,604
Payments to suppliers	(698,025)	(377,748)	(172,028)	(15,010)	(1,262,811)
Payments to employees	(217,374)	(75,646)	(130,053)	(4,806)	(427,879)
Net cash provided (used) by operating activities	<u>106,556</u>	<u>(46,066)</u>	<u>303,215</u>	<u>(8,791)</u>	<u>354,914</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>					
Interfund advances and payments	-	49,886	(49,886)	7,320	7,320
Interfund transfers and repayments	(7,107)	-	189,262	-	182,155
Net cash provided (used) by non-capital financing activities	<u>(7,107)</u>	<u>49,886</u>	<u>139,376</u>	<u>7,320</u>	<u>189,475</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING</b>					
Receipt of intergovernmental revenues used for capital asset purchases	184,834	-	-	-	184,834
Purchase of capital assets	(649,976)	(61,819)	(189,262)	-	(901,057)
Proceeds from debt	453,634	-	-	-	(37,790)
Principal payments on debt	(22,000)	-	(15,790)	-	(84,353)
Interest payments on debt	(62,554)	-	(21,799)	-	(838,366)
Net cash (used) by investing activities	<u>(96,062)</u>	<u>(61,819)</u>	<u>(226,851)</u>	<u>-</u>	<u>(838,366)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest income received	198	1,203	504	-	1,905
Net increase (decrease) in cash	3,585	(56,796)	216,244	(1,471)	161,562
<b>CASH</b>					
Beginning of the year	913,203	540,858	491,323	1,471	1,946,855
End of the year	<u>\$ 916,788</u>	<u>\$ 484,062</u>	<u>\$ 707,567</u>	<u>\$ -</u>	<u>\$ 2,108,417</u>
Comprised of:					
Cash and investments	\$ 736,855	\$ 484,062	\$ 672,038	\$ -	\$ 1,892,955
Restricted cash and investments	179,933	-	35,529	-	215,462
Total cash and cash investments	<u>\$ 916,788</u>	<u>\$ 484,062</u>	<u>\$ 707,567</u>	<u>\$ -</u>	<u>\$ 2,108,417</u>
Reconciliation of operating income (loss) to cash provided (used) by operating activities:					
Operating income (loss)	\$ (89,791)	\$ (42,241)	\$ 166,204	\$ (107,252)	\$ (73,080)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:					
Depreciation and amortization	306,931	18,816	104,436	100,508	530,691
(Increase) decrease in accounts receivable	263,555	6,748	5,665	(3)	275,965
Increase (decrease) in accounts payable	(382,534)	(26,557)	5,932	(1,797)	(404,956)
Increase (decrease) in compensated absences	6,978	(5,194)	12,004	(295)	13,493
Increase in deposits	-	-	8,197	-	8,197
(Decrease) in net pension liability	(32,668)	(54,441)	(17,898)	(1,110)	(106,117)
Increase in deferred inflows of resources related to pensions	34,085	56,803	18,675	1,158	110,721
Net cash provided (used) by operating activities	<u>\$ 106,556</u>	<u>\$ (46,066)</u>	<u>\$ 303,215</u>	<u>\$ (8,791)</u>	<u>\$ 354,914</u>

City of Dunsmuir  
Notes to the Basic Financial Statements  
June 30, 2015

**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 policies.

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, 2015

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 Project Income 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, 2015

**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.

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.

**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, 2015

**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, 2015

**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.

City of Dunsmuir  
Notes to the Basic Financial Statements  
June 30, 2015

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Pensions:

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

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.

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, 2015.
- 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, 2015.
- 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.

City of Dunsmuir  
Notes to the Basic Financial Statements  
June 30, 2015

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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.

**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.

**H. Implementation of New Pronouncement**

GASB has issued Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pension plans, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee services.

This pronouncement has been implemented for purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense/expenditures. Information about the fiduciary net position of the Agency's California Public Employees' Retirement System (CalPERS) plans and

City of Dunsmuir  
Notes to the Basic Financial Statements  
June 30, 2015

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**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, 2015 are classified in the accompanying financial statements as follows:

Statement of net position:	
Current cash and investments	\$ 2,415,853
Restricted cash and investments	<u>215,462</u>
Total cash and investments	<u><u>\$ 2,631,315</u></u>

Consisting of the following:	
Cash on hand	\$ 350
Deposits with financial institutions	1,704,053
Investments in LAIF	<u>926,912</u>
	<u><u>\$ 2,631,315</u></u>

**Investments Authorized:**

The City manages its pooled idle cash investments under the guidelines of the State of California Government Code Section 53601 which specifically authorizes investments in the following instruments: treasury bills, treasury notes, federal agency securities, bankers' acceptances, nonnegotiable certificates of deposit, commercial paper, negotiable certificates of deposit, and repurchase agreements. All 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	<u>\$ 926,912</u>	<u>\$ 926,912</u>	239 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.

City of Dunsmuir  
Notes to the Basic Financial Statements  
June 30, 2015

**NOTE 2 CASH AND INVESTMENTS (continued)**

**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 \$1,761,044, 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 \$1,704,053 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

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.

City of Dunsmuir  
Notes to the Basic Financial Statements  
June 30, 2015

**NOTE 3 LOANS RECEIVABLE**

The following is the composition of loans receivable at June 30, 2015:

	Community Development Project Income Fund	EDBG Fund	Total
	<u>Fund</u>	<u>EDBG Fund</u>	<u>Total</u>
Mortgage loans	\$ 989,602	\$ 346,369	\$ 1,335,971
Less: allowance for bad debt	(120,770)	(69,097)	(189,867)
Total	<u>\$ 868,832</u>	<u>\$ 277,272</u>	<u>\$ 1,146,104</u>
Related party loans	<u>\$ -</u>	<u>\$ 167,434</u>	<u>\$ 167,434</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, 2015:

<u>Due from:</u>	<u>Due to:</u> <u>General Fund</u>
South Dunsmuir	
Sewer Assessment Fund	\$ 1,617
Gas Tax Fund	6,208
Airport Fund	66,051
Total	<u>\$ 73,876</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 was scheduled to repay the advance over three years at 1% interest. The advance was repaid in full during year ended June 30, 2015.

City of Dunsmuir  
Notes to the Basic Financial Statements  
June 30, 2015

**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:			Total Transfers In
	General Fund	Sewer Fund	Community Development Program Income Fund	
General Fund	\$ -	\$ 7,107	\$ 10,566	\$ 17,673
Gas Tax Fund	24,996	-	-	24,996
Water Fund	-	-	189,262	189,262
Total Transfers Out	<u>\$ 24,996</u>	<u>\$ 7,107</u>	<u>\$ 199,828</u>	<u>\$ 231,931</u>

The operating transfer to the Gas Tax Fund is for overhead activities in the General Fund. The operating transfer outs of the Community Development Program Income Fund and Sewer Fund were for various capital projects.

**NOTE 5 CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015 was as follows:

	June 30, 2014	Additions and Transfers	Retirements and Transfers	June 30, 2015
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,151,800	\$ -	\$ -	\$ 1,151,800
Construction in progress	79,366	17,673	(79,366)	17,673
Total capital assets not being depreciated:	<u>1,231,166</u>	<u>17,673</u>	<u>(79,366)</u>	<u>1,169,473</u>
Capital assets being depreciated:				
Buildings	1,739,864	-	-	1,739,864
Machinery and equipment	1,994,139	212,979	-	2,207,118
Infrastructure	2,901,010	268,799	-	3,169,809
Total capital assets being depreciated	<u>6,635,013</u>	<u>481,778</u>	<u>-</u>	<u>7,116,791</u>
Less accumulated depreciation for:				
Buildings	1,381,417	20,730	-	1,402,147
Machinery and equipment	998,518	128,225	-	1,126,743
Infrastructure	1,460,282	153,158	-	1,613,440
Total accumulated depreciation	<u>3,840,217</u>	<u>302,113</u>	<u>-</u>	<u>4,142,330</u>
Total capital assets being depreciated, net	<u>2,794,796</u>	<u>179,665</u>	<u>-</u>	<u>2,974,461</u>
Subtotal, governmental activities	<u>4,025,962</u>	<u>197,338</u>	<u>(79,366)</u>	<u>4,143,934</u>

City of Dunsmuir  
Notes to the Basic Financial Statements  
June 30, 2015

**NOTE 5 CAPITAL ASSETS (Continued)**

	June 30, 2014	Additions and Transfers	Retirements and Transfers	June 30, 2015
Business-type activities:				
Capital assets not being depreciated:				
Land	1,718,508	-	-	1,718,508
Construction in progress	5,918,867	-	(5,918,867)	-
Total capital assets not being depreciated	<u>7,637,375</u>	<u>-</u>	<u>(5,918,867)</u>	<u>1,718,508</u>
Capital assets being depreciated:				
Utility plant	7,821,527	6,758,105	-	14,579,632
Buildings	240,861	-	-	240,861
Improvements not buildings	2,896,158	-	-	2,896,158
Machinery and equipment	1,156,714	61,819	-	1,218,533
Total capital assets being depreciated	<u>12,115,260</u>	<u>6,819,924</u>	<u>-</u>	<u>18,935,184</u>
Less accumulated depreciation for:				
Utility plant	2,940,940	366,632	-	3,307,572
Buildings	113,680	10,120	-	123,800
Improvements not buildings	1,606,857	107,365	-	1,714,222
Machinery and equipment	814,544	44,428	-	858,972
Total accumulated depreciation	<u>5,476,021</u>	<u>528,545</u>	<u>-</u>	<u>6,004,566</u>
Total capital assets being depreciated, net	<u>6,639,239</u>	<u>6,291,379</u>	<u>-</u>	<u>12,930,618</u>
Capital assets being amortized:				
Organization costs	109,530	-	-	109,530
Less: accumulated amortization	107,384	2,146	-	109,530
Total capital assets being amortized, net	<u>2,146</u>	<u>(2,146)</u>	<u>-</u>	<u>-</u>
Subtotal, business-type activities	<u>14,278,760</u>	<u>6,289,233</u>	<u>(5,918,867)</u>	<u>14,649,126</u>
Total, government-wide	<u>\$ 18,304,722</u>	<u>\$ 6,486,571</u>	<u>\$ (5,998,233)</u>	<u>\$ 18,793,060</u>

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

Governmental activities:	
General government	\$ 33,887
Public safety	118,452
Streets and roads	149,774
Total depreciation and amortization expense - governmental activities	<u>\$ 302,113</u>
Business-type activities:	
Sewer	\$ 306,931
Solid Waste	18,816
Water	104,436
Airport	100,508
Total depreciation and amortization expense - business-type activities	<u>\$ 530,691</u>

City of Dunsmuir  
Notes to the Basic Financial Statements  
June 30, 2015

**NOTE 6 LONG TERM DEBT**

The following is a summary of Governmental activities long-term liabilities activity during the year ended June 30, 2015:

	June 30, 2014	Additions	Reductions	June 30, 2015	Current Portion
Bonds and notes payable:					
So. Dunsmuir Sewer Assessment system	\$ 102,000	\$ -	\$ 4,000	\$ 98,000	\$ 4,000
Total governmental activities long-term debt	<u>\$ 102,000</u>	<u>\$ -</u>	<u>\$ 4,000</u>	<u>\$ 98,000</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	
	Principal	Interest
	6.00%	
	September 2, 2030	
2016	\$ 4,000	\$ 5,880
2017	4,000	5,640
2018	4,000	5,400
2019	5,000	5,160
2020	5,000	4,860
2021-2025	29,000	19,620
2026-2030	39,000	9,720
2031	8,000	780
	<u>\$ 98,000</u>	<u>\$ 57,060</u>

The following is a summary of Business-type activities long-term liabilities activity during the year ended June 30, 2015:

	June 30, 2014	Additions	Reductions	June 30, 2015	Current Portion
Bonds and notes payable:					
1994 Sewer Improvement Certificates of Participation	\$ 385,000	\$ -	\$ 11,000	\$ 374,000	\$ 12,000
2007 USDA Sewer Loan	690,000	-	11,000	679,000	11,000
State Water Resources Control Board	1,296,556	453,634	-	1,750,190	77,033
Total sewer fund	<u>2,371,556</u>	<u>453,634</u>	<u>22,000</u>	<u>2,803,190</u>	<u>100,033</u>
1994 Water Improvement Certificates of Participation	440,000	-	13,000	427,000	13,000
2005 Water System Loan	33,480	-	2,790	30,690	2,790
Total water fund	<u>488,270</u>	<u>-</u>	<u>15,790</u>	<u>457,690</u>	<u>15,790</u>
Total Business-type activities long term debt	<u>\$ 1,584,270</u>	<u>\$ 453,634</u>	<u>\$ 37,790</u>	<u>\$ 3,260,880</u>	<u>\$ 115,823</u>

City of Dunsmuir  
Notes to the Basic Financial Statements  
June 30, 2015

**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	
	Principal	Interest	Principal	Interest	Principal	Interest
	4.50%		4.25%		1.80%	
	May 1, 2035		May 1, 2046		August 31, 2034	
2016	\$ 12,000	\$ 16,830	\$ 11,000	\$ 28,857	\$ 77,033	\$ 27,726
2017	12,000	15,750	11,000	28,390	74,642	30,117
2018	13,000	16,290	12,000	27,923	75,985	28,773
2019	14,000	15,165	12,000	27,413	77,353	27,406
2020	14,000	14,535	13,000	26,903	78,745	26,013
2021-2025	82,000	62,460	74,000	125,672	415,506	108,287
2026-2030	101,000	42,345	91,000	108,630	454,272	69,521
2031-2035	126,000	16,921	111,000	87,592	496,654	27,138
2036-2040	-	631	137,000	62,028	-	-
2041-2045	-	-	169,000	30,260	-	-
2016-2049	-	-	38,000	1,615	-	-
<b>Total</b>	<b>\$ 374,000</b>	<b>\$ 200,927</b>	<b>\$679,000</b>	<b>\$555,283</b>	<b>\$ 1,750,190</b>	<b>\$ 344,981</b>

Interest rate Maturity Year Ended June 30,:	1994 Water Improvement Certificates of-		2005 Water System Loan		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
	5.13%		N/A			
	May 1, 2035		July, 1 2026			
2016	\$ 13,000	\$ 21,833	\$ 2,790	\$ -	\$ 115,823	\$ 95,246
2017	14,000	21,166	2,790	-	114,432	95,423
2018	15,000	20,449	2,790	-	118,775	93,435
2019	16,000	19,680	2,790	-	122,143	89,664
2020	16,000	18,860	2,790	-	124,535	86,311
2021-2025	95,000	80,975	13,950	-	680,456	377,394
2026-2030	122,000	53,988	2,790	-	771,062	274,484
2031-2035	135,000	18,706	-	-	868,654	150,357
2036-2040	1,000	666	-	-	138,000	63,325
2041-2045	-	-	-	-	169,000	30,260
2016-2049	-	-	-	-	38,000	1,615
<b>Total</b>	<b>\$ 427,000</b>	<b>\$ 256,323</b>	<b>\$ 30,690</b>	<b>\$ -</b>	<b>\$ 3,260,880</b>	<b>\$ 1,357,514</b>

City of Dunsmuir  
Notes to the Basic Financial Statements  
June 30, 2015

**NOTE 7 COMPENSATED ABSENCES**

Compensated absence activity for the year ended June 30, 2015 is summarized as follows:

	June 30, 2014	Additions	Reductions	June 30, 2015	Current Portion
Governmental activities:					
General fund	\$ 58,517	\$ -	\$ 17,282	\$ 41,235	\$ 10,169
Business-type activities:					
Sewer fund	28,919	6,978	-	35,897	10,464
Solid Waste fund	20,067	-	5,194	14,873	3,213
Water fund	22,170	12,004	-	34,174	20,447
Airport fund	1,310	-	-	1,310	179
Total business-type activities	<u>72,466</u>	<u>18,982</u>	<u>5,194</u>	<u>86,254</u>	<u>34,303</u>
Total compensated absences	<u>\$ 130,983</u>	<u>\$ 18,982</u>	<u>\$ 22,476</u>	<u>\$ 127,489</u>	<u>\$ 44,472</u>

**NOTE 8 PENSION PLAN**

A. General Information about the Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Funding Policy – The passage of California State Assembly Bill 340 created the Public Employees' Pension Reform Act (PEPRA). PEPRA implemented new benefit formulas and final compensation period, as well as new contribution requirements for new employees hired on or after January 1, 2013 who meet the definition of a new member as per PEPRA. Employees enrolled in the Plan prior to January 1, 2013, are now referred to as Classic Plan members. Under PEPRA formula 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 contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

City of Dunsmuir  
Notes to the Basic Financial Statements  
June 30, 2015

**NOTE 8 PENSION PLAN (continued)**

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date	2.0% @ 55	2.0% @ 62
Benefit formula	5 years of service	5 years of service
Benefit vesting schedule	monthly for life	monthly for life
Benefit payments	55	52-67
Retirement age	2.0% to 2.5%	1.0% to 2.5%
Monthly benefits, as a % of eligible compensation	7.000%	6.250%
Required employee contribution rates 2014-15	11.032%	6.250%
Required employer contribution rates 2014-15		

	Safety	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date	2.0% @ 50	2.0% @ 57
Benefit formula	5 years of service	5 years of service
Benefit vesting schedule	monthly for life	monthly for life
Benefit payments	50	50-57
Retirement age	2.00%	2.0% to 2.7%
Monthly benefits, as a % of eligible compensation	9.000%	11.500%
Required employee contribution rates 2014-15	20.083%	11.500%
Required employer contribution rates 2014-15		

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

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous	
Contributions - employer	\$	42,711
Contributions - employee (paid by employer)		13,158
Contributions- employee		1,131

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

As of June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability	
Miscellaneous	\$	575,678
Safety		157,261
Total Net Pension Liability	\$	732,939

City of Dunsmuir  
Notes to the Basic Financial Statements  
June 30, 2015

**NOTE 8 PENSION PLAN (continued)**

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

	Miscellaneous
Proportion - June 30, 2014	0.00925%
	Safety
Proportion - June 30, 2014	0.00253%

For the year ended June 30, 2015, the City recognized pension expense of \$60,190. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 42,711	\$ -
Change in employer's proportion and differences between the employer's proportionate share of contributions	16,055	38,743
Net differences between projected and actual earnings on plan investments	-	250,872
Total	\$ 58,766	\$ 289,615
Net deferred inflows		\$ 230,849

\$42,711 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended 30-Jun	
2016	\$ 56,983
2017	56,983
2018	58,133
2019	62,718
2020	-
Thereafter	-

City of Dunsmuir  
Notes to the Basic Financial Statements  
June 30, 2015

**NOTE 8 PENSION PLAN (continued)**

Actuarial Assumptions – The total pension liabilities in the June 30, 2013 actuarial valuations were determined for Miscellaneous and Safety plans using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.50%	7.50%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	3.3% - 14.2% (1)	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)	7.5% (2)
Mortality	20	20

- (1) Depending on age, service and type of employment  
(2) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year.

City of Dunsmuir  
Notes to the Basic Financial Statements  
June 30, 2015

**NOTE 8 PENSION PLAN (continued)**

CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100%		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

Classic Plans	Miscellaneous	Safety
1% Decrease Net Pension Liability	6.50% \$ 1,044,869	6.50% \$ 270,625
Current Discount Rate Net Pension Liability	7.50% \$ 575,678	7.50% \$ 157,261
1% Increase Net Pension Liability	8.50% \$ 186,295	8.50% \$ 63,853

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

City of Dunsmuir  
Notes to the Basic Financial Statements  
June 30, 2015

**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, 2015 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.

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 \$368,162 at June 30, 2015.

**Other Major Fund**

The Community Development Project Income Fund has Non-spendable Fund Balance of \$868,832 consisting of noncurrent receivables and an Unassigned Fund Balance (Deficit) of \$(152,102) at June 30, 2015.

**Other Funds**

Other governmental (nonmajor) funds have Non-spendable Fund Balance of \$523,491, consisting of noncurrent receivables and Restricted Fund Balance of \$246,219 restricted for fund purpose at June 30, 2015.

City of Dunsmuir  
Notes to the Basic Financial Statements  
June 30, 2015

**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 Project Income Fund overexpended its budget by \$15,874.

**NOTE 14 PRIOR PERIOD ADJUSTMENT**

During the current year, payroll expenses were understated due to the lack of reporting of accrued payroll in the audited financial statements issued for the fiscal year ended June 30, 2014. As such, beginning fund balances in each of the major funds, Government-Wide Governmental funds, and the Government-Wide Business-Type Activities was decreased to include these expenses. The effect of the adjustment had no effect on operations of the current year.

GOVERNMENTAL ACTIVITIES	
Net Position- July1, 2014- as previously reported	\$ 5,473,740
Prior Period Adjustment	<u>(521,347)</u>
Net Position- July, 1, 2014- as restated	<u><u>\$ 4,952,393</u></u>

	Sewer Fund	Solid Waste Fund	Water Fund	Airport Fund	Government- Wide Business-Type Activities
<b>BUSINESS-TYPE ACTIVITIES</b>					
Net Position- July1, 2014- as previously reported	\$ 7,447,463	\$ 576,037	\$ 2,610,932	\$ 2,422,539	\$ 13,056,971
Prior Period Adjustment	<u>(136,060)</u>	<u>(226,741)</u>	<u>(74,545)</u>	<u>(4,621)</u>	<u>(441,967)</u>
Net Position- July, 1, 2014- as restated	<u><u>\$ 7,311,403</u></u>	<u><u>\$ 349,296</u></u>	<u><u>\$ 2,536,387</u></u>	<u><u>\$ 2,417,918</u></u>	<u><u>\$ 12,615,004</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

City of Dunsmuir  
 Budgetary Comparison Schedule  
 General Fund  
 For The Year Ended June 30, 2015

	Original Budget	Final Budget	Actual Amounts	Favorable (Unfavorable) Variance With Final Budget
<b>REVENUES</b>				
Property taxes	\$ 255,700	\$ 255,700	\$ 271,047	\$ 15,347
Sales and use taxes	101,000	101,000	126,385	25,385
Transient occupancy taxes	110,000	110,000	111,614	1,614
Franchise and other licenses	51,738	51,738	93,234	41,496
Licenses and permits	6,900	6,900	27,284	20,384
Intergovernmental revenues	662,265	662,265	661,349	(916)
Charges for services	60,950	60,950	87,315	26,365
Fines, forfeitures and penalties	5,100	5,100	4,586	(514)
Use of money and property	95,745	95,745	94,947	(798)
Other	328,144	328,144	127,912	(200,232)
Total revenues	<u>1,677,542</u>	<u>1,677,542</u>	<u>1,605,673</u>	<u>(71,869)</u>
<b>EXPENDITURES</b>				
Current:				
City council	17,582	17,582	5,467	12,115
City administrator	123,034	123,034	54,709	68,325
City clerk	7,765	7,765	7,834	(69)
City attorney	30,750	30,750	11,854	18,896
Planning	14,691	14,691	33,776	(19,085)
Finance and administration	202,558	202,558	34,753	167,805
Building inspection	18,000	18,000	22,214	(4,214)
Police protection	419,903	419,853	421,650	(1,797)
Fire protection	416,603	416,603	164,144	252,459
Streets and roads	167,836	167,836	105,238	62,598
Buildings and grounds	109,840	109,840	111,078	(1,238)
Health and welfare	1,500	1,500	3,642	(2,142)
Community and economic development	-	-	20,820	(20,820)
Capital outlay	130,000	130,000	420,085	(290,085)
Total expenditures	<u>1,660,062</u>	<u>1,660,012</u>	<u>1,417,264</u>	<u>242,748</u>
Excess of revenues over (under) expenditures	<u>17,480</u>	<u>17,530</u>	<u>188,409</u>	<u>170,879</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	-	17,673	17,673
Operating transfers out	(25,000)	(25,000)	(24,996)	4
Total other financing sources (uses)	<u>(25,000)</u>	<u>(25,000)</u>	<u>(7,323)</u>	<u>17,677</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ (7,520)</u>	<u>\$ (7,470)</u>	<u>\$ 181,086</u>	<u>\$ 188,556</u>

City of Dunsmuir  
 Budgetary Comparison Schedule  
 Community Development Project Income Fund  
 For The Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Favorable (Unfavorable) Variance With Final Budget</u>
<u>REVENUES</u>				
Use of money and property	\$ 9,600	\$ 9,600	\$ 9,242	\$ (358)
<u>EXPENDITURES</u>				
Current:				
Community and economic development	1,302	1,302	17,176	(15,874)
Excess of revenues (under) expenditures	8,298	8,298	(7,934)	(16,232)
<u>OTHER FINANCING (USES)</u>				
Operating transfers out	-	-	(199,828)	(199,828)
Excess of revenues (under) expenditures and other uses	<u>\$ 8,298</u>	<u>\$ 8,298</u>	<u>\$ (207,762)</u>	<u>\$ (216,060)</u>

City of Dunsmuir  
 Cost-Sharing Multiple-Employer Defined Benefit Pension Plan  
 As of June 30, 2015  
 Last 10 Years (1)

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

	6/30/2014 (1)
<u>Safety Plan</u>	
Plan's proportion of the net pension liability	0.00253%
Plan's proportionate share of the net pension liability	\$157,261
Plan's covered-employee payroll	N/A
Plan's proportionate share of the net pension liability as percentage of its covered-employee payroll	N/A
Plan's proportionate share of the fiduciary net position as a percentage of the plan's total pension liability	81.42%
Plan's proportionate share of aggregate employer contributions (2)	\$19,509
<u>Miscellaneous Plan</u>	
Plan's proportion of the net pension liability	0.00925%
Plan's proportionate share of the net pension liability	\$575,678
Plan's covered-employee payroll	\$466,885
Plan's proportionate share of the net pension liability as percentage of its covered-employee payroll	123.30%
Plan's proportionate share of the fiduciary net position as a percentage of the plan's total pension liability	83.72%
Plan's proportionate share of aggregate employer contributions (2)	\$80,071

(1) Historical information is required only for measurement periods for which GASB 68 is applicable.

(2) The plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The plan's proportionate share of aggregate contributions is based on the plan's proportion of fiduciary net position shown on line 5 of the tables above as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

City of Dunsmuir  
 Cost-Sharing Multiple-Employer Defined Benefit Pension Plan  
 As of June 30, 2015  
 Last 10 Years (1)

SCHEDULE OF CONTRIBUTIONS

Safety Plan	Fiscal Year 2013-14 (1)
Actuarially determined contribution	5,498
Contributions in relation to the actuarially determined contribution	<u>(5,498)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered employee payroll (2)	N/A
Contributions as a percentage of covered-employee payroll	N/A
Miscellaneous Plan	Fiscal Year 2013-14 (1)
Actuarially determined contribution	41,503
Contributions in relation to the actuarially determined contribution	<u>(41,503)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered employee payroll (2)	\$ 466,885
Contributions as a percentage of covered-employee payroll	8.89%

- (1) Historical information is required only for measurement periods for which GASB 68 is applicable.  
 (2) Payroll from prior was assumed to increase by 3.00 percent payroll growth assumptions.

Notes to Schedule

Change in Benefit Terms: None  
 Change in Assumptions: None

SUPPLEMENTARY INFORMATION

**City of Dunsmuir  
Combining Balance Sheet  
June 30, 2015**

	Special Revenue					Total
	Local Transportation Fund	Gas Tax Fund	Fire Assessment Fund	EDBG Fund	South Dunsmuir Sewer Assessment Fund	
<b>ASSETS</b>						
Cash	\$ 14,348	\$ -	\$ 71,992	\$ 139,962	\$ -	\$ 226,302
Receivables (net of allowance for doubtful accounts, where applicable):						
Loans	-	-	-	277,272	-	277,272
Intergovernmental and other	7,209	11,904	6,302	-	2,551	27,966
Total assets	\$ 21,557	\$ 11,904	\$ 78,294	\$ 417,234	\$ 2,551	\$ 531,540
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ -	\$ 224	\$ -	\$ -	\$ -	\$ 224
Due to other funds	-	6,208	-	-	1,617	7,825
Total liabilities	-	6,432	-	-	1,617	8,049
Fund balances:						
Nonspendable:						
Noncurrent receivables	-	-	-	277,272	-	277,272
Restricted for:						
Streets and roads	21,557	5,472	-	-	-	27,029
Public safety	-	-	78,294	-	-	78,294
Community and economic development	-	-	-	139,962	934	140,896
Total	21,557	5,472	78,294	139,962	934	246,219
Unassigned	-	-	-	-	-	-
Total fund balance	21,557	5,472	78,294	417,234	934	523,491
Total liabilities and fund balance	\$ 21,557	\$ 11,904	\$ 78,294	\$ 417,234	\$ 2,551	\$ 531,540

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, 2015**

	Special Revenue					Total
	Local Transportation Fund	Gas Tax Fund	Fire Assessment Fund	EDBG Fund	South Dunsmuir Sewer Assessment Fund	
<b>REVENUES</b>						
Assessments	\$ -	\$ -	\$ 26,637	\$ -	\$ -	\$ 26,637
Intergovernmental revenues	52,811	80,671	-	-	8,204	141,686
Use of money and property	21	-	111	4,763	-	4,895
Total revenues	<u>52,832</u>	<u>80,671</u>	<u>26,748</u>	<u>4,763</u>	<u>8,204</u>	<u>173,218</u>
<b>EXPENDITURES</b>						
Current:						
Fire protection	-	-	2,985	-	-	2,985
Streets and roads	-	109,706	-	-	-	109,706
Transit assistance	45,790	-	-	-	-	45,790
Community and economic development	-	-	-	2,969	-	2,969
Debt service:						
Principal	-	-	-	-	4,000	4,000
Interest	-	-	-	-	6,000	6,000
Total expenditures	<u>45,790</u>	<u>109,706</u>	<u>2,985</u>	<u>2,969</u>	<u>10,000</u>	<u>171,450</u>
Excess of revenues over (under) expenditures	<u>7,042</u>	<u>(29,035)</u>	<u>23,763</u>	<u>1,794</u>	<u>(1,796)</u>	<u>1,768</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers in	-	24,996	-	-	-	24,996
Operating transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>24,996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,996</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>7,042</u>	<u>(4,039)</u>	<u>23,763</u>	<u>1,794</u>	<u>(1,796)</u>	<u>26,764</u>
<b>FUND BALANCE</b>						
Beginning of the year	<u>14,515</u>	<u>9,511</u>	<u>54,531</u>	<u>415,440</u>	<u>2,730</u>	<u>496,727</u>
End of the year	<u>\$ 21,557</u>	<u>\$ 5,472</u>	<u>\$ 78,294</u>	<u>\$ 417,234</u>	<u>\$ 934</u>	<u>\$ 523,491</u>

SINGLE AUDIT SCHEDULES AND REPORTS

City of Dunsmuir  
 Schedule of Expenditures of Federal Awards  
 For The Year Ended June 30, 2015

<u>Program Title</u>	<u>Federal CFDA #</u>	<u>Pass Through Grantor #</u>	<u>Federal Expenditures</u>	<u>Loan Disbursements Included In Expenditures</u>
<b>Environmental Protection Agency</b>				
<b>Passed through California State Water Resources Control Board</b>				
Capitalization Grants for Clean Water State Revolving Loan Fund	66.458	11-840-550	<u>649,971</u>	<u>453,634</u>
Total Environmental Protection Agency			<u>649,971</u>	<u>453,634</u>
Total Expenditure of Federal Awards			<u>\$ 649,971</u>	<u>\$ 453,634</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.



Atello, Goodrich & Teuscher

An Accountancy Corporation

**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, 2015, 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 January 9, 2016.

**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 2015-001 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  
January 9, 2016



Atello, Goodrich & Teuscher

An Accountancy Corporation

**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, 2015. 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, 2015.

**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 item 2015-001. 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 2015-001 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.

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  
January 9, 2016

City of Dunsmuir  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2015

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 2015-001) 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. One instance of noncompliance material to the financial statements (Item 2015-001) of the City of Dunsmuir, California.
4. One material weakness (Item 2015-001) 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

**2015-001 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 September 2014 to February 2015 was allowed by prior City Council. During that time prior Finance Director worked on an hourly basis to maintain city finance records. A new City Council seated in December 2014 hired an Interim City Manager in February 2015 who hired a contract Finance Director in March 2015. All Finance records were brought current well prior to end of June 2015. A permanent full time Finance Director was appointed November 2015. A permanent full time City Manager was appointed February 2016.

City of Dunsmuir  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2015

Findings and Questioned Costs-Major Federal Award Programs Audit

Environmental Protection Agency  
Passed through California State Water Resources Control Board  
Capitalization Grants for Clean Water State Revolving Loan Fund  
CFDA No. 66.458

**2015-001 Material Errors in the Financial Statements**

This finding, listed above under financial statement audit findings (2015-001), applies to this major federal award program.

Summary of Prior Audit Findings

Finding 2015-001 is a repeat finding from prior year.

# 2015-2016 Budget Review

## as of 12-31-15

	<u>Budget 6/30/16</u>	<u>YTD 9/30/16</u>	<u>YTD 12/31/2015</u>	%
<b>GENERAL FUND</b>				
Secured & Unsecured Property Taxes	287,000	-	162,529	56.63%
Sales & Use Tax	75,500	7,677	24,477	32.42%
Transaction & Use Tax	9,000	-	-	0.00%
Transient Occupancy Tax	109,000	-	51,590	47.33%
Franchises	36,800	-	2,655	7.21%
Business License Tax	15,000	12,630	13,555	90.37%
Real Property Transfer Tax	2,000	5,554	2,159	107.95%
Animal License	1,500	1,130	1,331	88.73%
Building Permits	20,000	6,165	6,301	31.51%
Plan Check Fees	2,000	-	-	0.00%
Encroachment Permits	400	100	150	37.50%
Vehicle Code Fines	2,500	741	487	19.48%
Criminal Fines	1,200	10	268	22.37%
Parking Tickets	500	121	236	47.10%
City Ordinance Fines	100	65	65	65.00%
Penalties	1,500	-	732	48.79%
Interest LAIF	400	18	95	23.73%
Interest Checking	100	39	47	46.91%
Building Rentals	94,000	23,429	46,857	49.85%
Lease of Ground	100	-	-	0.00%
City Property Plots Sales	1,000	-	-	0.00%
Motor Vehicle In Lieu	800	-	-	0.00%
Homeowners Tax Relief	450	-	-	0.00%
Mandated Cost Reimbursements	-	5,572	12,406	0.00%
Prop 172 Augmentation	14,000	(100)	-	0.00%
VLF Net	155,000	-	-	0.00%
Triple Flip	24,000	-	-	0.00%
State Grant Funds	-	-	-	0.00%
Zoning & Subdivision Fees	83	-	675	813.25%
Variances	400	300	300	75.00%
Use Permits	600	-	-	0.00%
Sign Permits	600	150	150	25.00%
HDMC Reviews	-	-	975	0.00%
District Callout Reimbursement	30,000	0	4,090	13.63%
Mutual Aid/Billable Services	30,000	246	246	0.82%
Impound Fees	700	270	370	52.86%
Misc. Service	800	28	238	29.73%
Sale of Surplus Property	500	-	1	0.20%
Unclassified Revenues	1,000	102	165	16.47%
Indirect Cost Allocation	277,553	55,230	110,460	39.80%
Transfers In	11,001	0	11,001	100.00%
Prior year Cost Reimbursement	44,000	44,000	44,000	100.00%
Dept:509 Law Enforcement	100,000	-	27,465	27.47%
Dept:511 FEMA Grant	-	-	-	0.00%
Dept:513 Streets & Roads	117,379	-	-	0.00%
Dept: 514 Building & Grounds	-	-	-	0.00%
<b>Total Revenues</b>	<b>1,468,466</b>	<b>163,476</b>	<b>526,076</b>	<b>35.82%</b>

## Expenditures

Dept:501 City Council	24,950	1,784	11,881	47.62%
Dept:502 City Manager	96,117	33,061	53,044	55.19%
Dept:503 City Clerk & Treasurer	26,652	1,503	4,857	18.22%
Dept:505 City Attorney	37,000	4,879	14,000	37.84%
Dept:506 Planning	57,114	3,750	10,408	18.22%
Dept:507 Finance & Administration	191,416	52,759	124,889	65.24%
Dept:508 Building Inspection	22,400	6,381	10,874	48.55%
Dept:509 Law Enforcement	455,110	7,871	125,253	27.52%
Dept:510 Fire	210,786	34,470	84,941	40.30%
Dept:513 Streets & Roads	255,127	29,504	70,650	27.69%
Dept:514 Buildings & Grounds	114,739	22,222	57,166	49.82%
Dept:515 Health & Welfare	4,000	543	1,017	25.43%
Dept:605 Community Promotion	37,200	8,213	15,985	42.97%
<b>Total Expenditures</b>	<b><u>1,532,611</u></b>	<b><u>206,940</u></b>	<b><u>584,964</u></b>	<b>38.17%</b>
<b>Net Effect</b>	<b><u>(64,145)</u></b>	<b><u>(43,464)</u></b>	<b><u>(58,888)</u></b>	

## ENTERPRISE FUNDS

<b>Fund 20 Sewer Enterprise</b>				
Utility Service Revenues	763,310	178,054	363,468	47.62%
Investment Income	652	54	525	80.60%
All other revenues	<u>-</u>	<u>-</u>	<u>-</u>	
<b>Total Revenues</b>	<b>763,962</b>	<b>178,108</b>	<b>363,993</b>	47.65%
Salary & Benefits	352,183	50,531	108,892	30.92%
All other expenditures	<u>500,338</u>	<u>66,347</u>	<u>175,084</u>	34.99%
<b>Expenditures</b>	<b>852,521</b>	<b>116,878</b>	<b>283,976</b>	33.31%
<b>Net Effect (Before Depreciation)</b>	<b><u>(88,559)</u></b>	<b><u>61,230</u></b>	<b><u>80,018</u></b>	

<b>Fund 25 Solid Waste</b>				
Utility Service Revenues	411,500	101,047	202,544	49.22%
Investment Income	1,000	277	531	53.12%
All other revenues	<u>-</u>	<u>-</u>	<u>-</u>	
<b>Total Revenues</b>	<b>412,500</b>	<b>101,324</b>	<b>203,076</b>	49.23%
Salary & Benefits	59,043	14,089	32,311	54.72%
All other expenditures	<u>294,886</u>	<u>82,369</u>	<u>164,745</u>	55.87%
<b>Expenditures</b>	<b>353,929</b>	<b>96,458</b>	<b>197,056</b>	55.68%
<b>Net Effect (Before Depreciation)</b>	<b><u>58,571</u></b>	<b><u>4,866</u></b>	<b><u>6,020</u></b>	

<b>Fund 30 Water Enterprise</b>				
Utility Service Revenues	617,100	162,427	309,788	50.20%
Investment Income	750	147	488	65.08%
All other revenues	-	-	-	
<b>Total Revenues</b>	<b>617,850</b>	<b>162,574</b>	<b>310,276</b>	<b>50.22%</b>
Salary & Benefits	214,512	31,717	78,157	36.44%
All other expenditures	323,672	102,912	229,709	70.97%
<b>Expenditures</b>	<b>538,184</b>	<b>134,629</b>	<b>307,866</b>	<b>57.20%</b>
<b>Net Effect (Before Depreciation)</b>	<b>79,666</b>	<b>27,945</b>	<b>2,410</b>	

<b>Fund 40 Airport Enterprise</b>				
Building & Ground Rentals	13,500	2,699	6,768	50.13%
Federal & State Grants	180,000	20,000	20,000	11.11%
All other revenues	100	65	105	105.00%
<b>Total Revenues</b>	<b>193,600</b>	<b>22,764</b>	<b>26,873</b>	<b>13.88%</b>
Salary & Benefits	29,775	1,007	4,894	16.44%
All other expenditures	27,937	5,298	11,694	41.86%
<b>Expenditures</b>	<b>57,712</b>	<b>6,306</b>	<b>16,588</b>	<b>28.74%</b>
<b>Net Effect (Before Depreciation)</b>	<b>135,888</b>	<b>16,458</b>	<b>10,285</b>	

## TRANSPORTATION AND GAS TAX FUNDS

<b>Fund 50 Local Transportation</b>				
Local Transportation	49,006	-	-	0.00%
Investment Income	25	6	15	59.48%
<b>Total Revenues</b>	<b>49,031</b>	<b>6</b>	<b>15</b>	<b>0.03%</b>
Salary & Benefits	2,732	305	596	21.82%
All other expenditures	57,758	6,694	16,919	29.29%
<b>Total Expenditures</b>	<b>60,490</b>	<b>7,000</b>	<b>17,515</b>	<b>28.95%</b>
<b>Net Effect (Before Depreciation)</b>	<b>(11,459)</b>	<b>(6,993)</b>	<b>(17,500)</b>	

<b>Fund 59 Gas Tax 2103 - TCRF</b>				
Gas Tax Funds	8,710	2,925	4,657	53.47%
<b>Total Revenues</b>	<b>8,710</b>	<b>2,925</b>	<b>4,657</b>	<b>53.47%</b>
Salary & Benefits	2,732	197	402	14.72%
All other expenditures	903	219	438	48.54%
<b>Total Expenditures</b>	<b>3,635</b>	<b>416</b>	<b>841</b>	<b>23.12%</b>
<b>Net Effect (Before Depreciation)</b>	<b>5,075</b>	<b>2,510</b>	<b>3,816</b>	

<b>Fund 60 Gas Tax 2105</b>				
Gas Tax Funds	10,987	1,530	3,941	35.87%
All other revenues	-	-	-	0.00%
<b>Total Revenues</b>	<b>10,987</b>	<b>1,530</b>	<b>3,941</b>	<b>35.87%</b>
Salary & Benefits	5,417	390	913	16.86%
All other expenditures	4,622	1,906	3,243	70.16%
<b>Total Expenditures</b>	<b>10,039</b>	<b>2,296</b>	<b>4,156</b>	<b>41.40%</b>
<b>Net Effect (Before Depreciation)</b>	<b>948</b>	<b>(765)</b>	<b>(216)</b>	

<b>Fund 61 Gas tax 2106 - Construction</b>				
Gas Tax Funds	10,464	2,091	5,232	50.00%
Investment Income	-	-	-	0.00%
<b>Total Revenues</b>	<b>10,464</b>	<b>2,091</b>	<b>5,232</b>	<b>50.00%</b>
Salary & Benefits	2,709	601	1,071	39.55%
All other expenditures	5,668	2,158	603	10.64%
<b>Total Expenditures</b>	<b>8,377</b>	<b>2,758</b>	<b>1,675</b>	<b>19.99%</b>
<b>Net Effect (Before Depreciation)</b>	<b>2,087</b>	<b>(668)</b>	<b>3,557</b>	

<b>Fund 62 Gas Tax 2107</b>				
Gas Tax Funds	22,185	1,572	4,881	22.00%
Investment Income & Other Revenues	-	-	-	
<b>Total Revenues</b>	<b>22,185</b>	<b>1,572</b>	<b>4,881</b>	22.00%
Salary & Benefits	5,463	395	844	15.44%
All other expenditures	16,390	2,638	5,546	33.84%
<b>Total Expenditures</b>	<b>16,390</b>	<b>3,033</b>	<b>6,390</b>	38.99%
<b>Net Effect (Before Depreciation)</b>	<b>5,795</b>	<b>(1,461)</b>	<b>(1,509)</b>	

<b>Fund 63 Gas Tax 2107.5 Engineering</b>				
Gas Tax Funds	1,000	1,000	1,000	100.00%
Investment Income & Other Revenues	-	-	-	
<b>Total Revenues</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	100.00%
All other expenditures	91	21	42	46.15%
<b>Total Expenditures</b>	<b>91</b>	<b>21</b>	<b>42</b>	46.15%
<b>Net Effect (Before Depreciation)</b>	<b>909</b>	<b>979</b>	<b>958</b>	

<b>Fund 64 Gas Tax 2107.SR - Snow Removal</b>				
Gas Tax Funds	18,694	-	-	
Tier In	50,000	12,500	25,000	50.00%
<b>Total Revenues</b>	<b>68,694</b>	<b>12,500</b>	<b>25,000</b>	36.39%
Salary & Benefits	73,860	1,574	11,722	15.87%
All other expenditures	8,726	2,120	4,699	53.85%
<b>Total Expenditures</b>	<b>82,586</b>	<b>3,693</b>	<b>16,421</b>	19.88%
<b>Net Effect (Before Depreciation)</b>	<b>(13,892)</b>	<b>8,807</b>	<b>8,579</b>	

## TAX REVENUE FUNDS

<b>Fund 70 Fire Assessment Tax</b>				
Secured & Unsecured Taxes	21,000	-	509	2.43%
Investment Income	125	32	71	57.15%
All other revenues	-	-	-	
<b>Total Revenues</b>	<b>21,125</b>	<b>32</b>	<b>581</b>	<b>2.75%</b>
Vehicle Replacement	5,000	-		0.00%
All other expenditures	9,324	582	1,164	12.48%
<b>Total Expenditures</b>	<b>14,324</b>	<b>582</b>	<b>1,164</b>	<b>8.13%</b>
<b>Net Effect (Before Depreciation)</b>	<b>6,801</b>	<b>(550)</b>	<b>(583)</b>	

<b>Fund 93 S. Dunsmuir Sewer Assessment</b>				
Secured & Unsecured Taxes	9,500	-	-	-
<b>Total Revenues</b>	<b>9,500</b>	<b>-</b>	<b>-</b>	<b>-</b>
Bond Payment/Interest	9,520	6,940	6,940	73%
<b>Total Expenditures</b>	<b>9,520</b>	<b>6,940</b>	<b>6,940</b>	<b>73%</b>
<b>Net Effect for Fund Balance</b>	<b>(20)</b>	<b>(6,940)</b>	<b>(6,940)</b>	

**City Council Agenda Item**  
**Interim City Manager Staff Report**  
**New Business**

**Item No:** 15.A.  
**Date:** February 4, 2016  
**Subject:** Consider and appoint City Council member liaison to League of California Cities

Enclosed is written request from Sacramento Valley Division of League of California for name of Council member to serve as primary contact for communications from the League and the League division.

**Recommendation:**

1400 K STREET  
SACRAMENTO, CA 95814  
PH: (916) 658-8200  
FX: (916) 658-8240



WWW.CACITIES.ORG

January 12, 2016

City of Dunsmuir  
C/O Randy Johnson  
5915 Dunsmuir Avenue  
Dunsmuir, CA 96025

Subject: Request to Appoint Liaison to League of California Cities

Dear Mr. Johnson:

In order that all of our interests are served more effectively, the Sacramento Valley Division leadership encourages your city to appoint, from your city council, an official liaison to the League of California Cities. The liaison serves as the official point of contact for the Sacramento Valley Division of the League and would be the primary recipient of Division communications. Communication from the Division will generally be delivered through email and pertain to division activity but may also include updates from the League.

Once your city has appointed a liaison, please send the appointee's contact information, including email address, to [canderson@cacities.org](mailto:canderson@cacities.org).

Sincerely,

A handwritten signature in black ink, appearing to read "Jan Arbuckle".

Jan Arbuckle, President  
Sacramento Valley Division  
League of California Cities

A handwritten signature in black ink, appearing to read "John Shirey".

John Shirey, President  
Sacramento Valley Area Managers Group  
League of California Cities

## **City Council Agenda Item Interim City Manager Staff Report New Business**

**Item No:** 15.B.  
**Date:** February 4, 2016  
**Subject:** Receive and provide direction regarding petition to not remove three Douglas Fir trees in front of 4307 Wood Street or widening Wood Street

The bid package for removal of trees from the public right of way shows removal of 2 oaks and 3 cedars from Wood Street, north side of street just east of Elinore Way. A writing has been requested from Public Works Supervisor to detail City intentions in this area.

As of this moment, no one on staff is aware of any intention to widen Wood Street in this area. It would be a great idea and make the roadway much safer but topography makes such a project not economically feasible.

**Recommendation:**

January 8, 2016

Randy Johnsen, City Manager, cc City Council members and Planning Commission

5915 Dunsmuir Ave.

City of Dunsmuir

Dunsmuir, CA 96025

Dear Mr. Johnsen,

The following homeowners respectfully request not removing the three Douglas fir trees in front of 4307 Wood Street or widening Wood Street. The problems with this section of Wood St are extreme steepness at the top onto Elinore, and narrowness allowing only one lane of traffic between Hill and Elinore. Removing these trees would also not solve the problem of the extreme narrowness of Wood Street. It would also not change the width of Elinore Street.

We, as residents of this street, have witnessed accidents in which trees on Wood Street considered for removal have saved cars from plowing into houses. There have been numerous "near" accidents, caused partially by the speed cars coming downhill attain due to the steepness of the street, but more importantly, from the limited visibility when a driver reaches the top to turn onto Elinore.

Many drivers slide back down the hill, narrowly missing houses. If they do reach the top, they often turn onto Elinore with "a wing and a prayer" so to speak – they cannot see if it is clear to turn.

We agree that this is an accident waiting to happen, a very serious accident. We, however, feel there is a different solution, and that is to make Wood Street between Hill and Elinore one way coming down.

We strongly feel that widening the street only increases the problem as more cars will use it – right now very few cars come up Wood Street, a few more come down. If you widen the street, you increase the traffic without solving the visibility problem at the top, or the speed problem coming down.

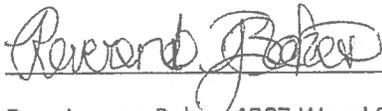
Removing the above-mentioned trees and other actions to widen this section of Wood Street would also increase the likelihood of damage from erosion and remove wildlife habitat.

We understand that there is consideration regarding emergency vehicle access to the properties on the east end of Wood Street going uphill. There is an alley between Wood Street and Branstetter allowing two-way access to all of the houses on the north side of Wood Street. There is also an alley between Hill and Elinore allowing two-way access to the houses at the top of Wood Street on the south side. All houses on Wood Street from Hill up to Elinore have two-way access for all emergency vehicles. The houses at the top of Wood Street have three-way emergency access. They can be reached from Elinore as well.

In addition, we feel this is an unwise use of our community's funds. Removing trees and widening the street will be exorbitantly expensive, not to mention detrimental to our neighborhood aesthetic and property values.

We request a written response in a timely manner.

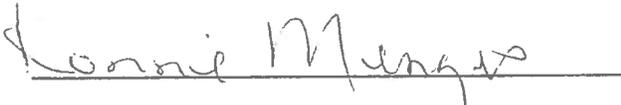
Sincerely,



Rev. Jeanne Baker, 4307 Wood Street, Dunsmuir



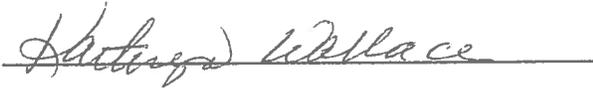
Sara Cowan, 4307 Wood Street, Dunsmuir



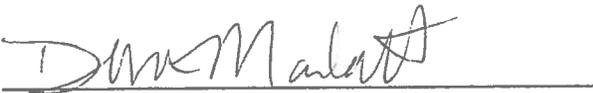
Ronnie Mendes, 4301 Wood Street, Dunsmuir



Luisa Wurthmann, 4300 Wood Street, Dunsmuir



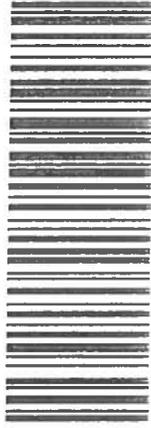
Kathryn Wallace, 4308 Wood Street, Dunsmuir, 235-4612



Dena Marlatt, 6200 Elinore Street, Dunsmuir

Reverend Jeanne Baker  
P.O. Box 423  
Dunsmuir, CA 96025

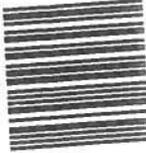
PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT  
OF THE RETURN ADDRESS, FOLD AT DOTTED LINE  
**CERTIFIED MAIL**



7015 0640 0004 1446 8345



1000



96025

U.S. POSTAGE  
PAID  
DUNSMUIR, CA  
96025  
JAN 11, 16  
AMOUNT  
**\$6.74**  
00133112-08

Randy Johnsen, City Manager  
5915 Dunsmuir Ave.  
Dunsmuir, CA 96025



96025822355 0002

**City Council Agenda Item**  
**Interim City Manager Staff Report**  
**New Business**

**Item No:** 15.C.  
**Date:** February 4, 2016  
**Subject:** Consider and adopt Resolution No. 2016- authorizing submittal of applications for payment and related authorizations pursuant to Public Resources Code section 48000 et seq for programs administered by CalRecycle (Department of Resources Recycling and Recovery)

The State is again changing regulations. They are requesting a blanket authorization for execution of requests for payments and other approvals be provided in advance to expedite processing of claims for moneys or reimbursements from programs administered by CalRecycle.

**Recommendation:** Move to adopt Resolution No. 2016- authorizing submittal of applications for payment programs and related authorizations pursuant to Public Resources Code Section 48000 et seq

**RESOLUTION NO. 2016-**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DUNSMUIR  
AUTHORIZING SUBMITTAL OF APPLICATIONS FOR PAYMENT  
PROGRAMS AND RELATED AUTHORIZATIONS PURSUANT TO PUBLIC  
RESOURCES CODE SECTION 48000ET SEQ**

**WHEREAS**, pursuant to Public Resources Code Section 48000 et seq. the Department of Resources Recycling and Recovery (CalRecycle) has established various payment programs to make payments to qualifying jurisdictions; and

**WHEREAS**, in furtherance of this authority CalRecycle is required to establish procedures governing the administration of the payment of the payment programs; and

**WHEREAS**, CalRecycle's procedures for administering payment programs require, among other things, an applicant's governing body to declare by resolution certain authorizations related to the administration of the payment program.

**NOW, THEREFORE BE IT RESOLVED** by the City Council of the City of Dunsmuir that the City of Dunsmuir is authorized to submit an application to CalRecycle for any and all payment programs offered; and

**BE IT FURTHER RESOLVED** that the City Manager, or his/her designee, is hereby authorized as Signature Authority to execute all documents necessary to implement and secure payment; and

**BE IT FURTHER RESOLVED** that this authorization is effective until rescinded by the Signature Authority or this Governing Body.

\* \* \* \* \*

The foregoing resolution was introduced and adopted at a regular meeting of the City Council of the City of Dunsmuir held on the 4<sup>th</sup> day of February, 2016 by the following vote, to wit:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

\_\_\_\_\_  
Josh Spurlock, Mayor

ATTEST:

\_\_\_\_\_  
Kathryn Wilson, City Clerk

## City Manager

---

**From:** Tooker, Shamila@CalRecycle <Shamila.Tooker@calrecycle.ca.gov>  
**Sent:** Wednesday, December 23, 2015 1:13 PM  
**Cc:** Cadiz, Divina@CalRecycle; Cota, Marissa@CalRecycle; Duclo, Donnell@CalRecycle; Estrada, Rhoderick@CalRecycle; Wright, Tharon@CalRecycle; Byrne, Alex@CalRecycle; 'John.Catching@calrecycle.ca.gov'; Uyeda, Stanley@CalRecycle; McIntosh, Blair@CalRecycle  
**Subject:** Beverage Container Recycling City/County Payment Program - New Requirement for Fiscal Year 2015-16  
**Attachments:** Payment program resolution.docx

Good Afternoon

Beginning with the fiscal year 2015-16 funding cycle, all jurisdictions will be required to provide a Resolution no later than the funding request due date (to be announced in the near future.)

To assist you with this new requirement, we have attached a Resolution template specific to payment programs. Open the attached Resolution template and save it to your computer. Fill in the yellow highlighted areas with your jurisdiction's name and the job title of the signature authority. If you plan on using other language or think you have an existing resolution that may be valid please email it to [grantassistance@CalRecycle.ca.gov](mailto:grantassistance@CalRecycle.ca.gov) and use City/County Payment Program Resolution and your city or county name in the subject line. We will review it to ensure it meets the payment program requirements prior to you seeking approval from your board or council.

Note: jurisdictions should anticipate the amount of time needed by your board or council to obtain an approved Resolution by the funding request due date. Failure to provide an approved Resolution may result in funding being delayed or not approved.

### Shamila Tooker

Beverage Container Grants Unit  
Department of Resources Recycling and Recovery  
(916) 322-3069  
[Shamila.Tooker@CalRecycle.ca.gov](mailto:Shamila.Tooker@CalRecycle.ca.gov)



Connect with us!



# City Council Agenda Item

## Interim City Manager Staff Report

### New Business

**Item No:** 15.D.  
**Date:** February 4, 2016  
**Subject:** Consider and approve new Mott Airport hangar lease rate for non-aviation (commercial) leases and lease form

New regulations adopted by the Federal Aviation Agency and being enforced require all hangars at airports receiving federal monies through FAA only lease hangars to those with aircraft. While some other items besides aircraft can be stored in the hangars, FAA is requiring there be an aircraft.

If no one wants to lease hangar to store aircraft, then hangars may be leased for commercial storage but at competitive commercial rate. There are two hangars at Mott Airport leased with no aircraft. A local business has enjoyed the low rent storage space but has been advised City is required to impose a higher rate. The Airport Committee has reviewed this issue and after lengthy discussion is recommending that the commercial rate be 3 times that of rate charged for aviation leases. On average the lease rate for hangars at Mott Airport is a little over 10 cents per square foot. The proposed rate for commercial use of hangars is a little over 30 cents per square foot.

The lease form used for aviation purposes is also no longer applicable. The new form lease was developed at Fullerton Airport and has been reviewed by FAA. This lease is month to month and includes provision that if someone wants to rent the hangar for aviation use, the commercial lessee has 21 days to vacate. The aviation leases are for from one year up to 30 years.

**Recommendation:** Move to direct Airport Manager to impose rate three times that for aviation leases for commercial leases of hangars at Mott Airport and approve lease form attached.

## DUNSMUIR MOTT AIRPORT NON-AERONAUTICAL STORAGE AGREEMENT

THIS AGREEMENT ("Agreement") is made this 1<sup>st</sup> day of July, 2016 ("Effective Date") by and between the City of Dunsmuir ("CITY") and Castle Rock Water Company, (hereinafter referred to as "TENANT").

### 1. STORAGE AREA AND USES

A. CITY hereby grants to TENANT the right to store certain specified property in a Hangar location at Dunsmuir Mott Airport known as Hangar B (hereinafter the "Storage Area") subject to the terms and conditions contained herein.

B. TENANT understands that the Storage Area may be used for the temporary storage of machinery and parts therefore, and personal property upon approval by the Airport Manager. Supplies for minimum owner maintenance of the property are also allowed. Tenant understands that the Dunsmuir Mott Airport does not permit non-aviation storage to displace aeronautical uses of any airport facilities. Such non-aeronautical uses may be subject to the approval of the Federal Aviation Administration under applicable law and regulations and are revocable by the Airport Manager at any time during this Agreement with a twenty-one (21) day advance written notice to TENANT.

C. The items allowed to be stored by TENANT in the Storage Area are described as: machinery and machine parts that support water bottling operation/business in the City of Dunsmuir.

D. The use of combustible chemicals, open flame heaters, welding, or repairs to the fuel system in, or adjacent to, the Storage Area is strictly prohibited. The use of power tools which in any way increase the hazard of fire is prohibited, unless the TENANT first obtains the written permission of the Airport Manager or his/her authorized representative. Notwithstanding anything stated in this Agreement to the contrary, any use of the Storage Area shall conform with all federal, state, and local laws, rules, and regulations, including but not limited to any applicable FAA rules and regulations, Dunsmuir Mott Airport Fire Safety Policies, Dunsmuir Municipal Code Title 14 (Airport), and applicable zoning, building, and fire codes.

E. TENANT shall not conduct any commercial activity on or from the Storage Area.

F. TENANT shall not use the Storage Area as a residence.

G. TENANT understands that the Storage Area is an industrial environment. Water and dust are to be expected during certain weather conditions.

H. Physical alterations to the Storage Area by TENANT are prohibited without prior written approval of the Airport Manager. Unauthorized alterations may result in immediate termination of this Agreement.

2. TERM

The term of this Agreement shall commence on the Effective Date set forth above and shall continue on a month-to-month basis thereafter. However, TENANT may not occupy the Storage Area for a period greater than five consecutive years. In the event the term of this Agreement commences on a day other than the first day of the month, the first month's Rent shall be prorated to reflect the actual period of occupancy for that first month.

3. RENT; SECURITY DEPOSIT

A. TENANT agrees to pay as rent for this Storage Area the sum of **FOUR HUNDRED FIFTY-NINE DOLLARS (\$459.00)** per month ("Rent") beginning the date of this agreement, and is due and payable in advance on the first day of each month ("Rent Due Date"). The Rent is based on the current fee schedule established by City Council Resolution. It is acknowledged by the parties that the Rent will be periodically reviewed and adjusted to reflect the most current fees established by City Council Resolution. The TENANT will receive written notice of any such amendment.

B. TENANT understands and agrees to the provision to CITY of a security deposit in the sum of **Four Hundred Dollars (\$400.00)**.

C. TENANT understands and agrees to the provision of a one-time, **non-refundable** administrative fee in the amount of **One Hundred Dollars (\$100.00)**.

4. RENT PAYMENT PROCEDURE

All Rent payments required under this Agreement shall be delivered to the City of Dunsmuir at City Hall – 5915 Dunsmuir Avenue, Dunsmuir, California 96025, or at any other location that may be designated by the Airport Manager upon thirty (30) days advance written notice to TENANT. Rent payments are deemed "paid" upon receipt, and TENANT assumes responsibility for any payments lost in the mail.

5. CHARGE FOR LATE PAYMENT

Payment of Rent, together with any other sums due to CITY, must be made by the TENANT on or before the Rent Due Date. TENANT acknowledges that the late payment of rent or any other sums due CITY hereunder will cause CITY to incur costs not contemplated by this Agreement, the exact amount of which will be extremely difficult to ascertain. Payment of Rent, or any other sum due CITY, must be made by the date indicated on the rental notice or a late charge of ten percent (10%) of the Rent shall be added to the payment, and the total sum shall become immediately due and payable to CITY. The additional late charge shall be added for each month the account remains in arrears. If the account remains delinquent for more than three (3) months, a \$44 fee will be assessed in addition to the 10% late charge to cover the cost of impounding and/or selling property.

6. TERMINATION

A. Without Cause. This Agreement may be terminated by either party, with or without cause, upon giving the other party twenty-one (21) days advance written notice of their intent to terminate. The Airport Manager is authorized to act on behalf of CITY under this section. Notice

to CITY shall be made to the Airport Manager. Notice to TENANT shall be given to the address where the rental notice is sent.

B. Cause. This Agreement may be terminated by CITY for cause in the event of a default of this Agreement by TENANT. The occurrence of any one or more of the following events shall constitute a default by TENANT, subjecting TENANT to termination for cause pursuant to the requirements of this Agreement:

- i. The intentional abandonment or vacation of the Storage Area by Tenant. In the event of an intentional abandonment or vacation, CITY may take immediate possession of the Storage Area.
- ii. The failure by TENANT to make any payment of Rent or any other sum payable hereunder by TENANT, as and when due, where such failure shall continue for a period of three (3) days after written notice thereof from CITY to TENANT provided, however, the three (3) day notice shall be in lieu of, and not in addition to, any notice required under the unlawful detainer statutes California Code of Civil Procedure Section 1161 *et seq.*
- iii. The failure by TENANT to obtain and/or maintain the required levels of insurance and endorsements in Section 7 and 8 of this Agreement where such failure shall continue for a period of ten (10) days after written notice thereof from CITY to TENANT. Any such notice shall be in lieu of, and not in addition to, any notice required under the unlawful detainer statutes, California Code of Civil Procedure Section 1161 *et seq.* Notwithstanding the foregoing notice requirement, TENANT understands and agrees that CITY may take action to immediately prohibit TENANT'S use of the Storage Area until the required levels of insurance are obtained if CITY, in its absolute discretion, believes such action is necessary in order to protect the public safety or welfare.
- iv. The failure or inability by TENANT to observe or perform any other provisions of this Agreement where such failure shall continue for a period of ten (10) days after written notice thereof from CITY to TENANT provided, however, that any such notice shall be in lieu of; and not in addition to, any notice required under the unlawful detainer statutes, California Code of Civil Procedure Section 1161 *et seq.*; provided, further, that if the nature of such failure is such that it can be cured by TENANT but that more than ten (10) days are reasonably required for its cure (for any reason other than financial inability), then TENANT shall not be deemed to be in default if TENANT shall commence such cure within said ten (10) days, and thereafter diligently prosecutes such cure to completion.

## 7. INSURANCE

A. Insurance: TENANT shall obtain and maintain at all times during the term of this Agreement, general liability insurance in amounts not less than Five Hundred Thousand dollars (\$500,000.00) per occurrence. CITY shall be named as an additional insured on such policy.

B. Prior to any occupancy of the Storage Area, TENANT shall deliver to the Airport Manager a certificate of insurance evidencing the above insurance coverage. TENANT shall also

deliver endorsements to CITY stating that CITY, its officers, officials, employees, and agents, have been added as an additional insured on the liability policies, and that the insurance company will not cancel any of the policies without first providing thirty (30) days advance written notice to CITY.

C. In addition to the above, TENANT acknowledges that any items stored in the Storage Area are stored at TENANT's own risk. CITY shall not be liable for any loss or damage which may occur to property or other items located in the Storage Area.

D. Nothing in this section shall be construed as limiting in any way, the Indemnification and Hold Harmless clause set forth in Section 8, or the extent to which TENANT may be held responsible for payments of damages to persons or property.

8. INDEMNITY AND HOLD HARMLESS

TENANT agrees to defend, indemnify and hold harmless the CITY OF DUNSMUIR, its officers, agents, employees, and volunteers, from all loss, cost, and expense arising out of any liability or claim of liability for personal injury, bodily injury to persons, contractual liability and damage to property sustained or claimed to have been sustained arising out of the TENANT's rental of the Storage Area, or otherwise arising out of the activities of the TENANT or those of any of its officers, agents, or employees, whether such act is authorized by this Agreement or not; and TENANT shall pay for any and all damage to the Storage Area or to any property of the CITY, or for any loss or theft of such property, done or caused by such persons. CITY assumes no responsibility whatsoever for any property placed in the Storage Area. The provisions of this Section do apply to any damage or loss caused solely by the negligence of the CITY or any of its officers, agents or employees.

9. ASSIGNMENT PROHIBITED

This Agreement is personal to TENANT. TENANT shall not assign, sublet, sell, or in any manner transfer this Agreement or the Storage Area without first obtaining the prior written consent of the Airport Manager.

10. INSPECTION

CITY or its authorized representative shall have the right at all reasonable times, to inspect the Storage Area to determine if the provisions of this Agreement are being complied with and to have access to Storage Area to make necessary improvements or repairs. Notwithstanding the foregoing, in the event of an emergency CITY shall have the right to immediate access to the Storage Area in order to abate the emergency. As soon as reasonably practicable, CITY shall notify TENANT of the entry into the Storage Area.

11. ATTORNEYS' FEES

In the event either party to this Agreement commences legal action against the other claiming a breach or default of this Agreement, then the prevailing party in such litigation shall be entitled to recover from the other any costs or attorneys' fees incurred in maintaining their action. Costs shall be as defined in Code of Civil Procedure Section 1033.5.

12. PROPERTY REMOVAL

A. TENANT shall remove any and all personal property and deliver possession of the Storage Area to the Airport Manager in its original condition, ordinary wear and tear excepted, upon termination of this Agreement. If TENANT fails to remove its personal property upon termination of this Agreement and deliver possession of the Storage Area, the Airport Manager may remove and store the personal property at the sole cost and expense of TENANT.

B. TENANT agrees that the Airport Manager may remove TENANT's personal property without notice to TENANT, if necessary, for Airport safety or operations, but that no charge will be made therefore. TENANT agrees that the Airport Manager, or his authorized representative, may enter the Storage Area without TENANT's presence to conduct routine inventory and/or safety inspections. TENANT understands that the Airport Manager reserves the right to relocate said Storage Area upon twenty-one (21) days prior written notice to TENANT of such intent.

13. TAXES AND ASSESSMENT

TENANT recognizes and understands that this Agreement may create a possessory interest subject to taxation and that TENANT may be subject to the payment of taxes levied on such interest. TENANT shall cause said tax or assessment to be paid promptly without reduction in the Rent due CITY hereunder. TENANT acknowledges the existence of such taxes and that they are assessed by the State of California. TENANT acknowledges that CITY may be compelled by the State of California to supply information about TENANT to the State.

14. NOTICES

All notices pursuant to this Agreement shall be addressed as set forth below or as either party may hereafter designate by written notice, and shall be sent through the United States mail to:

CITY:  
Airport Manager  
5915 Dunsmuir Avenue  
Dunsmuir, California 96025

TENANT:  
Castle Rock Water  
4121 Dunsmuir Avenue  
Dunsmuir, California 96025  
(530) 678-4444  
Email Contact:

TENANT agrees to provide written notification of any change in address or phone number within ten (10) days of the change.

SIGNATURES ON NEXT PAGE

Executed in duplicate original at Dunsmuir, Siskiyou County, California as of the dates indicated below.

CITY OF DUNSMUIR

CASTLE ROCK WATER

\_\_\_\_\_  
Randy L. Johnsen  
Interim City Manager/Airport Manager

\_\_\_\_\_  
Thomas Greither  
President

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**City Council Agenda Item**  
**Interim City Manager Staff Report**  
**New Business**

**Item No:** 15.E.  
**Date:** February 4, 2016  
**Subject:** Consider and approve different design of garbage cans in downtown and authorize replacement of broken concrete garbage cans for an estimated cost of \$1,756

Public Works Supervisor is requesting that the concrete garbage cans in the downtown blocks of Dunsmuir Ave be changed out over time to round containers instead of square. The capacity of the containers is the same. There are presently three containers that are damaged and need to be replaced. The cost of replacement with round or square design is estimated to be \$1,756.

**Recommendation:** Move to approve changing out square concrete garbage containers in the downtown with round containers and approve replacement of three damaged containers at this time for an estimated cost of \$1,756.

1/22/14

Randy, we have 3 garbage cans that need to be replaced (broken concrete etc.). IF you approve and council approves I would like to go with a different design and start rotating the new design in. Capacity is the same as our current ones.

Cost for 3 cans would be \$1,146<sup>00</sup>

Shipping \$610<sup>00</sup>

Estimated total \$1,756<sup>00</sup>

# WASTE CONTAINERS



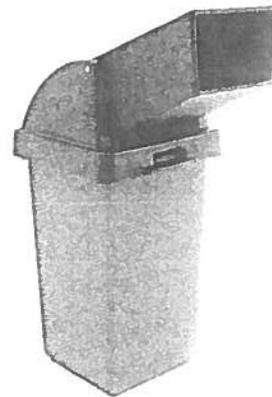
**TF1009**  
20" Sq. x 43"  
280 lbs.  
30 Gal. Capacity  
Snuffer Pan  
Included



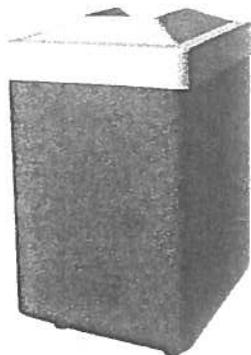
**TF1010**  
20" Sq. x 35"  
280 lbs.  
30 Gal. Capacity



**TF1015**  
20" Sq. x 43"  
280 lbs.  
30 Gal. Capacity



**TF1021**  
20" Sq. x 50"  
280 lbs.  
30 Gal. Capacity  
Drive-up Attachment  
Included



**TF1025**  
25" Sq. x 39"  
615 lbs.  
53 Gal. Capacity



**TF1040**  
25" Sq. x 46"  
615 lbs.  
53 Gal. Capacity

*current*  
↙



**TF1035**  
25" Sq. x 51"  
615 lbs.  
53 Gal. Capacity  
Tray Caddy Included



**TF1120**  
26" Dia. x 42"  
565 lbs.  
53 Gal. Capacity



**TF1150**  
26" Dia. x 47"  
610 lbs.  
53 Gal. Capacity



**TF1130**  
26" Dia. x 49"  
565 lbs.  
53 Gal. Capacity

*new*  
↙



**TF1135**  
26" Dia. x 38"  
565 lbs.  
41 Gal. Liner Included



**TF1140**  
26" Dia. x 40"  
610 lbs.  
53 Gal. Capacity

Item 15. F,  
2-4-16

## City Manager

---

**From:** City Manager  
**Sent:** Friday, January 22, 2016 9:53 AM  
**To:** Josh Spurlock; 'Bryce Craig'; bigdave.keisler@yahoo.com; 'Nick Syrrist'; 'Bruce Deutsch'  
**Subject:** FW: Work Plan

This is what Weed does to develop "work plan". Dunsmuir can follow this format or do something different. The point is, it is done "in house" and staff is left feeling accountable.

Randy

**From:** Ron Stock [mailto:stock@ci.weed.ca.us]  
**Sent:** Friday, January 22, 2016 8:02 AM  
**To:** City Manager <citymanager@ci.dunsmuir.ca.us>  
**Subject:** RE: Work Plan

Annually I hold a one day retreat. Under California law the retreat has to be within the City limits, posted, and open to the public. But we generally get away from City Hall to a comfortable environment at the College or a meeting room at a motel. We provide food, intersperse Department Heads with Councilors, so there is a feeling of "teamwork." And try to establish the goals and objectives for the next 2-year period. We begin by going over the previous year's goals and objectives with each Department Head giving a report on at least one of the goals. Determine if we met the goal. If so, it is removed. If not, we determine if it is still a goal, modify as appropriate, and return it to the list. At the end of the day we suggest new goals, discuss workloads, and determine if we can take anything new on, who should be responsible, and what objectives we have in listing the goal. I've not been a very good record keeper. I haven't done a good report on these meetings in Weed. So there isn't much more than a list from these meetings. When I was younger I jazzed it up a bit and actually published a report to our citizens.

**From:** City Manager [mailto:citymanager@ci.dunsmuir.ca.us]  
**Sent:** Thursday, January 21, 2016 7:52 PM  
**To:** Ron Stock  
**Subject:** Work Plan

You mentioned the other day you are asking Council to establish work plan. Do you have a process for this? Care to share?

Randy ☺