

August 9th 2019

**To: Board of Supervisors, County of Sierra, Downieville CA , City of Loyalton, CA
Mr. Lee Adams, Mr. Paul Roen, Mr. Peter Hubner, Mr. Jim Beard and Ms. Sharon Drydon.**

**From: Michael H. Welbourn
P.O. Box 1157/54 Patterson Circle
Loyalton, CA 96118
530-993-0453**

**Subj: FEMA Violation, Fence/Dam/Barricade, Dirt Berm/Dam located 308 Main St. & 201
Patton St. Loyalton, CA 96118**

The City of Loyalton has no floodplain plan of any kind nor a 100 year floodplain plan. The City of Loyalton never has had one and continues to be out of compliance with the Federal Government and the State of California. In September 2018 I had addressed this issue with the city clerk Ms. Cathy LeBlanc to have it confirmed the City has no 100 year floodplain plan or any flood plan for that matter but stated they have a floodplain map!

The summer of 2018, Mr. Eugene K. Nielson of 739 E 8425 S, Sandy Utah 84094 owner of this property built what he calls a fence, in reality the photos dictate otherwise, it is a dam/barricade to redirect the water west towards Taylor Street as this dam/barricade is directly behind my home at 54 Patterson Circle and those at 52 Patterson Circle, 53 Patterson Circle effecting the homes on Taylor and North side of Hwy 49.

August 7th 2019 the same owner of this property is in the process of raising the floodplain level as to build a high dirt berm/dam/barricade as to redirect the water behind as in the aforementioned properties.

- 1. With respect to the Board of Supervisors, County of Sierra in regards to the Floodplain Management having read it in its entirety on Sept 6th 2019, under Sierra County Part 32, Floodplain Management on the County of Sierras Official Website and noted codes under 32.01, 32.02 and especially 32.03, 32.04 and Statement of Purpose (a) thru (h) I submit the following.**
- 2. Legal definition of Government Units as seen in 32.01: "Government units are unique kinds of legal entities established by political processes which have legislative, judicial or executive authority OVER other "Institutional Units," "Institutional Units," that would be over Loyalton, Dowineville CA being County Seat.**

- 3. Legal definition of Institutional Unit: The institutional unit is an elementary economic decision-making center characterized by uniformity of behavior and decision-making autonomy in the exercise of its principal function within a given area."**
- 4. Definition of Legal Entity: A county, according to the court, is a "body politic and corporate." A body politic is a civil division of the State for purposes of governmental administration.**

With respect to the Board of Supervisors, they well know the city has no city engineer under employment nor the financial wherewithal to hire a permanent engineer, nor does it possess the knowledge base, qualifications or the ability to meet Federal or State mandates in creation of a 100 year floodplain plan.

With respect to the Board of Supervisors, this is a county problem and to think it not would be seriously naïve as you are the regulatory entity of Sierra County CA.

Taxes are paid by county residents to the County of Sierra for all regulatory issues including public health and safety as we are all being placed at risk by the actions of a rogue property owner of 308 Main St. and 201 Patton St.

The Sierra County Part 32 Floodplain Plan/Management is not open for interpretation as it is well defined in their duties to Sierra County Resident and not just portions that suits the counties administrative needs or purposes when they want or not want, furthermore I see no language in Part 32 stating the City of Loyalton is nullified/exempt and or removed from this floodplain plan, Part 32 Floodplain Management for reasons of being the only incorporated city in the county or on the counties official website in their adoption of this plan on behalf of Sierra County found at: <https://www.sierracounty.ca.gov/259/Floodplain-Management>.

As intended, under the Constitution of the United States, being the Law of the Land dating back to the Articles of Confederation, this Nations hierarchy by design and leadership flows: Federal Government to State, States retaining their sovereignty, State to County, County to City and rural America and that has been well established for all purposes for 243 years.

Smithneck Creek passing through Loyalton appears not to fall in the Smithneck Creek Wildlife Area or the National Forest according to the California Department of Fish and Wildlife Map but appears to do so through Sierra Brooks. Given the condition and lack of maintenance/foliage, tree's/brush growth of Smithneck Creek through Loyalton of its natural

flow and bypass from the old mill property, which is outside of the city limits then back into the city limits down to the bridge at Highway 49 and Taylor Street. Flooding has become a common occurrence over the past few years when it needs not be given this has been cleaned in the past of the overgrowth as a result of the 1997 flood.

As to 308 Main St. & 201 Patton St., I addressed the fence/dam/barricade issue with Mr. Nielsen and to the contrary, his property is located in the floodplain according to National Flood Hazard Layer FIRMette FEMA 060630 map taken from the Federal FEMA website which fell on deaf ears.

Smithneck Creek flows through Sierra County, Sierra Brooks, further being fueled along the way upstream by Bear Valley Creek as it flows down and out to the valley floor/wetlands.

Flooding became prevalent with the illegal redirection and a construction of a debris dam on Smithneck Creek in 1997 by Sierra Pacific Industries to save the co-gen from flooding but broke and flooded 3 feet of water down Patterson Circle, Patterson and Taylor Streets.

I have been in Sierra County, Loyalton over thirty years and over twenty in my home. I would further like to point out, 308 Main St. & 201 Patton St. where fence/dam/barricade was built, now an additional dirt berm/dam/barricade is being built. I would like to point out these buildings have remained empty and unoccupied and uninhabitable though owned, are in a serious state of decay and represents a clear and present danger as a serious fire hazard and public health and safety issue.

One unit was rented out a few years back but tenants left and refused to pay rent due to habitability issues, sewer issues breaching the surface of the ground and pipes, fear of fire danger as stated to me by the occupants upon their departure. At present the owner has just completed a roofing project on that particular building.

This fence/dam/barricade and now dirt berm/dam/barricade is an intentional obstruction in how water flows as the fence dam/barricade has been sealed with foam and other materials as to prevent water flow through this barricade, property and floodplain, which will raise the floodplain level even higher which will impede the flow of water, causing backup/blockage as duly noted and observed in September 2018 by Mr. Tim Beals Sierra County Public Works Director and head of Sierra County Engineering Department of this dam/barricade when inspected by him and myself.

I respectfully request the County of Sierra pursuant to their established Floodplain Part 32 Management Plan having the responsibility under public health and safety to its residents to resolve this issue to prevent property damages to several homes in the area through negligence of said property owner building these formidable obstructions.

FEMA Definition/Description.

Reference: FEMA Floodway states: ✓ Definition/Description

A "Regulatory Floodway" means the channel of a river or other watercourse and the adjacent land areas that must be reserved in order to discharge the base flood without cumulatively increasing the water surface elevation more than a designated height. Communities must regulate development in these floodways to ensure that there are no increases in upstream flood elevations. For streams and other watercourses where FEMA has provided Base Flood Elevations (BFEs), but no floodway has been designated, the community must review floodplain development on a case-by-case basis to ensure that increases in water surface elevations do not occur, or identify the need to adopt a floodway if adequate information is available.

In closing with respect to all, I firmly believe everyone has the right to defend their property and with respect to this issue, in my opinion this does appear to be a malicious act with no consideration given to permanent residents to which the owner of 308 Main St. and 201 Patton is not. This act on his part could bare serious legal consequences by restricting the natural flow of Smithneck Creek through a determined flood plain.

During a flood, water is obviously not manageable, I have three very large gates on my property of which I open or remove, allowing free flow of water and debris as not to create obstruction. If this fence/dam and dirt berm/dam is allowed to remain obstructing and redirecting flow, it will cause considerable damage to several homes, not only in the cult-ti-sac but Patterson and Taylor Streets.

Your attention and resolve to this matter will be appreciated.

Respectfully,

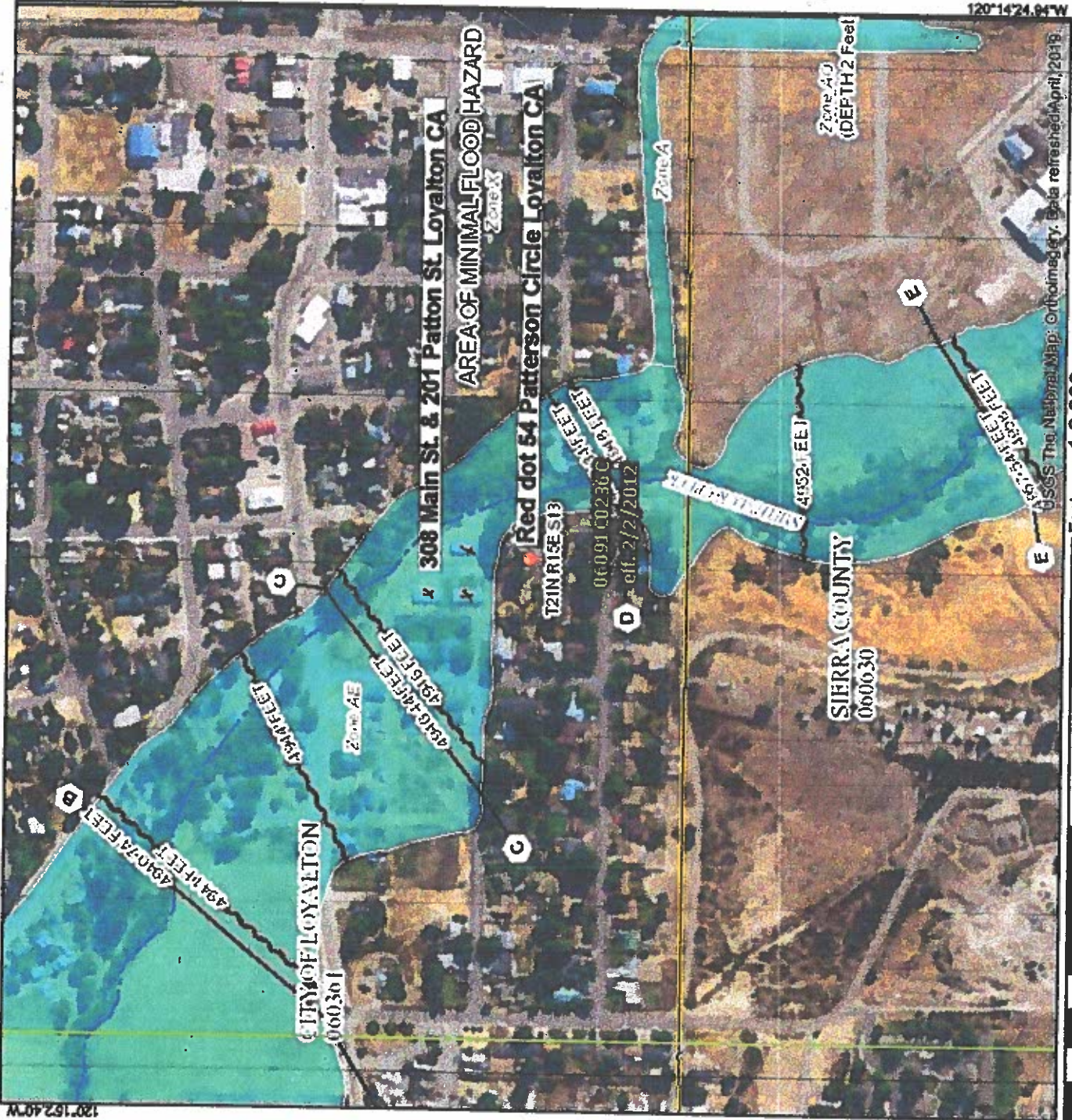

Michael H. Welbourn

Cc: FEMA, Oakland CA, DFEH, California Department of Fish & Wildlife, Sierra County Sheriff's Office

National Flood Hazard Layer FIRMette



38°40'40.90"N
120°15'24.90"W



Legend

SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT

- SPECIAL FLOOD HAZARD AREAS**
 - Without Base Flood Elevation (BFE) Zone A, V, A99
 - With BFE or Depth Zone AE, AO, AH, AR, AF
 - Regulatory Floodway
- OTHER AREAS OF FLOOD HAZARD**
 - 0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile Zone X
 - Future Conditions 1% Annual Chance Flood Hazard Zone X
 - Area with Reduced Flood Risk due to Levees. See Notes, Zone X
 - Area with Flood Risk due to Levee Zone D
- OTHER AREAS**
 - NO SCREEN
 - Area of Minimal Flood Hazard Zone X
 - Effective LOMBR
 - Area of Undetermined Flood Hazard Zone D
- GENERAL STRUCTURES**
 - Channel, Culvert, or Storm Sewer
 - Levee, Dike, or Floodwall
- OTHER FEATURES**
 - Cross Sections with 1% Annual Chance Water Surface Elevation
 - Coastal Transect
 - Base Flood Elevation Line (BFE)
 - Limit of Study
 - Jurisdiction Boundary
 - Coastal Transect Baseline
 - Profile Baseline
 - Hydrographic Feature
- MAP PANELS**
 - Digital Data Available
 - No Digital Data Available
 - Unmapped



The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.

This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards.

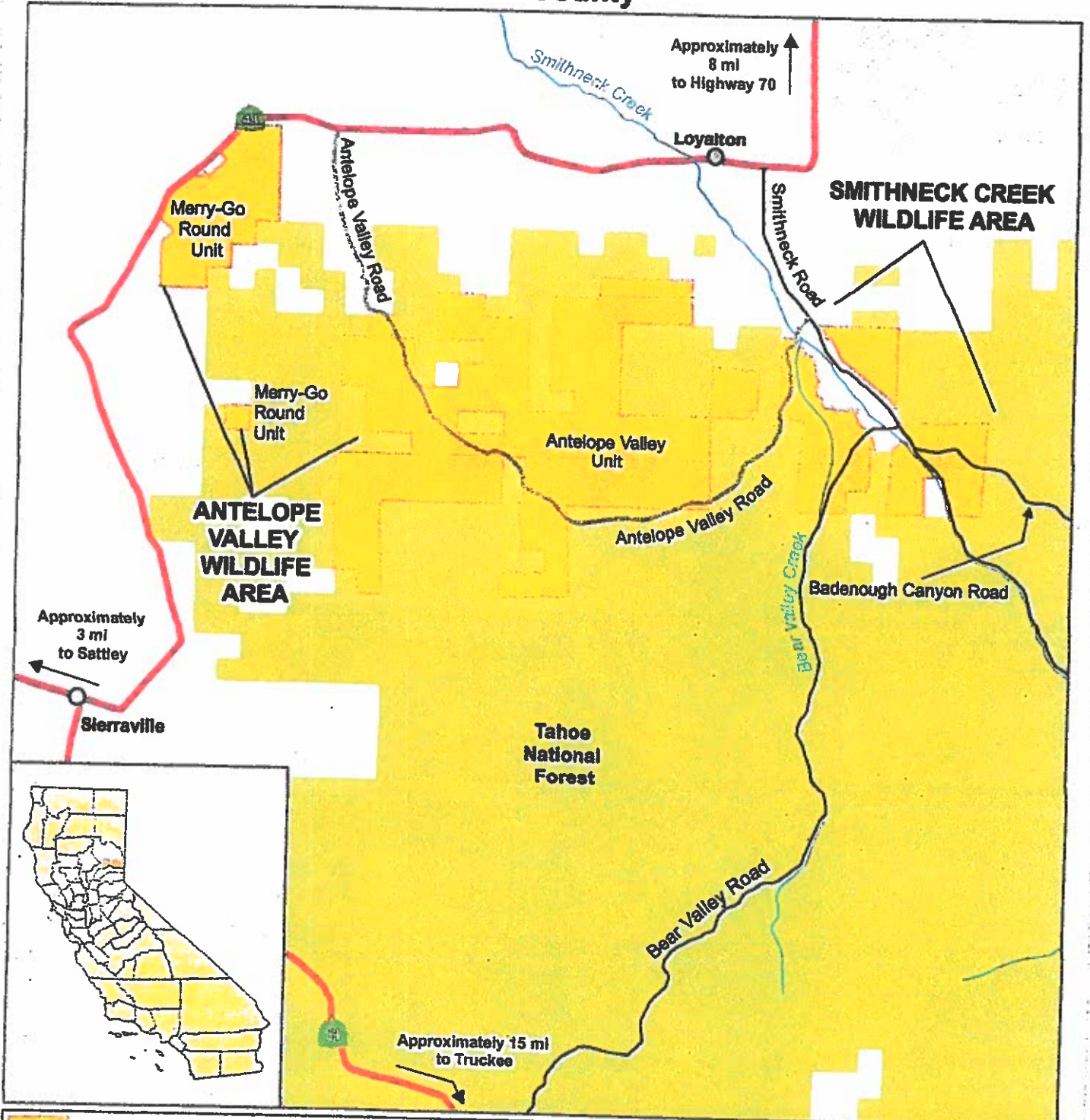
The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 8/8/2019 at 11:21:29 AM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map Imagery for unmapped and unmapped areas cannot be used for



© 2018 The National Map: Orthometry. Data refreshed April, 2018.

California Department of Fish and Wildlife
 North Central Region
ANTELOPE VALLEY WILDLIFE AREA
SMITHNECK CREEK WILDLIFE AREA
 Sierra County



Wildlife Area	State Highway	Local Road
National Forest	County Road	
Bureau of Land Management		
No OHV's allowed except on county roads on state lands.		

N 0 2 Miles

Disclaimer: Boundaries are approximate. Maps are intended for general purposes only.

January 2018 - WLB

**City of Loyalton
 Financial Report
 As of July 31, 2019**

	Jul 31, 19
ASSETS	
Current Assets	
Checking/Savings	
Enterprise Loan MM 0559	293,437.70
General Funds	
General Checking 1956- NEW	202,660.82
General Contingency Saving 0322	34,795.72
Total General Funds	237,456.54
Designated Funds	
WWTP Settlement (LAIF)	2,007,736.13
WWTP Settlement MM 4387 (New)	582,639.42
Fire Dept. Reserve 7243	182,132.70
WWTP Construction 1990	4,856.14
Community Dev Block Grant 0059	10,587.37
Total Designated Funds	2,787,951.76
Cash Drawer	450.00
Total Checking/Savings	3,319,296.00
Accounts Receivable	
Accounts Receivable	44,070.51
Total Accounts Receivable	44,070.51
Other Current Assets	
Grants Receivable	-79,061.19
CDBG Loans Receivable	14,104.53
Due From Other Funds	389,174.04
Due From Sewer Fund	-30,000.00
Accounts Receivable- Government	
Accounts Receivable (State of C	-40.82
General Accounts Receivable	-600.00
Accounts Receivable- Government - Other	-100.00
Total Accounts Receivable- Government	-740.82
Accounts Receivable- Proprietar	
Reserve for Bad Debt	-188,104.18
Accts Receivable- Late Fees Wat	16,389.22
Accts Receivable- Late Fees Sew	35,168.33
Sewer Ent. Accounts Receivable	257,975.91
Water Ent. Accounts Receivable	
Reconnect fee	-774.10
Water Ent. Accounts Receivable - Other	135,785.61
Total Water Ent. Accounts Receivable	135,011.51
Total Accounts Receivable- Proprietar	256,440.79
Undeposited Funds	247.29
Total Other Current Assets	550,164.64
Total Current Assets	3,913,531.15

City of Loyaltton
Financial Report
As of July 31, 2019

	Jul 31, 19
Long Term Liabilities	
John Deere Credit Payable70422	-0.03
John Deere Credit Payable 5215	21,284.56
Bonds Payable	
USDA 92-07	3,215,000.00
Note Payable- Water Proj 91-05	978,400.00
USDA Sewer 92-01	835,338.00
USDA Sewer 92-03	124,491.00
Total Bonds Payable	5,153,229.00
Total Long Term Liabilities	5,174,513.53
Total Liabilities	5,588,819.60
Equity	
Unassigned (Fund Equity)	199,791.14
Reserved Funds	32,967.98
Invested in Fixed Assets	4,956,179.67
Unreserved Fund Balance	3,249,644.43
Net Income	-98,146.30
Total Equity	8,340,436.92
TOTAL LIABILITIES & EQUITY	13,929,256.52

City of Loyalton
Income & Expenses
 July 1-31, 2019

	Jul 19
Ordinary Income/Expense	
Income	
Property Taxes	
Supplemental	246.03
Homeowners	401.42
Clerk Fees	33.55
Secured	10,621.22
Unsecured	60.39
Total Property Taxes	11,362.61
Taxes & License Revenue	
Sales & Use	10,414.09
License & Permits	50.00
Total Taxes & License Revenue	10,464.09
Intergovernmental - State	
Road Maintenance & Rehab	1,322.07
Highway Users Tax	
2103 (Gas Tax)	284.08
2105	281.95
2106	499.25
2107	370.24
2107.5	1,000.00
Total Highway Users Tax	2,435.52
Total Intergovernmental - State	3,757.59
Enterprise Income	
Sewer Service Income	
Late Fees Sewer	12,179.09
Sewer Service Income - Other	30,547.46
Total Sewer Service Income	42,726.55
Water Service Income	
Late Fees Water	6,089.55
Water Service Income - Other	23,054.82
Total Water Service Income	29,144.37
Total Enterprise Income	71,870.92
Charges for Current Services	
Copies & Faxes	66.20
Rent Income	900.00
Total Charges for Current Services	966.20
Revenue Use of Money & Property	
Interest Income	8,099.25
Total Revenue Use of Money & Property	8,099.25
Total Income	106,520.66
Gross Profit	106,520.66
Expense	
Small Tools & Equipment	
Small Tools & Equipment - Other	103.51
Total Small Tools & Equipment	103.51
Repairs & Maintenance	126.00
Utilities	
Internet - Broadband	109.00
Electric	15,216.50

11:59 AM

08/14/19

Accrual Basis

City of Loyalton
Income & Expenses
July 1-31, 2019

	<u>Jul 19</u>
Other Income/Expense	
Other Expense	
Debt Service	
Interest Expense	
Interest 91-05 Water	21,213.00
Total Interest Expense	21,213.00
Principal	19,800.00
Total Debt Service	41,013.00
Total Other Expense	41,013.00
Net Other Income	-41,013.00
Net Income	<u>-98,146.30</u>

12:08 PM
08/14/19
Cash Basis

City of Loyalton
Bills Paid
July 1-31, 2019

Type	Date	Num	Name	Memo	Paid Amo...
Bill Pmt -Check	07/01/2019	5729	Sierra Valley Home Cen...	1100	-225.74
Bill Pmt -Check	07/01/2019	5730	Verizon Wireless	370745244-0000001	-38.01
Paycheck	07/03/2019	5731	Cussins, John C		-14,959.30
Paycheck	07/03/2019	5732	Jardin, Patsy E		-27,056.42
Paycheck	07/03/2019	5733	Yegge, Donald M.		-8,851.42
Bill Pmt -Check	07/09/2019	5734	Affordable Brake & Tire...	Inv. 6888 (Fuel Pump Repair-...	-490.00
Bill Pmt -Check	07/09/2019	5735	Jim Olsen	Museum Books	-89.00
Bill Pmt -Check	07/09/2019	5736	Joshua's Ironworks, Inc.	Replace locks and keys for C....	-161.10
Bill Pmt -Check	07/09/2019	5737	S.C.O.R.E.	2019-2020 Property Insurance...	-29,539.98
Bill Pmt -Check	07/10/2019	5738	Keith Jordan	Phone Reimbursement -July 2...	-15.00
Bill Pmt -Check	07/10/2019	5739	United Healthcare Insur...	J. Cussins August 2019 Premi...	-254.67
Paycheck	07/12/2019	5740	Bennett, Kenneth E		-1,496.70
Paycheck	07/12/2019	5741	Cussins, John C		0.00
Paycheck	07/12/2019	5742	Jordan, Keith S.		-1,296.59
Paycheck	07/12/2019	5743	LeBlanc, Katherine L		-807.04
Paycheck	07/12/2019	5744	Smith, Tracy A		-596.38
Paycheck	07/12/2019	5745	Willis, Charlotte L		-613.12
Bill Pmt -Check	07/19/2019	5746	Alliant Insurance Servic...	VOID: CRIME0708 / CL142052	0.00
Bill Pmt -Check	07/19/2019	5747	AT&T CALNET 3	VOID:	0.00
Bill Pmt -Check	07/19/2019	5748	Farr West Engineering	VOID:	0.00
Bill Pmt -Check	07/19/2019	5749	L. N. Curtis & Sons	VOID: Inv. # 296063 /5- 5Gal. ...	0.00
Bill Pmt -Check	07/19/2019	5750	League of California Citi...	VOID: Membership Dues For ...	0.00
Bill Pmt -Check	07/19/2019	5751	Mountain Messenger	Inv. # 00019261 (7/14/19) Sur...	-52.50
Bill Pmt -Check	07/19/2019	5752	Office Depot	6011 5661 5318 4480	-1,129.52
Bill Pmt -Check	07/19/2019	5753	Plumas-Sierra Telecomm.	Broadband, Account #37225 (...	-109.00
Bill Pmt -Check	07/19/2019	5754	Plumas Sanitation	Portable @ Cemetary June19,...	-166.24
Bill Pmt -Check	07/19/2019	5755	Plumas Sierra Rural Ele...		-6,468.82
Bill Pmt -Check	07/19/2019	5756	Porter Simon Profession...	92132-13200M	-1,880.00
Bill Pmt -Check	07/19/2019	5757	Sierra County Auditor	Police Contract/August 2019	-1,250.00
Bill Pmt -Check	07/19/2019	5758	Sierra Environmental M...	LOY-001	-1,176.00
Bill Pmt -Check	07/19/2019	5759	ULINE	Invoice 109811320 (2-6x9 Uni...	-51.88
Bill Pmt -Check	07/19/2019	5760	Western Pacific Electric,...	Motor repaired for replacemen...	-3,021.38
Bill Pmt -Check	07/19/2019	5761	WIN-911 Software	WIN-911-MAINT-R (Annual M...	-495.00
Bill Pmt -Check	07/19/2019	5762	Xerox Corporation	951429299	-345.69
Bill Pmt -Check	07/19/2019	5763	Alliant Insurance Servic...	CRIME0708 / CL142052	-998.98

**City of Loyalton
Credit Card Detail
As of July 4, 2019**

Type	Date	Num	Adj	Name	Memo	Class	Cir	Split	Debit	Credit	Balance
B of A CC 2646-J. Evans											
Credit Card C...	06/17/2019	Inv.#0...		Whites Sierra Statio...	5472-0635-78...	Gener...	X	Fuel		17.40	17.40
General Journal	06/29/2019	463	*		To reverse do...			Bank Service Charges		25.00	42.40
Credit Card C...	06/29/2019	Inv.#0...		Whites Sierra Statio...	5472-0635-78...	Gener...	X	Fuel		75.90	118.30
Credit Card C...	07/02/2019	Inv.#2...		All Seasons Window...	Window Tintin...		X	Equipment Repair &...		225.00	343.30
Credit Card C...	07/02/2019	#0978...		Walmart	54720635781...		X	Operating Supplies		105.38	448.68
Bill	07/04/2019	2646(...)		Bank of America	-MULTIPLE-	Gener...		Accounts Payable	423.68		25.00
Total B of A CC 2646-J. Evans											
B of A CC 4046-R. DeMartini											
Credit Card C...	06/17/2019	#0798...		Bank of America	WSSI- Fuel C...	Gener...	X	Bank Service Charges		48.35	48.35
Bill	07/04/2019	4046 (...)		Bank of America	WSSI (06.17...			Accounts Payable	48.35		0.00
Total B of A CC 4046-R. DeMartini											
BofA CC 5732-K. Jordan											
Credit Card C...	06/26/2019	Inv.73...		Irrigation Mart	54720635749...	Enter...	X	Repairs & Maintena...		499.50	499.50
Bill	07/04/2019	5732 (...)		Bank of America	Irrigation Mart...			Accounts Payable	499.50		0.00
Total BofA CC 5732-K. Jordan											
BofA CC 8784-S. Haywood											
Credit Card C...	07/02/2019	#0415...		Whites Sierra Statio...	5472-0635-77...		X	Fuel		76.44	76.44
Total BofA CC 8784-S. Haywood											
BofA CC 6111- K LeBlanc											
Credit Card C...	06/05/2019			Montway Auto Trans...	Cancelled Tra...		X	Equipment	1,499.00		-1,499.00
Credit Card C...	06/07/2019	05197E		Whites Sierra Statio...	5472-0635-77...		X	-SPLIT-		69.89	-1,429.11
Credit Card C...	06/13/2019	6/14/19		Gaia Shasta Hotel	5472-0635-77...		X	Travel for SCORE		108.90	-1,320.21
Credit Card C...	06/13/2019	2019 ...		Weebly	2018 Website...		X	Dues and Subscripti...		300.00	-1,020.21
Credit Card C...	06/13/2019	04509E		Whites Sierra Statio...	5472-0635-77...		X	-SPLIT-		231.52	-788.69
Credit Card C...	06/21/2019	06042E		Postmaster	5472-0635-77...		X	Postage		12.15	-776.54
Credit Card C...	06/21/2019	09884E		Postmaster	5472-0635-77...		X	Postage		8.55	-767.99
Credit Card C...	06/28/2019	04253E		Postmaster	5472-0635-77...		X	Postage		20.55	-747.44
Credit Card C...	06/28/2019	01865E		Whites Sierra Statio...	5472-0635-77...		X	-SPLIT-		210.21	-537.23
Total BofA CC 6111- K LeBlanc											
TOTAL											
									1,499.00	961.77	-537.23
									2,470.53	2,034.74	-435.79

City of Loyaltan
 General
 July 2019

	General ... (General ...	Law Enf... (General ...	General ... (General ...	Total Ge...	TOTAL
Ordinary Income/Expense					
Income					
Property Taxes					
Supplemental	246.03	0.00	0.00	246.03	246.03
Homeowners	401.42	0.00	0.00	401.42	401.42
Clerk Fees	33.55	0.00	0.00	33.55	33.55
Secured	10,621.22	0.00	0.00	10,621.22	10,621.22
Unsecured	60.39	0.00	0.00	60.39	60.39
Total Property Taxes	11,362.61	0.00	0.00	11,362.61	11,362.61
Taxes & License Revenue					
Sales & Use	10,414.09	0.00	0.00	10,414.09	10,414.09
License & Permits	50.00	0.00	0.00	50.00	50.00
Total Taxes & License Revenue	10,464.09	0.00	0.00	10,464.09	10,464.09
Charges for Current Services					
Copies & Faxes	66.20	0.00	0.00	66.20	66.20
Total Charges for Current Servic...	66.20	0.00	0.00	66.20	66.20
Revenue Use of Money & Property					
Interest Income	19.29	0.00	0.00	19.29	19.29
Total Revenue Use of Money & ...	19.29	0.00	0.00	19.29	19.29
Total Income	21,912.19	0.00	0.00	21,912.19	21,912.19
Gross Profit	21,912.19	0.00	0.00	21,912.19	21,912.19
Expense					
Utilities					
Internet - Broadband	16.35	0.00	0.00	16.35	16.35
Electric	0.00	0.00	17.73	17.73	17.73
Total Utilities	16.35	0.00	17.73	34.08	34.08
Salaries and Wages					
Payroll Tax Expense	9.80	0.00	0.00	9.80	9.80
Payroll Expense	84,664.84	0.00	0.00	84,664.84	84,664.84
Total Salaries and Wages	84,674.64	0.00	0.00	84,674.64	84,674.64
Services and Supplies					
Postage	27.63	0.00	0.00	27.63	27.63
Advertising	106.40	0.00	0.00	106.40	106.40
Bank Service Charges	2.00	0.00	0.00	2.00	2.00
Contracted Services					
Professional Fees	0.00	1,250.00	0.00	1,250.00	1,250.00
Legal Fees	280.00	0.00	0.00	280.00	280.00
Total Contracted Services	280.00	1,250.00	0.00	1,530.00	1,530.00
Insurance					
Liability Insurance	2,761.09	0.00	0.00	2,761.09	2,761.09
Property Insurance	192.90	0.00	0.00	192.90	192.90
Insurance - Other	99.90	0.00	0.00	99.90	99.90
Total Insurance	3,053.89	0.00	0.00	3,053.89	3,053.89
Miscellaneous					
Meals	30.71	0.00	0.00	30.71	30.71
Total Miscellaneous	30.71	0.00	0.00	30.71	30.71
Office Expense	51.85	0.00	0.00	51.85	51.85
Operating Supplies	169.08	0.00	0.00	169.08	169.08

City of Loyaltan
Water
July 2019

	Water Fu... (Enterpri...	Total Ent...	TOTAL
Ordinary Income/Expense			
Income			
Enterprise Income			
Water Service Income			
Late Fees Water	6,089.55	6,089.55	6,089.55
Water Service Income - Other	23,054.82	23,054.82	23,054.82
Total Water Service Income	<u>29,144.37</u>	<u>29,144.37</u>	<u>29,144.37</u>
Total Enterprise Income	<u>29,144.37</u>	<u>29,144.37</u>	<u>29,144.37</u>
Revenue Use of Money & Property			
Interest Income	33.25	33.25	33.25
Total Revenue Use of Money & Property	<u>33.25</u>	<u>33.25</u>	<u>33.25</u>
Total Income	<u>29,177.62</u>	<u>29,177.62</u>	<u>29,177.62</u>
Gross Profit	<u>29,177.62</u>	<u>29,177.62</u>	<u>29,177.62</u>
Expense			
Utilities			
Internet - Broadband	43.60	43.60	43.60
Electric	7,657.97	7,657.97	7,657.97
Total Utilities	<u>7,701.57</u>	<u>7,701.57</u>	<u>7,701.57</u>
Equipment Repair & Maintenance	<u>445.00</u>	<u>445.00</u>	<u>445.00</u>
Salaries and Wages			
Payroll Tax Expense	302.83	302.83	302.83
Payroll Expense			
Part Time Wages	2,135.66	2,135.66	2,135.66
Payroll Expense - Other	1,551.54	1,551.54	1,551.54
Total Payroll Expense	<u>3,687.20</u>	<u>3,687.20</u>	<u>3,687.20</u>
Total Salaries and Wages	<u>3,990.03</u>	<u>3,990.03</u>	<u>3,990.03</u>
Employee Benefits			
Nationwide City	109.00	109.00	109.00
Health Insurance	127.33	127.33	127.33
Total Employee Benefits	<u>236.33</u>	<u>236.33</u>	<u>236.33</u>
Services and Supplies			
Postage	170.93	170.93	170.93
Bank Service Charges	0.50	0.50	0.50
Chemicals	1,063.92	1,063.92	1,063.92
Contracted Services			
Health/Drug Screening	264.00	264.00	264.00
Testing	642.00	642.00	642.00
Total Contracted Services	<u>906.00</u>	<u>906.00</u>	<u>906.00</u>
Dues and Subscriptions	<u>75.00</u>	<u>75.00</u>	<u>75.00</u>
Insurance			
Liability Insurance	11,044.39	11,044.39	11,044.39
Property Insurance	771.60	771.60	771.60
Insurance - Other	299.69	299.69	299.69
Total Insurance	<u>12,115.68</u>	<u>12,115.68</u>	<u>12,115.68</u>
Office Expense	138.28	138.28	138.28
Operating Supplies	586.23	586.23	586.23
Telephone	26.50	26.50	26.50
Total Services and Supplies	<u>15,083.04</u>	<u>15,083.04</u>	<u>15,083.04</u>

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 08/14/19
 Accrual Basis

City of Loyaltton
WWTP & Sewer
 July 2019

	WWTP Pon... (Sewer Fun...)	Sewer Fund... (Sewer Fun...)	Total Sewer... (Enterprise ...)	Total Enterp...	TOTAL
Ordinary Income/Expense					
Income					
Enterprise Income					
Sewer Service Income					
Late Fees Sewer	0.00	12,179.09	12,179.09	12,179.09	12,179.09
Sewer Service Income - Other	0.00	30,547.46	30,547.46	30,547.46	30,547.46
Total Sewer Service Income	0.00	42,726.55	42,726.55	42,726.55	42,726.55
Total Enterprise Income	0.00	42,726.55	42,726.55	42,726.55	42,726.55
Revenue Use of Money & Property					
Interest Income	7,915.15	99.73	8,014.88	8,014.88	8,014.88
Total Revenue Use of Money & Property	7,915.15	99.73	8,014.88	8,014.88	8,014.88
Total Income	7,915.15	42,826.28	50,741.43	50,741.43	50,741.43
Gross Profit	7,915.15	42,826.28	50,741.43	50,741.43	50,741.43
Expense					
Repairs & Maintenance	0.00	126.00	126.00	126.00	126.00
Utilities					
Internet - Broadband	0.00	43.60	43.60	43.60	43.60
Electric	0.00	3,455.78	3,455.78	3,455.78	3,455.78
Total Utilities	0.00	3,499.38	3,499.38	3,499.38	3,499.38
Equipment Repair & Maintenance	0.00	3,714.13	3,714.13	3,714.13	3,714.13
Salaries and Wages					
Payroll Tax Expense	0.00	563.78	563.78	563.78	563.78
Payroll Expense					
Part Time Wages	0.00	2,475.94	2,475.94	2,475.94	2,475.94
Payroll Expense - Other	0.00	4,450.34	4,450.34	4,450.34	4,450.34
Total Payroll Expense	0.00	6,926.28	6,926.28	6,926.28	6,926.28
Total Salaries and Wages	0.00	7,490.06	7,490.06	7,490.06	7,490.06
Employee Benefits					
Nationwide City	0.00	109.02	109.02	109.02	109.02
Health Insurance	0.00	127.34	127.34	127.34	127.34
Total Employee Benefits	0.00	236.36	236.36	236.36	236.36
Services and Supplies					
Postage	0.00	170.93	170.93	170.93	170.93
Bank Service Charges	0.00	1.50	1.50	1.50	1.50
Contracted Services					
Health/Drug Screening	0.00	264.00	264.00	264.00	264.00
Professional Fees	2,489.25	0.00	2,489.25	2,489.25	2,489.25
Legal Fees	35,928.07	0.00	35,928.07	35,928.07	35,928.07
Testing	0.00	416.00	416.00	416.00	416.00
Contracted Services - Other	-37,403.57	4,011.25	-33,392.32	-33,392.32	-33,392.32
Total Contracted Services	1,013.75	4,691.25	5,705.00	5,705.00	5,705.00
Dues and Subscriptions	0.00	75.00	75.00	75.00	75.00
Insurance					
Liability Insurance	0.00	11,044.39	11,044.39	11,044.39	11,044.39
Property Insurance	0.00	771.60	771.60	771.60	771.60
Insurance - Other	0.00	299.69	299.69	299.69	299.69
Total Insurance	0.00	12,115.68	12,115.68	12,115.68	12,115.68
Office Expense	0.00	138.28	138.28	138.28	138.28
Operating Supplies	0.00	1,117.33	1,117.33	1,117.33	1,117.33

**City of Loyaltton
Streets
July 2019**

	Gas Tax 9422-1 (Streets and Highwa...	Streets and Highway... (Streets and Highwa...	Total Streets and Hi... (Special Revenue)	Total Special Revenue	TOTAL
Ordinary Income/Expense					
Income					
Intergovernmental - State					
Road Maintenance & Rehab					
Highway Users Tax					
2103 (Gas Tax)	284.08	0.00	284.08	284.08	284.08
2105	0.00	281.95	281.95	281.95	281.95
2106	0.00	499.25	499.25	499.25	499.25
2107	0.00	370.24	370.24	370.24	370.24
2107.5	0.00	1,000.00	1,000.00	1,000.00	1,000.00
Total Highway Users Tax	284.08	2,151.44	2,435.52	2,435.52	2,435.52
Total Intergovernmental - State	284.08	3,473.51	3,757.59	3,757.59	3,757.59
Total Income	284.08	3,473.51	3,757.59	3,757.59	3,757.59
Gross Profit	284.08	3,473.51	3,757.59	3,757.59	3,757.59
Expense					
Utilities					
Internet - Broadband	0.00	5.45	5.45	5.45	5.45
Electric	126.86	3,182.58	3,309.44	3,309.44	3,309.44
Total Utilities	126.86	3,188.03	3,314.89	3,314.89	3,314.89
Salaries and Wages					
Payroll Tax Expense	0.00	63.47	63.47	63.47	63.47
Payroll Expense	0.00	829.56	829.56	829.56	829.56
Total Salaries and Wages	0.00	893.03	893.03	893.03	893.03
Services and Supplies					
Insurance					
Liability Insurance	0.00	2,761.11	2,761.11	2,761.11	2,761.11
Property Insurance	0.00	192.90	192.90	192.90	192.90
Insurance - Other	0.00	99.90	99.90	99.90	99.90
Total Insurance	0.00	3,053.91	3,053.91	3,053.91	3,053.91
Office Expense					
Operating Supplies	0.00	17.28	17.28	17.28	17.28
	0.00	444.60	444.60	444.60	444.60
Total Services and Supplies	0.00	3,515.79	3,515.79	3,515.79	3,515.79
Total Expense	126.86	7,596.85	7,723.71	7,723.71	7,723.71

**City of Loyalton
Park
July 2019**

	Park Rent... (Park 9420...)	Park 9420-... (Park 9420...)	Total Park ... (General F...)	Total Gen...	TOTAL
Ordinary Income/Expense					
Income					
Charges for Current Services					
Rent Income	900.00	0.00	900.00	900.00	900.00
Total Charges for Current Services	900.00	0.00	900.00	900.00	900.00
Total Income	900.00	0.00	900.00	900.00	900.00
Gross Profit	900.00	0.00	900.00	900.00	900.00
Expense					
Utilities					
Electric	0.00	77.32	77.32	77.32	77.32
Total Utilities	0.00	77.32	77.32	77.32	77.32
Services and Supplies					
Operating Supplies	0.00	563.53	563.53	563.53	563.53
Total Services and Supplies	0.00	563.53	563.53	563.53	563.53
Total Expense	0.00	640.85	640.85	640.85	640.85
Net Ordinary Income	900.00	-640.85	259.15	259.15	259.15
Net Income	900.00	-640.85	259.15	259.15	259.15

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08/14/19

Accrual Basis

City of Loyalton
Social Hall
July 2019

	<u>Social Hall 9420</u> <u>(Park 9420-1)</u>	<u>Total Park 9420-1</u> <u>(General Fund)</u>	<u>Total General F...</u>	<u>TOTAL</u>
Ordinary Income/Expense				
Expense				
Services and Supplies				
Insurance	<u>49.95</u>	<u>49.95</u>	<u>49.95</u>	<u>49.95</u>
Total Services and Supplies	<u>49.95</u>	<u>49.95</u>	<u>49.95</u>	<u>49.95</u>
Total Expense	<u>49.95</u>	<u>49.95</u>	<u>49.95</u>	<u>49.95</u>
Net Ordinary Income	<u>-49.95</u>	<u>-49.95</u>	<u>-49.95</u>	<u>-49.95</u>
Net Income	<u><u>-49.95</u></u>	<u><u>-49.95</u></u>	<u><u>-49.95</u></u>	<u><u>-49.95</u></u>

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08/14/19

Accrual Basis

City of Loyalton
MUSEUM
July 2019

	<u>Museums 9410</u> <u>(General Fund)</u>	<u>Total General F...</u>	<u>TOTAL</u>
Ordinary Income/Expense			
Expense			
Utilities			
Electric	<u>165.57</u>	<u>165.57</u>	<u>165.57</u>
Total Utilities	<u>165.57</u>	<u>165.57</u>	<u>165.57</u>
Services and Supplies			
Insurance	<u>49.95</u>	<u>49.95</u>	<u>49.95</u>
Services and Supplies - Other	<u>89.00</u>	<u>89.00</u>	<u>89.00</u>
Total Services and Supplies	<u>138.95</u>	<u>138.95</u>	<u>138.95</u>
Total Expense	<u>304.52</u>	<u>304.52</u>	<u>304.52</u>
Net Ordinary Income	<u>-304.52</u>	<u>-304.52</u>	<u>-304.52</u>
Net Income	<u>-304.52</u>	<u>-304.52</u>	<u>-304.52</u>

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08/14/19

Accrual Basis

**City of Loyalton
Fire Department
July 2019**

	Fire Department 7... (General Fund)	Total General Fund	TOTAL
Ordinary Income/Expense			
Income			
Revenue Use of Money & Property			
Interest Income	30.93	30.93	30.93
Total Revenue Use of Money & Property	30.93	30.93	30.93
Total Income	30.93	30.93	30.93
Gross Profit	30.93	30.93	30.93
Expense			
Small Tools & Equipment			
Small Tools & Equipment - Other	103.51	103.51	103.51
Total Small Tools & Equipment	103.51	103.51	103.51
Utilities			
Electric	343.46	343.46	343.46
Total Utilities	343.46	343.46	343.46
Equipment Repair & Maintenance	1,111.75	1,111.75	1,111.75
Services and Supplies			
Automobile Expense			
Fuel	76.44	76.44	76.44
Total Automobile Expense	76.44	76.44	76.44
Insurance	99.90	99.90	99.90
Office Expense	184.03	184.03	184.03
Operating Supplies	105.38	105.38	105.38
Telephone	49.25	49.25	49.25
Total Services and Supplies	515.00	515.00	515.00
Total Expense	2,073.72	2,073.72	2,073.72
Net Ordinary Income	-2,042.79	-2,042.79	-2,042.79
Net Income	-2,042.79	-2,042.79	-2,042.79

Acknowledgement of Approval, City of Loyalton

The City of Loyalton acknowledges approval of the below listed reconciled Plumas Bank Accounts

General Account (1956)	07.31.2019	(\$257,891.11)	Reconciled	08.09.2019
CDBG Account (0059)	07.21.2019	(\$10,587.37)	Reconciled	07.31.2019
F.D. Reserve (7243)	07.31.2019	(\$182,132.70)	Reconciled	08.09.2019
General Savings (0322)	07.21.2019	(\$108742.46)	Reconciled	07.31.2019
Enterprise-W&S (0559)	07.31.2019	(\$458,657.83)	Reconciled	08.09.2019
WWTP Constr. (1990)	07.31.2019	(\$4856.14)	Reconciled	08.09.2019
WWTP Settle. (4387)	07.31.2019	(\$582,639.42)	Reconciled	08.09.2019
LAIF Account (496)	07.31.2019	(\$2,007,736.13)	Reconciled	08.02.2019

This authorization took place at the council meeting held on 08/20/2019 and will be further reflected in the council minutes of this meeting.

Authorized Signature Sarah Jackson, Mayor, Dated 08/20/2019

Acknowledgement of Approval, City of Loyalton

The City of Loyalton acknowledges approval of the below listed Transfer(s) of Funds.

Transfer From	Transfer To	Date	Amount
General Fund	Enterprise Loan MM 0559	09/06/2019	
	Water		1,500.00
	Sewer		4,500.00
General Fund	Enterprise Loan MM 0559	09/13/2019	
	Water		1,500.00
	Sewer		4,500.00
General Fund	Enterprise Loan MM 0559	09/20/2019	
	Water		1,500.00
	Sewer		4,500.00
General Fund	Enterprise Loan MM 0559	09/27/2019	
	Water		1,500.00
	Sewer		4,500.00
THIS TOTAL			\$24,000.00

This authorization took place at the council meeting held on 08/20/2019 and will be further reflected in the council minutes of this meeting.

Authorized Signature Sarah Jackson, Mayor, Dated 08/20/2019

Acknowledgement of Approval, City of Loyaltan

The City of Loyaltan acknowledges approval of the below listed Transfer(s) of Funds.

Transfer from	Transfer to	Date	Amount
WWTP Settlement (4387)	General (1956)	08.23.2019	\$11,744.25

(Reimbursement to General Account from WWTP Settlement Account for Beckwith Street and Pond Repair Work-Farr West Engineering)

TOTAL **\$11,744.25**

This authorization took place at the regular council meeting held on 08/20/2019 and will be further reflected in the council minutes of this meeting.

Authorized Signature Sarah Jackson, Mayor, Dated 08/20/2019

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City of Loyalton
Unpaid Bills
 July 1-31, 2019

Type	Date	Num	Due Date	Aging	Open Balance
AJE					
General Journal	06/30/2012	AJE cx			2,646.60
Total AJE					2,646.60
Audit Adjustments 2015					
General Journal	07/01/2017	COLR...			-3,753.00
Total Audit Adjustments 2015					-3,753.00
Home Depot					
Credit	08/12/2017	9292845			-13.48
Deposit	02/02/2018	16400...			13.48
Total Home Depot					0.00
Pape Machinery - POWERPLAN					
Credit	11/26/2014	CM 92...			-6.00
Total Pape Machinery - POWERPLAN					-6.00
Thatcher Company					
Credit	10/22/2018	Inv. 50...			-308.88
Credit	07/18/2019	Inv. # ...			-343.20
Bill	10/22/2018	Inv. 50...	11/21/2018	266	308.88
Total Thatcher Company					-343.20
Western Hydro Corporation					
Credit	07/02/2014	CM 15...			-299.37
Total Western Hydro Corporation					-299.37
TOTAL					-1,754.97

Type	Date	Num	Name	Memo	Paid Amo...
Bill Pmt -Check	07/19/2019	5764	AT&T CALNET 3		-89.40
Bill Pmt -Check	07/19/2019	5765	Farr West Engineering		-5,025.00
Bill Pmt -Check	07/19/2019	5766	L. N. Curtis & Sons	Inv. # 296063 /5- 5Gal. Class ...	-738.84
Bill Pmt -Check	07/19/2019	5767	League of California Citi...	Membership Dues For Calend...	-454.00
Paycheck	07/26/2019	5768	Bennett, Kenneth E		-1,448.82
Paycheck	07/26/2019	5769	Jackson, Sarah M		-45.72
Paycheck	07/26/2019	5770	Jordan, Keith S.		-1,326.87
Paycheck	07/26/2019	5771	LeBlanc, Katherine L		-798.16
Paycheck	07/26/2019	5772	Markum, Joy L		-45.72
Paycheck	07/26/2019	5773	Mitchell, Brooks M.		-45.72
Paycheck	07/26/2019	5774	Redmon, Samantha L		-138.52
Paycheck	07/26/2019	5775	Riede, Darlene F		-45.72
Paycheck	07/26/2019	5776	Rogers, Nancy R.		-45.72
Paycheck	07/26/2019	5777	Smith, Tracy A		-538.74
Paycheck	07/26/2019	5778	Willis, Charlotte L		-617.17
Paycheck	07/26/2019	5779	Cussins, John C	VOID:	0.00
Paycheck	07/26/2019	5780	Cussins, John C	VOID:	0.00
Paycheck	07/26/2019	5781	Cussins, John C	VOID:	0.00
Paycheck	07/26/2019	5782	Jardin, Patsy E		-1,741.09
Paycheck	07/26/2019	5783	Jardin, Patsy E		-1,741.09
Paycheck	07/26/2019	5784	Jardin, Patsy E		-1,741.09
Paycheck	07/26/2019	5785	Cussins, John C		-1,096.86
Paycheck	07/26/2019	5786	Cussins, John C		-1,096.86
Paycheck	07/26/2019	5787	Cussins, John C		-1,096.86
Paycheck	07/26/2019	5788	Yegge, Donald M.		-486.42
Paycheck	07/26/2019	5789	Yegge, Donald M.		-486.42
Paycheck	07/26/2019	5790	Yegge, Donald M.		-486.42
Bill Pmt -Check	07/29/2019	5791	EPHCC- Eastern Pluma...	Bennett (49490-16) & Jordan (...)	-528.00
Total General Checking 1956- NEW					-208,659.90
General Contingency Saving 0322					
Total General Contingency Saving 0322					

**FARR WEST
ENGINEERING**

5510 LONGLEY LANE
RENO, NEVADA 89511
PHONE: (775) 851-4788
billing@farrwestengineering.com

CITY OF LOYALTON
PO BOX 128
LOYALTON, CA 96118-0128

Invoice number 12095
Date 08/01/2019

Project R4442-1678-PWP LOYALTON, CITY OF -
BECKWITH ROAD PAVEMENT REPAIR

Period 7/01/19 to 7/26/19

City of Loyalton - Beckwith Road Pavement Repair
Task Order No. 04

Description of Services: Complete 100% design and transmit to client; General project management.

Professional Services

	Hours	Rate	Billed Amount
Alexa Kinsinger	30.50	87.00	2,653.50
Carly Wantulok	5.50	80.00	440.00
Deidre Blanton	0.50	70.00	35.00
Keith Karpstein	7.75	152.00	1,178.00
Rohini R. Roso	2.00	115.00	230.00
Professional Services subtotal	46.25		4,536.50

Invoice total **4,536.50**

Invoice Summary

Description	Contract Amount	Current Billed	Prior Billed	Total Billed	Remaining
Task 1 - Project Management	3,600.00	779.75	795.00	1,574.75	2,025.25
Task 2 - Survey and Mapping	3,000.00	0.00	2,226.25	2,226.25	773.75
Task 3 - Engineering Design	11,600.00	3,756.75	6,414.50	10,171.25	1,428.75
Task 4 - Bidding Assistance	4,800.00	0.00	0.00	0.00	4,800.00
Task 5 - Construction Management	7,900.00	0.00	0.00	0.00	7,900.00
Task 6 - Construction Observation	10,400.00	0.00	0.00	0.00	10,400.00
Task 7 - Materials Testing	6,400.00	0.00	0.00	0.00	6,400.00
Task 8 - Project Contingency	2,300.00	0.00	0.00	0.00	2,300.00
Total	50,000.00	4,536.50	9,435.75	13,972.25	36,027.75

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**FARR WEST
ENGINEERING**

5510 LONGLEY LANE
RENO, NEVADA 89511
PHONE: (775) 551-4788
bill@farrwestengineering.com

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Handwritten initials

CITY OF LOYALTON
PO BOX 128
LOYALTON, CA 96118-0128

Invoice number 11930
Date 07/09/2019

Project R4442-1678-PWP LOYALTON, CITY OF -
BECKWITH ROAD PAVEMENT REPAIR

Period 6/01/19 to 6/30/19

City of Loyalton - Beckwith Road Pavement Repair
Task Order No. 04

Description of Services: Complete 60% design and transmit to client; begin final design; general project management.

Professional Services

	Hours	Rate	Billed Amount
Alexa Kinsinger	28.50	87.00	2,479.50
Daniel Newton	5.00	95.00	475.00
Jedidiah Olson	0.50	90.00	45.00
Jessica Dugan	0.25	95.00	23.75
Keith Karpstein	6.50	152.00	988.00
Professional Services subtotal	40.75		4,011.25

Invoice total 4,011.25

Invoice Summary

Description	Contract Amount	Current Billed	Prior Billed	Total Billed	Remaining
Task 1 - Project Management	3,600.00	38.00	757.00	795.00	2,805.00
Task 2 - Survey and Mapping	3,000.00	45.00	2,181.25	2,226.25	773.75
Task 3 - Engineering Design	11,600.00	3,928.25	2,486.25	6,414.50	5,185.50
Task 4 - Bidding Assistance	4,800.00	0.00	0.00	0.00	4,800.00
Task 5 - Construction Management	7,900.00	0.00	0.00	0.00	7,900.00
Task 6 - Construction Observation	10,400.00	0.00	0.00	0.00	10,400.00
Task 7 - Materials Testing	6,400.00	0.00	0.00	0.00	6,400.00
Task 8 - Project Contingency	2,300.00	0.00	0.00	0.00	2,300.00
Total	50,000.00	4,011.25	5,424.50	9,435.75	40,564.25

COPY

FARR WEST
ENGINEERING

August 8, 2019

City of Loyalton
605 School Street
PO Box 128
Loyalton, CA 96118

RE: Beckwith Road Pavement Repair Bid Set Submittal Package

Dear Sarah Jackson and Fellow City Council Members:

We are pleased to present you with the bid package for the Beckwith Road Pavement Repair project. Attached to this cover letter you will find the following submittal items:

1. (1) Design Plan Bid Set
2. (1) Project Contract Documents
3. (1) Project Construction Cost Estimate

Please place these items on the August 20, 2019 City Council agenda for City Council review and approval.

If City Council approves the Beckwith Road Pavement Repair bid set, Farr West will begin the bidding process through the Farr West Engineering bid room at <http://www.farrwestengineering.com/bid-room/> on Wednesday, August 20, 2019. The bidding period will close on Friday September 6, 2019 at 2:00 pm. At which time, the Bids received will be publicly opened and read at Farr West Engineering (5510 Longley Lane Reno, NV 89511). Upon review of the submitted Bids, Farr West will submit their Bid recommendation and all received Bids to the City in advance of the September City Council meeting for City Council review and Bid selection.

If you have any questions or concerns regarding the Beckwith Road Pavement Repair project, please contact me through email or by phone at 775-997-7491. It has been a pleasure working with you all.

Thank you,



Alexa Kinsinger, E.I.

Encls.: Design Plan Bid Set, Contract Documents, and Construction Cost Estimate

City of Loyalton
Beckwith Road Pavement Repair
Engineer's Opinion of Probable Construction Costs (100% Submittal)

Estimate by: Alexa Kinsinger E.I.

Project No. 1678
 Date: 07/30/19

QC Check by: Keith Karpstein, P.E.
 Date: 07/30/19

BID SCHEDULE - BASE BID

Bid Item	Description	Quantity	Unit	Unit Cost	Total Cost
1	Mobilization/Demobilization (NTE 5%)	1	LS	\$4,715.00	\$4,715.00
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4	3" AC Pavement	694	SY	\$50.00	\$34,700.00
5	Remove and Replace Concrete Curb and Gutter	56	LF	\$200.00	\$11,200.00
6	Over Excavation and Backfill	245	CY	\$75.00	\$18,375.00
7	8" Aggregate Base Course	123	SY	\$25.00	\$3,075.00
8	PCC Concrete Apron	217	SF	\$50.00	\$10,850.00
9	Adjust Existing Sanitary Sewer Manhole	2	EA	\$1,800.00	\$3,600.00
10	Traffic Sign Installation	2	EA	\$500.00	\$1,000.00
11	Additional Over Excavation and Backfill (Contingency Item)	122	CY	\$75.00	\$9,150.00

Construction Subtotal: \$109,165.00
10% Contingency: \$10,916.50
Base Bid Total: \$120,081.50

FARR WEST
ENGINEERING

August 8, 2019

City of Loyalton
605 School Street
PO Box 128
Loyalton, CA 96118

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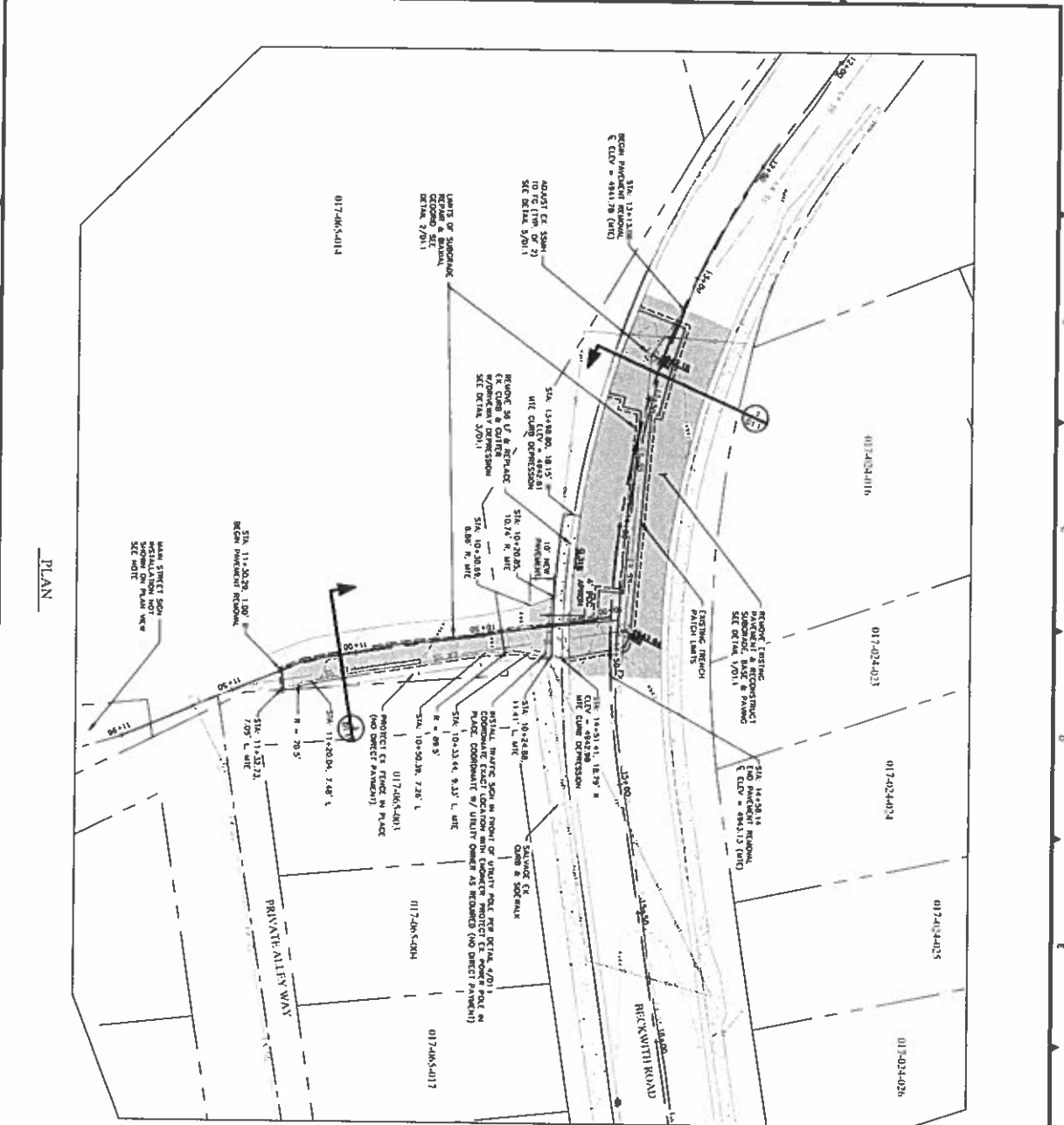
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Thank you,



Alexa Kinsinger, E.I.

Encls.: Design Plan Bid Set, Contract Documents, and Construction Cost Estimate



PLAN

GENERAL CONSTRUCTION NOTES

- A. CONTRACTOR SHALL PROTECT ALL EXISTING AND PUBLIC UTILITIES FROM DAMAGE WHEN TRENCHING, ADDRESS OR ADJUST TO TAKE EXISTING UTILITIES INTO ACCOUNT.
- B. EXISTING UTILITIES INCLUDING SANITARIAN, TELEPHONE, FIBER, AND CABLES ARE APPROXIMATELY LOCATED BY THE CONTRACTOR. CONTRACTOR SHALL PROVIDE UTILITIES TO VERIFY EXISTING CONDITIONS PRIOR TO TRENCHING.
- C. CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE CITY OF LOYALT AND THE CALIFORNIA DEPARTMENT OF TRANSPORTATION AND PUBLIC SAFETY (CALTRANS) PRIOR TO CONSTRUCTION.

STATION	ELEVATION	DEPTH	DIAMETER	LENGTH	REMARKS
11+20	498.10	4.0	36"	10.0	NEW
11+30	497.22	4.0	36"	10.0	NEW
11+40	497.18	4.0	36"	10.0	NEW
11+50	497.78	4.0	36"	10.0	NEW
11+60	497.28	4.0	36"	10.0	NEW
11+70	497.88	4.0	36"	10.0	NEW
11+80	497.88	4.0	36"	10.0	NEW
11+90	497.88	4.0	36"	10.0	NEW
12+00	497.88	4.0	36"	10.0	NEW

NOTE:
 ONE (1) ROAD CLOSURE SIGN SHALL BE INSTALLED AT EACH END OF THE ROAD CLOSURE. CONTRACTOR SHALL MAINTAIN ACCESS TO ADJACENT PROPERTIES AT ALL TIMES.

100% SUBMITTAL
 FOR REVIEW ONLY
 NOT FOR CONSTRUCTION

CITY OF LOYALT BECKWITH ROAD PAVEMENT REPAIR PLAN SHEET	SIFRA COUNTY CALIFORNIA	SHEET NUMBER C1.1	JOB NO. 1801 DATE: JUL 28, 2016 SCALE: AS SHOWN DRAWN: [Name] CHECKED: [Name]	ONE EACH AT EACH END <table border="1"> <thead> <tr> <th>REVISION</th> <th>DESCRIPTION</th> <th>BY</th> <th>APP</th> <th>DATE</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	REVISION	DESCRIPTION	BY	APP	DATE					
REVISION	DESCRIPTION	BY	APP	DATE										

7/19/2019

Re: Quote - Yahoo Mail

ksj93006@yahoo.../Inbox

Re: Quote

Jul 19 at 11:08 AM

SH Steve Hohman <steveo@skimoil.com>
To: keith jordan <ksj93006@yahoo.com>, Roscoe McWilliams <roscoe@skimoil.com>

this is a banner year for duckweed.
Our floating weir skimmer will do it.....
entry level \$3979.....better fit for 2 acre pond is the bigger #FWS00A381 @ \$5979.....and these prices do not include pump or hoses.
The Floating Weir Skimmer (FWS) is a simple yet VERY effective surface skimming/decanter device with only 1 moving part.
We like simple!
The FWS is a great oil skimmer but also is often used to remove floating particles such as plastic grind/pellets and scraps, fly ash, centospheres, duckweed, algae and other materials that are flow-able and floating on the water surface.
The FWS is simply a removal tool.....and it works killer great on duckweed

if you're still conscious after the price shock.....and interested.....call me.....soonest (now?)
you've seen the duckweed video at: https://youtu.be/edZsK_-4x0M

The stainless FWS's are often used inside closed tanks as well as in oil recovery from ponds, pits, lakes, rivers and creeks. It's a great, very portable emergency response skimmer. The ABS units are usually in stock and the stainless units are often built to order, but we try to keep a few in stock. Ask?

The FWS is a very simple effective surface skimmer and never needs manual adjustment -- ever.
The FWS has only one moving part-the hinged weir.
The FWS works with any pump that can pull suction, or by gravity draining.

We usually size these based on the amount of surface area to be influenced/skimmed and NOT on flow rate alone. Keep in mind that unless there is a thick 1" plus oil cap on the surface, the FWS will give you a goodly amount of water along with whatever you are skimming, as it uses water to carry the floating material over the waterfall/ weir and into the skimmer sump, where it collects to be pumped out.
There are several sizes available to work with most surface conditions and flow rate requirements.
The wider the weir means more surface influence---giving you less underlying water. We've been doing this for over 25 years---we can help!
BE SURE TO: see the in tank video of skimmer at: <https://youtu.be/KZYRFDZHMg>
see the skimmer online at: www.weirskimmer.com
See ordering / terms info at:
https://www.skimoil.com/uploads/4/7/1/6/47163295/order_form_2019.pdf

Do contact me directly for any other needs.

MODEL NO. (Material)	FLOW RATE (Maximum)	OUTLET SIZE (Camlock)	WEIR WIDTH	DIMENSIONS	WEIGHT
FWS00A56 (stainless)	1-10 GPM	1.00" -in	4.00" -in	9.00" x 7.00" x 4.5" -in	4-lb 3.63kg
FWS00A32 (ABS plastic)	5-58 GPM 19-220 LPM	1.50" -in	8.00" -in	20.00" x 12.00" x 6.00" -in	8-lb 3.63kg
FWS00A52 (stainless)	5-38 GPM 19-144 LPM	1.50" -in	7.00" -in	21.00" x 15.50" x 9.00" -in	25-lb 11.35kg
FWS00A34 (ABS plastic)	5-95 GPM 19-360 LPM	2.00" -in 1.5" -in Top	12.00" -in	28.00" x 21.00" x 8.25" -in	17-lb 7.72kg
FWS00A54 (stainless)	5-68 GPM 19-257 LPM	2.00" -in	12.00" -in	27.00" x 18.50" x 11.00" -in	30-lb 19.07kg
FWS00A381 (ABS plastic)	10-250 GPM 38-568 LPM	3.00" -in 1.5" -in Top	23.00" -in	33.00" x 22.00" x 12.00" -in	27-lb
FWS00A581 (stainless)	10-200 GPM 39-568 LPM	3.00" -in	22.5" -in	43.00" x 30.50" x 13.00" -in	57-lb 25.86kg
FWS00A811 (stainless)	10-500 GPM	4.00" -in	40.00" -in	56.00" x 32.00" x 11.00" -in	79-lb
FWS00A3204 (ABS Plastic)	10-350 GPM	4.00" -in	35.00" -in	42.00" x 38.00" x 18.00" -in	75-lb
FWS00A3208 (ABS Plastic)	10-1200 GPM	8.00" -in	35.00" -in	42.00" x 38.00" x 18.00" -in	75-lb

Attachments area
[Preview YouTube video FWS Skimmer For Oil and Floaters](#)



City of Loyaltan
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Charlotte Willis

From: scotty@wpeinc.com
Sent: Tuesday, July 30, 2019 4:26 PM
To: bkkpr2-cityofloyalton@psln.com
Subject: Quotes for retrofitting light poles to LED heads.
Attachments: ANP-Specification-Sheet-EQ123-LED..pdf; mrp-led.pdf; LXPF81Q.pdf

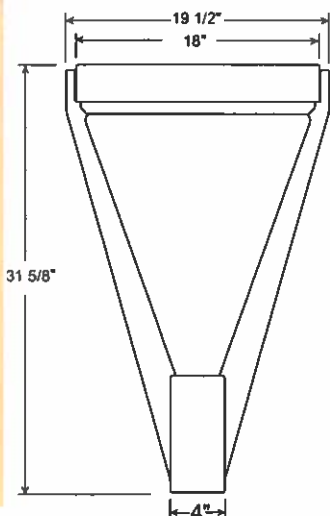
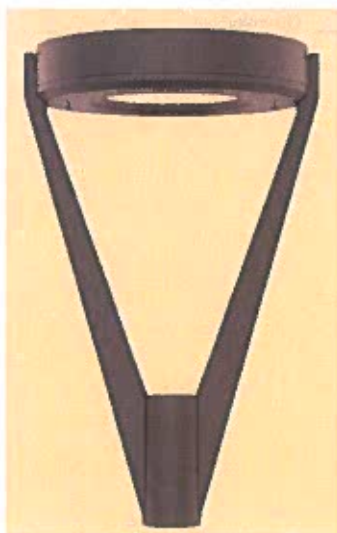
Good Afternoon Keith,

I've listed 3 pole light heads that are self-contained and will last a very long time with very bright light. The first one is the ANP-EQ123 and it will cost roughly \$5,300.00 to retrofit one street light pole, 2 heads will be installed on one light pole. The second light is the MRP LED, it will cost roughly \$3,750.00 00 to retrofit one street light pole, 2 heads will be installed on that one as well. The third LED option is the LXPF81Q, this one is my personal favorite because I think it will look the best for your application. Also it is the cheapest, it will cost roughly \$2,800.00 to retrofit one street light pole, 2 heads will be installed on that one as well. Labor is included in all these quotes. Let me know what you think.

Thanks

Scotty Frybarger
Service Manager
Western Pacific Electric, Inc.
Phone: 775-324-2700
Cell: 775-530-3823
Email: scotty@wpeinc.com





Project: _____
 Fixture Type: _____ Quantity: _____
 Customer: _____

Specifications

Material:
 All parts are durable 356 cast aluminum and heavy duty spun aluminum. All hardware provided shall be stainless steel or zinc plated steel.

Lens:
 Light Guide LED Panels feature a high transparency, dot matrix PMMA light guide with an optical efficiency of 76%.

Fixture Mounting:
Post Top: Standard Flush Mount Adapter System - mounts to 4" OD pole (0.120" - 0.188" wall) with no visible hardware (Consult factory for fennon mount and other options). Fits 4" poles.

Drivers:
 Universal voltage 120-277 is standard. 0-10v dimming to 10% is standard for Light Guide LED.

See page 2 table for more LED engine and driver specifications.



Electrical:
 20kA surge suppressor is standard.

Approximately 12" of pull wire extends from luminaire. Additional pull wire provided for post mount arms and wall mounts.

Finish:
 A polyester powder coat high quality finish is electro-statically applied and baked at 430° for exceptional durability and color retention. Products undergo an intensive five-step cleaning and pretreatment process for maximum paint adhesion.

Marine grade finish provides superior salt, humidity and UV protection. This coating withstands up to 3000 hours of continuous salt spray, comes with a 5-year warranty and is available in either a textured or gloss surface.

Modifications:
 Consult factory for custom or modified designs.

EQ123
LED

Weight: 34.0 lbs
 EPA: 1.36

Catalog Logic

EQ123 1 E094LD T5 40K - PC - 72
 Luminaire Series Pendant or Post Mount Light Source & Wattage Optics CCT Accessories Finish

Catalog Number

1	2	3	4	5	6
EQ123	1				

1 FIXTURE ORIENTATION

1 Post

2 LIGHT SOURCE & WATTAGES

E070LD (70w Light Guide LED)
E095LD (95w Light Guide LED)
E120LD (120w Light Guide LED)

3 OPTICS

T2 (Type II)
T3 (Type III)
T4 (Type IV)
T5 (Type V)

4 COLOR TEMPERATURE (CCT)

27K (2700K)
30K (3000K)
35K (3500K)
40K (4000K)

5 ACCESSORIES

HLMSPC-FM (Integral high-low motion sensor plus photocell, See page 2 for specifications)
HLMSPC-06 (High-Low Motion Sensor/Photocell; 15' - 30' Sensor Mounting Height)
HLMSPC-10 (High-Low Motion Sensor/Photocell; 8' - 15' Sensor Mounting Height)
PC (Button Photo Cell)
TLPC (Twist Lock photo cell & receptacle)
TL (Twist Lock receptacle only)
TL5 (5-pin Twist Lock receptacle only)
TL7 (7-pin Twist Lock receptacle only)

6 FINISHES
 *Marine Grade Finish requires an additional charge, consult factory.

Standard Colors	Standard Grade	Marine Grade	Premium Colors	Premium Grade	Marine Grade
Aspen Green	10	130	High Gloss Black	01	135
Cantaloupe	11	131	Arctic Silver	14	136
Lilac	12	133	Mayan Gold	79	NA
Puffy	13	132	Textured Desert Stone	80	117
Raw Unfinished	40	NA	Graystone	82	128
Black	41	101	Oil Rubbed Bronze	83	134
Forest Green	42	102	Carbon Graphite	86	196
Bright Red	43	114			
White	44	107			
Bright Blue	45	112			
Sunny Yellow	46	123			
Aqua Green	47	120			
Galvanized	48	NA			
Navy	50	111			
Architectural Bronze	51	103			
Patina Verde	52	104			
Copper Clay	53	100			
Silver	58	109			
Black Verde	61	106			
Painted Chrome	76	118			
Painted Copper	71	105			
Textured Black	72	108			
Matte Black	73	125			
Textured Architectural	76	121			
Textured White	77	127			
Textured Silver	78	124			

Consult Factory for additional paint options, charges & availability.



MRP LED LED Area Luminaire



Catalog Number
Notes
Type

Click on table cells or mouse over the page to see all interactive elements.

A+ Capable Luminaire

This item is an A+ capable luminaire, which has been designed and tested to provide consistent color appearance and system-level interoperability.

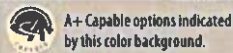
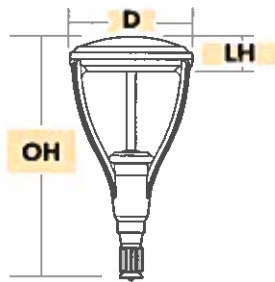
- All configurations of this luminaire meet the Acuity Brands' specification for chromatic consistency
- This luminaire is A+ Certified when ordered with DTL[®] controls marked by a shaded background. DTL DLL equipped luminaires meet the A+ specification for luminaire to photocontrol interoperability¹
- This luminaire is part of an A+ Certified solution for ROAM[®] or XPoint[™] Wireless control networks, providing out-of-the-box control compatibility with simple commissioning, when ordered with drivers and control options marked by a shaded background¹

To learn more about A+, visit www.acuitybrands.com/aplus.

1. See ordering tree for details.
2. A+ Certified Solutions for ROAM require the order of one ROAM node per luminaire. Sold Separately: [Link to Roam](#); [Link to DTL DLL](#)

Specifications

EPA:	1.125 ft ² (0.105 m ²)
Luminaire Height:	6-3/8" (16.2 cm)
Overall Height:	32" (81.3 cm)
Diameter:	18" (45.7 cm)
Weight (max):	37.5 lbs (17 kg)



A+ Capable options indicated by this color background.

Ordering Information

EXAMPLE: MRP LED 42C 700 40K SR5 MVOLT DDBXD

MRP LED		Drive current		Color temperature		Distribution		Voltage		Mounting	
Series	LEDs										
MRP LED	42C 42 LEDs (one engine)	350	350mA	30K	3000K	SR2	Type II	MVOLT ¹	277 ²	Shipped included (blank) Fits 4" OD round pole Shipped separately¹ MRPT20 2-3/8" tenon slipfitter MRPT25 2-7/8" tenon slipfitter MRPT30 3-1/2" tenon slipfitter MRPT35 4" tenon slipfitter MRPF3 3" OD round pole adapter MRPF5 5" OD round pole adapter ¹	
		530	530mA	40K	4000K	SR3	Type III	120 ²	347 ²		
		700	700mA	50K	5000K	SR4	Type IV	208 ²	480 ²		
		1000	1000mA (1A)			SR5	Type V	240 ²			
Control options						Other options			Finish (required)		
Shipped installed PER NEMA twist-lock receptacle only (control ordered separate) PERS Five-wire receptacle only (control ordered separate) ¹ PER7 Seven-wire receptacle only (control ordered separate) ¹ BL30 Bi-level switched dimming, 30% ^{1,2} BLS0 Bi-level switched dimming, 50% ^{1,2}						PNMTDD3 Part night, dim till dawn ¹ PNMTSD3 Part night, dim 5 hrs ¹ PNMT6D3 Part night, dim 6 hrs ¹ PNMT7D3 Part night, dim 7 hrs ¹			SF Single fuse (120, 277, 347V) ¹ DF Double fuse (208, 240, 480V) ¹ DDBXD Dark bronze DDBTXD Textured dark bronze DBLXD Black DBL BXD Textured black DNAXD Natural aluminum DNATXD Textured natural aluminum DWHXD White DWHGXD Textured white		



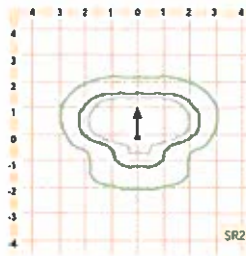
Photometric Diagrams

To see complete photometric reports or download .ies files for this product, visit Lithonia Lighting's MRP LED homepage.

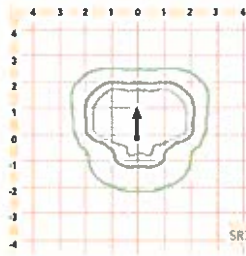
Isofootcandle plots are considered to be representative of available optical distributions.

LEGEND

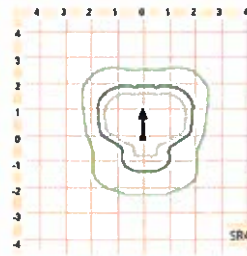
- 0.1 fc
- 0.5 fc
- 1.0 fc



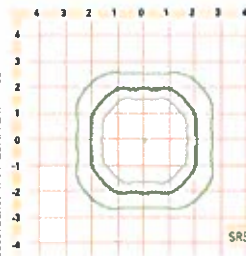
Test No. 50225/PI13 tested in accordance with IESNA LM-79-08



Test No. 50225/PI13 tested in accordance with IESNA LM-79-08



Test No. 50225/PI13 tested in accordance with IESNA LM-79-08



Test No. 50225/PI13 tested in accordance with IESNA LM-79-08

FEATURES & SPECIFICATIONS

INTENDED USE

Streets, walkways, parking lots and surrounding areas

CONSTRUCTION

Single piece die-cast aluminum housing with nominal wall thickness of .012". Die-cast top-access doorframe has impact-resistant, tempered glass lens (3/16" thick). Doorframe is fully gasketed with one-piece tubular silicone.

FINISH

Exterior parts are protected by a zinc-infused Super Durable TGIC thermoset powder coat finish that provides superior resistance to corrosion and weathering. A tightly controlled multi-stage process ensures a minimum 3 mils thickness for a finish that can withstand extreme climate changes without cracking or peeling. Standard Super Durable colors include dark bronze, black, natural aluminum and white. Available in textured and non-textured finishes.

OPTICS

Precision acrylic refractive optics for optimum light distribution through the flat glass lens. Light engines are available in standard 3000K (70 CRI) or optional 4000K (70 CRI) or 5000K (70 CRI) configurations.

ELECTRICAL

Light engine consists of 42 high efficacy LEDs mounted to a metal-core circuit board and aluminum heat sink, ensuring optimal thermal management and long life. Class 1 electronic driver has a power factor >90%, THD <20%, and has an expected life of 100,000 hours with <1% failure rate. Easily-serviceable surge protection device meets a minimum Category C Low for operation (per ANSI/IEEE C62.41.2).

INSTALLATION

Standard post-top mounting configuration fits into a 4" OD open pole top (round pole only). Multiple options and accessories are available for other mounting needs.

LISTINGS

CSA certified to U.S. and Canadian standards. Luminaire is IP65 rated. Rated for -40°C minimum ambient. **U.S. Patent No. D556,357.**

WARRANTY

5-year limited warranty. Complete warranty terms located at: www.acuitybrands.com/CustomerResources/Terms_and_conditions.aspx

Note: Actual performance may differ as a result of end-user environment and application. All values are design or typical values, measured under laboratory conditions at 25 °C. Specifications subject to change without notice.



L70
35 C

362,000 Hours



FEATURES

Housing:
Die Cast Aluminum Housing, Integral Heat Sinking. Photocell Adaptable.

Listing & Ratings:
CSA: Listed for Wet Locations, ANSI/UL 1598, 8750 IP66 Sealed LED Compartment.

Finish:
Black Powdercoat Finish Over a Chromate Conversion Coating. Custom Colors Available Upon Request.

Lens:
Clear Polycarbonate Array Lens to Seal LED Array. Prismatic Clear Polycarbonate Vandal-Resistant Outer Conical Lens.

Mounting Options:
Accommodates "P3" 2 7/8" O.D. x 3" Tenons

EasyLED LED:
Aluminum Boards

Wattage:
100w Array: 100w, System: 108w; (150-250w HID Equivalent) 176w Array: 176w, System: 190w; (400-1000w HID Equivalent)

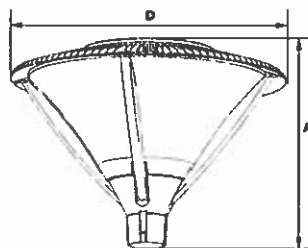
Driver:
Electronic Driver, 120-277V, 50/60Hz or 347-480V, 50/60Hz; Less Than 20% THD and PF>0.90. Standard Internal Surge Protection 6kV. 0-10V Dimming Standard for a Dimming Range of 100% to 10%; Dimming Source Current is 150 Microamps.

Controls:
Fixtures Ordered with Factory-Installed Photocell or Motion Sensor Controls are Internally Wired for Switching and/or 1-10V Dimming Within the Housing. Remote Direct Wired Interface of 1-10V Dimming is Not Implied and May Not Be Available, Please Consult Factory. Fixtures are Tested with LEPC Controls and May Not Function Properly With Controls Supplied by Others. Fixtures are NOT Designed for Use with Line Voltage Dimmers

Warranty:
5-Year Warranty for -40°C to +50°C Environment.
See Page 2 for Projected Lumen Maintenance Table.

DIMENSIONS

Diameter (D) | 26 3/4" (679mm)
Height (A) | 19 1/2" (505mm)



PRODUCT DESCRIPTION

The LXPF81Q Reveal Architectural Enclosed Large Round Post Top is available in a Type V distribution designed to replace HID lighting systems up to 1000w MH or HPS. The fixture mounts to a pole top tenon. Typical area lighting applications include parking areas, walkways, and street lighting applications. Mounting heights of 12 to 30 feet can be used based on light level and uniformity requirements

ORDERING INFORMATION

EXAMPLE: LXPF81QF1X176U5KCBSP



Model	Optics	Wattage	Driver	CCT	Lens	Color	Options
LXPF81Q = EasyLED Reveal Enclosed Large Round Post Top	F=Type V	1X100=100w 1X176=176w	U=120-277V H=347-480V	3K=3000K* 4K=4000K 5K=5000K *176w Type V Only	C =Clear Polycarbonate Outer Conical Lens	B=Black C=Custom (Consult Factory)	SF=Single Fuse DF=Double Fuse SP=Surge Protection S2=Microwave Sensor with Dimming for Mounting Heights of 8 to 40'. (120-277V Only) R3=3-Pin Twist Lock Photocell Receptacle R5=5-Pin Twist Lock Photocell Receptacle R7=7-Pin ANSI C136.41—2013 Twist Lock Photocell Receptacle

Smith's Tree Service
P.O. Box 270
Chilcoot, CA 96105-0270
Phone# 530-993-1352
CA License #867085

Estimate

Date
08/04/19

Mike says to spray the tree to the left in spring when the new leaves start to show and it should be good.

Name / Address
City of Loyalton P.O. Box 128 Loyalton, CA 96118 530-993-6750

Project

Qty	Item	Description	Total
1	Hazard	Hazard Tree Removal - large elm by front door Tree is pushing on building.	1,200.00
	Clean-up	Clean-up and Disposal of all trimmings	0.00
1	Trim	Tree Trimming - large elm (out back)	1,400.00
	Clean-up	Clean-up and Disposal of all trimmings	0.00
Work to be done at 605 School St., Loyalton, CA			
Total			\$2,600.00

To: The Honorable Charles H. Ervin, Judge Presiding and the 2018-2019 Sierra County Grand Jury

Regarding: The City of Loyalton Response to the 2018-2019 Sierra County Grand Jury Report

The City of Loyalton would like to thank the Grand Jury members for their service to Sierra County over the past year and take this opportunity to respond to the 2018-2019 Sierra County Grand Jury Report, Chapter 2: City Government.

First, in response to Grand Jury, it should be noted that a new City Council was elected and seated half way through the Fiscal Year with the election resulting in two council members remaining on the Council and three council members being added to the Council. December 2018 is the first time in several years the City Council has operated with a full 5 members.

Next, the current City Council has been working through a backlog of items including but not limited to reviewing and updating policies, procedures, and ordinances. The City is looking into appropriate employee training as needed for each job description. It is also reviewing inventory and functionality of equipment and supplies, moving to surplus excess or unused equipment as well as repairing or replacing non-functional or partially functional equipment.

In addition, the City would like to assure the Grand Jury and the public that the Council is fully compliant with State mandated Ethics Training (AB1234) and that all City Council members have completed the "Local Officials Ethics Training Course" offered by the Fair Political Practices Commission.

Lastly, The City recognizes that a portion of the City residents have voiced their opinions on the benefits of disincorporation of the City of Loyalton. The City will commit to begin holding Town Hall meetings to determine if the voter base of Loyalton would like the City officials to further pursue this option. It is the understanding of the current City Council members that there are many steps to this process including but not limited to: meetings with the County, meetings with LAFCO, placement on a general election ballot, formation of a water and sewer services district, consideration of pensions and many other steps. This is not something that can be completed in less than 6 months without doing a grave disservice to the residents and businesses of the City of Loyalton.

Respectfully Submitted,

Sarah Jackson, Mayor

Nancy Rogers, Vice-Mayor

Joy Markum

Brooks Mitchell

Darlene Reide

To: Tracy Smith

8- 8 - 2019

re: Incentive Raises for City Employees

	<u>Current wage per hour</u>	<u>Request per hour</u>
Kenneth Bennett: Field Employee I Regular full time Duties: Maintain, repair, ordering for all City facilities, incl. cemetery, park, water/sewer, snow remove Lic: OIT-I	\$18.00	\$2.00
Keith Jordan: Field Employee II Regular full time Duties: Maintain, repair, ordering for all City facilities, incl. cemetery, park, water/sewer, snow remove Lic: OIT-I, Fire Dept.	\$15.00	\$3.00
Kathy Leblanc: Deputy City Clerk Regular part Time Duties: Assist. Office manager, collection of monies, Score, phones, City council meetings, Agendas	\$18.00	\$1.00
Tracy Smith: Bookkeeper I Regular part time Duties: Financial Reports, Payroll, Bill Payments, Computer Gov. Accounting, City council meetings	\$20.00	\$1.00
Charlotte Willis: Bookkeeper II Regular part time Duties: Financial Reports, collect monies, phones, Computer Gov. Accounting, City council meetings	\$15.50	\$2.50
	Total Raises	\$ 9.50

Total of 140 hours per week = \$1400.00

Full Time = 2080 hrs / yr, Part time = 1040 hrs / yr (52 wks)

Commencing on July 1, 2019

Reinstate: Day After Thanksgiving non-paid holiday for all City Employees

Financial Policy & Procedures for the City of Loyalton

Finance Committee

The function of the Finance Committee is to supplement the work of City Council with responsibility for: 1) developing an annual budget, 2) monitoring and recommending budget adjustments during the fiscal year, 3) monitoring the performance of investments, and 4) selection and collaboration with a CPA/auditor. The chair of the Finance Committee shall be appointed by the Mayor.

Financial Accounts

The Financial Committee will authorize all accounts and financial instruments (i.e. checking, savings, investment, etc). Changes to any account must be approved first by the chair of the Financial Committee and then approved by a 4/5 vote of the City Council.

Check Signing Authority

The City Council will set limits to the authority any officer or employee may expend, as well as define two persons as the required number of signatures and processes for reimbursements, including the required submission of receipts in a timely manner. Similar authority will apply to the issuance and use of credit or debit cards.

Document Retention and Destruction

The City Council will adopt a record retention and document destruction schedule, including checks, receipts, tax returns, purchase orders, etc. See Enclosure 1.

Voiding a check

To void a check the check will be stamped void and the signature line will be removed before being placed in numerical order in the designated file. Checks are never to be written out payable to cash, postdated or signed by designated signatures if blank.

Whistle Blower

The City Council will adopt a Whistleblower Policy. Council members will complete the policy acknowledgement form on an annual basis which will be retained by the Deputy City Clerk. See Enclosure 2. This policy encourages persons (staff or volunteers) to report perceived or real

irregularities in operations allowing a “whistle blower” to approach a council member without endangering their position or job. Information from a whistleblower should be communicated in a timely fashion.

Conflicts of Interest

The City Council will annually review the adopted Conflict of Interest Policy. See Enclosure 3. Council members and staff are expected to disclose potential or existing conflicts of interest at least annually and throughout the year on a regular and consistent basis.

No council member shall participate in the selection or award of a contract if a conflict of interest real or perceived, would be involved.

Nondiscrimination policy:

The City of Loyalton is committed to providing equal procurement and contracting opportunities for all qualified person(s) an entities regardless of race, color, religion, sex, age, national origin, disability, veteran status, or political affiliation.

It is the policy of the City of Loyalton that small business concerns, owned and controlled by socially and economically disadvantaged individuals and small concerns owned and controlled by women shall have the maximum practicable opportunity to participate in performing contracts led by the City of Loyalton.

Circumstances under which sole sourcing is allowable.

Noncompetitive proposals: Proposals from any source shall be used only when the award of a contract is infeasible under one of the methods specified above and one of the following circumstances applies;

- a) The item is available from only one single source.
- b) The event of an anticipated or emergency circumstance were repairs must be made immediately, such purchases or contracts may be made based on availability of qualified providers. Written notice of such procurement shall be given to the council.
- c) The awarding Agency (such as USDA) authorizes noncompetitive proposals.
- d) After solicitation of a number of sources, competition is determined inadequate.

The bookkeeping staff will maintain a checklist of documents to be included in each contractor files, for example: signed contract, any amendments, taxpayer identification forms (TIN), copies of current business/operating license, applications, reports, and of invoices and payments.

Audits

The City Council will adhere to a policy for the periodic audit, review or compilation of the City's finances. The bookkeeper will be appointed to work with the selected independent auditor and to present the final audit for approval by the City Council.

IRS Form 990

Prior to submission of Form 990, the Information Return to the IRS, the City Council will have the opportunity to review.

Investments

The City Council will adopt an investment schedule to address savings and reserves to best safeguard the funds in a conservative manner. The chair of the finance committee will be responsible for periodically review investments and continue looking for safe investments to report to the Council members. All investments must be approved by a 4/5 vote of the City Council.

Savings Reserves

The City will maintain a savings reserve equal to a ____ percentage of the annual budget. Savings over the minimum amount may be used for community projects that advance strategic plan and benefit the City of Loyaltan.

Chart of Accounts

A chart of accounts will be established for consistent structure so that each budget line item is described in detail for complete understanding and comparative analysis.

Budgeting

The Council will approve a balanced budget annually, two months in advance of the fiscal year. Financial reports based on the budget will be provided and officially accepted at the regular monthly City Council meeting.

Independent Contractor Status

Any person working as an independent contractor shall meet the criteria established by the IRS confirming independent versus employee status.

Insurance

The City Council will maintain caution in avoiding risks and protecting assets. Insurance coverages will be considered and acquired, including general liability, council members and employee liability.

The City Council will rely on legal, accounting, investment and insurance counsel when adopting or amending policies.

ENCLOSURE 1
DOCUMENT RETENTION POLICY

ARTICLE I

PURPOSE

The purposes of this document retention policy are for The City of Loyaltan ("City") to enhance compliance with the Sarbanes-Oxley Act and to promote the proper treatment of corporate records of the City.

ARTICLE II

POLICY

Section 1. **General Guidelines.** Records should not be kept if they are no longer needed for the operation of the business or required by law. Unnecessary records should be eliminated from the files. The cost of maintaining records is an expense which can grow unreasonably if good housekeeping is not performed. A mass of records also makes it more difficult to find pertinent records.

From time to time, the City may establish retention or destruction policies or schedules for specific categories of records in order to ensure legal compliance, and also to accomplish other objectives, such as preserving intellectual property and cost management. Several categories of documents that warrant special consideration are identified below. While minimum retention periods are established, the retention of the documents identified below and of documents not included in the identified categories should be determined primarily by the application of the general guidelines affecting document retention, as well as the exception for litigation relevant documents and any other pertinent factors.

Section 2. **Exception for Litigation Relevant Documents.** The City of Loyaltan expects all officers, Council Members, and employees to comply fully with any published records retention or destruction policies and schedules, provided that all officers, council members, and employees should note the following general exception to any stated destruction schedule: If you believe, or the City informs you, that City records are relevant to litigation, or potential litigation (i.e., a dispute that could result in litigation), then you must preserve those records until it is determined that the records are no longer needed. That exception supersedes any previously or subsequently established destruction schedule for those records.

Section 3. **Minimum Retention Periods for Specific Categories.**

(a) **Organizational Documents.** Organizational records include the City's articles of incorporation, by-laws and IRS Form 1023, Application for Exemption. Organizational records should be retained permanently. IRS regulations require that the Form 1023 be available for public inspection upon request.

(b) **Tax Records.** Tax records include, but may not be limited to, documents concerning payroll, expenses, proof of contributions made by donors, accounting procedures, and other documents concerning the City's revenues. Tax records should be retained for at least seven years from the date of filing the applicable return.

(c) **Employment Records/Personnel Records.** State and federal statutes require the City to keep certain recruitment, employment and personnel information. The City should also keep personnel files that reflect performance reviews and any complaints brought against the City or individual employees under applicable state and federal statutes. The City should also keep in the employee's personnel file all final memoranda and correspondence reflecting performance reviews and actions taken by or against personnel. Employment applications should be retained for three years. Retirement and pension records should be kept permanently. Other employment and personnel records should be retained for seven years.

(d) **Council and Committee Materials.** Meeting minutes should be retained in perpetuity in the City's minute book. A clean copy of all other Council and Committee materials should be kept for no less than three years by the City .

(e) **Press Releases/Public Filings.** The City should retain permanent copies of all press releases and publicly filed documents under the theory that the City should have its own copy to test the accuracy of any document a member of the public can theoretically produce against the City .

(f) **Legal Files.** Legal counsel should be consulted to determine the retention period of particular documents, but legal documents should generally be maintained for a period of ten years.

(g) **Marketing and Sales Documents.** The City should keep final copies of marketing and sales documents for the same period of time it keeps other corporate files, generally three years. An exception to the three-year policy may be sales invoices, contracts, leases, licenses, and other legal documentation. These documents should be kept for at least three years beyond the life of the agreement.

(h) **Contracts.** Final, execution copies of all contracts entered into by the City should be retained. The City should retain copies of the final contracts for at least three years beyond the life of the agreement, and longer in the case of publicly filed contracts.

(i) **Correspondence.** Unless correspondence falls under another category listed elsewhere in this policy, correspondence should generally be saved for two years.

(j) **Banking and Accounting.** Accounts payable ledgers and schedules should be kept for seven years. Bank reconciliations, bank statements, deposit slips and checks (unless for important payments and purchases) should be kept for three years. Any inventories of products, materials, and supplies and any invoices should be kept for seven years.

(k) **Insurance.** Expired insurance policies, insurance records, accident reports, claims, etc. should be kept permanently.

(l) **Audit Records.** External audit reports should be kept permanently. Internal audit reports should be kept for three years.

Section 4. Electronic Mail. E-mail that needs to be saved should be either:

- (i) printed in hard copy and kept in the appropriate file; or
- (ii) downloaded to a computer file and kept electronically or on disk as a separate file.

The retention period depends upon the subject matter of the e-mail, as covered elsewhere in this policy.

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ENCLOSURE 2
WHISTLEBLOWER POLICY

This policy is intended to encourage council members, staff (paid and volunteer) and others to report suspected or actual occurrence(s) of illegal, unethical or inappropriate events (behaviors or practices) without retribution.

1. The Whistleblower should promptly report the suspected or actual event to his/her supervisor.
2. If the Whistleblower would be uncomfortable or otherwise reluctant to report to his/her supervisor, then the Whistleblower could report the event to the next highest or another level of management, including to an appropriate Council committee or member.
3. The Whistleblower can report the event with his/her identity or anonymously.
4. The Whistleblower shall receive no retaliation or retribution for a report that was provided in good faith – that was not done primarily with malice to damage another or the organization.
5. A Whistleblower who makes a report that is not done in good faith is subject to discipline, including termination of the employee relationship, or other legal means to protect the reputation of the organization and members of its Council and staff.
6. Anyone who retaliates against the Whistleblower (who reported an event in good faith) will be subject to discipline, including termination employee status.
7. Crimes against person or property, such as assault, rape, burglary, etc., should immediately be reported to local law enforcement personnel.
8. Supervisors, managers and/or Council members who receive the reports must promptly act to investigate and/or resolve the issue.
9. The Whistleblower shall receive a report within ten business days of the initial report, regarding the investigation, disposition or resolution of the issue.
10. If the investigation of a report, that was done in good faith and investigated by internal personnel, is not to the Whistleblower's satisfaction, then he/she has the right to report the event to the appropriate legal or investigative agency.
11. The identity of the Whistleblower, if known, shall remain confidential to those persons directly involved in applying this policy, unless the issue requires investigation by law enforcement, in which case members of the organization are subject to subpoena.

WHISTLEBLOWER POLICY ACKNOWLEDGMENT

I hereby state that I affirm that I have:

- a. Received a copy of the Whistleblower policy,
- b. Read and understand the policy, and
- c. Have agreed to comply with the policy, and

Print Name:

Signature:

Date:

DRAFT

**ENCLOSURE 3
CONFLICT OF INTEREST POLICY**

ARTICLE I - PURPOSE

The purpose of the conflict of interest policy is to protect The City of Loyaltown's (City) interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or council member of the City or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest.

ARTICLE II - DEFINITIONS

1. "Interested Person." Any council member, officer, or member of a committee with governing delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.
2. "Financial Interest." A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:
 - a. An ownership or investment interest in any entity with which the City has a transaction or arrangement,
 - b. A compensation arrangement with the City or with any entity or individual with which the City has a transaction or arrangement, or
 - c. An opportunity to acquire an ownership or investment interest in, or compensation arrangement with, any entity or individual with which the City is negotiating a transaction or arrangement. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A "Financial Interest" is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing council or committee decides that a conflict of interest exists.

ARTICLE III - PROCEDURES

1. **Duty to Disclose.** In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the "Financial Interest" and be given the opportunity to disclose all material facts to the directors and members of committees with governing council delegated powers considering the proposed transaction or arrangement.
2. **Determining Whether a Conflict of Interest Exists.** After disclosure of the "Financial Interest" and all material facts, and after any discussion with the "Interested Person", he/she shall leave the governing Council or committee meeting while the determination of a conflict of interest is discussed

and voted upon. The remaining council or committee members shall decide if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest

a. An "Interested Person" may make a presentation at the governing council or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

b. The chairperson of the governing council or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

c. After exercising due diligence, the governing council or committee shall determine whether the City can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing council or committee shall determine by a majority vote of the disinterested council members whether the transaction or arrangement is in the City's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

4. Violations of the Conflicts of Interest Policy

a. If the governing council or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing council or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

ARTICLE IV - RECORDS OF PROCEEDINGS

The minutes of the governing council and all committees with council delegated powers shall contain:

a. The names of the persons who disclosed or otherwise were found to have a "Financial Interest" in connection with an actual or possible conflict of interest, the nature of the "Financial Interest", any action taken to determine whether a conflict of interest was present, and the governing council's or committee's decision as to whether a conflict of interest in fact existed.

b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

ARTICLE V - ANNUAL STATEMENTS

Each council member, principal officer and member of a committee with governing council delegated powers shall annually sign a statement which affirms such person:

- a. Has received a copy of the conflicts of interest policy,
- b. Has read and understands the policy, and
- c. Has agreed to comply with the policy

Disclosure and Signature Page follows

DRAFT

CONFLICT OF INTEREST POLICY ACKNOWLEDGMENT

I hereby state that I affirm that I have:

- a. Received a copy of the conflicts of interest policy,
- b. Read and understand the policy,
- c. Have agreed to comply with the policy, and
- d. Understand the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

I also hereby affirm that I understand that conflicts may need to be disclosed on a case-by-case basis. In these instances, I will alert the assigning party to the conflict immediately.

Print Name:

Signature:

Date: _____

DISCLOSURES

NAME OF ORGANIZATION (Council/Board Member, Volunteer, Staff Member, Consultant)	LEVEL OF INVOLVEMENT
--	-----------------------------

OTHER DISCLOSURES

LARRY BAIN, CPA

An Accounting Corporation

2148 Frascati Drive, El Dorado Hills, CA 95762 / 916.601-8894
lpbain@sbcglobal.net

August 3, 2019

To the City Council
City of Loyalton

We have audited the financial statements of the governmental-type and business-type activities of City of Loyalton for the fiscal year ended June 30, 2018, and have issued our report thereon dated July 26, 2019. Professional standards require that we provide you with the following information related to our audit.

Our responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 21, 2019, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit in accordance with the planned scope and timing previously communicated.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by City of Loyalton are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2017-2018 fiscal year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements was (were):

Management's estimate of the useful lives of assets for calculating depreciation expense is based on GFOA recommended useful lives. We evaluated the key factors and assumptions used to develop the useful life estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate in allocating salaries and other expenses to governmental and business type funds are based on actual timesheets as well as estimated percentages of certain employee and management time based on historical activity. We reviewed the allocations and assumptions used by management in determining reasonableness to the financial statements. During the 2017-18 fiscal year management again reviewed the allocation and made adjustments as deemed necessary.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We provided management with all known adjusting entries and after review all entries were posted to the accounting system. A prior period adjustment was recorded in the general fund in the June 30, 2018 financial statements to correct an error in property taxes attributed to prior years.

Disagreements with Management

For purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significance to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 26, 2019.

Management Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the City Council and management of City of Loyalton and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Larry Bain, CPA

CITY OF LOYALTON
FINANCIAL STATEMENTS
JUNE 30, 2018

CITY OF LOYALTON

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LARRY BAIN, CPA

An Accounting Corporation

2148 Frascati Drive, El Dorado Hills, CA 95762 / 916.601-8894
lpbain@sbcglobal.net

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Loyalton, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the City of Loyalton, California, as of and for the year ended June 30, 2018, 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 the accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our Responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes 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 City'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 City'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 financial statement presentation.

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

Basis for Qualified Opinion

The City does not utilize an accounting system with a self-balancing set of accounts for recording transactions to each fund. As a result entries can be posted to the general ledger causing the financial statements to be out of balance by fund and entries posted to funds causing material misstatement without being detected in a timely manner by the finance staff. Furthermore, the City has not reviewed and adjusted prior year allocations to the enterprise funds debt service bank accounts. The net effect of adjustments could result in material misstatements to these financial statements the amount of which are unknown.

Qualified Opinion

Except for the effects of the matter described in the “Basis for Qualified Opinion” paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the City of Loyaltan as of June 30, 2018, and the respective changes in financial position and where applicable, cash flows thereof for the fiscal year then ended in conformity with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

The City of Loyaltan has not presented the Management Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), 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.

The City of Loyaltan has not presented the major fund budget to actual schedules that accounting principles generally accepted in the United States has determined are necessary to supplement, although not required to be part of, the basic financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated July 26, 2019 on our consideration of the City’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion of the internal control over financial reporting or on compliance.



Larry Bain, CPA,
An Accounting Corporation
July 26, 2019

CITY OF LOYALTON
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current Assets			
Cash and investments	\$ 283,718	\$ 2,734,474	\$ 3,018,192
Accounts receivable	16,241	46,791	63,032
Grants receivable		192,372	192,372
Restricted cash and investments	152,199	329,881	482,080
Total Current Assets	<u>452,158</u>	<u>3,303,518</u>	<u>3,755,676</u>
Non Current Assets			
Loans receivable	7,718		7,718
Internal balances	269,351	(269,351)	-
Capital assets:			
Land	55,293	373,319	428,612
Construction in Progress	56,546		56,546
Buildings	810,524	415,920	1,226,444
Site improvements	2,363,686	11,030,870	13,394,556
Equipment	614,973	767,974	1,382,947
Less: accumulated depreciation	<u>(1,398,259)</u>	<u>(5,019,278)</u>	<u>(6,417,537)</u>
Total Capital Assets	<u>2,502,763</u>	<u>7,568,805</u>	<u>10,071,568</u>
Total Non Current Assets	<u>2,779,832</u>	<u>7,299,454</u>	<u>10,079,286</u>
Total Assets	<u>\$ 3,231,990</u>	<u>\$ 10,602,972</u>	<u>\$ 13,834,962</u>
Liabilities			
Current liabilities:			
Accounts payable	\$ 4,369	\$ 186,834	\$ 191,203
Accrued wages	4,741	5,585	10,326
Customer deposits	200		200
Accrued interest payable		69,682	69,682
Unearned revenue-advance	123,893		123,893
Long-term liabilities-due within one year	<u>-</u>	<u>121,600</u>	<u>121,600</u>
Total Current Liabilities	<u>133,203</u>	<u>383,701</u>	<u>516,904</u>
Liabilities-due in more than one year:			
Compensated absences		5,531	5,531
Note payable		889,229	889,229
Certificate of participation		4,031,800	4,031,800
Total Liabilities Due In More Than One Year	<u>-</u>	<u>4,926,560</u>	<u>4,926,560</u>
Total Liabilities	<u>133,203</u>	<u>5,310,261</u>	<u>5,443,464</u>
Net Position			
Net investment in capital assets	2,502,763	2,528,435	5,031,198
Restricted for debt service		329,881	329,881
Unrestricted	<u>596,024</u>	<u>2,434,395</u>	<u>3,030,419</u>
Total Net Position	<u>\$ 3,098,787</u>	<u>\$ 5,292,711</u>	<u>\$ 8,391,498</u>

The accompanying notes are an integral part of these financial statements

CITY OF LOYALTON
STATEMENT OF ACTIVITIES
JUNE 30, 2018

Functions/programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 137,575	\$ 8,599	\$ -	\$ -	\$ (128,976)	\$ -	\$ (128,97)
Public safety	202,381	10,000		229,251	36,870		36,87
Public works	-	5,221			5,221		5,22
Health and welfare-cemetery	407	2,700			2,293		2,29
Streets and roads	35,160	20,052		4,419	(10,689)		(10,68
Culture/recreation	47,931	23,401			(24,530)		(24,53
Total Governmental Activities	423,454	69,973	-	233,670	(119,811)		(119,81
Business-type Activities:							
Water	211,256	180,889				(30,367)	(30,36
Sewer	739,576	354,722	420,839	-		35,985	35,98
Interest on long-term debt	160,791					(160,791)	(160,79
Total Business-type Activities	1,111,623	535,611	420,839			(155,173)	(155,17
Total Government	\$1,535,077	\$ 605,584	\$ 420,839	\$ 233,670	(119,811)	(155,173)	(274,98
General Revenues:							
Taxes:							
Property taxes					37,234		37,23
Sales and use tax					70,866		70,86
Franchise tax					6,630		6,63
Motor vehicle in lieu tax					59,136		59,13
Other					8,349	3,401	11,75
Sale of property					26,500		26,50
Investment income					10,732	4,320	15,05
Total general revenues					219,447	7,721	227,16
Change in net position					99,636	(147,452)	(47,81
Net position - beginning					3,058,961	5,440,163	8,499,12
Prior period adjustment					(59,810)		(59,81
Net position - ending					\$ 3,098,787	\$5,292,711	\$8,391,49

The accompanying notes are an integral part of these financial statements

CITY OF LOYALTON
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018

	Special Revenue Funds			Total Governmental Funds
	General	Gas Tax	CDBG	
<u>Assets</u>				
Cash and investments	\$ 262,758	\$ -	\$ 20,960	\$ 283,718
Restricted cash	94,635	57,564		152,199
Receivables				
Accounts	15,572	669		16,241
Loans			7,718	7,718
Due from other funds	413,241	18,974	196,287	628,502
Total Assets	\$ 786,206	\$ 77,207	\$ 224,965	\$ 1,088,378
<u>Liabilities</u>				
Accounts payable	\$ 2,890	\$ 1,479	\$ -	\$ 4,369
Accrued payroll	4,485	256		4,741
Customer deposits	200			200
Due to other governments	-			
Unearned revenue-advance	59,810	64,083		123,893
Due to other funds	300,512	58,639		359,151
Total Liabilities	367,897	124,457		492,354
<u>Fund Balances</u>				
Nonspendable for loans receivable			7,718	7,718
Assigned for special revenue funds			217,247	217,247
Unassigned	418,309	(47,250)		371,059
Total Fund Balances	418,309	(47,250)	224,965	596,024
Total Liabilities and Fund Balances	\$ 786,206	\$ 77,207	\$ 224,965	\$ 1,088,378

The accompanying notes are an integral part of these financial statements

CITY OF LOYALTON

**RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2018**

Fund Balances of Governmental Funds	\$ 596,024
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, net of accumulated depreciation, are not current financial resources and are not included in the governmental funds.	2,502,763
Some liabilities, including long-term debt, compensated absences and accrued interest are not due and payable in the current period and therefore are not reported in the funds.	<u>-</u>
Net position of governmental activities	\$ <u>3,098,787</u>

The accompanying notes are an integral part of these financial statements

CITY OF LOYALTON
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Special Revenue Funds			Total Governmental Funds
	General	Gas Tax	CDBG	
Revenues				
Taxes	\$ 108,100	\$ -	\$ -	\$ 108,100
Licenses and permits	16,437			16,437
Intergovernmental	288,387	24,471		312,858
Fines, forfeitures and penalties				-
Charges for current services	28,139			28,139
Use of money and property	278		3	281
Other	30,775	-		30,775
Total Revenues	<u>472,116</u>	<u>24,471</u>	<u>3</u>	<u>496,590</u>
Expenditures				
Current:				
General government	62,194			62,194
Public safety	181,070			181,070
Health and sanitation	407			407
Highways and streets		33,367		33,367
Culture and recreation	13,772			13,772
Capital Outlay	-	-		-
Total Expenditures	<u>257,443</u>	<u>33,367</u>	<u>-</u>	<u>290,810</u>
Excess (Deficit) of Revenues over Expenditures	<u>214,673</u>	<u>(8,896)</u>	<u>3</u>	<u>205,780</u>
Other Financing Sources (Uses)				
Sale of assets	26,500			26,500
Total Other Financing Sources (Uses)	<u>26,500</u>	<u>-</u>	<u>-</u>	<u>26,500</u>
Net Change in Fund Balance	<u>241,173</u>	<u>(8,896)</u>	<u>3</u>	<u>232,280</u>
Fund Balances, July 1, 2017	<u>236,946</u>	<u>(38,354)</u>	<u>224,962</u>	<u>423,553</u>
Prior Period Adjustment	<u>(59,810)</u>			<u>(59,810)</u>
Fund Balances, June 30, 2018	<u>\$ 418,309</u>	<u>\$ (47,250)</u>	<u>\$ 224,965</u>	<u>\$ 596,023</u>

The accompanying notes are an integral part of these financial statements

CITY OF LOYALTON

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS TO THE STATEMENT OF
ACTIVITIES-GOVERNMENTAL ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Net Change in Fund Balances - Total Governmental Funds \$ 232,280

Amounts reported for governmental activities in the Statement of Activities differs from the amounts reported in the Statement of Revenues, Expenditures and Changes in Fund Balances because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities. The costs of those assets is allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:

Cost of assets capitalized	-
Depreciation expense	<u>(132,645)</u>

Change in net position of governmental activities \$ 99,636

CITY OF LOYALTON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Water	Sewer	Totals
Current assets:			
Cash and investments	\$ 128,189	\$ 2,606,285	\$ 2,734,474
Restricted cash and investments	61,887	267,994	329,881
Receivables			
Accounts (Net of allowance for doubtful accounts)	17,660	29,131	46,791
Grants receivable		192,372	192,372
Due from other funds	71,963	43,223	115,186
Total current assets	<u>279,699</u>	<u>3,139,005</u>	<u>3,418,704</u>
Capital assets:			
Nondepreciable capital assets:			
Land		373,319	373,319
Depreciable capital assets			
Building		415,920	415,920
Site improvements	2,787,734	8,243,136	11,030,870
Equipment	167,153	600,821	767,974
Less accumulated depreciation	<u>(1,139,832)</u>	<u>(3,879,446)</u>	<u>(5,019,278)</u>
Total capital assets (net of accumulated depreciation)	<u>1,815,055</u>	<u>5,753,750</u>	<u>7,568,805</u>
Total Assets	<u>\$ 2,094,754</u>	<u>\$ 8,892,755</u>	<u>\$ 10,987,509</u>
Liabilities			
Current liabilities:			
Accounts payable	\$ 7,315	\$ 179,519	\$ 186,834
Accrued payroll	2,371	3,214	5,585
Due to other funds	152,454	232,083	384,537
Current portion - long term liabilities	19,000	102,600	121,600
Interest payable	14,427	55,255	69,682
Total current liabilities	<u>195,567</u>	<u>572,671</u>	<u>768,238</u>
Noncurrent liabilities:			
Compensated absences	1,854	3,677	5,531
Bonds payable		889,229	889,229
Certificates of participation	942,800	3,089,000	4,031,800
Total noncurrent liabilities	<u>944,654</u>	<u>3,981,906</u>	<u>4,926,560</u>
Total Liabilities	<u>1,140,221</u>	<u>4,554,577</u>	<u>5,694,798</u>
Net position:			
Net investment in capital assets	853,255	1,675,180	2,528,435
Restricted for debt service	61,887	267,994	329,881
Unrestricted	39,391	2,395,004	2,434,395
Total Net Position	<u>\$ 954,533</u>	<u>\$ 4,338,178</u>	<u>\$ 5,292,711</u>

The accompanying notes are an integral part of these financial statements

CITY OF LOYALTON

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
Operating Revenues			
Charges for services	\$ 180,889	\$ 354,447	\$ 535,336
Other income		275	275
Total Operating Revenues	<u>180,889</u>	<u>354,722</u>	<u>535,611</u>
Operating Expenses			
Salaries and benefits	62,947	73,826	136,773
Services and supplies	76,540	464,036	540,576
Depreciation expense	71,769	201,714	273,483
Total Operating Expenses	<u>211,256</u>	<u>739,576</u>	<u>950,832</u>
Operating Income (Loss)	<u>(30,367)</u>	<u>(384,854)</u>	<u>(415,221)</u>
Non-Operating Revenues (Expenses)			
Interest income	119	4,201	4,320
grant	-	420,839	420,839
Interest expense	(42,907)	(117,884)	(160,791)
other revenue	2,401	1,000	3,401
Total Non-Operating Revenues (Expenses)	<u>(40,387)</u>	<u>308,156</u>	<u>267,769</u>
Net Change in Fund Balance	(70,754)	(76,698)	(147,452)
Net Position, July 1, 2017	<u>1,025,287</u>	<u>4,414,876</u>	<u>5,440,163</u>
Net Position, June 30, 2018	<u>\$ 954,533</u>	<u>\$ 4,338,178</u>	<u>\$ 5,292,711</u>

The accompanying notes are an integral part of these financial statements

CITY OF LOYALTON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
JUNE 30, 2018

	Water	Sewer	Totals
Cash Flows from Operating Activities			
Cash received from customers	\$ 188,209	\$ 372,663	\$ 560,872
Cash payments to suppliers	(77,416)	(399,336)	(476,752)
Cash payments to employees	(63,122)	(74,205)	(137,327)
Net Cash Provided By (Used For) Operating Activities	<u>47,671</u>	<u>(100,878)</u>	<u>(53,207)</u>
Cash Flows from Noncapital Financing Activities			
Interfund activity	-	7,270	7,270
Other	2,401	1,000	3,401
Net Cash Provided By (Used For) Noncapital Financing Activities	<u>2,401</u>	<u>8,270</u>	<u>10,671</u>
Cash Flows from Capital and Related Financing Activities			
Purchase of fixed assets		(72,525)	(72,525)
Reductions of debt	(18,100)	(100,300)	(118,400)
Capital grant		228,467	228,467
WWTP legal settlement-net		966,758	966,758
Interest expense	(43,689)	(122,174)	(165,863)
Net Cash Provided By (Used For) Capital and Related Financing Activities	<u>(61,789)</u>	<u>900,226</u>	<u>838,437</u>
Cash Flows from Investing Activities:			
Interest income	119	4,201	4,320
Net Cash Provided By Investing Activities	<u>119</u>	<u>4,201</u>	<u>4,320</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(11,598)	811,819	800,221
Cash and Cash Equivalents, July 1, 2017	201,674	2,062,460	2,264,134
Cash and Cash Equivalents, June 30, 2018	<u>\$ 190,076</u>	<u>\$ 2,874,279</u>	<u>\$ 3,064,355</u>
Reconciliation of Cash and Cash Equivalents:			
Cash and investments	\$ 128,189	\$ 2,606,285	\$ 2,734,474
Restricted cash and investments	61,887	267,994	329,881
Total Cash and Cash Equivalents	<u>\$ 190,076</u>	<u>\$ 2,874,279</u>	<u>\$ 3,064,355</u>
Reconciliation of Operating Income to Net Cash Provided by (Used For) Operating Activities	\$ (30,367)	\$ (384,854)	\$ (415,221)
Adjustments to operating income:			
Depreciation	71,769	201,714	273,483
(Increase) decrease in accounts receivable	7,320	17,941	25,261
Increase (decrease) in accounts payable	(876)	64,700	63,824
Increase (decrease) in accrued payroll	-	-	-
Increase (decrease) in compensated absences	(175)	(379)	(554)
Net Cash Provided By (Used For) Operating Activities	<u>\$ 47,671</u>	<u>\$ (100,878)</u>	<u>\$ (53,207)</u>

The accompanying notes are an integral part of these financial statements

CITY OF LOYALTON

Notes to the Financial Statements June 30, 2018

Note 1: Summary of Significant Accounting Policies

The basic financial statements of City of Loyalton, California, (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") as applied to governmental agencies. The Governmental Accounting Standards Board ("GASB") is the acceptable standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City was incorporated in 1901, as a municipal corporation operating under the general laws of the State of California. The City operates under a Council-Manager form of government and provides services including general government, public works, public safety, water, sewer, and parks and recreation. Control or dependence is determined on the basis of budget adoption, selection of governing authority and designation of management, outstanding debt secured by revenues or general obligations of the City and ability to significantly influence operations.

The financial reporting entity, as defined by the GASB, consists of the primary government, the City, organizations for which the primary government is financially accountable, and any other organization 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.

B. Basis of Accounting

The government-wide, proprietary and agency fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenue from sales tax is recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or as a reservation of fund balance. The City considers property taxes available if they are collected within sixty-days after year-end.

Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt, as well as compensated absences and claims and judgments are recorded only when payment is due. General capital acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financial sources.

When applicable, the City reports deferred revenue on its combined balance sheet. Deferred revenue arises when a potential revenue source does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has legal claim to them, as when grant monies are received prior to the occurrences of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has legal claim to the resources, deferred revenue is removed from the combined balance sheet and revenue is recognized.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

CITY OF LOYALTON

Notes to the Financial Statements June 30, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the primary government (the City). These statements include the financial activities of the overall government. These statements distinguish between the governmental and business-type activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function. Program revenues include 1) charges paid by the recipient of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

When both restricted and unrestricted net position are available, unrestricted resources are used only after the restricted resources are depleted.

Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in separate columns. All remaining governmental and enterprise funds are separately aggregated and reported as non-major funds.

The City reports the following major governmental funds:

General Fund - This fund accounts for all the financial resources not required to be accounted for in another fund. This fund consists primarily of general government type activities.

Gas Tax Fund – This fund is used to account the revenues and expenditures of the State Gas Tax

CDBG Fund – This is used to account for Community Development revenue and expenditures

The City reports the following major enterprise funds:

Water and Sewer Funds - account for the operation of the City's water and sewer utilities. Activities of these funds include administration, operation and maintenance of the water and sewer systems and billing and collection activities. The Funds also accumulate resources for, and payment of long-term debt principal and interest. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure the integrity of the Funds.

CITY OF LOYALTON

**Notes to the Financial Statements
June 30, 2018**

Note 1: Summary of Significant Accounting Policies (Continued)

D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

E. Cash Equivalents

For the purpose of the statement of cash flows, the City considers cash and cash equivalents as short term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

Restricted cash and unrestricted pooled cash and investments held by the City are considered cash equivalents for purposes of the combined statement of cash flow's because the City's cash management pool and funds invested by the City possess the characteristics of demand deposit accounts.

F. Fixed Assets

Capital assets, recorded at historical cost or estimated historical cost if actual historical cost is not available, are reported in governmental activities column of the government-wide financial statements. Contributed fixed assets are valued at their estimated fair market value. Capital assets include land, buildings and building improvements and equipment. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation is recorded in the government-wide financial statements on the straight-line basis over the useful life of the assets as follows:

<u>Assets</u>	<u>Useful Life</u>
Building and improvements	40-50 years
Utility Systems	18-50 years
Equipment and machinery	5-15 years

G. Property Tax

Sierra County is responsible for assessing, collecting and distributing property taxes in accordance with enabling legislation. Revenue received is based on an allocation factor calculated by the County under the provisions of Proposition 13 plus a percentage of the increase in market value in specific areas. The City's property tax is levied each July 1 on the assessed values as of the prior January 1 for all real and personal property located in the City. Property sold after the assessment date (January 1) is reassessed and the amount of property tax levied is prorated.

Secured property taxes are due in two equal installments; the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10. Unsecured property tax is levied on July 1 and due on July 31 and becomes delinquent on August 31.

Based on a policy by the County called the Teeter Plan, 100% of the allocated taxes are transmitted by the County to the City, eliminating the need for an allowance for uncollectable. The County, in return, receives all penalties and interest on the related delinquent taxes.

CITY OF LOYALTON

Notes to the Financial Statements June 30, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

H. Balance Sheet Classifications

Certain resources are classified as restricted assets as their use is restricted for specific purposes by bond agreements, lease agreements, trust agreements, grant agreements, City Charter provisions, or other requirements. Governmental fund types' restricted assets are for grant advances. Proprietary fund types' restricted assets are for renewal and replacement of equipment and debt service reserves.

I. Compensated Absences

City employees are granted vacation in varying amounts based on classification and length of service. Upon termination or retirement, the City is to pay 100% of the vacation time accrued and 25-35% of the accrued sick leave depending on the length of employment with the City.

Governmental Funds – Governmental Funds record expenditures for compensated absences as they are taken by employees. A year-end accrual for compensated absences has not been made in the Governmental Funds as of June 30, 2018, because the City does not believe any significant resources will be required to fund the year-end compensated absences liability.

Proprietary Funds – Proprietary funds accrue a liability for unused compensated absences earned through year-end. An expense is recognized for the increase in liability from the prior year.

J. Intergovernmental Revenues

Federal and state governments reimburse the City for costs incurred on certain fixed asset construction projects under capital grant agreements. Amounts claimed under such grants are credited to intergovernmental revenues if the project is being administered by a Capital Projects Fund or to contributed capital if administered by a Proprietary Fund. Additionally, the City receives reimbursement from federal and state governments for other programs, such as housing and rehabilitation. These reimbursements are recorded in the fund administering the program as intergovernmental revenues with the related program costs included in expenditures.

The respective grant agreements generally require the City to maintain accounting records and substantiating evidence to determine if all costs incurred and claimed are proper and that the City is in compliance with other terms of the grant agreements. These records are subject to audit by the appropriate government agency. Any amounts disallowed will reduce future claims or be directly recovered from the City.

K. Net Position

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position are categorized as invested in capital assets (net of related debt), restricted, and unrestricted.

- Net investment in capital assets – 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.
- Restricted net position – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. These principally include restrictions for capital projects, debt service requirements and other special revenue fund purposes.
- Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

CITY OF LOYALTON

Notes to the Financial Statements
June 30, 2018

Note 1: Summary of Significant Accounting Policies (Concluding)

L. Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2018, fund balances for governmental funds are made up of the following:

- Non-spendable fund balance - includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid, and long-term receivables.
- Restricted fund balance - includes amounts that can be spent for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- Committed fund balance - includes amounts that can only be used for the specific purposes determined by a formal action of the City’s highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).
- Assigned fund balance - comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (1) the City Council or (b) a body (for example: a budget or finance committee) or official to which City Council has delegated the authority to assign amounts to be used for specific purposes.
- Unassigned fund balance - is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, that fund would report a negative unassigned fund balance.

Note 2: Cash and Investments

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as cash and investments. Unless otherwise dictated by legal or contractual requirements, income earned or losses arising from the investment of pooled cash are allocated on a quarterly basis to the participating funds and component units based on their proportionate shares of the average quarterly cash balance.

The City maintains “restricted cash and investments”. Monies restricted are for debt service reserves and legal settlement funds for the wastewater treatment plant.

Cash and investments at June 30, 2018, consisted of the following:

Cash and investments	\$ 3,018,192
Restricted cash and investments	482,080
Total per statement of activities	<u>\$ 3,500,272</u>
Checking account	\$ 629,975
Imprest cash	450
Savings	2,869,847
Total cash and investments	<u>\$ 3,500,272</u>

CITY OF LOYALTON

**Notes to the Financial Statements
June 30, 2018**

Note 2: Cash and Investments (Continued)

A. Investments Authorized by the California Government Code and the Entity's Investment Policy

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Percentage of Portfolio</u>	<u>Investment in One Issuer</u>
Investment pools authorized under CA			
Statutes governed by Government Code	N/A	None	\$40 million
U.S. Treasury Obligations	5 years	None	None
Bank Savings Accounts	N/A	25%	None
Federal Agencies	5 years	75%	None
Commercial Paper	180 days	20%	None
Negotiable Certificates of Deposit	180 days	20%	None
Re-Purchase Agreements	180 days	20%	None
Corporate Debt	5 years	25%	None

B. Concentrations of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in any one issuer. There are no investments to one issuer exceeding those limits.

C. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposit or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment of collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits; The California Government Code requires that a financial institution secured deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the City's deposits by pledging first deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2018, the City's deposits balance was \$3,509,808 and the carrying amount was \$3,499,822. The difference between the bank balance and the carrying amount was due to normal outstanding checks and deposits in transit. Of the bank balance \$250,000 was covered by the Federal Depository Insurance and \$3,259,808 by collateral held in the collateral pool.

CITY OF LOYALTON

Notes to the Financial Statements June 30, 2018

Note 2: Cash and Investments (Continued)

D. Fair Value Measurement

Investments are accounted for in accordance with the provisions of GASB Statement No. 31, which requires governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in fair value of investments in the year in which the change occurred. The City reports its investments at fair value based on quoted market information obtained from fiscal agents or other sources if the change is material to the financial statements.

Note 3: Liability, Insured Programs and Workers Compensation Protection

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. In 1986, the City joined together with other cities in the State to form Small Cities Organized Risk Effort (SCORE), a public entity risk pool currently operating as a common risk management and insurance program for member cities. The City pays an annual premium to SCORE for its insurance coverage. The Agreement for Formation of the SCORE provides that SCORE will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of self-insured levels. A Board of Directors governs the SCORE, consisting of one member appointed by each Member City. A management group employed by the SCORE handles the day-to-day business. At the termination of the joint power agreement and after all claims been settled, any excess or deficit will be divided among the cities in accordance with its governing documents. Financial statements of SCORE are available at the City.

CITY OF LOYALTON

**Notes to the Financial Statements
June 30, 2018**

Note 4: Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance July 1, 2017	Additions	Retirements/ Adjustments	Balance June 30, 2018
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 55,293		\$ -	\$ 55,293
Construction in progress	56,546	-		56,546
Capital assets, being depreciated:				
Buildings and improvements	2,363,686		-	2,363,686
Site improvements	810,524			810,524
Equipment	614,973			614,973
Total capital assets, being depreciated	3,789,183	-	-	3,789,183
Less accumulated depreciation for:				
Buildings and improvements	(626,512)	(77,650)		(704,162)
Site Improvements	(326,269)	(30,504)		(356,773)
Equipment	(312,834)	(24,490)		(337,324)
Total accumulated depreciation	(1,265,615)	(132,644)	-	(1,398,259)
Total capital assets, being depreciated, net	2,523,568	(132,644)		2,390,924
Governmental activities capital assets, net	\$ 2,635,407	\$ (132,644)	\$ -	\$ 2,502,763
Business-Type Activities				
Water				
Capital assets, being depreciated:				
Site improvements	\$ 2,787,734	\$ -	\$ -	\$ 2,787,734
Equipment	167,153			167,153
Total capital assets, being depreciated	2,954,887	-		2,954,887
Less accumulated depreciation	(1,068,063)	(71,769)		(1,139,832)
Total capital assets, being depreciated, net	1,886,824	(71,769)		1,815,055
Water capital assets, net	\$ 1,886,824	\$ (71,769)	\$ -	\$ 1,815,055
Sewer				
Capital assets, not being depreciated:				
Land	\$ 373,319	\$ -	\$ -	\$ 373,319
Capital assets, being depreciated:				
Buildings	415,920			415,920
Site improvements	8,243,136			8,243,136
Equipment	528,296	72,525		600,821
Total capital assets, being depreciated	9,187,352	72,525	-	9,259,877
Less accumulated depreciation	(3,677,732)	(201,714)		(3,879,446)
Total capital assets, being depreciated, net	5,509,620	(129,189)		5,380,431
Sewer capital assets, net	\$ 5,882,939	\$ (129,189)	\$ -	\$ 5,753,750

CITY OF LOYALTON

**Notes to the Financial Statements
June 30, 2018**

Note 4: Capital Assets (Continued)

Depreciation

Depreciation expense was charged to functions/programs of the City as follows:

General government	\$ 75,381
Public safety	21,311
Streets and roads	1,793
Parks	<u>34,159</u>
Total	<u>\$ 132,644</u>

The City believes the estimated useful lives of some of the assets involved at the Wastewater Treatment Plant will be much less than was previously anticipated at the time the assets were completed. Depreciation expense has been increased accordingly. The ultimate useful life of these items will depend on the alternative corrective action the City selects for repair of the facility.

Note 5: Lease Income

The City of Loyaltan derives a portion of its revenue from the rental of real property based on a fixed lease amount. All leases of the City are treated as operating leases for accounting purposes. Lease terms can be terminated by lessor at any time and without cause. Because these are cancelable leases we do not present the operating revenue over the term of the lease.

Note 6: Long-term Liabilities

Business-Type Activities:

A summary of changes in the City's business-type activities long-term liabilities for the year ended June 30, 2018:

Water Fund	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Adjustments/ Retirements</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Due Within</u> <u>One Year</u>
Compensated absences	\$ 2,029	\$ -	\$ (175)	\$ 1,854	\$ 1,113
2004 COP	979,900		(18,100)	961,800	19,000
Total	<u>\$ 1,018,169</u>	<u>\$ -</u>	<u>\$ (18,275)</u>	<u>\$ 963,654</u>	<u>\$ 20,113</u>
Sewer Fund	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Adjustments/ Retirements</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Due Within</u> <u>One Year</u>
Compensated absences	\$ 4,056	\$ -	\$ (379)	\$ 3,677	\$ 2,259
1995A Sewer revenue bond	838,338		(31,800)	806,538	33,000
1995B Sewer revenue bond	124,791		(4,500)	120,291	4,600
2009 COP	3,218,000		(64,000)	3,154,000	65,000
Total	<u>\$ 4,380,597</u>	<u>\$ -</u>	<u>\$ (100,679)</u>	<u>\$ 4,084,506</u>	<u>\$ 104,859</u>

CITY OF LOYALTON

**Notes to the Financial Statements
June 30, 2018**

Note 6: Long-term Liabilities (Continued)

Water Fund - 2004 Certificates of Participation

The City of Loyalton issued \$1,144,600 in certificates of participation on March 1, 2004 through Rural USDA to provide funds for the construction of various water system improvements.

The instalment payments are secured by a pledge of the net revenues of the City's water system as provided in the instalment purchase contract. The interest rate is 4.5% with payment due dates of March 1 and September 1 and final payment due September 1, 2044.

Future annual requirements to amortize the long-term debt outstanding as of June 30, 2018 are as follows:

Fiscal Year End	Principal	Interest	Total
June 30,			
2019	\$ 19,000	\$ 42,854	\$ 61,854
2020	19,800	41,981	61,781
2021	20,700	41,069	61,769
2022	21,600	40,118	61,718
2023	22,600	39,123	61,723
2024-2028	129,300	179,044	308,344
2029-2033	161,200	146,475	307,675
2034-2038	200,900	105,905	306,805
2039-2043	250,100	55,361	305,461
2044-2048	116,600	5,306	121,906
Totals	<u>\$ 961,800</u>	<u>\$697,235</u>	<u>\$1,659,035</u>

Sewer Fund – Series 1995-A Revenue Bond

The City of Loyalton issued \$1,256,500 in revenue bonds on February 1, 1995 through Rural Economic and Community Development Service to provide funds for the construction of various water system improvements.

The payments are secured by a pledge of the net revenues of the City's sewer system as provided in the instalment purchase contract. The interest rate is 4.5% with payment due dates of February 1 and August 1 and final payment due August 1, 2034.

Future annual requirements to amortize the long-term debt outstanding as of June 30, 2018 are as follows:

Fiscal Year End	Principal	Interest	Total
June 30,			
2019	\$ 33,000	\$ 35,555	\$ 68,555
2020	34,800	34,029	68,829
2021	36,000	32,436	68,436
2022	37,500	30,782	68,282
2023	38,600	29,070	67,670
2024-2028	222,600	116,820	339,420
2029-2033	275,900	60,892	336,792
2034-2035	128,138	5,819	133,957
Totals	<u>\$ 806,538</u>	<u>\$345,402</u>	<u>\$ 1,151,940</u>

CITY OF LOYALTON

**Notes to the Financial Statements
June 30, 2018**

Note 6: Long-term Liabilities (Continued)

Sewer Fund – Series 1995-B Revenue Bond

The City of Loyalton issued \$186,200 in revenue bonds on February 1, 1995 through Rural Economic and Community Development Service to provide funds for the construction of various water system improvements.

The payments are secured by a pledge of the net revenues of the City’s sewer system as provided in the instalment purchase contract. The interest rate is 4.5% with payment due dates of February 1 and August 1 and final payment due August 1, 2034.

Future annual requirements to amortize the long-term debt outstanding as of June 30, 2018 are as follows:

Fiscal Year End			
June 30,	Principal	Interest	Total
2019	\$ 4,600	\$ 5,310	\$ 9,910
2020	4,800	5,099	9,899
2021	5,100	4,876	9,976
2022	5,300	4,642	9,942
2023	5,600	4,397	9,997
2024-2028	34,300	17,615	51,915
2029-2033	41,600	9,077	50,677
2034-2035	18,991	864	19,855
Totals	<u>\$ 120,291</u>	<u>\$ 51,878</u>	<u>\$ 172,169</u>

Sewer Fund – 2009 Certificate of Participation

The City of Loyalton issued \$3,569,000 in certificates of participation on February 1, 2010 through Rural USDA to provide funds for the construction of various sewer system improvements.

The instalment payments are secured by a pledge of the net revenues of the City’s water system as provided in the instalment purchase contract. The interest rate is 2.5% with payment due dates of February 1 and August 1 and final payment due August 1, 2049.

Future annual requirements to amortize the long-term debt outstanding as of June 30, 2018 are as follows:

Fiscal Year End			
June 30,	Principal	Interest	Total
2019	\$ 65,000	\$ 78,038	\$ 143,038
2020	67,000	76,388	143,388
2021	69,000	74,688	143,688
2022	71,000	72,938	143,938
2023	72,000	71,150	143,150
2024-2028	390,000	327,375	717,375
2029-2033	441,000	275,488	716,488
2034-2038	499,000	216,813	715,813
2039-2043	564,000	150,450	714,450
2044-2048	638,000	75,450	713,450
2049-2050	278,000	7,000	285,000
Totals	<u>\$3,154,000</u>	<u>\$1,425,775</u>	<u>\$ 4,579,775</u>

CITY OF LOYALTON

Notes to the Financial Statements
June 30, 2018

Note 7: Interfund Transactions

Operating transfers are transactions to allocate resources from one fund to another fund not contingent on the incurrence of specific expenditures in the receiving fund. Interfund transfers are generally recorded as operating transfers in and operating transfers out in the same accounting period.

Receivables and Payables

Balances representing lending/borrowing transactions between funds outstanding at the fiscal year end are reported as either "due from/due to other funds" (amounts due within one year), "advances to/from other funds" (non-current portions of interfund lending/borrowing transactions), or "loans to/from other funds" (long-term lending/borrowing transactions evidenced by loan agreements). Advances and loans to other funds are offset by a fund balance reserve in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources. The interfund balances are not expected to be repaid within one year of the balance sheet date.

Interfund transactions for the fiscal year ended June 30, 2018 are summarized as follows:

	Due to Other Funds	Due from Other Funds
General Fund	\$ 300,512	\$ 413,241
Special Revenue Funds	58,639	215,261
Enterprise Funds	384,537	115,186
Totals	<u>\$ 743,688</u>	<u>\$ 743,688</u>

Note 8: Stewardship, Compliance and Accountability

A. Deficit Fund Balances

The gas tax fund had a deficit fund balance of \$47,250 at June 30, 2018. The deficit fund balance is expected to be eliminated upon receipt of future funding or transfers from the general fund.

B. Prior Year Adjustment

A prior year adjustment was made decreasing the beginning general fund, fund balance \$59,810 to correct an error in property tax allocations attributed to prior years.

Note 9: Revenue Limitations Imposed by California Proposition 218

Proposition 218, which was approved by the voters in November 1996, regulates the City's ability to impose, increase, and extend taxes and assessments. Any new increase or extended taxes and assessments subject to the provisions of Proposition 218, requires voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes and assessments are subject to voter initiative and may be rescinded in the future years by the voters.

Note 10: Related Party Transactions

The City currently is operating without a City Manager and members of the City Council have taken on the job duties normally performed by a City Manager. The members of the City Council are not compensated for taking on these duties in excess of the \$49.50 stipend per meeting received by all City Council members.

CITY OF LOYALTON

Notes to the Financial Statements
June 30, 2018

Note 11: Gann Limit

Proceeds subject to the limit for 2017-18	\$ 149,008
Amount of limit for 2017-18	1,097,746
Amount (under)/over the limit	<u>\$ (948,738)</u>

Per Capita Percentage Change	3.69%
Population Change	0.26%

Note 12: Commitments and Contingencies

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. 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 ongoing engineering and professional service commitments as of June 30, 2018.

Lawsuits

Various claims have been filed against the City. In the opinion of the City's management and legal counsel, the likelihood of an unfavourable outcome and the dollar range of potential loss was not determinable.

Note 13: Subsequent Events

On September 11, 2018 three former employees filed a complaint in the Superior Court for the County of Sierra alleging seven causes of action against CalPERS and the City of Loyalton in relation to the employees reduced retirement benefits. On March 25, 2019, the former employees filed a Request to Dismiss CalPERS from the complaint. In June 2019, after good faith negotiations, the parties agreed to settle with the three former employees all issues and claims in any way connected with the retirement benefits for a combined lump sum payment of \$73,946.74 and beginning April 2019 and on a monthly basis thereafter the City of Loyalton will pay each of the three former employees an amount equal to 1.075 times the monthly Reduced Benefit Amount that each employee is receiving as their CalPERS reduced retirement benefit.

The City of Loyalton management has evaluated subsequent events through July 26, 2019, the date the financial statements were available to be issued.

LARRY BAIN, CPA

An Accounting Corporation

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**INDEPENDENT AUDITOR'S 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**

To the City Council
City of Loyalton, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Loyalton as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise City of Loyalton basic financial statements and have issued our report thereon dated July 26, 2019.

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.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. The deficiencies in internal control that we consider to be material weaknesses following this report are identified as Finding 18-1, 18-2 and 18-3.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies Finding 18-4 through Finding 18-14 as described in the accompanying Schedule of Findings to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Loyalton'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.

The City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying Schedule of Findings. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

This report is intended solely for the information and use of management, the audit committee, City Council, the Sierra County Auditor Controller's Office, the California State Controller's Office, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Larry Bain, CPA,
An Accounting Corporation
July 26, 2019

**CITY OF LOYALTON
SCHEDULE OF FINDINGS
JUNE 30, 2018**

Significant Deficiencies Deemed Material Weaknesses

Finding 18-1: During the 2013/14 fiscal year testing of cash and debt we noted the City allocated \$6,000 per week to the loan money market bank account in order to pay the USDA water and sewer loans. The allocations between water and sewer funds were not based on a set % of collections for this money. Because of this there is a high risk that one fund is subsidizing the other. We also noted an \$84,000 transfer was made from the general fund to the water fund as of 6/30/14 in order to transfer the debt payment funds out of the General fund, this was not supported based on a set allocation method.

During the 2015/16 fiscal year, the City changed the \$6,000 per week allocation to 25% water fund and 75% sewer fund. We recalculated the activity in the accounts and verified each funds proper allocation and that the debt service was properly recorded in each fund.

We also noted the City outside consultant assisted with preparing the schedule to calculate the required reserve. The reserve account is not maintained in a separate account, but is in the same account used to accumulate resources used to pay the debt service. We have noted these condition in prior audits.

Recommendation: We recommend the City go back to the beginning of when the \$6,000 debt service transfers started and reconcile the activity to match how these funds should have been allocated and then make any needed journal entries to true up the allocations between the water and sewer funds. We also recommend communicating with the U.S.D.A representative to verify if a separate reserve bank account is required, or if the City can maintain the debt reserve in the same account used for debt service activity.

City Response: The City has addressed the transfers starting 11/23/12 and continues to make and deposit the funds in question.

The City continues to build the 1 year reserve required by USDA. The USDA reserve funds are required to be maintained in a separate account. The council will ensure this is done.

Finding 18-2: During our setup of the auditor's trial balance we noted the City general ledger is not a self-balancing set of accounts per fund. Significant adjustments need to be made in order to balance the funds. Furthermore the City trial balance had not been adjusted for the prior year audit entries and therefore the equity would not be in balance per fund. We noted the City hired a qualified external accountant to assist with posting the prior year audit entries and with balancing the funds. The risk of material misstatement resulting from these conditions is high and this is a condition for the qualified opinion on the financial statements. We have noted this condition in prior audits.

Current Year Follow Up: Condition not corrected during the current year audit period. For the fiscal year-end audit, the City is using an outside accountant to assist with balancing the funds.

Recommendation: We recommend the City continue to pursue replacing QuickBooks with fund accounting software.

City Response: The City has received a \$5,000.00 donation from the Tahoe Truckee Community Foundation to purchase Denali FUND Ascent Software. The City is in the process of transferring all information from the Quick Books program to the accepted fund accounting software.

Finding 18-3: During our audit we proposed many material audit journal entries to balance the general ledger to the underlying support. We proposed reducing water service income \$40,595.92, reducing sewer service income \$57,782.86 and reducing water and sewer accounts receivables by the same amounts in order to true up year-end closing entries entered in reverse. We proposed a journal entry to reduce sewer accounts payable \$170,460.94 offset by a reduction to sewer repairs and maintenance in the amount of \$56,280 and sewer capital equipment \$114,180.94 to remove recorded accounts payable that were not obligations of the City as of June 30, 2018.

**CITY OF LOYALTON
SCHEDULE OF FINDINGS
JUNE 30, 2018**

Significant Deficiencies Deemed Material Weaknesses (Continued)

We also proposed a journal entry to reverse the offsetting grant receivable and grant revenue for \$170,460.94 because the City did not have rights to the revenue as of June 30, 2018. We also proposed a journal entry to reclassify \$64,083 from water and gas tax revenue to gas tax deferred revenue for a FEMA advance received in the 2017/18 fiscal year, but the work had not started as of June 30, 2018. Furthermore we reclassified \$12,704.25 from water fund pooled cash to gas tax pooled cash for FEMA funds that had been allocated to the water fund in error. We also made other proposed journal entries that were not material to the financial statements.

Recommendation: Because the auditor cannot be considered part of the internal control of the City we recommend better attention to detail when performing year-end review of account balances. City staff should take a more active role in the year-end close and not solely rely on the external consultant

City Response: The City has adopted a budget for 2019/2020. The financial committee is receiving weekly financial reports for review. With this the committee can be more involved with tracking expenditures and staying within our budget.

Significant Deficiencies Not Deemed Material Weaknesses

Finding 18-4: We noted the City did not have a written financial and accounting policy/manual that included internal control procedures. The City should create the financial and accounting policies that demonstrate how transactions are processed from beginning to end. The policy should include the processes for internal controls that are designed to provide reasonable assurance that objectives related to effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations are met. This also should include documenting controls over processing transactions, authorizing transactions and for maintaining and safeguarding assets. We have noted this condition in prior audits.

Current Year Follow Up: No change, however the City is in the process of developing the written financial and accounting policy/manual and taking it to City Council for review and approval.

Recommendation: We recommend the City finish creating the written financial manual and accounting policy.

City Response: The City will finish creating and implementing the financial manual and policies.

Finding 18-5: We noted the City has not adopted an investment policy. The investment policy is required to be adopted and reviewed bi-annually. We have noted this condition in prior audits.

Recommendation: We recommend the City adopt the investment policy.

City Response: The City will adopt and follow an investment policy.

Finding 18-6: We noted the City had a lack of segregation of duties, as one person is capable of handling all aspects of certain transactions from beginning to end. A lack of segregation of duties increases the risk of potential errors or irregularities occurring without being detected; however, due to a limited number of personnel an adequate segregation of duties is not possible without incurring additional costs. We have noted this condition in prior audits.

City Response: The City has hired a new employee and is addressing additional segregation of duties where possible through the Financial Policy. Implementation will take place as the new employee is trained.

Finding 18-7: We noted the City did not implement the provisions of Government Accounting Standards Board Statement 54 as required by U.S. generally accepted accounting policies. This new standard went into effect for fiscal year ending June 30, 2011. The requirement categorizes fund balances into five separate categories and sets a new definition for special revenue funds. We have noted this condition in prior audits.

**CITY OF LOYALTON
SCHEDULE OF FINDINGS
JUNE 30, 2018**

Significant Deficiencies Not Deemed Material Weaknesses (Continued)

Current Year Follow Up: No Change.

Recommendation: We recommend the City review the provisions of GASB 54 and take action to adopt this standard. We also recommend the City create a schedule track all restricted, unspendable and committed fund balances in compliance with GASB 54.

City Response: The City will continue to take steps to adopt GASB 54 standards. The City will also invest in training for employees to ensure they are educated in and able to implement the GASB 54 Standards.

Finding 18-8: During our audit we did not observe the 2017/18 fiscal year budget adopted by City Council. We have noted this condition in prior audits.

Recommendation: We recommend the City adopt a detailed budget that itemizes projected revenues and expenditures. We also recommend the City perform periodic budget reviews and make amendments to the budget when projections are not realistic. Furthermore the City should consult with the City attorney to determine legal issues for not adopting a budget for the general fund and gas tax fund.

City Response: A budget was adopted by the City Council on June 18, 2019 for the 2019/2020 fiscal year. The adopted budget will be reviewed by the council quarterly. When the update and installation of new accounting software is complete, the budget updates will be done automatically and can be reviewed monthly.

Finding 18-9: During our review of indirect cost allocations we noted the City does not have a policy for how it is allocating indirect costs. We noted that very little administrative salary is allocated to the general fund and there does not appear to be consistency in allocating other expenditures such as office supplies and costs that are not directly related to a specific function. We have noted this condition in prior audits.

Recommendation: We recommend the City review how indirect costs are allocated and implement a policy so that administrative staff has clear guidance on how to record this activity.

City Response: All indirect cost allocations are distributed \$40% water; 40% sewer; 15% general fund and 5% to streets. The Council will make sure the policy when written is clear for staff.

Finding 18-10: During our testing of bank reconciliations we noted several bank accounts that had outstanding checks that were greater than one year old. We have noted this condition in prior audits.

We also noted the City had two items on the general checking outstanding check list, that were not outstanding checks. Check 4815 for \$17,557.36 dated January 26, 2018 was a double entry transfer check to the Fire Department Reserve account and check 5041 dated June 1, 2018 for \$21,897.72 was also a double entered transfer check to the Fire Department Reserve account.

We also proposed an audit journal entry increasing the Fire Department Reserve general ledger balance \$11,714.20 in order to agree the reconciled bank balance to the general ledger. The general ledger balance was misstated as a result of the City not reversing a prior year transfer correcting entry.

Recommendation: We recommend the City review the bank reconciliations outstanding items to the underlying support. The City should review any unusual items on the bank reconciliation and correct as needed. The City should reconcile the ending reconciled bank balance to the general ledger and research/correct any differences.

City Response: The council is concerned with large outstanding checks and deposits. This will be reviewed and addressed in the financial manual and policies.

**CITY OF LOYALTON
SCHEDULE OF FINDINGS
JUNE 30, 2018**

Significant Deficiencies Not Deemed Material Weaknesses (Continued)

Finding 18-11: During our audit we noted the City has \$743,688 interfund loans recorded between the general fund, special revenue funds and the enterprise funds. These interfund loans are classified as due to, due from other funds. The interfund loans have been on the City books for several years and as such they appear to be long-term in nature. Long-term interfund loans should be categorized as advances to and advance from other funds and should carry interest that would be paid from the borrowing fund to the lending fund.

Recommendation: We recommend the City review the due to/due from accounts and determine if the interfund balances should be paid off or converted to advances with terms such as an amortization schedule showing when the payments will be made and the interest rate associated with the lending.

City Response: The council will review accounts and determine the best avenue for payoff or removal from the books.

Finding 18-12: During our review of the checking account activity we noted that past Council Members were still listed as signers on the City bank account.

Recommendation: We recommend the City review the signers on the bank account and take action to only have authorized signers listed.

City Response: The City Council designated new signers for the bank account at the 02/19/2019 City Council meeting. This item has been completed and will be kept up to date moving forward.

Finding 18-13: During our inquiry and review of delinquent water and sewer receivables we noted that several accounts appear to have a low likelihood of collection. We also noted items on the general accounts receivable list that do not appear to be true accounts receivable.

Recommendation: We recommend City Council review the accounts that have a low likelihood of collection and review the options to collect or to write off. Options to collect might include sending the accounts to the auditor controller's office to be placed on the tax roll, and/or placing a lien on the property. We also recommend reviewing the general accounts receivable accounts and authorizing staff to write off accounts that are not true accounts receivable.

City Response: The Council has reviewed the past due accounts for the water and sewer services. The Council has authorized staff to write off all but two non-collectable accounts at the 06/18/2019 regular City Council Meeting.

Finding 18-14: During our audit of Fire Department Strike Team activity we noted that the Fire Department is billing the Strike Team reimbursements directly to Cal Fire OES and that the Finance Department is unaware of the billings.

We also noted that a Fire Truck had been surplusd during the 2017/18 fiscal year, however the Fire Department had no record of the surplus, the bill of sale to show title transfer and which engine was surplusd.

**CITY OF LOYALTON
SCHEDULE OF FINDINGS
JUNE 30, 2018**

Significant Deficiencies Not Deemed Material Weaknesses (Concluded)

Recommendation: We recommend the Fire Department provide the Finance Department with the Strike Team invoice and the supporting documentation for the invoice. The Finance Department should then review the invoice for accuracy, send the invoice to Cal Fire-OES and record the invoice as a receivable and revenue. When the funds are received the Finance Department should then record the cash and remove the receivable from the general ledger.

We also recommend reviewing which engine was surplus and require that when a vehicle is sold or surplus that a bill of sale is retained to show proof of title transfer and the vehicle information. The City should also review if the surplus vehicle was removed from the capital asset schedule.

City Response: The council will direct the Fire Department Personnel to submit all invoices to the City prior to sending them to Cal Fire or OES to ensure copies are made for documentation. This should allow staff to prepare information for Council approval and to pay fire personnel in a timely manner. The Council will determine if and which fire truck was surplus.