

CITY OF RIO DELL, CALIFORNIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2023



Prepared by:

Travis Sanborn
Finance Director

This page intentionally left blank.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2023

Table of Contents

Page

INTRODUCTORY SECTION

Table of Contents i
Organization Chart iii
List of Officials iv

FINANCIAL SECTION

Independent Auditors’ Report 1
Management’s Discussion and Analysis (Required Supplementary Information) 4

Basic Financial Statements:

Government-Wide Financial Statements:

Statement of Net position 21
Statement of Activities 22

Fund Financial Statements:

Governmental Funds:

Balance Sheet 26
Reconciliation of Governmental Funds Balance Sheet to the
Statement of Net position 27
Reconciliation of Fund Basis Balance Sheet to Government-wide
Statement of Net position – Governmental Activities 28
Statement of Revenues, Expenditures, and Changes
in Fund Balances – Governmental Funds 29
Reconciliation of Fund Basis Statements to Government-wide
Statement of Activities 30
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities 31
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Budget to Actual – General Fund and
Major Special Revenue Funds 32

Proprietary Funds:

Statement of Net position – Proprietary Funds 36
Statement of Revenues, Expenses, and Changes in Fund Net position –
Proprietary Funds 37
Statement of Cash Flows – Proprietary Funds 38

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2023

Table of Contents, Continued

	<u>Page</u>
Basic Financial Statements, Continued:	
<i>Fund Financial Statements, Continued:</i>	
Fiduciary Activities:	
Statement of Fiduciary Net Position	41
Statement of Changes in Fiduciary Net Position	42
Notes to Basic Financial Statements	45
Combining and Individual Fund Financial Statements and Schedules:	
Nonmajor Special Revenue Funds:	
Combining Balance Sheet.....	78
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	80
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Gas Tax	82
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – TDA	83
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – RSTP	84
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Solid Waste.....	85
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – SLESF	86
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Measure Z.....	87
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – STIP.....	88
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Building.....	89
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Recycling.....	90
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Economic Development	91
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – ARPA	92
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Traffic Safety.....	93
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Park Per Capita Grant.....	94
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Clean CA Grant ER Trails.....	95

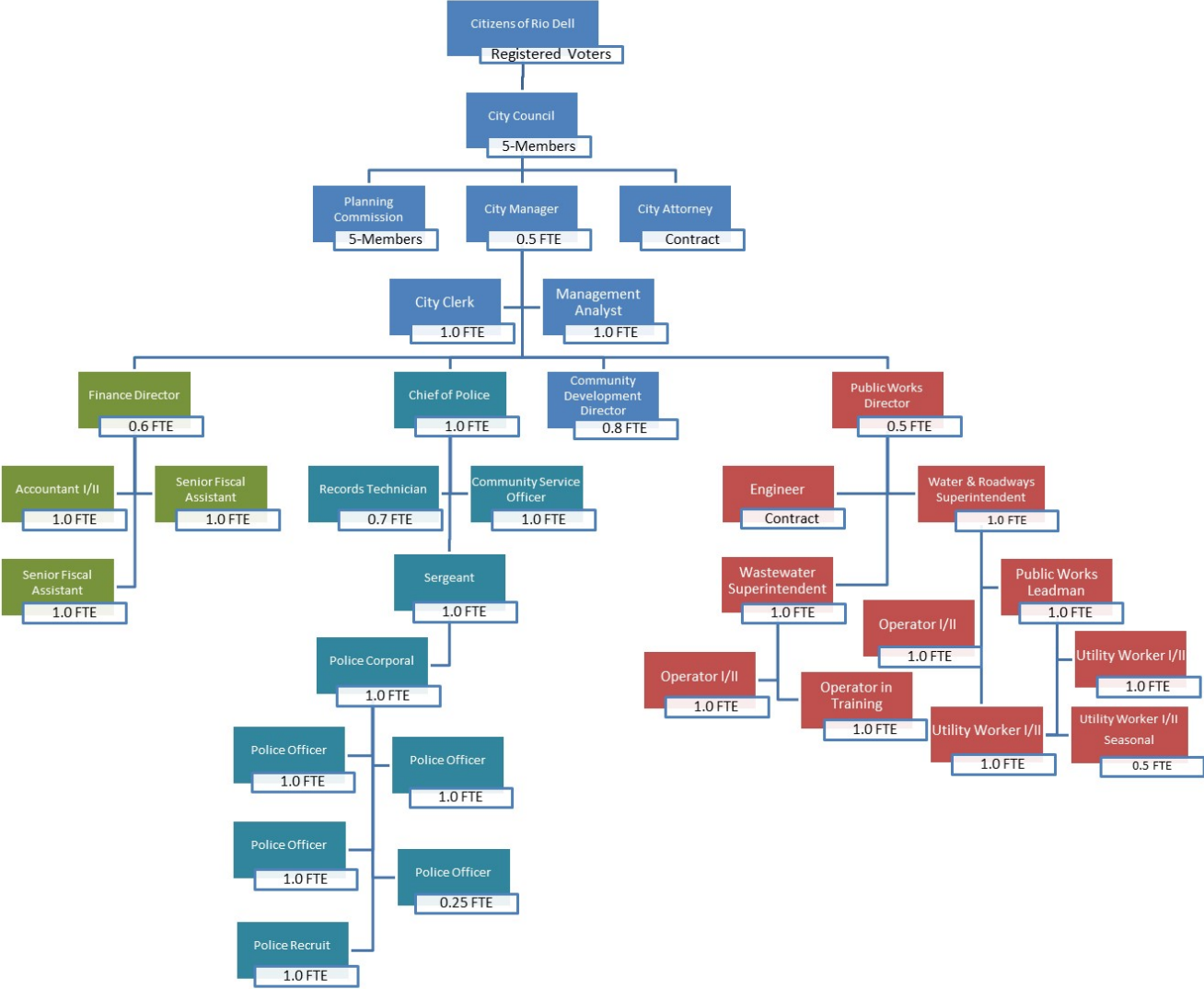
City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2023

Table of Contents, Continued

	<u>Page</u>
Basic Financial Statements, Continued:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Earthquake Disaster Fund	96
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	97

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2023

Organization Chart



City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2023

List of Officials

CITY COUNCIL

- Debra Garnes, Mayor
- Amanda Carter, Council Member
- 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

This page intentionally left blank.



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 of the City of Rio Dell (City), as of and for the year ended June 30, 2023, 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 of the City, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and CDBG Fund 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 March 27, 2024 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.

March 27, 2024

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2023

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, 2023. It should be read in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

This section of the annual financial report provides a narrative overview and analysis of the City of Rio Dell's (City) financial activities for the fiscal year ending June 30, 2023. It should be read with the accompanying transmittal letter and basic financial statements.

The following outlines the financial highlights for the year:

- ◆ On June 30, 2023, the City's net position (excess of assets and deferred outflows of resources of the City over liabilities and deferred inflows of resources) was \$33,175,499, an increase of \$1,270,369 from the prior year. Of the total net position, \$23,818,263 was invested in capital assets (net of related debt), and \$1,106,887 had restrictions in their use, leaving \$8,250,349 as unrestricted.
- ◆ Overall, City-wide revenues from all governmental and business-type activities increased by \$1,048,511, or 18%, compared to FY 2022-23. The increase is primarily attributed to other general revenues from business-type activities, specifically adjustments in capital assets. The City's total expenses for all FY 2022-23 programs increased by \$6,623, or less than 1%.
- ◆ Overall, the City's net position increased by \$1,270,369 (\$673,224 and \$597,145 for governmental and business-type activities, respectively). Total city-wide assets increased by \$609,965. This primarily resulted from an adjustment in capital assets among business-type activities.
- ◆ The General Fund reported a fund balance of \$1,599,324 at the end of the 2023 fiscal year, a decrease of \$295,671. This change resulted from decreased sales tax revenues and completed capital improvement projects.
- ◆ The City also ended the fiscal year with \$4,757,491 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 a decrease of \$415,247 from 2022, due to unrestricted water funds decreasing by \$58,131 to \$2,889,894 and unrestricted sewer funds decreasing by \$357,116 to \$1,867,597.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2023

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 and comprise the Statement of Net Position and the Statement of Activities. The Statement of Net position provides information about the City's financial position 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 expenses on a full accrual basis, emphasizing measuring net revenues or expenses of each of the City's programs. The Statement of Activities explains the change in Net position for the year.

The City's activities are grouped into Governmental 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 to summarize these two activities of the City as a whole.

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

- ◆ ***Governmental activities*** – The City's basic services are considered 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 specific program revenues such as developer fees.
- ◆ ***Business-type activities***—All the City's enterprise activities, including water and sewer, are reported here. 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, 2023

Management's Discussion and Analysis, Continued

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

Fund Financial Statements

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

Governmental funds. Governmental funds account for the same functions reported as governmental activities in the Government-wide Financial Statements. However, unlike Government-wide Financial Statements, Governmental Fund Financial Statements focus on near-term inflows and outflows of spendable resources and 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, comparing the information presented for governmental funds with similar information presented for governmental activities in the Government-wide Financial Statement is useful. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. 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 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 details of these nonmajor funds. Major funds represent the major activities of the city for the year and may change from year to year due to changes in the pattern of the city's activities.

For the fiscal year ended June 30, 2023, 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, 2023

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
- ◆ Internal Service Fund

For the fiscal year ending June 30, 2023, the City adopted annual appropriated budgets for all governmental funds.

Proprietary funds. The City maintains Enterprise-type funds. Enterprise funds report the same functions 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 Statement of Fiduciary Net Position. These activities are excluded from the City's other financial statements because it cannot use these assets to finance its 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 essential to fully understanding 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 78-96 of this report.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2023

Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may be a useful indicator of a government’s financial position over time. In the case of the City, assets exceeded liabilities by \$33,175,499 as of June 30, 2023. The Summary of Net position as of June 30, 2023, and 2022, follows:

	Summary of Net Position					
	2023			2022		
	Govern- mental Activities	Business- type Activities	Total	Govern- mental Activities	Business- type Activities	Total
Current and other assets	\$ 4,818,198	\$ 5,425,757	\$ 10,243,955	\$ 4,905,644	\$ 5,755,342	\$ 10,660,986
Noncurrent assets	7,700,728	21,724,643	29,425,371	7,358,311	21,040,064	28,398,375
Total assets	12,518,926	27,150,400	39,669,326	12,263,955	26,795,406	39,059,361
Current and other liabilities	93,369	583,230	676,599	589,973	552,387	1,142,360
Long-term liabilities	125,084	5,692,144	5,817,228	46,733	5,965,138	6,011,871
Total liabilities	218,453	6,275,374	6,493,827	636,706	6,517,525	7,154,231
Net position:						
Net invested in						
Capital Assets	7,700,728	16,117,535	23,818,263	7,358,311	15,105,143	22,463,454
Restricted	1,106,887	-	1,106,887	921,118	-	921,118
Unrestricted	3,492,858	4,757,491	8,250,349	3,347,820	5,172,738	8,520,558
Total net position	\$ 12,300,473	\$ 20,875,026	\$ 33,175,499	\$ 11,627,249	\$ 20,277,881	\$ 31,905,130

The City’s total net position increased by \$1,270,369 (\$673,224 for governmental activities and \$597,145 for business-type activities). Total city-wide assets increased by \$609,965. This primarily resulted from an adjustment in capital assets among business-type activities. Total city-wide liabilities decreased by \$660,404, primarily due to decreased 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 \$281,497.

About 3.3% or \$1,106,887 of the City-wide net position represents resources subject to external restrictions on their use. The remaining unrestricted net position of \$8.3 million may be used to meet the government’s ongoing obligations to citizens and creditors. Of this amount, \$3,492,858 is held by governmental activities, and \$4,757,491 is held by business-type activities.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2023

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Revenues

The City's total revenues for governmental and business-type activities were \$6,829,917 for the fiscal year that ended June 30, 2023, an increase of \$1,048,511. The increase is primarily attributed to other general revenues from business-type activities, specifically adjustments in capital assets. Significant revenues for the City for FY 2022-23 were derived from taxes (18%), operating grants and contributions (17%), and charges for services (39%).

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

- ◆ **Charges for Services** - Annual receipts for business-type activities decreased by \$2,378, or 1%. Governmental activities increased by \$30,413, or 39%, primarily due to increased building permitting fees due to the 2022 Earthquake Disaster.
- ◆ **Grants and Contributions**—Annual receipts decreased by \$28,419. This was due to increased grant-funded projects completed in the prior fiscal year.
- ◆ **Other general** - The increase is primarily attributed to other general revenues from business-type activities, specifically adjustments in capital assets.

Expenses

The City's governmental and business-type activity expenses for the year totaled \$5,559,548. This is an increase of \$6,623 from the prior fiscal year. Governmental activity expenses totaled \$2,390,536, or 43% of total expenses. Business-type activities accounted for \$3,169,012 of expenses during the fiscal year, an increase of \$240,656 due mainly to costs associated with the 2022 Earthquake disaster. Public Safety - Police costs represented 52% of total governmental activities expenses, General Government activities were 27%, and Public Works was 14%. The remaining 7% was spent on Planning and Building and Recycling costs.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2023

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The change in net position for the fiscal years ended June 30, 2023, and 2022, follows:

	Changes in Net Position			2022		
	2023			2022		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 107,733	\$ 2,589,220	\$ 2,696,953	\$ 77,320	\$ 2,622,011	\$ 2,699,331
Grants and contributions:						
Operating	946,004	23,005	969,009	899,627	151,957	1,051,584
Capital	207,616	-	207,616	117,235	36,225	153,460
General revenues:						
Property taxes, levied for general purposes	162,357	-	162,357	155,923	-	155,923
Sales taxes	568,414	-	568,414	693,466	-	693,466
Cannabis taxes	216,693	-	216,693	152,656	-	152,656
Transient occupancy tax	20,428	-	20,428	18,955	-	18,955
Gas taxes	167,551	-	167,551	154,498	-	154,498
Franchise taxes	88,172	-	88,172	101,036	-	101,036
Motor vehicle in lieu	475,280	-	475,280	451,285	-	451,285
Use of money and property	58,870	77,466	136,336	74,654	11,540	86,194
Other general	44,642	1,076,466	1,121,108	46,191	16,827	63,018
Total revenues	<u>3,063,760</u>	<u>3,766,157</u>	<u>6,829,917</u>	<u>2,942,846</u>	<u>2,838,560</u>	<u>5,781,406</u>
Expenses:						
Governmental activities:						
General government	615,033		615,033	662,698	-	662,698
Public safety - Police	1,259,944		1,259,944	1,080,721	-	1,080,721
Public works	347,520		347,520	707,105	-	707,105
Planning and building	155,752		155,752	143,552	-	143,552
Housing and community development	2,715		2,715			
Recycling	9,572		9,572	30,493	-	30,493
Business-type activities:						
Sewer		1,978,421	1,978,421	-	1,813,577	1,813,577
Water		1,190,591	1,190,591	-	1,114,779	1,114,779
Total expenses	<u>2,390,536</u>	<u>3,169,012</u>	<u>5,559,548</u>	<u>2,624,569</u>	<u>2,928,356</u>	<u>5,552,925</u>
Change in net position	673,224	597,145	1,270,369	318,277	(89,796)	228,481
Net position:						
Beginning of year	11,627,249	20,277,881	31,905,130	11,308,972	20,367,677	31,676,649
End of year	<u>\$ 12,300,473</u>	<u>\$ 20,875,026</u>	<u>\$ 33,175,499</u>	<u>\$ 11,627,249</u>	<u>\$ 20,277,881</u>	<u>\$ 31,905,130</u>

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2023

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 minus fees and other direct revenue the activities generate. The net cost reflects the financial burden placed on the City’s taxpayers by each program. The total cost of services and the net cost of services for the fiscal years ended June 30, 2023, and 2022 are as follows:

	2023		2022	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 615,033	\$ 180,889	\$ 662,698	\$ 231,528
Public safety - Police	1,259,944	853,216	1,080,721	594,379
Public works	347,520	137,029	707,105	586,895
Planning and building	155,752	90,955	143,552	97,010
Housing and community development	2,715	(108,064)	-	-
Recycling	9,572	(24,842)	30,493	20,575
Total	\$ 2,390,536	\$ 1,129,183	\$ 2,624,569	\$ 1,530,387

Total expenses for governmental activities were \$2,390,536, \$234,033 or 9% less than the prior year. Decreases in the total and net cost of services were attributed to a decrease in Capital Improvement projects compared to the previous year.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2023

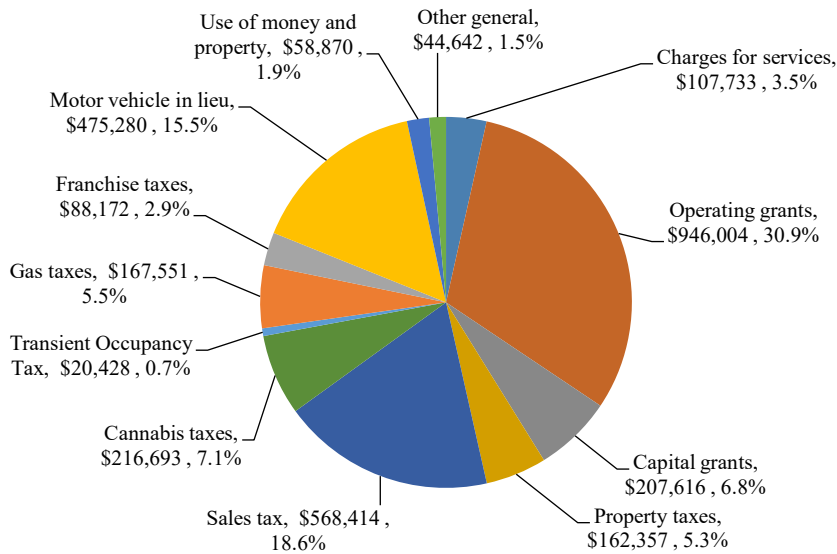
Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

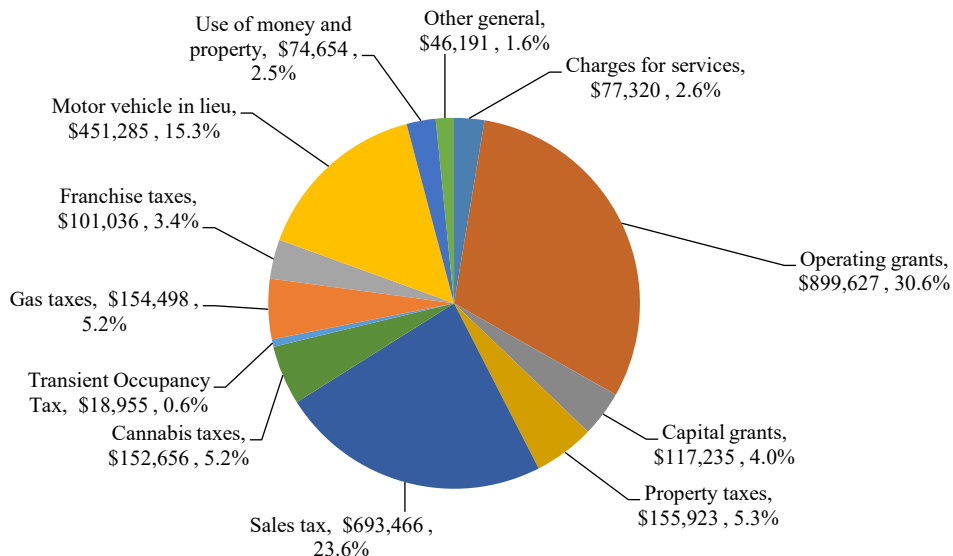
Governmental Activities, continued

Revenues by source for the fiscal years ended June 30, 2023, and 2022, are as follows:

Revenues by Source - Governmental Activities 2023



Revenues by Source - Governmental Activities 2022



City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2023

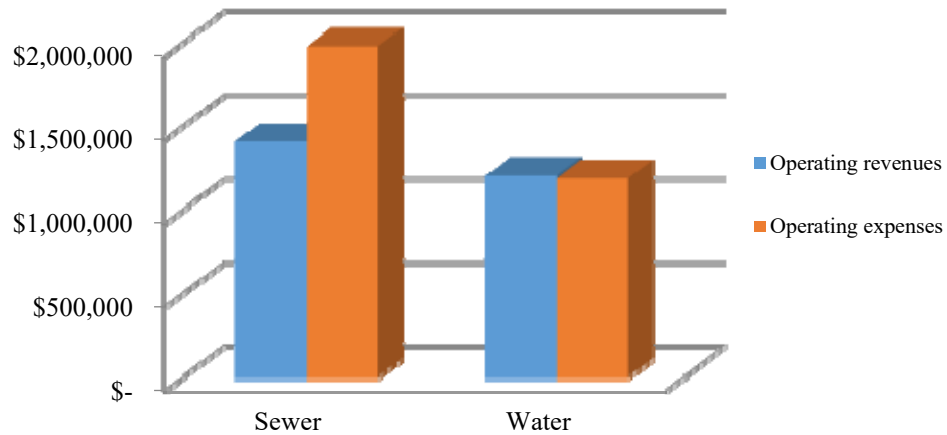
Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

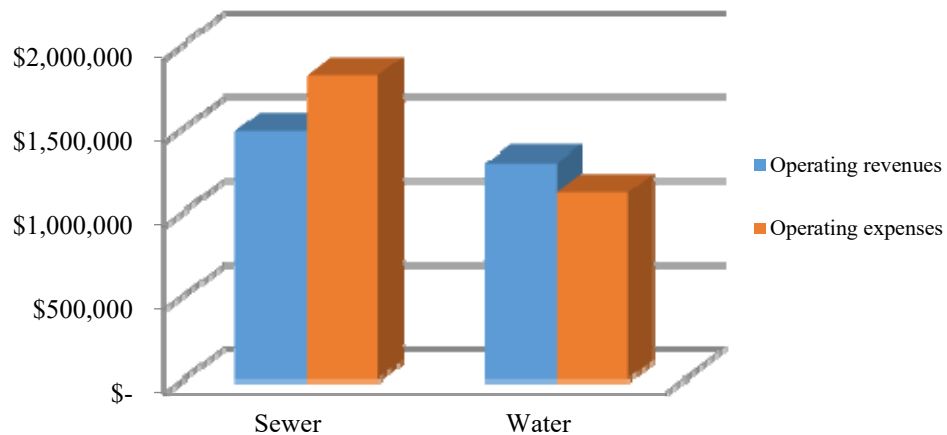
Business-type Activities

Business-type activities have increased the City’s net position by \$597,145. 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, 2023, and 2022, are as follows:

**Operating Revenues and Expenses
 Business-type Activities
 2023**



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



City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2023

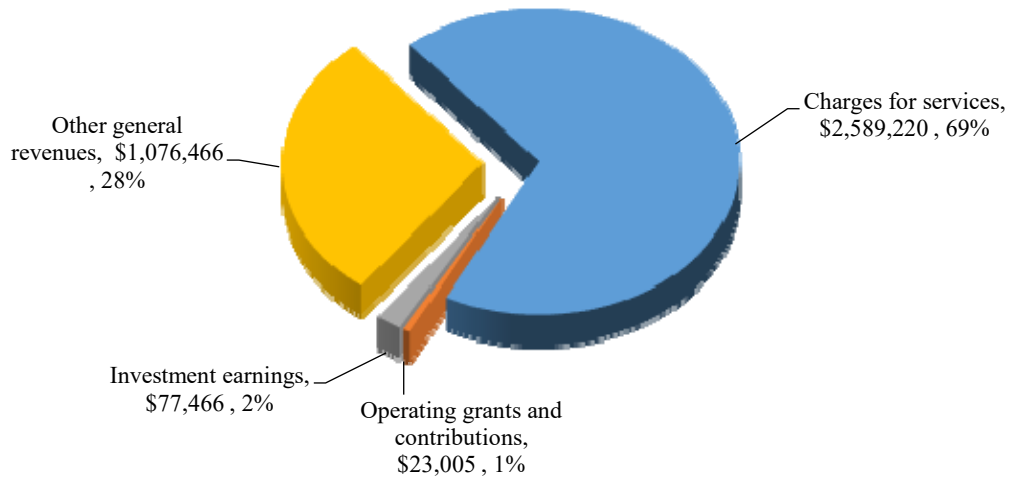
Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

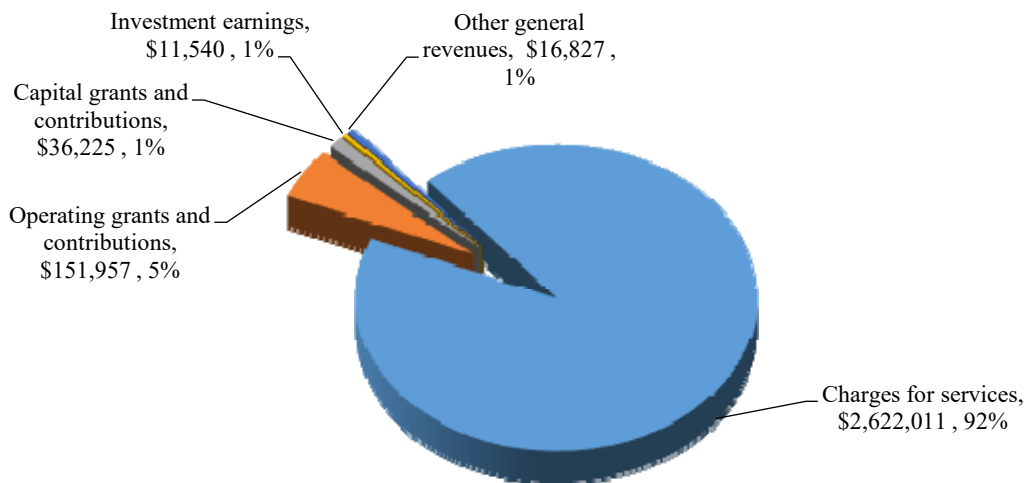
Business-type Activities, continued

The revenues by source for the business-type activities for the fiscal years ended June 30, 2023, and 2022, are as follows:

Revenues by Source - Business-type Activities 2023



Revenues by Source - Business-type Activities 2022



City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2023

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, 2023, the City's governmental funds reported combined fund balances of \$3,979,905. This is an increase of \$337,274 or 9% from last year. The City of Rio Dell received the remainder of the American Rescue Plan Act distribution.

The General Fund is the city's chief operating fund. In the fiscal year ending June 30, 2023, the General Fund's fund balance totaled \$1,599,324, a decrease of \$295,671 or 16% from the prior year. This decrease is mainly due to lower-than-anticipated sales tax revenues received and the completion of capital projects.

Government funds allowed the City to undertake several capital and special projects in FY 2022-23. The City continued the Façade Improvement Program, which offered qualifying properties matching grants to improve the appearance and façade of their buildings. The city General Fund funded a street slurry seal project, asphalt street resurfacing, and new city vehicles.

Proprietary funds. The City ended the fiscal year with \$4,757,491 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 a decrease of \$415,247 from 2022 due to unrestricted water funds decreasing by \$58,131 to \$2,889,894 and unrestricted sewer funds decreasing by \$357,116 to \$1,867,597.

General Fund Budgetary Highlights

The final budget and actual revenues differ by \$86,176, or 5%, under the budgeted amounts. This was exclusively due to a substantial drop in year-over-year Sales Tax revenues. Actual expenditures were \$227,162, 11% lower than the final budgeted amounts. The lower expenditures were largely due to incomplete capital projects, unused contingency funds, and vacant positions in various City Departments. There was no difference between the original expenditure budget and the final amended budget.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2023

Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Capital Assets

As of June 30, 2023, the city’s investment in capital assets for its governmental and business-type activities amounts to \$29,425,371. This investment includes land, construction in progress, streets, medians, sidewalks, buildings, water and sewer infrastructure, machinery, equipment, and vehicles.

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Land	\$ 627,945	\$ 627,945	\$ 507,859	\$ 507,859	\$ 1,135,804	\$ 1,135,804
Construction in progress	100,150	-	117,864	-	218,014	-
Buildings and structures	450,386	461,693	14,200	14,200	464,586	475,893
Equipment	75,137	84,073	261,909	189,783	337,046	273,856
Vehicles	209,471	38,939	135,364	44,178	344,835	83,117
Streets and roads	3,067,131	2,876,397	-	-	3,067,131	2,876,397
Infrastructures	3,170,508	3,269,264	20,687,447	20,284,044	23,857,955	23,553,308
Total	\$ 7,700,728	\$ 7,358,311	\$ 21,724,643	\$ 21,040,064	\$ 29,425,371	\$ 28,398,375

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, 2023, the City had \$6,145,041 in long-term liabilities. Note 7 to the basic financial statements provides additional information about the city's long-term debt.

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Compensated absences	125,084	\$ 53,287	85,036	\$ 34,226	\$ 210,120	\$ 87,513
Safe Drinking Water Loan	-	-	884,000	1,020,000	884,000	1,020,000
State of California Water	-	-	-	-	-	-
Resources Control Board	-	-	5,050,921	5,238,605	5,050,921	5,238,605
Total	\$ 125,084	\$ 53,287	\$ 6,019,957	\$ 6,292,831	\$ 6,145,041	\$ 6,346,118

Economic Outlook and Next Year’s Budget and Rates

The City of Rio Dell's adopted Fiscal Year (FY) 2023-24 budget reflects a balanced position. The near-term economic outlook, while uncertain, remains relatively stable. This stability stems from a diversified tax base bolstered by the passage of Measure J (1% sales tax) and Measure X (cannabis tax), the absence of significant pension debt, and utility rates sufficient to cover operational and capital expenditures. However, lingering uncertainties exist regarding the long-term costs associated with the December 2022 earthquake and the potential impact of the upcoming Taxpayer Protection and Government Accountability Act (TPGAA) on the City's local sales tax revenue.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2023

Management's Discussion and Analysis, Continued

Economic Outlook and Next Year's Budget and Rates, Continued

Historically, tax revenues, particularly property and sales taxes, have demonstrated resilience throughout economic cycles, providing a foundation for the City's financial health. However, FY 2022-23 witnessed a significant deviation from this trend, with sales tax collections falling nearly 30% below budgeted projections. This highlights the vulnerability of this traditionally reliable revenue stream. Furthermore, the potential passage of the TPGAA ballot initiative in November 2024 poses a significant threat to the continued existence of Rio Dell's local sales tax measure, further jeopardizing revenue stability.

Measure X, the City's cannabis business tax, implemented in November 2017, has generated revenue projected to stabilize within the FY 2023-24 budget. It is crucial to acknowledge the inherent volatility of this revenue source, as price reductions and increased market competition can negatively impact cannabis tax collections. Therefore, maintaining and strategically expanding the City's overall revenue base must remain a top priority.

The 2022 earthquake disaster resulted in an estimated \$36 million in infrastructure damage. The City actively collaborates with the California Office of Emergency Services (CalOES) to navigate the recovery process, including filing claims for emergency expenditures and long-term repair efforts. Reimbursement for qualified expenses is anticipated to range from 75% to 100%, based on a per-project basis.

The City's traditional revenue streams are struggling to keep pace with rising expenses. Salary and benefit costs represent the largest expenditure category, and attracting and retaining qualified personnel is challenging due to the need for competitive compensation packages. Furthermore, operational costs for essential services like dispatch, information technology, and animal control are experiencing continuous escalation. The overall cost of conducting City business is expected to continue on this upward trajectory.

While Rio Dell enters FY 2023-24 in a state of financial stability, underlying vulnerabilities remain. Past efforts to balance revenue and expenditure have fortified the City's financial health. However, the unknowns surrounding the remaining earthquake-related costs and the potential ramifications of the TPGAA initiative contribute to uncertainty. The adopted budget prioritizes reinvesting in the City's infrastructure, safeguarding service levels and reserves, and charting a sustainable future. Despite the acknowledged vulnerabilities, both within and outside of the City's control, management remains confident in the actions taken and those planned to secure a long-term, financially secure future for Rio Dell.

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.

This page intentionally left blank.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

City of Rio Dell, California
Statement of Net Position
June 30, 2023

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and investments	\$ 3,553,175	\$ 5,017,353	\$ 8,570,528
Receivables:			
Accounts	494,677	316,731	811,408
Interest	11,557	23,673	35,230
Loans/Notes receivable	678,218	-	678,218
Prepaid items	36,502	68,000	104,502
Total current assets	<u>4,818,198</u>	<u>5,425,757</u>	<u>10,243,955</u>
Noncurrent assets:			
Capital assets:			
Nondepreciable	728,095	625,723	1,353,818
Depreciable	6,972,633	21,098,920	28,071,553
Total noncurrent assets	<u>7,700,728</u>	<u>21,724,643</u>	<u>29,425,371</u>
Total assets	<u>\$ 12,518,926</u>	<u>\$ 27,150,400</u>	<u>\$ 39,669,326</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 93,369	\$ 89,493	\$ 182,862
Interest payable	-	74,080	74,080
Deposits payable	-	91,844	91,844
Due within one year	-	327,813	327,813
Total current liabilities	<u>93,369</u>	<u>583,230</u>	<u>676,599</u>
Noncurrent liabilities:			
Long-term liabilities:			
Compensated absences	125,084	85,036	210,120
Due after one year	-	5,607,108	5,607,108
Total noncurrent liabilities	<u>125,084</u>	<u>5,692,144</u>	<u>5,817,228</u>
Total liabilities	<u>218,453</u>	<u>6,275,374</u>	<u>6,493,827</u>
NET POSITION			
Net investment in capital assets	7,700,728	16,117,535	23,818,263
Restricted	1,106,887	-	1,106,887
Unrestricted	3,492,858	4,757,491	8,250,349
Total net position	<u>12,300,473</u>	<u>20,875,026</u>	<u>33,175,499</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 12,518,926</u>	<u>\$ 27,150,400</u>	<u>\$ 39,669,326</u>

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, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 615,033	\$ 30,647	\$ 403,497	\$ -
Public safety - Police	1,259,944	-	406,728	-
Public works	347,520	2,875	-	207,616
Planning and building	155,752	64,797	-	-
Housing and community development	2,715	-	110,779	-
Recycling	9,572	9,414	25,000	-
Total governmental activities	<u>2,390,536</u>	<u>107,733</u>	<u>946,004</u>	<u>207,616</u>
Business-type activities:				
Sewer	1,978,421	1,382,751	23,005	-
Water	1,190,591	1,206,469	-	-
Total business-type activities	<u>3,169,012</u>	<u>2,589,220</u>	<u>23,005</u>	<u>-</u>
Total primary government	<u>\$ 5,559,548</u>	<u>\$ 2,696,953</u>	<u>\$ 969,009</u>	<u>\$ 207,616</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 (MVLFF)
- Use of money and property
- Other general revenues

Total general revenues

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
\$ (180,889)	\$ -	\$ (180,889)
(853,216)	-	(853,216)
(137,029)	-	(137,029)
(90,955)	-	(90,955)
108,064	-	108,064
24,842	-	24,842
<u>(1,129,183)</u>	<u>-</u>	<u>(1,129,183)</u>
-	(572,665)	(572,665)
-	15,878	15,878
<u>-</u>	<u>(556,787)</u>	<u>(556,787)</u>
<u>(1,129,183)</u>	<u>(556,787)</u>	<u>(1,685,970)</u>
162,357	-	162,357
568,414	-	568,414
216,693	-	216,693
20,428	-	20,428
167,551	-	167,551
88,172	-	88,172
475,280	-	475,280
58,870	77,466	136,336
44,642	1,076,466	1,121,108
<u>1,802,407</u>	<u>1,153,932</u>	<u>2,956,339</u>
673,224	597,145	1,270,369
11,627,249	20,277,881	31,905,130
<u>\$ 12,300,473</u>	<u>\$ 20,875,026</u>	<u>\$ 33,175,499</u>

This page intentionally left blank.

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, 2023

	Major Funds			Totals
	General Fund	CDBG Special Revenue	Nonmajor Governmental Funds	
ASSETS				
Cash and investments	\$ 1,216,786	\$ 567,907	\$ 1,702,157	\$ 3,486,850
Receivables:				
Interest	8,115	-	3,061	11,176
Loans/Notes receivable	-	678,218	-	678,218
Other receivable	347,171	-	147,506	494,677
Due from other funds	51,953	-	-	51,953
Prepaid items	36,502	-	-	36,502
Total assets	\$ 1,660,527	\$ 1,246,125	\$ 1,896,793	\$ 4,803,445
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 61,203	\$ 39	\$ 32,127	\$ 93,369
Due to other funds	-	-	51,953	51,953
Total liabilities	61,203	39	84,080	145,322
Deferred inflows of resources:				
Unavailable revenue	-	678,218	-	678,218
Total deferred inflows of resources:	-	678,218	-	678,218
Total Liabilities and deferred inflows	61,203	678,257	84,080	823,540
Fund balances:				
Nonspendable	36,502	-	-	36,502
Restricted	-	567,868	539,019	1,106,887
Assigned	-	-	1,280,775	1,280,775
Unassigned (Deficit)	1,562,822	-	(7,081)	1,555,741
Total fund balances	1,599,324	567,868	1,812,713	3,979,905
Total liabilities, deferred inflows and fund balances	\$ 1,660,527	\$ 1,246,125	\$ 1,896,793	\$ 4,803,445

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, 2023

Total fund balances - total governmental funds \$ 3,979,905

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. 7,675,482

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 (125,084)

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. 678,218

Net Position of governmental activities \$ 12,300,473

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, 2023

	Governmental Funds Balance Sheet	Reclassifications	Changes in GAAP	Internal Services Balances	Statement of Net Position
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Current assets:					
Cash and investments	\$ 3,486,850	\$ -	\$ -	\$ 66,325	\$ 3,553,175
Receivables:					
Interest	11,176	-	-	381	11,557
Loans/Notes receivable	678,218	-	-	-	678,218
Other receivable	494,677	-	-	-	494,677
Due from other funds	51,953	(51,953)	-	-	-
Prepaid items	36,502	-	-	-	36,502
Total current assets	4,803,445	(51,953)	-	66,706	4,818,198
Noncurrent assets:					
Capital assets, net	-	-	7,675,482	25,246	7,700,728
Total noncurrent assets	-	-	7,675,482	25,246	7,700,728
Total assets and deferred outflows of resources	\$ 4,803,445	\$ (51,953)	\$ 7,675,482	\$ 91,952	\$ 12,518,926
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 93,369	\$ -	\$ -	\$ -	\$ 93,369
Due to other funds	51,953	(51,953)	-	-	-
Total current liabilities	145,322	(51,953)	-	-	93,369
Noncurrent liabilities:					
Long-term liabilities:					
Compensated absences	-	-	125,084	-	125,084
Total noncurrent liabilities	-	-	125,084	-	125,084
Total liabilities	145,322	(51,953)	125,084	-	218,453
Deferred inflows of resources					
Unavailable revenue	678,218	-	(678,218)	-	-
Total liabilities and deferred inflows of resources:	823,540	(51,953)	(553,134)	-	218,453
FUND BALANCES/NET POSITION					
Fund balances:					
Nonspendable	36,502	(36,502)	-	-	-
Restricted	1,106,887	(1,106,887)	-	-	-
Assigned	1,280,775	(1,280,775)	-	-	-
Unassigned (deficit)	1,555,741	(1,555,741)	-	-	-
Net position:					
Net investment in capital assets	-	-	7,675,482	25,246	7,700,728
Restricted	-	-	1,106,887	-	1,106,887
Unrestricted	-	3,979,905	(553,753)	66,706	3,492,858
Total fund balances/net position	3,979,905	-	8,228,616	91,952	12,300,473
Total liabilities, deferred inflows and net position	\$ 4,803,445	\$ (51,953)	\$ 7,675,482	\$ 91,952	\$ 12,518,926

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, 2023

	Major Funds			Totals
	General Fund	CDBG Special Revenue	Other Governmental Funds	
REVENUES:				
Property taxes	\$ 162,357	\$ -	\$ -	\$ 162,357
Sales taxes	568,414	-	-	568,414
Cannabis taxes	220,693	-	-	220,693
Occupancy taxes	20,428	-	-	20,428
Gas tax	-	-	167,551	167,551
Intergovernmental	516,706	1,376	1,109,273	1,627,355
Licenses, permits, and franchise fees	115,329	-	76,576	191,905
Interest and use of property	49,844	438	8,588	58,870
Miscellaneous	14,670	-	32,893	47,563
Total revenues	1,668,441	1,814	1,394,881	3,065,136
EXPENDITURES:				
Current:				
General government	394,495	-	47,914	442,409
Public safety - Police	1,007,142	-	211,768	1,218,910
Public works	52,549	-	401,163	453,712
Planning and building	48,543	-	107,209	155,752
Housing and Community Development	-	2,715	-	2,715
Recycling	-	-	9,572	9,572
Capital outlay	402,269	-	20,440	422,709
Total expenditures	1,904,998	2,715	798,066	2,705,779
REVENUES OVER (UNDER) EXPENDITURES	(236,557)	(901)	596,815	359,357
OTHER FINANCING SOURCES (USES):				
Transfers in	10,500	-	69,255	79,755
Transfers out	(69,614)	(3,818)	(28,406)	(101,838)
Total other financing sources (uses)	(59,114)	(3,818)	40,849	(22,083)
Net change in fund balances	(295,671)	(4,719)	637,664	337,274
FUND BALANCES:				
Beginning of year	1,894,995	572,587	1,175,049	3,642,631
End of year	<u>\$ 1,599,324</u>	<u>\$ 567,868</u>	<u>\$ 1,812,713</u>	<u>\$ 3,979,905</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, 2023

Functions/Programs	Fund Based Totals	Compensated		Internal Service	Depreciation	Capital	Government- wide Totals
		Absences/ Debt Service	Asset (Additions)/ Retirements				
Governmental activities:							
General government	\$ 442,409	\$ 71,797	\$ (44,623)	\$ 145,450	\$ -	\$ 615,033	
Public safety - Police	1,218,910	-	-	41,034	-	1,259,944	
Public works	453,712	-	-	93,020	(199,212)	347,520	
Planning and building	155,752	-	-	-	-	155,752	
Housing and Community Development	2,715	-	-	-	-	2,715	
Recycling	9,572	-	-	-	-	9,572	
Capital outlay	422,709	-	-	-	(422,709)	-	
Total governmental activities	\$ 2,705,779	\$ 71,797	\$ (44,623)	\$ 279,504	\$ (621,921)	\$ 2,390,536	

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, 2023

Net change in fund balances - total governmental funds \$ 337,274

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	\$ 439,606	
Disposal of capital assets	182,315	
Depreciation expense	<u>(279,504)</u>	342,417

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. (1,376)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Change in compensated absences (71,797)

Internal services funds are used by management to charge the costs of certain activities, such as central garage, to individual funds. The change in Net Position of the Internal Service Funds is included in the governmental activities in the government-wide Statement of Net Position less transfers. 66,706

Change in Net Position of governmental activities \$ 673,224

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, 2023

	General Fund			Variance w/Final Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Property taxes	\$ 154,182	\$ 154,182	\$ 162,357	\$ 8,175
Sales taxes	803,200	803,200	568,414	(234,786)
Cannabis taxes	186,000	186,000	220,693	34,693
Occupancy taxes	20,000	20,000	20,428	428
Intergovernmental	458,740	458,740	516,706	57,966
Licenses, permits, and franchise fees	107,960	107,960	115,329	7,369
Interest and use of property	24,535	24,535	49,844	25,309
Miscellaneous	-	-	14,670	14,670
Total revenues	<u>1,754,617</u>	<u>1,754,617</u>	<u>1,668,441</u>	<u>(86,176)</u>
EXPENDITURES:				
Current:				
General government	393,416	393,416	394,495	(1,079)
Public safety - Police	1,027,319	1,027,319	1,007,142	20,177
Planning and public works	104,520	104,520	52,549	51,971
Building	53,905	53,905	48,543	5,362
Housing and Community Development	-	-	-	-
Capital outlay	553,000	553,000	402,269	150,731
Total expenditures	<u>2,132,160</u>	<u>2,132,160</u>	<u>1,904,998</u>	<u>227,162</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(377,543)</u>	<u>(377,543)</u>	<u>(236,557)</u>	<u>140,986</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	10,000	10,000	-	(10,000)
Transfers in	13,364	13,364	10,500	(2,864)
Transfers out	(60,345)	(60,345)	(69,614)	(9,269)
Total other financing sources (uses)	<u>(36,981)</u>	<u>(36,981)</u>	<u>(59,114)</u>	<u>(22,133)</u>
Net change in fund balances	<u>(414,524)</u>	<u>(414,524)</u>	<u>(295,671)</u>	<u>118,853</u>
FUND BALANCES:				
Beginning of year	1,894,995	1,894,995	1,894,995	-
End of year	<u>\$ 1,480,471</u>	<u>\$ 1,480,471</u>	<u>\$ 1,599,324</u>	<u>\$ 118,853</u>

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

CDBG Special Revenue Fund			
Budgeted Amounts		Actual	Variance w/Final
Original	Final		Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
5,000	5,000	1,376	(3,624)
-	-	-	-
-	-	438	438
-	-	-	-
<u>5,000</u>	<u>5,000</u>	<u>1,814</u>	<u>(3,186)</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
580,834	580,834	2,715	578,119
-	-	-	-
<u>580,834</u>	<u>580,834</u>	<u>2,715</u>	<u>578,119</u>
<u>(575,834)</u>	<u>(575,834)</u>	<u>(901)</u>	<u>574,933</u>
-	-	-	-
-	-	(3,818)	(3,818)
-	-	(3,818)	(3,818)
(575,834)	(575,834)	(4,719)	571,115
<u>572,587</u>	<u>572,587</u>	<u>572,587</u>	<u>-</u>
<u>\$ (3,247)</u>	<u>\$ (3,247)</u>	<u>\$ 567,868</u>	<u>\$ 571,115</u>

This page intentionally left blank.

PROPRIETARY FUNDS

Fund	Description
Major Funds:	
Sewer Enterprise Fund	Accounts for the operation and maintenance of the City's wastewater treatment plant and collection facilities.
Water Enterprise Fund	Accounts for the operation and maintenance of the City's water treatment and distribution system.
Internal Service Fund	Accounts for departmental use of the City's vehicle. The monies in this fund are committed to purchasing a replacement vehicle

City of Rio Dell, California

Statement of Net Position

Proprietary Funds

June 30, 2023

	Business-type Activities - Enterprise Funds			Governmental
	Sewer Fund	Water Fund	Totals	Activities Internal Service Fund
ASSETS				
Current assets:				
Cash and investments	\$ 2,083,081	\$ 2,934,272	\$ 5,017,353	\$ 66,325
Receivables:				
Accounts	167,905	148,826	316,731	-
Interest	6,896	16,777	23,673	381
Prepaid	-	68,000	68,000	-
Total current assets	<u>2,257,882</u>	<u>3,167,875</u>	<u>5,425,757</u>	<u>66,706</u>
Noncurrent assets:				
Capital assets, net	12,114,354	9,610,289	21,724,643	25,246
Total noncurrent assets	<u>12,114,354</u>	<u>9,610,289</u>	<u>21,724,643</u>	<u>25,246</u>
Total Assets	<u>\$ 14,372,236</u>	<u>\$ 12,778,164</u>	<u>\$ 27,150,400</u>	<u>\$ 91,952</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 24,607	\$ 32,015	\$ 56,622	\$ -
Accrued liabilities	18,043	14,828	32,871	-
Interest payable	74,080	-	74,080	-
Deposits payable	52,269	39,575	91,844	-
Due within one year	191,813	136,000	327,813	-
Total current liabilities	<u>360,812</u>	<u>222,418</u>	<u>583,230</u>	<u>-</u>
Noncurrent liabilities:				
Compensated absences	29,473	55,563	85,036	-
Due after one year	4,859,108	748,000	5,607,108	-
Total noncurrent liabilities	<u>4,888,581</u>	<u>803,563</u>	<u>5,692,144</u>	<u>-</u>
Total liabilities	<u>5,249,393</u>	<u>1,025,981</u>	<u>6,275,374</u>	<u>-</u>
Net Position:				
Net investment in capital assets	7,255,246	8,862,289	16,117,535	25,246
Unrestricted	1,867,597	2,889,894	4,757,491	66,706
Total net position	<u>9,122,843</u>	<u>11,752,183</u>	<u>20,875,026</u>	<u>91,952</u>
Total liabilities and net position	<u>\$ 14,372,236</u>	<u>\$ 12,778,164</u>	<u>\$ 27,150,400</u>	<u>\$ 91,952</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, 2023

	Business-type Activities - Enterprise Funds			Governmental
	Sewer Fund	Water Fund	Totals	Internal Service Fund
OPERATING REVENUES:				
Charges for service	\$ 1,350,400	\$ 1,170,721	\$ 2,521,121	\$ -
Connection fees	2,297	2,550	4,847	-
Late fees	30,054	33,198	63,252	-
Interdepartmental charges	-	-	-	44,116
Total operating revenues	1,382,751	1,206,469	2,589,220	44,116
OPERATING EXPENSES:				
Current operations:				
General government	230,953	247,300	478,253	-
Public works	1,037,457	667,390	1,704,847	349
Depreciation	597,514	275,901	873,415	4,208
Total operating expenses	1,865,924	1,190,591	3,056,515	4,557
OPERATING INCOME	(483,173)	15,878	(467,295)	39,559
NONOPERATING REVENUES (EXPENSES):				
Gain (Loss) from the sale of capital assets	579,387	496,504	1,075,891	-
Intergovernmental revenues (expenses)	23,005	-	23,005	-
Capital contribution	-	-	-	29,454
Bad debt recovery (expense)	206	369	575	-
Interest revenue	27,906	49,560	77,466	856
Interest expense	(112,497)	-	(112,497)	-
Total non-operating revenues, net	518,007	546,433	1,064,440	30,310
NET INCOME BEFORE TRANSFERS	34,834	562,311	597,145	69,869
Transfers in	-	-	-	22,083
Transfers out	-	-	-	-
Total transfers	-	-	-	22,083
CHANGE IN NET POSITION	34,834	562,311	597,145	91,952
NET POSITION:				
Beginning of year	9,088,009	11,189,872	20,277,881	-
End of year	\$ 9,122,843	\$ 11,752,183	\$ 20,875,026	\$ 91,952

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, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities
	Sewer Fund	Water Fund	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers/users for services provided	\$ 1,418,385	\$ 1,225,730	\$ 2,644,115	\$ -
Cash received from interfund services provided	-	-	-	44,116
Cash payments to suppliers for goods and services	(911,435)	(758,707)	(1,670,142)	(349)
Cash payments to employees for services	(326,758)	(101,914)	(428,672)	-
Net cash provided by operating activities	180,192	365,109	545,301	43,767
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers received	-	-	-	22,083
Other non-operating payments	206	369	575	-
Net cash used by noncapital financing activities	206	369	575	22,083
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital grants received	23,005	-	23,005	-
Acquisition and construction of capital assets	(218,264)	(263,839)	(482,103)	-
Principal paid on long term debt	(187,684)	(136,000)	(323,684)	-
Interest paid on long term debt	(115,250)	-	(115,250)	-
Net cash (used) by capital and related financing activities	(498,193)	(399,839)	(898,032)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income received	22,587	36,207	58,794	475
Net cash provided by investing activities	22,587	36,207	58,794	475
Net increase (decrease) in cash and cash equivalents	(295,208)	1,846	(293,362)	66,325
CASH AND CASH EQUIVALENTS:				
Beginning of year	2,378,289	2,932,426	5,310,715	-
End of year	<u>\$ 2,083,081</u>	<u>\$ 2,934,272</u>	<u>\$ 5,017,353</u>	<u>\$ 66,325</u>
Reconciliation of income from operations to net cash provided by operating activities:				
Operating income	\$ (483,173)	\$ 15,878	\$ (467,295)	\$ 39,559
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	597,514	275,901	873,415	4,208
(Increase) decrease in current assets:				
Accounts receivable	(4,616)	19,261	14,645	-
Intergovernmental receivables	40,250	-	40,250	-
Increase (decrease) in liabilities:				
Accounts payable	13,368	16,359	29,727	-
Accrued liabilities	4,154	1,166	5,320	-
Deposits payable	(3,304)	1,733	(1,571)	-
Compensated absences	15,999	34,811	50,810	-
Net cash provided by operating activities	\$ 180,192	\$ 365,109	\$ 545,301	\$ 43,767

There were no noncash investing, capital, or financing activities affecting recognized assets and liabilities for the year ended June 30, 2023.

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

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, 2023

ASSETS	<u>Custodial Fund</u>
Cash and investments	\$ 31,859
Interest receivable	<u>183</u>
Total assets	<u>32,042</u>
LIABILITIES	
Accounts payable	<u>-</u>
Total Liabilities	<u>-</u>
NET POSITION	
Restricted for:	
Individuals, organizations, and other governments	<u>32,042</u>
Total net position	<u><u>\$ 32,042</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, 2023

	<u>Custodial Fund</u>
ADDITIONS	
Intergovernmental revenue	\$ 18,900
Interest earned	519
Total additions	<u>19,419</u>
DEDUCTIONS	
Administrative expense	-
Total deductions	<u>-</u>
Net increase (decrease) in fiduciary net position	19,419
Net position - beginning	12,623
Net position - ending	<u>\$ 32,042</u>

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

This page intentionally left blank.

NOTES TO BASIC FINANCIAL STATEMENTS

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2023

Index to Notes to Basic Financial Statements

	<u>Page</u>
Note 1 - Summary of Significant Accounting Policies	45
Financial Reporting Entity.....	45
Basis of Presentation.....	46
Measurement Focus.....	48
Basis of Accounting.....	48
Assets, Liabilities, and Equity.....	49
Revenues, Expenditures, and Expenses.....	55
Budgetary Accounting.....	56
Note 2 – Cash and Investments	57
Note 3 – Accounts Receivable	59
Note 4 – Loans Receivable	60
Note 5 – Capital Assets	61
Note 6 – Accounts Payable and Accrued Liabilities	63
Note 7 – Long-term Liabilities	63
Note 8 – Net Position/Fund Balances	66
Note 9 – Interfund Transactions	68
Note 10 – Risk Management	69
Note 11 – Joint Powers Agreements	70
Note 12 – Deferred Compensation Plan	72
Note 13 – Commitments and Contingencies	72
Note 14 – New Accounting Pronouncements	72

City of Rio Dell, California
Notes to Basic Financial Statements
For the year ended June 30, 2023

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
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2023

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
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2023

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.

Internal Service Funds

Internal service funds are used to report any activity that provides goods or services to other funds or departments of the City on a cost-reimbursement basis.

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
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2023

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
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2023

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
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2023

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
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2023

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
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2023

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
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2023

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
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2023

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
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2023

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
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2023

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, 2023. 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
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2023

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, 2023, 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	\$ -	\$ -	\$ -	\$ 3,824,273	\$ 3,824,273
Petty cash	-	-	-	1,250	1,250
Total pooled items	-	-	-	3,825,523	3,825,523
<u>Pooled investments, at fair value</u>					
State of California Local Agency Investment Fund	4,776,864	-	-	-	4,776,864
Total pooled investments - interest obligations	4,776,864	-	-	-	4,776,864
Total cash equivalents and investments pooled	\$ 4,776,864	\$ -	\$ -	\$ 3,825,523	\$ 8,602,387
Amounts reported in:					
Governmental activities					\$ 3,553,175
Business-type activities					5,017,353
Fiduciary activities					31,859
Total					\$ 8,602,387

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity (Years)</u>
State of California Local Agency Investment Fund	\$ 4,776,864	-
Total fair value	\$ 4,776,864	
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
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2023

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 2.78% 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, 2023, the carrying amount of the City’s deposits was \$3,825,523 and the balances in financial institutions were \$3,824,273. Of the balance in financial institutions, \$250,000 was covered by federal depository insurance and \$3,574,273 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, 2023, 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
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2023

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, 2023 was \$25,677,325,266 of which the City had a balance of \$4,776,864. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2023 has a portfolio with market valuation of \$177,045,533 thousand. Of the total invested, 97.22% was invested in non-derivative financial products and 2.78% 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, 2023:

	<u>Receivables</u>
Governmental activities	
Accounts receivable	\$ 494,677
Interest	11,557
	<u>\$ 506,234</u>
Business-type activities	
Accounts receivable	\$ 316,731
Interest	23,673
	<u>\$ 340,404</u>
Fiduciary activities	
Interest	183
	<u>\$ 183</u>

These amounts resulted in the following concentrations in receivables:

Individuals/Business	95.8 %
Financial Institutions	4.2 %

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

City of Rio Dell, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2023

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, 2023, consisted of the following:

	<u>Beginning</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>June 30, 2023</u>
Housing Rehabilitation and Affordable Housing Notes	\$ 679,594	\$ -	\$ (1,376)	\$ 678,218
Total loans receivable	<u>\$ 679,594</u>	<u>\$ -</u>	<u>\$ (1,376)</u>	<u>\$ 678,218</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
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2023

5. CAPITAL ASSETS

Governmental capital asset activity for the year ended June 30, 2023, was as follows:

	Balance 6/30/2022	Additions	Retirements Transfers	Balance 6/30/2023
Capital assets (Not Depreciated)				
Land	\$ 627,945	\$ -	\$ -	\$ 627,945
Construction in progress	-	100,150	-	100,150
Total capital assets (not depreciated)	<u>627,945</u>	<u>100,150</u>	<u>-</u>	<u>728,095</u>
Capital assets (being depreciated)				
Buildings and improvements	549,520	7,369	-	556,889
Equipment	629,246	9,460	-	638,706
Vehicles	323,356	89,821	-	413,177
Streets and roads	3,369,280	232,806	-	3,602,086
Infrastructures	3,925,220	-	-	3,925,220
Total capital assets (being depreciated)	<u>8,796,622</u>	<u>339,456</u>	<u>-</u>	<u>9,136,078</u>
Less accumulated depreciation:				
Buildings and improvements	87,827	18,676	-	106,503
Equipment	545,173	18,396	-	563,569
Vehicles	284,417	50,656	(131,367)	203,706
Streets and roads	492,883	93,020	(50,948)	534,955
Infrastructure	655,956	98,756	-	754,712
Total accumulated depreciation	<u>2,066,256</u>	<u>279,504</u>	<u>(182,315)</u>	<u>2,163,445</u>
Governmental activities capital assets, net	<u>\$ 7,358,311</u>	<u>\$ 160,102</u>	<u>\$ 182,315</u>	<u>\$ 7,700,728</u>

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

<u>Governmental-Type Activities</u>	
General Government	\$ 145,450
Public Safety	41,034
Planning and public works	93,020
Total Governmental Activities	<u>\$ 279,504</u>

City of Rio Dell, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2023

5. CAPITAL ASSETS, *continued*

Business-type capital asset activity for the year ended June 30, 2023, was as follows:

	Balance 6/30/2022	Additions	Retirements/ Adjustments	Balance 6/30/2023
Capital assets (Not Depreciated)				
Land	\$ 507,859	\$ -	\$ -	\$ 507,859
Construction in progress	-	117,864	-	117,864
Total capital assets (not depreciated)	<u>507,859</u>	<u>117,864</u>	<u>-</u>	<u>625,723</u>
Capital assets (being depreciated)				
Infrastructure	27,504,765	175,551	-	27,680,316
Buildings and Improvements	206,508	-	-	206,508
Equipments	1,376,266	88,473	-	1,464,739
Vehicles	168,644	106,387	(34,061)	240,970
Total capital assets (being depreciated)	<u>29,256,183</u>	<u>370,411</u>	<u>(34,061)</u>	<u>29,592,533</u>
Less accumulated depreciation:				
Infrastructure	7,220,721	773,825	(1,001,677)	6,992,869
Buildings and Improvements	192,308	677	(677)	192,308
Equipments	1,186,483	71,606	(55,259)	1,202,830
Vehicles	124,466	27,307	(46,167)	105,606
Total accumulated depreciation	<u>8,723,978</u>	<u>873,415</u>	<u>(1,103,780)</u>	<u>8,493,613</u>
Net depreciable assets	<u>20,532,205</u>	<u>(503,004)</u>	<u>1,069,719</u>	<u>21,098,920</u>
Total net capital assets	<u>\$ 21,040,064</u>	<u>\$ (385,140)</u>	<u>\$ 1,069,719</u>	<u>\$ 21,724,643</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	\$ 597,514
Water	275,901
Total Busines-Type Activities	<u>\$ 873,415</u>

City of Rio Dell, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2023

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2023:

	Governmental Activities	Business-type Activities	Total
Accounts payable	\$ 41,148	\$ 56,622	\$ 97,770
Accrued payroll and related liabilities	52,221	32,871	85,092
Total	<u>\$ 93,369</u>	<u>\$ 89,493</u>	<u>\$ 182,862</u>

These amounts resulted in the following concentrations in payables:

Vendors	53%
Employees	47%

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, 2023:

	Original Issue Amount	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023	Due Within One Year
Governmental Activities:						
Compensated absences	\$ -	\$ 53,287	\$ 71,797	\$ -	\$ 125,084	\$ -
Total governmental activities	<u>\$ -</u>	<u>\$ 53,287</u>	<u>\$ 71,797</u>	<u>\$ -</u>	<u>\$ 125,084</u>	<u>\$ -</u>
Business-type activities						
Safe Drinking Water Loan	\$ 2,720,000	\$ 1,020,000	\$ -	\$ (136,000)	\$ 884,000	\$ 136,000
State of California Water Resources Control Board	6,980,359	5,238,605	-	(187,684)	5,050,921	191,813
Total business-type activity debt	<u>10,236,159</u>	<u>6,258,605</u>	<u>-</u>	<u>(323,684)</u>	<u>5,934,921</u>	<u>327,813</u>
Compensated absences	-	34,226	50,810	-	85,036	-
Total business-type activities	<u>\$ -</u>	<u>\$ 6,292,831</u>	<u>\$ 50,810</u>	<u>\$ (323,684)</u>	<u>\$ 6,019,957</u>	<u>\$ 327,813</u>

City of Rio Dell, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2023

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 \$125,084 at June 30, 2023. 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, 2023, the balance of the note was \$884,000.

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, 2023, the balance of the note was \$5,050,921.

City of Rio Dell, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2023

7. LONG-TERM LIABILITIES, *continued*

Debt Service

Future debt service for Business-Type Activities at June 30, 2023, 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
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	136,000	-	209,258	93,675	345,258	93,675
2029 - 2033	204,000	-	1,117,404	397,263	1,321,404	397,263
2034 - 2038	-	-	1,245,847	268,820	1,245,847	268,820
2039 - 2043	-	-	1,389,054	125,613	1,389,054	125,613
2044 - 2048	-	-	296,413	6,521	296,413	6,521
Total	\$ 884,000	\$ -	\$ 5,050,921	\$ 1,310,680	\$ 5,934,921	\$ 1,310,680
Due within one year	\$ 136,000	\$ -	\$ 191,813	\$ 111,120	\$ 327,813	\$ 111,120
Due after one year	748,000	-	4,859,108	1,199,560	5,607,108	1,199,560
Total	\$ 884,000	\$ -	\$ 5,050,921	\$ 1,310,680	\$ 5,934,921	\$ 1,310,680

City of Rio Dell, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2023

8. NET POSITION/ FUND BALANCES

Net position

	Governmental Activities	Business-type Activities	Total
Net investment in capital assets	\$ 7,700,728	\$ 16,117,535	\$ 23,818,263
Restricted	1,106,887	-	1,106,887
Unrestricted	3,492,858	4,757,491	8,250,349
Total	<u>\$ 12,300,473</u>	<u>\$ 20,875,026</u>	<u>\$ 33,175,499</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, 2023:

Nonspendable:	
Prepaid items	\$ 36,502
Total Nonspendable	<u>\$ 36,502</u>
Restricted:	
Governmental Funds:	
CDBG	\$ 567,868
Gas Tax	344,991
RSTP	35,525
Earthquake Disaster Fund	158,503
Total Restricted	<u>\$ 1,106,887</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.
- **RSTP** – represents amounts restricted in accordance with the Regional Surface Transportation Act.
- **Earthquake Disaster Fund** – represents amounts restricted for earthquake disaster relief.

City of Rio Dell, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2023

8. NET POSITION/ FUND BALANCES, continued

Fund Balance Deficits

Deficit fund balances consisted of the following:

	As of
	<u>June 30, 2023</u>
Nonmajor Special Revenue Funds:	
Park Per Capita Grant	\$ 6,868
Clean CA Grant ER Trails	213
Total Nonmajor Funds	<u>\$ 7,081</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, 2023, for the following funds:

<u>Fund</u>	<u>Final</u>	<u>Expenditures and</u>	<u>Excess</u>
	<u>Appropriations</u>	<u>Transfers</u>	
<u>Non-Major Funds</u>			
<u>Special Revenue Funds</u>			
RSTP	\$ 22,503	\$ 24,988	\$ (2,485)
Solid Waste	9,068	12,436	(3,368)
SLESF	155,664	156,163	(499)
Measure Z	34,518	55,605	(21,087)
STIP	-	15,561	(15,561)
Building	105,579	107,209	(1,630)
Traffic Safety	-	15,809	(15,809)

City of Rio Dell, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2023

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, 2023:

	Due from Other Funds	Due to Other Funds
<u>Governmental Funds</u>		
Major Funds:		
General Fund	\$ 51,953	\$ -
Total Major Funds	51,953	-
Nonmajor Funds:		
TDA	-	11,243
Park Per Capita Grant	-	6,868
Clean CA Grant ER Trails	-	33,842
Total Nonmajor Funds	-	51,953
Total Governmental Funds	51,953	51,953
Total	\$ 51,953	\$ 51,953

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
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2023

9. INTERFUND TRANSACTIONS, CONTINUED

Transfers consisted of the following at June 30, 2023:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds</u>		
Major Funds:		
General Fund	\$ 10,500	\$ 69,614
CDBG Special Revenue	-	3,818
Total Major Funds	<u>10,500</u>	<u>73,432</u>
Nonmajor Funds:		
Special Revenue Funds		
Gas Tax	-	25,542
Solid Waste	-	2,864
Measure Z	791	-
STIP	22,335	-
Building	42,922	-
Traffic Safety	3,207	-
Total Nonmajor Funds	<u>69,255</u>	<u>28,406</u>
Total Governmental Funds	<u>79,755</u>	<u>101,838</u>
<u>Proprietary Funds</u>		
Internal Service Fund	<u>22,083</u>	-
Total Proprietary Funds	<u>22,083</u>	-
Total	<u>\$ 101,838</u>	<u>\$ 101,838</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, 2023, 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
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2023

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. 61, 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. 61. 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, 2023, the City paid HTA \$47,557. 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
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2023

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 2.21 percent, based on population. During the year ended June 30, 2023, the City paid HMRA \$1,323. 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
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2023

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, 2023, the City made contributions totaling \$238,206 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, 2023.

14. NEW ACCOUNTING PRONOUNCEMENTS

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 implementation of this statement did not have an effect on the financial statements.

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 implementation of this statement did not have an effect on the financial statements.

City of Rio Dell, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2023

14. NEW ACCOUNTING PRONOUNCEMENTS, CONTINUED

The GASB has issued Statement No. 99, "Omnibus 2022." The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to leases, PPPs, and SBITAs will take effect for financial statements starting with the fiscal year that ends June 30, 2023. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 will take effect for financial statements starting with the fiscal year that ends June 30, 2024.

The GASB has issued Statement No. 100, "Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62." The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2024.

The GASB has issued Statement No. 101, "Compensated Absences." The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2025.

This page intentionally left blank.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

This page intentionally left blank.

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).
Park Per Capital Grant	Accounts for funds received and expended for Park Per Capita Grant.
Clean CA Grant ER Trails	Accounts for funds received and expended for Clean California Eel River Trail Project.
Earthquake Disaster Fund	Accounts for funds received and expended as a result of the 2022 Earthquake disaster event.

City of Rio Dell, California
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2023

	Gas Tax	TDA	RSTP	Solid Waste	SLESF	Measure Z	STIP
ASSETS							
Cash and investments	\$ 331,892	\$ -	\$ 477	\$ 12,494	\$ 129,040	\$ -	\$ -
Receivables:							
Interest	1,096	72	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Other receivable	21,226	87,992	35,753	2,535	-	-	-
Total assets	\$ 354,214	\$ 88,064	\$ 36,230	\$ 15,029	\$ 129,040	\$ -	\$ -
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 9,223	\$ 5,981	\$ 705	\$ 14	\$ 5,764	\$ -	\$ -
Due to other funds	-	11,243	-	-	-	-	-
Total liabilities:	9,223	17,224	705	14	5,764	-	-
Fund Balances:							
Restricted	344,991	-	35,525	-	-	-	-
Assigned	-	70,840	-	15,015	123,276	-	-
Unassigned (deficit)	-	-	-	-	-	-	-
Total fund balances	344,991	70,840	35,525	15,015	123,276	-	-
Total liabilities deferred inflows and fund balances	\$ 354,214	\$ 88,064	\$ 36,230	\$ 15,029	\$ 129,040	\$ -	\$ -

Building	Recycling	Economic Development	ARPA	Traffic Safety	Park Per Capita Grant	Clean CA Grant ER Trails	Eathquake Disaster Fund	Totals
\$ -	\$ 60,507	\$ 269,112	\$ 740,132	\$ -	\$ -	\$ -	158,503	\$ 1,702,157
-	347	1,546	-	-	-	-	-	3,061
-	-	-	-	-	-	44,069	-	44,069
-	-	-	-	-	-	-	-	147,506
<u>\$ -</u>	<u>\$ 60,854</u>	<u>\$ 270,658</u>	<u>\$ 740,132</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,069</u>	<u>\$ 158,503</u>	<u>\$ 1,896,793</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	10,440	\$ -	\$ 32,127
-	-	-	-	-	6,868	33,842	-	51,953
-	-	-	-	-	6,868	44,282	-	84,080
-	-	-	-	-	-	-	158,503	539,019
-	60,854	270,658	740,132	-	-	-	-	1,280,775
-	-	-	-	-	(6,868)	(213)	-	(7,081)
-	60,854	270,658	740,132	-	(6,868)	(213)	158,503	1,812,713
<u>\$ -</u>	<u>\$ 60,854</u>	<u>\$ 270,658</u>	<u>\$ 740,132</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,069</u>	<u>\$ 158,503</u>	<u>\$ 1,896,793</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, 2023

	Gas Tax	TDA	RSTP	Solid Waste	SLESF	Measure Z	STIP
REVENUES:							
Gas tax	\$ 167,551	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	142,049	52,240	-	162,881	34,518	-
Licenses, permits, and franchise taxes	2,875	-	-	9,414	-	-	-
Interest and use of property	3,197	216	-	53	-	-	-
Miscellaneous	-	-	-	4,977	-	-	-
Total revenues	173,623	142,265	52,240	14,444	162,881	34,518	-
EXPENDITURES:							
Current:							
General government	12,041	9,975	-	-	-	-	-
Public safety - Police	-	-	-	-	156,163	55,605	-
Public works	119,033	111,729	16,822	-	-	-	15,561
Planning and building	-	-	-	-	-	-	-
Housing and Community Development	-	-	-	-	-	-	-
Recycling	-	-	-	9,572	-	-	-
Capital outlay	12,274	-	8,166	-	-	-	-
Total expenditures	143,348	121,704	24,988	9,572	156,163	55,605	15,561
REVENUES OVER (UNDER) EXPENDITURES	30,275	20,561	27,252	4,872	6,718	(21,087)	(15,561)
OTHER FINANCING SOURCES (USES):							
Transfers in	-	-	-	-	-	791	22,335
Transfers out	(25,542)	-	-	(2,864)	-	-	-
Total other financing sources and uses	(25,542)	-	-	(2,864)	-	791	22,335
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	4,733	20,561	27,252	2,008	6,718	(20,296)	6,774
FUND BALANCES (DEFICITS):							
Beginning of year	340,258	50,279	8,273	13,007	116,558	20,296	(6,774)
End of year	\$ 344,991	\$ 70,840	\$ 35,525	\$ 15,015	\$ 123,276	\$ -	\$ -

Building	Recycling	Economic Development	ARPA	Traffic Safety	Park Per Capita Grant	Clean CA Grant ER Trails	Eathquake Disaster Fund	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 167,551
-	25,000	-	400,576	13,327	-	100,751	177,931	1,109,273
64,287	-	-	-	-	-	-	-	76,576
-	721	4,401	-	-	-	-	-	8,588
27,916	-	-	-	-	-	-	-	32,893
92,203	25,721	4,401	400,576	13,327	-	100,751	177,931	1,394,881
-	-	25,898	-	-	-	-	-	47,914
-	-	-	-	-	-	-	-	211,768
-	-	-	-	15,809	2,613	100,168	19,428	401,163
107,209	-	-	-	-	-	-	-	107,209
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	9,572
-	-	-	-	-	-	-	-	20,440
107,209	-	25,898	-	15,809	2,613	100,168	19,428	798,066
(15,006)	25,721	(21,497)	400,576	(2,482)	(2,613)	583	158,503	596,815
42,922	-	-	-	3,207	-	-	-	69,255
-	-	-	-	-	-	-	-	(28,406)
42,922	-	-	-	3,207	-	-	-	40,849
27,916	25,721	(21,497)	400,576	725	(2,613)	583	158,503	637,664
(27,916)	35,133	292,155	339,556	(725)	(4,255)	(796)	-	1,175,049
\$ -	\$ 60,854	\$ 270,658	\$ 740,132	\$ -	\$ (6,868)	\$ (213)	\$ 158,503	\$ 1,812,713

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, 2023

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Gas Tax	\$ 181,701	\$ 181,701	\$ 167,551	\$ (14,150)
Licenses, permits, and franchise taxes	1,500	1,500	2,875	1,375
Use of money and property	-	-	3,197	3,197
Total revenues	183,201	183,201	173,623	(9,578)
EXPENDITURES:				
Current:				
General government	15,415	15,415	12,041	3,374
Public works	147,065	147,065	119,033	28,032
Capital outlay	22,000	22,000	12,274	9,726
Total expenditures	184,480	184,480	143,348	41,132
REVENUES OVER (UNDER) EXPENDITURES	(1,279)	(1,279)	30,275	31,554
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	(25,542)	(25,542)
Total other financing sources (uses)	-	-	(25,542)	(25,542)
Net change in fund balances	(1,279)	(1,279)	4,733	6,012
FUND BALANCES (DEFICIT):				
Beginning of year	340,258	340,258	340,258	-
End of year	\$ 338,979	\$ 338,979	\$ 344,991	\$ 6,012

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, 2023

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 120,000	\$ 120,000	\$ 142,049	\$ 22,049
Interest and use of property	-	-	216	216
Miscellaneous	-	-	-	-
Total revenues	120,000	120,000	142,265	22,265
EXPENDITURES:				
Current:				
General government	11,666	11,666	9,975	1,691
Public works	110,375	110,375	111,729	(1,354)
Capital outlay	-	-	-	-
Total expenditures	122,041	122,041	121,704	337
REVENUES OVER (UNDER) EXPENDITURES	(2,041)	(2,041)	20,561	22,602
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(2,041)	(2,041)	20,561	22,602
FUND BALANCES (DEFICIT):				
Beginning of year	50,279	50,279	50,279	-
End of year	\$ 48,238	\$ 48,238	\$ 70,840	\$ 22,602

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, 2023

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ 26,000	\$ 26,000	\$ 52,240	\$ 26,240
Interest and use of property	-	-	0	-
Total revenues	<u>26,000</u>	<u>26,000</u>	<u>52,240</u>	<u>26,240</u>
EXPENDITURES:				
Current:				
Public works	22,503	22,503	16,822	5,681
Capital outlay	<u>0</u>	<u>0</u>	<u>8,166</u>	<u>(8,166)</u>
Total expenditures	<u>22,503</u>	<u>22,503</u>	<u>24,988</u>	<u>(2,485)</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>3,497</u>	<u>3,497</u>	<u>27,252</u>	<u>23,755</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	3,497	3,497	27,252	23,755
FUND BALANCES (DEFICIT):				
Beginning of year	8,273	8,273	8,273	-
End of year	<u>\$ 11,770</u>	<u>\$ 11,770</u>	<u>\$ 35,525</u>	<u>\$ 23,755</u>

City of Rio Dell, California

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

Solid Waste Special Revenue Fund

For the year ended June 30, 2023

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Licenses, permits, and franchise taxes	\$ 4,500	\$ 4,500	\$ 9,414	\$ 4,914
Use of money and property	-	-	53	53
Miscellaneous	-	-	4,977	4,977
Total revenues	4,500	4,500	14,444	9,944
EXPENDITURES:				
Current:				
Recycling	6,204	6,204	9,572	(3,368)
Total expenditures	6,204	6,204	9,572	(3,368)
REVENUES OVER (UNDER)				
EXPENDITURES	(1,704)	(1,704)	4,872	6,576
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(2,864)	(2,864)	(2,864)	-
Total other financing sources (uses)	(2,864)	(2,864)	(2,864)	-
Net change in fund balances	(4,568)	(4,568)	2,008	6,576
FUND BALANCES (DEFICIT):				
Beginning of year	13,007	13,007	13,007	-
End of year	\$ 8,439	\$ 8,439	\$ 15,015	\$ 6,576

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, 2023

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 150,000	\$ 150,000	\$ 162,881	\$ 12,881
Use of money and property	-	-	0	-
Miscellaneous	-	-	-	-
Total revenues	<u>150,000</u>	<u>150,000</u>	<u>162,881</u>	<u>12,881</u>
EXPENDITURES:				
Current:				
Public safety - Police	<u>155,664</u>	<u>155,664</u>	<u>156,163</u>	<u>(499)</u>
Total expenditures	<u>155,664</u>	<u>155,664</u>	<u>156,163</u>	<u>(499)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(5,664)</u>	<u>(5,664)</u>	<u>6,718</u>	<u>12,382</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(5,664)</u>	<u>(5,664)</u>	<u>6,718</u>	<u>12,382</u>
FUND BALANCES (DEFICIT):				
Beginning of year	<u>116,558</u>	<u>116,558</u>	<u>116,558</u>	<u>-</u>
End of year	<u>\$ 110,894</u>	<u>\$ 110,894</u>	<u>\$ 123,276</u>	<u>\$ 12,382</u>

City of Rio Dell, California

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

Measure Z Special Revenue Fund

For the year ended June 30, 2023

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 34,518	\$ 34,518	\$ 34,518	\$ -
Use of money and property	-	-	-	-
Total revenues	34,518	34,518	34,518	-
EXPENDITURES:				
Current:				
Public safety - Police	34,518	34,518	55,605	(21,087)
Total expenditures	34,518	34,518	55,605	(21,087)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(21,087)	(21,087)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	791	791
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	791	791
Net change in fund balances	-	-	(20,296)	(20,296)
FUND BALANCES (DEFICIT):				
Beginning of year	20,296	20,296	20,296	-
End of year	\$ 20,296	\$ 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, 2023

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
Public works	-	-	15,561	(15,561)
Capital outlay	-	-	-	-
Total expenditures	-	-	15,561	(15,561)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(15,561)	(15,561)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	22,335	22,335
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	22,335	22,335
Net change in fund balances	-	-	6,774	6,774
FUND BALANCES (DEFICIT):				
Beginning of year	(6,774)	(6,774)	(6,774)	-
End of year	\$ (6,774)	\$ (6,774)	\$ -	\$ 6,774

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, 2023

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Licenses, permits, and franchise taxes	\$ 49,350	\$ 49,350	\$ 64,287	\$ 14,937
Miscellaneous	-	-	27,916	27,916
Total revenues	49,350	49,350	92,203	42,853
EXPENDITURES:				
Current:				
Planning and building	105,579	105,579	107,209	(1,630)
Total expenditures	105,579	105,579	107,209	(1,630)
REVENUES OVER (UNDER) EXPENDITURES	(56,229)	(56,229)	(15,006)	41,223
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	42,922	42,922
Transfers out	56,527	56,527	-	(56,527)
Total other financing sources (uses)	56,527	56,527	42,922	(13,605)
Net change in fund balances	298	298	27,916	27,618
FUND BALANCES (DEFICIT):				
Beginning of year	(27,916)	(27,916)	(27,916)	-
End of year	\$ (27,618)	\$ (27,618)	\$ -	\$ 27,618

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, 2023

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 5,000	\$ 5,000	\$ 25,000	\$ 20,000
Interest and use of property	-	-	721	721
Total revenues	5,000	5,000	25,721	20,721
EXPENDITURES:				
Current:				
Recycling	9,000	9,000	-	9,000
Total expenditures	9,000	9,000	-	9,000
REVENUES OVER (UNDER) EXPENDITURES	(4,000)	(4,000)	25,721	29,721
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(4,000)	(4,000)	25,721	29,721
FUND BALANCES (DEFICIT):				
Beginning of year	35,133	35,133	35,133	-
End of year	\$ 31,133	\$ 31,133	\$ 60,854	\$ 29,721

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, 2023

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Interest and use of property	-	-	4,401	4,401
Total revenues	-	-	4,401	4,401
EXPENDITURES:				
Current:				
General government	77,000	77,000	25,898	51,102
Total expenditures	77,000	77,000	25,898	51,102
REVENUES OVER (UNDER) EXPENDITURES	(77,000)	(77,000)	(21,497)	55,503
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(77,000)	(77,000)	(21,497)	55,503
FUND BALANCES (DEFICIT):				
Beginning of year	292,155	292,155	292,155	-
End of year	\$ 215,155	\$ 215,155	\$ 270,658	\$ 55,503

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, 2023

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 400,576	\$ 400,576	\$ 400,576	\$ -
Interest and use of property	-	-	-	-
Total revenues	<u>400,576</u>	<u>400,576</u>	<u>400,576</u>	<u>-</u>
EXPENDITURES:				
Capital outlay	736,150	736,150	-	736,150
Total expenditures	<u>736,150</u>	<u>736,150</u>	<u>-</u>	<u>736,150</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(335,574)</u>	<u>(335,574)</u>	<u>400,576</u>	<u>736,150</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(335,574)</u>	<u>(335,574)</u>	<u>400,576</u>	<u>736,150</u>
FUND BALANCES (DEFICIT):				
Beginning of year	339,556	339,556	339,556	-
End of year	<u>\$ 3,982</u>	<u>\$ 3,982</u>	<u>\$ 740,132</u>	<u>\$ 736,150</u>

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, 2023

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 13,327	\$ 13,327
Interest and use of property	-	-	-	-
Total revenues	-	-	13,327	13,327
EXPENDITURES:				
Current:				
Public works	-	-	15,809	(15,809)
Total expenditures	-	-	15,809	(15,809)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(2,482)	(2,482)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	3,207	3,207
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	3,207	3,207
Net change in fund balances	-	-	725	725
FUND BALANCES (DEFICIT):				
Beginning of year	(725)	(725)	(725)	-
End of year	<u>\$ (725)</u>	<u>\$ (725)</u>	<u>\$ -</u>	<u>\$ 725</u>

City of Rio Dell, California

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

Park Per Capita Grant

For the year ended June 30, 2023

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 177,952	\$ 177,952	\$ -	\$ (177,952)
Interest and use of property	-	-	-	-
Total revenues	<u>177,952</u>	<u>177,952</u>	<u>-</u>	<u>(177,952)</u>
EXPENDITURES:				
Current:				
Public works	177,952	177,952	2,613	175,339
Total expenditures	<u>177,952</u>	<u>177,952</u>	<u>2,613</u>	<u>175,339</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(2,613)</u>	<u>(2,613)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(2,613)</u>	<u>(2,613)</u>
FUND BALANCES (DEFICIT):				
Beginning of year	(4,255)	(4,255)	(4,255)	-
End of year	<u>\$ (4,255)</u>	<u>\$ (4,255)</u>	<u>\$ (6,868)</u>	<u>\$ (2,613)</u>

City of Rio Dell, California

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

Clean CA Grant ER Trails

For the year ended June 30, 2023

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 2,457,267	\$ 2,457,267	\$ 100,751	\$ (2,356,516)
Interest and use of property	-	-	-	-
Total revenues	<u>2,457,267</u>	<u>2,457,267</u>	<u>100,751</u>	<u>(2,356,516)</u>
EXPENDITURES:				
Current:				
Public works	-	-	100,168	(100,168)
Total expenditures	<u>-</u>	<u>-</u>	<u>100,168</u>	<u>(100,168)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>2,457,267</u>	<u>2,457,267</u>	<u>583</u>	<u>(2,456,684)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>2,457,267</u>	<u>2,457,267</u>	<u>583</u>	<u>(2,456,684)</u>
FUND BALANCES (DEFICIT):				
Beginning of year	(796)	(796)	(796)	-
End of year	<u>\$ 2,456,471</u>	<u>\$ 2,456,471</u>	<u>\$ (213)</u>	<u>\$ (2,456,684)</u>

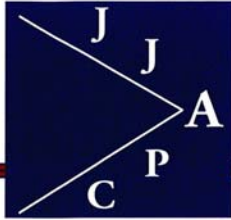
City of Rio Dell, California

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

Earthquake Disaster Fund

For the year ended June 30, 2023

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 177,931	\$ 177,931
Interest and use of property	-	-	-	-
Total revenues	-	-	177,931	177,931
EXPENDITURES:				
Current:				
Public works	-	-	19,428	(19,428)
Total expenditures	-	-	19,428	(19,428)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	158,503	158,503
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	158,503	158,503
FUND BALANCES (DEFICIT):				
Beginning of year	-	-	-	-
End of year	\$ -	\$ -	\$ 158,503	\$ 158,503



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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 27, 2024.

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.

March 27, 2024

JJACPA, Inc.

JJACPA, Inc.
Dublin, CA