

CITY OF RIO DELL, CALIFORNIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2022



Prepared by:

Travis Sanborn
Finance Director

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City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2022

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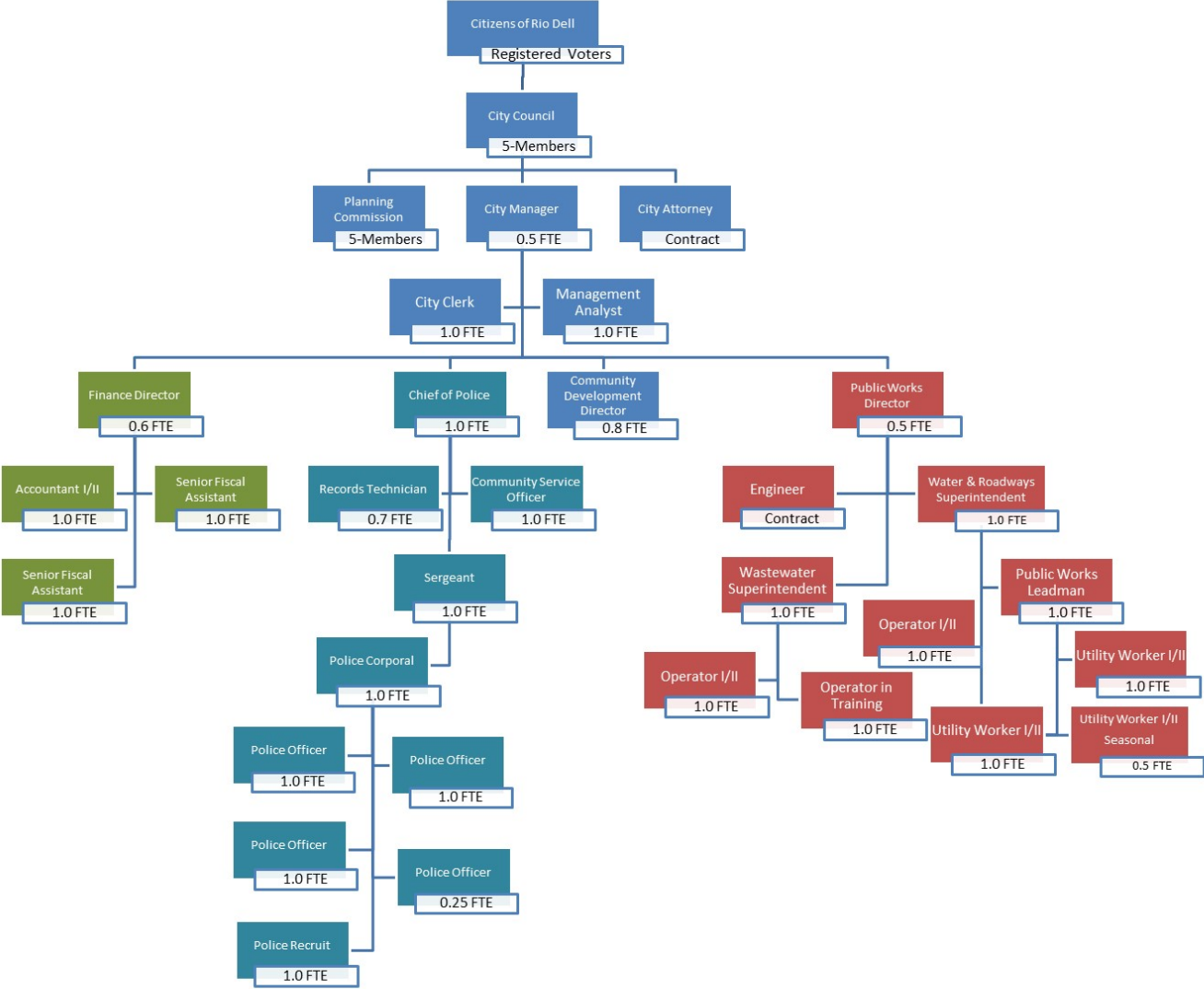
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City of Rio Dell, California
Basic Financial Statements
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Organization Chart



City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2022

List of Officials

CITY COUNCIL

- Debra Garnes, Mayor
- Amanda Carter, Mayor Pro Tem
- Robert Orr, Council Member
- Frank Wilson, Council Member
- Julie Woodall, Council Member

CITY OFFICIALS

- Kyle Knopp, City Manager
- Karen Dunham, City Clerk
- Travis Sanborn, Finance Director
- Kevin Caldwell, Community Development Director
- Greg Allen, 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 Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the budgetary comparison information of the City of Rio Dell (City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the budgetary comparison information of the City, as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-17 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

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

Supplementary 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 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 is the responsibility of management and was 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2023 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 solely 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 the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

April 17, 2023

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2022

Management's Discussion and Analysis

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, 2022. 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, 2022. It should be read in conjunction with the accompanying transmittal letter and basic financial statements.

The following outlines the financial highlights for the year:

- ◆ On June 30, 2022, the City's net position (excess of assets and deferred outflows of resources of the City over liabilities and deferred inflows of resources) was \$31,905,130, an increase of \$228,481 from the prior year. Of the total net position, \$22,463,454 was invested in capital assets (net of related debt) and \$921,118 had restrictions in their use leaving \$8,520,558 as unrestricted.
- ◆ Overall City-wide revenues from all governmental and business-type activities decreased by \$345,037, 6% compared to FY 2020-21. The decrease is primarily due to decreased sales and cannabis tax revenues. The City's total expenses for all programs in FY 2021-22 increased by \$1,080,403, or 24%.
- ◆ Overall the City's total net position increased by \$228,481 (\$318,277 and -\$89,796 for governmental activities and business-type activities, respectively). Total city-wide assets increased by \$351,032. This primarily was the result of an increase in governmental activities.
- ◆ The General Fund reported a fund balance of \$1,889,944 at the end of the 2022 fiscal year, a decrease of \$704,313. This change was the result of decreased Cannabis revenues and capital improvement projects completed.
- ◆ The City also ended the fiscal year with \$5,172,738 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 \$256,650 from 2021 and is a result of unrestricted water funds increasing by \$234,160 to \$2,948,025 and unrestricted sewer funds increasing by \$22,490 to \$2,224,713.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2022

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, 2022

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, 2022, 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, 2022

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, 2022, 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 45-73 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 78-93 of this report.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2022

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 \$31,905,130 as of June 30, 2022. The Summary of Net position as of June 30, 2022, and 2021, follows:

	Summary of Net Position					
	2022			2021		
	Govern- mental Activities	Business- type Activities	Total	Govern- mental Activities	Business- type Activities	Total
Current and other assets	\$ 4,905,644	\$ 5,755,342	\$ 10,660,986	\$ 4,827,706	\$ 5,498,443	\$ 10,326,149
Noncurrent assets	7,358,311	21,040,064	28,398,375	6,671,986	21,710,194	28,382,180
Total assets	12,263,955	26,795,406	39,059,361	11,499,692	27,208,637	38,708,329
Current and other liabilities	589,973	552,387	1,142,360	131,733	542,095	673,828
Long-term liabilities	46,733	5,965,138	6,011,871	58,987	6,298,865	6,357,852
Total liabilities	636,706	6,517,525	7,154,231	190,720	6,840,960	7,031,680
Net position:						
Net invested in						
Capital Assets	7,358,311	15,105,143	22,463,454	6,671,986	15,451,589	22,123,575
Restricted	921,118	-	921,118	732,218	-	732,218
Unrestricted	3,347,820	5,172,738	8,520,558	3,904,768	4,916,088	8,820,856
Total net position	\$ 11,627,249	\$ 20,277,881	\$ 31,905,130	\$ 11,308,972	\$ 20,367,677	\$ 31,676,649

The City’s total net position increased by \$228,481 (\$318,277 for governmental activities and -\$89,796 for business-type activities). Total city-wide assets increased by \$351,032. This was mostly the result of an increase in completed Capital Improvement Projects under Governmental Activities. Total current city-wide liabilities increased by \$122,551, primarily due to an increase in current and other liabilities under Governmental Activities. Debt service principle (long-term liabilities) for the wastewater treatment plant and the water system infiltration gallery decreased by \$333,727. Total city-wide liabilities, not including deferred outflows and inflows of resources increased by \$122,551.

About 2.9% or \$921,118 of the City-wide net position represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position of \$8.5 million may be used to meet the government’s ongoing obligations to citizens and creditors. Of this amount, \$3,347,820 is held by governmental activities, and \$5,172,738 is held by business-type activities.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2022

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Revenues

The City's total revenues for governmental and business-type activities were \$5,781,406 for the fiscal year that ended June 30, 2022, a decrease of \$345,037. Significant revenues for the City for FY 2021-22 were derived from taxes (22%), operating grants and contributions (21%), 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 by \$107,138, or 4%. Governmental activities decreased by \$84,624, or 52%, primarily due to a decline in cannabis permitting fees.
- ◆ **Grants and Contributions** - Annual receipts decreased by \$482,195. This was due to funding received for ARPA (American Rescue Plan Act) in the prior year.
- ◆ **Other Taxes** - Annual receipts decreased by \$195,116. This represents revenues from the cannabis tax.

Expenses

Governmental and business-type activity expenses of the City for the year totaled \$5,552,925. This is an increase of \$1,080,403 from the prior fiscal year. Governmental activity expenses totaled \$2,624,569, or 47% of total expenses. Business-type activities accounted for \$2,928,356 of expenses during the fiscal year, an increase of \$115,916 due mainly to grant-funded sewer study costs. Public Safety - Police costs represented 41% of total governmental activities expenses, General Government activities were 25% and Public Works was 27%. The remaining 7% were Planning and Building and Recycling costs.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2022

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The change in net position for the fiscal years ended June 30, 2022, and 2021, follows:

	Changes in Net Position			2021		
	2022			2021		
	Gov- ern- men- tal Acti- vities	Busi- ness- type Acti- vities	Total	Gov- ern- men- tal Acti- vities	Busi- ness- type Acti- vities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 77,320	\$ 2,367,297	\$ 2,444,617	\$ 161,944	\$ 2,474,435	\$ 2,636,379
Grants and contributions:						
Operating	899,627	151,957	1,051,584	238,796	133,111	371,907
Capital	117,235	36,225	153,460	599,430	171,329	770,759
General revenues:						
Property taxes, levied for general purposes	155,923	-	155,923	148,127	-	148,127
Sales taxes	693,466	-	693,466	809,947	-	809,947
Cannabis taxes	152,656	-	152,656	347,772	-	347,772
Transient occupancy tax	18,955	-	18,955	20,597	-	20,597
Gas taxes	154,498	-	154,498	142,803	-	142,803
Franchise taxes	101,036	-	101,036	93,626	-	93,626
Motor vehicle in lieu	451,285	-	451,285	424,496	-	424,496
Use of money and property	74,654	11,540	86,194	102,193	16,197	118,390
Contributed capital	-	254,714	254,714	-	222,344	222,344
Other general	46,191	16,827	63,018	16,242	3,054	19,296
Total revenues	<u>2,942,846</u>	<u>2,838,560</u>	<u>5,781,406</u>	<u>3,105,973</u>	<u>3,020,470</u>	<u>6,126,443</u>
Expenses:						
Governmental activities:						
General government	662,698	-	662,698	336,910	-	336,910
Public safety - Police	1,080,721	-	1,080,721	919,224	-	919,224
Public works	707,105	-	707,105	269,562	-	269,562
Planning and building	143,552	-	143,552	128,038	-	128,038
Recycling	30,493	-	30,493	6,348	-	6,348
Business-type activities:						
Sewer	-	1,813,577	1,813,577	-	1,615,712	1,615,712
Water	-	1,114,779	1,114,779	-	1,196,728	1,196,728
Total expenses	<u>2,624,569</u>	<u>2,928,356</u>	<u>5,552,925</u>	<u>1,660,082</u>	<u>2,812,440</u>	<u>4,472,522</u>
Excess (Deficiency) of revenues over expenditures before transfers	318,277	(89,796)	228,481	1,445,891	208,030	1,653,921
Transfers	-	-	-	-	-	-
Change in net position	<u>318,277</u>	<u>(89,796)</u>	<u>228,481</u>	<u>1,445,891</u>	<u>208,030</u>	<u>1,653,921</u>
Net position:						
Beginning of year	11,308,972	20,367,677	31,676,649	9,863,081	20,159,647	30,022,728
End of year	<u>\$ 11,627,249</u>	<u>\$ 20,277,881</u>	<u>\$ 31,905,130</u>	<u>\$ 11,308,972</u>	<u>\$ 20,367,677</u>	<u>\$ 31,676,649</u>

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2022

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, 2022, and 2021, are as follows:

	2022		2021	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 662,698	\$ 231,528	\$ 336,910	\$ 179,412
Public safety - Police	1,080,721	594,379	919,224	751,440
Public works	707,105	586,895	269,562	(335,898)
Planning and building	143,552	97,010	128,038	67,956
Recycling	30,493	20,575	6,348	(2,997)
Total	<u>\$ 2,624,569</u>	<u>\$ 1,530,387</u>	<u>\$ 1,660,082</u>	<u>\$ 659,913</u>

Total expenses for governmental activities were \$2,624,569 which was \$964,487 or 58% more than the prior year. Increases in the total and net cost of services were attributed to completing Capital Improvement Projects within the community.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2022

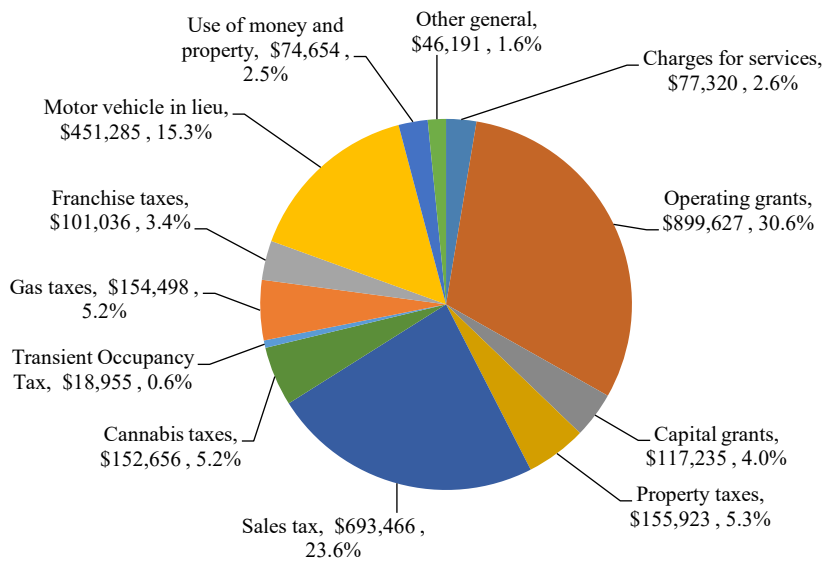
Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

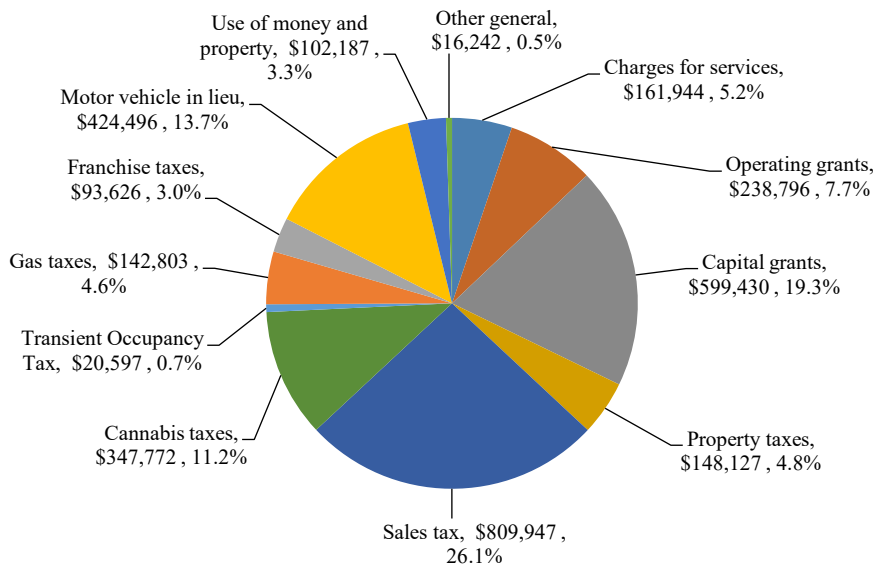
Governmental Activities, continued

Revenues by source for the fiscal years ended June 30, 2022, and 2021, are as follows:

Revenues by Source - Governmental Activities 2022



Revenues by Source - Governmental Activities 2021



City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2022

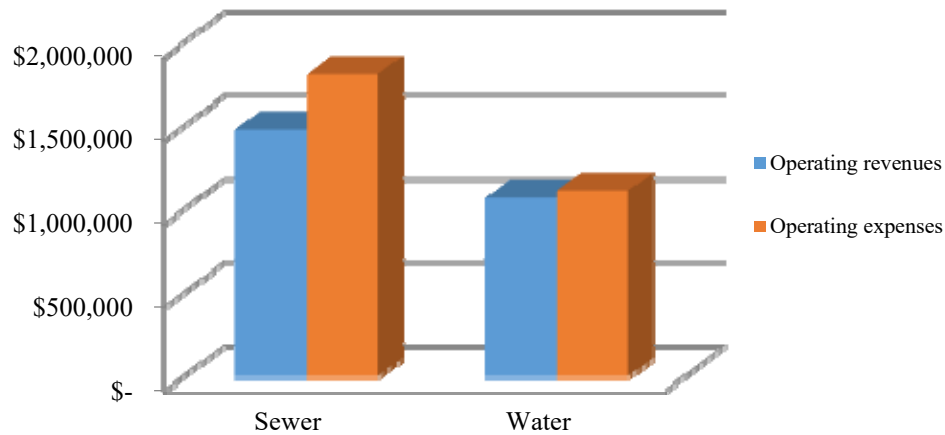
Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

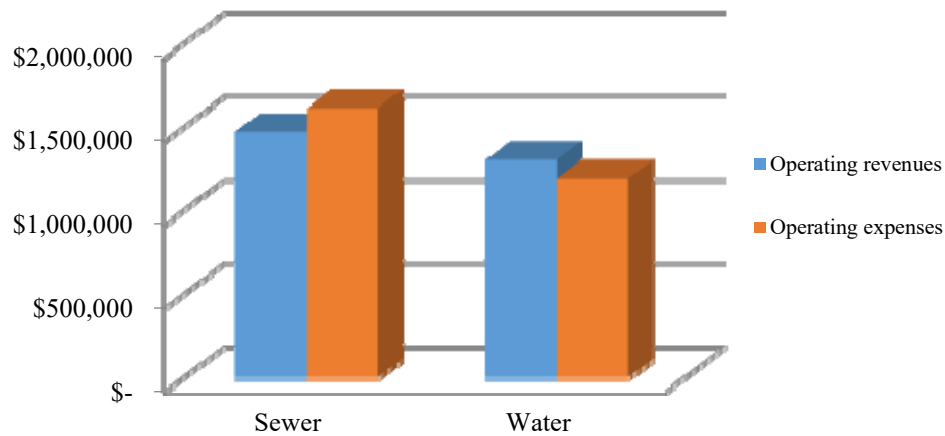
Business-type Activities

Business-type activities have decreased the City’s net position by \$89,796. 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, 2022, and 2021, are as follows:

**Operating Revenues and Expenses
 Business-type Activities
 2022**



**Operating Revenues and Expenses
 Business-type Activities
 2021**



City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2022

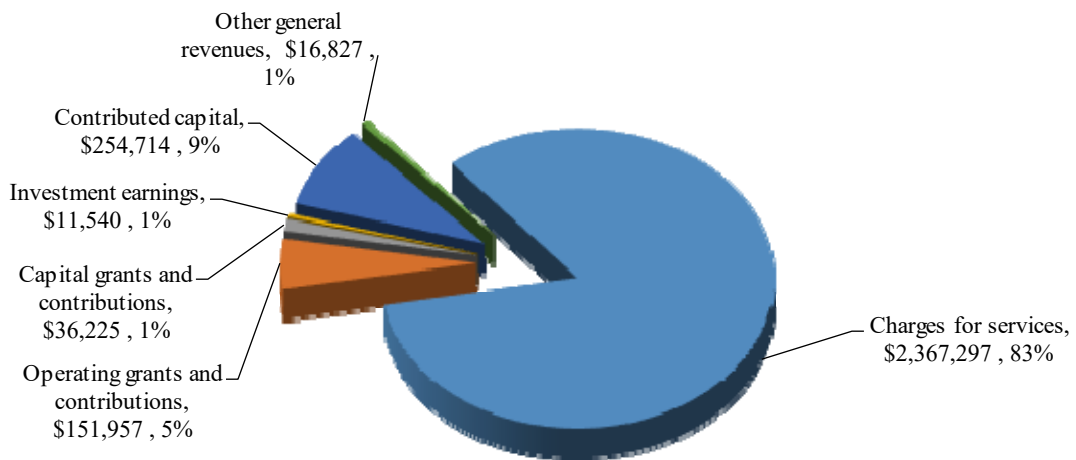
Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

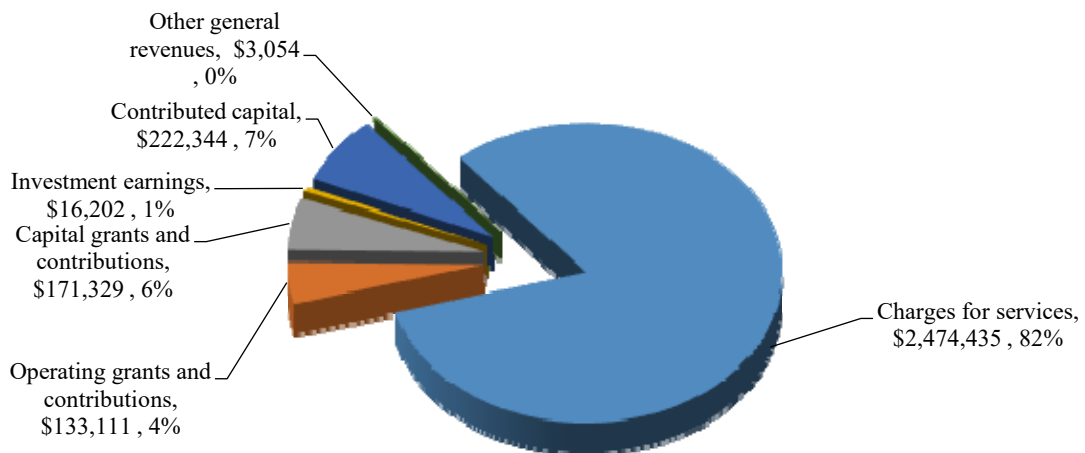
Business-type Activities, continued

The revenues by source for the business-type activities for the fiscal years ended June 30, 2022, and 2021, are as follows:

Revenues by Source - Business-type Activities 2022



Revenues by Source - Business-type Activities 2021



City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2022

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 ending June 30, 2022, the City's governmental funds reported combined fund balances of \$3,642,631. This is a decrease of \$252,477 or 6% from last year. This primarily results from expenditures exceeding revenues in the various governmental funds.

The General Fund is the chief operating fund of the City. In the fiscal year ending June 30, 2022, the General Fund unassigned fund balance totaled \$1,889,944. This is a decrease of \$704,313 or 27% from the prior year. This decrease is mainly a result of lower-than-anticipated sales and cannabis tax revenues and capital projects being completed.

The governmental funds allowed the City to undertake several capital and special projects in FY 2021-22. The City introduced a Façade Improvement Program that offered qualifying properties in the City matching grants to improve the appearance and façade of their buildings. Additionally, the city General Fund provided funding for a streets slurry seal project, asphalt street resurfacing, and new city vehicles.

Proprietary funds. The City ended the fiscal year with \$5,172,738 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 \$256,650 from 2021. The increase is a result of the change in net position in the water funds of \$234,160 and \$22,490 in the sewer funds.

General Fund Budgetary Highlights

The difference between the final budget and actual revenues differs inauspiciously by \$362,253, or 15% under the budgeted amounts. This was mainly due to decreased cannabis revenue. Actual expenditures were \$457,492, or 15% lower than the final budgeted amounts. The lower expenditures were largely due to capital projects not being completed, unused contingency funds, and vacant positions in the Police Department. There was a \$781,661 difference between the total original expenditure budget and the total final amended budget.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2022

Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The City’s investment in capital assets for its governmental and business-type activities as of June 30, 2022, amount to \$28,398,375. This investment in capital assets includes land, construction in progress, streets, medians, sidewalks, buildings, water and sewer infrastructure, machinery, equipment, and vehicles.

Capital Assets

The City’s investment in capital assets for its governmental and business-type activities as of June 30, 2022, amounts to \$28,398,375. 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	
	2022	2021	2022	2021	2022	2021
Land	\$ 627,945	\$ 627,945	\$ 507,859	\$ 507,859	\$ 1,135,804	\$ 1,135,804
Construction in progress	-	1,812,740	-	-	-	1,812,740
Buildings and structures	461,693	279,783	14,200	14,876	475,893	294,659
Equipment	84,073	80,600	189,783	211,961	273,856	292,561
Vehicles	38,939	174,467	44,178	56,287	83,117	230,754
Streets and roads	2,876,397	1,897,964	-	-	2,876,397	1,897,964
Infrastructures	3,269,264	1,798,487	20,284,044	20,919,211	23,553,308	22,717,698
Total	\$ 7,358,311	\$ 6,671,986	\$ 21,040,064	\$ 21,710,194	\$ 28,398,375	\$ 28,382,180

More detail of the capital assets and current activity can be found in the notes to the financial statements on page 51 for significant accounting policies and Note 5 on pages 61 – 62 for other capital asset information.

Long-Term Debt

On June 30, 2022, the City had \$6,346,118 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	
	2022	2021	2022	2021	2022	2021
Compensated absences	\$ 53,287	\$ 65,541	\$ 34,226	\$ 44,269	\$ 87,513	\$ 109,810
Safe Drinking Water Loan	-	-	1,020,000	1,156,000	1,020,000	1,156,000
State of California Water Resources Control Board	-	-	5,238,605	5,422,249	5,238,605	5,422,249
Total	\$ 53,287	\$ 65,541	\$ 6,292,831	\$ 6,622,518	\$ 6,346,118	\$ 6,688,059

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2022

Management's Discussion and Analysis, Continued

Economic Outlook and Next Year's Budget and Rates

The budget for Fiscal Year 2022-23, which was adopted on June 7, 2022, 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 to 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.

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 2021 and thanks to community support Measure J was passed and extended the sales tax through 2024.

The City's business tax on medical and recreational marijuana, Measure X was voted in on November 7, 2017, and approved and permitted commercial cannabis activity within the City limits. Estimated cannabis tax revenues are forecasted to continue to decline in the FY 2022-23 budget. Cannabis is a volatile revenue source that can be negatively impacted by reductions in price and increased competition. 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 competitive salaries to recruit and retain qualified employees. Additionally, costs for other services such as dispatch, information systems, and animal control continue to rise. It is anticipated that the cost of doing business will continue to increase.

It had been over five years since a rate study has been done for sewer and water services. A new rate study was completed and new sewer and water service rates were implemented. Regulatory oversight, capital planning and replacement, and employee retention were factors contributing to the need for a rate review and update. The City went through the Proposition 218 process to continue to add an annual inflation factor to rates because the authority expires after five years. The new rates went into effect in FY 2022-23.

In summary, the City enters FY 2022-23 in a strong financial position due to past efforts made to stabilize both revenues and expenditures. The budget reinvests the city, maintains services and reserves, and creates a positive path forward. 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.

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BASIC FINANCIAL STATEMENTS

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City of Rio Dell, California
Statement of Net Position
June 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 3,676,926	\$ 5,310,715	\$ 8,987,641
Receivables:			
Accounts	505,510	331,376	836,886
Intergovernmental	5,769	40,250	46,019
Interest	3,074	5,001	8,075
Loans/Notes receivable	679,594	-	679,594
Prepaid items	34,771	68,000	102,771
Total current assets	4,905,644	5,755,342	10,660,986
Noncurrent assets:			
Capital assets:			
Nondepreciable	627,945	507,895	1,135,840
Depreciable	6,730,366	20,532,169	27,262,535
Total noncurrent assets	7,358,311	21,040,064	28,398,375
Total assets	\$ 12,263,955	\$ 26,795,406	\$ 39,059,361
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 583,419	\$ 54,446	\$ 637,865
Interest payable	-	76,833	76,833
Deposits payable	-	93,415	93,415
Compensated absences - current portion	6,554	4,009	10,563
Due within one year	-	323,684	323,684
Total current liabilities	589,973	552,387	1,142,360
Noncurrent liabilities:			
Long-term liabilities:			
Compensated absences	46,733	30,217	76,950
Due after one year	-	5,934,921	5,934,921
Total noncurrent liabilities	46,733	5,965,138	6,011,871
Total liabilities	636,706	6,517,525	7,154,231
NET POSITION			
Net investment in capital assets	7,358,311	15,105,143	22,463,454
Restricted	921,118	-	921,118
Unrestricted	3,347,820	5,172,738	8,520,558
Total net position	11,627,249	20,277,881	31,905,130
Total liabilities, deferred inflows of resources and net position	\$ 12,263,955	\$ 26,795,406	\$ 39,059,361

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, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 662,698	22,885	408,285	\$ -
Public safety - Police	1,080,721	-	486,342	-
Public works	707,105	2,975	-	117,235
Planning and building	143,552	46,542	-	-
Recycling	30,493	4,918	5,000	-
Total governmental activities	<u>2,624,569</u>	<u>77,320</u>	<u>899,627</u>	<u>117,235</u>
Business-type activities:				
Sewer	1,813,577	1,330,542	151,957	-
Water	1,114,779	1,036,755	-	36,225
Total business-type activities	<u>2,928,356</u>	<u>2,367,297</u>	<u>151,957</u>	<u>36,225</u>
Total primary government	<u>\$ 5,552,925</u>	<u>\$ 2,444,617</u>	<u>\$ 1,051,584</u>	<u>\$ 153,460</u>

General revenues:

Taxes:

Property taxes, levied for general purposes

Sales taxes

Cannabis taxes

Transient occupancy taxes

Gas taxes

Franchise taxes

Intergovernmental:

State motor vehicle in-lieu tax (MVLTF)

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
\$ (231,528)	\$ -	\$ (231,528)
(594,379)	-	(594,379)
(586,895)	-	(586,895)
(97,010)	-	(97,010)
(20,575)	-	(20,575)
(1,530,387)	-	(1,530,387)
-	(331,078)	(331,078)
-	(41,799)	(41,799)
-	(372,877)	(372,877)
(1,530,387)	(372,877)	(1,903,264)
155,923	-	155,923
693,466	-	693,466
152,656	-	152,656
18,955	-	18,955
154,498	-	154,498
101,036	-	101,036
451,285	-	487,510
74,654	11,540	86,194
-	254,714	254,714
46,191	16,827	63,018
1,848,664	283,081	2,131,745
-	-	-
1,848,664	283,081	2,131,745
318,277	(89,796)	228,481
11,308,972	20,367,677	31,676,649
\$ 11,627,249	\$ 20,277,881	\$ 31,905,130

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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, 2022

	Major Funds			Totals
	General Fund	CDBG Special Revenue	Nonmajor Governmental Funds	
ASSETS				
Cash and investments	\$ 1,907,506	\$ 572,587	\$ 1,196,833	\$ 3,676,926
Receivables:				
Interest	2,210	-	864	3,074
Intergovernmental	-	-	5,769	5,769
Loans/Notes receivable	-	679,594	-	679,594
Other receivable	453,586	-	51,924	505,510
Due from other funds	48,618	-	-	48,618
Prepaid items	34,771	-	-	34,771
Total assets	\$ 2,446,691	\$ 1,252,181	\$ 1,255,390	\$ 4,954,262
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 556,747	\$ -	\$ 26,672	\$ 583,419
Due to other funds	-	-	48,618	48,618
Total liabilities	556,747	-	75,290	632,037
Deferred inflows of resources:				
Unavailable revenue	-	679,594	-	679,594
Total deferred inflows of resources:	-	679,594	-	679,594
Total Liabilities and deferred inflows	556,747	679,594	75,290	1,311,631
Fund balances:				
Nonspendable	34,771	-	-	34,771
Restricted	-	572,587	348,531	921,118
Assigned	-	-	866,984	866,984
Unassigned (Deficit)	1,855,173	-	(35,415)	1,819,758
Total fund balances	1,889,944	572,587	1,180,100	3,642,631
Total liabilities, deferred inflows and fund balances	\$ 2,446,691	\$ 1,252,181	\$ 1,255,390	\$ 4,954,262

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, 2022

Total fund balances - total governmental funds \$ 3,642,631

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. 7,358,311

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 (53,287)

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. 679,594

Net Position of governmental activities \$ 11,627,249

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, 2022

	Governmental Funds Balance Sheet	Reclassifications	Changes in GAAP	Statement of Net Position
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Current assets:				
Cash and investments	\$ 3,676,926	\$ -	\$ -	\$ 3,676,926
Receivables:				
Interest	3,074	-	-	3,074
Intergovernmental	5,769	-	-	5,769
Loans/Notes receivable	679,594	-	-	679,594
Other receivable	505,510	-	-	505,510
Due from other funds	48,618	(48,618)	-	-
Prepaid items	34,771	-	-	34,771
Total current assets	<u>4,954,262</u>	<u>(48,618)</u>	<u>-</u>	<u>4,905,644</u>
Noncurrent assets:				
Capital assets, net	-	-	7,358,311	7,358,311
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>7,358,311</u>	<u>7,358,311</u>
Total assets	<u>4,954,262</u>	<u>(48,618)</u>	<u>7,358,311</u>	<u>12,263,955</u>
Deferred outflows of resources:				
Pension Plan	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 4,954,262</u>	<u>\$ (48,618)</u>	<u>\$ 7,358,311</u>	<u>\$ 12,263,955</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 583,419	\$ -	\$ -	\$ 583,419
Due to other funds	48,618	(48,618)	-	-
Compensated absences - current portion	-	-	6,554	6,554
Total current liabilities	<u>632,037</u>	<u>(48,618)</u>	<u>6,554</u>	<u>589,973</u>
Noncurrent liabilities:				
Long-term liabilities:				
Compensated absences	-	-	46,733	46,733
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>46,733</u>	<u>46,733</u>
Total liabilities	<u>632,037</u>	<u>(48,618)</u>	<u>53,287</u>	<u>636,706</u>
Deferred inflows of resources				
Unavailable revenue	679,594	-	(679,594)	-
Total liabilities and deferred inflows of resources:	<u>1,311,631</u>	<u>(48,618)</u>	<u>(626,307)</u>	<u>636,706</u>
FUND BALANCES/NET POSITION				
Fund balances:				
Nonspendable	34,771	(34,771)	-	-
Restricted	921,118	(921,118)	-	-
Assigned	866,984	(866,984)	-	-
Unassigned (deficit)	1,819,758	(1,819,758)	-	-
Net position:				
Net investment in capital assets	-	-	7,358,311	7,358,311
Restricted	-	-	921,118	921,118
Unrestricted	-	3,642,631	(294,811)	3,347,820
Total fund balances/net position	<u>3,642,631</u>	<u>-</u>	<u>7,984,618</u>	<u>11,627,249</u>
Total liabilities, deferred inflows and net position	<u>\$ 4,954,262</u>	<u>\$ (48,618)</u>	<u>\$ 7,358,311</u>	<u>\$ 12,263,955</u>

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, 2022

	Major Funds			Totals
	General Fund	CDBG Special Revenue	Other Governmental Funds	
REVENUES:				
Property taxes	\$ 155,923	\$ -	\$ -	\$ 155,923
Sales taxes	693,466	-	-	693,466
Cannabis taxes	152,656	-	-	152,656
Occupancy taxes	18,955	-	-	18,955
Gas tax	-	-	154,498	154,498
Intergovernmental	745,834	127,824	722,314	1,595,972
Licenses, permits, and franchise fees	126,267	-	52,089	178,356
Interest and use of property	29,505	43,450	1,699	74,654
Miscellaneous	35,783	-	10,408	46,191
Total revenues	1,958,389	171,274	941,008	3,070,671
EXPENDITURES:				
Current:				
General government	561,053	733	88,961	650,747
Public safety - Police	866,864	-	180,169	1,047,033
Public works	84,458	-	263,795	348,253
Planning and building	52,121	-	91,431	143,552
Recycling	4,000	-	26,493	30,493
Capital outlay	1,117,966	-	-	1,117,966
Total expenditures	2,686,462	733	650,849	3,338,044
REVENUES OVER (UNDER) EXPENDITURES	(728,073)	170,541	290,159	(267,373)
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	13,650	-	1,246	14,896
Transfers in	10,110	-	-	10,110
Transfers out	-	(3,950)	(6,160)	(10,110)
Total other financing sources (uses)	23,760	(3,950)	(4,914)	14,896
Net change in fund balances	(704,313)	166,591	285,245	(252,477)
FUND BALANCES:				
Beginning of year	2,594,257	405,996	894,855	3,895,108
End of year	<u>\$ 1,889,944</u>	<u>\$ 572,587</u>	<u>\$ 1,180,100</u>	<u>\$ 3,642,631</u>

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, 2022

Functions/Programs	Fund Based Totals	Compensated		Capital	Government- wide Totals
		Absences/ Debt Service	Depreciation	Asset (Additions)/ Retirements	
Governmental activities:					
General government	\$ 650,747	\$ (12,254)	\$ 24,205	\$ -	\$ 662,698
Public safety - Police	1,047,033		33,688	-	1,080,721
Public works	348,253	-	100,464	258,388	707,105
Planning and building	143,552	-	-	-	143,552
Recycling	30,493	-	-	-	30,493
Capital outlay	1,117,966	-	-	(1,117,966)	-
Total governmental activities	\$ 3,338,044	\$ (12,254)	\$ 158,357	\$ (859,578)	\$ 2,624,569

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, 2022

Net change in fund balances - total governmental funds	\$ (252,477)
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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	\$ 939,537	
Disposal of capital assets	(94,855)	
Depreciation expense	<u>(158,357)</u>	686,325

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.

(127,825)

Change in Net Position of governmental activities

\$ 318,277

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, 2022

	General Fund			Variance w/Final Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Property taxes	146,122	146,122	155,923	\$ 9,801
Sales taxes	628,200	628,200	693,466	65,266
Cannabis taxes	400,000	400,000	152,656	(247,344)
Occupancy taxes	11,000	11,000	18,955	7,955
Intergovernmental	722,400	947,400	745,834	(201,566)
Licenses, permits, and franchise fees	142,385	142,385	126,267	(16,118)
Interest and use of property	24,535	24,535	29,505	4,970
Miscellaneous	21,000	21,000	35,783	14,783
Total revenues	2,095,642	2,320,642	1,958,389	(362,253)
EXPENDITURES:				
Current:				
General government	681,294	681,294	561,053	120,241
Public safety - Police	894,388	941,224	866,864	74,360
Planning and public works	135,257	135,257	84,458	50,799
Building	49,354	274,354	52,121	222,233
Recycling	-	4,000	4,000	-
Capital outlay	602,000	1,107,825	1,117,966	(10,141)
Total expenditures	2,362,293	3,143,954	2,686,462	457,492
REVENUES OVER (UNDER) EXPENDITURES	(266,651)	(823,312)	(728,073)	95,239
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	13,650	
Transfers in	10,110	10,110	10,110	-
Transfers out	(38,328)	(38,328)	-	38,328
Total other financing sources (uses)	(28,218)	(28,218)	23,760	38,328
Net change in fund balances	(294,869)	(851,530)	(704,313)	133,567
FUND BALANCES:				
Beginning of year	2,594,257	2,594,257	2,594,257	-
End of year	<u>\$ 2,299,388</u>	<u>\$ 1,742,727</u>	<u>\$ 1,889,944</u>	<u>\$ 133,567</u>

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		
-	-	-	\$ -
-	-	-	-
-	-	-	-
5,000	5,000	127,824	122,824
-	-	-	-
-	-	43,450	43,450
-	-	-	-
<u>5,000</u>	<u>5,000</u>	<u>171,274</u>	<u>166,274</u>
-	-	733	(733)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	733	(733)
<u>5,000</u>	<u>5,000</u>	<u>170,541</u>	<u>165,541</u>
-	-	-	-
(3,950)	(3,950)	(3,950)	-
(3,950)	(3,950)	(3,950)	-
1,050	1,050	166,591	165,541
<u>405,996</u>	<u>405,996</u>	<u>405,996</u>	<u>-</u>
<u>\$ 407,046</u>	<u>\$ 407,046</u>	<u>\$ 572,587</u>	<u>\$ 165,541</u>

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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, 2022

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash and investments	\$ 2,378,289	\$ 2,932,426	\$ 5,310,715
Receivables:			
Accounts	163,289	168,087	331,376
Intergovernmental	40,250	-	40,250
Interest	1,577	3,424	5,001
Prepaid	-	68,000	68,000
Total current assets	<u>2,583,405</u>	<u>3,171,937</u>	<u>5,755,342</u>
Noncurrent assets:			
Capital assets, net	11,914,217	9,125,847	21,040,064
Total noncurrent assets	<u>11,914,217</u>	<u>9,125,847</u>	<u>21,040,064</u>
Total Assets	<u>\$ 14,497,622</u>	<u>\$ 12,297,784</u>	<u>\$ 26,795,406</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 11,239	\$ 15,656	\$ 26,895
Accrued liabilities	13,889	13,662	27,551
Interest payable	76,833	-	76,833
Deposits payable	55,573	37,842	93,415
Compensated absences - current portion	2,005	2,004	4,009
Due within one year	187,684	136,000	323,684
Total current liabilities	<u>347,223</u>	<u>205,164</u>	<u>552,387</u>
Noncurrent liabilities:			
Compensated absences	11,469	18,748	30,217
Due after one year	5,050,921	884,000	5,934,921
Total noncurrent liabilities	<u>5,062,390</u>	<u>902,748</u>	<u>5,965,138</u>
Total liabilities	<u>5,409,613</u>	<u>1,107,912</u>	<u>6,517,525</u>
Net Position:			
Net investment in capital assets	6,863,296	8,241,847	15,105,143
Unrestricted	2,224,713	2,948,025	5,172,738
Total net position	<u>9,088,009</u>	<u>11,189,872</u>	<u>20,277,881</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 14,497,622</u>	<u>\$ 12,297,784</u>	<u>\$ 26,795,406</u>

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, 2022

	Sewer Fund	Water Fund	Totals
OPERATING REVENUES:			
Charges for service	1,287,401	992,427	\$ 2,279,828
Connection fees	12,526	13,132	25,658
Late fees	30,615	31,196	61,811
Total operating revenues	1,330,542	1,036,755	2,367,297
OPERATING EXPENSES:			
Current operations:			
General government	209,735	228,770	438,505
Public works	910,949	596,517	1,507,466
Depreciation	576,297	289,492	865,789
Total operating expenses	1,696,981	1,114,779	2,811,760
OPERATING INCOME	(366,439)	(78,024)	(444,463)
NONOPERATING REVENUES (EXPENSES):			
Gain (Loss) from the sale of capital assets	5,471	5,044	10,515
Intergovernmental revenues (expenses)	151,957	36,225	188,182
Debt service	-	-	-
Bad debt recovery (expense)	552	694	1,246
Interest revenue	4,586	6,954	11,540
Interest expense	(116,596)	-	(116,596)
Contributed capital	-	254,714	254,714
Other nonoperating revenue (expense)	5,066	-	5,066
Total non-operating revenues, net	51,036	303,631	354,667
NET INCOME BEFORE TRANSFERS	(315,403)	225,607	(89,796)
Transfers in	-	-	-
Transfers out	-	-	-
Total transfers	-	-	-
CHANGE IN NET POSITION	(315,403)	225,607	(89,796)
NET POSITION:			
Beginning of year	9,403,412	10,964,265	20,367,677
End of year	<u>\$ 9,088,009</u>	<u>\$ 11,189,872</u>	<u>\$ 20,277,881</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, 2022

	Sewer Fund	Water Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers/users for services provided	\$ 1,378,557	\$ 1,062,813	\$ 2,441,370
Cash payments to suppliers for goods and services	(770,821)	(686,803)	(1,457,624)
Cash payments to employees for services	(348,828)	(140,617)	(489,445)
Net cash provided by operating activities	258,908	235,393	494,301
CASH FLOWS FROM NONCAPITAL FINANCING			
Receipts from miscellaneous	5,066	-	5,066
Other non-operating payments	552	36,919	37,471
Net cash used by noncapital financing activities	5,618	36,919	42,537
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital grants received	151,957	254,714	406,671
Acquisition and construction of capital assets	(45,249)	(139,895)	(185,144)
Principal paid on long term debt	(183,644)	(136,000)	(319,644)
Interest paid on long term debt	(119,289)	-	(119,289)
Net cash (used) by capital and related financing activities	(196,225)	(21,181)	(217,406)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income received	3,693	4,977	8,670
Net cash provided by investing activities	3,693	4,977	8,670
Net increase (decrease) in cash and cash equivalents	71,994	256,108	328,102
CASH AND CASH EQUIVALENTS:			
Beginning of year	2,306,295	2,676,318	4,982,613
End of year	<u>\$ 2,378,289</u>	<u>\$ 2,932,426</u>	<u>\$ 5,310,715</u>
Reconciliation of income from operations to net cash provided by operating activities:			
Operating income	\$ (366,439)	\$ (78,024)	\$ (444,463)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	576,297	289,492	865,789
(Increase) decrease in current assets:			
Accounts receivable	17,732	12,427	30,159
Intergovernmental receivables	30,283	13,631	43,914
Increase (decrease) in liabilities:			
Accounts payable	1,726	(523)	1,203
Accrued liabilities	2,793	2,607	5,400
Deposits payable	1,226	1,116	2,342
Compensated absences	(4,710)	(5,333)	(10,043)
Net cash provided by operating activities	\$ 258,908	\$ 235,393	\$ 494,301

There were no noncash investing, capital, or financing activities affecting recognized assets and liabilities for the year ended June 30, 2022.

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

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FIDUCIARY ACTIVITIES

Fund	Description
Custodial 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 Funds
June 30, 2022

ASSETS	<u>Custodial Fund</u>
Cash and investments	\$ 31,487
Interest receivable	<u>37</u>
Total assets	<u>31,524</u>
LIABILITIES	
Accounts payable	<u>-</u>
Total Liabilities	<u>-</u>
NET POSITION	
Restricted for:	
Individuals, organizations, and other governments	31,524
Total net position	<u><u>\$ 31,524</u></u>

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

City of Rio Dell, California
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
June 30, 2022

	<u>Custodial Fund</u>
ADDITIONS	
Intergovernmental receivable	\$ 18,900
Interest earned	65
Donations	-
Total additions	<u>18,965</u>
DEDUCTIONS	
Administrative expense	-
Total deductions	<u>-</u>
Net increae (decreae) in fiduciary net postion	18,965
Net position - beginning	12,559
Net position - ending	<u>\$ 31,524</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2022

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City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2022

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, 2022

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, 2022

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

Custodial Funds

Custodial 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, 2022

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.

Custodial 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, 2022

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, 2022

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, 2022

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, 2022

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, 2022

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, 2022

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, 2022

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, 2022

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, 2022. 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, 2022

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, 2022, 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	\$ -	\$ -	\$ -	\$ 4,322,449	\$ 4,322,449
Petty cash	-	-	-	1,250	1,250
Total pooled items	-	-	-	4,323,699	4,323,699
<u>Pooled investments, at fair value</u>					
State of California Local Agency Investment Fund	4,695,429	-	-	-	4,695,429
Total pooled investments - interest obligations	4,695,429	-	-	-	4,695,429
Total cash equivalents and investments pooled	\$ 4,695,429	\$ -	\$ -	\$ 4,323,699	\$ 9,019,128
Amounts reported in:					
Governmental activities					\$ 3,676,926
Business-type activities					5,310,715
Fiduciary activities					31,487
Total					\$ 9,019,128

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity (Years)</u>
State of California Local Agency Investment Fund	\$ 4,682,355	-
Total fair value	\$ 4,682,355	
Portfolio weighted average maturity		-

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.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2022

2. CASH AND INVESTMENTS, *continued*

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 1.88% 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, 2022, the carrying amount of the City’s deposits was \$4,322,449 and the balances in financial institutions were \$4,335,126. Of the balance in financial institutions, \$250,000 was covered by federal depository insurance and \$4,085,126 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, 2022, 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.

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.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2022

2. CASH AND INVESTMENTS, *continued*

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, 2022 was \$35,761,173,309 of which the City had a balance of \$4,695,429. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2022 has a portfolio with market valuation of \$231,867,874 thousand. Of the total invested, 98.12% was invested in non-derivative financial products and 1.88% in structured notes and asset-backed securities. The fair value of the City’s investment in this pool is reported in the accompanying financial statements at amounts based upon the City’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2022:

	<u>Receivables</u>
Governmental Activities	
Accounts receivable	\$ 505,510
Intergovernmental	5,769
Interest	3,074
	<u>\$ 514,353</u>
Business-type activities	
Accounts receivable	\$ 331,376
Intergovernmental	40,250
Interest	5,001
	<u>\$ 376,627</u>

These amounts resulted in the following concentrations in receivables:

Other Governments	5.19%
Individuals/Business	94.46%
Financial Institutions	0.35%

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

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2022

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, 2022, consisted of the following:

	<u>Beginning</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>June 30, 2022</u>
Housing Rehabilitation and Affordable Housing Notes	\$ 807,419	\$ -	\$ (127,825)	\$ 679,594
Total loans receivable	<u>\$ 807,419</u>	<u>\$ -</u>	<u>\$ (127,825)</u>	<u>\$ 679,594</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, 2022

5. CAPITAL ASSETS

Governmental capital asset activity for the year ended June 30, 2022, was as follows:

	Balance 6/30/2021	Additions	Retirements Transfers	Balance 6/30/2022
Capital assets (Not Depreciated)				
Land	\$ 627,945	\$ -	\$ -	\$ 627,945
Construction in progress	1,812,740	-	(1,812,740)	-
Total capital assets (not depreciated)	<u>2,440,685</u>	<u>-</u>	<u>(1,812,740)</u>	<u>627,945</u>
Capital assets (being depreciated)				
Buildings and improvements	356,422	193,098	-	549,520
Equipment	611,293	17,953	-	629,246
Vehicles	359,585	-	(36,229)	323,356
Streets and roads	2,339,900	728,486	300,894	3,369,280
Infrastructures	2,406,317	-	1,518,903	3,925,220
Total capital assets (being depreciated)	<u>6,073,517</u>	<u>939,537</u>	<u>1,783,568</u>	<u>8,796,622</u>
Less accumulated depreciation:				
Buildings and improvements	76,639	11,188	-	87,827
Equipment	530,693	14,480	-	545,173
Vehicles	185,118	33,617	65,682	284,417
Streets and roads	441,936	50,947	-	492,883
Infrastructure	607,830	48,126	-	655,956
Total accumulated depreciation	<u>1,842,216</u>	<u>158,358</u>	<u>65,682</u>	<u>2,066,256</u>
Governmental activities capital assets, net	<u>\$ 6,671,986</u>	<u>\$ 781,179</u>	<u>\$ (94,854)</u>	<u>\$ 7,358,311</u>

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

<u>Governmental-Type Activities</u>	
General Government	\$ 24,205
Public Safety	33,688
Planning and public works	100,464
Total Governmental Activities	<u>\$ 158,357</u>

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2022

5. CAPITAL ASSETS, *continued*

Business-type capital asset activity for the year ended June 30, 2022, was as follows:

	Balance 6/30/2021	Additions	Retirements/ Adjustments	Balance 6/30/2022
Capital assets (Not Depreciated)				
Land	\$ 507,859	\$ -	\$ -	\$ 507,859
Construction in progress	-	-	-	-
Total capital assets (not depreciated)	<u>507,859</u>	<u>-</u>	<u>-</u>	<u>507,859</u>
Capital assets (being depreciated)				
Infrastructure	27,376,243	128,522	-	27,504,765
Buildings and Improvements	206,508	-	-	206,508
Equipments	1,343,190	33,076	-	1,376,266
Vehicles	168,644	-	-	168,644
Total capital assets (being depreciated)	<u>29,094,585</u>	<u>161,598</u>	<u>-</u>	<u>29,256,183</u>
Less accumulated depreciation:				
Infrastructure	6,457,032	763,689	-	7,220,721
Buildings and Improvements	191,632	676	-	192,308
Equipments	1,131,229	86,230	(30,976)	1,186,483
Vehicles	112,357	15,194	(3,085)	124,466
Total accumulated depreciation	<u>7,892,250</u>	<u>865,789</u>	<u>(34,061)</u>	<u>8,723,978</u>
Net depreciable assets	<u>21,202,335</u>	<u>(704,191)</u>	<u>34,061</u>	<u>20,532,205</u>
Total net capital assets	<u>\$ 21,710,194</u>	<u>\$ (704,191)</u>	<u>\$ 34,061</u>	<u>\$ 21,040,064</u>

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	\$ 576,297
Water	289,492
Total Busines-Type Activities	<u>\$ 865,789</u>

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2022

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2022:

	Governmental Activities	Business-type Activities	Total
Accounts payable	\$ 540,217	\$ 26,895	\$ 567,112
Accrued payroll and related liabilities	43,202	27,551	70,753
Total	<u>\$ 583,419</u>	<u>\$ 54,446</u>	<u>\$ 637,865</u>

These amounts resulted in the following concentrations in payables:

Vendors	86%
Employees	14%

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, 2022:

	Original Issue Amount	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022	Due Within One Year
Governmental Activities:						
Compensated absences	\$ -	\$ 65,541	\$ -	\$ (12,254)	\$ 53,287	\$ 6,554
Total governmental activities	<u>\$ -</u>	<u>\$ 65,541</u>	<u>\$ -</u>	<u>\$ (12,254)</u>	<u>\$ 53,287</u>	<u>\$ 6,554</u>
Business-type activities						
Safe Drinking Water Loan	\$ 2,720,000	\$ 1,156,000	\$ -	\$ (136,000)	\$ 1,020,000	\$ 136,000
State of California Water						
Resources Control Board	6,980,359	5,422,249	-	(183,644)	5,238,605	187,684
Total business-type activity debt	<u>10,236,159</u>	<u>6,578,249</u>	<u>-</u>	<u>(319,644)</u>	<u>6,258,605</u>	<u>323,684</u>
Compensated absences	-	44,269	-	(10,043)	34,226	4,009
Total business-type activities	<u>\$ -</u>	<u>\$ 6,622,518</u>	<u>\$ -</u>	<u>\$ (329,687)</u>	<u>\$ 6,292,831</u>	<u>\$ 327,693</u>

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2022

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 \$53,287 at June 30, 2022, of that amount \$6,554 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, 2022, the balance of the note was \$1,020,000.

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. At June 30, 2022, the balance of the note was \$5,238,605.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2022

7. LONG-TERM LIABILITIES, *continued*

Debt Service

Future debt service for Business-Type Activities at June 30, 2022, 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
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
2026	136,000	-	200,346	102,588	336,346	102,588
2027	136,000	-	204,753	98,180	340,753	98,180
2028 - 2032	340,000	-	1,093,350	421,317	1,433,350	421,317
2033 - 2037	-	-	1,219,028	295,639	1,219,028	295,639
2038 - 2042	-	-	1,359,153	155,514	1,359,153	155,514
2043 - 2047	-	-	586,445	19,423	586,445	19,423
2048 - 2052	-	-	-	-	-	-
Total	\$ 1,020,000	\$ -	\$ 5,238,605	\$ 1,425,930	\$ 6,258,605	\$ 1,425,930
Due within one year	\$ 136,000	\$ -	\$ 187,684	\$ 115,249	\$ 323,684	\$ 115,249
Due after one year	884,000	-	5,050,921	1,310,681	5,934,921	1,310,681
Total	\$ 1,020,000	\$ -	\$ 5,238,605	\$ 1,425,930	\$ 6,258,605	\$ 1,425,930

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2022

8. NET POSITION/ FUND BALANCES

Net position

	Governmental Activities	Business-type Activities	Total
Net investment in capital assets	\$ 7,358,311	\$ 15,105,143	\$ 22,463,454
Restricted	921,118	-	921,118
Unrestricted	3,347,820	5,172,738	8,520,558
Total	<u>\$ 11,627,249</u>	<u>\$ 20,277,881</u>	<u>\$ 31,905,130</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, 2022:

Nonspendable:	
Prepaid items	\$ 34,771
Total Nonspendable	<u>\$ 34,771</u>
Restricted:	
Governmental Funds:	
CDBG	\$ 572,587
Gas Tax	340,258
RSTP	8,273
Total Restricted	<u>\$ 921,118</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, 2022

8. NET POSITION/ FUND BALANCES, continued

Fund Balance Deficits

Deficit fund balances consisted of the following:

	<u>As of</u> <u>June 30, 2022</u>
Nonmajor Special Revenue Funds:	
STIP	\$ 4,086
Building	27,916
Traffic Safety	725
Total Nonmajor Funds	<u>32,727</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, 2022, 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	\$ 3,950	\$ 4,683	\$ (733)
STIP	-	10,399	(10,399)
ARPA	-	61,020	(61,020)

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2022

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, 2022:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
<u>Governmental Funds</u>		
Major Funds:		
General Fund	\$ 48,618	\$ -
Total Major Funds	<u>48,618</u>	<u>-</u>
Nonmajor Funds:		
RSTP	-	-
Measure Z	-	11,410
STIP	-	6,774
Building	-	23,940
Traffic Safety	-	6,494
Total Nonmajor Funds	<u>-</u>	<u>48,618</u>
Total Governmental Funds	<u>48,618</u>	<u>48,618</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, 2022

9. INTERFUND TRANSACTIONS, CONTINUED

Transfers consisted of the following at June 30, 2022:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds</u>		
Major Funds:		
General Fund	\$ 10,389	\$ -
CDBG Special Revenue	-	4,674
Total Major Funds	<u>10,389</u>	<u>4,674</u>
Nonmajor Funds:		
Special Revenue Funds		
Solid Waste	-	2,450
Building	-	3,265
Total Nonmajor Funds	<u>-</u>	<u>5,715</u>
Total Governmental Funds	<u>10,389</u>	<u>10,389</u>
Total	<u>\$ 10,389</u>	<u>\$ 10,389</u>

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, 2022, 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
Basic Financial Statements
For the year ended June 30, 2022

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, 2022, 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
For the year ended June 30, 2022

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, 2022, 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.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2022

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, 2022, 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, 2022.

14. NEW ACCOUNTING PRONOUNCEMENTS

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, 2023.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2022

14. NEW ACCOUNTING PRONOUNCEMENTS, *continued*

The GASB has issued statement No. 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements”. The objective of this Statement is to better meet the information needs of financial statement users by improving the comparability of financial statements among governments that enter into PPPs and APAs and by enhancing the understandability, reliability, relevance, and consistency of information about PPPs and APAs. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2023.

The GASB has issued statement No. 96, “Subscription-Based Information Technology Arrangements”. The objective of this Statement is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2023.

The GASB has issued statement No. 97, “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans”. The primary objectives of this Statement are to (a) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (b) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (c) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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NON-MAJOR SPECIAL REVENUE FUNDS

Fund	Description
Gas Tax	Accounts for funds received and expended for street maintenance purposes as defined in Sections 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.
ARPA	Accounts for funds received as part of the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program authorized by the American Rescue Plan Act to support the communities response to and recovery from the COVID-19 public health emergency.
Traffic Safety	Accounts for funds received and expended for the City to create a Local Road Safety Program(LRSP).

City of Rio Dell, California
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2022

	Gas Tax	TDA	RSTP	Solid Waste	SLESF
ASSETS					
Cash and investments	\$ 324,195	\$ 64,549	\$ 8,669	\$ 13,001	\$ 119,956
Receivables:					
Interest	379	76	10	18	-
Intergovernmental	-	-	-	-	-
Other receivable	18,598	-	-	-	1,620
Total assets	<u>\$ 343,172</u>	<u>\$ 64,625</u>	<u>\$ 8,679</u>	<u>\$ 13,019</u>	<u>\$ 121,576</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 2,914	\$ 14,346	\$ 406	\$ 12	\$ 5,018
Due to other funds	-	-	-	-	-
Total liabilities:	<u>2,914</u>	<u>14,346</u>	<u>406</u>	<u>12</u>	<u>5,018</u>
Fund Balances:					
Restricted	340,258	-	8,273	-	-
Assigned	-	50,279	-	13,007	116,558
Unassigned (deficit)	-	-	-	-	-
Total fund balances	<u>340,258</u>	<u>50,279</u>	<u>8,273</u>	<u>13,007</u>	<u>116,558</u>
Total liabilities deferred inflows and fund balance	<u>\$ 343,172</u>	<u>\$ 64,625</u>	<u>\$ 8,679</u>	<u>\$ 13,019</u>	<u>\$ 121,576</u>

Measure Z	STIP	Building	Recycling	Economic Development	ARPA	Traffic Safety	Totals
\$ -	\$ -	\$ -	\$ 35,092	\$ 291,815	\$ 339,556	\$ -	\$ 1,196,833
-	-	-	41	340	-	-	864
-	-	-	-	-	-	5,769	5,769
31,706	-	-	-	-	-	-	51,924
<u>\$ 31,706</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,133</u>	<u>\$ 292,155</u>	<u>\$ 339,556</u>	<u>\$ 5,769</u>	<u>\$ 1,255,390</u>
\$ -	\$ -	\$ 3,976	\$ -	\$ -	\$ -	\$ -	\$ 26,672
11,410	6,774	23,940	-	-	-	6,494	48,618
<u>11,410</u>	<u>6,774</u>	<u>27,916</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,494</u>	<u>75,290</u>
-	-	-	-	-	-	-	348,531
20,296	-	-	35,133	292,155	339,556	-	866,984
-	(6,774)	(27,916)	-	-	-	(725)	(35,415)
<u>20,296</u>	<u>(6,774)</u>	<u>(27,916)</u>	<u>35,133</u>	<u>292,155</u>	<u>339,556</u>	<u>(725)</u>	<u>1,180,100</u>
<u>\$ 31,706</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,133</u>	<u>\$ 292,155</u>	<u>\$ 339,556</u>	<u>\$ 5,769</u>	<u>\$ 1,255,390</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, 2022

	Gas Tax	TDA	RSTP	Solid Waste	SLESF
REVENUES:					
Gas tax	\$ 154,498	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	111,465	-	-	152,998
Licenses, permits, and franchise taxes	2,750	-	-	4,918	-
Interest and use of property	681	155	16	45	-
Miscellaneous	10,408	-	-	-	-
Total revenues	<u>168,337</u>	<u>111,620</u>	<u>16</u>	<u>4,963</u>	<u>152,998</u>
EXPENDITURES:					
Current:					
General government	10,915	8,477	-	-	-
Public safety - Police	-	-	-	-	161,670
Public works	119,888	110,527	16,487	-	-
Planning and building	-	-	-	-	-
Recycling	-	-	-	26,493	-
Capital outlay	0	-	-	-	-
Total expenditures	<u>130,803</u>	<u>119,004</u>	<u>16,487</u>	<u>26,493</u>	<u>161,670</u>
REVENUES OVER (UNDER)					
EXPENDITURES	<u>37,534</u>	<u>(7,384)</u>	<u>(16,471)</u>	<u>(21,530)</u>	<u>(8,672)</u>
OTHER FINANCING SOURCES (USES):					
Proceeds from the sale of capital assets	1,246	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(2,640)	-
Total other financing sources and uses	1,246	-	-	(2,640)	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER)					
EXPENDITURES AND OTHER FINANCING (USES)	38,780	(7,384)	(16,471)	(24,170)	(8,672)
FUND BALANCES (DEFICITS):					
Beginning of year	301,478	57,663	24,744	37,177	125,230
End of year	<u>\$ 340,258</u>	<u>\$ 50,279</u>	<u>\$ 8,273</u>	<u>\$ 13,007</u>	<u>\$ 116,558</u>

Measure Z	STIP	Building	Recycling	Economic Development	ARPA	Traffic Safety	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 154,498
38,795	7,711	-	5,000	-	400,576	5,769	722,314
-	-	44,421	-	-	-	-	52,089
-	-	20	78	704	-	-	1,699
-	-	-	-	-	-	-	10,408
<u>38,795</u>	<u>7,711</u>	<u>44,441</u>	<u>5,078</u>	<u>704</u>	<u>400,576</u>	<u>5,769</u>	<u>941,008</u>
-	-	-	-	8,549	61,020	-	88,961
18,499	-	-	-	-	-	-	180,169
-	10,399	-	-	-	-	6,494	263,795
-	-	91,431	-	-	-	-	91,431
-	-	-	-	-	-	-	26,493
-	-	-	-	-	-	-	-
<u>18,499</u>	<u>10,399</u>	<u>91,431</u>	<u>-</u>	<u>8,549</u>	<u>61,020</u>	<u>6,494</u>	<u>650,849</u>
<u>20,296</u>	<u>(2,688)</u>	<u>(46,990)</u>	<u>5,078</u>	<u>(7,845)</u>	<u>339,556</u>	<u>(725)</u>	<u>290,159</u>
-	-	-	-	-	-	-	1,246
-	-	-	-	-	-	-	-
-	-	(3,520)	-	-	-	-	(6,160)
-	-	(3,520)	-	-	-	-	(4,914)
20,296	(2,688)	(50,510)	5,078	(7,845)	339,556	(725)	285,245
-	(4,086)	22,594	30,055	300,000	-	-	894,855
<u>\$ 20,296</u>	<u>\$ (6,774)</u>	<u>\$ (27,916)</u>	<u>\$ 35,133</u>	<u>\$ 292,155</u>	<u>\$ 339,556</u>	<u>\$ (725)</u>	<u>\$ 1,180,100</u>

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, 2022

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Gas Tax	\$ 157,167	\$ 157,167	\$ 154,498	\$ (2,669)
Licenses, permits, and franchise taxes	1,500	1,500	2,750	1,250
Use of money and property	-	-	681	681
Miscellaneous	-	-	10,408	10,408
Total revenues	158,667	158,667	168,337	9,670
EXPENDITURES:				
Current:				
General government	14,488	14,488	10,915	3,573
Public works	147,546	147,546	119,888	27,658
Capital outlay	-	5,500	-	5,500
Total expenditures	162,034	167,534	130,803	36,731
REVENUES OVER (UNDER) EXPENDITURES	(3,367)	(8,867)	37,534	46,401
OTHER FINANCING SOURCES (USES):				
Proceeds from the sale of capital assets	-	-	1,246	1,246
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	1,246	-
Net change in fund balances	(3,367)	(8,867)	38,780	46,401
FUND BALANCES (DEFICIT):				
Beginning of year	301,478	301,478	301,478	-
End of year	\$ 298,111	\$ 292,611	\$ 340,258	\$ 46,401

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, 2022

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ 120,000	\$ 120,000	\$ 111,465	\$ (8,535)
Interest and use of property	-	-	155	155
Miscellaneous	-	-	-	-
Total revenues	120,000	120,000	111,620	(8,380)
EXPENDITURES:				
Current:				
General government	10,900	10,900	8,477	2,423
Public works	109,017	109,017	110,527	(1,510)
Capital outlay	-	5,500	-	5,500
Total expenditures	119,917	125,417	119,004	6,413
REVENUES OVER (UNDER)				
EXPENDITURES	83	(5,417)	(7,384)	(1,967)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	83	(5,417)	(7,384)	(1,967)
FUND BALANCES (DEFICIT):				
Beginning of year	57,663	57,663	57,663	-
End of year	\$ 57,746	\$ 52,246	\$ 50,279	\$ (1,967)

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, 2022

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 25,627	\$ 25,627	\$ -	\$ (25,627)
Interest and use of property	-	-	16	16
Total revenues	25,627	25,627	16	(25,611)
EXPENDITURES:				
Current:				
Public works	22,344	22,344	16,487	5,857
Total expenditures	22,344	22,344	16,487	5,857
REVENUES OVER (UNDER) EXPENDITURES	3,283	3,283	(16,471)	(19,754)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	3,283	3,283	(16,471)	(19,754)
FUND BALANCES (DEFICIT):				
Beginning of year	24,744	24,744	24,744	-
End of year	\$ 28,027	\$ 28,027	\$ 8,273	\$ (19,754)

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, 2022

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Licenses, permits, and franchise taxes	\$ 4,000	\$ 4,000	\$ 4,918	\$ 918
Use of money and property	-	-	45	45
Miscellaneous	-	-	-	-
Total revenues	4,000	4,000	4,963	963
EXPENDITURES:				
Current:				
Recycling	9,945	26,493	26,493	-
Total expenditures	9,945	26,493	26,493	-
REVENUES OVER (UNDER)				
EXPENDITURES	(5,945)	(22,493)	(21,530)	963
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(2,640)	(2,640)	(2,640)	-
Total other financing sources (uses)	(2,640)	(2,640)	(2,640)	-
Net change in fund balances	(8,585)	(25,133)	(24,170)	963
FUND BALANCES (DEFICIT):				
Beginning of year	37,177	37,177	37,177	-
End of year	\$ 28,592	\$ 12,044	\$ 13,007	\$ 963

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, 2022

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 150,000	\$ 150,000	\$ 152,998	\$ 2,998
Use of money and property	-	-	0	-
Miscellaneous	-	-	-	-
Total revenues	150,000	150,000	152,998	2,998
EXPENDITURES:				
Current:				
Public safety - Police	161,667	161,667	161,670	(3)
Total expenditures	161,667	161,667	161,670	(3)
REVENUES OVER (UNDER) EXPENDITURES	(11,667)	(11,667)	(8,672)	2,995
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(11,667)	(11,667)	(8,672)	2,995
FUND BALANCES (DEFICIT):				
Beginning of year	125,230	125,230	125,230	-
End of year	\$ 113,563	\$ 113,563	\$ 116,558	\$ 2,995

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, 2022

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 18,500	\$ 39,425	\$ 38,795	\$ (630)
Use of money and property	-	-	-	-
Total revenues	18,500	39,425	38,795	(630)
EXPENDITURES:				
Current:				
Public safety - Police	18,500	39,425	18,499	20,926
Total expenditures	18,500	39,425	18,499	20,926
REVENUES OVER (UNDER) EXPENDITURES	-	-	20,296	20,296
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	20,296	20,296
FUND BALANCES (DEFICIT):				
Beginning of year	-	-	-	-
End of year	\$ -	\$ -	\$ 20,296	\$ 20,296

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, 2022

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 7,711	\$ 7,711
Total revenues	-	-	7,711	7,711
EXPENDITURES:				
Current:				
Public works	-	-	10,399	(10,399)
Capital outlay	-	-	-	-
Total expenditures	-	-	10,399	(10,399)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(2,688)	(2,688)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(2,688)	(2,688)
FUND BALANCES (DEFICIT):				
Beginning of year	(4,086)	(4,086)	(4,086)	-
End of year	\$ (4,086)	\$ (4,086)	\$ (6,774)	\$ (2,688)

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, 2022

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Licenses, permits, and franchise taxes	\$ 44,110	\$ 44,110	\$ 44,421	\$ 311
Interest and use of property	-	-	20	20
Miscellaneous	-	-	-	-
Total revenues	44,110	44,110	44,441	331
EXPENDITURES:				
Current:				
Planning and building	92,332	92,332	91,431	901
Total expenditures	92,332	92,332	91,431	901
REVENUES OVER (UNDER)				
EXPENDITURES	(48,222)	(48,222)	(46,990)	1,232
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	34,808	34,808	(3,520)	(38,328)
Total other financing sources (uses)	34,808	34,808	(3,520)	(38,328)
Net change in fund balances	(13,414)	(13,414)	(50,510)	(37,096)
FUND BALANCES (DEFICIT):				
Beginning of year	22,594	22,594	22,594	-
End of year	\$ 9,180	\$ 9,180	\$ (27,916)	\$ (37,096)

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, 2022

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 5,000	\$ 5,000
Interest and use of property	-	-	78	78
Total revenues	-	-	5,078	5,078
EXPENDITURES:				
Current:				
Recycling	7,200	7,200	-	7,200
Total expenditures	7,200	7,200	-	7,200
REVENUES OVER (UNDER)				
EXPENDITURES	(7,200)	(7,200)	5,078	12,278
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(7,200)	(7,200)	5,078	12,278
FUND BALANCES (DEFICIT):				
Beginning of year	30,055	30,055	30,055	-
End of year	\$ 22,855	\$ 22,855	\$ 35,133	\$ 12,278

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, 2022

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Interest and use of property	-	-	704	704
Total revenues	-	-	704	704
EXPENDITURES:				
Current:				
General government	77,000	77,000	8,549	68,451
Total expenditures	77,000	77,000	8,549	68,451
REVENUES OVER (UNDER) EXPENDITURES	(77,000)	(77,000)	(7,845)	69,155
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(77,000)	(77,000)	(7,845)	69,155
FUND BALANCES (DEFICIT):				
Beginning of year	300,000	300,000	300,000	-
End of year	\$ 223,000	\$ 223,000	\$ 292,155	\$ 69,155

City of Rio Dell, California

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

ARPA Special Revenue Fund

For the year ended June 30, 2022

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 400,576	\$ 400,576
Interest and use of property	-	-	-	-
Total revenues	-	-	400,576	400,576
EXPENDITURES:				
Current:				
General government	-	-	61,020	(61,020)
Total expenditures	-	-	61,020	(61,020)
REVENUES OVER (UNDER) EXPENDITURES	-	-	339,556	339,556
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	339,556	339,556
FUND BALANCES (DEFICIT):				
Beginning of year	-	-	-	-
End of year	\$ -	\$ -	\$ 339,556	\$ 339,556

City of Rio Dell, California

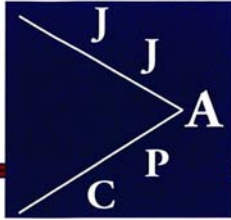
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Traffic Safety Special Revenue Fund

For the year ended June 30, 2022

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 5,769	\$ 5,769
Interest and use of property	-	-	-	-
Total revenues	-	-	5,769	5,769
EXPENDITURES:				
Current:				
Public works	6,495	6,495	6,494	1
Total expenditures	6,495	6,495	6,494	1
REVENUES OVER (UNDER) EXPENDITURES	(6,495)	(6,495)	(725)	5,770
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(6,495)	(6,495)	(725)	5,770
FUND BALANCES (DEFICIT):				
Beginning of year	-	-	-	-
End of year	\$ (6,495)	\$ (6,495)	\$ (725)	\$ 5,770

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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 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 (City) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 17, 2023.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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.

April 17, 2023

JJACPA, Inc.

JJACPA, Inc.
Dublin, CA