

City of Ripon | California

Financial Statements

For the Year Ended June 30, 2023



PRICE PAIGE & COMPANY
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Ripon, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ripon, California (the 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 modified cash basis financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ripon, California, as of June 30, 2023, and the respective changes in modified cash basis financial position, for the year then ended in accordance with the modified cash basis of accounting.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

Emphasis of Matter—Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis so of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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.

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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.

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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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.

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 accompanying combining and individual nonmajor fund financial statements and additional information on the Successor Agency Trust Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the management's discussion and analysis but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Price Pange & Company

Clovis, California
December 4, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

The purpose of the Management's Discussion and Analysis is to provide a summary of the City's financial activities for the fiscal year ended June 30, 2023. The City's financial statements are presented on a modified cash basis of accounting, as described in the basis of accounting paragraphs noted on pages 6-7. Please read this management's discussion and analysis in conjunction with the City's financial statements that begin on page 18.

FINANCIAL HIGHLIGHTS

The net position of the City is the difference between total assets and total liabilities and includes restricted and unrestricted funds of both governmental and business-type activities. As summarized in Table 2 of this memorandum, the City's assets exceeded its liabilities by \$56,213,535 (net position) for the fiscal year ended June 30, 2023. This compares favorably to the previous year's net position of \$47,225,493. This increase includes (10%) of capital related debt, 70% of restricted funds and 40% of unrestricted funds. The net position for the fiscal year ended June 30, 2023 is comprised of the following:

- Capital related debt of \$5,860,000 represents debt recorded in the proprietary funds for capital assets. The debt is associated with the water and sewer enterprise funds. The City does not capitalize capital assets; therefore, this category solely reflects the debt. Capital related debt of \$5,860,000 constitutes a negative net position.
- Restricted net position of \$39,476,002 represents the funds restricted for public safety including Vehicle Abatement, Drug Seizure and Police Department Grants; street construction and maintenance, assessment districts, Development Related fees, and low- and moderate-income housing.
- Unrestricted net position of \$22,597,533 represents the funds that are not otherwise restricted and may be committed or assigned based on priorities and/or policies established by the City Council.

Table 1 shows a summary of unrestricted funds:

TABLE 1

	2023	2022
General Fund Reserves:		
Sick Leave Contingency	\$ 419,276	\$ 355,547
PERS Leave Contingency	1,370,535	1,135,397
Healthcare Contingency	217,233	209,025
Litigation Self-Insured Retention Contingency	651,698	627,075
Litigation/Natural Disaster Contingency	536,311	2,475,987
Operating Reserve	6,100,161	1,412,073
Subsequent Year Budget Deficit	-	3,344,729
Street and Road Reserve Fund	3,461,927	2,461,384
Street and Road Operations	-	(544,904)
General Capital Funds:		
Parks and Recreation	3,957,241	881,429
CNG Station Capital Reserve	216,448	202,066
Department Capital Funds	2,391,461	1,526,512
Corporation Yard	1,882,705	
Ripon Lighting Fund	-	(21,343)
Enterprise Funds	1,392,537 *	1,214,120 *
Total Unrestricted Funds	\$ 22,597,533	\$ 15,279,097

* Enterprise funds are considered unrestricted however, these must be used in accordance with the laws governing the City's various enterprise funds.

- During the fiscal year ended June 30, 2019, City staff completed a Reserve Study and City Council approved a policy regarding reserve balances. These policies set goals for the General Fund Reserve, Sick Leave Contingency Reserve, CalPERS Reserve, Healthcare Deductible Reimbursement Reserve, Workers Compensation/Liability Self Insured Retention Reserve and the Natural Disaster/Litigation Reserve. These reserves were funded during the fiscal year ended June 30, 2019 through the budgeting process. These balances are reviewed annually to confirm the City is in compliance with the policies.
- During the fiscal year ended June 30, 2019, City Council created a policy of transferring General Fund dollars to the Landscape Maintenance Districts at the end of the year that have an annual operating deficit and do not have a fund balance to cover the annual deficit. This analysis is completed at the end of the fiscal year and transfers are presented to the City Council for approval. For fiscal year ended June 30, 2023, \$44,120 was transferred from the General Fund to five different Landscape Maintenance Districts to cover their deficit fund balances.

USING THIS ANNUAL REPORT

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board, as applicable to the City's modified basis of accounting.

Report Components

This annual report consists of the following four parts:

- 1) *Government-Wide Financial Statements.* The Statement of Net Position and the Statement of Activities (on pages 18-19) provide information about the activities of the City government-wide (or as a whole) and present a longer-term view of the City's finances.
- 2) *Fund Financial Statements.* Fund financial statements (beginning on page 21) focus on the individual parts of the City government. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant (major) funds. For governmental activities, these statements tell how these services were financed in the short term, as well as what remains for future spending. For proprietary activities, these statements offer short-term and long-term financial information about the activities, which the City operates like businesses, such as the water, sewer and refuse services.
- 3) *Notes to the Financial Statements.* The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.
- 4) *Supplementary Information.* The annual report includes optional financial information, such as management's discussion and analysis, combining statements for non-major funds (that are added together and shown in the fund financial statements in a single column) and additional information on the Successor Agency Trust Fund. This other supplementary financial information is provided to address certain specific needs of various users of the City's annual report.

Basis of Accounting

The City's financial statements are presented based on a modified cash basis of accounting. This modified cash basis of accounting is a basis of accounting other than generally accepted accounting principles in the United States of America. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses, and their related assets and liabilities. Under the City's modified cash basis of accounting, revenues and expenses and certain related assets, liabilities, and deferred inflows and outflows are recorded when they result from cash transactions or events.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected, and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid, and other accrued expenses and liabilities) are not recorded in these financial statements, with the exception of long-term liabilities arising from cash transactions. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event (such as donated assets and postemployment benefit obligations) are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value. Lastly, the City does not recognize its investment in capital assets in its Statement of Net Position. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep this in mind.

Reporting the City as a Whole

The City's Reporting Entity Presentation

This annual report includes all activities for which the City of Ripon's City Council is fiscally responsible.

City management considered all potential component units for inclusion in the reporting entity by applying the criteria set forth in accounting principles generally accepted in the United States of America. The City concluded that there are no potential component units which should be included in the reporting entity.

The Government-Wide Statement of Net Position and the Statement of Activities

The government-wide financial statements are presented on pages 18 and 19. The Statement of Net Position and Statement of Activities report information about the City as a whole and its activities. These statements include all the City's assets, liabilities, and deferred inflows and outflows resulting from the use of the modified cash basis of accounting, as further defined in the notes to the financial statements.

These two statements report the City's net position and changes therein. The City's net position, which is the difference among assets, deferred outflows, liabilities, and deferred inflows is one way to measure the City's financial health or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors should also be considered, such as changes in the City's sales tax base and the condition of the City's roads, to assess the overall health of the City.

- 1) *Governmental activities.* Most of the City's basic services are reported here, including the general administration, police, streets, public works and recreation. Property taxes, sales and use taxes, charges for services, operating grants, and contributions finance most of these activities.
- 2) *Business-type activities.* The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water, sewer, and refuse service are reported here.

Reporting the City's Most Significant Funds

The Fund Financial Statements

The City has three types of funds: governmental, proprietary and fiduciary, which are noted below. Some funds are required to be established by State law. However, the City Council establishes certain other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

- *Governmental Funds.* Most of the City's basic services are reported in governmental funds that focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds report the acquisition of capital assets and payments for debt principal as expenditures, not changes to asset and debt balances. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. The City uses the modified cash basis of accounting and, accordingly, there are no reconciling differences between the governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds. The City considers the General Fund, Streets & Roads Fund, and Capital Project Fund to be its significant, or major, governmental funds. All other governmental funds are aggregated in a single column titled "Non-major Special Revenue Funds."
- *Proprietary Funds.* The City charges customers for the services it provides. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way all activities are reported in the Statement of Net Position and Statement of Activities. For example, principal payments on long-term debt are recorded as a reduction to the liability. The City's proprietary (enterprise) fund financial statements are essentially the same as the business-type activities we report in the government-wide financial statements. The City utilizes the modified cash basis of accounting and, accordingly, capital assets are not capitalized or depreciated. The City has three enterprise funds: Water, Sewer, and Refuse.
- *Fiduciary Funds.* Private Purpose Trust Funds are established to serve as the custodian for assets held in a trustee or agency capacity for others and, therefore, cannot be used to support the City's own programs. The City has one private purpose trust fund known as the Successor Agency Trust Fund which holds the assets and accounts for the activities related to the winding down of the former Redevelopment Agency.

Net Position – Modified Cash Basis

The City's combined net position resulting from modified cash basis transactions or events increased from \$47,225,493 to \$56,213,535 between fiscal years 2022 and 2023. Looking at the net position and net expenses of governmental and business-type activities separately, governmental activities had a larger increase than business-type activities.

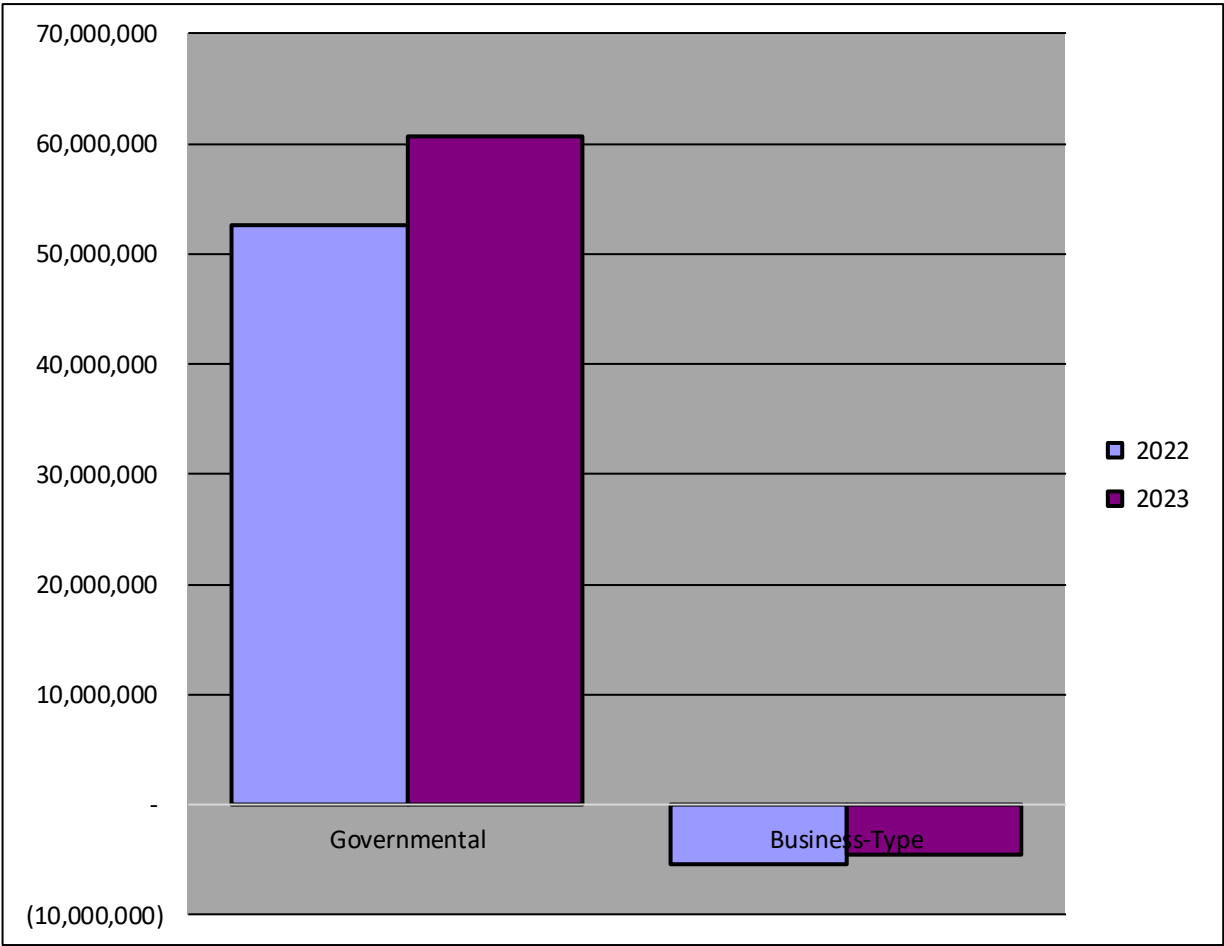
Table 2 on the following page shows a breakdown and comparison of these activities.

TABLE 2:

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2022	2023	2022	2023	2022	2023	2022-2023
Cash and investments	\$ 19,851,870	\$ 32,092,438	\$ 1,848,244	\$ 1,834,670	\$ 21,700,114	\$ 33,927,108	56%
Cash and investments - restricted	32,639,806	28,695,963	96	492	32,639,902	28,696,455	-12%
Internal balances	634,124	442,133	(634,124)	(442,133)	-	-	0%
Total assets	53,125,800	61,230,534	1,214,216	1,393,029	54,340,016	62,623,563	15%
Long-term liabilities:							
Loan due to private-purpose trust funds	539,523	550,028	-	-	539,523	550,028	2%
Debt due within one year	-	-	715,000	740,000	715,000	740,000	3%
Debt due in more than one year	-	-	5,860,000	5,120,000	5,860,000	5,120,000	-13%
Total liabilities	539,523	550,028	6,575,000	5,860,000	7,114,523	6,410,028	-10%
Capital related debt	-	-	(6,575,000)	(5,860,000)	(6,575,000)	(5,860,000)	-11%
Restricted for:							
Public safety	184,461	189,848	-	-	184,461	189,848	3%
Street construction and maintenance	3,934,333	4,724,596	-	-	3,934,333	4,724,596	20%
Assessment districts	270,601	337,421	-	-	270,601	337,421	25%
Capital outlay	24,289,622	24,168,796	-	-	24,289,622	24,168,796	0%
Mitigation fees	8,038,443	8,235,220	-	-	8,038,443	8,235,220	2%
Low and moderate income housing	1,803,840	1,819,629	-	-	1,803,840	1,819,629	1%
Debt service	-	-	96	492	96	492	413%
Unrestricted	14,064,977	21,204,996	1,214,120	1,392,537	15,279,097	22,597,533	48%
Total Net Position	\$ 52,586,277	\$ 60,680,506	\$ (5,360,784)	\$ (4,466,971)	\$ 47,225,493	\$ 56,213,535	19%

The net position of the City's governmental activities increased 15.39% to \$60,680,506. However, \$39,475,510 of this amount is restricted regarding the purposes for which it can be used. Consequently, unrestricted amounts showed \$21,204,996 at the end of this year. Unrestricted funds include funds that the Council has the ability to assign or commit based on the priorities and policies of the City Council and are summarized in Table 1 under Financial Highlights.

Net Position – Modified Cash Basis



Changes from 2022 to 2023 reflect an increase of 19.03% in net position, an increase of 15.39% for governmental activities and an increase of 16.67% for business-type activities.

Changes in Net Position – Modified Cash Basis

For the year ended June 30, 2023, net position (resulting from modified cash basis transactions or events) changes are included in Table 3.

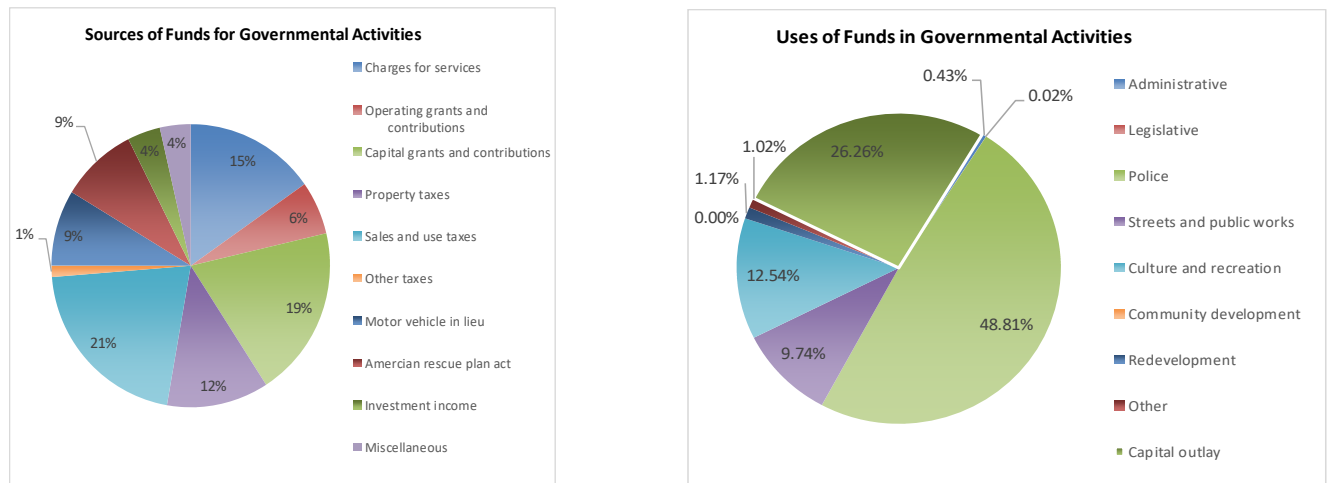
TABLE 3:

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2022	2023	2022	2023	2022	2023	2022-2023
Revenues							
Program revenues:							
Charges for services	\$ 2,212,168	\$ 3,350,038	\$ 8,137,665	\$ 8,334,445	\$ 10,349,833	\$ 11,684,483	13%
Operating grants and contributions	1,879,180	1,343,278	-	-	1,879,180	1,343,278	-29%
Capital grants and contributions	5,527,209	4,307,517	398,915	421,925	5,926,124	4,729,442	-20%
General revenues							
Taxes:							
Property taxes	2,532,657	2,608,196	-	-	2,532,657	2,608,196	3%
Sales and use taxes	4,626,645	4,620,254	-	-	4,626,645	4,620,254	0%
Other	328,848	284,189	188,030	194,422	516,878	478,611	-7%
Motor vehicle in lieu	1,809,713	1,911,505	-	-	1,809,713	1,911,505	6%
American rescue plan act	1,959,940	1,959,940	-	-	1,959,940	1,959,940	0%
Investment income	289,482	842,508	14,495	30,265	303,977	872,773	187%
Miscellaneous	668,774	785,555	-	-	668,774	785,555	17%
Total revenue	21,834,616	22,012,980	8,739,105	8,981,057	30,573,721	30,994,037	1%
Expenses							
Administrative	71,133	78,702	-	-	71,133	78,702	11%
Legislative	3,616	3,681	-	-	3,616	3,681	2%
Police	7,805,549	8,857,224	-	-	7,805,549	8,857,224	13%
Streets and public works	1,937,767	1,768,042	-	-	1,937,767	1,768,042	-9%
Culture and recreation	2,238,190	2,273,477	-	-	2,238,190	2,273,477	2%
Community development	5,676	-	-	-	5,676	-	-100%
Redevelopment	216,357	212,988	-	-	216,357	212,988	-2%
Other	116,419	185,663	-	-	116,419	185,663	59%
Capital outlay	6,906,310	4,764,584	-	-	6,906,310	4,764,584	-31%
Water	-	-	1,984,104	2,133,579	1,984,104	2,133,579	8%
Sewer	-	-	1,175,464	1,185,154	1,175,464	1,185,154	1%
Refuse	-	-	2,309,682	2,300,395	2,309,682	2,300,395	0%
Total expenses	19,301,017	18,144,361	5,469,250	5,619,128	24,770,267	23,763,489	-4%
Excess (deficiency) before transfers	2,533,599	3,868,619	3,269,855	3,361,929	5,803,454	7,230,548	25%
Transfers	2,445,237	2,468,116	(2,445,237)	(2,468,116)	-	-	
Extraordinary item (see note 14)	-	1,757,494	-	-	-	1,757,494	
Increase in net position	4,978,836	8,094,229	824,618	893,813	5,803,454	8,988,042	55%
Net position - beginning	47,607,441	52,586,277	(6,185,402)	(5,360,784)	41,422,039	47,225,493	
Net position - ending	\$ 52,586,277	\$ 60,680,506	\$ (5,360,784)	\$ (4,466,971)	\$ 47,225,493	\$ 56,213,535	

Governmental Activities

The Statement of Activities format on page 19 of this report is significantly different from a typical Statement of Revenues, Expenses and Changes in Fund Balance. Expenses are listed in the first column, with revenues from that particular program reported to the right. The result is net (expense) revenue. This type of format highlights the relative financial burden of each of the functions on the City’s taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue, even if restricted for a specific purpose.

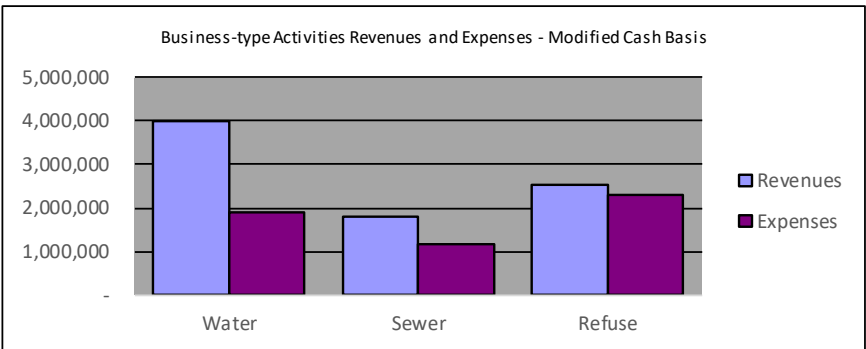
For the year ended June 30, 2023, the City’s governmental activities sources and uses follow:



For the year ended June 30, 2023, total expenses for governmental activities resulting from modified cash basis transactions or events amounted to \$18,144,361. Of these total expenses, taxpayers and other general revenues funded \$13,012,147, and those directly benefiting from the program funded \$5,650,795 from grants and other contributions, and \$3,350,038 from charges for services.

Business-Type Activities

The business-type activities’ net revenue (expenses), before contributions and transfers, resulting from modified cash basis transactions or events follow: The water, sewer and refuse service activities reported net revenues (expenses) of \$2,068,165, \$1,053,735, and \$240,029, respectively.



A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Certain funds experienced noteworthy changes from the prior year and are highlighted as follows:

General Fund:

- Sales and use taxes were at \$4.6 million for both fiscal year ending June 30, 2023. There was no significant change from the prior fiscal year. Development-related General Fund fees were conservatively budgeted at \$250,000, but the amount actually received by the City was \$597,296.
- The City continues to receive the \$250,000 administrative allowance for administering the winding-down of the Redevelopment Agency. At this time, it is not clear when the City would no longer be receiving this allowance.
- The City received approximately \$1,900,000 of the second tranche of American Rescue Plan dollars during the fiscal year ending June 30, 2023. These funds were allocated by the City Council at the Strategic Planning meeting in March 2022 and part of the 2022/2023 budget.
- Investment income increased from \$289,000 to \$843,000 from the prior fiscal year to the current fiscal year. This is a function to a unique time in the economy and we do not expect this to continue.

Street & Roads Special Revenue Fund:

- The funds available for Street & Roads projects have increased over the last couple of years—as of June 30, 2023, the Street and Road Operating Fund balance is \$3,361,688. This is largely as a result of receiving grants to fund the Stockton Avenue Rehabilitation project. The City is planning several large street and road rehabilitation projects over the next two years with an estimated construction cost of \$4 million.

Capital Project Fund:

- Capital Outlay expenditures decreased \$2,141,726 from the prior year. Below is a list of major capital expenditures that were incurred during the current fiscal year:
 - Corporation Yard Design and Construction - \$1,006,000
 - Dispatch Center Upgrades - \$157,000 (partially reimbursed by City of Lathrop)
 - Council Chamber Upgrades – \$14,000
 - Upgrade to computer servers - \$18,000
 - Police Department expenditures including Range Improvements, Action Turning Targets, Virtual Reality Training, License Plate Readers, and Electronic Citations Program - \$168,000; \$21,000; \$36,000; \$84,000; and \$46,000 respectively
 - Police Vehicles (2) - \$156,000
 - Public Works Vehicles (1) – \$36,000
 - Equipment for Parks Maintenance - \$122,000
 - Drilling of Well #19 – \$1,116,000
 - Garbage Truck (1) - \$399,000
 - Senior Center Retrofit Project - \$42,000
 - Rehabilitation to Stockton Avenue – \$291,000 (mostly grant funded)
 - Water, Sewer & Storm Drain expenses related to the Corporation Yard project - \$66,000; \$340,000; and \$35,000; respectively.

Water, Sewer, and Refuse Funds:

- The City continues to analyze its utility rates based upon a rate study that was completed in 2020. In accordance with Proposition 218, the City Council approved rate increases to occur over a 5-year period. The utility rate study projected increases to water, sewer, and refuse rates during fiscal year 2022/2023 of 2%, 4%, and 5%, respectively. The City Council has directed staff to re-analyze the financial position of each Enterprise Fund each year to decide if any rate needs to be increased based upon the approved increases. During the current fiscal year, utility rates for water, sewer, and refuse increased as projected. There have been significant increases in refuse expenditures due to State mandates. Staff is tracking these increases to report to the City Council.

CAPITAL ASSETS AND DEBT ADMINISTRATION**Capital Assets – Modified Cash Basis**

The City does not capitalize capital assets.

Long-Term Debt – Modified Cash Basis

At June 30, 2023, the City had \$6,410,028 in long-term debt arising from modified cash basis transactions or events, compared with \$7,114,523 at June 30, 2022. The following is a summary of the debt as of June 30, 2023:

Debt	Ending Balance:	
	June 30, 2023	Maturity Date
2011 Sewer Bonds	\$ 550,000	October 2025
2006 Water Revenue Bonds	4,055,000	October 2032
2012 Water Revenue Bonds	1,255,000	October 2027
Parks & Recreation loan to City and Redevelopment Agency	550,028	Due on demand
Total	\$ 6,410,028	

At June 30, 2023, the City's Private-Purpose Trust Fund (Former Ripon Redevelopment Agency) had \$19,556,098 in long-term debt arising from the modified cash basis transactions or events, compared with \$19,780,805 at June 30, 2022. This debt is related to redevelopment tax allocation bonds. In 2020, this debt was refinanced to take advantage of a \$832,000 savings. The City Council elected to structure the bond refinancing in order to receive this saving from 2021 to 2026. The savings from the bond refinancing will be transferred to the CalPERS 115 Trust.

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

The City's budget for the upcoming fiscal year ending June 30, 2024 is fairly consistent with the year ended June 30, 2023.

The City staffing levels for the year ending June 30, 2024 is expected to increase compared to the year ended June 30, 2023 due to the addition of a new dispatcher and CSO officer, plus two part-time maintenance positions for the recycling center.

The City's Redevelopment Successor Agency expects to continue to receive the \$250,000 administrative allowance for administering the winding-down of the Redevelopment Agency for the upcoming fiscal years, but is projected to be reduced or eliminated in the future.

The City continues to focus on mitigating the CalPERS unfunded accrued liability associated with the sworn police officer retirement plan, which was \$6,549,253 as of the June 30, 2022 CalPERS Valuation Report. The City has transferred \$1,339,369 to a section 115 Trust that allows the City to earn interest at a higher rate than what the City typically realizes. Once these funds have been transferred to the section 115 Trust, the use of these funds is limited to payments to CalPERS for Normal Costs or paying down the unfunded liability. These funds will be used when there is a deficit in the City's General Fund. In addition, a \$250,000 prepayment was made towards the City's unfunded accrued liability in fiscal year ended June 30, 2018. It is important to continue to monitor CalPERS increasing rates and unfunded accrued liability. During the fiscal year ending June 30, 2023, the City established a Section 115 trust to help mitigate these increases.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional information, please contact the City Clerk's Office at 259 N. Wilma Avenue, Ripon, California 95366, or telephone (209) 599-2108.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF RIPON, CALIFORNIA | JUNE 30, 2023
Statement of Net Position – Modified Cash Basis

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 32,092,438	\$ 1,834,670	\$ 33,927,108
Cash and investments - restricted	28,695,963	492	28,696,455
Internal balances	<u>442,133</u>	<u>(442,133)</u>	<u>-</u>
Total assets	<u>61,230,534</u>	<u>1,393,029</u>	<u>62,623,563</u>
LIABILITIES			
Loan due to private-purpose trust funds	550,028	-	550,028
Long-term liabilities:			
Debt due within one year	-	740,000	740,000
Debt due in more than one year	<u>-</u>	<u>5,120,000</u>	<u>5,120,000</u>
Total liabilities	<u>550,028</u>	<u>5,860,000</u>	<u>6,410,028</u>
NET POSITION			
Capital related debt	-	(5,860,000)	(5,860,000)
Restricted for:			
Public safety	189,848	-	189,848
Street construction and maintenance	4,724,596	-	4,724,596
Assessment districts	337,421	-	337,421
Capital projects	24,168,796	-	24,168,796
Mitigation fees	8,235,220	-	8,235,220
Low and moderate income housing	1,819,629	-	1,819,629
Debt service	-	492	492
Unrestricted	<u>21,204,996</u>	<u>1,392,537</u>	<u>22,597,533</u>
Total net position (deficit)	<u>\$ 60,680,506</u>	<u>\$ (4,466,971)</u>	<u>\$ 56,213,535</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF RIPON, CALIFORNIA | FOR THE YEAR ENDED JUNE 30, 2023

Statement of Activities – Modified Cash Basis

	Expenses			Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Direct	Indirect	Total	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs									
Governmental activities:									
Administrative	\$ 1,695,900	\$ (1,617,198)	\$ 78,702	\$ 623,004	\$ -	\$ 8,898	\$ 553,200	\$ -	\$ 553,200
Legislative	410,232	(406,551)	3,681	-	-	-	(3,681)	-	(3,681)
Police	7,546,197	1,311,027	8,857,224	1,389,093	189,574	-	(7,278,557)	-	(7,278,557)
Streets and public works	2,194,538	(426,496)	1,768,042	544,233	1,054,562	1,906,553	1,737,306	-	1,737,306
Culture and recreation	2,021,862	251,615	2,273,477	805,093	-	-	(1,468,384)	-	(1,468,384)
Community development	-	-	-	(11,385)	-	-	(11,385)	-	(11,385)
Redevelopment	212,988	-	212,988	-	-	-	(212,988)	-	(212,988)
Other	158,134	27,529	185,663	-	99,142	-	(86,521)	-	(86,521)
Capital outlay	4,726,874	37,710	4,764,584	-	-	2,392,066	(2,372,518)	-	(2,372,518)
Total governmental activities	18,966,725	(822,364)	18,144,361	3,350,038	1,343,278	4,307,517	(9,143,528)	-	(9,143,528)
Business-type activities:									
Water	1,825,509	308,070	2,133,579	4,001,508	-	184,635	-	2,052,564	2,052,564
Sewer	1,010,420	174,734	1,185,154	1,810,243	-	222,920	-	848,009	848,009
Refuse	1,960,834	339,561	2,300,395	2,522,694	-	14,370	-	236,669	236,669
Total business-type activities	4,796,763	822,365	5,619,128	8,334,445	-	421,925	-	3,137,242	3,137,242
Total primary government	\$ 23,763,488	\$ 1	\$ 23,763,489	\$ 11,684,483	\$ 1,343,278	\$ 4,729,442	(9,143,528)	3,137,242	(6,006,286)
General revenues:									
Taxes:									
Property taxes							2,608,196	-	2,608,196
Sales and use taxes							4,620,254	-	4,620,254
Other							284,189	194,422	478,611
Motor vehicle in lieu							1,911,505	-	1,911,505
American rescue plan act							1,959,940	-	1,959,940
Investment income							842,508	30,265	872,773
Miscellaneous							785,555	-	785,555
Extraordinary item							1,757,494	-	1,757,494
Transfers							2,468,116	(2,468,116)	-
Total general revenues and transfers							17,237,757	(2,243,429)	14,994,328
Change in net position							8,094,229	893,813	8,988,042
Net position (deficit) - beginning							52,586,277	(5,360,784)	47,225,493
Net position (deficit) - ending							\$ 60,680,506	\$ (4,466,971)	\$ 56,213,535

The notes to the basic financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

CITY OF RIPON, CALIFORNIA | JUNE 30, 2023
Governmental Funds
Balance Sheet – Modified Cash Basis

	General Fund	Streets & Roads Special Revenue Fund	Capital Projects Fund	Non-Major Special Revenue Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 9,541,885	\$ 3,631,688	\$ 14,004,481	\$ 4,914,384	\$ 32,092,438
Cash and investments - restricted	4,549,295	-	24,146,668	-	28,695,963
Advance to other funds - restricted	5,695,402	-	688,804	-	6,384,206
Total assets	<u>\$ 19,786,582</u>	<u>\$ 3,631,688</u>	<u>\$ 38,839,953</u>	<u>\$ 4,914,384</u>	<u>\$ 67,172,607</u>
LIABILITIES					
Advances from other funds	\$ 246,671	\$ -	\$ 5,695,402	\$ -	\$ 5,942,073
Loan due to private-purpose trust funds	-	-	550,028	-	550,028
Total liabilities	<u>246,671</u>	<u>-</u>	<u>6,245,430</u>	<u>-</u>	<u>6,492,101</u>
FUND BALANCES					
Restricted for:					
Public safety	189,848	-	-	-	189,848
Street construction and maintenance	-	169,761	-	4,554,835	4,724,596
Assessment districts	-	-	-	337,421	337,421
Capital projects:					
Culture and recreation	-	-	60,000	22,128	82,128
Special assessment districts	-	-	1,286,098	-	1,286,098
Sewer projects	-	-	3,388,073	-	3,388,073
Water projects	-	-	7,763,007	-	7,763,007
Refuse projects	-	-	868,699	-	868,699
Public facilities financing plan	-	-	10,665,939	-	10,665,939
Other	-	-	114,852	-	114,852
Mitigation fees	8,235,220	-	-	-	8,235,220
Low and moderate income housing	1,819,629	-	-	-	1,819,629
Committed to:					
Street construction and maintenance	-	3,461,927	-	-	3,461,927
Capital projects:					
General government	-	-	2,099,154	-	2,099,154
Culture and recreation	-	-	3,957,241	-	3,957,241
General capital projects	-	-	2,391,460	-	2,391,460
Contingencies:					
Sick leave	419,276	-	-	-	419,276
Retirement	1,370,535	-	-	-	1,370,535
Healthcare	217,233	-	-	-	217,233
Liability self-insured retention	651,698	-	-	-	651,698
Litigation and natural disaster	536,311	-	-	-	536,311
Unassigned	<u>6,100,161</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,100,161</u>
Total fund balances	<u>19,539,911</u>	<u>3,631,688</u>	<u>32,594,523</u>	<u>4,914,384</u>	<u>60,680,506</u>
Total liabilities and fund balances	<u>\$ 19,786,582</u>	<u>\$ 3,631,688</u>	<u>\$ 38,839,953</u>	<u>\$ 4,914,384</u>	<u>\$ 67,172,607</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF RIPON, CALIFORNIA | FOR THE YEAR ENDED JUNE 30, 2023
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis

	General Fund	Streets & Roads Special Revenue Fund	Capital Projects Fund	Non-Major Special Revenue Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 9,574,041	\$ -	\$ -	\$ 42,706	\$ 9,616,747
Assessments	-	-	-	408,643	408,643
Licenses, permits and fees	2,070,371	-	1,029,505	-	3,099,876
Investment income	618,738	34,323	430,991	59,095	1,143,147
Intergovernmental revenue	1,996,743	1,072,910	80,229	1,860,399	5,010,281
Charges for services	2,273,570	6,938	-	1,952	2,282,460
Fines and forfeitures	137,860	-	-	-	137,860
Housing/loan program income	46,718	-	-	-	46,718
Contributions	4,209	-	-	-	4,209
Other	140,109	4,756	112,189	17,369	274,423
Total revenues	<u>16,862,359</u>	<u>1,118,927</u>	<u>1,652,914</u>	<u>2,390,164</u>	<u>22,024,364</u>
EXPENDITURES					
General government:					
Administration	1,695,900	-	-	-	1,695,900
Legislative	406,550	-	-	-	406,550
Public safety:					
Police	7,546,197	-	-	-	7,546,197
Streets and public works:					
Streets	-	630,715	-	51,472	682,187
Planning	363,827	-	-	4,999	368,826
Engineering	391,912	-	-	-	391,912
Building	393,588	-	-	-	393,588
Culture and recreation:					
Library	71,784	-	-	-	71,784
Parks and recreation	1,884,406	-	10,506	-	1,894,912
Community Center	55,166	-	-	-	55,166
Community development	-	-	-	47,424	47,424
Special assessment districts	-	-	-	361,707	361,707
Redevelopment	212,988	-	-	-	212,988
Allocation to other department costs	(1,041,869)	109,800	37,710	71,994	(822,365)
Other	158,134	-	-	-	158,134
Capital outlay	12,904	275,466	4,402,465	-	4,690,835
Total expenditures	<u>12,151,487</u>	<u>1,015,981</u>	<u>4,450,681</u>	<u>537,596</u>	<u>18,155,745</u>
Excess (deficiency) of revenues over expenditures	<u>4,710,872</u>	<u>102,946</u>	<u>(2,797,767)</u>	<u>1,852,568</u>	<u>3,868,619</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	1,612,262	7,957,205	44,120	9,613,587
Operating transfers out	(5,957,538)	-	-	(1,187,933)	(7,145,471)
Total other financing sources (uses)	<u>(5,957,538)</u>	<u>1,612,262</u>	<u>7,957,205</u>	<u>(1,143,813)</u>	<u>2,468,116</u>
Net change in fund balances before special and extraordinary items	<u>(1,246,666)</u>	<u>1,715,208</u>	<u>5,159,438</u>	<u>708,755</u>	<u>6,336,735</u>
SPECIAL AND EXTRAORDINARY ITEMS					
Special item - debt forgiveness (see note 14)	1,200,000	-	(1,200,000)	-	-
Extraordinary item - transferred bond proceeds (see note 14)	-	-	1,757,494	-	1,757,494
Total special and extraordinary items	<u>1,200,000</u>	<u>-</u>	<u>557,494</u>	<u>-</u>	<u>1,757,494</u>
Net change in fund balances	<u>(46,666)</u>	<u>1,715,208</u>	<u>5,716,932</u>	<u>708,755</u>	<u>8,094,229</u>
Fund balances - beginning	<u>19,586,577</u>	<u>1,916,480</u>	<u>26,877,591</u>	<u>4,205,629</u>	<u>52,586,277</u>
Fund balances - ending	<u>\$ 19,539,911</u>	<u>\$ 3,631,688</u>	<u>\$ 32,594,523</u>	<u>\$ 4,914,384</u>	<u>\$ 60,680,506</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF RIPON, CALIFORNIA | JUNE 30, 2023

Proprietary Funds

Statement of Net Position – Modified Cash Basis

	Sewer Enterprise Fund	Water Enterprise Fund	Refuse Enterprise Fund	Total
ASSETS				
Current assets:				
Cash and investments	\$ 697,413	\$ 926,027	\$ 211,230	\$ 1,834,670
Cash and investments - restricted	<u>-</u>	<u>492</u>	<u>-</u>	<u>492</u>
Total assets	<u>697,413</u>	<u>926,519</u>	<u>211,230</u>	<u>1,835,162</u>
LIABILITIES				
Current liabilities:				
Current portion of bonds payable	175,000	565,000	-	740,000
Noncurrent liabilities:				
Advance from capital projects fund	-	442,133	-	442,133
Noncurrent portion of bonds payable	<u>375,000</u>	<u>4,745,000</u>	<u>-</u>	<u>5,120,000</u>
Total liabilities	<u>550,000</u>	<u>5,752,133</u>	<u>-</u>	<u>6,302,133</u>
NET POSITION				
Capital related debt	(550,000)	(5,310,000)	-	(5,860,000)
Restricted for debt service	-	492	-	492
Unrestricted	<u>697,413</u>	<u>483,894</u>	<u>211,230</u>	<u>1,392,537</u>
Total net position (deficit)	<u>\$ 147,413</u>	<u>\$ (4,825,614)</u>	<u>\$ 211,230</u>	<u>\$ (4,466,971)</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF RIPON, CALIFORNIA | FOR THE YEAR ENDED JUNE 30, 2023

Proprietary Funds

Statement of Revenues, Expenses and Changes in Fund Net Position – Modified Cash Basis

	Sewer Enterprise Fund	Water Enterprise Fund	Refuse Enterprise Fund	Total
Operating revenues:				
Charges for services:				
Sewer usage services	\$ 1,810,243	\$ -	\$ -	\$ 1,810,243
Water revenue	-	4,001,508	-	4,001,508
Refuse revenue	-	-	2,522,694	2,522,694
Total operating revenues	<u>1,810,243</u>	<u>4,001,508</u>	<u>2,522,694</u>	<u>8,334,445</u>
Operating expenses:				
Salaries and wages	327,831	513,285	639,016	1,480,132
Employee benefits	178,523	269,946	382,896	831,365
Professional services	110,318	37,754	10,077	158,149
Repairs and maintenance	124,184	145,194	131,975	401,353
Gas and oil	15,878	27,283	102,701	145,862
Utilities	133,717	386,255	8,117	528,089
Supplies	6,994	12,917	9,911	29,822
Conference expenses	1,438	659	1,817	3,914
Communications	3,491	62,227	4,816	70,534
Membership, dues, books, etc.	58,951	44,704	2,408	106,063
Postage	8,750	13,707	8,750	31,207
Refuse disposal	-	-	607,572	607,572
Other	13,675	79,390	50,778	143,843
Allocation of other department costs	<u>174,734</u>	<u>308,070</u>	<u>339,561</u>	<u>822,365</u>
Total operating expenses	<u>1,158,484</u>	<u>1,901,391</u>	<u>2,300,395</u>	<u>5,360,270</u>
Operating income	<u>651,759</u>	<u>2,100,117</u>	<u>222,299</u>	<u>2,974,175</u>
Nonoperating revenues (expenses):				
Contributions/developer fees	222,920	184,635	14,370	421,925
Assessments	194,422	-	-	194,422
Interest revenue	11,304	15,601	3,360	30,265
Interest expense	<u>(26,670)</u>	<u>(232,188)</u>	<u>-</u>	<u>(258,858)</u>
Total nonoperating revenues (expenses)	<u>401,976</u>	<u>(31,952)</u>	<u>17,730</u>	<u>387,754</u>
Net income before transfers	<u>1,053,735</u>	<u>2,068,165</u>	<u>240,029</u>	<u>3,361,929</u>
Operating transfers out	<u>(896,920)</u>	<u>(1,331,170)</u>	<u>(240,026)</u>	<u>(2,468,116)</u>
Change in net position	156,815	736,995	3	893,813
Net position (deficit) - beginning	<u>(9,402)</u>	<u>(5,562,609)</u>	<u>211,227</u>	<u>(5,360,784)</u>
Net position (deficit) - ending	<u>\$ 147,413</u>	<u>\$ (4,825,614)</u>	<u>\$ 211,230</u>	<u>\$ (4,466,971)</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF RIPON, CALIFORNIA | JUNE 30, 2023
Fiduciary Funds – Private Purpose Trust Fund
Statement of Fiduciary Net Position – Modified Cash Basis

	Successor Agency Private Purpose Trust Fund
	<u> </u>
ASSETS	
Cash and investments	\$ 4,717,262
Cash and investments - restricted	1,297,266
Loan due from capital projects fund	<u>550,028</u>
Total assets	<u>6,564,556</u>
LIABILITIES	
Due to County of San Joaquin	1,297,266
Long-term liabilities:	
Debt due in more than one year	<u>19,556,098</u>
Total liabilities	<u>20,853,364</u>
NET POSITION	
Net position (deficit) held in trust for redevelopment dissolution and other purposes	<u>\$ (14,288,808)</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF RIPON, CALIFORNIA | FOR THE YEAR ENDED JUNE 30, 2023

Fiduciary Funds – Private Purpose Trust Fund

Statement of Changes in Fiduciary Net Position – Modified Cash Basis

	Successor Agency Private Purpose Trust Fund
	<hr/>
ADDITIONS	
Property taxes	\$ 779,361
Program income	83,960
Investment income	<hr/> 351,510
Total additions	<hr/> 1,214,831
DEDUCTIONS	
General operating	259,089
Interest expense	<hr/> 660,300
Total deductions	<hr/> 919,389
EXTRAORDINARY GAIN (LOSS)	
Transferred bond proceeds (see note 14)	<hr/> (1,757,494)
Change in fiduciary net position	(1,462,052)
Total net position (deficit) - beginning	<hr/> (12,826,756)
Total net position (deficit) - ending	<hr/> \$ (14,288,808)

The notes to the basic financial statements are an integral part of this statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Ripon, California (the City) are presented on the modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

A. Financial Reporting Entity

The City was incorporated on November 27, 1945, under the general laws of the State of California. The City operates under a Council-Administrator form of government consisting of five elected council members including the Mayor and a city council appointed City Administrator. The City provides the following services as authorized by its charter: public safety, sanitation, water utility, street maintenance, community development, library, parks and recreation, and general administrative services.

B. Individual Component Unit Disclosures

There are no entities which meet the Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61 criteria for discrete disclosure within these basic financial statements.

C. Basis of Presentation

The government-wide financial statements (i.e. Statement of Net Position and Statement of Activities) display information about the primary government (the City). These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct and indirect expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses are allocated to functions based on the relativity of direct expenses by department. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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 that constitutes 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:

Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and

Total assets, liabilities, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation (Continued)

The funds of the financial reporting entity are described below:

Governmental Funds

The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds are used to account for the proceeds of the specified revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the City. The reporting entity includes the following special revenue fund, which is reported as a major fund.

Streets and Road Fund – Accounts for revenues and expenditures for streets and roads related maintenance and construction.

Capital Projects Funds are used to account for resources restricted or designated for the acquisition or construction of specific capital projects or items. The reporting entity includes the following capital projects fund, of which is reported as a major fund.

Capital Projects Fund – Accounts for contributions and specific revenues and transfers from other City funds and expenditures for various capital projects as the City Council may designate.

Proprietary Funds

Enterprise Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise funds: water, sewer, and refuse funds; all of which qualify as major funds.

Sewer Fund – Accounts for activities associated with operating and maintaining the City's sewer and surface drainage system. All activities necessary to provide such services are accounted for in this fund, including administration, operations, capital improvements, maintenance, financing and related debt service, and billing and collection.

Water Fund – Accounts for the provision of water services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including administration, operations, capital improvements, maintenance, financing and related debt service, and billing and collection.

Refuse Fund – Accounts for the provision of refuse collection services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including administration, operations, capital improvements, maintenance, financing and related debt service, and billing and collection.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. Contributions/developer fees are reported separately and represent capital contributions charged by the City. Operating expenses are those expenses essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation (Continued)

Fiduciary Funds

Fiduciary Funds are established to serve as the custodian for assets held in a trustee or agency capacity for others and, therefore, cannot be used to support the City's own programs. The reporting entity includes one private-purpose trust fund.

Successor Agency Trust Fund – Accounts for activities related to the servicing of debt of the former Redevelopment Agency.

Measurement Focus

In the Government-Wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. The 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 proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), and financial position. All assets and liabilities (whether current or noncurrent, financial, or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net position.

The fiduciary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of additions, deductions, changes in net position, and financial position. All assets and liabilities (whether current or noncurrent, financial, or nonfinancial) associated with their activities are reported. Fiduciary fund equity is classified as net position.

Basis of Accounting

In the Government-Wide Statement of Net Position and Statement of Activities, and the fund financial statements, governmental and business-like activities are presented using a modified cash basis of accounting. This is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. The basis of accounting involves modification to the cash basis of accounting to report in the statement of net position cash transactions that result in an obligation that covers a period greater than the period in which the cash transaction occurred. Accordingly, long-term liabilities arising from cash transactions have been reported in the Statement of Net Position.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation (Continued)

Basis of Accounting (Continued)

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected, and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid, and other accrued expenses and liabilities) are not recorded in these financial statements, with the exception of long-term liabilities arising from cash transactions. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event (such as donated assets and postemployment benefit obligations) are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value. Lastly, the City does not recognize its investment in capital assets in its Statement of Net Position.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary and fiduciary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Cash, Cash Equivalents and Investments

For the purpose of financial reporting, “cash and cash equivalents” includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity date of three months or less. This also includes deposits with the State of California Local Agency Investment Fund (LAIF) and trust account investments in open-ended mutual fund shares.

The City has adopted GASB statement No. 72, Fair Value Measurement and Application; investments are measured at fair value on a recurring basis, when required. Recurring fair value measurements are those that GASB Statement require or permit in the statement of net position at the end of each reporting period.

Restricted cash and investments includes proceeds from the 2012 refunding water revenue bonds and the 2006 water revenue bonds which are restricted for expansion of the wastewater treatment plant, upgrade of water facilities and for repayment of bonds. Additionally, proceeds from 2020 tax allocation refunding bonds are restricted for various capital projects and for payment of bonds. Restricted cash and investments also include proceeds from grants for which the funds have not been expended.

Long-term Debt

All long-term debt arising from cash basis transactions to be repaid from governmental and business-type resources is reported as liabilities in the government-wide financial statements.

Long-term debt arising from cash basis transactions of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation (Continued)

Equity Classification

Equity in the government-wide statements is classified as net position and displayed in three components:

Capital related debt – Consists of the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvements of capital assets.

Restricted – Consists of restricted assets reduced by liabilities with restriction constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted – Net amount of assets and liabilities that are not scheduled in the determination of net investment in capital assets on the restricted component of net position.

It is the City's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components: non-spendable, restricted, committed, assigned and unassigned.

Nonspendable – Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted – Amounts constrained regarding the use from restrictions externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or by restrictions imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts constrained regarding use for specific purposes pursuant to requirements imposed by formal action of the City's highest level of decision-making authority.

Assigned – Amounts constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. The authority of assigning fund balance is expressed by the City Council, City Administrator or their designee as established in the City's Fund Balance Policy.

Unassigned – Amounts that have not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the General Fund can only report a negative unassigned fund balance amount.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use, it is the City's policy to use committed resources first, then assigned, and then unassigned as they are needed.

Proprietary fund equity is classified the same as in the government-wide financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation (Continued)

Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the Government-Wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Interfund activity, if any, within and among the governmental, proprietary, and fiduciary fund categories is reported as follows in the fund financial statements:

Interfund loans and advances – Amounts provided with a requirement for repayment are reported as interfund receivables and payables.

Interfund services – Sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.

Interfund reimbursements – Repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.

Interfund transfers – Flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide statements as follows:

Internal balances – Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the Government-Wide Statement of Activities except for the net amount of transfers between governmental and business-type activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities.

Minimum Fund Balance Policy

The City's fiscal policy requires the City to maintain a General Fund reserve of 35% of the current year's budgeted General Fund annual expenditures for cash flow purposes.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting described in Note 1 used by the City requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation (Continued)

Budgetary Accounting

The City does not adopt an appropriated budget and is not required to adopt such a budget by law. However, the City does adopt a non-appropriated budget annually which is approved by the City Council. The budget for all governmental and proprietary funds is on the cash basis of accounting.

Property Taxes

Property taxes in the State of California are administered for all local agencies at the county level, and consist of secured, unsecured, and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

Property valuations are established by the Assessor of the County of San Joaquin for the secured and unsecured property tax rolls; the utility property tax rolls are valued by the State Board of Equalization. Under the provisions of Article XIII A of the State Constitution (Proposition 13 adopted by voters on June 6, 1978) properties are assessed at 100% of full value. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations and is subject to annual reappraisal.

Tax levies are limited to 1% of full value which results in a tax rate of \$1.00 per \$100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

Tax levy dates are attached annually on January 1 proceeding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property, as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

Tax collections are the responsibility of the county tax collector. Taxes and assessments on secured and utility rolls, which constitute a lien against the property, may be paid in two installments. The first is due on November 1 of the fiscal year and is delinquent if not paid by December 10. The second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the county for late payments.

The County of San Joaquin levies bills and collects property taxes and special assessments for the City. Property taxes levied are recorded as revenue when received, in the fiscal year of the levy, due to the adoption of the “alternate method of property tax distribution”, known as the Teeter Plan, by the City of Ripon and the County of San Joaquin. The Teeter Plan authorizes the Auditor/Controller of the County of San Joaquin to allocate 100 percent of the secured property taxes billed, but not yet paid. The County of San Joaquin remits tax monies to the City in three installments as follows:

- 50 percent remitted in December
- 45 percent remitted in April
- 5 percent remitted in June

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2023 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Governmental and proprietary funds:

Cash and investments	\$ 33,927,108
Cash and investments - restricted	<u>28,696,455</u>
Total governmental and proprietary funds	<u>62,623,563</u>

Fiduciary funds:

Cash and investments	4,717,262
Cash and investments - restricted	<u>1,297,266</u>
Total fiduciary funds	<u>6,014,528</u>

Total cash and investments	<u>\$ 68,638,091</u>
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Cash and investments as of June 30, 2023 consisted of the following:

Cash on hand	\$ 1,300
Deposits with financial institutions	98,999
Investments	<u>68,537,792</u>
Total cash and investments	<u>\$ 68,638,091</u>

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the Statement of Net Position and Balance Sheet as "cash and investments". California statutes authorize cities to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code Section 53600.

The Government Code and the City of Ripon Investment Policy allow investments in the following instruments:

Investment Type	Maximum Maturity	Authorized Limit %	Required Rating
Local Agency Bonds	5 years	None	None
U.S. Treasury Bills, Notes or Bonds	5 years	None	None
State Registered Warrants, Notes or Bonds	5 years	None	None
Notes and Bonds of Other Local California Agencies	5 years	None	None
U.S. Agencies	5 years	None	None
Bankers Acceptances	180 days	40%	None
Prime Commercial Paper	270 days	15% or 30%	A1/P1
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase and Reverse Purchase Agreements	1 yr/92 days	None/20%	None
Medium Term Corporate Notes	5 years	30%	A
Money Market Mutual Funds	5 years	15%	2-AAA
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	AA
Local Agency Investment Fund (LAIF)	N/A	None	None
County Pooled Investment Funds	N/A	None	None
Supranational Obligations	5 years	30%	AA
Funds Held Under the Terms of a Trust Indenture			
Indenture or Other Contract	*	*	*

* Such funds may be invested according to the provisions of those indentures or agreements.

NOTE 2 – CASH AND INVESTMENTS (Continued)**A. Disclosures Relating to 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 as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Total Cost	Fair Value	12 Months or Less
LAIF	\$ 5,425,782	\$ 5,343,465	\$ 5,343,465
CSJVRMA Pool	31,896,620	30,662,375	30,662,375
CAMP	30,010,803	30,010,803	30,010,803
US Bank - Section 115 Trust	1,204,096	1,204,096	1,204,096
Held by Bond Trustees:			
Money Market Funds	491	491	491
Total	<u>\$ 68,537,792</u>	<u>\$ 67,221,230</u>	<u>\$ 67,221,230</u>

B. Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of fiscal year-end for each investment type.

Investment Type	Amount	Fair Value	Minimum Legal Rating	Not Rated
LAIF	\$ 5,425,782	\$ 5,343,465	N/A	\$ 5,343,465
CSJVRMA Pool	31,896,620	30,662,375 *	N/A	30,662,375
CAMP Term Investments	30,010,803	30,010,803 **	N/A	30,010,803
US Bank - Section 115 Trust	1,204,096	1,204,096	N/A	1,204,096
Held by Bond Trustees:				
Money Market Funds	491	491	N/A	491
Total	<u>\$ 68,537,792</u>	<u>\$ 67,221,230</u>	<u>N/A</u>	<u>\$ 67,221,230</u>

* Average rating of portfolio AA/Aa1

** Average rating of portfolio AAAf

NOTE 2 – CASH AND INVESTMENTS (Continued)

C. Concentration of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in certain types of investments. The City's investments are concentrated in external investment pools which are not subject to investment limits.

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

As of June 30, 2023, none of the City's deposits with financial institutions were in excess of federal depository insurance limits.

D. Investment in State Investment Pool

Although the City did not participate in any securities lending transactions or enter into any reverse repurchase agreements during the year, the City does have an investment in the California Local Agency Investment Fund (LAIF) with fair value in the amount of \$5,343,465. The total amount invested by all public agencies in the LAIF is \$25,677,325,266. The Local Investment Advisory Board (Board) has oversight responsibility for the LAIF. The Board consists of five members as designated by state statute. The value of the pool shares in the LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the City's portion in the pool. Included in the LAIF's Investment Portfolio are United States Treasury and federal agency securities, International Bank for Reconstruction and Development federal agency floating rate debentures, bank notes, certificates of deposit, commercial paper, corporate floaters and bonds, time deposits, and California Assembly Bill 55 and State of California General Fund loans. Participant's equity in the LAIF is determined by the dollar amount at the participant's deposits, adjusted for withdrawals and distributed investment income. Accordingly, LAIF is not an investment type that can be categorized in any particular level in the fair value hierarchy. The State Treasurer's investment policy for the LAIF and separately issued financial statements for the LAIF are available at <https://www.treasurer.ca.gov/pmia-laif/pmia/index.asp>

E. Central San Joaquin Valley Risk Management Authority Pool

The City maintains an investment of \$31,896,620 in the Central San Joaquin Valley Risk Management Authority (CSJVRMA) Pool as of June 30, 2023. The total amount invested by all participants in the pool is \$155,777,363. The value of the pool shares which may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the City's portion in the pool. The fair value of the City's share of the pool is determined monthly and is \$30,662,375 as of June 30, 2023. As the investment in CSJVRMA is presented at amortized costs, they are not an investment type that can be categorized in any level in the fair value hierarchy. The pool is not registered with the Securities Exchange Commission; however, it is managed by a registered investment advisor. Participation in the pool is voluntary. The pool's average maturity is 2.75 years, and the average rating is AA/Aa1. The pool consists of 49% Securities of U.S. Government Agencies, 27% U.S. Corporate Obligations and 24% other. The pool complies with the City's investment policy.

NOTE 2 – CASH AND INVESTMENTS (Continued)**F. US Bank – Section 115 Trust**

The City maintains a total investment of \$1,204,096 in the US Bank Section 115 trust (115 Trust). The investment in the 115 Trust consists of mutual funds, index funds, money market funds and cash holdings for which identical assets are not found within active markets. These investments have been classified as level 2 within the fair value hierarchy.

G. Investment in California Asset Management Program

The City maintains a total investment of \$30,010,803 in the California Asset Management Program (CAMP) as of June 30, 2023. CAMP is a California Joint Powers Authority established in 1989 to provide California public agencies with professional investment services. The City's investment in CAMP Term offerings include fixed-term, fixed rate of returns based on a pool of open-market securities, such as mutual funds, index funds, money market funds and cash holdings. As a result, these investments have been classified as level 2 within the fair value hierarchy.

NOTE 3 – INTERFUND TRANSACTIONS

Interfund transactions consist of the following:

A. Transfers Between Funds

Resources may be transferred from one City fund to another with Council approval. Transfers between funds during the year ended June 30, 2023 were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds:		
General Fund	\$ -	\$ 5,957,538
Streets and Roads Special Revenue Fund	1,612,262	-
Capital Projects Fund	7,957,205	-
Major Proprietary Funds:		
Sewer Enterprise	-	896,920
Water Enterprise	-	1,331,170
Refuse Enterprise	-	240,026
Non-Major Special Revenue Funds:		
2103 Fund	-	250,431
2105 Fund	-	175,424
2106 Fund	-	67,255
2107.5 Fund	-	4,041
SB1 Street & Road Tax Fund	-	42,218
COG/LTF Fund	-	648,564
Dutch Meadows Fund	7,291	-
Country Woods Fund	6,133	-
Farmland Estates Fund	4,283	-
Main Street Landscape Fund	26,267	-
Alexandra Landscape Fund	146	-
Total interfund transfers	<u>\$ 9,613,587</u>	<u>\$ 9,613,587</u>

NOTE 3 – INTERFUND TRANSACTIONS (Continued)

A. Transfers Between Funds (Continued)

In general, the City uses interfund transfers to:

- Transfer unrestricted revenues collected in the General Fund to help finance various programs and capital projects accounted for in other funds.
- Transfer unrestricted revenues collected in the General Fund to help cover excess expenditures over revenues accounted for in other funds.
- Fund operations (move revenues from the funds that collect them to the funds that statute or budget requires to expend them)
- Fund interdepartmental cost reimbursement
- Fund capital projects

The effect of the interfund activity has been eliminated from the government-wide financial statements.

B. Internal Balances

Advances To/From Other Funds

During the year ended June 30, 2014, the City Council passed a resolution authorizing the installation of water meters on all water customer connections known as the Water Meter Implementation Program. This resolution called for the recovery of costs related to the installation project over the period of ten years through an additional charge to customers known as a “Water Meter Surcharge” fee. To pay for the cost of the project, City Council authorized expenditures from the Capital Projects Fund with the understanding, and legal requirement, that the Water Enterprise Fund will reimburse the expenditures incurred by the Capital Projects Fund from the revenues received from the newly implement Water Meter Surcharge fee. The City anticipates collections from this revenue source to be approximately \$193,000 in each fiscal year. During the year ended June 30, 2023 the Water Enterprise Fund collected approximately \$191,992 in water meter surcharges which was subsequently paid back to the capital projects fund. As of June 30, 2023 the balance owed from the Water Enterprise Fund to the Capital Projects Fund was \$442,133.

During the year ended June 30, 2020, City Council passed a resolution authorizing an agreement with a local business in which the City would pay for certain capital improvements to a City owned recreation facility which would then be rented by the business. These capital expenditures were paid for by the Capital Projects Fund on behalf of the General Fund with the expectation that these costs would be recovered over a ten-year period through rent proceeds received from the tenant. During the year ended June 30, 2023, the General Fund collected \$113,250 in facilities rent which was subsequently paid back to the Capital Projects Fund, in addition to debt forgiveness (as described in note 14) of \$1,200,000 as approved by City Council. As of June 30, 2023 the balance owed from the General Fund to the Capital Projects fund was \$246,671.

During the year ended June 30, 2023, the City Council passed a resolution authorizing an advance between the General Fund and the Capital Project Fund for the purposes of capital needs related to future planned capital projects (Corporation Yard Project). Total funds advanced from the General Fund to the Capital Project fund during the year totaled \$5,687,300 and accrue simple interest at a rate of 1%. The loan is expected to be repaid with eligible developer fees collected by the Capital Project Fund. As of June 30, 2023 the total advance related to this agreement was \$5,695,402.

NOTE 4 – LOAN DUE TO PRIVATE-PURPOSE TRUST FUND

In 2011, the City entered into a loan agreement between the Redevelopment Agency and the City of Ripon (City). The City shall repay the Redevelopment Agency, the principal sum of up to five million dollars (\$5,000,000) and pay interest on the outstanding balance of said sum at the rate of 0.4625% (the LAIF rate as of December 2010) for the first year. Thereafter, at the end of each calendar year, the interest rate may be reset according to the December LAIF rate (2.07% at December 2022). A minimum of fifty percent (50%) of all development impact (PFFP) paid in connection with building activity of the City for the same calendar year shall be applied towards the loan. Only after the interest accrued for that calendar year has been paid, shall the outstanding balance be reduced. The full payment of principal and interest outstanding was due as of February 1, 2016; however, the City has only partially repaid the total balance owed and continues to work with the Department of Finance to settle the liability.

As of February 1, 2012, the Redevelopment Agency was dissolved, and the assets and activities of the Redevelopment Agency were transferred to a private-purpose trust fund (Successor Agency Trust).

NOTE 5 – LONG-TERM DEBT

The City incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt.

In governmental fund types, debt discounts and issuance costs are recognized in the current period. Debt discounts and issuance costs incurred by proprietary fund types have also been recorded in the period incurred in accordance with the modified cash basis of accounting.

A. Current Year Transactions and Balances

The City's debt issues and transactions are summarized below and discussed in further detail thereafter:

	Original Amount	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Current Year
Business-Type Activities						
2011 Refunding Revenue						
Bonds (Sewer)	\$ 2,195,000	\$ 720,000	\$ -	\$ 170,000	\$ 550,000	\$ 175,000
2006 Revenue Bonds						
(Water)	7,845,000	4,370,000	-	315,000	4,055,000	330,000
2012 Refunding Revenue						
Bonds (Water)	<u>3,350,000</u>	<u>1,485,000</u>	<u>-</u>	<u>230,000</u>	<u>1,255,000</u>	<u>235,000</u>
Total	<u>\$ 13,390,000</u>	<u>\$ 6,575,000</u>	<u>\$ -</u>	<u>\$ 715,000</u>	<u>\$ 5,860,000</u>	<u>\$ 740,000</u>

B. Revenue Bonds

Enterprise fund long-term debt outstanding as of June 30, 2023 consisted of the following:

In 2011, the City entered into an Installment Purchase Agreement with Bank of America Leasing to refund the City's portion of the California Statewide Communities Development Authority Water and Wastewater Revenue Bonds (Pooled Financing Program) Series 1999A. The original borrowing was \$2,195,000. The bonds are secured by a pledge of net revenues of the Sewer Enterprise Fund. The Sewer Enterprise Fund is required to establish user fees and rates that will yield net revenues equal to at least 1.2 times the annual debt service. Principal payments are due annually on October 1. Interest payments are payable semi-annually on April 1 and October 1. In the event the City fails to make prompt payment, the Trustee may declare the entire unpaid balance immediately due.

NOTE 5 – LONG-TERM DEBT (Continued)**B. Revenue Bonds** (Continued)

In August 2006, the City issued \$7,845,000 California Statewide Communities Development Authority Water Revenue Bonds Series 2006C. The bonds are secured by a pledge of net revenues of the Water Enterprise Fund. The Water Enterprise Fund is required to establish user fees and rates that will yield net revenues equal to at least 1.2 times the annual debt service. Principal payments are due annually on October 1. Interest payments are payable semi-annually on April 1 and October 1. In the event the City fails to make prompt payment, the Trustee may declare the entire unpaid balance immediately due.

In September 2012, the City entered into an agreement with Union Bank, N.A. to refund the City's portion of the California Statewide Community Development Authority Water and Wastewater Revenue Bonds (Pooled Financing Agreement) Series 2002A. The original borrowing was \$3,350,000. The bonds are secured by a pledge of net revenues of the Water Enterprise Fund. The Water Enterprise Fund is required to establish user fees and rates that will yield net revenues equal to at least 1.2 times the annual debt service. Principal payments are due annually on October 1. Interest payments are payable semi-annually on April 1 and October 1. In the event the City fails to make prompt payment, the Trustee may declare the entire unpaid balance immediately due.

All debts recorded by the City have been evaluated and are neither direct financing nor direct borrowings, under GASB 88.

Debt Outstanding as of June 30, 2023 consisted of the following:

	Interest Rate	Maturity Date	Amounts Issued	Outstanding
Business-Type Activities				
Enterprise Fund Bonds				
2011 Refunding Wastewater Revenue Bonds (Sewer):				
Term Bonds	4.20%	October 1, 2025	\$ 2,195,000	\$ 550,000
2006 Revenue Bonds (Water):				
Term Bonds	4.50%	October 1, 2027	2,120,000	1,805,000
Term Bonds	4.50%	October 1, 2032	2,250,000	2,250,000
Subtotal			4,370,000	4,055,000
2012 Refunding Revenue Bonds (Water):				
Serial Bonds	2.00%-3.375%	October 1, 2027	3,350,000	1,255,000
Total			\$ 9,915,000	\$ 5,860,000

Annual future debt service requirements are shown below for all long-term debt:

For the Years Ending June 30	Principal	Interest
2024	\$ 740,000	\$ 237,981
2025	775,000	208,371
2026	800,000	177,390
2027	635,000	149,069
2028	660,000	123,497
2029-2032	2,250,000	312,750
Total	\$ 5,860,000	\$ 1,209,058

NOTE 6 – DEFICIT NET POSITION AND FUND BALANCES

A. Fund Balance and Net Position Deficits

Major Funds

The Water Enterprise Fund had a net position deficit of \$4,815,614 at June 30, 2023. This deficit is due to debt financing and is expected to be offset in the future from the receipts of revenues from charges for services and construction permits and the repayment of said debt.

NOTE 7 – EMPLOYEE RETIREMENT SYSTEMS

A. Defined Contribution Plan

The City provides pension benefits for all of its permanent full-time employees, who completed six consecutive months of employment, through the City of Ripon Money Purchase Thrift Pension Plan (the Contribution Plan), a defined contribution plan, with the exception of public safety officers. On April 4, 1990, the public safety officers elected to participate in the California Public Employees Retirement System. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As of June 30, 2023, there were 76 plan members. The Contribution Plan provisions, and contribution requirements are established and may be amended by the City Council. The City contributes 10% of the total compensation of all participants who agree to contribute 5% of their compensation to the plan. The City entered into a Memorandum of Understanding with the Union representing its employees which requires the City to “pick up” the 5% employee contribution. All such contributions are designated as employee contributions and are fully vested. The Contribution Plan also allows additional employee contributions up to 6.6% of annual compensation, and the City will match such contributions at a 50% rate up to 3.3% of the qualified employee’s annual compensation.

The trust agreement provides that each participant directs the investments held in his/her individual account. Participants are immediately vested in their contributions plus actual earnings thereon. The City’s contributions for each employee and interest allocated to the employee’s account are fully vested after six years of continuous service. City contributions for, and interest forfeited by, employees who leave employment before six years of service are redistributed to all participants based on salary and vesting levels with the exception of the additional contributions up to 6.6% of annual compensation referenced above, which are immediately fully vested.

The City’s total payroll in fiscal year 2023 was \$7,339,795. The City’s contributions were calculated using the base salary amount of \$4,106,408 for employees participating in the City’s defined contribution plan. The total employee and employer contributions for the year ended June 30, 2023 were \$426,786 and \$521,373, respectively. The employee and employer contributions represented 10.39% and 12.70% of covered payroll, respectively.

The Contribution Plan’s investments are reported at fair value in the separately issued plan financial Statements. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective future fair values. Furthermore, although the Contribution Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 7 – EMPLOYEE RETIREMENT SYSTEMS (Continued)

A. Defined Contribution Plan (Continued)

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs are from other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3 inputs are unobservable and have the lowest priority. The Contribution Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Contribution Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were used only when Level 1 or Level 2 inputs were not available.

The following table sets forth, by level within the fair value hierarchy, the Plan's investments at fair value as of June 30, 2023:

	Assets at Fair Value as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
U.S. Government Securities	\$ -	\$ 1,262,370	\$ -	\$ 1,262,370
Corporate Obligations	-	-	-	-
Mutual Funds	-	10,027,486	-	10,027,486
Common and Preferred stock	-	1,120,371	-	1,120,371
Real Estate Investment Trusts	72,494	-	-	72,494
Total	<u>\$ 72,494</u>	<u>\$ 12,410,227</u>	<u>\$ -</u>	<u>\$ 12,482,721</u>

B. California Public Employees Retirement System

Plan Descriptions

All public safety officers are eligible to participate in the City's Safety Employee Pension Plan (the Plan), a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

NOTE 7 – EMPLOYEE RETIREMENT SYSTEMS (Continued)

B. California Public Employees Retirement System (Continued)

Benefits Provided (Continued)

The Plans' provisions and benefits in effect at June 30, 2023 are summarized as follows:

		Safety	
	Prior to January 1, 2012	January 1, 2012 through December 31, 2012	On or after January 1, 2013
Hire date			
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.000%	2.400% to 3.000%	2.000% to 2.700%
Required employee contribution rates	9.000%	9.000%	13.750%
Required employer contribution rates	25.650%	22.830%	13.540%

Contributions

Section 20814c of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2023, the contributions recognized as part of pension expense totaled \$805,138.

NOTE 8 – DEFERRED COMPENSATION PLAN AND TRUST

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights (until paid or made available to the employee or other beneficiary) are solely the property and rights of the employees. Accordingly, the plan/trust assets have been excluded from the City's reported assets.

NOTE 9 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, errors and omissions and injuries to employees. The City participates in a pooled liability program for general liability and workers compensation through the Central San Joaquin Valley Risk Management Authority (the Authority). The pooled liability program is an insurance pool provided through the deposits of approximately 58 member cities. The Authority is not an insurance company and does not charge a premium for coverage. Audited financial statements are available from the Central San Joaquin Valley Risk Management Authority at 1750 Creekside Oaks Drive, Suite, 200, Sacramento, CA 95833.

NOTE 9 – RISK MANAGEMENT (Continued)

A. General Liability

The liability coverage provided by the Authority is completely self-insured by its member cities and all losses and related costs are shared among the other member cities in the pool above the City's retained limit of \$50,000 for the fiscal year ended June 30, 2023. The Authority determines the amount of risk each member city brings to the pool and calculates a relative risk distribution factor. As part of the retrospective adjustment process, at the time the respective program year is closed, any surplus will be refunded to the City and net deficits will be billed to the City. The City financial statements are prepared on the modified cash basis of accounting and, accordingly, a liability for net fund deficits, if any, on open program years have not been recorded. Disbursements to the Authority for general liability coverage during the year ended June 30, 2023 were \$364,736.

B. Workers' Compensation

The workers' compensation coverage is provided by the Authority through a pooling feature which requires the member cities to self-insure a portion of each claim. Sharing of the risk is accomplished by forming pooled layers above the member city's retained limit of \$50,000 for the fiscal year ended June 30, 2023. As part of the retrospective adjustment process, at the time the respective program year is closed any surplus will be refunded to the City and net deficits will be billed to the City. The Pooled Workers' Compensation Program participates in Local Agency Workers' Compensation Joint Powers Authority (LAWCX).

Members of LAWCX risk share the layer between \$2,000,000 and \$5,000,000 (most recent information). Effective July 1, 2003, LAWCX joined the California State Association of Counties Excess Insurance Authority (CSAC EIA), a joint powers authority comprised of a number of individual public entities and other joint power authorities. CSAC EIA provides coverage above \$5,000,000. The City's financial statements are prepared on the modified cash basis of accounting and, accordingly, a liability for net fund deficits, if any, on open program years have not been recorded. Disbursements to the Authority for workers' compensation coverage during the year ended June 30, 2023 were \$559,948.

NOTE 10 – CONTINGENCIES

A. Grant Program Involvement

In the normal course of operations, the City participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability or reimbursement that may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

B. General Liability

The City is subject to litigation arising from the normal course of business. In the opinion of the City attorney there is no pending litigation which is likely to have a material adverse effect on the financial position of the City.

NOTE 11 – REVENUE LIMITATIONS IMPOSED BY CALIFORNIA PROPOSITION 218

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

NOTE 12 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Ripon that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local governments. On January 17, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City Resolution Number 12-7.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported as fiduciary funds (private-purpose trust funds) in the financial statements of the City.

In addition, the former Ripon Redevelopment Agency transferred all housing rights, powers, assets, liabilities, duties and obligations to the Housing Authority of the County of San Joaquin by operation of law, on February 1, 2012. The Housing Authority has chosen not to take any action on this transfer because it does not believe it is obligated to accept the housing functions previously performed by the former Ripon Redevelopment Agency. The City’s position on this issue is not a position of settled law and there is uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue. Currently the remaining housing assets and loan portfolios are currently administered by the City of Ripon until a final resolution is determined. The activity of the housing assets of the former Ripon Redevelopment Agency are also reported as fiduciary funds (private-purpose trust funds) in the financial statements of the City.

NOTE 12 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (Continued)

A. Long-Term Debt

The Successor Agency's debt issues and transactions are summarized below and discussed in detail thereafter:

	Original Amount	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Current
Fiduciary Fund						
Former Redevelopment Agency of the City of Ripon 2020 Tax Allocation						
Refunding Bonds	\$ 16,560,000	\$ 16,560,000	\$ -	\$ -	\$ 16,560,000	\$ -
Premiums	<u>3,595,317</u>	<u>3,220,805</u>	<u>-</u>	<u>224,707</u>	<u>2,996,098</u>	<u>-</u>
Total	<u>\$ 20,155,317</u>	<u>\$ 19,780,805</u>	<u>\$ -</u>	<u>\$ 224,707</u>	<u>\$ 19,556,098</u>	<u>\$ -</u>

B. Tax Allocation Bonds

In 2020, the Successor Agency to the Former Redevelopment Agency of the City of Ripon issued Tax allocation Refunding Bonds in the amount of \$16,560,000 to refund the 2003, 2005, and 2007 series Tax Allocation Bonds previously issued by the Former Redevelopment Agency. This was done to take advantage of lower interest rates and to save on future debt service payments. Total debt service payments were reduced by \$3,339,938. As a result, the 2003, 2005, and 2007 series Tax Allocation Bonds are considered fully defeased as of June 30, 2020. The 2020 bonds mature beginning on November 1, 2025 through 2036 and include variable rates of interest from 3%-4%. Those bonds maturing on or before November 1, 2030 are not subject to optional redemption prior to maturity and those maturing after November 1, 2030 are subject to redemption at the option of the Successor Agency on any date on or after November 1, 2030. Payments on the bonds are due biannually on May 1 and November 1 beginning on May 1, 2021. There is a provision whereby if the Successor Agency is unable to make payment or does not comply with bond covenants the Trustee may and shall at the written direction of the Owners of not less than a majority in aggregate principal amount of bonds at that time outstanding, declare the principal of all bonds outstanding and the accrued interest thereon to be due and payable immediately. The 2020 Tax Allocation Refunding Bonds are secured by a pledge of Tax Revenues derived from the Project Area and moneys in certain funds held under the bond indenture.

Fiduciary Fund debt outstanding as of June 30, 2023 consists of the following:

Fiduciary Fund	Interest Rate	Maturity Date	Amounts Issued	Outstanding
Former Redevelopment Agency of the City of Ripon 2020 Tax Allocation Bonds				
Serial Bonds	3.00%	Nov. 1, 2025	\$ 210,000	\$ 210,000
Term Bonds	4.00%	Nov. 1, 2036	<u>16,350,000</u>	<u>16,350,000</u>
Total			<u>\$ 16,560,000</u>	<u>\$ 16,560,000</u>

NOTE 12 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (Continued)**B. Tax Allocation Bonds** (Continued)

Annual debt service requirements are shown below for fiduciary fund long-term debt:

For the Years Ending June 30	Fiduciary Activities	
	Principal	Interest
2024	\$ -	\$ 660,300
2025	-	660,300
2026	210,000	657,150
2027	880,000	636,400
2028	1,340,000	592,000
2029-2033	7,565,000	2,092,900
2034-2037	6,565,000	529,900
Total	<u>\$ 16,560,000</u>	<u>\$ 5,828,950</u>

NOTE 13 – PUBLIC FACILITIES FINANCING PLAN

The City collects fees from various developers in accordance with its Public Facilities Financing Plan (PFFP) that is restricted to be used for fund infrastructure needed to support growth in the City. The PFFP fees are collected to fund specific facility types, which include transportation, water, wastewater, storm drain, parks and recreation, library, administration, police, and corporation yard facilities. Additional other non PFFP fees are collected, including garbage, mitigation and building permit fees, each of which is also restricted for specific purposes. Each of these funds, which are maintained in the City's Capital Projects Fund, are required to be accounted for separately.

There are a number of PFFP funds with negative balances, which was a result of advancing certain infrastructure projects ahead of collecting the necessary funds. These negative balances, which were borrowed from other PFFP funds and restricted funds with positive balances, continue to be tracked and are charged with interest expense that are applied to the funds with positive balances.

During the most recent PFFP fee update, a consultant evaluated the funds with negative balances and determined that the fees, as currently established, allows the City to collect sufficient revenue from future development to reimburse the funds with negative balances within the timeframe of the remainder of the City's General Plan.

The following includes the City's PFFP fund balances for the year ended June 30, 2023:

Facility Type	Balance June 30, 2022	Revenue	Expenditures	Transfers	Balance June 30, 2023
Water	\$ 2,794,361	\$ 186,686	\$ -	\$ -	\$ 2,981,047
SSJID Connection Reserve	818,384	53,492	-	-	871,876
Garbage	(663,608)	14,370	(106,204)	-	(755,442)
Wastewater	5,380,469	305,278	-	-	5,685,747
Storm Drainage	2,280,059	135,788	-	-	2,415,847
Transportation	1,224,927	637,618	(18,757)	-	1,843,788
Regional Transportation Impact Fee	1,310,681	304,122	-	-	1,614,803
Parks and Recreation	1,202,796	42,855	-	(1,200,000)	45,651
Police Station	(1,197,518)	22,424	(17,940)	-	(1,193,034)
City Hall	(3,794,552)	46,833	(56,974)	-	(3,804,693)
Corporation Yard	445,063	124,439	(751,448)	1,757,494	1,575,548
Library	(607,129)	1,076	(9,146)	-	(615,199)
Total balances by facility type	<u>\$ 9,193,933</u>	<u>\$ 1,874,981</u>	<u>\$ (960,469)</u>	<u>\$ 557,494</u>	<u>\$ 10,665,939</u>

NOTE 14 – SPECIAL AND EXTRAORDINARY ITEMS

A. Special Item – Debt Forgiveness

During the year ended June 30, 2023, the City Council passed a resolution to forgive a portion of the advance between the City's Capital Project fund and General fund in the amount of \$1,200,000. This advance, as described at note 3, was originally made for the purposes of a Parks & Recreation capital project and was subsequently backfilled utilizing resources previously existing within the Capital Project fund that were eligible for this purpose.

B. Extraordinary Item – Transferred Bond Proceeds

In accordance with the timeline set forth in ABX1 26 (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as legal entities as of February 1, 2012. Upon approval of the Redevelopment Agency's Long-Range Property Management Plan (LRPMP), designated assets were transferred to the Successor Agency Private Purpose Trust Fund or City, dependent on the approved use noted in the approved LRPMP. During the year ended June 30, 2023, City management identified that bond proceeds held within the Successor Agency Private Purpose Trust Fund were improperly accounted for as an asset of the Redevelopment agency during the initial LRPMP. With guidance from the City's legal counsel, these funds, previously accounted for as unspent bond proceeds, were determined to have been spent on the original eligible purpose of the bonds within the City's Capital Project fund prior to the dissolution of the redevelopment agency. Accordingly, these assets have been transferred to the City's Capital Project Fund in the amount of \$1,757,494 during the year ended June 30, 2023.

SUPPLEMENTARY INFORMATION

NON-MAJOR SPECIAL REVENUE FUNDS

CITY OF RIPON, CALIFORNIA | JUNE 30, 2023
Non-Major Special Revenue Funds
Combining Balance Sheet – Modified Cash Basis

	HUTA 2103 Fund	HUTA 2105 Fund	HUTA 2106 Fund	HUTA 2107 Fund	HUTA 2107.5 Fund
ASSETS					
Cash and investments	\$ -	\$ -	\$ 92,819	\$ 653,293	\$ -
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,819</u>	<u>\$ 653,293</u>	<u>\$ -</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted for:					
Street construction and maintenance	-	-	92,819	653,293	-
Assessment districts	-	-	-	-	-
Capital projects	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>92,819</u>	<u>653,293</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,819</u>	<u>\$ 653,293</u>	<u>\$ -</u>

CITY OF RIPON, CALIFORNIA | JUNE 30, 2023
Non-Major Special Revenue Funds
Combining Balance Sheet – Modified Cash Basis (Continued)

	SB1 Street & Road Tax Fund	Measure K Fund	COG/LTF Fund	STA/BUS Fund	CDBG Fund
ASSETS					
Cash and investments	\$ 532,006	\$ 3,266,632	\$ 10,085	\$ 22,128	\$ -
Total assets	<u>\$ 532,006</u>	<u>\$ 3,266,632</u>	<u>\$ 10,085</u>	<u>\$ 22,128</u>	<u>\$ -</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted for:					
Street construction and maintenance	532,006	3,266,632	10,085	-	-
Assessment districts	-	-	-	-	-
Capital projects	-	-	-	22,128	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>532,006</u>	<u>3,266,632</u>	<u>10,085</u>	<u>22,128</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 532,006</u>	<u>\$ 3,266,632</u>	<u>\$ 10,085</u>	<u>\$ 22,128</u>	<u>\$ -</u>

CITY OF RIPON, CALIFORNIA | JUNE 30, 2023

Non-Major Special Revenue Funds

Combining Balance Sheet – Modified Cash Basis (Continued)

	Dutch Meadows Fund	Country Woods Fund	Farmland Estates Fund	Jacob's Landing Fund	Carolina's Landscape Fund
ASSETS					
Cash and investments	\$ -	\$ -	\$ -	\$ 22,058	\$ 28,419
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,058</u>	<u>\$ 28,419</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted for:					
Street construction and maintenance	-	-	-	-	-
Assessment districts	-	-	-	22,058	28,419
Capital projects	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,058</u>	<u>28,419</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,058</u>	<u>\$ 28,419</u>

CITY OF RIPON, CALIFORNIA | JUNE 30, 2023

Non-Major Special Revenue Funds

Combining Balance Sheet – Modified Cash Basis (Continued)

	Boesch/ Kingery Assessment Fund	Main Street Landscape Fund	Cornerstone I Fund	Vineyards Landscape Fund	Alexandra Landscape Fund
ASSETS					
Cash and investments	\$ 15,780	\$ -	\$ 85,194	\$ 142,454	\$ -
Total assets	<u>\$ 15,780</u>	<u>\$ -</u>	<u>\$ 85,194</u>	<u>\$ 142,454</u>	<u>\$ -</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted for:					
Street construction and maintenance	-	-	-	-	-
Assessment districts	15,780	-	85,194	142,454	-
Capital projects	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>15,780</u>	<u>-</u>	<u>85,194</u>	<u>142,454</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 15,780</u>	<u>\$ -</u>	<u>\$ 85,194</u>	<u>\$ 142,454</u>	<u>\$ -</u>

CITY OF RIPON, CALIFORNIA | JUNE 30, 2023
Non-Major Special Revenue Funds
Combining Balance Sheet – Modified Cash Basis (Continued)

	Ripon Lighting Fund	Total Non-Major Special Revenue Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and investments	\$ 43,515	\$ 4,914,384
	<u> </u>	<u> </u>
Total assets	<u>\$ 43,515</u>	<u>\$ 4,914,384</u>
LIABILITIES		
Due to other funds	\$ -	\$ -
	<u> </u>	<u> </u>
Total liabilities	<u> </u>	<u> </u>
FUND BALANCES		
Restricted for:		
Street construction and maintenance	-	4,554,835
Assessment districts	43,515	337,421
Capital projects	-	22,128
Unassigned	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
Total fund balances	<u>43,515</u>	<u>4,914,384</u>
	<u> </u>	<u> </u>
Total liabilities and fund balances (deficit)	<u>\$ 43,515</u>	<u>\$ 4,914,384</u>

CITY OF RIPON, CALIFORNIA | FOR THE YEAR ENDED JUNE 30, 2023

Non-Major Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis

	HUTA 2103 Fund	HUTA 2105 Fund	HUTA 2106 Fund	HUTA 2107 Fund	HUTA 2107.5 Fund
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-	-
Investment income	2,541	1,779	1,623	6,627	41
Intergovernmental revenue	126,733	90,410	58,681	123,223	4,000
Charges for services	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	<u>129,274</u>	<u>92,189</u>	<u>60,304</u>	<u>129,850</u>	<u>4,041</u>
EXPENDITURES					
Streets and public works:					
Streets	-	-	-	-	-
Planning	-	-	-	-	-
Community development	-	-	-	-	-
Special assessment districts	-	-	-	-	-
Allocation to other department costs	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>129,274</u>	<u>92,189</u>	<u>60,304</u>	<u>129,850</u>	<u>4,041</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	-	-	-
Operating transfers out	(250,431)	(175,424)	(67,255)	-	(4,041)
Total other financing sources (uses)	<u>(250,431)</u>	<u>(175,424)</u>	<u>(67,255)</u>	<u>-</u>	<u>(4,041)</u>
Net change in fund balances	(121,157)	(83,235)	(6,951)	129,850	-
Fund balances (deficit) - beginning	<u>121,157</u>	<u>83,235</u>	<u>99,770</u>	<u>523,443</u>	<u>-</u>
Fund balances (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,819</u>	<u>\$ 653,293</u>	<u>\$ -</u>

CITY OF RIPON, CALIFORNIA | FOR THE YEAR ENDED JUNE 30, 2023

Non-Major Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis (Continued)

	SB1 Streets & Road Tax Fund	Measure K Fund	COG/LTF Fund	STA/BUS Fund	CDBG Fund
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-	-
Investment income	5,825	33,139	6,682	838	-
Intergovernmental revenue	350,367	376,504	620,260	57,798	52,423
Charges for services	-	-	-	1,952	-
Other	-	-	-	-	-
Total revenues	<u>356,192</u>	<u>409,643</u>	<u>626,942</u>	<u>60,588</u>	<u>52,423</u>
EXPENDITURES					
Streets and public works:					
Streets	-	-	-	51,472	-
Planning	-	-	-	-	4,999
Community development	-	-	-	-	47,424
Special assessment districts	-	-	-	-	-
Allocation to other department costs	-	-	-	9,026	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,498</u>	<u>52,423</u>
Excess (deficiency) of revenues over expenditures	<u>356,192</u>	<u>409,643</u>	<u>626,942</u>	<u>90</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	-	-	-
Operating transfers out	<u>(42,218)</u>	<u>-</u>	<u>(648,564)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(42,218)</u>	<u>-</u>	<u>(648,564)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	313,974	409,643	(21,622)	90	-
Fund balances (deficit) - beginning	<u>218,032</u>	<u>2,856,989</u>	<u>31,707</u>	<u>22,038</u>	<u>-</u>
Fund balances (deficit) - ending	<u>\$ 532,006</u>	<u>\$ 3,266,632</u>	<u>\$ 10,085</u>	<u>\$ 22,128</u>	<u>\$ -</u>

CITY OF RIPON, CALIFORNIA | FOR THE YEAR ENDED JUNE 30, 2023

Non-Major Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis (Continued)

	Dutch Meadows Fund	Country Woods Fund	Farmland Estates Fund	Jacob's Landing Fund	Carolina's Landscape Fund
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Assessments	4,540	7,810	3,352	5,701	12,644
Investment income	-	-	-	-	-
Intergovernmental revenue	-	-	-	-	-
Charges for services	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	<u>4,540</u>	<u>7,810</u>	<u>3,352</u>	<u>5,701</u>	<u>12,644</u>
EXPENDITURES					
Streets and public works:					
Streets	-	-	-	-	-
Planning	-	-	-	-	-
Community development	-	-	-	-	-
Special assessment districts	10,076	11,876	6,503	5,462	5,921
Allocation to other department costs	<u>1,754</u>	<u>2,067</u>	<u>1,132</u>	<u>951</u>	<u>1,031</u>
Total expenditures	<u>11,830</u>	<u>13,943</u>	<u>7,635</u>	<u>6,413</u>	<u>6,952</u>
Excess (deficiency) of revenues over expenditures	<u>(7,291)</u>	<u>(6,133)</u>	<u>(4,283)</u>	<u>(712)</u>	<u>5,692</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	7,291	6,133	4,283	-	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>7,291</u>	<u>6,133</u>	<u>4,283</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	(712)	5,692
Fund balances (deficit) - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,770</u>	<u>22,727</u>
Fund balances (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,058</u>	<u>\$ 28,419</u>

CITY OF RIPON, CALIFORNIA | FOR THE YEAR ENDED JUNE 30, 2023

Non-Major Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis (Continued)

	Boesch/ Kingery Assessment Fund	Main Street Landscape Fund	Cornerstone I Fund	Vineyards Landscape Fund	Alexandra Landscape Fund
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Assessments	6,061	10,481	14,080	64,939	5,056
Investment income	-	-	-	-	-
Intergovernmental revenue	-	-	-	-	-
Charges for services	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	<u>6,061</u>	<u>10,481</u>	<u>14,080</u>	<u>64,939</u>	<u>5,056</u>
EXPENDITURES					
Streets and public works:					
Streets	-	-	-	-	-
Planning	-	-	-	-	-
Community development	-	-	-	-	-
Special assessment districts	11,125	31,299	10,782	34,078	5,304
Allocation to other department costs	<u>1,937</u>	<u>5,449</u>	<u>1,877</u>	<u>5,932</u>	<u>923</u>
Total expenditures	<u>13,062</u>	<u>36,748</u>	<u>12,659</u>	<u>40,010</u>	<u>6,227</u>
Excess (deficiency) of revenues over expenditures	<u>(7,001)</u>	<u>(26,267)</u>	<u>1,421</u>	<u>24,929</u>	<u>(1,171)</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	26,267	-	-	146
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>26,267</u>	<u>-</u>	<u>-</u>	<u>146</u>
Net change in fund balances	(7,001)	-	1,421	24,929	(1,025)
Fund balances (deficit) - beginning	<u>22,781</u>	<u>-</u>	<u>83,773</u>	<u>117,525</u>	<u>1,025</u>
Fund balances (deficit) - ending	<u>\$ 15,780</u>	<u>\$ -</u>	<u>\$ 85,194</u>	<u>\$ 142,454</u>	<u>\$ -</u>

CITY OF RIPON, CALIFORNIA | FOR THE YEAR ENDED JUNE 30, 2023

Non-Major Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis (Continued)

	Ripon Lighting Fund	Total Non-Major Special Revenue Funds
REVENUES		
Taxes	\$ 42,706	\$ 42,706
Assessments	273,979	408,643
Investment income	-	59,095
Intergovernmental revenue	-	1,860,399
Charges for services	-	1,952
Other	17,369	17,369
Total revenues	<u>334,054</u>	<u>2,390,164</u>
EXPENDITURES		
Streets and public works:		
Streets	-	51,472
Planning	-	4,999
Community development	-	47,424
Special assessment districts	229,281	361,707
Allocation to other department costs	39,915	71,994
Total expenditures	<u>269,196</u>	<u>537,596</u>
Excess (deficiency) of revenues over expenditures	<u>64,858</u>	<u>1,852,568</u>
OTHER FINANCING SOURCES (USES)		
Operating transfers in	-	44,120
Operating transfers out	-	(1,187,933)
Total other financing sources (uses)	<u>-</u>	<u>(1,143,813)</u>
Net change in fund balances	64,858	708,755
Fund balances (deficit) - beginning	<u>(21,343)</u>	<u>4,205,629</u>
Fund balances (deficit) - ending	<u>\$ 43,515</u>	<u>\$ 4,914,384</u>

The following information is presented to supplement the basic financial statements and provides additional information about the Successor Agency Trust Fund. The information includes: the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position in accordance with generally accepted accounting principles as of and for the year ended June 30, 2023. Accordingly, the fiduciary fund financial statements utilize the accrual basis of accounting. For additional information on the Successor Agency Trust Fund, refer to the notes to the City's basic financial statements.

STATEMENT OF FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUND
JUNE 30, 2023

	Successor Agency Private Purpose Trust Fund
ASSETS	
Cash and investments	\$ 4,717,262
Cash and investments - restricted	1,297,266
Interest receivable	4,154
Prepaid bond insurance	113,851
Loan due from capital projects fund	<u>550,028</u>
Total assets	<u>6,682,561</u>
LIABILITIES	
Interest payable	100,050
Due to County of San Joaquin	1,297,266
Long-term liabilities	
Debt due in more than one year	<u>19,556,098</u>
Total liabilities	<u>20,953,414</u>
NET POSITION	
Net position (deficit) held in trust for redevelopment dissolution and other purposes	<u><u>\$ (14,270,853)</u></u>

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Successor Agency Private Purpose Trust Fund
ADDITIONS	
Property taxes	\$ 779,361
Program income	83,960
Investment income	<u>353,631</u>
Total additions	<u>1,216,952</u>
DEDUCTIONS	
General operating	259,089
Interest expense	<u>668,839</u>
Total deductions	<u>927,928</u>
EXTRAORDINARY GAIN (LOSS)	
Transferred bond proceeds (see note 14)	<u>(1,757,494)</u>
Net increase (decrease) in fiduciary net position	(1,468,470)
Total net position - beginning	<u>(12,802,383)</u>
Total net position - ending	<u><u>\$ (14,270,853)</u></u>