

CITY OF RIO DELL, CALIFORNIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2020



Prepared by:

Cheryl Dillingham
Finance Director

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City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

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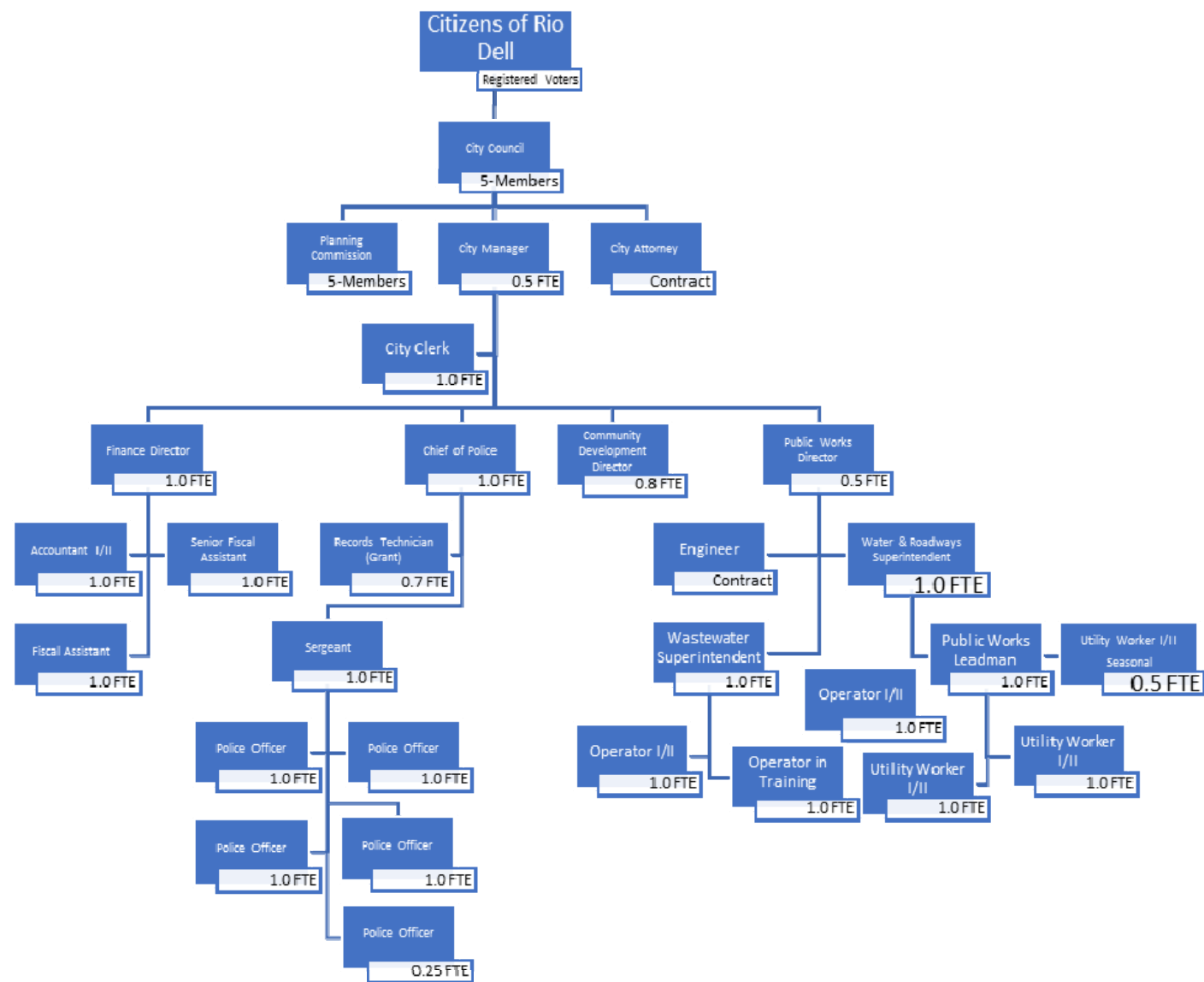
City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

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City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

Organization Chart



City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

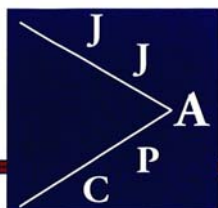
List of Officials

CITY COUNCIL

- Debra Garnes, Mayor
- Julie Woodall, Mayor Pro Tem
- Frank Wilson, Council Member
- Gordon Johnson, Council Member
- Sue Strahan, Council Member

CITY OFFICIALS

- Kyle Knopp, City Manager
- Keren Dunham, City Clerk
- Cheryl Dillingham, Finance Director
- Kevin Caldwell , Community Development Director
- Jeff Conner, Chief of Police



JJACPA, Inc.

A Professional Accounting Services Corp.

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the City of Rio Dell, California (City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

March 17, 2021

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

Management's Discussion and Analysis, Continued

This section provides a narrative overview and analysis of the financial activities of the City of Rio Dell (City) for the fiscal year ended June 30, 2020. It should be read in conjunction with the accompanying transmittal letter and basic financial statements.

FINANCIAL HIGHLIGHTS

This section of the annual financial report provides a narrative overview and analysis of the financial activities of the City of Rio Dell (City) for the fiscal year ended June 30, 2020. It should be read in conjunction with the accompanying transmittal letter and basic financial statements.

The following outlines the financial highlights for the year:

- ◆ At June 30, 2020, the City's net position (excess of assets and deferred outflows of resources of the City over liabilities and deferred inflows of resources) was \$30,022,728, an increase of \$1,686,826 from the prior year. Of the total net position, \$21,594,191 was invested in capital assets (net of related debt) and \$436,569 had restrictions in their use leaving \$7,991,968 as unrestricted.
- ◆ Overall City-wide revenues from all governmental and business-type activities increased by \$912,121 compared to FY 2018-19. The increase is primarily due to revenue received for the sidewalk and bike lane construction project funded through the Active Transportation Program (ATP). The City's total expenses for all programs in FY 2019-20 increased by \$103,842 or 2.6%.
- ◆ Overall the City's total net position increased by \$1,686,826 (\$1,403,411 and \$283,415 for governmental activities and business-type activities, respectively). Total city-wide assets increased \$2,225,517. This primarily was the result of an increase in cash, with the remainder being accounts receivable (asset) that was offset with accounts payable (liability) for the ATP project.
- ◆ The General Fund reported a fund balance of \$2,224,862 at the end of the 2020 fiscal year, an increase of \$203,941. This change was the result of new Cannabis revenues and additional sales tax revenues.
- ◆ The City also ended the fiscal year with \$4,256,143 reported in the proprietary enterprise funds (the amount of net position available for use, including unrestricted net position, but excluding the investment in capital assets net of related debt). This is an increase of \$785,983 from 2019 and is a result of unrestricted water funds increasing by \$599,786 to \$2,275,694 and unrestricted sewer funds increasing by \$186,197 to \$1,980,449.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

Management's Discussion and Analysis, Continued

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

The Basic Financial Statements

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

Government-wide Financial Statements

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

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

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

- ◆ ***Governmental activities*** – All of the City's basic services are considered to be governmental activities, including general government, community development, parks and recreation, public safety, animal control, engineering, community events, public improvements, planning and zoning, building inspections, and general administration. These services are supported by general City revenues such as taxes and by specific program revenues such as developer fees.
- ◆ ***Business-type activities*** – All the City's enterprise activities are reported here, including Water and Sewer. Unlike governmental services, these services are supported by charges paid by users based on the amount of the service they use.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

Management's Discussion and Analysis, Continued

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

Fund Financial Statements

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

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

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

For the fiscal year ended June 30, 2020, the City's major funds are as follows:

GOVERNMENTAL FUNDS:

- ◆ General Fund
- ◆ CDBG Special Revenue Fund

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

Management's Discussion and Analysis, Continued

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

Fund Financial Statements, Continued

PROPRIETARY FUNDS:

- ◆ Water Enterprise Fund
- ◆ Sewer Enterprise Fund

For the fiscal year ended June 30, 2020, the City adopted annual appropriated budgets for all governmental funds.

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

Fiduciary Statements

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements. The notes to the basic financial statements can be found on pages 41-72 of this report.

Combining and Individual Fund Financial Statements and Schedules

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements can be found on pages 76–89 of this report.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$30,022,728 as of June 30, 2020. The Summary of Net position as of June 30, 2020, and 2019, follows:

	Summary of Net Position					
	2020			2019		
	Govern- mental Activities	Business- type Activities	Total	Govern- mental Activities	Business- type Activities	Total
Current and other assets	\$ 5,136,662	\$ 4,856,441	\$ 9,993,103	\$ 3,775,656	\$ 4,063,188	\$ 7,838,844
Noncurrent assets	5,690,687	22,481,753	28,172,440	4,801,171	23,300,011	28,101,182
Total assets	10,827,349	27,338,194	38,165,543	8,576,827	27,363,199	35,940,026
Current and other liabilities	931,185	564,215	1,495,400	8,447	560,790	569,237
Long-term liabilities	33,083	6,614,332	6,647,415	32,710	6,926,177	6,958,887
Total liabilities	964,268	7,178,547	8,142,815	41,157	7,486,967	7,528,124
Net position:						
Net invested in						
Capital Assets	5,690,687	15,903,504	21,594,191	4,801,171	16,406,072	21,207,243
Restricted	436,569	-	436,569	350,064	-	350,064
Unrestricted	3,735,825	4,256,143	7,991,968	3,308,435	3,470,160	6,778,595
Total net position	\$ 9,863,081	\$ 20,159,647	\$ 30,022,728	\$ 8,459,670	\$ 19,876,232	\$ 28,335,902

The City's total net position increased by \$1,686,826 (\$1,403,411 for governmental activities and \$283,415 for business-type activities). Total city-wide assets increased \$2,225,517. This was mostly the result of an increase in cash and accounts receivable for the ATP streets project. Total current city-wide liabilities increased by \$926,163, primarily due to accounts payable for construction costs on the ATP streets project. Debt service principle (long-term liabilities) for the wastewater treatment plant and the water system infiltration gallery decreased \$315,690. Total city-wide liabilities, not including deferred outflows and inflows of resources increased by \$614,691.

About 1.5% or \$436,569 of City-wide net position represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position of \$8 million may be used to meet the government's ongoing obligations to citizens and creditors. Of this amount, \$3,735,825 is held by governmental activities and \$4,256,143 is held by business-type activities.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Revenues

The City's total revenues for governmental and business-type activities were \$5,777,047 for the fiscal year ended June 30, 2020, an increase of \$912,121. Significant revenues for the City for FY 2019-20 were derived from taxes (27%), operating grants and contributions (24%), and charges for services (42%).

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

- ◆ **Charges for Services** - Annual receipts for business-type activities decreased \$98,625, or 4%. Governmental activities decreased \$72,674, primarily due to one-time building fees for a new multi-unit housing project received last fiscal year.
- ◆ **Grants and Contributions** - Annual receipts increased by \$833,107. This was due to funding received for the ATP streets construction project.
- ◆ **Other Taxes** - Annual receipts increased \$159,236. This represents revenues from the new cannabis tax.

Expenses

Governmental and business-type activity expenses of the City for the year totaled \$4,090,221. This is an increase of \$103,842 from the prior fiscal year. Governmental activity expenses totaled \$1,539,115, or 38% of total expenses. Business-type activities incurred \$2,551,106 of expenses during the fiscal year, a decrease of \$91,710 due mainly to reduced capital project costs. Public safety - Police costs represented 51% of total governmental activities expenses, General Government activities were (20%) and Public Works was (21%). The remaining 8% were Planning and Building and Recycling costs.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The change in net position for the fiscal years ended June 30, 2020, and 2019, follows:

	Changes in Net Position 2020			2019		
	Govern- mental Activities	Business- type Activities	Total	Govern- mental Activities	Business- type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 91,745	\$ 2,341,216	\$ 2,432,961	\$ 164,419	\$ 2,439,841	\$ 2,604,260
Grants and contributions:						
Operating	188,624	64,765	253,389	359,377	-	359,377
Capital	1,020,625	115,357	1,135,982	8,851	188,036	196,887
General revenues:						
Property taxes, levied for general purposes	137,848	-	137,848	127,913	-	127,913
Sales taxes	573,424	-	573,424	486,594	-	486,594
Transient occupancy tax	11,797	-	11,797	9,328	-	9,328
Gas taxes	141,699	-	141,699	144,878	-	144,878
Franchise taxes	87,139	-	87,139	88,045	-	88,045
Other taxes	193,104	-	193,104	33,868	-	33,868
Motor vehicle in lieu	409,738	-	409,738	384,193	-	384,193
Use of money and property	70,089	54,438	124,527	64,031	44,130	108,161
Contributed capital	-	211,300	211,300	-	207,471	207,471
Other general	16,694	47,445	64,139	46,149	67,802	113,951
Total revenues	<u>2,942,526</u>	<u>2,834,521</u>	<u>5,777,047</u>	<u>1,917,646</u>	<u>2,947,280</u>	<u>4,864,926</u>
Expenses:						
Governmental activities:						
General government	302,068	-	302,068	391,694	-	391,694
Public safety - Police	786,994	-	786,994	669,547	-	669,547
Public works	319,966	-	319,966	214,838	-	214,838
Planning and building	121,821	-	121,821	59,994	-	59,994
Recycling	8,266	-	8,266	7,490	-	7,490
Business-type activities:						
Sewer	-	1,639,983	1,639,983	-	1,542,953	1,542,953
Water	-	911,123	911,123	-	1,099,863	1,099,863
Total expenses	<u>1,539,115</u>	<u>2,551,106</u>	<u>4,090,221</u>	<u>1,343,563</u>	<u>2,642,816</u>	<u>3,986,379</u>
Excess (Deficiency) of revenues over expenditures before transfers	1,403,411	283,415	1,686,826	574,083	304,464	878,547
Transfers	-	-	-	5,834	(5,834)	-
Change in net position	1,403,411	283,415	1,686,826	579,917	298,630	878,547
Net position:						
Beginning of year	8,459,670	19,876,232	28,335,902	7,879,753	19,577,602	27,457,355
End of year	<u>\$ 9,863,081</u>	<u>\$ 20,159,647</u>	<u>\$ 30,022,728</u>	<u>\$ 8,459,670</u>	<u>\$ 19,876,232</u>	<u>\$ 28,335,902</u>

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Governmental Activities

The following table shows the cost of each of the City's major programs and the net cost of the programs. Net cost is the total cost less fees and other direct revenue generated by the activities. The net cost reflects the financial burden that was placed on the City's taxpayers by each of the programs. The total cost of services and the net cost of services for the fiscal years ended June 30, 2020, and 2019, are as follows:

	2020		2019	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 302,068	\$ 252,452	\$ 391,694	\$ 272,427
Public safety - Police	786,994	604,126	669,547	520,800
Public works	319,966	(702,169)	214,838	(49,795)
Planning and building	121,821	84,679	59,994	59,994
Recycling	8,266	(967)	7,490	7,490
Total	<u>\$ 1,539,115</u>	<u>\$ 238,121</u>	<u>\$ 1,343,563</u>	<u>\$ 810,916</u>

Total expenses for governmental activities were \$1,539,115 which was \$195,552 or 15% more than the prior year. Public Works had a negative "Net Cost of Services" due to the addition of infrastructure funded by a grant from the State through the Active Transportation Program (ATP).

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

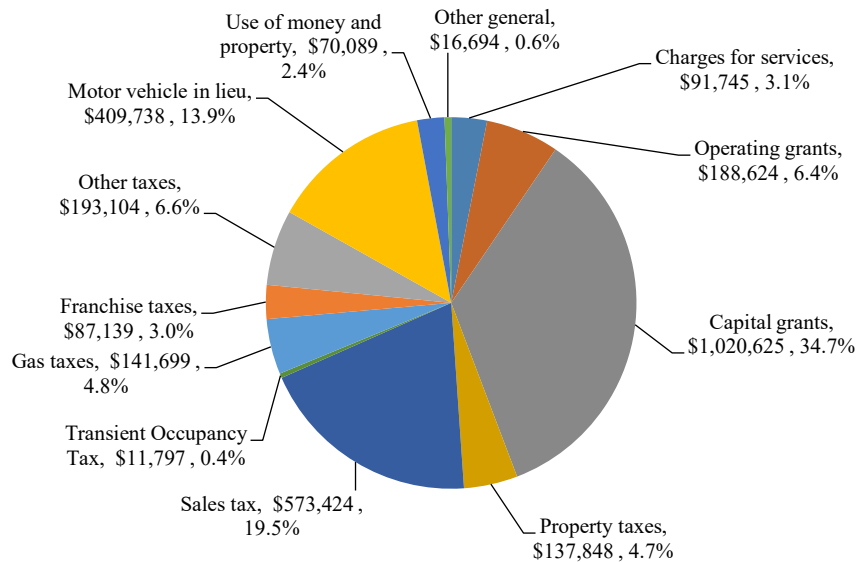
Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

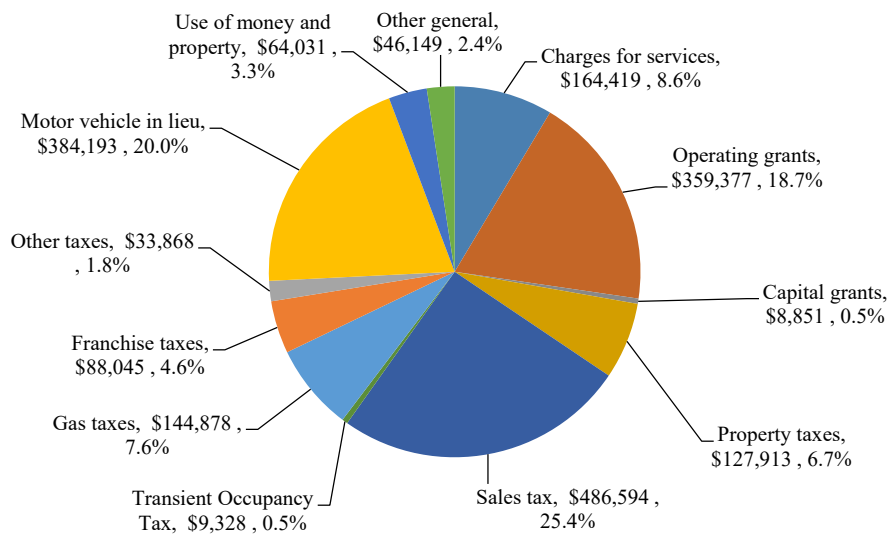
Governmental Activities, continued

Revenues by source for the fiscal years ended June 30, 2020, and 2019, are as follows:

Revenues by Source - Governmental Activities 2020



Revenues by Source - Governmental Activities 2019



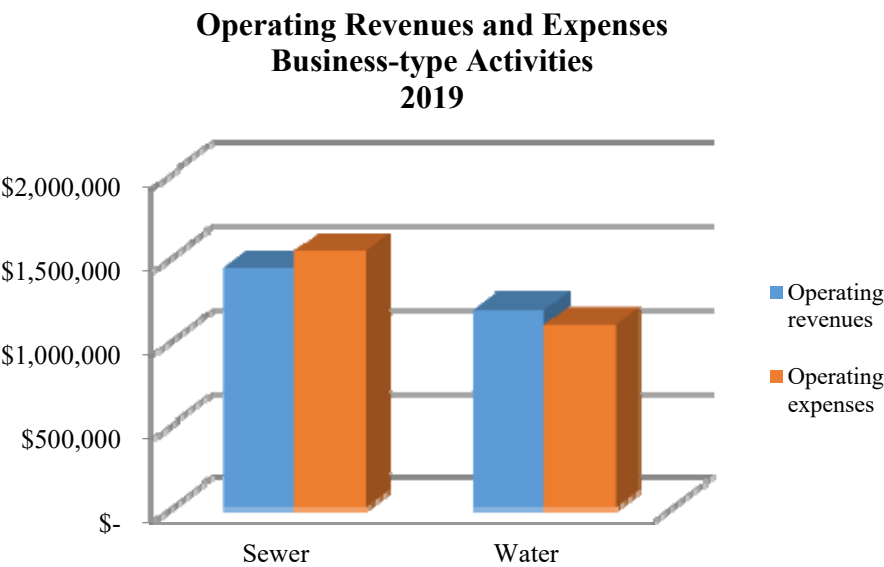
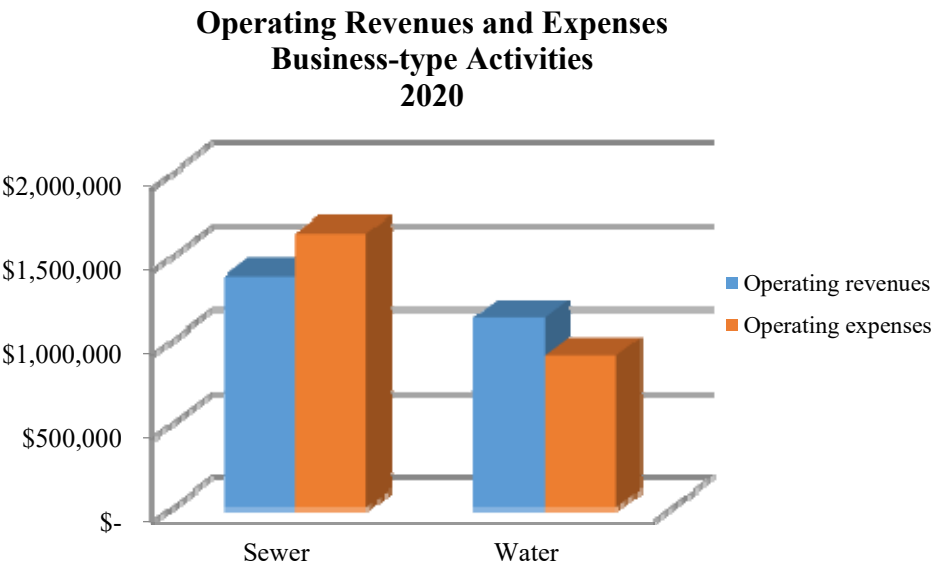
City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Business-type Activities

Business-type activities have increased the City’s net position by \$283,415. The City has two business-type activities: Sewer and Water Operations. The operating revenues and expenses for the business-type activities for the fiscal years ended June 30, 2020, and 2019, are as follows:



City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

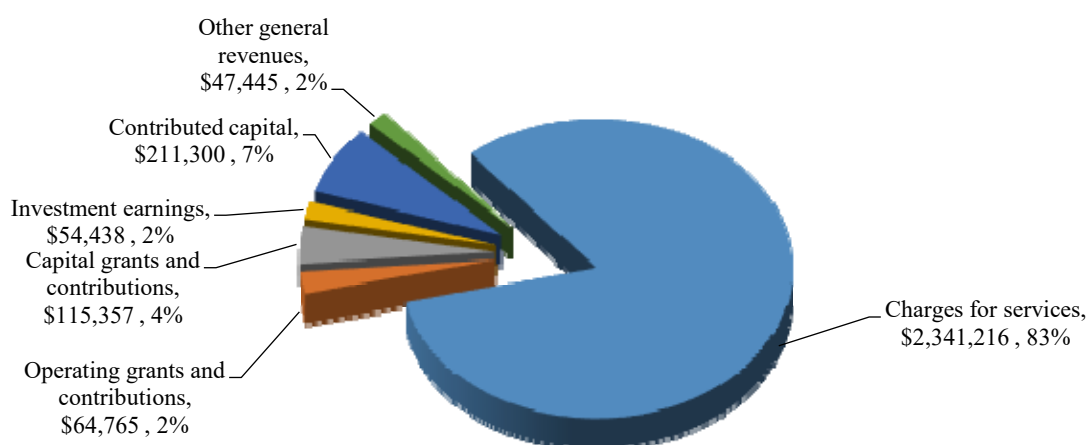
Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

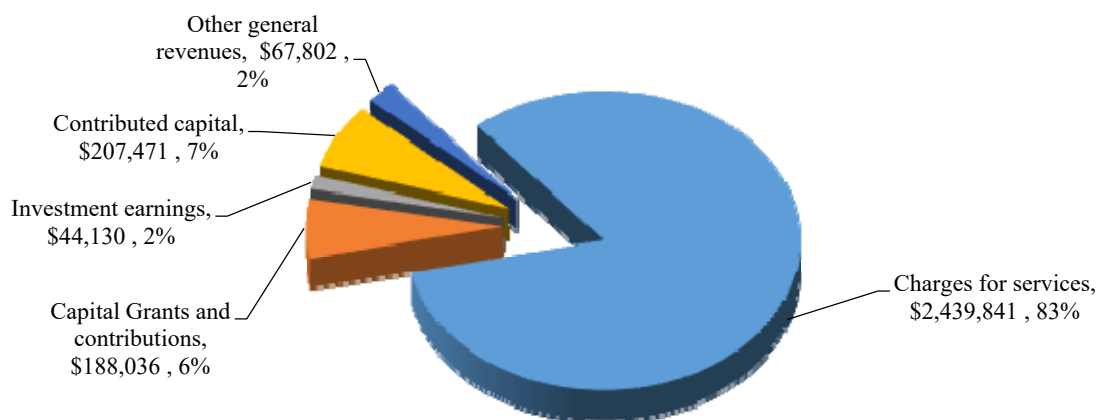
Business-type Activities, continued

The revenues by source for the business-type activities for the fiscal years ended June 30, 2020, and 2019, are as follows:

Revenues by Source - Business-type Activities 2020



Revenues by Source - Business-type Activities 2019



City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Financial Analysis of the Government's Funds

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

Governmental funds. The City's governmental funds provide information on near-term inflows, outflows, and balances of spending resources. At the fiscal year ended June 30, 2020, the City's governmental funds reported combined fund balances of \$3,227,203. This is an increase of \$539,850 or 20% from last year. This primarily results from revenues exceeding expenditures in the various governmental funds.

The General Fund is the chief operating fund of the City. At the fiscal year ended June 30, 2020, General Fund unassigned fund balance totaled \$2,193,550. This is an increase of \$201,301 or 10% from the prior year. This increase mainly resulted from higher than anticipated sales and cannabis tax revenues and capital projects not being completed.

The governmental funds allowed the City to undertake several capital and special projects in FY 2019-20. The State provided funds through the Active Transportation Program (ATP) for a project which will enhance non-motorized user safety on city streets. ATP funding is meant to encourage increased use of active modes of transportation. This project started construction in FY 2019-20 and will be completed next year. Additionally, the city General Fund provided funding for a streets slurry seal project and new RIMS law enforcement software.

Proprietary funds. The City ended the fiscal year with \$4,256,143 reported in the proprietary enterprise funds (the amount of net position available for use, including unrestricted net position, but excluding the investment in capital assets net of related debt). This is an increase of \$785,983 from 2019. The increase is a result of the change in net position in the water funds of \$599,786 and \$186,197 in the sewer funds.

General Fund Budgetary Highlights

The difference between the final budget and actual revenues differs favorably by \$366,530, or 32% over budgeted amounts. This was mainly due to increased sales tax and cannabis revenue. Actual expenditures were \$312,735 lower than final budgeted amounts. The lower expenditures were largely due to capital projects not being completed and vacant positions in the Police Department.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

There was a \$2,132,234 difference between the total original expenditure budget and the total final amended budget. Actual expenditures in comparison to the final budget were \$1,572,831 under budget (24% under budget). This resulted primarily from unspent capital outlay appropriations for several projects.

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2020, amount to \$28,172,440. This investment in capital assets includes land, construction in progress, streets, medians, sidewalks, buildings, water and sewer infrastructure, machinery, equipment, and vehicles.

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	\$ 627,945	\$ 627,945	\$ 507,859	\$ 507,859	\$ 1,135,804	\$ 1,135,804
Construction in progress	1,107,729	183,295	-	-	1,107,729	183,295
Buildings and structures	290,970	302,953	11,896	18,283	302,866	321,236
Equipment	68,469	19,683	233,422	249,355	301,891	269,038
Vehicles	36,310	17,833	45,677	95,084	81,987	112,917
Streets and roads	1,712,651	1,754,723	-	-	1,712,651	1,754,723
Infrastructures	1,846,613	1,894,739	21,682,899	22,429,430	23,529,512	24,324,169
Total	\$ 5,690,687	\$ 4,801,171	\$ 22,481,753	\$ 23,300,011	\$ 28,172,440	\$ 28,101,182

More detail of the capital assets and current activity can be found in the notes to the financial statements on page 49 for significant accounting policies and Note 5 on pages 59 – 60 for other capital asset information.

Long-Term Debt

At June 30, 2020, the City had \$6,970,791 in long-term liabilities. Additional information about the City's long-term debt can be found in Note 7 to the basic financial statements.

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Compensated absences	\$ 36,759	\$ 36,344	\$ 40,092	\$ 35,820	\$ 76,851	\$ 72,164
Safe Drinking Water Loan	-	-	1,292,000	1,428,000	1,292,000	1,428,000
FMHA Special Assessment Bonds	-	-	-	-	-	-
State of California Water Resources Control Board	-	-	5,601,940	5,777,762	5,601,940	5,777,762
Total	\$ 36,759	\$ 36,344	\$ 6,934,032	\$ 7,241,582	\$ 6,970,791	\$ 7,277,926

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

Management's Discussion and Analysis, Continued

Economic Outlook and Next Year's Budget and Rates

The budget for Fiscal Year 2020-21, was adopted on June 16, 2020, is balanced and the economic outlook for the near term is uncertain but considered stable. The overall stabilization is a result of a diverse tax base due the passage of Measure J (1% sales tax) and Measure X (cannabis tax), a lack of pension debt and utility rates that currently meet operating and capital costs. Additionally, the City has made efforts over the past several years to contain and control expenditures.

Tax revenues, particularly property and sales taxes, continue to be steady through economic cycles which provides stability to the City's financial position. These revenues have increased modestly and have seen minimal impacts from the pandemic. In addition, the City's tax revenue base was broadened with the passage of Measure U in 2014, the City's 1% add-on tax. Measure U expired in 2020 and thanks to community support Measure J was passed and extends the sales tax through 2024.

The City's business tax on medical and recreational marijuana, Measure X was voted in on November 7, 2017. Measure X taxes approved and permitted commercial cannabis activity within the City limits. Estimated cannabis tax revenues exceed property tax revenues for the first time in the FY 2020-21 budget. Maintaining and growing the City's revenue base continues to be a high priority.

The City's traditional revenue base is not keeping up with expenses. Salary and benefits costs are the largest expense category and it has become a challenge to provide salaries that are competitive enough to recruit and retain qualified employees. Additionally, costs for other services continue to rise such as dispatch, information systems and animal control. It is anticipated that the cost of doing business will continue to increase.

It has been over five years since a rate study has been done for sewer and water services. The budget contains funding for a new rate study. Regulatory oversight, capital planning and replacement and employee retention are factors contributing to the need for a rate review and update. The City must go through the Proposition 218 process to continue to add an annual inflation factor to rates because the authority expires after five years.

In summary, the City enters FY 2020-21 in a strong financial position due to past efforts made to stabilize both revenues and expenditures. The budget for FY 2020-21 reinvests in the city, maintains services and reserves and creates a path forward to recover from the economic impacts of the pandemic. While vulnerabilities exist, some within the City's control and some not, the City believes it has taken, and will continue to take, the actions necessary to create a sustainable financial future.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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City of Rio Dell, California
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 2,673,276	\$ 4,320,752	\$ 6,994,028
Receivables:			
Accounts	635,507	298,919	934,426
Intergovernmental	807,746	158,768	966,514
Interest	6,871	10,002	16,873
Loans/Notes receivable	981,950	-	981,950
Prepaid items	31,312	68,000	99,312
Total current assets	5,136,662	4,856,441	9,993,103
Noncurrent assets:			
Capital assets:			
Nondepreciable	1,735,674	507,895	2,243,569
Depreciable	3,955,013	21,973,858	25,928,871
Total noncurrent assets	5,690,687	22,481,753	28,172,440
Total assets	\$ 10,827,349	\$ 27,338,194	\$ 38,165,543
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 927,509	\$ 75,018	\$ 1,002,527
Interest payable	-	82,162	82,162
Deposits payable	-	87,335	87,335
Compensated absences - current portion	3,676	4,009	7,685
Due within one year	-	315,691	315,691
Total current liabilities	931,185	564,215	1,495,400
Noncurrent liabilities:			
Long-term liabilities:			
Compensated absences	33,083	36,083	69,166
Due after one year	-	6,578,249	6,578,249
Total noncurrent liabilities	33,083	6,614,332	6,647,415
Total liabilities	964,268	7,178,547	8,142,815
NET POSITION			
Net investment in capital assets	5,690,687	15,903,504	21,594,191
Restricted	436,569	-	436,569
Unrestricted	3,735,825	4,256,143	7,991,968
Total net position	9,863,081	20,159,647	30,022,728
Total liabilities, deferred inflows of resources and net position	\$ 10,827,349	\$ 27,338,194	\$ 38,165,543

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

City of Rio Dell, California
Statement of Activities
For the year ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 302,068	48,860	756	\$ -
Public safety - Police	786,994	-	182,868	-
Public works	319,966	1,510	-	1,020,625
Planning and building	121,821	37,142	-	-
Recycling	8,266	4,233	5,000	-
Total governmental activities	1,539,115	91,745	188,624	1,020,625
Business-type activities:				
Sewer	1,639,983	1,321,702	64,765	-
Water	911,123	1,019,514	-	115,357
Total business-type activities	2,551,106	2,341,216	64,765	115,357
Total primary government	\$ 4,090,221	\$ 2,432,961	\$ 253,389	\$ 1,135,982

General revenues:

Taxes:

Property taxes, levied for general purposes

Sales taxes

Transient occupancy taxes

Gas taxes

Franchise taxes

Other taxes

Intergovernmental:

State motor vehicle in-lieu tax (MVLFF)

Use of money and property

Contributed capital

Other general revenues

Total general revenues

Transfers

Total general revenues and transfers

Change in net position

Net position:

Beginning of year

End of year

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

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Totals
\$ (252,452)	\$ -	\$ (252,452)
(604,126)	-	(604,126)
702,169	-	702,169
(84,679)	-	(84,679)
967	-	967
(238,121)	-	(238,121)
-	(253,516)	(253,516)
-	223,748	223,748
-	(29,768)	(29,768)
(238,121)	(29,768)	(267,889)
137,848	-	137,848
573,424	-	573,424
11,797	-	11,797
141,699	-	141,699
87,139	-	87,139
193,104	-	193,104
409,738	-	525,095
70,089	54,438	124,527
-	211,300	211,300
16,694	47,445	64,139
1,641,532	313,183	1,954,715
-	-	-
1,641,532	313,183	1,954,715
1,403,411	283,415	1,686,826
8,459,670	19,876,232	28,335,902
\$ 9,863,081	\$ 20,159,647	\$ 30,022,728

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FUND FINANCIAL STATEMENTS
MAJOR FUNDS

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

City of Rio Dell, California
Balance Sheet
Governmental Funds
June 30, 2020

	Major Funds			
	General Fund	CDBG Special Revenue	Nonmajor Governmental Funds	Totals
ASSETS				
Cash and investments	\$ 1,699,210	\$ 173,261	\$ 800,805	\$ 2,673,276
Receivables:				
Interest	5,195	408	1,268	6,871
Intergovernmental	-	-	807,746	807,746
Loans/Notes receivable	-	981,950	-	981,950
Other receivable	514,695	-	120,812	635,507
Due from other funds	87,758	-	-	87,758
Prepaid items	31,312	-	-	31,312
Total assets	\$ 2,338,170	\$ 1,155,619	\$ 1,730,631	\$ 5,224,420
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 113,308	\$ -	\$ 814,201	\$ 927,509
Due to other funds	-	-	87,758	87,758
Total liabilities	113,308	-	901,959	1,015,267
Deferred inflows of resources:				
Unavailable revenue	-	981,950	-	981,950
Total deferred inflows of resources:	-	981,950	-	981,950
Total Liabilities and deferred inflows	113,308	981,950	901,959	1,997,217
Fund balances:				
Nonspendable	31,312	-	-	31,312
Restricted	-	173,669	262,900	436,569
Assigned	-	-	568,163	568,163
Unassigned (Deficit)	2,193,550	-	(2,391)	2,191,159
Total fund balances	2,224,862	173,669	828,672	3,227,203
Total liabilities, deferred inflows and fund balances	\$ 2,338,170	\$ 1,155,619	\$ 1,730,631	\$ 5,224,420

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

City of Rio Dell, California
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2020

Total fund balances - total governmental funds \$ 3,227,203

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. 5,690,687

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.

Compensated absences (36,759)

Governmental funds notes receivable from various loan programs are deferred under the current financial resources measurement focus. The notes receivable are recognized in the government-wide Statement of Net Position under the accrual basis of accounting. 981,950

Net Position of governmental activities \$ 9,863,081

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

City of Rio Dell, California

Reconciliation of Fund Basis Balance Sheet to Government-wide Statement of Net Position

Governmental Activities

June 30, 2020

	Governmental Funds Balance Sheet	Reclassifications	Changes in GAAP	Statement of Net Position
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Current assets:				
Cash and investments	\$ 2,673,276	\$ -	\$ -	\$ 2,673,276
Receivables:				
Interest	6,871	-	-	6,871
Intergovernmental	807,746	-	-	807,746
Loans/Notes receivable	981,950	-	-	981,950
Other receivable	635,507	-	-	635,507
Due from other funds	87,758	(87,758)	-	-
Prepaid items	31,312	-	-	31,312
Total current assets	5,224,420	(87,758)	-	5,136,662
Noncurrent assets:				
Capital assets, net	-	-	5,690,687	5,690,687
Total noncurrent assets	-	-	5,690,687	5,690,687
Total assets	5,224,420	(87,758)	5,690,687	10,827,349
Deferred outflows of resources:				
Pension Plan	-	-	-	-
Total assets and deferred outflows of resources	\$ 5,224,420	\$ (87,758)	\$ 5,690,687	\$ 10,827,349
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 927,509	\$ -	\$ -	\$ 927,509
Due to other funds	87,758	(87,758)	-	-
Compensated absences - current portion	-	-	3,676	3,676
Total current liabilities	1,015,267	(87,758)	3,676	931,185
Noncurrent liabilities:				
Long-term liabilities:				
Compensated absences	-	-	33,083	33,083
Total noncurrent liabilities	-	-	33,083	33,083
Total liabilities	1,015,267	(87,758)	36,759	964,268
Deferred inflows of resources				
Unavailable revenue	981,950	-	(981,950)	-
Total liabilities and deferred inflows of resources:	1,997,217	(87,758)	(945,191)	964,268
FUND BALANCES/NET POSITION				
Fund balances:				
Nonspendable	31,312	(31,312)	-	-
Restricted	436,569	(436,569)	-	-
Assigned	568,163	(568,163)	-	-
Unassigned (deficit)	2,191,159	(2,191,159)	-	-
Net position:				
Net investment in capital assets	-	-	5,690,687	5,690,687
Restricted	-	-	436,569	436,569
Unrestricted	-	3,227,203	508,622	3,735,825
Total fund balances/net position	3,227,203	-	6,635,878	9,863,081
Total liabilities, deferred inflows and net position	\$ 5,224,420	\$ (87,758)	\$ 5,690,687	\$ 10,827,349

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

City of Rio Dell, California
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2020

	Major Funds			
	General Fund	CDBG Special Revenue	Other Governmental Funds	Totals
REVENUES:				
Property taxes	\$ 330,952	\$ -	\$ -	\$ 330,952
Sales taxes	573,424	-	-	573,424
Occupancy taxes	11,797	-	-	11,797
Gas tax	-	-	141,699	141,699
Intergovernmental	409,738	26,168	1,208,493	1,644,399
Licenses, permits, and franchise fees	138,509	-	39,826	178,335
Interest and use of property	51,226	12,825	6,166	70,217
Miscellaneous	13,357	-	3,886	17,243
Total revenues	1,529,003	38,993	1,400,070	2,968,066
EXPENDITURES:				
Current:				
General government	234,397	2,986	16,145	253,528
Public safety - Police	600,458	-	164,471	764,929
Public works	63,146	-	240,252	303,398
Planning and building	39,186	-	82,635	121,821
Recycling	-	-	8,266	8,266
Capital outlay	87,875	-	888,399	976,274
Total expenditures	1,025,062	2,986	1,400,168	2,428,216
REVENUES OVER (UNDER) EXPENDITURES	503,941	36,007	(98)	539,850
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	300,000	300,000
Transfers out	(300,000)	-	-	(300,000)
Total other financing sources (uses)	(300,000)	-	300,000	-
Net change in fund balances	203,941	36,007	299,902	539,850
FUND BALANCES:				
Beginning of year	2,020,921	137,662	528,770	2,687,353
End of year	\$ 2,224,862	\$ 173,669	\$ 828,672	\$ 3,227,203

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

City of Rio Dell, California

Reconciliation of Fund Basis Statements to Government-wide Statement of Activities

For the year ended June 30, 2020

Functions/Programs	Fund Based Totals	Compensated		Capital		Government- wide Totals
		Absences/ Debt Service	Depreciation	Asset (Additions)/ Retirements		
Governmental activities:						
General government	\$ 253,528	\$ 415	\$ 48,125	\$ -	\$ 302,068	
Public safety - Police	764,929		22,065	-	786,994	
Public works	303,398	-	58,040	(41,472)	319,966	
Planning and building	121,821	-	-	-	121,821	
Recycling	8,266	-	-	-	8,266	
Capital outlay	976,274	-	-	(976,274)	-	
Total governmental activities	\$ 2,428,216	\$ 415	\$ 128,230	\$ (1,017,746)	\$ 1,539,115	

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

City of Rio Dell, California
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the year ended June 30, 2020

Net change in fund balances - total governmental funds	\$ 539,850
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	\$ 977,202	
Disposal of capital assets	40,544	
Depreciation expense	<u>(128,230)</u>	889,516

Certain notes receivable are reported in the governmental funds as expenditures and then offset by a deferred revenue as they are not available to pay current expenditures. Likewise, when the note is collected it is reflected in revenue. This is the net change between notes receivable collected and issued.

(25,540)

Change in Net Position of governmental activities	<u><u>\$ 1,403,411</u></u>
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The accompanying notes are an integral part of these basic financial statements.

City of Rio Dell, California

Statement of Revenues, Expenditures, and Changes in Fund Balances -

Budget to Actual - Major Funds

For the year ended June 30, 2020

	General Fund			
	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Property taxes	146,669	146,669	330,952	\$ 184,283
Sales taxes	458,158	458,158	573,424	115,266
Occupancy taxes	13,152	13,152	11,797	(1,355)
Intergovernmental	387,346	387,346	409,738	22,392
Licenses, permits, and franchise fees	133,503	133,503	138,509	5,006
Interest and use of property	22,445	22,445	51,226	28,781
Miscellaneous	1,200	1,200	13,357	12,157
Total revenues	1,162,473	1,162,473	1,529,003	366,530
EXPENDITURES:				
Current:				
General government	252,582	249,627	234,397	15,230
Public safety - Police	682,058	682,058	600,458	81,600
Planning and public works	207,709	267,184	63,146	204,038
Building	53,928	53,928	39,186	14,742
Capital outlay	135,000	85,000	87,875	(2,875)
Total expenditures	1,331,277	1,337,797	1,025,062	312,735
REVENUES OVER (UNDER) EXPENDITURES	(168,804)	(175,324)	503,941	679,265
OTHER FINANCING SOURCES (USES):				
Transfers out	(300,000)	(300,000)	(300,000)	-
Total other financing sources (uses)	(300,000)	(300,000)	(300,000)	-
Net change in fund balances	(468,804)	(475,324)	203,941	679,265
FUND BALANCES:				
Beginning of year	2,020,921	2,020,921	2,020,921	-
End of year	\$ 1,552,117	\$ 1,545,597	\$ 2,224,862	\$ 679,265

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

CDBG Special Revenue Fund			
Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
Original	Final		
-	-	-	\$ -
-	-	-	-
-	-	-	-
-	-	26,168	26,168
-	-	-	-
-	-	12,825	12,825
-	-	-	-
-	-	38,993	38,993
2,461	2,461	2,986	(525)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
2,461	2,461	2,986	(525)
(2,461)	(2,461)	36,007	38,468
-	-	-	-
-	-	-	-
(2,461)	(2,461)	36,007	38,468
137,662	137,662	137,662	-
\$ 135,201	\$ 135,201	\$ 173,669	\$ 38,468

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ENTERPRISE FUNDS

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

City of Rio Dell, California
Statement of Net Position
Proprietary Funds
June 30, 2020

	Sewer Fund	Water Fund	Totals
ASSETS			
Current assets:			
Cash and investments	\$ 2,164,922	\$ 2,155,830	\$ 4,320,752
Receivables:			
Accounts	152,173	146,746	298,919
Assessments	-	-	-
Intergovernmental	43,411	115,357	158,768
Interest	4,549	5,453	10,002
Prepaid	-	68,000	68,000
Total current assets	2,365,055	2,491,386	4,856,441
Noncurrent assets:			
Capital assets, net	12,978,612	9,503,141	22,481,753
Total noncurrent assets	12,978,612	9,503,141	22,481,753
Total Assets	\$ 15,343,667	\$ 11,994,527	\$ 27,338,194
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 51,124	\$ 23,894	\$ 75,018
Interest payable	82,162	-	82,162
Deposits payable	52,737	34,598	87,335
Compensated absences - current portion	2,005	2,004	4,009
Due within one year	179,691	136,000	315,691
Total current liabilities	367,719	196,496	564,215
Noncurrent liabilities:			
Compensated absences	16,887	19,196	36,083
Due after one year	5,422,249	1,156,000	6,578,249
Total noncurrent liabilities	5,439,136	1,175,196	6,614,332
Total liabilities	5,806,855	1,371,692	7,178,547
Net Position:			
Net investment in capital assets	7,556,363	8,347,141	15,903,504
Unrestricted	1,980,449	2,275,694	4,256,143
Total net position	9,536,812	10,622,835	20,159,647
Total liabilities, deferred inflows of resources and net position	\$ 15,343,667	\$ 11,994,527	\$ 27,338,194

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

City of Rio Dell, California

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Funds

For the year ended June 30, 2020

	Sewer Fund	Water Fund	Totals
OPERATING REVENUES:			
Charges for service	1,266,954	965,092	\$ 2,232,046
Connection fees	27,295	18,900	46,195
Late fees	27,453	35,522	62,975
Total operating revenues	1,321,702	1,019,514	2,341,216
OPERATING EXPENSES:			
Current operations:			
General government	280,567	210,735	491,302
Public works	663,824	440,461	1,104,285
Depreciation	571,060	259,927	830,987
Total operating expenses	1,515,451	911,123	2,426,574
OPERATING INCOME	(193,749)	108,391	(85,358)
NONOPERATING REVENUES (EXPENSES):			
Miscellaneous	4,733	40,660	45,393
Intergovernmental revenues (expenses)	64,765	115,357	180,122
Bad debt recovery (expense)	574	1,478	2,052
Interest revenue	26,105	28,333	54,438
Interest expense	(124,532)	-	(124,532)
Contributed capital	-	211,300	211,300
Total non-operating revenues, net	(28,355)	397,128	368,773
NET INCOME BEFORE TRANSFERS	(222,104)	505,519	283,415
Transfers in	-	-	-
Transfers out	-	-	-
Total transfers	-	-	-
CHANGE IN NET POSITION	(222,104)	505,519	283,415
NET POSITION:			
Beginning of year	9,758,916	10,117,316	19,876,232
End of year	<u>\$ 9,536,812</u>	<u>\$ 10,622,835</u>	<u>\$ 20,159,647</u>

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

City of Rio Dell, California
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2020

	Sewer Fund	Water Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers/users for services provided	\$ 1,259,558	\$ 1,075,852	\$ 2,335,410
Cash payments to suppliers for goods and services	(505,162)	(307,597)	(812,759)
Cash payments to employees for services	(389,736)	(387,112)	(776,848)
Net cash provided by operating activities	364,660	381,143	745,803
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Receipts from miscellaneous	4,733	40,660	45,393
Other non-operating payments	574	116,835	117,409
Net cash used by noncapital financing activities	5,307	157,495	162,802
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital grants received	64,765	211,300	276,065
Acquisition and construction of capital assets	16,931	(29,660)	(12,729)
Principal paid on long term debt	(175,822)	(136,000)	(311,822)
Interest paid on long term debt	(127,110)	-	(127,110)
Net cash (used) by capital and related financing activities	(221,236)	45,640	(175,596)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income received	28,190	28,383	56,573
Net cash provided by investing activities	28,190	28,383	56,573
Net increase (decrease) in cash and cash equivalents	176,921	612,661	789,582
CASH AND CASH EQUIVALENTS:			
Beginning of year	1,988,001	1,543,169	3,531,170
End of year	<u>\$ 2,164,922</u>	<u>\$ 2,155,830</u>	<u>\$ 4,320,752</u>
Reconciliation of income from operations to net cash provided by operating activities:			
Operating income	\$ (193,749)	\$ 108,391	\$ (85,358)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	571,060	259,927	830,987
(Increase) decrease in current assets:			
Accounts receivable	(18,733)	(2,700)	(21,433)
Intergovernmental receivables	(43,411)	59,038	15,627
Increase (decrease) in liabilities:			
Accounts payable	43,963	(45,108)	(1,145)
Deposits payable	3,337	(484)	2,853
Compensated absences	2,193	2,079	4,272
Net cash provided by operating activities	\$ 364,660	\$ 381,143	\$ 745,803

There were no noncash investing, capital, or financing activities affecting recognized assets and liabilities for the year ended June 30, 2020.

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

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FIDUCIARY ACTIVITIES

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

City of Rio Dell, California
Statement of Fiduciary Net Position
Fiduciary Activities
June 30, 2020

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 31,202
Interest receivable	<u>70</u>
Total assets	<u>31,272</u>
LIABILITIES	
Deposits in trust - due to others	<u>31,272</u>
Total Liabilities	<u><u>\$ 31,272</u></u>

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

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NOTES TO BASIC FINANCIAL STATEMENTS

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

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City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity

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

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

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

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

Description of Joint Powers Agreements

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

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Basis of Presentation

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

The City reports the following major funds:

- General Fund
- CDBG Special Revenue Fund

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Basis of Presentation, Continued

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

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

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

Capital Project Funds

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

Proprietary Funds

Enterprise Funds

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

Fiduciary Funds

Agency Funds

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

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Measurement Focus

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

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

In the fund financial statements, the “current financial resources” measurement focus is used for governmental funds. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

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

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

Basis of Accounting

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

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

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Basis of Accounting, Continued

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

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

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

Assets, Liabilities, and Equity

Cash Deposits and Investments

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

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

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

The City does not enter into reverse repurchase agreements.

The City's investments are carried at fair value instead of cost, as required by U.S. generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end if material, and it includes the effects of these adjustments in income for that fiscal year.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Assets, Liabilities, and Equity, Continued

The City places certain funds with the State of California's Local Agency Investment Fund (LAIF). The City is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of the City's investment in this pool is reported in the accompanying financial statements based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio).

The monies held in the pooled investment funds are not subject to categorization by risk category. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on the amortized cost basis. Funds are accessible and transferable to the master account with twenty-four hours' notice. Included in LAIF's investments are collateralized mortgage obligations, mortgage backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. Financial statements for LAIF can be obtained from the California State Treasurer's Office: State Treasurer's Office, 915 Capitol Mall, Suite 110, Sacramento, CA 95814.

Interfund Receivables and Payables

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

Receivables

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

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

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Assets, Liabilities, and Equity, Continued

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

Inventory

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

Prepaid Items

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

Capital Assets

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

Government-Wide Statements

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

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

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. No depreciation is recorded in the year of acquisition or in the year of disposition.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Assets, Liabilities, and Equity, Continued

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

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

Fund Financial Statements

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

Deferred outflows/inflows of resources

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

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

Compensated Absences

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

The City does not currently provide post-employment benefits.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Assets, Liabilities, and Equity, Continued

Unearned Revenues

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

Equity Classification

Government-Wide Statements

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

- a. *Invested in capital assets, net of related debt* – consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted net position* – consists of net position with constraints placed on the use by external groups such as creditors, grantors, contributors, or bylaws or regulations of other governments or law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* – all other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Financial Statements

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

***Nonspendable Fund Balance* –**

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

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Equity Classification, Continued

Fund Financial Statements, continued

Restricted Fund Balance –

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

Committed Fund Balance –

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

Assigned Fund Balance –

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

Unassigned Fund Balance –

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

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Revenues, Expenditures, and Expenses

Property Tax

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

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

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

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

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

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

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Interfund Transfers

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

Budgetary Accounting

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

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

Expenditures may not legally exceed appropriations at the fund level, which is the legal level of control. Supplemental appropriations, which increase appropriations, may be made during the fiscal year. There were no material supplemental appropriations made for the fiscal year ended June 30, 2020. Budget information is presented for the General and budgeted Special Revenue Funds in the fund financial statements. The budget information is presented on a basis consistent with generally accepted accounting principles. Appropriations, except open project appropriations, and unexpended grant appropriations, lapse at the end of each fiscal year.

Use of Estimates

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

Reclassifications

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

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

2. CASH AND INVESTMENTS

Pooled Cash and Investments

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

Categorization of Credit Risk of Securities Instruments

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

At June 30, 2020, the City's pooled cash and investments, classified by maturity, consisted of the following stated at fair value:

	Maturities (in years)			Deposits	Fair Market Value
	<1	1 to 3	3 to 5		
<u>Cash equivalents and investments pooled</u>					
Pooled cash, at fair value					
Cash in bank	\$ -	\$ -	\$ -	\$ 2,380,955	\$ 2,380,955
Petty cash	-	-	-	1,250	1,250
Total pooled items	-	-	-	2,382,205	2,382,205
<u>Pooled investments, at fair value</u>					
State of California Local Agency Investment Fund	4,643,025	-	-	-	4,643,025
Total pooled investments - interest obligations	4,643,025	-	-	-	4,643,025
Total cash equivalents and investments pooled	\$ 4,643,025	\$ -	\$ -	\$ 2,382,205	\$ 7,025,230
Amounts reported in:					
Governmental activities					\$ 2,673,276
Business-type activities					4,320,752
Fiduciary activities					31,202
Total					\$ 7,025,230

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity (Years)</u>
State of California Local Agency Investment Fund	\$ 4,643,025	-
Total fair value	\$ 4,643,025	
Portfolio weighted average maturity		-

City of Rio Dell, California
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For the year ended June 30, 2020

2. CASH AND INVESTMENTS, *continued*

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

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

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

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested 3.37% of the pool funds in Structured Notes and Asset-Backed Securities. LAIF’s investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to changes in interest rates.

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

At June 30, 2020, the carrying amount of the City’s deposits was \$2,380,955 and the balances in financial institutions were \$2,382,705. Of the balance in financial institutions, \$250,000 was covered by federal depository insurance and \$2,132,705 was collateralized as required by State law (Government Code Section 53630), by the pledging financial institution with assets held in a common pool for the City and other governmental agencies, but not in the name of the City. As of June 30, 2020, the City’s investments were held by the City’s custodial agent, but not in the City’s name, and were insured up to specified limits by the Securities Investor Protection Corporation (SIPC) and supplemental private insurance up to a limit of \$150 million.

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

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

2. CASH AND INVESTMENTS, continued

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

Investment in LAIF

The City is a voluntary participant in California Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section under the oversight of the Local Investment Advisory Board (Board). The Board consists of five members as designated by state statute and is chaired by the State Treasurer who is responsible for day to day administration of LAIF. The total amount invested by all public agencies as of June 30, 2020 was \$32,075,372,647 of which the City had a balance of \$4,643,025. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2020 has a portfolio with market valuation of \$101,788,256 thousand. Of the total invested, 96.63% was invested in non-derivative financial products and 3.37% in structured notes and asset-backed securities. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2020:

	Receivables
Governmental Activities	
Accounts receivable	\$ 635,507
Intergovernmental	807,746
Interest	6,871
	<u>\$ 1,450,124</u>
Business-type activities	
Accounts receivable	\$ 298,919
Intergovernmental	158,768
Interest	10,002
	<u>\$ 467,689</u>

These amounts resulted in the following concentrations in receivables:

Other Governments	50.66%
Individuals/Business	48.98%
Financial Institutions	0.36%

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

4. LOANS AND NOTES RECEIVABLE

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

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

	Beginning July 1, 2019	Additions	Deletions	Ending June 30, 2020
Housing Rehabilitation and Affordable Housing Notes	\$ 1,008,117	\$ -	\$ (26,167)	\$ 981,950
Total loans receivable	<u>\$ 1,008,117</u>	<u>\$ -</u>	<u>\$ (26,167)</u>	<u>\$ 981,950</u>

Housing Rehabilitation, Business Enterprise and Affordable Housing

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

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

5. CAPITAL ASSETS

Governmental capital asset activity for the year ended June 30, 2020, was as follows:

	Balance 6/30/2019	Additions	Retirements	Balance 6/30/2020
Capital assets (Not Depreciated)				
Land	\$ 627,945	\$ -	\$ -	\$ 627,945
Construction in progress	183,295	924,434	-	1,107,729
Total capital assets (not depreciated)	811,240	924,434	-	1,735,674
Capital assets (being depreciated)				
Buildings and improvements	356,422	-	-	356,422
Equipment	531,914	52,768	-	584,682
Vehicles	187,811	-	-	187,811
Streets and roads	2,103,640	-	-	2,103,640
Infrastructures	2,406,317	-	-	2,406,317
Total capital assets (being depreciated)	5,586,104	52,768	-	5,638,872
Less accumulated depreciation:				
Buildings and improvements	53,469	11,985	(2)	65,452
Equipment	512,231	3,982	-	516,213
Vehicles	169,978	22,065	(40,542)	151,501
Streets and roads	348,917	42,072	-	390,989
Infrastructure	511,578	48,126	-	559,704
Total accumulated depreciation	1,596,173	128,230	(40,544)	1,683,859
Governmental activities capital assets, net	\$ 4,801,171			\$ 5,690,687

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

<u>Governmental-Type Activities</u>	
General Government	\$ 48,125
Public Safety	22,065
Planning and public works	58,040
Total Governmental Activities	<u>\$ 128,230</u>

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

5. CAPITAL ASSETS, *continued*

Business-type capital asset activity for the year ended June 30, 2020, was as follows:

	Balance 6/30/2019	Additions	Retirements	Adjustments	Balance 6/30/2020
Capital assets (Not Depreciated)					
Land	\$ 507,859	\$ -	\$ -	\$ -	\$ 507,859
Construction in progress	-	-	-	-	-
Total capital assets (not depreciated)	507,859	-	-	-	507,859
Capital assets (being depreciated)					
Infrastructure	27,359,638	16,605	-	-	27,376,243
Buildings and Improvements	206,508	-	-	-	206,508
Equipments	1,272,729	7,007	-	29,660	1,309,396
Vehicles	186,469	-	-	(40,543)	145,926
Total capital assets (being depreciated)	29,025,344	23,612	-	(10,883)	29,038,073
Less accumulated depreciation:					
Infrastructure	4,930,208	763,136	-	-	5,693,344
Buildings and Improvements	188,225	6,387	-	-	194,612
Equipments	1,023,374	52,600	-	-	1,075,974
Vehicles	91,385	8,864	-	-	100,249
Total accumulated depreciation	6,233,192	830,987	-	-	7,064,179
Net depreciable assets	22,792,152	(807,375)	-	(10,883)	21,973,894
Total net capital assets	\$ 23,300,011	\$ (807,375)	\$ -	\$ (10,883)	\$ 22,481,753

Depreciation expense for Business-type capital assets was charged to functions and programs based on their usage of related assets. The amount allocated to each function on program are as follows:

<u>Business-Type Activities</u>	
Sewer	\$ 571,060
Water	259,927
Total Business-Type Activities	<u>\$ 830,987</u>

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2020:

	Governmental Activities	Business-type Activities	Total
Accounts payable	\$ 880,933	\$ 75,018	\$ 955,951
Accrued payroll and related liabilities	46,576	-	46,576
Total	<u>\$ 927,509</u>	<u>\$ 75,018</u>	<u>\$ 1,002,527</u>

These amounts resulted in the following concentrations in payables:

Vendors	95%
Employees	5%

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

7. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2020:

	Original Issue Amount	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	Due Within One Year
Governmental Activities:						
Compensated absences	\$ -	\$ 36,344	\$ 415	\$ -	\$ 36,759	\$ 3,676
Total governmental activities	<u>\$ -</u>	<u>\$ 36,344</u>	<u>\$ 415</u>	<u>\$ -</u>	<u>\$ 36,759</u>	<u>\$ 3,676</u>
Business-type activities						
Safe Drinking Water Loan	\$ 2,720,000	\$ 1,428,000	\$ -	\$ (136,000)	\$ 1,292,000	\$ 136,000
State of California Water Resources Control Board	6,980,359	5,777,762	-	(175,822)	5,601,940	179,691
Total business-type activity debt	<u>10,236,159</u>	<u>7,205,762</u>	<u>-</u>	<u>(311,822)</u>	<u>6,893,940</u>	<u>315,691</u>
Compensated absences	-	35,820	4,272	-	40,092	4,009
Total business-type activities	<u>\$ -</u>	<u>\$ 7,241,582</u>	<u>\$ 4,272</u>	<u>\$ (311,822)</u>	<u>\$ 6,934,032</u>	<u>\$ 319,700</u>

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

7. LONG-TERM LIABILITIES, *continued*

Governmental Activities

Compensated Absences

The City records employee absences, such as vacation, illness, and holidays, for which it is expected that employees will be paid as compensated absences. Compensated absences had a balance of \$36,759 at June 30, 2020, of that amount \$3,676 is expected to be paid within a year. The net changes of the compensated absences are allocated to the public safety department on the Statement of Activities.

Business-type Activities

Safe Drinking Water State Revolving Fund Loan

In August 2005, the City entered into a loan agreement with the California Department of Health Services, Drinking Water and Environmental Services Division, for a loan in an amount up to \$2,720,000. The loan was subsequently funded by the Safe Drinking Water State Revolving Fund. The proceeds from the loan were used to assist in financing construction of a project that will enable the City to meet safe drinking water standards established under the Health and Safety Code and California Code of Regulations. The non-interest-bearing loan calls for 50 equal semiannual payments due in July and January of each year, beginning in July 2009. At June 30, 2020, the balance of the note was \$1,292,000.

State of California Water Resources Control Board

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

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

7. LONG-TERM LIABILITIES, *continued*

Debt Service

Future debt service for Business-Type Activities at June 30, 2020, is as follows for all debt except compensated absences and claims liabilities:

Year Ending June 30,	Business-type Activities					
	Safe Drinking Water Loan		State of California Water Resources Control Board		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 136,000	\$ -	\$ 179,691	\$ 123,243	\$ 315,691	\$ 123,243
2022	136,000	-	183,644	119,289	319,644	119,289
2023	136,000	-	187,684	115,249	323,684	115,249
2024	136,000	-	191,813	111,120	327,813	111,120
2025	136,000	-	196,033	106,900	332,033	106,900
2025 - 2029	612,000	-	1,046,785	467,882	1,658,785	467,882
2030 - 2034	-	-	1,167,111	347,556	1,167,111	347,556
2035 - 2039	-	-	1,301,267	213,400	1,301,267	213,400
2040 - 2044	-	-	1,147,912	63,822	1,147,912	63,822
2045 - 2049	-	-	-	-	-	-
Total	<u>\$ 1,292,000</u>	<u>\$ -</u>	<u>\$ 5,601,940</u>	<u>\$ 1,668,461</u>	<u>\$ 6,893,940</u>	<u>\$ 1,668,461</u>
Due within one year	\$ 136,000	\$ -	\$ 179,691	\$ 123,243	\$ 315,691	\$ 123,243
Due after one year	<u>1,156,000</u>	<u>-</u>	<u>5,422,249</u>	<u>1,545,218</u>	<u>6,578,249</u>	<u>1,545,218</u>
Total	<u>\$ 1,292,000</u>	<u>\$ -</u>	<u>\$ 5,601,940</u>	<u>\$ 1,668,461</u>	<u>\$ 6,893,940</u>	<u>\$ 1,668,461</u>

City of Rio Dell, California
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8. NET POSITION/ FUND BALANCES

Net position

	Governmental Activities	Business-type Activities	Total
Net investment in capital assets	\$ 5,690,687	\$ 15,903,504	\$ 21,594,191
Restricted	436,569	-	436,569
Unrestricted	3,735,825	4,256,143	7,991,968
Total	<u>\$ 9,863,081</u>	<u>\$ 20,159,647</u>	<u>\$ 30,022,728</u>

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

Fund Balance

Nonspendable and Restricted fund balance consisted of the following at June 30, 2020:

Nonspendable:	
Prepaid items	\$ 31,312
Total Nonspendable	<u><u>\$ 31,312</u></u>
Restricted:	
Governmental Funds:	
CDBG	\$ 173,669
Gas Tax	237,235
ISTEA	25,665
Total Restricted	<u><u>\$ 436,569</u></u>

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

Nonspendable

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

Restricted

- **CDBG**– represents amounts restricted for the City’s CDBG housing activities as these programs are supported by specific grants requiring the restriction.
- **Gas Tax** – represents amounts restricted for street maintenance purposes as defined in Sections 2105, 2106, 2107 and 2107.5 of the Streets and Highway Code.
- **ISTEA** – represents amounts restricted in accordance with the Intermodal Surface Transportation Efficiency Act.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

8. NET POSITION/ FUND BALANCES, continued

Fund Balance Deficits

Deficit fund balances consisted of the following:

	<u>As of</u> <u>June 30, 2020</u>
Nonmajor Special Revenue Funds:	
STIP	\$ 2,391
Total Nonmajor Funds	<u>2,391</u>
Total Fund Balance Deficits	<u><u>\$ 2,391</u></u>

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

Excess of Expenditures and Transfers over Appropriations:

Expenditures and transfers exceeded appropriations for the year ended June 30, 2020, for the following funds:

<u>Fund</u>	<u>Final</u> <u>Appropriations</u>	<u>Expenditures and</u> <u>Transfers</u>	<u>Excess</u>
<u>Major Funds</u>			
<u>Special Revenue Funds</u>			
CDBG	\$ 2,461	\$ 2,986	\$ (525)

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9. INTERFUND TRANSACTIONS

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

Due to and due from other funds consisted of the following as of June 30, 2020:

	Due from Other Funds	Due to Other Funds
<u>Governmental Funds</u>		
Major Funds:		
General Fund	\$ 87,758	\$ -
Total Major Funds	<u>87,758</u>	<u>-</u>
Nonmajor Funds:		
ISTEA	-	13,939
Measure Z	-	16,806
STIP	-	57,013
Total Nonmajor Funds	<u>-</u>	<u>87,758</u>
Total Governmental Funds	<u>87,758</u>	<u>87,758</u>
Total	<u><u>\$ 87,758</u></u>	<u><u>\$ 87,758</u></u>

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

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

9. INTERFUND TRANSACTIONS, CONTINUED

Transfers consisted of the following at June 30, 2020:

	Transfers In	Transfers Out
<u>Governmental Funds</u>		
Major Funds:		
General Fund	\$ -	\$ 300,000
Total Major Funds	-	300,000
Nonmajor Funds:		
Special Revenue Funds		
Economic Development	300,000	-
Total Nonmajor Funds	300,000	-
Total Governmental Funds	300,000	300,000
Total	\$ 300,000	\$ 300,000

10. RISK MANAGEMENT

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

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

Payments for insurance claims are recorded as expenditures in the funds in which the liabilities were incurred. In accordance with GASB Statement No. 10, if the third party administrator, SCORE, does not insure the loss occurrence then the City shall accrue a loss, if probable and reasonably estimable. As of June 30, 2020, the City has no uninsured occurrences. The City has not used an actuary in determining the liability reserve if needed. Because the actual claim liabilities depend on such complex factors as inflation and changes in legal doctrines and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claims are evaluated periodically to take into account recently settled claims, the frequency of claims and other economic and social factors.

City of Rio Dell, California
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11. JOINT POWERS AGREEMENTS

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

Humboldt Transit Authority

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

However, the participants do share operating costs of HTA, and the current share of the City of Rio Dell is 2.8 percent. During the year ended June 30, 2020, the City paid HTA \$40,646. At termination of the agreement, all surplus monies will be returned to the participants in proportion to the amounts received and property shall be divided in a manner agreed upon by the parties. Complete financial statements for Humboldt Transit Authority may be obtained at the offices of the Authority at 133 V Street, Eureka, California 95501.

Hazardous Materials Response Authority

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

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

City of Rio Dell, California
Basic Financial Statements
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11. JOINT POWERS AGREEMENTS, CONTINUED

Upon commencement of HMRA, the participants agreed to contribute a proportionate share of the cost of operations based on population. The participants do not have an ongoing equity interest in HMRA. However, the participants do share the operating costs of HMRA, and the current share of the City of Rio Dell is 1.9 percent, based on population. During the year ended June 30, 2020, the City paid HMRA \$717. At termination of the agreement, all surplus monies will be returned to the participants in proportion of the amounts received by HMRA; property shall be divided in a manner agreed upon by the participants. Complete financial statements of HMRA are on file at the offices of the City of Eureka at 531 K Street, Eureka, California 95501.

Redwood Region Economic Development Commission

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

Humboldt Waste Management Authority (HWMA)

A JPA formed to administer solid waste, recycling and other material diversion programs and services. Formed in 1999 and comprised of the County of Humboldt, Arcata, Blue Lake, Eureka, Ferndale and Rio Dell.

Humboldt County Association of Governments (HCAOG)

A local JPA formed for regional transportation planning, responsible for programming State highway, local street and road improvements and public transportation resources. All seven cities and the County are participants.

Redwood Coast Energy Authority (RCEA):

A JPA formed to develop and implement regional measures that reduce energy demand, increase energy efficiency and advance the use of clean efficient renewable resources. Members include the County of Humboldt; the Cities of Arcata, Blue Lake, Eureka, Ferndale, Fortuna, Rio Dell, and Trinidad; and the Humboldt Bay Municipal Water District.

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12. DEFERRED COMPENSATION PLAN

The City offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all City employees, permit employees to defer a portion of their salary until future years. Participation in the plans is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. As explained previously, the City has adopted the provisions of GASB Statement No. 32 and, therefore, assets and liabilities of these plans have been excluded from the accompanying financial statements. For the fiscal year ended June 30, 2020, the City made contributions totaling \$137,439 to the plan.

13. COMMITMENTS AND CONTINGENCIES

Litigation

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

Grants and Allocations

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

Commitments

The City had no significant unexpended contractual commitments as of June 30, 2020.

14. NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 87, "*Leases*." The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2021.

14. NEW ACCOUNTING PRONOUNCEMENTS, CONTINUED

The GASB has issued Statement No. 89, "*Accounting for Interest Cost Incurred before the End of a Construction Period*." The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2021.

The GASB has issued Statement No. 91, "*Conduit Debt Obligations*." The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2022.

The GASB has issued Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*". The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*
- Implementation Guide No. 2018-1, *Implementation Guidance Update—2018*
- Implementation Guide No. 2019-1, *Implementation Guidance Update—2019*
- Implementation Guide No. 2019-2, *Fiduciary Activities*.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

14. NEW ACCOUNTING PRONOUNCEMENTS, CONTINUED

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*.

Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in *each* pronouncement as originally issued.

15. PANDEMIC EFFECTS

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The City is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the City's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the City's employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the City's financial position and changes in net position, fund balance and cash flows is uncertain, and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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NON-MAJOR SPECIAL REVENUE FUNDS

Fund	Description
Gas Tax	Accounts for funds received and expended for street maintenance purposes as defined in Sections 2103, 2105, 2106, 2107, 2107.5 and 2032 (SB1) of the Streets and Highway Code.
TDA	Accounts for funds received and expended for transit, street, pedestrian and bike purposes in Accordance with the Transportation Development Act.
RSTP	Accounts for funds received and expended in accordance with the Regional Surface Transportation Act.
Solid Waste	Accounts for the City's portion of the Humboldt Waste Management Authority's tipping fees.
SLESF	Accounts for funds received to be used for public safety purposes.
Measure Z	Accounts for funds received and expended for Measure Z.
STIP	Accounts for funds received and expended in accordance with the State Transportation Improvement Program, a multi-year capital improvement program of transportation projects on and off the State Highway System.
Building	Accounts for funds received and expended for building maintenance inspection and permitting purposes.
Recycling	Accounts for funds received and expended for recycling purposes.
Economic Development	Accounts for funds received or designated by the City Council and expended for economic development purposes.

City of Rio Dell, California
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2020

	Gas Tax	TDA	RSTP	Solid Waste
ASSETS				
Cash and investments	\$ 256,783	\$ 39,748	\$ -	\$ 34,275
Receivables:				
Interest	557	188	-	86
Intergovernmental	-	-	-	-
Other receivable	8,908	34,859	55,022	2,137
Total assets	\$ 266,248	\$ 74,795	\$ 55,022	\$ 36,498
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 29,013	\$ 16,492	\$ 15,418	\$ 8
Due to other funds	-	-	13,939	-
Total liabilities:	29,013	16,492	29,357	8
Fund Balances:				
Restricted	237,235	-	25,665	-
Assigned	-	58,303	-	36,490
Unassigned (deficit)	-	-	-	-
Total fund balances	237,235	58,303	25,665	36,490
Total liabilities deferred inflows and fund balances	\$ 266,248	\$ 74,795	\$ 55,022	\$ 36,498

SLESF	Measure Z	STIP	Building	Recycling	Economic Development	Totals	
\$ 87,890	\$ -	\$ -	\$ 52,223	\$ 29,886	\$ 300,000	\$ 800,805	
227	-	-	136	74	-	1,268	
-	-	807,746	-	-	-	807,746	
3,080	16,806	-	-	-	-	120,812	
<u>\$ 91,197</u>	<u>\$ 16,806</u>	<u>\$ 807,746</u>	<u>\$ 52,359</u>	<u>\$ 29,960</u>	<u>\$ 300,000</u>	<u>\$ 1,730,631</u>	
\$ -	\$ -	\$ 753,124	\$ 146	\$ -	\$ -	\$ 814,201	
-	16,806	57,013	-	-	-	87,758	
-	16,806	810,137	146	-	-	901,959	
-	-	-	-	-	-	262,900	
91,197	-	-	52,213	29,960	300,000	568,163	
-	-	(2,391)	-	-	-	(2,391)	
91,197	-	(2,391)	52,213	29,960	300,000	828,672	
<u>\$ 91,197</u>	<u>\$ 16,806</u>	<u>\$ 807,746</u>	<u>\$ 52,359</u>	<u>\$ 29,960</u>	<u>\$ 300,000</u>	<u>\$ 1,730,631</u>	

City of Rio Dell, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the year ended June 30, 2020

	Gas Tax	TDA	RSTP	Solid Waste
REVENUES:				
Gas tax	\$ 141,699	\$ -	\$ -	\$ -
Intergovernmental	-	154,657	28,315	-
Licenses, permits, and franchise taxes	1,500	-	-	4,233
Interest and use of property	2,887	523	-	515
Miscellaneous	642	553	-	34
Total revenues	<u>146,728</u>	<u>155,733</u>	<u>28,315</u>	<u>4,782</u>
EXPENDITURES:				
Current:				
General government	9,334	6,811	-	-
Public safety - Police	-	-	-	-
Public works	62,940	160,347	16,965	-
Planning and building	-	-	-	-
Recycling	-	-	-	8,266
Capital outlay	49,621	-	-	-
Total expenditures	<u>121,895</u>	<u>167,158</u>	<u>16,965</u>	<u>8,266</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>24,833</u>	<u>(11,425)</u>	<u>11,350</u>	<u>(3,484)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>24,833</u>	<u>(11,425)</u>	<u>11,350</u>	<u>(3,484)</u>
FUND BALANCES (DEFICITS):				
Beginning of year	212,402	69,728	14,315	39,974
End of year	<u>\$ 237,235</u>	<u>\$ 58,303</u>	<u>\$ 25,665</u>	<u>\$ 36,490</u>

SLESF	Measure Z	STIP	Building	Recycling	Economic Development	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 141,699
159,426	23,442	837,653	-	5,000	-	1,208,493
-	-	-	34,093	-	-	39,826
922	-	-	960	359	-	6,166
1,632	-	-	1,025	-	-	3,886
161,980	23,442	837,653	36,078	5,359	-	1,400,070
-	-	-	-	-	-	16,145
141,524	22,947	-	-	-	-	164,471
-	-	-	-	-	-	240,252
-	-	-	82,635	-	-	82,635
-	-	-	-	-	-	8,266
-	-	838,778	-	-	-	888,399
141,524	22,947	838,778	82,635	-	-	1,400,168
20,456	495	(1,125)	(46,557)	5,359	-	(98)
-	-	-	-	-	300,000	300,000
-	-	-	-	-	-	-
-	-	-	-	-	300,000	300,000
20,456	495	(1,125)	(46,557)	5,359	300,000	299,902
70,741	(495)	(1,266)	98,770	24,601	-	528,770
\$ 91,197	\$ -	\$ (2,391)	\$ 52,213	\$ 29,960	\$ 300,000	\$ 828,672

City of Rio Dell, California

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

Gas Tax Special Revenue Fund

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Gas Tax	\$ 150,360	\$ 150,360	\$ 141,699	\$ (8,661)
Licenses, permits, and franchise taxes	-	-	1,500	1,500
Use of money and property	-	-	2,887	2,887
Miscellaneous	-	-	642	642
Total revenues	150,360	150,360	146,728	(3,632)
EXPENDITURES:				
Current:				
General government	13,963	13,963	9,334	4,629
Public works	88,200	64,968	62,940	2,028
Capital outlay	-	53,232	49,621	3,611
Total expenditures	102,163	132,163	121,895	10,268
REVENUES OVER (UNDER) EXPENDITURES	48,197	18,197	24,833	6,636
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	48,197	18,197	24,833	6,636
FUND BALANCES (DEFICIT):				
Beginning of year	212,402	212,402	212,402	-
End of year	<u>\$ 260,599</u>	<u>\$ 230,599</u>	<u>\$ 237,235</u>	<u>\$ 6,636</u>

City of Rio Dell, California

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

TDA Special Revenue Fund

For the year ended June 30, 2020

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Intergovernmental	\$ 164,343	\$ 164,343	\$ 154,657	\$ (9,686)
Interest and use of property	523	523	523	-
Miscellaneous	-	-	553	553
Total revenues	<u>164,866</u>	<u>164,866</u>	<u>155,733</u>	<u>(9,133)</u>
EXPENDITURES:				
Current:				
General government	10,743	10,616	6,811	3,805
Public works	124,499	167,858	160,347	7,511
Capital outlay	<u>43,232</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>178,474</u>	<u>178,474</u>	<u>167,158</u>	<u>11,316</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(13,608)</u>	<u>(13,608)</u>	<u>(11,425)</u>	<u>2,183</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(13,608)</u>	<u>(13,608)</u>	<u>(11,425)</u>	<u>2,183</u>
FUND BALANCES (DEFICIT):				
Beginning of year	69,728	69,728	69,728	-
End of year	<u>\$ 56,120</u>	<u>\$ 56,120</u>	<u>\$ 58,303</u>	<u>\$ 2,183</u>

City of Rio Dell, California

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

RSTP Special Revenue Fund

For the year ended June 30, 2020

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Intergovernmental	\$ 24,500	\$ 24,500	\$ 28,315	\$ 3,815
Miscellaneous	-	-	-	-
Total revenues	<u>24,500</u>	<u>24,500</u>	<u>28,315</u>	<u>3,815</u>
EXPENDITURES:				
Current:				
Public works	24,342	24,342	16,965	7,377
Total expenditures	<u>24,342</u>	<u>24,342</u>	<u>16,965</u>	<u>7,377</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>158</u>	<u>158</u>	<u>11,350</u>	<u>11,192</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	158	158	11,350	11,192
FUND BALANCES (DEFICIT):				
Beginning of year	14,315	14,315	14,315	-
End of year	<u>\$ 14,473</u>	<u>\$ 14,473</u>	<u>\$ 25,665</u>	<u>\$ 11,192</u>

City of Rio Dell, California

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

Solid Waste Special Revenue Fund

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Licenses, permits, and franchise taxes	\$ 9,000	\$ 9,000	\$ 4,233	\$ (4,767)
Use of money and property	-	-	515	515
Miscellaneous	-	-	34	34
Total revenues	<u>9,000</u>	<u>9,000</u>	<u>4,782</u>	<u>(4,218)</u>
EXPENDITURES:				
Current:				
Recycling	<u>14,600</u>	<u>14,600</u>	<u>8,266</u>	<u>6,334</u>
Total expenditures	<u>14,600</u>	<u>14,600</u>	<u>8,266</u>	<u>6,334</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(5,600)</u>	<u>(5,600)</u>	<u>(3,484)</u>	<u>2,116</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(5,600)</u>	<u>(5,600)</u>	<u>(3,484)</u>	<u>2,116</u>
FUND BALANCES (DEFICIT):				
Beginning of year	<u>39,974</u>	<u>39,974</u>	<u>39,974</u>	<u>-</u>
End of year	<u>\$ 34,374</u>	<u>\$ 34,374</u>	<u>\$ 36,490</u>	<u>\$ 2,116</u>

City of Rio Dell, California

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

SLESF Special Revenue Fund

For the year ended June 30, 2020

	Budgeted Amounts			Variance w/Final
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Intergovernmental	\$ 143,000	\$ 143,000	\$ 159,426	\$ 16,426
Use of money and property	-	-	922	922
Miscellaneous	-	-	1,632	1,632
Total revenues	<u>143,000</u>	<u>143,000</u>	<u>161,980</u>	<u>18,980</u>
EXPENDITURES:				
Current:				
Public safety - Police	<u>155,877</u>	<u>155,877</u>	<u>141,524</u>	<u>14,353</u>
Total expenditures	<u>155,877</u>	<u>155,877</u>	<u>141,524</u>	<u>14,353</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>(12,877)</u>	<u>(12,877)</u>	<u>20,456</u>	<u>33,333</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(12,877)</u>	<u>(12,877)</u>	<u>20,456</u>	<u>33,333</u>
FUND BALANCES (DEFICIT):				
Beginning of year	<u>70,741</u>	<u>70,741</u>	<u>70,741</u>	<u>-</u>
End of year	<u>\$ 57,864</u>	<u>\$ 57,864</u>	<u>\$ 91,197</u>	<u>\$ 33,333</u>

City of Rio Dell, California

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

Measure Z Special Revenue Fund

For the year ended June 30, 2020

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Intergovernmental	\$ 28,694	\$ 28,694	\$ 23,442	\$ (5,252)
Use of money and property	-	-	-	-
Total revenues	<u>28,694</u>	<u>28,694</u>	<u>23,442</u>	<u>(5,252)</u>
EXPENDITURES:				
Current:				
Public safety - Police	<u>28,694</u>	<u>28,694</u>	<u>22,947</u>	<u>5,747</u>
Total expenditures	<u>28,694</u>	<u>28,694</u>	<u>22,947</u>	<u>5,747</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>495</u>	<u>495</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>495</u>	<u>495</u>
FUND BALANCES (DEFICIT):				
Beginning of year	<u>(495)</u>	<u>(495)</u>	<u>(495)</u>	<u>-</u>
End of year	<u>\$ (495)</u>	<u>\$ (495)</u>	<u>\$ -</u>	<u>\$ 495</u>

City of Rio Dell, California

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

STIP Special Revenue Fund

For the year ended June 30, 2020

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Intergovernmental	\$ -	\$ 1,297,000	\$ 837,653	\$ (459,347)
Total revenues	-	1,297,000	837,653	(459,347)
EXPENDITURES:				
Current:				
Public works	-	36,000	-	36,000
Capital outlay	-	1,261,000	838,778	422,222
Total expenditures	-	1,297,000	838,778	458,222
REVENUES OVER (UNDER) EXPENDITURES	-	-	(1,125)	(1,125)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(1,125)	(1,125)
FUND BALANCES (DEFICIT):				
Beginning of year	(1,266)	(1,266)	(1,266)	-
End of year	\$ (1,266)	\$ (1,266)	\$ (2,391)	\$ (1,125)

City of Rio Dell, California

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

Building Special Revenue Fund Budget

For the year ended June 30, 2020

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Licenses, permits, and franchise taxes	\$ 45,735	\$ 45,735	\$ 34,093	\$ (11,642)
Interest and use of property	-	-	960	960
Miscellaneous	-	-	1,025	1,025
Total revenues	<u>45,735</u>	<u>45,735</u>	<u>36,078</u>	<u>(9,657)</u>
EXPENDITURES:				
Current:				
Planning and building	<u>100,206</u>	<u>100,206</u>	<u>82,635</u>	<u>17,571</u>
Total expenditures	<u>100,206</u>	<u>100,206</u>	<u>82,635</u>	<u>17,571</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(54,471)</u>	<u>(54,471)</u>	<u>(46,557)</u>	<u>7,914</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(54,471)</u>	<u>(54,471)</u>	<u>(46,557)</u>	<u>7,914</u>
FUND BALANCES (DEFICIT):				
Beginning of year	<u>98,770</u>	<u>98,770</u>	<u>98,770</u>	<u>-</u>
End of year	<u>\$ 44,299</u>	<u>\$ 44,299</u>	<u>\$ 52,213</u>	<u>\$ 7,914</u>

City of Rio Dell, California

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

Recycling Special Revenue Fund

For the year ended June 30, 2020

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 5,000	\$ 5,000
Interest and use of property	-	-	359	359
Total revenues	-	-	5,359	5,359
EXPENDITURES:				
Current:				
Recycling	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	5,359	5,359
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	5,359	5,359
FUND BALANCES (DEFICIT):				
Beginning of year	24,601	24,601	24,601	-
End of year	\$ 24,601	\$ 24,601	\$ 29,960	\$ 5,359

City of Rio Dell, California

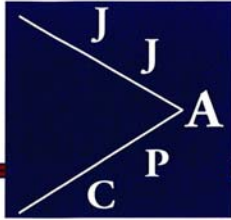
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Economic Development Special Revenue Fund

For the year ended June 30, 2020

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Interest and use of property	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
General government	46,400	46,400	-	46,400
Total expenditures	46,400	46,400	-	46,400
REVENUES OVER (UNDER) EXPENDITURES	(46,400)	(46,400)	-	46,400
OTHER FINANCING SOURCES (USES):				
Transfers in	300,000	300,000	300,000	-
Transfers out	-	-	-	-
Total other financing sources (uses)	300,000	300,000	300,000	-
Net change in fund balances	253,600	253,600	300,000	46,400
FUND BALANCES (DEFICIT):				
Beginning of year	-	-	-	-
End of year	\$ 253,600	\$ 253,600	\$ 300,000	\$ 46,400

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JJACPA, Inc.

A Professional Accounting Services Corp.

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

Independent Auditor's Report

The Honorable City Council
City of Rio Dell
Rio Dell, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the City of Rio Dell, California (City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 17, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

March 17, 2021

JJACPA, Inc.

JJACPA, Inc.
Dublin, CA