AGENDA
RIO DELL CITY COUNCIL
CLOSED SESSION – 6:00 P.M.
REGULAR MEETING - 6:30 P.M.
TUESDAY, JANUARY 16, 2018
CITY COUNCIL CHAMBERS
675 WILDWOOD AVENUE

WELCOME. . . *By your presence in the City Council Chambers, you are participating in the process of representative government. Copies of this agenda, staff reports and other material available to the City Council are available at the City Clerk's office in City Hall, 675 Wildwood Avenue. Your City Government welcomes your interest and hopes you will attend and participate in Rio Dell City Council meetings often.*

In compliance with the American with Disabilities Act (ADA), if you need special assistance to participate in this meeting, please contact the Office of the City Clerk at (707) 764-3532. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to assure accessibility to the meeting. Assistance listening devices are now available for the hearing impaired. Please see the City Clerk for a receiver.

A. CALL TO ORDER

B. ROLL CALL

C. ANNOUNCEMENT OF ITEMS TO BE DISCUSSED IN CLOSED SESSION AS FOLLOWS:

1) 2018/0116.01 - **Conference with Legal Counsel - Anticipated Litigation**
1 Potential Case: Facts and Circumstances Unknown
(Pursuant to Gov't Code §54956.9(b)

D. PUBLIC COMMENT REGARDING CLOSED SESSION

E. RECESS INTO CLOSED SESSION

F. RECONVENUE INTO OPEN SESSION – 6:30 P.M.

G. ORAL ANNOUNCEMENTS

H. PLEDGE OF ALLEGIANCE

I. CEREMONIAL MATTER

J. PUBLIC PRESENTATIONS

This time is for persons who wish to address the Council on any matter not on this agenda and over which the Council has jurisdiction. As such, a dialogue with the Council or staff is not intended. Items requiring Council action not listed on this agenda may be placed on the next regular agenda for consideration if the Council directs, unless a finding is made by at least 2/3rds of the Council that the item came up after the agenda was posted and is of an urgency nature requiring immediate action. Please limit comments to a maximum of 3 minutes.

K. CONSENT CALENDAR

The Consent Calendar adopting the printed recommended Council action will be enacted with one vote. The Mayor will first ask the staff, the public, and the Council embers if there is anyone who wishes to address any matter on the Consent Calendar. The matters removed from the Consent Calendar will be considered individually in the next section, "SPECIAL CALL ITEMS

1) 2018/0116.02 - Approve Minutes of the January 2, 2018 Regular Meeting **(ACTION)** 1

2) 2018/0116.03 - Approve Resolution No. 1372-2018 Amending the City Master Salary Table **(ACTION)** 10

3) 2018/0116.04 - Approve Resolution No. 1373 -2018 Approving Amended Position Allocation Table **(ACTION)** 14

4) 2018/0116.05 – Approve Resolution No. 1374-2018 Authorizing Update of Signature Cards on All U.S. Bank Accounts **(ACTION)** 18

5) 2018/0116.06 - Receive and File Check Register for December 2017 **(ACTION)** 22

L. ITEMS REMOVED FROM THE CONSENT CALENDAR

M. SPECIAL PRESENTATIONS/STUDY SESSIONS

1) 2018/0116.07 - Annual Financial Report for FY Ended 6/30/17 Independent Auditor's Report Management Discussion and Analysis (MD&A) **(RECEIVE & FILE)** 26

N. SPECIAL CALL ITEMS/COMMUNITY AFFAIRS

1) 2018/0116.08 - Approve Design and Location for Sculpture Pedestals **(DISCUSSION/POSSIBLE ACTION)** 121

2) 2018/0116.09 - Discussion Related to Possible Revision of the City's Cannabis Regulations to Include Adult "A" Activities **(DISCUSSION/POSSIBLE ACTION)** 124

O. ORDINANCES/SPECIAL RESOLUTIONS/PUBLIC HEARINGS

1) 2018/0116.10 - Public Hearing – Community Development Block Grant (CDBG) Closeout Report for 13-CDBG-8971 **(DISCUSSION/POSSIBLE ACTION)** 126

P. REPORTS/STAFF COMMUNICATIONS

Q. COUNCIL REPORTS/COMMUNICATIONS

R. ADJOURNMENT

The next regular City Council meeting is scheduled for
***Tuesday, February 6, 2018** at 6:30 p.m.*

RIO DELL CITY COUNCIL
REGULAR MEETING
JANUARY 2, 2018
MINUTES

The regular meeting of the Rio Dell City Council was called to order at 6:30 p.m. by Mayor Wilson.

ROLL CALL:	Present:	Mayor Wilson, Mayor Pro Tem Johnson, Councilmembers Garnes, Marks and Strahan
	Others Present:	City Manager Knopp, Chief of Police Conner, Finance Director Woodcox, Water/Roadways Superintendent Jensen, Wastewater Superintendent Trainee Purvis, and City Clerk Dunham
	Absent:	Community Development Director Caldwell

CEREMONIAL MATTERS

Swearing in of Jeffrey Conner as Chief of Police
City Clerk Dunham administered the Oath of Allegiance to newly appointed Chief of Police, Jeffrey Conner.

Chief Conner proceeded with a brief introduction and stated that he began his career in law enforcement with the City of Rio Dell in 1993, left in 2002 to take a position with the County of Humboldt and that it seems only fitting to end his law enforcement career here where it all began. He said he was looking forward to the challenge and thanked everyone for their support. His son Logan then pinned on his badge which was followed by a standing ovation from the audience.

PUBLIC PRESENTATIONS

Cheryl Short, 1221 Eeloa Ave. informed the Council that the green box at 30 Wildwood Ave. near the bridge had been tagged with graffiti.

CONSENT CALENDAR

Councilmember Strahan asked that Item 7, *Scope of Services for Inflow & Infiltration (I & I) Reduction Project* and Item 9, *First Quarter Financial Report for FY 2017-18* be removed from the consent calendar for separate discussion.

Motion was made by Johnson/Garnes to approve the consent calendar including approval of minutes of the December 5, 2017 regular meeting; approval of minutes of the December 13, 2017 special meeting; approval of Resolution No. 1370-2018 Summarily Vacating a Portion of an Alley Located Along the Westerly Boundary of the Todd Parcel; approval of Pay Request No. 4 in the amount of $36,954 to DCI Builders for work related to the CDBG Architectural

Barrier Removal (Porch) Project; to receive and file the Check Register for November 2017; and approval of the Memorandum of Understanding with Humboldt Waste Management Authority (HWMA) for Recycling Materials. Motion carried 5-0.

ITEMS REMOVED FROM THE CONSENT CALENDAR

Approve Scope of Services for Inflow & Infiltration (I & I) Reduction Project Related to Wastewater Collection
Councilmember Strahan asked for verification that only one bid was received for the project and questioned the public bidding process.

City Manager Knopp explained that there are only a select number of contractors that do this kind of work and Miksis Services, Inc. (MSI) was the only contractor who submitted a bid.

Councilmember Strahan asked if the project went through the public bidding process.

Wastewater Superintendent Trainee Purvis explained that the project did not go through the regular bidding process because of the nature of the project but staff did contact two potential vendors requesting proposals. He noted that one of the vendors was too far away and MSI was already in the area working on another job so agreed to submit a proposal.

Councilmember Garnes asked if the decision is made to use Solid Epoxy on the manholes rather than Aluminaliner if it will require the contractor to stay in town an extra day.

Wastewater Superintendent Trainee Purvis noted that staff's recommendation is to not use Epoxy as there is speculation as to how long it will actually last.

Mayor Wilson questioned the cost of the project versus the amount budgeted.

Wastewater Superintendent Trainee Purvis indicated the cost of the project is $43,550, with approximately $7,000 remaining in the current year budget for future I & I repairs.

Motion was made by Strahan/Garnes to approve the Scope of Services for the Inflow & Infiltration (I & I) Reduction Project. Motion carried 5-0.

Receive and File 1st Quarter Financial Report for FY 2017-18
This item was removed from the consent calendar in error as Councilmember Strahan's question was pertaining to an item later down on the agenda.

Motion was made by Johnson/Garnes to receive and file the 1st Quarter Financial Report for FY 2017-18 as submitted. Motion carried 5-0.

SPECIAL CALL ITEMS/COMMUNITY AFFAIRS

Approve Design and Approximate Location for Sculpture Pedestals
City Manager Knopp provided a staff report and noted that the second sculpture under the contract with the artist, Dan McCauley is scheduled to be installed next week. As such, the Council will need to approve the placement of two additional pedestals for the remaining two large sculptures. He said the artist submitted a design for construction of the pedestals and identified potential locations for the pedestals at the northern end of Wildwood Avenue. He referred to a map identifying the first pedestal on the first median coming into town from the north behind the Rio Dell Welcome sign and the second one in the second median strip adjacent to Center Street.

Discussion ensued regarding the proposed pedestal locations. Councilmembers expressed concerns that placing a sculpture in the first median would make it too cluttered and that the location of the second sculpture adjacent to Center St. may obstruct the view of kids in the crosswalk going to school.

It was suggested that the first pedestal be moved to the south end of the first median or perhaps to the north end of the second median and the second pedestal to the median in front of City Hall.

After further discussion, the consensus of the Council was to continue the item to the next regular meeting and in the meantime direct staff to flag the newly proposed locations with stakes so councilmembers can go out and view the locations before making a decision on the placement of the pedestals.

Mayor Pro Tem Johnson recalled the decision on the location of the pedestals being the responsibility of the Sculpture Committee and suggested the role of the committee be defined. He said perhaps the Council should make the decision this time and in the future refer it to the Sculpture Committee.

Mayor Wilson agreed with the involvement of the Sculpture Committee with the Council affirming the committee's recommendations.

ORDINANCES/SPECIAL RESOLUTIONS/PUBLIC HEARINGS

Approve Resolution No. 1368-2018 Amending the Wastewater Budget for Needed Improvements
Wastewater Superintendent Trainee Purvis provided a brief staff report and said that he and Water/Roadways Superintendent Jensen reviewed the capital needs of the wastewater system and identified nine high priority projects that need to be addressed this fiscal year; requiring a budget adjustment of $141,281.82 from the Wastewater Reserves.

Mayor Wilson asked if all of the items are exclusive of the current wastewater budget in which staff indicated that none of the nine proposed projects were included in the current budget.

Wastewater Superintendent Trainee Purvis continued with review of each of the nine projects which included the following:

- Flygt Influent Pump - $26,769
- Dryer Room Conveyer - $ 5,897
- So3 Chemical Pumps - $ 4,140
- Dryer Repair/Servicing - $20,000
- Chlorine Generator - $23,911
- Chlorine Pumps Grundfos - $14,952
- Hach Composite Sampler - $ 4,148
- Reclaimed Water Pump - $ 3,945
- Painter Street Lift Station - $20,000

Councilmember Garnes asked if some of the proposed projects could wait until the next budget year to avoid transferring $141,000 from reserves or if they are all high priority.

Wastewater Superintendent Trainee Purvis noted that all nine of the items are high priority but the two highest priority items are the Dryer Repair and the Chlorine Generator because they could fail at any time. He explained that these projects will help ensure the Wastewater Treatment Plant operates efficiently and will keep the plant in compliance with the State.

He commented that the sludge bin has to be dumped every 7 hours so if he or Water/Roadways Superintendent Jensen is not available, an employee has to be called out resulting in extra overtime expense.

Water/Roadways Superintendent Jensen added that there are times when the bin has to be dumped every 4 yours which is why they are trying to get an automatic system to avoid employees from coming out all hours of the night. He said the only maintenance would be on the conveyer belt itself.

Mayor Pro Tem Johnson asked if it is fair to say that wastewater treatment plants in general are very high maintenance; staff confirmed that they are.

Mayor Wilson called for public comment on the proposed resolution; no comments were received.

Motion was made by Mayor Pro Tem Johnson to approve Resolution No. 1368-2018 *A Resolution of the City Council of the City of Rio Dell for a Transfer of Reserve Amounts Amending the Budget for Wastewater and Approving Related Capital and Operating Budgets.*

Councilmembers questioned the stability of the wastewater fund and the balance in the wastewater reserve account.

Finance Director Woodcox indicated that there is approximately $900,000 in wastewater reserves.

Councilmember Strahan commended staff for providing a comprehensive report and said as a City Council that is what they want to see.

Councilmember Garnes then seconded the motion on the floor. Motion carried 5-0.

Approve Resolution No. 1371-2018 Amending the Budget to Include a Classification and Compensation Review

City Manager Knopp provided a staff report and noted that the majority of employee contracts will be up for renewal in June and the last classification and compensation study was conducted back in October of 2010 with some minor updates for the City Manager and Finance Director positions in 2013. He explained that part of the advantages of having these studies is to provide third party labor market data which can be useful for a number of purposes, including helping the Council in the consideration of salary levels. He said it also helps establish guidelines for compensation decisions that help reassure everyone involved that independent data is being collected and used in the negotiation process. He noted that there were comments from councilmembers asking that a study be done to provide information to make the organization more sustainable through the recruitment and retention of qualified employees.

He said staff's recommendation is to approve the Resolution and move forward with the classification and compensation review. The other alternative would be to delay the review for inclusion in the FY 2018-19 budget or to simply take no action.

Mayor Wilson stated that the requested transfer amount doesn't equate to the $22,000 and asked for clarification.

Finance Director Woodcox explained that the expenditure is spread among the various funds and since there are already funds available in some of those department line items, staff only needs permission to transfer the amounts not allocated.

Mayor Wilson commented that he had no recollection of the Council asking for the study.

City Manager Knopp indicated that the subject was brought up in closed session multiple times and that it is a standard practice amongst organizations. He noted that the study would be a useful tool with the upcoming labor negotiations however; it's up to the Council if they want access to this information or not.

Mayor Pro Tem Johnson recalled discussions during development of the current budget regarding the need to have a new compensation study done rather than have the Council rely on an 8-year old study for making decisions.

Councilmember Strahan said she didn't see the need for spending $22,000 on a new study.

Councilmember Marks commented that the $22,000 could be used to give raises rather than paying for a study.

Mayor Wilson pointed out that the cities used in the 2010 study are not a fair comparison with exception of perhaps Blue Lake. He noted that the City has 25 job classifications for 18 filled positions so some of the classifications are not even used; Fortuna alone has 62 classifications.

He said during the last negotiations, the police department was given a 4½% raise and other employees a 3% raise based on the need for a raise and not based on what other cities pay. He added that some of the councilmembers felt the City didn't really have the money to give raises but did so in good faith. He also pointed out that the FY 2017-18 budget was adopted with an $113,000 deficit in the General Fund. He said he ran some numbers on the various classifications and theoretically a 1½% raise could be given to employees over the next two years and $22,000 would cover it.

He pointed out that salary information is a matter of public record so staff can acquire that information. Rather than spend $22,000 on a study, he suggested staff gather the information and put it into a spread sheet and that the $22,000 eventually be used for raises.

Mayor Wilson called for public comment on the proposed resolution; no public comment was received.

City Manager Knopp commented that the Compensation Study is not just for salary comparisons but includes analysis of retirement costs, health insurance costs and basically takes a look at the total compensation package.

Mayor Wilson noted that the plan is not to consistently take money from reserves but to try and build up the reserves.

Mayor Pro Tem Johnson supported some sort of study prior to development of the FY 2018-19 budget, asked if there are any non-profit organizations that offer this service, and if the City has the resources to conduct its own study.

City Manager Knopp said that he is not aware of any non-profit organizations and that the City doesn't have the resources to conduct the study which is why staff is recommending the use of a third party to do the study.

Mayor Pro Tem Johnson commented that he likes to make decisions based on fact and if the city's salaries are 20% below where they should be, the Council needs to know that.

Mayor Wilson stated that he doesn't disagree but the information is available and the City has competent staff that can put the information together.

Councilmember Garnes asked if the study is done and it reveals that the salaries are below where they should be if the City has the money to implement a plan to bring the salaries up to where they should be. She said the question is whether the City can compete with other jurisdictions and if it can't what is the point of doing the study.

Motion was made by Wilson/Strahan to direct staff to make an adequate attempt to gather the information over the next two months using local agencies.

Discussion continued regarding timing in acquiring public records requests; accuracy of the data; comparable organizations; the 2010 85% benchmark in comparison to current wages; and job classification differences among various agencies.

Motion then carried 3-2; Johnson and Garnes dissenting.

REPORTS/STAFF COMMUNICATIONS

City Manager Knopp distributed a written City Manager Update of recent activities and events (Attachment 1 to these minutes) and reported that staff participated in training on SICPA, the City's Track and Trace services provider; provided an update on the CDBG Architectural Barrier Removal (Porch) Project; an update on the Monument Road slip out; placement of the next sculpture; made an announcement regarding the free Christmas tree disposal bin behind City Hall; reported on the approval by the State for temporary use of the Metropolitan Wells; and reported that the City is working with CalFire to clear drainage swales along Northwestern Ave.

Councilmember Strahan expressed interest in attending the next Track and Trace training and asked if Councilmembers are allowed to participate. She also asked which staff members attended the training.

City Manager Knopp indicated that councilmembers have not attended in the past but he would look into it. He said that he, the Acting Chief of Police and the majority of City Hall staff participated in the last training.

Finance Director Woodcox reported on recent activities in the finance department and said with the first half of the year wrapped up staff will be presenting the mid-year report to the Council in February including a more in-depth look at Capital projects along with budget amendments. She also reported that the auditor will be present at the next meeting to provide a report on the FY 2016-17 audit.

Mayor Wilson asked if Council was provided with the final FY 2017-18 Budget booklets.

Finance Director Woodcox noted that they had not yet been distributed but she would get them together and provide them to Council.

Mayor Wilson also suggested that public works staff make notation in their reports anytime replacement of equipment or machinery results in the reduction of overtime for employees.

COUNCIL REPORTS/COMMUNICATIONS

Mayor Pro Tem Johnson reported on his attendance at Humboldt County Association of Governments (HCAOG) and said the Board directed the executive director to execute an agreement with the California Highway Patrol (CHP) to enhance traffic enforcement within the Eureka Safety Corridor. He noted the agreement will continue for 52 weeks with the option to renew for another 1 or 2 years.

He also announced that he will miss the next HCAOG meeting scheduled for January 18th. Councilmember Strahan agreed to attend as the alternate board member.

Councilmember Garnes announced that she was selected by the League of California to sit on the Policy Committee so Rio Dell will have a voice in that regard.

Mayor Wilson announced that the Redwood Coast Energy Commission (RCEA) is looking for interested citizens to serve on the Energy Committee and asked that anyone interested in serving to contact himself or the City Manager.

ADJOURNMENT

Motion was made by Johnson/Garnes to adjourn the meeting at 8:34 p.m. to the January 16, 2018 regular meeting. Motion carried 5-0.

Frank Wilson, Mayor

Attest:

Karen Dunham, City Clerk

On December 12th, staff met with representatives of SICPA, the City's Track and Trace services provider to undergo training for the new system.

Porch Update: The porch project is largely complete with only minor items remaining to be addressed and a final coating of concrete sealer which needs to happen during warmer weather.

Monument slipout: The County is still working with FEMA on approvals for repair work – Humboldt County has not received any FEMA approvals at this time for any of the storm repair projects.

The 2nd Dan McCauley sculpture is scheduled to be placed around January 7th.

Free Christmas Tree disposal is availiable behind City Hall, care of Recology Eel River. The bin will be removed around January 14th.

The City has received temporary permission from the State to begin operating the Metropolitan Wells.

The City is working with CalFire to clear drainage swales along Northwestern Avenue.

Rio Dell City Hall
675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532
riodellcity.com

January 16, 2018

TO: Rio Dell City Council

THROUGH: Kyle Knopp, City Manager

FROM: Brooke Woodcox, Finance Director BW

SUBJECT: Adoption of Resolution No. 1372-2018 Amending the City Master Salary Table

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Approve adoption of Resolution No. 1372-2018 amending the City Master Salary Table.

BACKGROUND AND DISCUSSION

Summary of minor changes:

- Correction of Peace Officers Association Salary Range Amounts that originally didn't include 4.5% (Officers and Corporal) and 6.5% (Sergeant) increase to Ranges A – D

Attached:

Salary Table with Highlighted Amendments
Resolution 1372-2018 with amendments to salary table

City of Rio Dell

SALARY SCHEDULE

Resolution 1372-2018

Peace Officers Association

JOB TITLE	Salary Range A	B	C	D	E
Police Officer	~~43,078~~ **43,705**	~~44,370~~ **45,016**	~~45,701~~ **46,367**	~~47,072~~ **47,758**	49,190
Police Corporal	~~47,385~~ **48,075**	~~48,807~~ **49,517**	~~50,271~~ **51,003**	~~51,779~~ **52,533**	54,109
Sergeant	~~52,124~~ **53,895**	~~53,688~~ **55,512**	~~55,298~~ **57,178**	~~56,957~~ **58,893**	60,659

Rio Dell Employee's Association

JOB TITLE	Salary Range A	B	C	D	E
Accountant I	44,622	45,961	47,340	48,760	50,223
Accountant II	49,084	50,557	52,074	53,636	55,245
Admin. Assistant	30,356	31,266	32,204	33,170	34,166
Administrative Tech.	36,848	37,954	39,093	40,266	41,474
Fiscal Assistant I	29,919	30,816	31,740	32,692	33,673
Fiscal Assistant II	33,542	34,548	35,584	36,651	37,750
Office Assistant	24,839	25,584	26,352	27,142	27,956

Rio Dell Employee's Association

JOB TITLE	Salary Range A	B	C	D	E
PW Leadman	34,678	35,718	36,789	37,893	39,030
Records Tech.	34,140	35,164	36,219	37,306	38,425
Sr. Fiscal Assistant	38,457	39,611	40,799	42,023	43,284
Utility Worker I	27,400	28,222	29,069	29,941	30,839
Utility Worker II	30,154	31,059	31,991	32,951	33,939
W/WW Plant Op. I	36,334	37,424	38,547	39,703	40,895
W/WW Plant Op. II	39,968	41,167	42,402	43,674	44,984

Contract Employees

JOB TITLE	Salary Range A	B	C	D	E
City Clerk	53,644	55,253	56,911	58,618	60,377
City Manager	106,875	110,081	113,384		
Chief of Police	79,540	81,926	84,384		
Finance Director	67,473	69,497	71,582		
Community Dev. Dir.	73,394	75,596	77,863	81,756	85,623
Wastewater Sup. Tr.	49,192				
Wastewater Sup. Tr.	54,717	56,359	58,050	59,791	61,585
Water/Streets Sup.	61,556	63,403	65,305	67,264	69,282

*ELECTED OFFICIALS**	*Salary Range* A	B	C	D	E
Mayor	-	-	-	-	-
Mayor Pro-tem	-	-	-	-	-
City Council Members	-	-	-	-	-
Planning Commissioner - Chair	-	-	-	-	-
Planning Commissioners	-	-	-	-	-

**Elected officials are reimbursed for travel expenses related to official duties*

RESOLUTION NO. 1372-2018
A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF RIO DELL
AMENDING THE CITY MASTER SALARY TABLE

WHEREAS, the City of Rio Dell recognizes the value of adopting a salary schedule that promotes the recruitment and retention of employees; and

WHEREAS, an pay structure with competitive salaries is essential in attracting and retaining a skilled, motivated work force, thereby increasing the level of service to the City's residents; and

WHEREAS, a salary table helps provide transparency in compensation; and

WHEREAS, Section 36506 of the Government Code of the State of California provides that the City Council shall, by Resolution or Ordinance, fix the compensation for all appointive officers and employees.

NOW THEREFORE BE IT RESOLVED, that the City Council of the City of Rio Dell hereby amends and adopts the following Master Salary Table and that All prior resolutions (Resolution No. 1318-2017, 1348-2017, 1351-2017, 1357-2017,) concerning compensation for City employees that are in conflict with this Resolution or the attached Master Salary Tables are hereby repealed, and this Resolution shall be effective January 16, 2018:

Peace Officers Association

	Salary Range				
JOB TITLE	A	B	C	D	E
Police Officer	43,705	45,016	46,367	47,758	49,906
Police Corporal	48,075	49,517	51,003	52,533	54,897
Sergeant	53,895	55,512	57,178	58,893	60,659

Rio Dell Employee's Association

	Salary Range				
JOB TITLE	A	B	C	D	E
Accountant I	44,622	45,961	47,340	48,760	50,223
Accountant II	49,084	50,557	52,074	53,636	55,245
Admin. Assistant	30,356	31,266	32,204	33,170	34,166
Administrative Tech.	36,848	37,954	39,093	40,266	41,474
Fiscal Assistant I	29,919	30,816	31,740	32,692	33,673
Fiscal Assistant II	33,542	34,548	35,584	36,651	37,750
Office Assistant	24,839	25,584	26,352	27,142	27,956

Rio Dell Employee's Association

JOB TITLE	Salary Range				
	A	B	C	D	E
PW Leadman	34,678	35,718	36,789	37,893	39,030
Records Tech.	34,140	35,164	36,219	37,306	38,425
Sr. Fiscal Assistant	38,457	39,611	40,799	42,023	43,284
Utility Worker I	27,400	28,222	29,069	29,941	30,839
Utility Worker II	30,154	31,059	31,991	32,951	33,939
W/WW Plant Op. I	36,334	37,424	38,547	39,703	40,895
W/WW Plant Op. II	39,968	41,167	42,402	43,674	44,984

Contract Employees

JOB TITLE	Salary Range				
	A	B	C	D	E
City Clerk	53,644	55,253	56,911	58,618	60,377
City Manager	106,875	110,081	113,384		
Chief of Police	79,540	81,926	84,384		
Finance Director	67,473	69,497	71,582		
Community Dev. Dir.	73,394	75,596	77,863	81,756	85,623
Wastewater Sup. Tr.	49,192				
Wastewater Sup. Tr.	54,717	56,359	58,050	59,791	61,585
Water/Streets Sup.	61,556	63,403	65,305	67,264	69,282

PASSED AND ADOPTED by the City of Rio Dell on this 16th day of January, 2018 by the following roll call vote:

Ayes:
Noes:
Abstain:
Absent:

Frank Wilson, Mayor

ATTEST:

Karen Dunham, City Clerk

675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532
(707) 764-5480 (fax)
E-mail: knoppk@cityofriodell.ca.gov

City of Rio Dell
Staff Report
City Council Agenda
January 16, 2018

To:	Honorable Mayor Wilson and Members of the City Council
From:	Brooke Woodcox, Finance Director BW
Through:	Kyle Knopp, City Manager
Date:	January 16, 2018
Subject:	Resolution 1373-2018 Position Allocation Table Amendment

RECOMMENDATION

Adopt Resolution 1373-2018 approving an amendment to the Position Allocation Table to include the Position of Accountant II and remove Accountant I for the remainder of the fiscal year (FY) 2017/18

BACKGROUND

The FY 2017/18 Operating and Capital budget was adopted with an allocation of 18.5 positions through Resolution 1333-2017. It has come to staff's attention that in order to adequately advance an employee from Accountant I to Accountant II, the assignment of Accountant II and the removal of Accountant I will need to be formally recognized as an amendment to the previously adopted position allocation table.

Joanne Farley, Accountant I, was hired on 3/25/13 as the Senior Fiscal Assistant. She advanced to Accountant I on 11/18/13 and reached the top step of this position on 3/25/17. Due to the complex nature of accounting work performed and Ms. Farley's abilities of learning, implementing, and competent follow-through with assignments, staff recommends that she be advanced to Accountant II.

BUDGETARY IMPACT

Additional expenditures total $2,439; amount will be included in mid-year adjustment.

Shown below is the proposed amendment to the Position Allocation Table:

FISCAL YEAR 2017/18

POSITION ALLOCATION TABLE

Adopted 5/16/17 Resolution 1333-2017

JOB TITLE	FULL-TIME EMPLOYEES (FTEs)				
	2013/14	2014/15	2015/16	2016/17	2017/18
Accountant I	1.0	--	1.0	1.0	~~1.0~~
Accountant II					**1.0**
Chief of Police	1.0	1.0	1.0	1.0	1.0
City Clerk	1.0	1.0	1.0	1.0	1.0
City Manager/Public Works Director	0.8	1.0	1.0	1.0	1.0
Community Development Director	1.0	0.8	0.8	0.8	0.8
Finance Director	1.0	1.0	1.0	1.0	1.0
Fiscal Assistant II	1.0	1.0	1.0	1.0	1.0
Public Works Leadman	--	--	1.0	--	1.0
Police Officer	3.0	3.0	3.0	3.0	3.0
Records Technician	--	--	--	--	0.7
Sergeant	1.0	1.0	1.0	1.0	1.0
Senior Fiscal Assistant	1.0	1.0	1.0	1.0	1.0
Utility Worker I	3.0	3.0	3.0	2.0	2.0
Water/Wastewater Plant Operator I	1.0	1.0	1.0	1.0	1.0
Wastewater Superintendent Trainee	--	--	--	1.0	1.0
Wastewater Superintendent	1.0	1.0	1.0	--	--
Water/Streets Superintendent	1.0	1.0	1.0	1.0	1.0
	17.75	16.80	18.80	16.80	18.5

ATTACHMENT

- Resolution 1373-2018

RESOLUTION NO. 1373-2018
A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF RIO DELL AMENDING THE POSITION ALLOCATION
TABLE FOR THE REMAINDER OF THE 2017/18 FISCAL YEAR
TO INCLUDE THE ASSIGNMENT OF ACCOUNTANT II
AND REMOVE THE ASSIGNMENT OF ACCOUNTANT I

WHEREAS, the City of Rio Dell recognizes the value of adopting an annual position allocation table that is developed along with the City's Operating and Capital budget in order to allocate salaries and benefits accordingly; and

WHEREAS, the position allocation table is essential in the budget process for purposes of transparency and to attract and retain a skilled, motivated work force, thereby increasing the level of service to the City's residents; and

WHEREAS, Section 36506 of the Government Code of the State of California provides that the City Council shall, by Resolution or Ordinance, fix the compensation of all appointive officers and employees; and

NOW THEREFORE BE IT RESOLVED, that the City Council of the City of Rio Dell hereby amends and adopts the following Position Allocation Table to include the assignment of Accountant II and remove the assignment of Accountant I for the remainder of the 2017/18 fiscal year, and this Resolution shall be effective January 16, 2018:

FISCAL YEAR 2017/18

POSITION ALLOCATION TABLE

JOB TITLE	FULL-TIME EMPLOYEES (FTEs)				
	2013/14	2014/15	2015/16	2016/17	2017/18
Accountant I	1.0	–	1.0	1.0	–
Accountant II					1.0
Chief of Police	1.0	1.0	1.0	1.0	1.0
City Clerk	1.0	1.0	1.0	1.0	1.0
City Manager/Public Works Director	0.8	1.0	1.0	1.0	1.0
Community Development Director	1.0	0.8	0.8	0.8	0.8
Finance Director	1.0	1.0	1.0	1.0	1.0
Fiscal Assistant II	1.0	1.0	1.0	1.0	1.0
Public Works Leadman	–	–	1.0	–	1.0
Police Officer	3.0	3.0	3.0	3.0	3.0
Records Technician	–	–	–	–	0.7
Sergeant	1.0	1.0	1.0	1.0	1.0
Senior Fiscal Assistant	1.0	1.0	1.0	1.0	1.0
Utility Worker I	3.0	3.0	3.0	2.0	2.0
Water/Wastewater Plant Operator I	1.0	1.0	1.0	1.0	1.0
Wastewater Superintendent Trainee	–	–	–	1.0	1.0
Wastewater Superintendent	1.0	1.0	1.0	–	–
Water/Streets Superintendent	1.0	1.0	1.0	1.0	1.0
	17.75	16.80	18.80	16.80	18.5

PASSED AND ADOPTED by the City of Rio Dell on this 16th day of January, 2018 by the following roll call vote:

Ayes:
Noes:
Abstain:
Absent:

Frank Wilson, Mayor

ATTEST:

Karen Dunham, City Clerk

675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532
(707) 764-5480 (fax)
E-mail: knoppk@cityofriodell.ca.gov

CITY OF RIO DELL
STAFF REPORT
CITY COUNCIL AGENDA
January 16, 2018

TO: Mayor and Members of the City Council

THROUGH: Kyle Knopp, City Manager

FROM: Brooke Woodcox, Finance Director

DATE: January 16, 2018

SUBJECT: Resolution 1374-2018 Authorizing Council Members and City Staff to sign on behalf of the City on all U.S. Bank Accounts.

RECOMMENDATION

Rescind Resolution 1319-2017 and approve Resolution 1374-2018 Authorizing the update of Signature Cards on all U.S. Bank Accounts.

BUDGETARY IMPACT

None.

BACKGROUND AND DISCUSSION

The City of Rio Dell has established accounts with U.S. Bank to meet the City's banking needs for daily operations. Maintenance of the accounts is assigned to the finance department and include daily deposits, check processing and other authorized draws, monitoring and reconciliation. Each draw on the account requires the signature of two authorized signers designated by the City Council.

The City's current signature cards need to be updated to include changes in City Staff as there can be difficulties acquiring two signatures. If approved the updated list of signers will be:

Signers: CITY COUNCIL

Frank Wilson, Mayor
Gordon Johnson, Mayor Pro-tem
Debra Garnes, Council Member

Signers Cont.: CITY STAFF

Kyle Knopp, City Manager
Jeffrey Conner, Chief of Police
Karen Dunham, City Clerk

*Authorized Representative: Brooke Woodcox, Finance Director

The City's Authorized Representative is allowed informational access to the account, and is authorized to make transfers between approved city accounts as listed:

US Bank
General Checking Account #: xxxxxxxx5415
Payroll Checking Account #: xxxxxxxx5571
CDBG Account #: xxxxxxxx9758
Construction Account#: xxxxxxxx5169

CITY OF RIO DELL CALIFORNIA

RESOLUTION NO. 1374-2018
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIO DELL AUTHORIZING THE UPDATE OF SIGNATURE CARDS ON ALL U.S. BANK ACCOUNTS

WHEREAS, U.S. Bank was selected and designated as a depositary of funds of this body to meet the City's daily operating needs and is maintained by and in the name of the City of Rio Dell, upon and subject to such terms and conditions as the officers hereinafter designate; and

THEREFORE, BE IT RESOLVED, that all checks, drafts and other instruments for the payment from said account or at said office be signed on behalf of this body by two authorized signers as Listed:

Frank Wilson, Mayor
Gordon Johnson, Mayor Pro-tem
Debra Garnes, Council Member
Kyle Knopp, City Manager
Jeffery Conner, Chief of Police
Karen Dunham, City Clerk

THEREFORE, BE IT FURTHER RESOLVED, that the Finance Director is listed as a representative of the City with authorization to make deposit and withdrawal transfers between the following authorized accounts:

US Bank
General Checking Account #: xxxxxxxx0525
Payroll Checking Account #: xxxxxxxx5571
CDBG Account #: xxxxxxxx9758
Construction Account#: xxxxxxxx5169

THEREFORE, BE IT RESOLVED, that the Clerk of this body be and hereby is authorized and directed to certify to said agency that these resolutions have been duly adopted and are in conformity with the by-laws of the body, and to further certify to said bank to names and specimen signatures of the present officers of the body authorized to sign as aforesaid, and, if and when any change be made in the personnel of said officers, the fact of such change and the name and specimen signature of each new officer; and

NOW THEREFORE, BE IT RESOLVED, that said agency be and hereby is requested and authorized to honor, receive, certify or pay any such instrument signed or endorsed in accordance with the foregoing resolutions and the certification then in effect as above provided for, including any such instrument drawn or endorsed to the personal order of, or presented for negotiation or encashment by, any officer signing or endorsing the same; and

BE IT FURTHER RESOLVED, that these resolutions and each such certification shall remain in full force and effect, and said agency is authorized and requested to rely and act thereon, until it shall receive at its office to which the certified copy of these resolutions is delivered, either a certified copy of a further resolution of the Council amending or rescinding these resolutions or a further certification as above provided for, as the case may be.

PASSED AND ADOPTED by the City of Rio Dell on this 16th day of January 2018 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

____
Frank Wilson, Mayor

ATTEST:

____
Karen Dunham, City Clerk

City of Rio Dell
Check Listing for City Council Meeting

Ref#	Date	Vendor	Description	Amount
6401	12/06/2017	[0576] 101 AUTO PARTS	FOUR CP SCREWS PREMIUM AW 68 HYDRAULIC FLUID BATTERY FOR JEEP LIBERTY ALTERNATOR FOR JEEP LIBERTY CORE DEPOSIT CREDIT THREE SUPER HC IND V-BELTS GMC SIERRA 2500 3/4 TON TRUCK - OIL, FUEL & AIR FILTERS; THREE GAL 15W40 OIL GMC TRUCK SIERRA 2500 3/4 TON TRUCK - FUEL FILTERS TWO EACH D EARTH; & WIPING CLOTHS 2014 FORD EXPLORER BATTERY 2014 FORD EXPLORER HEADLIGHT BULB GP 78 CEN BATTERY; ALTERNATOR JEEP LIBERTY HOOD LIFT SUPPORT	1,190.30
6402	12/06/2017	[6117] A-1 CLEANING SERVICE, LLC	MONTHLY CLEANING SERVICE FOR NOVEMBER 2017	433.00
6403	12/06/2017	[6038] ACCURATE TERMITE & PEST SOLUTIONS	BI-MONTHLY PEST CONTROL AT 675 WILDWOOD AVE MONTHLY RODENT CONTROL AT 475 HILLTOP DR	275.00
6404	12/06/2017	[5235] ADVANTAGE FINANCIAL SERVICES	DOCSTAR 3.12 SOFTWARE PACKAGE DOCSTAR USER LICENSES & SYSTEM SOFTWARE	343.08
6405	12/06/2017	[5381] ALTERNATIVE BUSINESS CONCEPTS	MONTHLY MAINTENANCE & COPY CHARGES FOR NOVEMBER 2017	701.10
6406	12/06/2017	[2224] AQUA BEN CORPORATION	HYDROFLOC 851 275 GAL TOTE	3,027.60
6407	12/06/2017	[4949] ASAP Lock & Key	RE-KEY	10.00
6408	12/06/2017	[3975] AT&T - 5709	INTERNET SERVICE 10/17/17 - 11/15/17	75.96
6409	12/06/2017	[2301] MARK A. CLEMENTI, PH.D.	PRE-EMPLOYMENT PSYCHOLOGICAL EVALUATION	685.00
6410	12/06/2017	[2303] COAST CENTRAL CREDIT UNION	POA DUES FOR PPE 11/24/17	90.00
6411	12/06/2017	[2304] COLLEGE OF THE REDWOODS	PERISHABLE SKILLS TRAINING FOR POLICE OFFICER	95.00
6412	12/06/2017	[2932] DCI BUILDERS	PAYMENT REQUEST #3 FOR ABR ADA IMPROVEMENTS AT CITY HALL	141,251.10
6413	12/06/2017	[5127] DELTA DENTAL	DENTAL INSURANCE FOR JANUARY 2018	2,254.66
6414	12/06/2017	[6300] MATTHEW M ENGLEMAN	CLOTHING ALLOWANCE REIMBURSEMENT	48.81
6415	12/06/2017	[2386] EUREKA RUBBER STAMP CO.	FOUR 3/4X3 GOLD/BLACK NAME PLATES	29.80
6416	12/06/2017	[2405] FORTUNA ACE HARDWARE	STAINLESS NICKEL ENTRY LOCK 70W HALOGEN BULB BALL VALVES; ADAPTERS SCH 80;ELBOWS 90 SCH 80; NIPPLE; TEES	68.53
6417	12/06/2017	[2414] FRANCHISE TAX BOARD	EARNINGS WITHHOLDING ORDER FOR TAXES FOR PPE 11/27/17	250.00
6418	12/06/2017	[5052] GHD, INC	ENGINEERING SERVICES FOR WATER TREATMENT PLANT BACKWASH DRAIN REALIGNMENT PROJECT ENGINEERING SERVICES FOR METROPOLITAN WELLS REDEVELOPMENT - CONSTRUCTION PHASE ENGINEERING SERVICES FOR PA & ED STREETS SAFETY IMPROVEMENT & COMMUNITY OUTREACH PROJECT	12,753.75
6419	12/06/2017	[2437] HACH	aa REAGENT SET, CHLORINE TOTAL CL17	209.84

City of Rio Dell
Check Listing for City Council Meeting

Ref#	Date	Vendor	Description	Amount
6420	12/06/2017	[4099] HARPER MOTORS	INSTALL RIGHT TURN/STROBE LAMP ASSEMBLY ON 2014 FORD EXPLORER	612.47
6421	12/06/2017	[2750] HD Supply Facility Maintenance DBA: USA BLUEBOOK	CHLORINE ANALYZER	4,861.55
6422	12/06/2017	[2474] HUMMEL TIRE & WHEEL, INC	INSTALL NEW FRONT & REAR BRAKES ON 2008 FORD F-250	317.23
6423	12/06/2017	[2501] KEENAN SUPPLY	CLOW 6X6 BREAKAWAY HYDRANT EXTENSION; CLOW 400 6 BREAK OFF CHECK VALVE	1,522.50
6424	12/06/2017	[5734] LEWIS REDWOOD PRODUCTS	ONE SANDBLASTED REDWOOD SIGN	92.23
6425	12/06/2017	[2551] MIRANDA'S ANIMAL RESCUE	ANIMAL CONTROL FOR NOVEMBER 2017	1,000.00
6426	12/06/2017	[2570] NILSEN COMPANY	252 40# BAGS SOLAR SALT	1,330.50
6427	12/06/2017	[5934] NORTH COAST JOURNAL	EMPLOYMENT ADVERTISIMENT FOR POLICE OFFICER	80.00
6428	12/06/2017	[2569] NORTH COAST LABORATORIES, INC.	ACID DIGESTION; AMMONIA NITROGEN-UN IONIZED; AMMONIA NITROGEN W/O DISTILLATION; HARDNESS; ICAP METALS; NITRATE/NITRITE; THM BY EPA 624; TOTAL DISSOLVED SOLIDS; TOTAL NITROGEN; TOTAL PHOSPHATE PHOSPHORUS; TURBIDITY	491.00
6429	12/06/2017	[4393] NYLEX.net. Inc.	MONTHLY MAINTENANCE FOR DECEMBER 15, 2017 THROUGH JANUARY 15, 2018	1,140.00
6430	12/06/2017	[3343] PITNEY BOWES RESERVE ACCOUNT	QUARTERLY LEASING PAYMENT 9/30/17 - 12/31/17	168.35
6431	12/06/2017	[6349] RECOLOGY EEL RIVER	GARBAGE BAGS FOR NOVEMBER 2017	361.15
6432	12/06/2017	[2659] RIO DELL PETTY CASH	POSTAGE; DROP BOX ENVELOPES; CLOROX; DISH SOAP	31.74
6433	12/06/2017	[2662] RIO DELL/SCOTIA CHAMBER OF COMMERCE	REIMBURSEMENT FOR TOWN HOLIDAY DECORATIONS	1,361.38
6434	12/06/2017	[4988] DUSTIN ROBERTS	CUSTOMER DEPOSIT REFUND	104.75
6435	12/06/2017	[4525] SHERLOCK RECORDS MGMT	STORAGE SERVICE & BOX RETRIEVAL FOR NOVEMBER 2017	104.20
6436	12/06/2017	[2715] STEWART TELECOMMUNICATION	RUN OUTDOOR RATED CABLE FROM IDF TO ADA PHONE OUTSIDE BUILDING	428.34
6437	12/06/2017	[2319] SUDDENLINK	MONTHLY BROADBAND 12/1/17 - 12/31/17	265.70
6438	12/06/2017	[5606] SWRCB/Safe Drinking Water State Revolving Fund	PRINCIPAL PAYMENT FOR DISBURSEMENTS THROUGH NOVEMBER 22, 2017	68,000.00
6439	12/06/2017	[6373] THATCHER COMPANY, INC.	CONTAINER DEPOSIT REFUNDS TWO SIERRA PURE CHLORINE 12.5% - 330 GAL TOTES; CONTAINER DEPOSITS; BLEACH SODIUM BISULFITE 25% SOLUTION - 330 GAL TOTE & CONTAINER DEPOSIT	2,415.53
6440	12/06/2017	[2758] USDA RURAL DEVELOPMENT	CASE #04-054-0942801490; CODE 91; LOAN NO. 03	750.00
6441	12/06/2017	[2481] VANTAGEPOINT TRANSFER AGENTS-304361	RETIREMENT FOR PPE 11/27/17	4,637.29
6442	12/06/2017	[6362] VILCHES, ERIC	CUSTOMER DEPOSIT REFUND	300.00
6443	12/06/2017	[6037] WELLS FARGO VENDOR FIN SERV	XEROX COPIER PAYMENT FOR DECEMBER 2017	481.02
6444	12/06/2017	[2779] WILDWOOD SAW	THREE EDGER BLADES	25.88
6445	12/14/2017	[3114] 3T EQUIPMENT CO., INC.	TRAILER SEWER CLEANER 18 GPM AT 4,000 PSI W/HANDGUN & HOSE	57,365.63
6446	12/14/2017	[2225] AQUA SIERRA CONTROLS, INC	TWO DATA FLOW HYPER SERVER UPGRADE TO HT3	9,849.00
6447	12/14/2017	[4892] KEVIN T CALDWELL	REIMBURSEMENT FOR LODGING, MILEAGE & MEALS PER DIEM TO ATTEND CALCANABIS WORKSHOP	416.25
6448	12/14/2017	[2293] CITY OF FORTUNA	POLICE DISPATCH SERVICES FOR DECEMBER 2017	2,075.00
6449	12/14/2017	[2340] DEPARTMENT OF JUSTICE ACCOUNTING OFFICE	BLOOD ALCOHOL ANALYSIS FOR NOVEMBER 2017	35.00
6450	12/14/2017	[2393] FASTENAL COMPANY	MISC HARDWARE	28.95
6451	12/14/2017	[2405] FORTUNA ACE HARDWARE	ENTRY KNOB	21.69
6452	12/14/2017	[5869] BEVERLY GARCIA	CUSTOMER DEPOSIT REFUND	34.62

City of Rio Dell
Check Listing for City Council Meeting

Ref#	Date	Vendor	Description	Amount
6453	12/14/2017	[4451] HARBOR FREIGHT TOOLS	33 PC SECURITY BIT SET; 50 PK UTIL BLADES W/DISPENSERS; 7" WIRE STRIPPER W/CUTTER; 12 PC CUSHION GRIP SCREWDRIVER;10 PK ELEC TAPE; TWO 127 PC HS TUBING ASST W/CASE; 36 PC SAE/METRIC LONG HEX KEY; TWO SOLID RUBBER WHEEL CHOCK; TWO LRG WATERPROOF UTIL CASES	139.80
6454	12/14/2017	[5932] HIGH ROCK CONSERVATION CAMP	BRUSH MAINTENANCE	400.00
6455	12/14/2017	[6375] JORDAN CONSULTING & INVESTIGATIONS	PRE-EMPLOYMENT BACKGROUND INVESTIGATION FOR CHIEF OF POLICE	2,235.94
6456	12/14/2017	[4908] MITCHELL BRISSO DELANEY & VRIEZE	LEGAL SERVICES FOR NOVEMBER 2017	1,896.82
6457	12/14/2017	[5934] NORTH COAST JOURNAL	EMPLOYMENT ADVERTISEMENT FOR POLICE OFFICER	80.00
6458	12/14/2017	[2569] NORTH COAST LABORATORIES, INC.	COLIFORM QUANTI-TRAY	60.00
6459	12/14/2017	[2710] STARPAGE	PAGING SERVICE 12/1/17 - 12/31/17	12.95
6460	12/14/2017	[2319] SUDDENLINK	PHONE & INTERNET SERVICE 12/10/17 - 1/9/18	196.27
6461	12/14/2017	[2714] SWRCB ACCOUNTING OFFICE	ANNUAL PERMIT FEE FOR WASTEWATER TREATMENT FACILITY ANNUAL PERMIT FEE FOR WATER DISCHARGE TO STORM DRAINS ANNUAL PERMIT FEE FOR COLLECTION SYSTEM	7,931.00
6462	12/14/2017	[6373] THATCHER COMPANY, INC.	TWO SODIUM BISULFITE 25% SOLUTION 330 GAL TOTES; CONTAINER DEPOSITS	3,485.31
6463	12/20/2017	[2237] BANK OF AMERICA BUSINESS CARD	GOTOMYPC - ANNUAL REMOTE-ACCESS ADOBE PRO DC MONTHLY SUBSCRIPTION AMAZON - APC 1500VA COMPACT UPS BATTERY BACKUP AMAZON - 4 PK PENAGAIN ERGOSOF BALLPOINT PENS AMAZON - OEVEO UNINTERRUPTIBLE POWER SUPPLY LEAGUE OF CA CITIES - 2018 CITY MANAGERS DEPT CONFERENCE TEST AMERICA - WELL TESTING CHEMTRAC - 110 VAC DT MOTOR W/CAP TEST AMERICA - WELL TESTING STAPLES - MICROSOFT SCULPT ERGONOMIC USB WIRELESS MOUSE & KEYBOARD COMBO ACCUSOURCE - METROTECH 989OXT WATER LINE LOCATOR	7,553.17
6464	12/20/2017	[6053] CALKINS, WILLIAM	CUSTOMER DEPOSIT REFUND	119.92
6465	12/20/2017	[2303] COAST CENTRAL CREDIT UNION	POA DUES FOR PPE 12/8/17	90.00
6466	12/20/2017	[3883] DARRYL J SELBY DBA SUPERIOR INSTALLS	EQUIPMENT FOR NEW POLICE VEHICLE	2,465.00
6467	12/20/2017	[2405] FORTUNA ACE HARDWARE	THREE GAL DISTILLED WATER; STAPLE COXL/16" CD15; 9W 5000K 2 PK LED	23.60
6468	12/20/2017	[2414] FRANCHISE TAX BOARD	EARNINGS WITHHOLDING ORDER FOR TAXES FOR PPE 12/8/17	250.00
6469	12/20/2017	[5052] GHD, INC	PA&ED FOR STREETS SAFETY IMPROVEMENT & COMMUNITY OUTREACH	9,450.50
6470	12/20/2017	[5934] NORTH COAST JOURNAL	EMPLOYMENT ADVERTISEMENT FOR POLICE OFFICER	80.00
6471	12/20/2017	[2603] PG&E	UTILITY EXPENSES FOR NOVEMBER 2017	14,462.63
6472	12/20/2017	[2694] SHELL OIL CO.	PD FUEL EXPENSES FOR NOVEMBER 2017 & DECEMBER 2017 PW FUEL EXPENSES FOR NOVEMBER 2017 & DECEMBER 2017	1,922.11
6473	12/20/2017	[2481] VANTAGEPOINT TRANSFER AGENTS-304361	RETIREMENT FOR PPE 12/8/17	4,633.39
6474	12/21/2017	[6304] PICHULO, HANNAH	CUSTOMER DEPOSIT REFUND-REISSUE OF LOST CHECK #5389 DATED 11/28/17	214.63
6475	12/27/2017	[4892] KEVIN T CALDWELL	REIMBURSEMENT FOR LODGING & MEALS PER DIEM TO ATTEND SVABO ELECTRICAL WORKSHOP	436.60

City of Rio Dell
Check Listing for City Council Meeting

₹ef#	Date	Vendor	Description	Amount
476	12/27/2017	[4042] CHIP CARPENTER	CUSTOMER DEPOSIT REFUND	20.33
477	12/27/2017	[2411] DEARBORN NATIONAL LIFE INSURANCE COMPANY	LIFE INSURANCE FOR JANUARY 2018	277.50
478	12/27/2017	[2356] DOWNEY BRAND LLP	LEGAL SERVICES FOR NOVEMBER 2017	525.00
479	12/27/2017	[1790] SADIE EKENBERG	CUSTOMER DEPOSIT REFUND	177.21
480	12/27/2017	[5052] GHD, INC	ENGINEERING SERVICES REGARDING DRAINAGE - FIELD REVIEW, SITE VISIT & PHOTOS ENGINEERING SERVICES FOR TAC MEETINGS & TRANS PLANNING ENGINEERING SERVICES FOR PA&ED STREETS SAFETY IMPROVEMENT & COMMUNITY OUTREACH PROJECT ENGINEERING SERVICES FOR WATER TREATMENT PLANT BACKWASH DRAIN REALIGNMENT PROJECT	2,756.00
481	12/27/2017	[2437] HACH	COLORIMETER, HACH; DPD FREE CHLORINE PP 25ML PK/1OO REAGENT SET, MANGANESE; REAGENT SET, LR MANGANESE 10ML; PHENOL RED SPEC GRADE IND 50ML SPECTROPHOTOMETER WITH RFID	6,731.58
482	12/27/2017	[5576] HOWARD, ASHLI	CUSTOMER DEPOSIT REFUND	7.77
483	12/27/2017	[5942] KEENAN & ASSOCIATES	HEALTH INSURANCE FOR JANUARY 2018	19,106.20
484	12/27/2017	[5934] NORTH COAST JOURNAL	EMPLOYMENT ADVERTISEMENT FOR POLICE OFFICER	80.00
485	12/27/2017	[2681] SCOOTER VIDEO INSPECTION SYSTEMS	COILER CORD & ADAPTER PLUG	102.96
486	12/27/2017	[2319] SUDDENLINK	INTERNET & PHONE SERVICE FOR PD 12/19/17 - 1/18/18	348.75
487	12/27/2017	[5166] VSP-VISION SERVICE PLAN	VISION INSURANCE FOR JANUARY 2018	374.83
488	12/27/2017	[6047] SARAH WILLIAMS	CUSTOMER DEPOSIT REFUND	20.46
489	12/29/2017	[2757] US POSTMASTER	POSTAGE FOR UTILITY BILLING FOR THE MONTH OF DECEMBER 2017	362.31
otal Checks/Deposits				**413,532.02**

10970	12/01/2017	ELECTRONIC FUNDS TRANSFER	EFT FOR AFLAC FOR DECEMBER 2017	(138.66)
145246	12/04/2017	ELECTRONIC FUNDS TRANSFER	EFT FOR EFTPS FOR PAYROLL TAXES FOR PPE 11/24/17.	(11,797.26)
41-280	12/04/2017	ELECTRONIC FUNDS TRANSFER	EFT FOR EDD PAYROLL TAXES FOR PPE 11/24/2014	(1,924.11)
11-808	12/18/2017	ELECTRONIC FUNDS TRANSFER	EFT FOR EDD PAYROLL TAXES FOR PPE 12/08/2017.	(1,721.90)
424163	12/18/2017	WITHDRAWAL	BANK ANALYSIS FEE FOR DECEMBER 2017	(63.80)
90378	12/18/2017	ELECTRONIC FUNDS TRANSFER	EFT FOR EFTPS PAYROLL TAXES FOR PPE 12/08/2017.	(10,477.72)
000101396	12/26/2017	WITHDRAWAL	DEPOSITED ITEM RETURNED	(182.86)
537511	12/29/2017	ELECTRONIC FUNDS TRANSFER	EFT FOR ICMA ACH Retirement Payment for PPE 12/22/2017.	(4,536.83)
Total EFT's/Bank Withdrawals				**(30,843.14)**

TRX TO PR	12/12/2017	TRANSFER FROM CHECK TO PAYROLL ACCOUNT	TRANSFER TO PAYROLL ACCOUNT FOR PPE 12/08/2017	(28,039.84)
TRX TO PR	12/27/2017	TRANSFER FROM CHECK TO PAYROLL ACCOUNT	TRANSFER TO PAYROLL ACCOUNT FOR PPE 12/22/2017	(27,274.96)
Total Transfer Between Accounts				**(55,314.80)**

675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532
(707) 764-5480 (fax)
E-mail: knoppk@cityofriodell.ca.gov

CITY OF RIO DELL
STAFF REPORT
CITY COUNCIL AGENDA
January 16, 2018

TO: Mayor and Members of the City Council

THROUGH: Kyle Knopp, City Manager

FROM: Brooke Woodcox, Finance Director

DATE: January 16, 2018

SUBJECT: Fiscal Year 2016/17 Audited Financial Statements

Recommendation

Receive presentation on the City's audited financial statements and accompanying information.

BACKGROUND AND DISCUSSION

Each year an independent auditing firm audits and prepares financial statements for the City of Rio Dell in accordance with Generally Accepted Accounting Standards (GAAP) and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that an audit be performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

The City of Rio Dell's auditors, JJA, CPAs will present to Council the Fiscal year 2016/17 audited Financial Statements and accompanying information.

ATTACHMENTS:

- Basic Financial Statements for June 30, 2017

CITY OF RIO DELL, CALIFORNIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2017

Prepared by:

Brooke Woodcox
Finance Director

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City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2017

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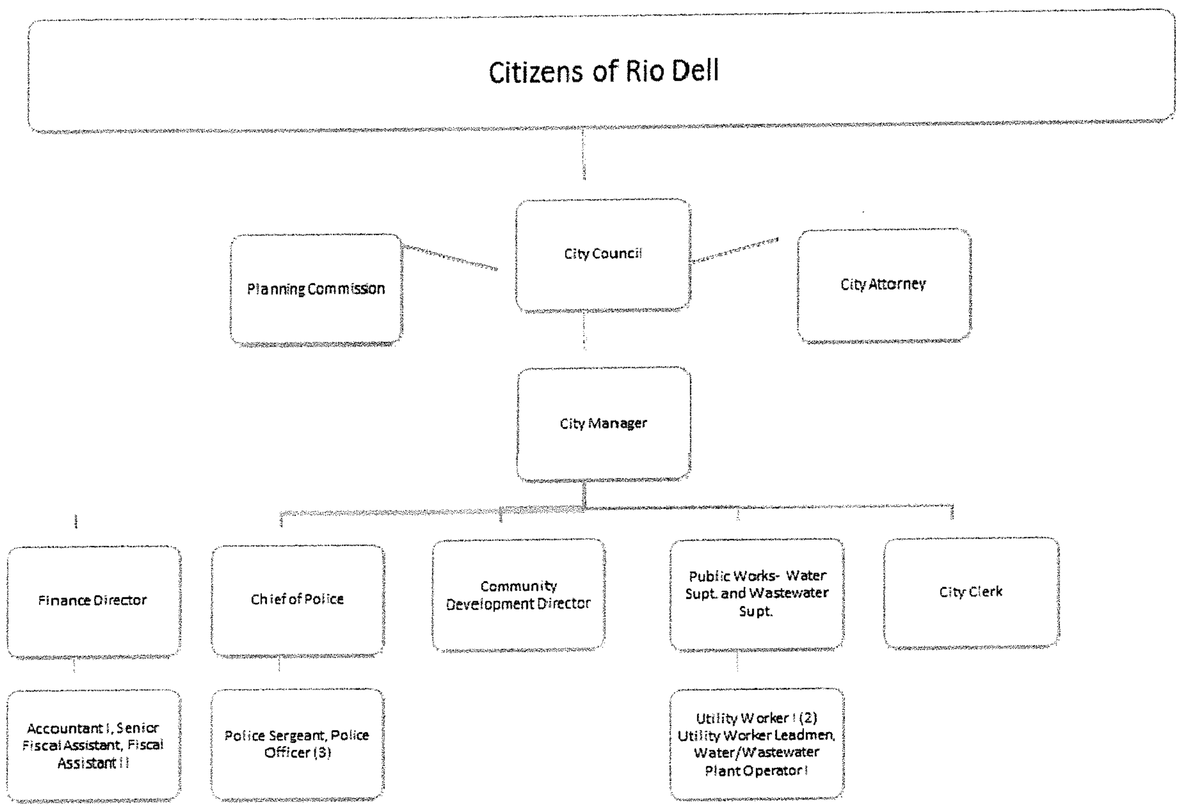
City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2017

Organization Chart



City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2017

List of Officials

CITY COUNCIL

- Frank Wilson, Mayor
- Gordon Johnson, Mayor Pro Tem
- Debra Garnes, Council Member
- Sue Strahan, Council Member
- Tim Marks, Council Member

CITY OFFICIALS

- Kyle Knopp, City Manager
- Keren Dunham, City Clerk
- Brook Woodcox, Finance Director
- Kevin Caldwell , Community Development Director
- Graham Hill, Chief of Police

JJACPA, Inc.

A Professional Accounting Services Corp.

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Rio Dell
Rio Dell, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the City of Rio Dell, California (City), as of and for the year ended June 30, 2017, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, the aggregate remaining fund information, and the budgetary comparison information of the City, as of June 30, 2017, 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.

To the Honorable Mayor and City Council
The City of Rio Dell
Rio Dell, California
Page 2

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages 3–16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and the introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relates 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 and individual nonmajor fund financial statements is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2017 on our consideration of the City'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's internal control over financial reporting and compliance.

JJACPA, Inc.

November 6, 2017

JJACPA, Inc.
Dublin, CA

This section provides a narrative overview and analysis of the financial activities of the City of Rio Dell (City) for the fiscal year ended June 30, 2017. It should be read in conjunction with the accompanying transmittal letter and basic financial statements.

FINANCIAL HIGHLIGHTS

This section of the annual financial report provides a narrative overview and analysis of the financial activities of the City of Rio Dell (City) for the fiscal year ended June 30, 2017. It should be read in conjunction with the accompanying transmittal letter and basic financial statements.

The following outlines the financial highlights for the year:

- At June 30, 2017, the City's net position (excess of assets and deferred outflows of resources of the City over liabilities and deferred inflows of resources) was $25,981,162, an increase of $829,742 from the prior year. Of the total net position, $20,137,780 was invested in capital assets (net of related debt) and $443,869 had restrictions in their use leaving $5,399,513 as unrestricted.

- Overall City-wide revenues from all governmental and business-type activities increased by $86,618 compared to the 2016 fiscal year. Most of the increase resulted from increased revenues for grant funding for the Metropolitan Wells Project and sales tax collections. The City's total expense for all programs in fiscal 2017 decreased by $235,205 in comparison to the prior year. This resulted primarily from business-type activities, and in the Governmental Activities of General Government, and Planning and Public Works.

- The City's governmental funds increased by approximately $345,412. This primarily results from revenues that were higher than anticipated. In particular the General Fund portion of the increase is 57%.

- The general fund reported a fund balance of $1,448,585 at the end of the 2017 fiscal year, an increase of $175,340. This increase resulted from higher than anticipated Retail Sales Tax and Measure U revenue. Also, the streets repaving project, which was funded in fiscal year 2017, wasn't fully completed resulting in unanticipated savings in the general fund balance.

- The City also ended the fiscal year with $2,690,079 reported in the proprietary enterprise funds (the amount of net position available for use, including unrestricted net position, but excluding the investment in capital assets net of related debt). This is an increase of $26,644 from 2016 and is a result of revenues and expenditures that showed little change from the previous year.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

The Basic Financial Statements

The Basic Financial Statements are comprised of the Government-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of the City's financial activities and financial position.

Government-wide Financial Statements

The Government-wide Financial Statements provide a broad overview of the City's activities as a whole and are comprised of the Statement of Net position and the Statement of Activities. The Statement of Net position provides information about the financial position of the City as a whole, including all its capital assets and long-term liabilities on the full accrual basis, similar to that used by private sector entities. The Statement of Activities provides information about all the City's revenues and all its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each the City's programs. The Statement of Activities explains in detail the change in Net position for the year.

All of the City's activities are grouped into Governmental Activities and Business-type activities, as explained below. All the amounts in the Statement of Net position and the Statement of Activities are separated into Governmental Activities and Business-type Activities in order to provide a summary of these two activities of the City as a whole.

Government-wide financial statements, prepared on the accrual basis, measure the flow of all economic resources of the City. There are two basic statements presented here: the Statement of Net Position and Statement of Activities. These statements present information about the following activities.

- ***Governmental activities*** – All of the City's basic services are considered to be governmental activities, including general government, community development, parks and recreation, public safety, animal control, engineering, community events, public improvements, planning and zoning, building inspections, and general administration. These services are supported by general City revenues such as taxes and by specific program revenues such as developer fees.

- ***Business-type activities*** – All the City's enterprise activities are reported here, including Water and Sewer. Unlike governmental services, these services are supported by charges paid by users based on the amount of the service they use.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, Governmental Fund Financial Statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the Governmental Fund Financial Statements is narrower than that of the Government-wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-wide Financial Statement. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The Governmental Fund Financial Statements provide detailed information about each of the City's most significant funds, called major funds. The concept of major funds, and the determination of which are major funds, was established by GASB Statement No. 34 and replaces the concept of combining like funds and presenting them as one total. Instead, each major fund is presented individually, with all nonmajor funds summarized and presented only in a single column. Subordinate schedules present the detail of these nonmajor funds. Major funds present the major activities of the City for the year, and may change from year to year as a result of changes in the pattern of the City's activities.

For the fiscal year ended June 30, 2017, the City's major funds are as follows:

GOVERNMENTAL FUNDS:

- General Fund
- CDBG Special Revenue Fund

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

Fund Financial Statements, Continued

PROPRIETARY FUNDS:

- Water Enterprise Fund
- Sewer Enterprise Fund

For the fiscal year ended June 30, 2017, the City adopted annual appropriated budgets for all governmental funds.

Proprietary funds. The City maintains Enterprise-type funds. Enterprise funds are used to report the same functions presented as business-type activities in the Government-wide Financial Statements. The City uses enterprise funds to account for Water and Sewer activities. The proprietary fund financial statements provide separate information for all of these operations.

Fiduciary Statements

The City's fiduciary activities are reported in the separate Statement of Fiduciary Net Position. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its own operations. The fiduciary statements provide financial information about the activities of special deposits for which the City acts solely as an agent. They provide information about the cash balances and activities of these funds.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements. The notes to the basic financial statements can be found on pages 41-70 of this report.

Combining and Individual Fund Financial Statements and Schedules

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements can be found on pages 74–86 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $25,981,162 as of June 30, 2017. The Summary of Net position as of June 30, 2017, and 2016, follows:

Summary of Net Position

	2017			2016		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	$ 3,255,033	$ 3,482,310	$ 6,737,343	$ 3,085,976	$ 2,906,355	$ 5,992,331
Noncurrent assets	4,374,904	23,336,677	27,711,581	4,328,913	23,382,305	27,711,218
Total assets	7,629,937	26,818,987	34,448,924	7,414,889	26,288,660	33,703,549
Current and other liabilities	74,633	799,279	873,912	130,364	242,920	373,284
Long-term liabilities	27,097	7,566,753	7,593,850	-	8,178,845	8,178,845
Total liabilities	101,730	8,366,032	8,467,762	130,364	8,421,765	8,552,129
Net position:						
Net invested in Capital Assets	4,374,904	15,762,876	20,137,780	4,328,913	15,203,460	19,532,373
Restricted	443,869	-	443,869	1,195,832	-	1,195,832
Unrestricted	2,709,434	2,690,079	5,399,513	1,759,780	2,663,435	4,423,215
Total net position	$ 7,528,207	$ 18,452,955	$ 25,981,162	$ 7,284,525	$ 17,866,895	$ 25,151,420

The City's total net position increased by $829,742 ($243,682 and $586,060 for governmental activities and business-type activities, respectively). Total city-wide assets increased $745,375. This primarily results from an increase in cash and the addition of the Metropolitan Wells Project construction in progress at June 30, 2017. Total city-wide liabilities, not including deferred outflows and inflows of resources, decreased slightly by $84,367 primarily from decreased debt service liabilities for the wastewater treatment plant and the water system infiltration gallery.

A portion of the City's net position (6.0 percent) represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors. Of this amount, $2,709,434 is held by governmental activities and $2,690,079 is held by business-type activities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Revenues

The City's total revenues for governmental and business-type activities were $4,244,664 for the fiscal year ended June 30, 2017, an increase of $127,651. Significant revenues for the City for fiscal year 2016/17 were derived from taxes (27%), operating grants and contributions (22%), and charges for services (44%).

The following discusses variances in key revenues from the prior fiscal year:

1. **Charges for Services.** Annual receipts for business-type activities decreased $273,851, or -13%. This is reflective of a full year's rate increase in water utility charges.
2. **Grants and Contributions – Operating.** Annual receipts increased by $408,424.
3. **Grants and Contributions – Capital.** Annual receipts decreased $58,472.

Expenses

Governmental and business-type activity expenses of the City for the year totaled $3,414,922. This is a decrease of $194,222 from the prior fiscal year. Governmental activity expenses totaled $1,318,088, or 39% of total expenses. Business-type activities incurred $2,096,834 of expenses during the fiscal year. Public safety - Police costs represented 51% of total governmental activities expenses, followed by Planning and Public Works (27%) and general government (16%). The remaining 4% were Building costs.

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The change in net position for the fiscal years ended June 30, 2017, and 2016, follows:

Changes in Net Position

	2017			2016		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	$ 78,965	$ 1,830,031	$ 1,908,996	$ 64,508	$ 2,103,882	$ 2,168,390
Grants and contributions:						
Operating	312,807	136,999	449,806	-	-	-
Capital	-	502,833	502,833	181,943	561,305	743,248
General revenues:						
Property taxes, levied for general purposes	122,137	-	122,137	116,326	-	116,326
Sales taxes	434,544	-	434,544	356,655	-	356,655
Transient occupancy tax	13,697	-	13,697	13,304	-	13,304
Gas taxes	79,588	-	79,588	224,000	-	224,000
Franchise taxes	92,335	-	92,335	85,422	-	85,422
Motor vehicle in lieu	365,353	-	365,353	358,109	-	358,109
Use of money and property	34,538	87	34,625	30,779	-	30,779
Contributed capital		185,967				
Other general	27,806	26,977	54,783	17,949	2,831	20,780
Total revenues	1,561,770	2,682,894	4,058,697	1,448,995	2,668,018	4,117,013
Expenses:						
Governmental activities:						
General government	212,185	-	212,185	299,778	-	299,778
Public safety - Police	671,729	-	671,729	613,556	-	613,556
Planning and Public works	361,854	-	361,854	422,737	-	422,737
Building	57,087	-	57,087	38,418	-	38,418
Community Dvelopment	-			6,850		6,850
Recycling	15,233			7,756		7,756
Business-type activities:						
Water	-	1,297,557	1,297,557	-	1,362,701	1,362,701
Wastewater	-	799,277	799,277	-	857,348	857,348
Total expenses	1,318,088	2,096,834	3,399,689	1,389,095	2,220,049	3,609,144
Excess (Deficiency) of revenues over expenditures before transfers	243,682	586,060	829,742	59,900	447,969	507,869
Transfer from fiduciary activities	-	-	-	-	-	-
Transfers	-	-	-	(2,677)	2,677	-
Change in net position	243,682	586,060	829,742	57,223	450,646	507,869
Net position:						
Beginning of year	7,284,525	17,866,895	25,151,420	7,227,302	17,416,249	24,643,551
End of year	$ 7,528,207	$ 18,452,955	$ 25,981,162	$ 7,284,525	$ 17,866,895	$ 25,151,420

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Governmental Activities

The following table shows the cost of each of the City's major programs and the net cost of the programs. Net cost is the total cost less fees and other direct revenue generated by the activities. The net cost reflects the financial burden that was placed on the City's taxpayers by each of the programs. The total cost of services and the net cost of services for the fiscal years ended June 30, 2017, and 2016, are as follows:

	2017		2016	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	$ 212,185	$ 143,948	$ 299,778	$ 299,778
Public safety - Police	671,729	574,671	613,556	613,556
Planning and public works	361,854	135,377	422,737	176,286
Building	57,087	57,087	38,418	38,418
Community Development	-	-	6,850	6,850
Recycling	15,233	15,233	7,756	7,756
Total	$ 1,318,088	$ 926,316	$ 1,389,095	$ 1,142,644

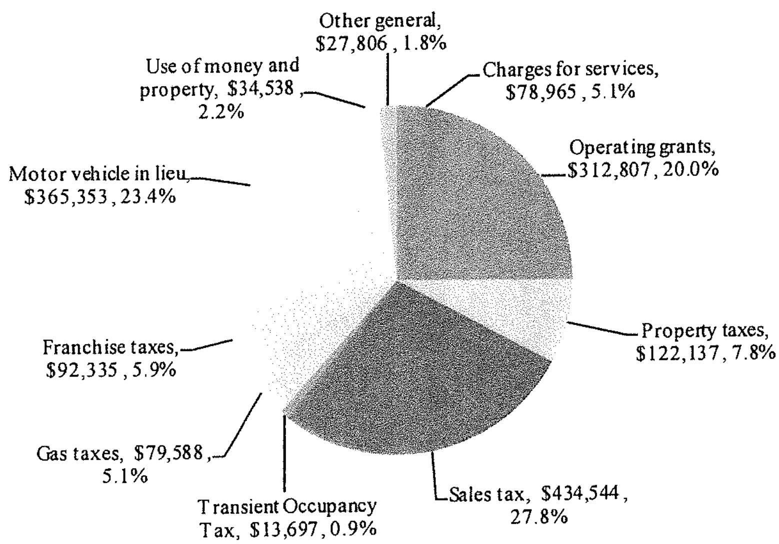
Expenses for governmental activities were $1,318,088 which was $71,817 or 5.4% lower than the prior year. This results primarily from a position in Public Works that was unfilled for the majority of fiscal year 2017.

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

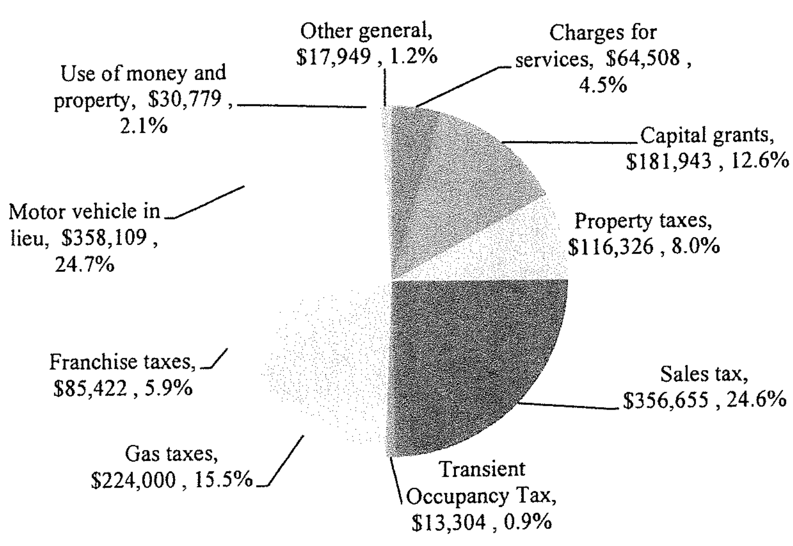
Governmental Activities, continued

Revenues by source for the fiscal years ended June 30, 2017, and 2016, are as follows:

Revenues by Source - Governmental Activities 2017



Revenues by Source - Governmental Activities 2016

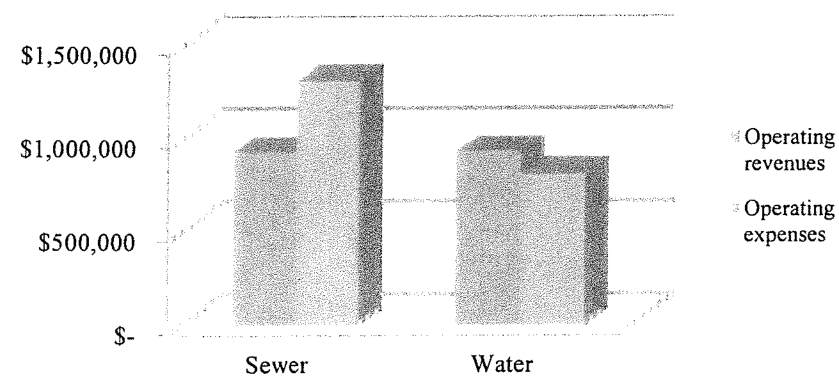


GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

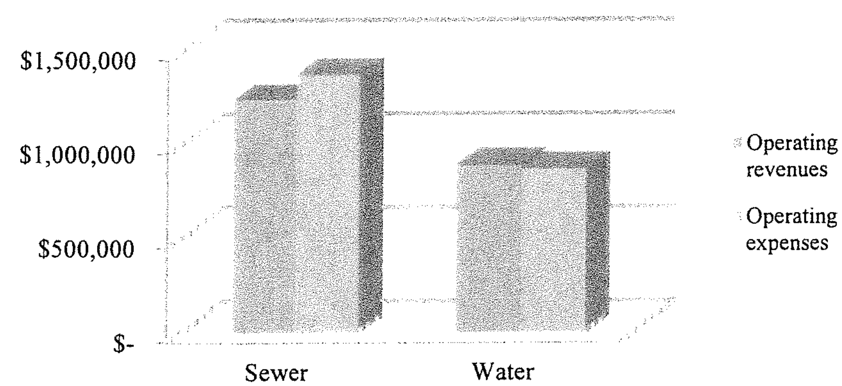
Business-type Activities

Business-type activities have increased the City's net position by $586,060. The City has two business-type activities: Sewer and Water Operations. The operating revenues and expenses for the business-type activities for the fiscal years ended June 30, 2017, and 2016, are as follows:

Operating Revenues and Expenses
Business-type Activities
2017



Operating Revenues and Expenses
Business-type Activities
2016

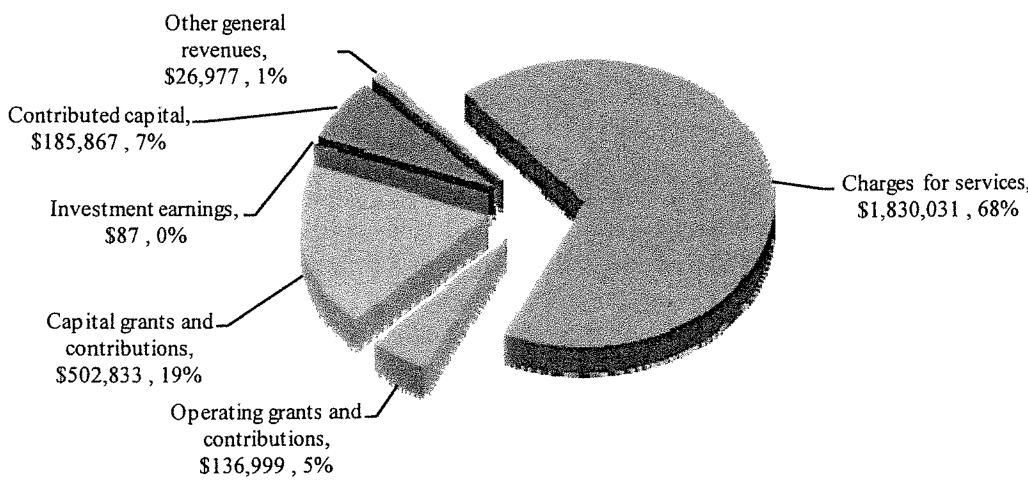


GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

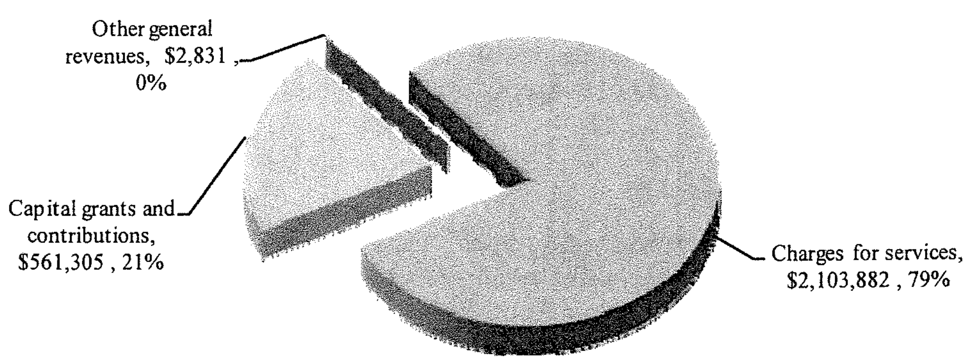
Business-type Activities, continued

The revenues by source for the business-type activities for the fiscal years ended June 30, 2017, and 2016, are as follows:

Revenues by Source - Business-type Activities 2017



Revenues by Source - Business-type Activities 2017



GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Financial Analysis of the Government's Funds

The City of Rio Dell uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide financial statements.

Governmental funds. The City's governmental funds provide information on near-term inflows, outflows, and balances of spending resources. At the fiscal year ended June 30, 2017, the City's governmental funds reported combined fund balances of $2,029,121. This is an increase of $201,656 or 10% from last year. This primarily results from revenues exceeding expenditures in the various governmental funds.

The General Fund is the chief operating fund of the City. At the fiscal year ended June 30, 2017, General Fund unassigned fund balance totaled $1,373,159. This is an increase of $242,836 from the prior year. This increase resulted from higher than anticipated sales tax revenues and decreased expenditures. Also, the streets repaving project budgeted as a capital improvement using general funds were not completed in fiscal year 2017, increasing fund balance by $20,000.

Several capital construction projects were started and nearly completed during the fiscal year. Work on the Alternative Transportation Project (ATP) began. Major construction began on the Metropolitan Well Project. Additionally, the streets repaving project was nearly completed at the close of fiscal year 2017. Other projects and capital purchases that were completed were Old Ranch Road repairs, police vehicles purchase, vacuum machine purchase, and Painter Street pump replacement. The City spent approximately $1 million on these projects during 2016/17.

Proprietary funds. The City ended the fiscal year with $2,690,079 reported in the proprietary enterprise funds (the amount of net position available for use, including unrestricted net position, but excluding the investment in capital assets net of related debt). This is an increase of $20,644 from 2016. The slight change is a result of revenues less expenditures that showed little change from the previous year.

General Fund Budgetary Highlights

The difference between the final budget and actual revenues differs favorably by $214,504, or 19% of budget. This was mainly due to increased retail sales tax and Measure U revenue. The difference between the final budget and actual expenditures differs favorably by $137,835. This results primarily from capital outlay expenditures which were budgeted but not completed during the year. Some of these will be carried over to the subsequent fiscal year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

There was a $141,971 difference between the total original expenditure budget and the total final amended budget. Actual expenditures were $1,215,106 under budget (25% of budget). This resulted primarily from unspent capital outlay appropriations for several projects.

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2017, amount to $27,681,581. This investment in capital assets includes land, construction in progress costs for road and median improvements, buildings and improvements, infrastructure, furniture and equipment, and vehicles.

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2016	2015
Land	$ 627,945	$ 627,945	$ 507,859	$ 507,859	$ 1,135,804	$ 1,135,804
Construction in progress	-	-	928,713	344,870	928,713	344,870
Buildings and structures	15,390	21,484	34,467	49,240	49,857	70,724
Equipment	3,130	4,274	140,128	68,161	143,258	72,435
Vehicles	102,507	52,130	-	-	102,507	52,130
Streets and roads	1,634,941	1,583,963	-	-	1,634,941	1,583,963
Infrastructures	1,990,991	2,039,117	21,695,510	22,412,175	23,686,501	24,451,292
Total	$ 4,374,904	$ 4,328,913	$ 23,306,677	$ 23,382,305	$ 27,681,581	$ 27,711,218

More detail of the capital assets and current activity can be found in the notes to the financial statements on page 47 for significant accounting policies and Note 5 on pages 57 – 58 for other capital asset information.

Long-Term Debt

At June 30, 2017, the City had a $7,933,745. Additional information about the City's long-term debt can be found in Note 7 to the basic financial statements.

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Compensated absences	$ 30,108	$ 26,144	$ 25,502	$ 19,032	$ 55,610	$ 45,176
Safe Drinking Water Loan	-	-	1,700,000	1,836,000	1,700,000	1,836,000
FMHA Special Assessment Bonds	-	-	60,000	60,000	60,000	60,000
State of California Water Resouces Control Board	-	-	6,118,135	6,282,845	6,118,135	6,282,845
Total	$ 30,108	$ 26,144	$ 7,903,637	$ 8,197,877	$ 7,933,745	$ 8,224,021

Economic Outlook and Next Year's Budget and Rates

The budget for Fiscal Year 2017/18, adopted on May 16, 2017, is balanced and the economic outlook for the short- and long-term is considered stable, with the exception of the streets funds. The stabilization is a result of a continuing and reliable tax revenue stream, utility rates that adequately meet operating and capital costs, and the City's efforts over the past several years to contain and control expenditures.

Tax revenues, particularly property and sales taxes, continue to be steady through economic cycles which provide stability to the City's financial position. These revenues have increased modestly since the Great Recession. In addition, the City's tax revenue base was broadened with the passage of Measure U in 2014, the City's add-on tax. The City will once again propose to voters another ballot. Measure X is a business tax on medical marijuana products and sales in the City's industrial zone at Metropolitan Avenue. The tax is a general tax, meaning it needs a majority vote to pass. Voting takes place on November 7, 2017. Maintaining and growing the City's revenue base is a high priority for City staff.

Just as important as the maintaining and growing the City's revenue base, moderating expenditure growth is also imperative and will continue be challenging to the City. Personnel cost is the largest expense category and addressing personnel expenditure growth will remain a priority. The City, working together with bargaining units, has taken action to control the growth of the health insurance costs which have seen volatile increases over the past few years. Moreover, while health insurance costs for the City are expected to continue to climb at a moderate pace, the City does not participate in CalPERS, which would have adverse effects on the City's operating budget. The City offers a modest 457 retirement plan whose costs are nowhere near the costs of CalPERS. The long-term result has been a realizable cost for retirement benefits that in the past haven't been affordable for a City such as Rio Dell due to the City's stalled economic growth. Staff continues to endeavor towards economic growth, and has this as an on-going priority.

In summary, the City enters Fiscal Year 2017/18 in a solid position financially based on past efforts made to restructure itself to operate more efficiently and better contain costs. It has also benefitted from an ongoing economic recovery that is increasing revenues modestly. While vulnerabilities exist, some within the City's control and some not, the City believes it has taken, and will continue to take, the actions necessary to maintain a solid financial foundation.

Requests for Information

This Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. If you have any questions about this report, or need additional financial information contact the City of Rio Dell Finance Department, 675, Rio Dell, CA 95562.

BASIC FINANCIAL STATEMENTS

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City of Rio Dell, California
Statement of Net Position
June 30, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	$ 1,796,686	$ 2,904,698	$ 4,701,384
Receivables:			
Accounts	277,866	246,271	524,137
Assessments	-	30,000	30,000
Intergovernmental	-	301,341	301,341
Loans/Notes receivable	1,154,849	-	1,154,849
Prepaid items	25,632	-	25,632
Total current assets	3,255,033	3,482,310	6,737,343
Noncurrent assets:			
Assessments receivable, net of current portion	-	30,000	30,000
Capital assets:			
Nondepreciable	627,945	1,436,572	2,064,517
Depreciable	3,746,959	21,870,105	25,617,064
Total noncurrent assets	4,374,904	23,336,677	27,711,581
Total assets	$ 7,629,937	$ 26,818,987	$ 34,448,924
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	$ 71,622	$ 297,456	$ 369,078
Interest payable	-	89,733	89,733
Deposits payable	-	75,205	75,205
Compensated absences - current portion	3,011	2,551	5,562
Due within one year	-	334,334	334,334
Total current liabilities	74,633	799,279	873,912
Noncurrent liabilities:			
Long-term liabilities:			
Compensated absences	27,097	22,952	50,049
Due after one year	-	7,543,801	7,543,801
Total noncurrent liabilities	27,097	7,566,753	7,593,850
Total liabilities	101,730	8,366,032	8,467,762
NET POSITION			
Net investment in capital assets	4,374,904	15,762,876	20,137,780
Restricted	443,869	-	443,869
Unrestricted	2,709,434	2,690,079	5,399,513
Total net position	7,528,207	18,452,955	25,981,162
Total liabilities, deferred inflows of resources and net position	$ 7,629,937	$ 26,818,987	$ 34,448,924

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

City of Rio Dell, California
Statement of Activities
For the year ended June 30, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
Primary government:			
Governmental activities:			
General government	$ 212,185	27,255	40,982
Public safety - Police	671,729	-	97,058
Planning and public works	361,854	51,710	174,767
Building	57,087	-	-
Recycling	15,233	-	-
Total governmental activities	1,318,088	78,965	312,807
Business-type activities:			
Sewer	1,297,557	914,179	136,999
Water	799,277	915,852	-
Total business-type activities	2,096,834	1,830,031	136,999
Total primary government	$ 3,414,922	$ 1,908,996	$ 449,806

General revenues:
Taxes:
Property taxes, levied for general purposes
Sales taxes
Transient occupancy taxes
Gas taxes
Franchise taxes
Intergovernmental:
State motor vehicle in-lieu tax (MVLF)
Use of money and property
Contributed capital
Other general revenues
Total general revenues
Transfer from Fiduciary Activities
Transfers
Total general revenues and transfers

Change in net position
Net position:
Beginning of year
End of year

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

Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Business-Type Activities	Totals
$ -	$ (143,948)	$ -	$ (143,948)
-	(574,671)	-	(574,671)
-	(135,377)	-	(135,377)
-	(57,087)	-	(57,087)
-	(15,233)	-	(15,233)
-	(926,316)	-	(926,316)
-	-	(246,379)	(246,379)
502,833	-	619,408	619,408
502,833	-	373,029	373,029
$ 502,833	(926,316)	373,029	(553,287)
	122,137	-	122,137
	434,544	-	434,544
	13,697	-	13,697
	79,588	-	79,588
	92,335	-	92,335
	365,353	-	365,353
	34,538	87	34,625
	-	185,967	185,967
	27,806	26,977	54,783
	1,169,998	213,031	1,383,029
	-	-	-
	-	-	-
	1,169,998	213,031	1,383,029
	243,682	586,060	829,742
	7,284,525	17,866,895	25,151,420
	$ 7,528,207	$ 18,452,955	$ 25,981,162

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FUND FINANCIAL STATEMENTS
MAJOR FUNDS

Fund	Description
Governmental Funds:	Governmental funds are used for taxes and grants.
General	Primary operating fund of the City; accounts for all activities except those legally or administratively required to be accounted for in other funds.
CDBG Housing Special Revenue	Accounts for activities related to housing and the related CDBG funding.

City of Rio Dell, California
Balance Sheet
Governmental Funds
June 30, 2017

	Major Funds			
	General Fund	CDBG Special Revenue	Nonmajor Governmental Funds	Totals
ASSETS				
Cash and investments	$ 1,303,857	$ 185,087	$ 307,742	$ 1,796,686
Receivables:				
Interest	11	-	-	11
Loans/Notes receivable	-	1,154,849	-	1,154,849
Other receivable	150,570	58,739	68,546	277,855
Due from other funds	28,105	-	-	28,105
Prepaid items	25,632	-	-	25,632
Total assets	$ 1,508,175	$ 1,398,675	$ 376,288	$ 3,283,138
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	$ 59,590	$ 175	$ 11,857	$ 71,622
Due to other funds	-	-	28,105	28,105
Total liabilities	59,590	175	39,962	99,727
Deferred inflows of resources:				
Unavailable revenue	-	1,154,290	-	1,154,290
Total deferred inflows of resources:	-	1,154,290	-	1,154,290
Total Liabilities and deferred inflows	59,590	1,154,465	39,962	1,254,017
Fund balances:				
Nonspendable	25,632	-	-	25,632
Restricted	-	244,210	199,659	443,869
Committed	49,794	-	-	49,794
Assigned	-	-	139,969	139,969
Unassigned (Deficit)	1,373,159	-	(3,302)	1,369,857
Total fund balances	1,448,585	244,210	336,326	2,029,121
Total liabilities, deferred inflows and fund balances	$ 1,508,175	$ 1,398,675	$ 376,288	$ 3,283,138

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

City of Rio Dell, California
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2017

Total fund balances - total governmental funds	$	2,029,121
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Long-term receivables are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.		4,374,904
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.		
Compensated absences		(30,108)
Governmental funds notes receivable from various loan programs are deferred under the current financial resources measurement focus. The notes receivable are recognized in the government-wide Statement of Net Position under the accrual basis of accounting.		1,154,290
Net Position of governmental activities	$	7,528,207

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

City of Rio Dell, California
Reconciliation of Fund Basis Balance Sheet to Government-wide Statement of Net Position
Governmental Activities
June 30, 2017

	Governmental Funds Balance Sheet	Reclassifications	Changes in GAAP	Statement of Net Position
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Current assets:				
Cash and investments	$ 1,796,686	$ -	$ -	$ 1,796,686
Receivables:				
Interest	11	-	-	11
Loans/Notes receivable	1,154,849	-	-	1,154,849
Other receivable	277,855	-	-	277,855
Due from other funds	28,105	(28,105)	-	-
Prepaid items	25,632	-	-	25,632
Total current assets	3,283,138	(28,105)	-	3,255,033
Noncurrent assets:				
Capital assets, net	-	-	4,374,904	4,374,904
Total noncurrent assets	-	-	4,374,904	4,374,904
Total assets	3,283,138	(28,105)	4,374,904	7,629,937
Deferred outflows of resources:				
Pension Plan	-	-	-	-
Total assets and deferred outflows of recources	$ 3,283,138	$ (28,105)	$ 4,374,904	$ 7,629,937
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Current liabilities:				
Accounts payable and accrued liabilities	$ 71,622	$ -	$ -	$ 71,622
Due to other funds	28,105	(28,105)	-	-
Compensated absences - current portion	-	-	3,011	3,011
Total current liabilities	99,727	(28,105)	3,011	74,633
Noncurrent liabilities:				
Long-term liabilities:				
Compensated absences	-	-	27,097	27,097
Total noncurrent liabilities	-	-	27,097	27,097
Total liabilities	99,727	(28,105)	30,108	101,730
Deferred inflows of resources				
Unavailable revenue	1,154,290	-	(1,154,290)	-
Total liabities and deferred inflows of resources:	1,254,017	(28,105)	(1,124,182)	101,730
FUND BALANCES/NET POSITION				
Fund balances:				
Nonspendable	25,632	(25,632)	-	-
Restricted	443,869	(443,869)	-	-
Committed	49,794	(49,794)	-	-
Assigned	139,969	(139,969)	-	-
Unassigned (deficit)	1,369,857	(1,369,857)	-	-
Net position:				-
Net investment in capital assets	-	-	4,374,904	4,374,904
Restricted	-	-	443,869	443,869
Unrestricted	-	2,029,121	680,313	2,709,434
Total fund balances/net position	2,029,121	-	5,499,086	7,528,207
Total liabilities, deferred inflows and net position	$ 3,283,138	$ (28,105)	$ 4,374,904	$ 7,629,937

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

City of Rio Dell, California

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the year ended June 30, 2017

	Major Funds			
	General Fund	CDBG Special Revenue	Other Governmental Funds	Totals
REVENUES:				
Property taxes	$ 122,137	$ -	$ -	$ 122,137
Sales taxes	434,544	-	-	434,544
Occupancy taxes	13,697	-	-	13,697
Gas tax	-	-	79,588	79,588
Intergovernmental	365,353	40,982	271,825	678,160
Licenses, permits, and franchise fees	119,590	-	51,710	171,300
Interest and use of property	21,538	12,997	3	34,538
Miscellaneous	24,148	-	3,658	27,806
Total revenues	1,101,007	53,979	406,784	1,561,770
EXPENDITURES:				
Current:				
General government	147,757	16,765	43,698	208,220
Public safety - Police	542,237	-	129,492	671,729
Planning and public works	75,942	-	161,406	237,348
Building	-	-	57,087	57,087
Housing and Community Development	-	-	-	-
Recycling	22		15,211	15,233
Capital outlay	136,581	-	33,916	170,497
Total expenditures	902,539	16,765	440,810	1,360,114
REVENUES OVER (UNDER) EXPENDITURES	198,468	37,214	(34,026)	201,656
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	10,055	10,055
Transfers out	(10,055)	-	-	(10,055)
Total other financing sources (uses)	(10,055)	-	10,055	-
Net change in fund balances	188,413	37,214	(23,971)	201,656
FUND BALANCES:				
Beginning of year	1,260,172	206,996	360,297	1,827,465
End of year	$ 1,448,585	$ 244,210	$ 336,326	$ 2,029,121

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

City of Rio Dell, California
Reconciliation of Fund Basis Statements to Government-wide Statement of Activities
For the year ended June 30, 2017

Functions/Programs	Fund Based Totals	Compensated Absences/ Debt Service	Depreciation	Capital Asset (Additions)/ Retirements	Government-wide Totals
Governmental activities:					
General government	$ 208,220	$ 3,965	$ -	$ -	$ 212,185
Public safety - Police	671,729		-	-	671,729
Planning and public works	237,348	-	104,920	19,586	361,854
Building	57,087	-	-	-	57,087
Recycling	15,233	-	-	-	15,233
Capital outlay	170,497	-	-	(170,497)	-
Total governmental activities	$ 1,360,114	$ 3,965	$ 104,920	$ (150,911)	$ 1,318,088

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

City of Rio Dell, California

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the year ended June 30, 2017

Net change in fund balances - total governmental funds		$ 201,656
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Capital asset purchases capitalized	$ 150,911	
Depreciation expense	(104,920)	45,991
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Change in compensated absences		(3,965)
Change in Net Position of governmental activities		$ 243,682

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

City of Rio Dell, California

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual - Major Funds

For the year ended June 30, 2017

	General Fund			
	Budgeted Amounts			Variance w/Final Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Property taxes	$ 128,110	$ 128,110	$ 122,137	$ (5,973)
Sales taxes	273,800	273,800	434,544	160,744
Occupancy taxes	10,500	10,500	13,697	3,197
Gas tax	-	-	-	-
Intergovernmental	354,600	354,600	365,353	10,753
Licenses, permits, and franchise fees	99,955	99,955	119,590	19,635
Interest and use of property	18,300	18,300	21,538	3,238
Miscellaneous	2,800	2,800	24,148	21,348
Total revenues	888,065	888,065	1,101,007	212,942
EXPENDITURES:				
Current:				
General government	169,083	172,101	147,757	24,344
Public safety - Police	547,770	569,017	542,237	26,780
Planning and public works	91,751	84,466	75,942	8,524
Building	-	-	-	-
Housing and Community Development	-	-	-	-
Recycling	-	-	22	(22)
Capital outlay	172,632	212,832	136,581	76,251
Total expenditures	981,236	1,038,416	902,539	135,877
REVENUES OVER (UNDER) EXPENDITURES	(93,171)	(150,351)	198,468	348,819
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	(10,055)	(10,055)
Total other financing sources (uses)	-	-	(10,055)	(10,055)
Net change in fund balances	(93,171)	(150,351)	188,413	338,764
FUND BALANCES:				
Beginning of year	1,260,172	1,260,172	1,260,172	-
End of year	$ 1,167,001	$ 1,109,821	$ 1,448,585	$ 338,764

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

CDBG Special Revenue Fund			
Budgeted Amounts			Variance w/Final Positive
Original	Final	Actual	(Negative)
$ -	$ -	$ -	$ -
-	-	-	-
-	-	-	-
-	-	-	-
12,000	12,000	40,982	28,982
-	-	-	-
-	-	12,997	12,997
-	-	-	-
12,000	12,000	53,979	41,979
166,642	166,809	16,765	150,044
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
166,642	166,809	16,765	150,044
(154,642)	(154,809)	37,214	192,023
-	-	-	-
-	-	-	-
-	-	-	-
(154,642)	(154,809)	37,214	192,023
206,996	206,996	206,996	-
$ 52,354	$ 52,187	$ 244,210	$ 192,023

ENTERPRISE FUNDS

Fund	Description
Major Funds:	
Sewer Fund	Accounts for the operation and maintenance of the City's wastewater treatment plant and collection facilities.
Water Fund	Accounts for the operation and maintenance of the City's water treatment and distribution system.

City of Rio Dell, California

Statement of Net Position

Proprietary Funds

June 30, 2017

	Sewer Fund	Water Fund	Totals
ASSETS			
Current assets:			
Cash and investments	$ 2,013,019	$ 891,679	$ 2,904,698
Receivables:			
Accounts	130,296	115,975	246,271
Assessments	30,000	-	30,000
Intergovernmental	-	301,341	301,341
Total current assets	2,173,315	1,308,995	3,482,310
Noncurrent assets:			
Assessments receivable, net of current portion	30,000	-	30,000
Capital assets, net	14,325,814	8,980,863	23,306,677
Total noncurrent assets	14,355,814	8,980,863	23,336,677
Total Assets	$ 16,529,129	$ 10,289,858	$ 26,818,987
LIABILITIES			
Current liabilities:			
Accounts payable	$ 35,607	$ 261,849	$ 297,456
Interest payable	89,733	-	89,733
Deposits payable	43,653	31,552	75,205
Compensated absences - current portion	1,244	1,307	2,551
Due within one year	198,334	136,000	334,334
Total current liabilities	368,571	430,708	799,279
Noncurrent liabilities:			
Compensated absences	11,192	11,760	22,952
Due after one year	5,979,801	1,564,000	7,543,801
Total noncurrent liabilities	5,990,993	1,575,760	7,566,753
Total liabilities	6,359,564	2,006,468	8,366,032
Net Position:			
Net investment in capital assets	8,346,013	7,416,863	15,762,876
Unrestricted	1,823,552	866,527	2,690,079
Total net position	10,169,565	8,283,390	18,452,955
Total liabilities, deferred inflows of resources and net position	$ 16,529,129	$ 10,289,858	$ 26,818,987

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

City of Rio Dell, California
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the year ended June 30, 2017

	Sewer Fund	Water Fund	Totals
OPERATING REVENUES:			
Charges for service	874,596	874,044	$ 1,748,640
Connection fees	15,750	9,259	25,009
Late fees	23,833	32,549	56,382
Total operating revenues	914,179	915,852	1,830,031
OPERATING EXPENSES:			
Current operations:			
General government	227,897	240,144	468,041
Public works	537,874	350,617	888,491
Depreciation	531,786	208,516	740,302
Total operating expenses	1,297,557	799,277	2,096,834
OPERATING INCOME	(383,378)	116,575	(266,803)
NONOPERATING REVENUES (EXPENSES):			
Miscellaneous	11,322	12,806	24,128
Intergovernmental revenues (expenses)	-	502,833	502,833
Replacement reserve	136,999	-	136,999
Bad debt recovery (expense)	1,501	1,348	2,849
Interest revenue	83	4	87
Contributed capital	-	185,967	185,967
Total non-operating revenues, net	149,905	702,958	852,863
NET INCOME BEFORE TRANSFERS	(233,473)	819,533	586,060
Transfers in	-	-	-
Transfers out	-	-	-
Total transfers	-	-	-
CHANGE IN NET POSITION	(233,473)	819,533	586,060
NET POSITION:			
Beginning of year	10,403,038	7,463,857	17,866,895
End of year	$ 10,169,565	$ 8,283,390	$ 18,452,955

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

City of Rio Dell, California
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2017

	Sewer Fund	Water Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers/users for services provided	$ 911,364	$ 898,608	$ 1,809,972
Cash payments to suppliers for goods and services	(405,111)	(49,856)	(454,967)
Cash payments to employees for services	(432,322)	(313,999)	(746,321)
Net cash provided by operating activities	73,931	534,753	608,684
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Receipts from miscellaneous	11,322	12,806	24,128
Receipts from repliacement reservce	136,999	-	136,999
Receipts from bad debt recovery	1,501	1,348	2,849
Net cash used by noncapital financing activities	149,822	14,154	163,976
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital grants received	-	288,687	288,687
Acquisition and construction of capital assets	(80,831)	(397,876)	(478,707)
Principal paid on long term debt	(164,710)	(136,000)	(300,710)
Interest paid on long term debt	89,733	-	89,733
Net cash (used) by capital and related financing activities	(155,808)	(245,189)	(400,997)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income received	83	4	87
Net cash provided by investing activities	83	4	87
Net increase (decrease) in cash and cash equivalents	68,028	303,722	371,750
CASH AND CASH EQUIVALENTS:			
Beginning of year	1,944,991	587,957	2,532,948
End of year	$ 2,013,019	$ 891,679	$ 2,904,698
Reconciliation of income from operations to net cash provided by operating activities:			
Operating income	$ (383,378)	$ 116,575	$ (266,803)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	531,786	208,516	740,302
(Increase) decrease in current assets:			
Accounts receivable	(2,815)	(17,244)	(20,059)
Increase (decrease) in liabilities:			
Accounts payable	13,281	223,654	236,935
Accrued liabilities	(92,157)	-	(92,157)
Deposits payable	3,411	584	3,995
Compensated absences	3,803	2,668	6,471
Net cash provided by operating activities	$ 73,931	$ 534,753	$ 608,684

There were no noncash investing, capital, or financing activities affecting recognized assets and liabilities for the year ended June 30, 2017.

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

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FIDUCIARY ACTIVITIES

Fund	Description
Agency Fund	Used to account for assets held for dirtribution by the City as an agent for another entity.

City of Rio Dell, California
Statement of Fiduciary Net Position
Fiduciary Activities
June 30, 2017

		Agency Fund
ASSETS		
Cash and investments	$	2,868
Total current assets		2,868
LIABILITIES		
Deposits in trust - due to others	$	2,868
Total Liabilities		2,868

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

NOTES TO BASIC FINANCIAL STATEMENTS

Index to Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Rio Dell (the City) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting principles are described below.

Financial Reporting Entity

The City is a general law City incorporated in the State of California on February 26, 1965. The City is governed by an elected, five-member City Council. The following services are provided by the City to its citizens: public safety (police); highways and streets; drinking water; wastewater collection, treatment and disposal; public improvements; parks and recreation; planning and zoning; and general administrative services.

The City operates as a self-governing local government unit within the State. It has limited authority to levy taxes and has the authority to determine user fees for the services that it provides. The City's main funding sources include sales taxes, other intergovernmental revenue from state and federal sources, user fees, and federal and state financial assistance.

The financial reporting entity consists of (a) the primary government, the City, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (a) the City has the ability to impose its will on the organization, or (b) there is a potential for the organization to provide a financial benefit to or impose a financial burden on the City.

As required by GAAP, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. These component units are reported on a blended basis. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The financial statements of the individual component units, if applicable as indicated below, may be obtained by writing to the City of Rio Dell, Finance Department, 675 Wildwood Ave., Rio Dell, CA 95562.

Description of Joint Powers Agreements

The City participates in several joint power agreements (JPAs) as described in Note 11. The financial activities of the JPAs are not included in the accompanying basic financial statements because JPAs are administered by governing boards that are separate from and independent of the City.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided by a given function or segment, 2) operating grants and contributions, and 3) capital grants and contributions restricted to the operating or capital requirements of a specific function or segment. All taxes and internally dedicated resources are reported as *general revenues* rather than program revenues.

Fund Financial Statements

Fund financial statements of the reporting entity 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, which 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:

a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least ten percent of the corresponding total for all funds of that category or type; and

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

The City reports the following major funds:

- General Fund
- CDBG Special Revenue Fund

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Basis of Presentation, Continued

Descriptions of these funds are included on the divider page preceding the Governmental Funds Balance Sheet.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is used to account for resources traditionally associated with the City which are not required legally or by sound financial management to be accounted for in another fund. From this fund are paid the City's general operating expenditures, the fixed charges, and the capital costs that are not paid through other funds.

Special Revenue Funds

The Special Revenue Funds are used to account for specific revenues that are legally or otherwise restricted to expenditures for particular purposes.

Capital Project Funds

The Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

Proprietary Funds

Enterprise Funds

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. Costs are financed or recovered primarily through user charges.

Fiduciary Funds

Agency Funds

Agency Funds are clearing type funds for the collection of taxes or deposits held in trust, on behalf of individuals, private organizations and other governments. The funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Measurement Focus

Measurement focus is a term used to describe which transactions are recorded within the various financial statements.

On the government-wide Statement of Net position and the Statement of Activities, governmental and business-type activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as Net position, which serves as an indicator of financial position.

In the fund financial statements, the "current financial resources" measurement focus is used for governmental funds. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources 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 period.

The enterprise funds and private purpose trust funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position, and cash flows. Enterprise fund and private purpose trust funds equity is classified as net position.

Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

The government-wide, proprietary and fiduciary funds financial statements required by GASB Statement No. 34 are reported using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred.

The governmental fund financial statements are accounted for on a spending or "current financial resources" measurement focus, and the modified accrual basis of accounting. Accordingly, only current assets and liabilities (except for long-term advances from the City) are included in the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Basis of Accounting, Continued

Revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after fiscal year end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, sales taxes, intergovernmental revenues, other taxes and investment earnings. Fines, licenses and permits, and charges for services are not susceptible to accrual because they are not measurable until received in cash. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost- reimbursement grants, categorical block grants and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving value in exchange, include taxes, grants, entitlements and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Assets, Liabilities, and Equity

Cash Deposits and Investments

The City pools cash from all sources and all funds, except certain specific investments within funds and cash with fiscal agents, so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time.

The City's investment policy and section 53601 of the California Government Code allow the following investments:

a) Certificates of Deposit;
b) Obligations of the State of California.

The City does not enter into reverse repurchase agreements.
The City's investments are carried at fair value instead of cost, as required by U.S. generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end if material, and it includes the effects of these adjustments in income for that fiscal year.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Assets, Liabilities, and Equity, Continued

The City places certain funds with the State of California's Local Agency Investment Fund (LAIF). The City is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of the City's investment in this pool is reported in the accompanying financial statements 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 monies held in the pooled investment funds are not subject to categorization by risk category. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on the amortized cost basis. Funds are accessible and transferable to the master account with twenty-four hours' notice. Included in LAIF's investments are collateralized mortgage obligations, mortgage backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. Financial statements for LAIF can be obtained from the California State Treasurer's Office: State Treasurer's Office, 915 Capitol Mall, Suite 110, Sacramento, CA 95814.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net position. See Note 9 for details of interfund transactions, including receivables and payables at year-end.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include property taxes, sales and use taxes, utility user taxes, intergovernmental subventions, interest earnings, and expense reimbursements.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property tax, sales tax, utility user tax, and intergovernmental subventions since they are usually both measurable and available. Non-exchange transactions collectible but not available, such as property tax, are deferred in the fund financial statements in accordance with the modified accrual basis, but not deferred in the government-wide financial statements in accordance with the accrual basis.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Assets, Liabilities, and Equity, Continued

Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. The loans receivable are recorded in the fund statements, but are deferred to indicate they do not represent current financial resources. The loans are recognized when advanced in the government-wide statements. The City's experience is that all accounts receivable are collectible; therefore an allowance for doubtful accounts is unnecessary.

Inventory

The City does not record and maintain inventory records of unused materials and supplies for the various funds. Inventories are considered immaterial and materials and supplies are currently expensed.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. In the governmental fund financial statements, prepaid items are offset with a reservation of fund balance for long-term assets to indicate they do not constitute current resources available for appropriation.

Capital Assets

The City's assets are capitalized at historical cost or estimated historical cost, if actual is unavailable, except for donated Capital Assets which are recorded at their estimated fair value at the date of donation. Policy has set the capitalization threshold for reporting at $5,000 for non-infrastructure capital assets and $25,000 for infrastructure capital assets.

Government-Wide Statements

Public domain (infrastructure) capital assets include roads, bridges, curbs and gutters, streets, sidewalks, drainage systems, and lighting systems.

The accounting treatment of property, plant and equipment (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.

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. No depreciation is recorded in the year of acquisition or in the year of disposition.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Assets, Liabilities, and Equity, Continued

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

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

Fund Financial Statements

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 way as in the government-wide statements.

Deferred outflows/inflows of resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, deferred inflows on the City's CDBG loans reported in the governmental funds balance sheet.

Compensated Absences

Full time employees accumulate earned vacation, holiday and compensated leave of varying amounts dependent upon length of service with the City. These amounts are deemed fully vested with the employee when earned. The City also provides full time employees with sick leave that generally must be used for sickness and injury-related leave time.

The City does not currently provide post-employment benefits.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Assets, Liabilities, and Equity, Continued

Unearned Revenues

Unearned revenues in governmental funds arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues in enterprise funds and the statement of net position arise when resources are received by the City before it has legal claim to them, (i.e., when grant monies are received prior to the incurrence of qualifying expenses).

Equity Classification

Government-Wide Statements

Equity is classified as net position and is displayed in three components:

a. *Invested in capital assets, net of related debt* – consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. *Restricted net position* – consists of net position with constraints placed on the use by external groups such as creditors, grantors, contributors, or bylaws or regulations of other governments or law through constitutional provisions or enabling legislation.

c. *Unrestricted net position* – all other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is classified as nonspendable, restricted, committed, assigned, or unassigned. Proprietary fund equity is classified the same as in the government-wide statements. The classifications for governmental funds are defined as follows for the City:

Nonspendable Fund Balance –

- Assets that will never convert to cash (prepaid items, inventory).
- Assets that will not convert to cash soon enough to affect the current period (long-term notes or loans receivable).
- Resources that must be maintained intact pursuant to legal or contractual requirements (the principal of an endowment).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Equity Classification, Continued

Fund Financial Statements, continued

Restricted Fund Balance –

- Resources that are subject to externally enforceable legal restrictions imposed by parties altogether outside the government (creditors, grantors, contributors and other governments).
- Resources that are subject to limitations imposed by law through constitutional provisions or enabling legislation (Gas Tax).

Committed Fund Balance –

- Self imposed limitations set in place prior to the end of the period (encumbrances, economic contingencies and uncertainties).
- Limitation at the highest level of decision-making (Council) that requires formal action at the same level to remove.
- Council resolution is required to be taken to establish, modify or rescind a fund balance commitment

Assigned Fund Balance –

- Amounts in excess of nonspendable, restricted and committed fund balance in funds other than the general fund automatically are reported as assigned fund balance.
- Assigned amounts for a specific purpose are as authorized by the City's Finance Director through its fund balance policy.

Unassigned Fund Balance –

- Residual net resources
- Total fund balance in the general fund in excess of nonspendable, restricted, committed, and assigned fund balance (surplus).
- Excess of nonspendable, restricted, and committed fund balance over total fund balance (deficit).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Revenues, Expenditures, and Expenses

Property Tax

The County of Humboldt (the County) assesses properties, bills for, collects, and distributes property taxes for the City per the following schedule:

	Secured	Unsecured
Valuation dates	March 1	March 1
Lien/Levy dates	July 1	July 1
Due dates	50% on November 1 50% on February 1	July 1
Delinquent as of	December 10, April 10	August 31

The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized by the City in the fiscal year they are assessed provided they become available as defined above.

Since the passage of California Proposition 13, beginning with fiscal year 1978-79, taxes are based either on a 1% rate applied to the 1975-76 assessed value of the property, or on 1% of the sales price of the property on sales transactions and construction which occur after the 1975-76 assessment. Assessed values on properties (exclusive of increases related to sales transactions and improvements) can rise at a maximum of 2% per year. The amount collected by the County is distributed in accordance with State law to the various public agencies. Therefore, the City does not levy a specific tax rate but receives a share of the property tax revenue based on a State formula. The City's tax rate is $1.00/$100 of assessed value, the maximum allowable under Proposition 13.

During fiscal year 1993-94, the State passed legislation which permanently shifted an additional amount of property taxes from cities to schools. This amount was partially offset by one-time payments by the State to cities from the State "Transportation Planning and Development" allocation. Also during 1993- 94, an alternate method of property tax allocation (the "Teeter Plan") was adopted. Under this plan, the City receives 100 percent of the secured property tax levied to which it is entitled, whether or not collected.

Unsecured delinquent taxes are considered fully collectible and no allowance for uncollectible taxes is provided. Property tax revenues are recognized when they become available. "Available" means due, or past due, and receivable within the current period and collected or expected to be collected soon enough thereafter to be used to pay liabilities for the current period. This period is 60 days from the end of the fiscal year.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Interfund Transfers

Resources are reallocated between funds by reporting them as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

Budgetary Accounting

The City Council establishes budgets for the General Fund and all Special Revenue Funds, except for certain Special Revenue Funds for which expenditures are controlled by grant funding or by assessments received. Budgetary control is legally maintained at the fund level for these funds. Department heads submit budget requests to the City Manager. The City Manager prepares an estimate of revenues and prepares recommendations for the next year's budget. The preliminary budget may or may not be amended by the City Council and is adopted by resolution by the City Council on or before June 30 in accordance with the municipal code.

The City Council may amend the budget by motion during the fiscal year. Only the Council can authorize transfers between funds and approve inter-fund loans. The City Manager is authorized to transfer budgeted amounts within a fund without formal council action or approval. The City Manager is authorized to increase expenditures in relation to revenues in funds receiving assigned revenues without approval by the City Council.

Expenditures may not legally exceed appropriations at the fund level, which is the legal level of control. Supplemental appropriations, which increase appropriations, may be made during the fiscal year. There were no material supplemental appropriations made for the fiscal year ended June 30, 2015. Budget information is presented for the General and budgeted Special Revenue Funds in the fund financial statements. The budget information is presented on a basis consistent with generally accepted accounting principles. Appropriations, except open project appropriations, and unexpended grant appropriations, lapse at the end of each fiscal year.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

Reclassifications

Certain amounts have been reclassified to provide for comparable results on a year to year basis.

2. CASH AND INVESTMENTS

Pooled Cash and Investments

The City pools cash from all sources and funds, except certain specific investments within funds and cash with fiscal agents, so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time.

Categorization of Credit Risk of Securities Instruments

The City and its fiscal agents invest in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called *securities instruments,* or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. Individual investments are generally made by the City's fiscal agents as required under its debt issues. In order to maximize security, the City employs the Trust Department of a bank as custodian of all City managed investments, regardless of their form.

At June 30, 2017, the City's pooled cash and investments, classified by maturity, consisted of the following stated at fair value:

	Maturities (in years)				Fair
	<1	1 to 3	3 to 5	Deposits	Market Value
Cash equivalents and investments pooled					
Pooled cash, at fair value					
Cash in bank	$ -	$ -	$ -	$ 4,698,167	$ 4,698,167
Petty cash	-	-	-	1,250	1,250
Total pooled items	-	-	-	4,699,417	4,699,417
Pooled investments, at fair value					
State of California Local Agency Investment Fund	4,835	-	-	-	4,835
Total pooled investments - interest obligations	4,835	-	-	-	4,835
Total cash equivalents and investments pooled	$ 4,835	$ -	$ -	$ 4,699,417	$ 4,704,252

Amounts reported in:	
Governmental activities	$ 1,796,686
Business-type activities	2,904,698
Fiduciary activities	2,868
Total	$ 4,704,252

Investment Type	Fair Value	Maturity (Years)
State investment pool	$ 4,835	-
Total fair value	$ 4,835	
Portfolio weighted average maturity		-

2. CASH AND INVESTMENTS, *continued*

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

Credit risk – Custodial credit risk for investments is the risk that in the event of the failure of a counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All investments in LAIF and the fiscal agent money market funds are not evidenced by specific securities and, therefore, are not subject to custodial credit risk.

Concentration of credit risk – The City's investment policy does not allow for an investment in any one issuer that is in excess of five percent of the government's total investments. The investments made by the City Treasurer are limited to those allowable under State statutes as incorporated into the City's Investment Policy, which is accepted annually by the City Council. There were no concentrations in any one issuer for the year.

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested 2.25% of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to changes in interest rates.

Custodial credit risk – deposits. For deposits, this is the risk that, in the event of a bank failure, the City's deposits may not be returned. The City's Investment Policy addresses custodial credit risk, which follows the Government Code.

At June 30, 2017, the carrying amount of the City's deposits was $4,698,167 and the balances in financial institutions were $4,625,653. Of the balance in financial institutions, $250,000 was covered by federal depository insurance and $4,375,653 was collateralized as required by State law (Government Code Section 53630), by the pledging financial institution with assets held in a common pool for the City and other governmental agencies, but not in the name of the City. As of June 30, 2017, the City's investments were held by the City's custodial agent, but not in the City's name, and were insured up to specified limits by the Securities Investor Protection Corporation (SIPC) and supplemental private insurance up to a limit of $150 million.

California Law requires banks and savings and loan associations to pledge government securities with a market value of 110% of the City's cash on deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for these deposits. Under California Law, this collateral is held in the City's name and places the City ahead of general creditors of the institution.

2. CASH AND INVESTMENTS, *continued*

Custodial credit risk – investments. For investments, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside counterparty. For the investments maintained by the City, no security was uninsured or unregistered or held by a brokerage firm which is also the counterparty for the security.

Investment in LAIF

The City is a voluntary participant in California Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section under the oversight of the Local Investment Advisory Board (Board). The Board consists of five members as designated by state statute, and is chaired by the State Treasurer who is responsible for day to day administration of LAIF. The total amount invested by all public agencies as of June 30, 2017 was $22,812,817,838 of which the City had a balance of $4,835. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2017 has a portfolio with market valuation of $77,616,684 thousand. Of the total invested, 97.75% was invested in non-derivative financial products and 2.25% in structured notes and asset-backed securities. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2017:

		Receivables
Governmental Activities		
Accounts receivable	$	217,451
	$	217,451
Business-type activities		
Accounts receivable	$	276,271
Intergovernmental		301,341
	$	577,612

These amounts resulted in the following concentrations in receivables:

Other Governments	37.9%
Individuals/Business	62.1%

Amounts do not indicate a significant concentration (greater than 25%) with any single individual, business or agency.

4. LOANS RECEIVABLE

The City engages in programs designed to encourage business enterprises, construction or improvement in low-to-moderate income housing, or other projects. Under these programs, grants or loans are provided with favorable terms to businesses, homeowners or developers who agree to spend these funds in accordance with the City's terms.

Loans receivable for the year ended June 30, 2017, consisted of the following:

	Beginning July 1, 2016	Additions	Deletions	Ending June 30, 2017
Housing Rehabilitation and Affordable Housing Notes	$ 1,195,832	$ -	$ (40,983)	$ 1,154,849
Total loans receivable	$ 1,195,832	$ -	$ (40,983)	$ 1,154,849

Housing Rehabilitation, Business Enterprise and Affordable Housing

The City has provided loans to various homeowners and businesses for rehabilitation. The maximum loan amount is $100,000, carrying various interest rates and payment dates. Although these notes are expected to be repaid in frill, their balance has been offset by deferred revenue. Governmental funds report a deferred inflow of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

5. CAPITAL ASSETS

Governmental capital asset activity for the year ended June 30, 2017, was as follows:

	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017
Capital assets (Not Depreciated)				
Land	$ 627,945	$ -	$ -	$ 627,945
Construction in progress	-	-	-	-
Total capital assets (not depreciated)	627,945	-	-	627,945
Capital assets (being depreciated)				
Buildings and improvements	50,352	-	-	50,352
Equipment	509,932	-	-	509,932
Vehicles	164,810	63,544	-	228,354
Streets and roads	1,819,437	87,367	-	1,906,804
Insfrastructures	2,406,317	-	-	2,406,317
Total capital assets (being depreciated)	4,950,848	150,911	-	5,101,759
Less accumulated depreciation:				
Buildings and improvements	28,868	6,094	-	34,962
Equipment	505,658	1,144	-	506,802
Vehicles	112,680	13,167	-	125,847
Streets and raods	235,474	36,389	-	271,863
Infrastructure	367,200	48,126	-	415,326
Total accumulateddepreciation	1,249,880	104,920	-	1,354,800
Governmental activities capital assets, net	$ 4,328,913			$ 4,374,904

Depreciation expense for capital assets was charged to functions as follows:

Governmental-Type Activities	
Public works	$ 104,920
Total Governemental Activities	$ 104,920

5. CAPITAL ASSETS, *continued*

Business-type capital asset activity for the year ended June 30, 2017, was as follows:

	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017
Capital assets (Not Depreciated)				
Land	$ 507,859	$ -	$ -	$ 507,859
Construction in progress	344,870	583,843	-	928,713
Total capital assets (not depreciated)	852,729	583,843	-	1,436,572
Capital assets (being depreciated)				
Infrastructure	25,151,412	-	-	25,151,412
Buildings and Improvements	206,508	-	-	206,508
Equipments	1,009,637	80,831	-	1,090,468
Vehicles	91,385	-	-	91,385
Total capital assets (being depreciated)	26,458,942	80,831	-	26,539,773
Less accumulated depreciation:				
Infrastructure	2,739,237	716,665	-	3,455,902
Buildings and Improvements	157,268	14,773	-	172,041
Equipments	941,476	8,864	-	950,340
Vehicles	91,385	-	-	91,385
Total accumulateddepreciation	3,929,366	740,302	-	4,669,668
Governmental activities capital assets, net	$ 23,382,305			$ 23,306,677

Depreciation expense for capital assets was charged to functions as follows:

Business-Type Activities		
Water	$	208,516
Sewer		531,786
Total Busines-Type Activities	$	740,302

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2017:

	Governmental Activities	Business-type Activities	Total
Accounts payable	$ 52,294	$ 297,456	$ 349,750
Accrued payroll and related liabilities	19,328	-	19,328
Total	$ 71,622	$ 297,456	$ 369,078

These amounts resulted in the following concentrations in payables:

Vendors	94.8%
Employees	5.2%

Amounts do not indicate a significant concentration (greater than 25%) with any single vendor or employee.

7. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2017:

	Original Issue Amount	Balance July 1, 2016	Additions	Retirements	Balance June 30, 2017	Due Within One Year
Governmental Activities:						
Compensated absences	$ -	$ 26,144	$ 3,964	$ -	$ 30,108	$ 3,011
Total governmental activities	$ -	$ 26,144	$ 3,964	$ -	$ 30,108	$ 3,011
Business-type activities						
Safe Drinking Water Loan	$ 2,720,000	$ 1,836,000	$ -	$ (136,000)	$ 1,700,000	$ 136,000
FMHA Special Assessment Bonds	535,800	85,000	-	(25,000)	60,000	30,000
State of California Water Resources Control Board	400,000	6,282,845	-	(164,710)	6,118,135	168,334
Total business-type activity debt	3,655,800	8,203,845	-	(325,710)	7,878,135	334,334
Compensated absences	-	19,032	6,470	-	25,502	-
Total business-type activities	$ -	$ 3,317,687	$ 6,470	$ (325,710)	$ 7,903,637	$ 334,334

7. LONG-TERM LIABILITIES, continued

Governmental Activities

Compensated Absences

The City records employee absences, such as vacation, illness, and holidays, for which it is expected that employees will be paid as compensated absences. Compensated absences had a balance of $55,611 at June 30, 2017, of that amount $3,011 is expected to be paid within a year. The net changes of the compensated absences are allocated to the public safety department on the Statement of Activities.

Business-type Activities

Safe Drinking Water State Revolving Fund Loan

In August 2005, the City entered into a loan agreement with the California Department of Health Services, Drinking Water and Environmental Services Division, for a loan in an amount up to $2,720,000. The loan was subsequently funded by the Safe Drinking Water State Revolving Fund. The proceeds from the loan were used to assist in financing construction of a project that will enable the City to meet safe drinking water standards established under the Health and Safety Code and California Code of Regulations. The non-interest bearing loan calls for 50 equal semiannual payments due in July and January of each year, beginning in July 2009. At June 30, 2017, the balance of the note was $2,108,000.

Assessment Bonds

In November 1978, the City borrowed $535,800 through the issuance of bonds to finance improvements to the City's sewage collection system. The terms of an agreement with FMHA require semiannual payments of interest at 5 percent and annual payments of principal that increase from $10,000 in the early years of the agreement to $30,000 in the later years. Currently, the principal payments are $20,000. The bonds mature in 2018.

State of California Water Resources Control Board

The City has obtained a loan from the California Department of Water Resources to finance an upgrade of the waste water treatment plant to comply with State waste water standards. The debt is required to be serviced through waste water system user charges. The maximum loan amount is $6,980,359. Principal and interest are payable annually on October 31. The rate of interest is 2.20%. The annual principal and interest payments are $302,933, and continue through the fiscal year 2044.

7. LONG-TERM LIABILITIES, continued

Debt Service

Future debt service for Governmental Activities at June 30, 2017, is as follows for all debt except compensated absences and claims liabilities:

	Governmental Activities					
Year Ending June 30,	Safe Drinking Water Loan		FMHA Special Assessment Bonds		State of California Water Resources Control Board	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	$ 136,000	$ -	$ 30,000	$ 3,000	$ 168,334	$ 134,599
2019	136,000	-	30,000	1,500	172,038	130,896
2020	136,000	-	-	-	175,823	127,111
2021	136,000	-	-	-	179,691	123,243
2022	136,000	-	-	-	183,644	119,289
2023 - 2027	680,000	-	-	-	980,629	534,038
2028 - 2032	340,000	-	-	-	1,093,350	421,317
2033 - 2037	-	-	-	-	1,219,028	295,639
2038 - 2042	-	-	-	-	1,359,153	155,514
2043 - 2047	-	-	-	-	586,444	19,423
Total	$ 1,700,000	$ -	$ 60,000	$ 4,500	$ 6,118,134	$ 2,061,069
Due within one year	$ 136,000	$ -	$ 30,000	$ 3,000	$ 168,334	$ 134,599
Due after one year	1,564,000	-	30,000	1,500	5,949,800	1,926,470
Total	$ 1,700,000	$ -	$ 60,000	$ 4,500	$ 6,118,134	$ 2,061,069

Year Ending June 30,	Total	
	Principal	Interest
2018	$ 334,334	$ 137,599
2019	338,038	132,396
2020	311,823	127,111
2021	315,691	123,243
2022	319,644	119,289
2023 - 2027	1,660,629	534,038
2028 - 2032	1,433,350	421,317
2033 - 2037	1,219,028	295,639
2038 - 2042	1,359,153	155,514
2043 - 2047	586,445	19,423
Total	$ 7,878,135	$ 2,065,569
Due within one year	$ 334,334	$ 137,599
Due after one year	7,543,801	1,927,970
Total	$ 7,878,135	$ 2,065,569

8. NET POSITION/ FUND BALANCES

Net position

	Governmental Activities	Business-type Activities	Total
Net investment in capital assets	$ 4,374,904	$ 15,762,876	$ 20,137,780
Restricted	443,869	-	443,869
Unrestricted	2,649,019	2,690,079	5,339,098
Total	$ 7,467,792	$ 18,452,955	$ 25,920,747

- Restricted balances are for the same purposes as fund balance restrictions because external restriction requirements are the same. See descriptions of the restrictions below.

Fund Balance

Nonspendable, Restricted and Committed fund balance consisted of the following at June 30, 2017:

Nonspendable:	
Prepaid Items	$ 123,332
Total Nonspendable	$ 123,332
Restricted:	
Governmental Funds:	
CDBG	$ 244,210
Gas Tax	199,659
Total Restricted	$ 443,869
Committed	
Encumbrance	$ 49,794
Total Committed	$ 49,794

The following describe the purpose of each nonspendable, restricted, and committed category used by the City:

Nonspendable

- **Prepaid Items** – represents nonspendable amounts classified as prepaid items.

Restricted

- **CDBG**– represents amounts restricted for the City's CDBG housing activities as these programs are supported by specific grants requiring the restriction.

- **Gas Tax** – represents amounts restricted for street maintenance purposes as defined in Sections 2105, 2106, 2107 and 2107.5 of the Streets and Highway Code.

8. NET POSITION/ FUND BALANCES, continued

Committed

- **Encumbrance** – represents amounts set aside for a planned or obligated expenditure.

Fund Balance Deficits

Deficit fund balances consisted of the following:

	As of June 30, 2017
Nonmajor Spcial Revnue Funds:	
STIP	$ 3,302
Total Nonmajor Funds	3,302
Total Fund Balance Deficits	$ 3,302

The above deficit fund balances have occurred due to the spending of funds prior to the receipt of revenues (cost reimbursements). The Fund balances will be restored in the near future as revenues are received.

Excess of Expenditures and Transfers over Appropriations:

Expenditures and transfers exceeded appropriations for the year ended June 30, 2017, for the following funds:

Fund	Final Appropriations	Expenditures and Transfers	Excess
Nonmajor Funds			
Special Revenue Funds:			
STIP	$ -	$ 3,461	$ (3,461)

9. INTERFUND TRANSACTIONS

Due to and from balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Due to and due from other funds consisted of the following as of June 30, 2017:

	Due from Other Funds	Due to Other Funds
Governmental Funds		
Major Funds:		
General Fund	$ 28,105	$ -
Total Major Funds	28,105	-
Nonmajor Funds:		
ISTEA	-	19,842
SLESF	-	1,579
Measure Z	-	5,692
STIP	-	992
Total Nonmajor Funds	-	28,105
Total	$ 28,105	$ 28,105

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers consisted of the following at June 30, 2017:

	Transfers In	Transfers Out
Governmental Funds		
Major Funds:		
General Fund	$ -	$ 10,055
Total Major Funds	-	10,055
Nonmajor Funds:		
Special Revenue Funds		
SLESF	4,186	-
Building	5,869	-
Total Nonmajor Funds	10,055	-
Total Governmental Funds	10,055	10,055
Total	$ 10,055	$ 10,055

10. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member of the Small Cities Organized Risk Effort Joint Powers Authority (SCORE). SCORE provides insurance coverage for general liability, property, and workers' compensation claims under the terms of a joint-powers agreement with the City and several other governmental municipalities.

SCORE is insured up to $500,000 per general liability and $1,000,000 per property claim and has purchased excess of loss insurance policies providing coverage above the self-insurance limit to a maximum of $25,000,000. The City has a $2,500 - $50,000 deductible per claim for general liability, property and workers' compensation cases. When the deductible is met, SCORE becomes responsible for payment of the excess claim.

Payments for insurance claims are recorded as expenditures in the funds in which the liabilities were incurred. In accordance with GASB Statement No. 10, if the third party administrator, SCORE, does not insure the loss occurrence then the City shall accrue a loss, if probable and reasonably estimable. As of June 30, 2017, the City has no uninsured occurrences. The City has not used an actuary in determining the liability reserve if needed. Because the actual claim liabilities depend on such complex factors as inflation and changes in legal doctrines and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claims are evaluated periodically to take into account recently settled claims, the frequency of claims and other economic and social factors.

11. JOINT POWERS AGREEMENTS

The City is a member of various joint powers authorities, which provide goods or services to the City and other authority members. Under the criteria established by GASB Statement No. 14, the City does not have sufficient authority, influence or accountability over these entities to incorporate them in this annual report. Additionally, the City has determined that it has no ongoing financial interest in or responsibility for any of these organizations as defined by GASB Statement No. 14. The names and general functions of these joint powers are as follows:

Humboldt Transit Authority

Humboldt Transit Authority (HTA) was created as a separate legal entity by a joint powers agreement between Humboldt County and the Cities of Fortuna, Eureka, Arcata, Trinidad, and Rio Dell. The governing board consists of a city council member and an alternate member appointed from each participating city, as well as two board members and up to two alternate members appointed by the Humboldt County Board of Supervisors. HTA is responsible for adopting its own budget and has the power to incur debts, liabilities, or other obligations. On commencement of operations of HTA, the County contributed 50 percent of the initial equity, and the participating cities jointly contributed 50 percent based upon population data. The participants do not have an ongoing equity interest in HTA.

11. JOINT POWERS AGREEMENTS, CONTINUED

However, the participants do share operating costs of HTA, and the current share of the City of Rio Dell is 2.8 percent. During the year ended June 30, 2017, the City paid HTA $40,646. At termination of the agreement, all surplus monies will be returned to the participants in proportion to the amounts received and property shall be divided in a manner agreed upon by the parties. Complete financial statements for Humboldt Transit Authority may be obtained at the offices of the Authority at 133 V Street, Eureka, California 95501.

Hazardous Materials Response Authority

Hazardous Materials Response Authority (HMRA) was created as a separate legal entity by a joint powers agreement between the County of Humboldt, the County of Del Norte, and Cities of Eureka, Crescent City, Arcata, Blue Lake, Fortuna, Trinidad, and Rio Dell. (The City of Ferndale withdrew from the agreement during 1994-1995). The purpose of this joint venture is to pool resources of the participants to provide a united, coordinated, orderly, positive, and more effective means of aiding and assisting in the formulation, administration, implementation and maintenance of an area-wide hazardous materials response team.

HMRA is governed by a board of directors comprised of one member and an alternate appointed by each participant. It adopts its own budget and has the powers to incur debts, liabilities, or obligations. The City of Eureka is responsible for directing the operations of Hazardous Materials Response Teams and for the accounting of HMRA, and in return HMRA reimburses the City of Eureka for the costs of operation and accounting services.

Upon commencement of HMRA, the participants agreed to contribute a proportionate share of the cost of operations based on population. The participants do not have an ongoing equity interest in HMRA. However, the participants do share the operating costs of HMRA, and the current share of the City of Rio Dell is 1.9 percent, based on population. During the year ended June 30, 2017, the City paid HMRA $717. At termination of the agreement, all surplus monies will be returned to the participants in proportion of the amounts received by HMRA; property shall be divided in a manner agreed upon by the participants. Complete financial statements of HMRA are on file at the offices of the City of Eureka at 531 K Street, Eureka, California 95501.

Redwood Region Economic Development Commission

Redwood Region Economic Development Commission (RREDC) was established on November 1, 1977, under a Joint Exercise of Powers Agreement among the nineteen public agencies within Humboldt County, including the City of Rio Dell. RREDC is a separate public entity created to aid, assist, and coordinate the formulation, administration, and implementation of the Economic Development Action Plan and Strategy for Humboldt County, and to assist in the implementation of economic development projects and programs to improve the quality of life in the area. RREDC is governed by one member and an alternate appointed by each participant. Complete financial statements for RREDC are on file at the offices of RREDC at 520 E Street, Eureka, California 95001.

12. DEFERRED COMPENSATION PLAN

The City offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all City employees, permit employees to defer a portion of their salary until future years. Participation in the plans is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. As explained previously, the City has adopted the provisions of GASB Statement No. 32 and, therefore, assets and liabilities of these plans have been excluded from the accompanying financial statements. For the fiscal year ended June 30, 2017, the City made contributions totaling $132,754 to the plan.

13. COMMITMENTS AND CONTINGENCIES

Litigation

The City is involved in litigation incurred in the normal course of conducting City business. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Grants and Allocations

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Commitments

The City had no significant unexpended contractual commitments as of June 30, 2017.

14. NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*". The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces Statements No. 43, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans", as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended, Statement 43, and Statement No. 50, Pension Disclosures.

15. NEW ACCOUNTING PRONOUNCEMENTS, CONTINUED

The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2017. The City will implement this Statement in fiscal year ending June 30, 2018.

The GASB has issued Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", as amended, and No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans", for OPEB. Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans", establishes new accounting and financial reporting requirements for OPEB plans. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2018. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2018.

The GASB has issued Statement No. 77, "*Tax Abatement Disclosures*". This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2018.

The GASB has issued Statement No. 78, "*Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans.*" The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions.* This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2016.

15. NEW ACCOUNTING PRONOUNCEMENTS, CONTINUED

The GASB has issued Statement No. 80, "*Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14.*" The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended.* The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2017.

The GASB has issued Statement No. 81, "*Irrevocable Split-Interest Agreements.*" The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2017.

The GASB has issued Statement No. 82, "Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2017, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions will take effect for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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NON-MAJOR SPECIAL REVENUE FUNDS

Fund	Description
Gas Tax	Accounts for funds received and expended for street maintenance purposes as defined in Sections 2105, 2106, 2107, and 2107.5 of the Streets and Highway Code.
TDA	Accounts for funds received and expended for transit, street, pedestrian and bike purposes in Accordance with the Transportation Development Act.
ISTEA	Accounts for funds received and expended in accordance with the Intermodal Surface Transportation Efficiency Act.
Solid Waste	Accounts for the City's portion of the Humboldt Waste Management Authority's tipping fees.
SLESF	Accounts for funds received to be used for public safety purposes.
Measure Z	Accounts for funds received and expended for Measure Z.
STIP	Accounts for funds received and expended in accordance with the State Transportation Improvement Program, a multi-year capital improvement program of transportation projects on and off the State Highway System.
Building	Accounts for funds received and expended for building maintenance purposes.
Recycling	Accounts for funds received and expended for recycling purposes.

City of Rio Dell, California
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2017

	Gas Tax	TDA	ISTEA	Solid Waste
ASSETS				
Cash and investments	$ 193,327	$ 45,446	$ -	$ 39,127
Receivables:				
Other receivable	7,255	-	22,358	4,836
Total assets	$ 200,582	$ 45,446	$ 22,358	$ 43,963
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 923	$ 277	$ 190	$ 2,019
Due to other funds	-	-	19,842	-
Total liabilities:	923	277	20,032	2,019
Fund Balances:				
Restricted	199,659	-	-	-
Assigned	-	45,169	2,326	41,944
Unassigned (deficit)	-	-	-	-
Total fund balances	199,659	45,169	2,326	41,944
Total liabilities and fund balances	$ 200,582	$ 45,446	$ 22,358	$ 43,963

SLESF	Measure Z	STIP	Building	Recycling	Totals
$ -	$ -	$ -	$ 15,387	$ 14,455	$ 307,742
23,376	5,721	-	-	5,000	68,546
$ 23,376	$ 5,721	$ -	$ 15,387	$ 19,455	$ 376,288
$ 878	$ -	$ 2,310	$ 260	$ 5,000	$ 11,857
1,579	5,692	992	-	-	28,105
2,457	5,692	3,302	260	5,000	39,962
-	-	-	-	-	199,659
20,919	29	-	15,127	14,455	139,969
-	-	(3,302)			(3,302)
20,919	29	(3,302)	15,127	14,455	336,326
$ 23,376	$ 5,721	$ -	$ 15,387	$ 19,455	$ 376,288

City of Rio Dell, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the year ended June 30, 2017

	Gas Tax	TDA	ISTEA	Solid Waste
REVENUES:				
Gas tax	$ 79,588	$ -	$ -	$ -
Intergovernmental	-	111,856	22,358	-
Licenses, permits, and franchise taxes	-	-	-	10,359
Interest and use of property	2	-	-	1
Miscellaneous	1,630	629	308	157
Total revenues	81,220	112,485	22,666	10,517
EXPENDITURES:				
Current:				
General government	21,862	21,831	5	-
Public safety - Police	-	-	-	-
Planning and public works	66,891	69,677	22,353	-
Building	3,067	2,074	-	-
Recycling	-	-	-	10,211
Capital outlay	15,196	-	-	-
Total expenditures	107,016	93,582	22,358	10,211
REVENUES OVER (UNDER) EXPENDITURES	(25,796)	18,903	308	306
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	(25,796)	18,903	308	306
FUND BALANCES (DEFICITS):				
Beginning of year	225,455	26,266	2,018	41,638
End of year	$ 199,659	$ 45,169	$ 2,326	$ 41,944

SLESF	Measure Z	STIP	Building	Recycling	Totals
$ -	$ -	$ -	$ -	$ -	$ 79,588
97,058	29,402	1,151	-	10,000	271,825
-	-	-	41,351	-	51,710
-	-	-	-	-	3
544	-	-	390	-	3,658
97,602	29,402	1,151	41,741	10,000	406,784
-	-	-	-	-	43,698
100,119	29,373	-	-	-	129,492
-	-	2,485	-	-	161,406
-	-	-	51,946	-	57,087
-	-	-	-	5,000	15,211
17,744	-	976	-	-	33,916
117,863	29,373	3,461	51,946	5,000	440,810
(20,261)	29	(2,310)	(10,205)	5,000	(34,026)
4,186	-	-	5,869	-	10,055
-	-	-	-	-	-
4,186	-	-	5,869	-	10,055
(16,075)	29	(2,310)	(4,336)	5,000	(23,971)
36,994	-	(992)	19,463	9,455	360,297
$ 20,919	$ 29	$ (3,302)	$ 15,127	$ 14,455	$ 336,326

City of Rio Dell, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Gas Tax Special Revenue Fund

For the year ended June 30, 2017

	Budgeted Amounts			Variance w/Final Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Gas tax	$ 74,339	$ 74,339	$ 79,588	$ 5,249
Interest and use of property	-	-	2	2
Miscellaneous	-	-	1,630	1,630
Total revenues	74,339	74,339	81,220	6,881
EXPENDITURES:				
Current:				
General government	33,817	34,468	21,862	12,606
Planning and public works	99,641	99,161	66,891	32,270
Building	2,450	2,455	3,067	(612)
Capital outlay	15,000	15,000	15,196	(196)
Total expenditures	150,908	151,084	107,016	44,068
REVENUES OVER (UNDER) EXPENDITURES	(76,569)	(76,745)	(25,796)	50,949
Net change in fund balances	(76,569)	(76,745)	(25,796)	50,949
FUND BALANCES (DEFICIT):				
Beginning of year	225,455	225,455	225,455	-
End of year	$ 148,886	$ 148,710	$ 199,659	$ 50,949

City of Rio Dell, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
TDA Special Revenue Fund
For the year ended June 30, 2017

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	$ 111,600	$ 111,600	$ 111,856	256
Miscellaneous	-	-	629	629
Total revenues	111,600	111,600	112,485	885
EXPENDITURES:				
Current:				
General government	33,817	33,802	21,831	11,971
Planning and public works	76,649	76,649	69,677	6,972
Building	2,450	2,452	2,074	(67,225)
Total expenditures	112,916	112,903	93,582	(50,356)
REVENUES OVER (UNDER) EXPENDITURES	(1,316)	(1,303)	18,903	20,206
Net change in fund balances	(1,316)	(1,303)	18,903	20,206
FUND BALANCES:				
Beginning of year	26,266	26,266	26,266	-
End of year	$ 24,950	$ 24,963	$ 45,169	$ 20,206

City of Rio Dell, California
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
ISTEA Special Revenue Fund
For the year ended June 30, 2017

	Budgeted Amounts			Variance w/Final Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Intergovernmental	$ 22,000	$ 22,000	$ 22,358	$ 358
Miscellaneous	-	-	308	308
Total revenues	22,000	22,000	22,666	666
EXPENDITURES:				
Current:				
General government	-	-	5	(5)
Planning and public works	20,813	22,382	22,353	29
Total expenditures	20,813	22,382	22,358	24
REVENUES OVER (UNDER) EXPENDITURES	1,187	(382)	308	690
Net change in fund balances	1,187	(382)	308	690
FUND BALANCES (DEFICIT):				
Beginning of year	2,018	2,018	2,018	-
End of year	$ 3,205	$ 1,636	$ 2,326	$ 690

City of Rio Dell, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Solid Waste Special Revenue Fund
For the year ended June 30, 2017

	Budgeted Amounts			Variance w/Final Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Licenses, permits, and franchise taxes	$ 9,000	$ 9,000	$ 10,359	$ 1,359
Use of money and property	-	-	1	1
Miscellaneous	-	-	157	157
Total revenues	9,000	9,000	10,517	1,517
EXPENDITURES:				
Current:				
Recycling	10,973	10,973	10,211	762
Total expenditures	10,973	10,973	10,211	762
REVENUES OVER (UNDER) EXPENDITURES	(1,973)	(1,973)	306	2,279
Net change in fund balances	(1,973)	(1,973)	306	2,279
FUND BALANCES (DEFICIT):				
Beginning of year	41,638	41,638	41,638	-
End of year	$ 39,665	$ 39,665	$ 41,944	$ 2,279

City of Rio Dell, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
SLESF Special Revenue Fund
For the year ended June 30, 2017

	Budgeted Amounts			Variance w/Final Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Intergovernmental	$ 100,000	$ 100,000	$ 97,058	$ (2,942)
Miscellaneous	-	-	544	544
Total revenues	100,000	100,000	97,602	(2,398)
EXPENDITURES:				
Current:				
Public safety - Police	89,157	103,778	100,119	3,659
Capital outlay	-	16,886	17,744	(858)
Total expenditures	89,157	120,664	117,863	2,801
REVENUES OVER (UNDER) EXPENDITURES	10,843	(20,664)	(20,261)	403
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	4,186	4,186
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	4,186	4,186
Net change in fund balances	10,843	(20,664)	(16,075)	4,589
FUND BALANCES (DEFICIT):				
Beginning of year	36,994	36,994	36,994	-
End of year	$ 47,837	$ 16,330	$ 20,919	$ 4,589

City of Rio Dell, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Measure Z Special Revenue Fund

For the year ended June 30, 2017

	Budgeted Amounts			Variance w/Final Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Intergovernmental	$ -	35,569	$ 29,402	$ (6,167)
Total revenues	-	35,569	29,402	(6,167)
EXPENDITURES:				
Current:				
Public safety - Police	-	29,401	29,373	28
Total expenditures	-	29,401	29,373	28
REVENUES OVER (UNDER) EXPENDITURES	-	6,168	29	(6,139)
Net change in fund balances	-	6,168	29	(6,139)
FUND BALANCES (DEFICIT):				
Beginning of year	-	-	-	-
End of year	$ -	$ 6,168	$ 29	$ (6,139)

City of Rio Dell, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

STIP Special Revenue Fund

For the year ended June 30, 2017

	Budgeted Amounts			Variance w/Final Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Intergovernmental	$ -	$ -	$ 1,151	$ 1,151
Total revenues	-	-	1,151	1,151
EXPENDITURES:				
Current:				
Planning and public works	-	-	2,485	(2,485)
Capital outlay	-	-	976	(976)
Total expenditures	-	-	3,461	(3,461)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(2,310)	(2,310)
Net change in fund balances	-	-	(2,310)	(2,310)
FUND BALANCES (DEFICIT):				
Beginning of year	(992)	(992)	(992)	-
End of year	$ (992)	$ (992)	$ (3,302)	$ (2,310)

City of Rio Dell, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Building Special Revenue Fund

For the year ended June 30, 2017

	Budgeted Amounts			Variance w/Final
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Licenses, permits and franchise fees	$ 32,901	$ 32,901	$ 41,351	$ 8,450
Miscellaneous	-	-	390	390
Total revenues	32,901	32,901	41,741	8,840
EXPENDITURES:				
Current:				
Building	57,468	58,466	51,946	6,520
Total expenditures	57,468	58,466	51,946	6,520
REVENUES OVER (UNDER) EXPENDITURES	(24,567)	(25,565)	(10,205)	15,360
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	5,869	5,869
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	5,869	5,869
Net change in fund balances	(24,567)	(25,565)	(4,336)	21,229
FUND BALANCES (DEFICIT):				
Beginning of year	19,463	19,463	19,463	-
End of year	$ (5,104)	$ (6,102)	$ 15,127	$ 21,229

City of Rio Dell, California
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Recycling Special Revenue Fund
For the year ended June 30, 2017

	Budgeted Amounts			Variance w/Final Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Intergovernmental	$ 5,000	$ 5,000	$ 10,000	$ 5,000
Total revenues	5,000	5,000	10,000	5,000
EXPENDITURES:				
Current:				
Recycling	5,000	5,000	5,000	-
Total expenditures	5,000	5,000	5,000	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	5,000	5,000
Net change in fund balances	-	-	5,000	5,000
FUND BALANCES (DEFICIT):				
Beginning of year	9,455	9,455	9,455	-
End of year	$ 9,455	$ 9,455	$ 14,455	$ 5,000

JJACPA, Inc.

A Professional Accounting Services Corp.

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*

Independent Auditor's Report

The Honorable City Council
City of Rio Dell
Rio Dell, 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, the aggregate remaining fund information, and the budgetary comparison information of the City of Rio Dell, California (City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 6, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

7080 Donlon Way, Suite 204, Dublin, CA 94568 • phone (925) 556-6200 • fax: (925) 556-6201
www.jjacpa.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

JJACPA, Inc.

November 6, 2017

JJACPA, Inc.
Dublin, CA

675 Wildwood Avenue
Rio Dell, CA 95562

CITY OF RIO DELL CALIFORNIA

TO: Rio Dell City Council

FROM: Karen Dunham, City Clerk

THROUGH: Kyle Knopp, City Manager

DATE: January 16, 2018

SUBJECT: Placement of Sculpture Pedestals

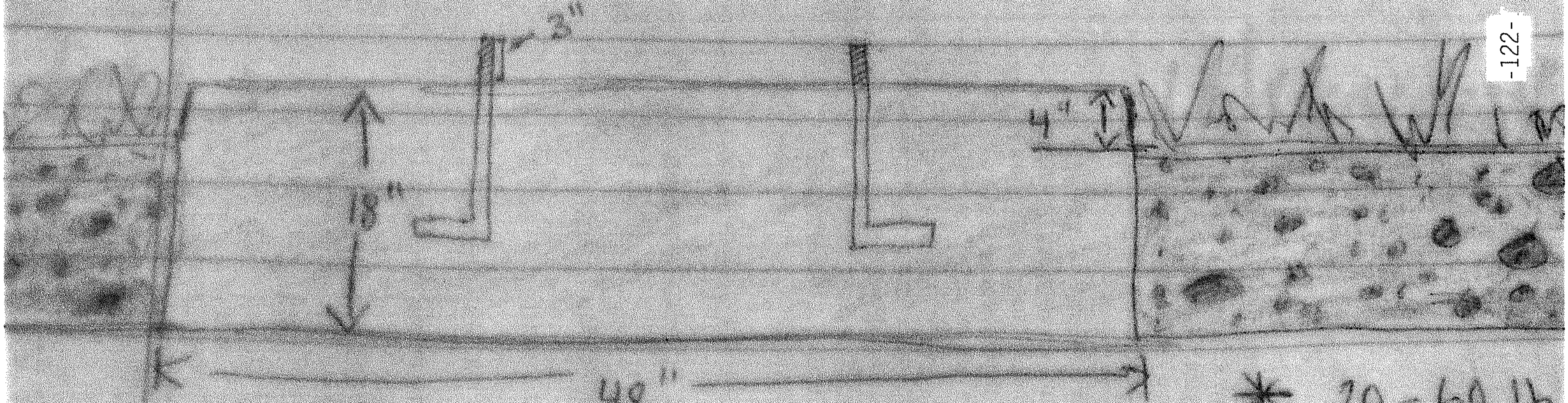
RECOMMENDATION

Approve the design and location for the sculpture pedestals.

BACKGROUND AND DISCUSSION

This item was presented to the Council at the January 2nd regular meeting. The Council discussed the proposed pedestal locations and expressed concerns that placing a sculpture in the first median would make it too cluttered and that the location of the second sculpture adjacent to Center St. may obstruct the view of kids in the crosswalk going to school. As such, alternate locations were proposed. The consensus of the Council was to continue the item to the next meeting and direct staff to flag the newly proposed locations with stakes so councilmembers could view the locations before making a decision.

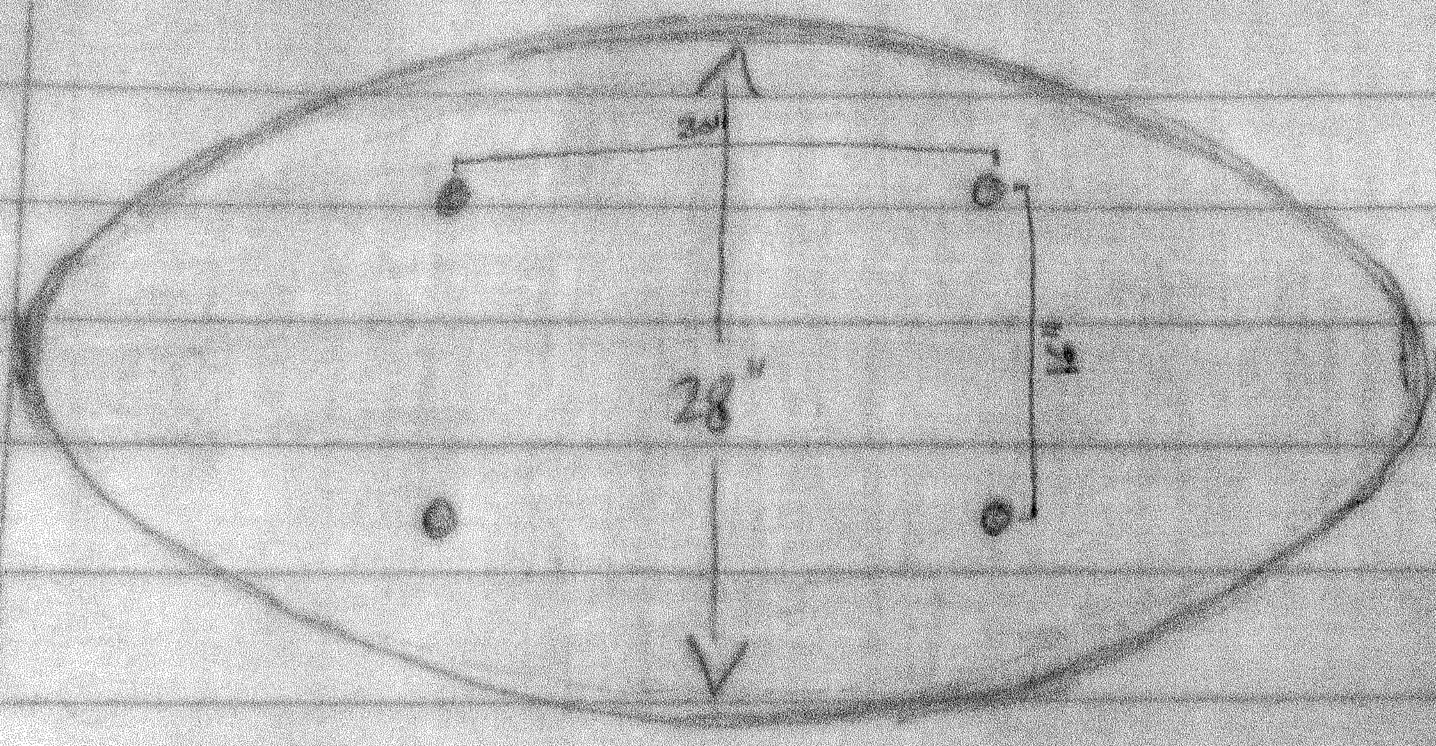
Water/Roadways Superintendent Jensen flagged the two locations as suggested. He pointed out that the median in front of City Hall is one of the smaller medians and would require removal of landscaping so it might not be the best location for a pedestal. As a suggestion, he said the Council might want to consider placing it in median to the north adjacent to the Dollar General.



* 20-60 lb
or
* 16-80 lb

ceme

* 4 "J"



Kyle Knopp

From: Dan McCauley <danscustommetals@gmail.com>
Sent: Friday, December 08, 2017 11:09 AM
To: Kyle Knopp
Subject: Pedestal Drawing
Attachments: KIMG5864.jpg

Sculpture Pedestals

- Proposing to construct/pour 2 bases with a 4 bolt pattern protruding so the sculptures can be securely fastened. Location of the bases are to be determined by the City of Rio Dell.

- Materials/ Tools -

- Cement Mixer Rental Cost	$160
- Cement Cost Qty 40 - 60lb bags	$600
- "J" Bolts/Nuts Cost Qty 8	$120
- Finishing tools and labor donated	
Total Projected Cost.	$880

675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532

CITY OF RIO DELL CALIFORNIA

For Meeting of: January 16, 2018
☐ Consent Item; ☑ Public Hearing Item

To: City Council

From: Kevin Caldwell, Community Development Director

Through: Kyle Knopp, City Manager

Date: January 11, 2018

Subject: Medicinal "M" and Adult Cannabis Activities at the Humboldt Rio Dell Business Park

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Recommendation:

That the City Council:

1. Receive staff's presentation; and
2. Open public hearing and receive public comment; and
3. Close public hearing and provide direction to staff.

Discussion

As the Council is aware the City's current Commercial Cannabis Regulations apply to medicinal only. At the time the City's regulations were adopted, October 2016, only medicinal cannabis operations were allowed in the State. This is not an uncommon situation as most jurisdictions began their regulatory framework under the medical assumptions of the Medical Cannabis Regulation and Safety Act (MCRSA).

With the approval of Proposition 64, the Adult Use of Marijuana Act (AUMA) in November of 2016, adult or recreational cannabis use is now legal in the State. As a result of the legalization of adult recreation use through Proposition 64, the state has recently streamlined the medical and nonmedical cannabis regulatory programs into the Medicinal and Adult-Use Cannabis Regulations and Safety Act (MAUCRSA), with one regulatory framework.

At this time, the State is requiring labeling cannabis and its associated value-added products for medicinal use with an "M" and cannabis products intended for adult use will be labeled with an "A". Under the current Rio Dell regulations, only "M" product activity can occur and all products or services would be limited to the "M" market only.

As the Council is likely aware the County, Eureka and Arcata have or are in the process of amending their cannabis regulations to allow both "M" and "A" cannabis related activities. Our stakeholders have expressed the need that the City expand our regulations to include "A" activities. The stakeholder's believe that they are at a competitive disadvantage and have requested that the issue be discussed before they invest millions of dollars in our City. As such, staff has scheduled this issue for discussion.

675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532

City of Rio Dell California

For Meeting of: January 16, 2018
☐ Consent Item; ☑ Public Hearing Item

To: City Council

From: Kevin Caldwell, Community Development Director

Through: Kyle Knopp, City Manager

Date: January 9, 2018

Subject: Community Development Block Grant Close Out Report for 13-CDBG-8971

Recommendation:

That the City Council:

1. Receive Report; and
2. Open public hearing and receive public comment; and
3. Close public hearing and direct staff to submit final reports to the State of California Housing and Community Development Block Grant (CDBG) Program.

Discussion

The City received $100,000 in funding from the HCD CDBG Program for a Planning and Technical Assistance (PTA) for a drainage study and preliminary improvement plans in the Belleview/Ogle neighborhood in 2013. The cost of the drainage study and preliminary improvement plans was approximately $57,000. In 2016 the City requested that HCD allow the City to utilize the remaining funds ($43,000+/-), supplemented with the City's CDBG Program Income to implement an Architectural Barrier Removal (ABR) project at City Hall.

The CDBG program requires a jurisdiction to have a public hearing within 90 days after expiration of grant (December 31, 2018) to allow members of the public to comment on the accomplishments of the projects.

After the public hearing staff will submit the completion report to HCD.