

**CITY OF RIPON  
CALIFORNIA**

**FINANCIAL STATEMENTS**

**AND**

**INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2019**

**CITY OF RIPON  
CALIFORNIA**

**JUNE 30, 2019**

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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 Financial Statements**

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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Managements Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1. This includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

### **Auditor's Responsibility**

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

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

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

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Clovis, CA 93612

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## Opinions

In our opinion, the 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, 2019, and the respective changes in modified cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

## 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 of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

## Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the City of Ripon's basic financial statements. The management's discussion and analysis, combining non-major fund financial statements, and additional information of the Successor Agency Trust Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining non-major fund financial statements presented on pages 47 through 57 are the responsibility of management and were derived from, and relate 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, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Management's discussion and analysis on pages 3 through 12 and the additional information on the Successor Agency Trust Fund on pages 57 through 58 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on such information.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Price Pange & Company*

Clovis, California  
October 1, 2019

**CITY OF RIPON  
CALIFORNIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

Our discussion and analysis of the City of Ripon's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2019, within the limitations of the City's modified cash basis of accounting. Please read this management's discussion and analysis in conjunction with the City's financial statements that begin on page 14.

**FINANCIAL HIGHLIGHTS**

- As summarized in Table 1 on page 7, the City's assets exceeded its liabilities by \$30,705,448 (net position) for the fiscal year ended June 30, 2019. This compares favorably to the previous year's net position of \$22,725,299. This increase is due mainly to capital development fees, which are restricted funds and increased sales taxes, which are unrestricted funds. This net position is comprised of the following:
  - Capital related debt of \$9,790,778 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 \$9,790,778 constitutes a negative net position.
  - Restricted net position of \$32,643,410 represents the portion restricted for public safety, street construction and maintenance, assessment districts, capital projects, mitigation fees, and low and moderate income housing.
  - Unrestricted net position of \$7,852,816 represents the portion available to maintain the City's obligations to citizens and creditors. These unrestricted funds are made up of committed, assigned and unassigned funds. Committed funds are funds approved by the City Council for a specific purpose. Assigned funds are funds that are constrained by the City's intent to be used for a specific purpose. Unassigned funds are funds that are not restricted, committed, or assigned.

Below is a summary of unrestricted funds:

General Fund Reserves	
Sick Leave Contingency	\$ 340,981
PERS Leave Contingency	941,450
Healthcare Contingency	201,387
Litigation SIR Contingency	604,162
Litigation/Natural Disaster Contingency	503,468
Operating Reserve	3,602,120
Street and Road Reserve Fund	1,927,162
General Capital Funds	
Parks and Recreation	2,580,986
CNG Station Capital Reserve	132,587
Department Capital Funds	1,799,914
PFFP Capital Funds*	(6,392,102)
Community Development Block Grant Fund	(53,304)
Ripon Lighting District Fund	(234,569)
Enterprise Funds	1,898,574
<b>Total Unrestricted Funds</b>	<b><u>\$ 7,852,816</u></b>

\* Only includes PFFP Capital funds with deficit balances at June 30, 2019. PFFP Capital funds with positive balances are included in restricted funds. The total net PFFP Capital funds is \$5,201,714.

**CITY OF RIPON  
CALIFORNIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

- 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 current fiscal year through the budgeting process. These balances will be reviewed annually to confirm the City is in compliance with the policies.
- During fiscal year ended June 30, 2019, City Council created a policy of transferring General Fund dollars to the Landscape Maintenance Districts with deficit fund balances at the end of the year. 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, 2019, \$14,507 was transferred from the General Fund to three 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 14-15) 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 16) 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 has elected to present its financial statements on a modified cash basis of accounting. This modified cash basis of accounting is a basis of accounting other than accounting principles generally accepted 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.

**CITY OF RIPON  
CALIFORNIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

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 in mind the limitations resulting from the use of the modified cash basis of accounting.

**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 not potential component units which should be included in the reporting entity.

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

Management's analysis of the City as a whole begins on page 3. The government-wide financial statements are presented on pages 14 and 15. 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. Keeping in mind the limitation of the modified cash basis of accounting, the City's net position, 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.

**CITY OF RIPON  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**Reporting the City's Most Significant Funds**

***The Fund Financial Statements***

Management's analysis of the City's major funds begins on page 16 and provides detailed information about the most significant funds, not the City as a whole. 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. The City has three types of funds: governmental, proprietary and fiduciary.

- *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, Special Revenue Fund, and Capital Improvement Fund to be its significant, or major, governmental funds. All other governmental funds are aggregated in a single column titled "Non-major 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 \$22,725,299 to \$30,705,448 between fiscal years 2018 and 2019. 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 1 on the following page shows a breakdown and comparison of these activities.



**CITY OF RIPON  
CALIFORNIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

TABLE 1:

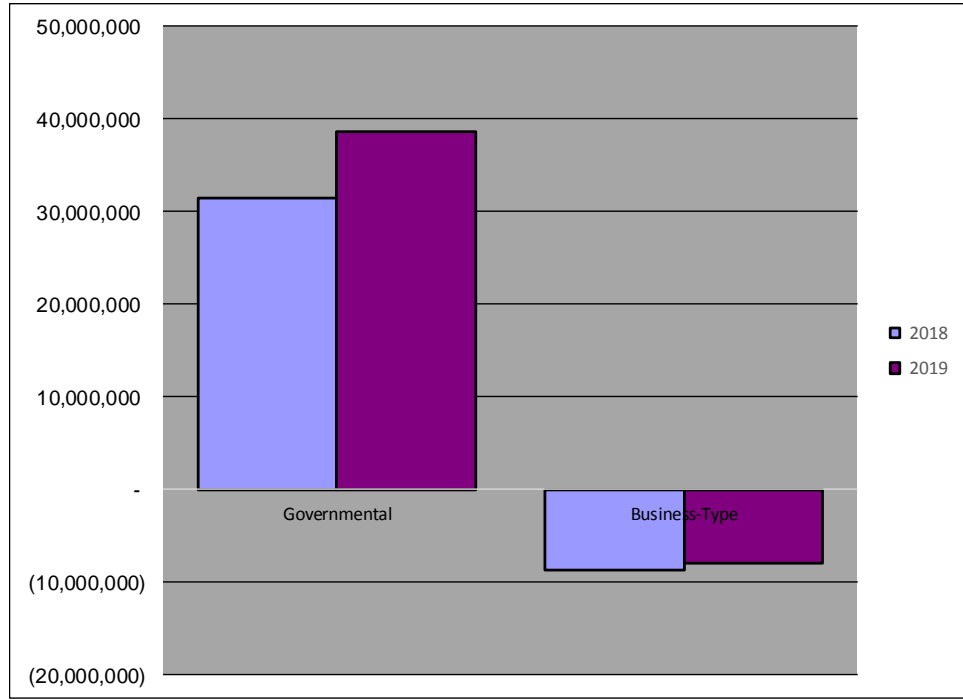
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>		<b>Total Percentage Change</b>
	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018-2019</b>
Cash and investments	\$ 14,115,821	\$ 15,310,566	\$ 1,864,743	\$ 1,898,574	\$ 15,980,564	\$ 17,209,140	8%
Cash and investments - restricted	18,073,120	24,268,884	224	318	18,073,344	24,269,202	34%
Internal balances	1,407,731	1,215,778	(1,407,731)	(1,215,778)	-	-	0%
<b>Total assets</b>	<b>33,596,672</b>	<b>40,795,228</b>	<b>457,236</b>	<b>683,114</b>	<b>34,053,908</b>	<b>41,478,342</b>	<b>22%</b>
Long-term liabilities							
Loan due to private-purpose trust funds	2,133,609	2,197,894	-	-	2,133,609	2,197,894	3%
Debt due within one year	-	-	620,000	640,000	620,000	640,000	3%
Debt due in more than one year	-	-	8,575,000	7,935,000	8,575,000	7,935,000	-7%
<b>Total liabilities</b>	<b>2,133,609</b>	<b>2,197,894</b>	<b>9,195,000</b>	<b>8,575,000</b>	<b>11,328,609</b>	<b>10,772,894</b>	<b>-5%</b>
Capital related debt	-	-	(9,195,000)	(9,790,778)	(9,195,000)	(9,790,778)	6%
Restricted for							
Public safety	140,249	152,328	-	-	140,249	152,328	9%
Street construction and maintenance	2,023,554	2,691,578	-	-	2,023,554	2,691,578	33%
Assessment districts	199,166	236,005	-	-	199,166	236,005	18%
Capital outlay	17,559,438	20,894,110	-	-	17,559,438	20,894,110	19%
County development fees	92,641	19,788	-	-	92,641	19,788	-79%
Mitigation fees	6,181,229	6,968,071	-	-	6,181,229	6,968,071	
Low and moderate income housing	1,511,936	1,681,212	-	-	1,511,936	1,681,212	
Debt service	-	-	224	318	224	318	
Unrestricted	3,754,850	5,954,242	457,012	1,898,574	4,211,862	7,852,816	86%
<b>Total Net Position</b>	<b>\$ 31,463,063</b>	<b>\$ 38,597,334</b>	<b>\$ (8,737,764)</b>	<b>\$ (7,891,886)</b>	<b>\$ 22,725,299</b>	<b>\$ 30,705,448</b>	<b>35%</b>

The net position of the City's governmental activities increased 22.7 percent to \$38,597,334. However, \$32,643,092 of this amount is restricted regarding the purposes for which it can be used. Consequently, unrestricted amounts showed \$5,954,242 at the end of this year. A summary of the total unrestricted funds, including these governmental activities, is noted on page 3 under Financial Highlights.

CITY OF RIPON  
CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019

Net Position – Modified Cash Basis



Changes from 2018 to 2019 reflect an increase of 35.1 percent in net position, an increase of 22.7 percent for governmental activities and an increase of 9.7 percent for business-type activities.

**Changes in Net Position – Modified Cash Basis**

For the year ended June 30, 2019, net position (resulting from modified cash basis transactions or events) changed as follows on page 8.

**CITY OF RIPON  
CALIFORNIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>		<b>Total Percentage Change</b>
	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018-2019</b>
<b>Revenues</b>							
Program revenues							
Charges for services	\$ 1,815,371	\$ 1,747,129	\$ 6,592,139	\$ 7,003,001	\$ 8,407,510	\$ 8,750,130	4%
Operating grants and contributions	2,498,691	1,555,454	-	-	2,498,691	1,555,454	-38%
Capital grants and contributions	4,820,485	5,274,106	1,080,476	1,596,547	5,900,961	6,870,653	16%
General revenues							
Taxes							
Property taxes	1,892,469	2,041,646	-	-	1,892,469	2,041,646	8%
Sales and use taxes	3,084,146	3,446,655	-	-	3,084,146	3,446,655	12%
Other	253,686	269,470	130,045	143,074	383,731	412,544	8%
Motor vehicle in lieu	1,475,685	1,537,938	-	-	1,475,685	1,537,938	4%
Investment income	307,671	563,574	31,677	34,010	339,348	597,584	76%
Miscellaneous	607,065	647,392	-	-	607,065	647,392	7%
<b>Total revenue</b>	<b>16,755,269</b>	<b>17,083,364</b>	<b>7,834,337</b>	<b>8,776,632</b>	<b>24,589,606</b>	<b>25,859,996</b>	<b>5%</b>
<b>Expenditures</b>							
Administrative	292,559	45,566	-	-	292,559	45,566	-84%
Legislative	5,206	5,425	-	-	5,206	5,425	4%
Police	5,923,787	6,266,436	-	-	5,923,787	6,266,436	6%
Streets and public works	1,819,000	1,665,147	-	-	1,819,000	1,665,147	-8%
Culture and recreation	1,926,885	2,057,355	-	-	1,926,885	2,057,355	7%
Redevelopment	178,862	184,375	-	-	178,862	184,375	3%
Other	173,127	255,178	-	-	173,127	255,178	47%
Capital outlay	3,862,781	2,636,545	-	-	3,862,781	2,636,545	-32%
Water	-	-	1,893,219	1,915,983	1,893,219	1,915,983	1%
Sewer	-	-	1,101,606	1,055,216	1,101,606	1,055,216	-4%
Refuse	-	-	1,637,376	1,792,621	1,637,376	1,792,621	9%
<b>Total expenditures</b>	<b>14,182,207</b>	<b>13,116,027</b>	<b>4,632,201</b>	<b>4,763,820</b>	<b>18,814,408</b>	<b>17,879,847</b>	<b>-5%</b>
Excess (deficiency) before transfers	2,573,062	3,967,337	3,202,136	4,012,812	5,775,198	7,980,149	38%
Transfers	3,000,777	3,166,934	(3,000,777)	(3,166,934)	-	-	
Increase in net position	5,573,839	7,134,271	201,359	845,878	5,775,198	7,980,149	38%
Net position - beginning	25,889,224	31,463,063	(8,939,123)	(8,737,764)	16,950,101	22,725,299	
<b>Net position - ending</b>	<b>\$ 31,463,063</b>	<b>\$ 38,597,334</b>	<b>\$ (8,737,764)</b>	<b>\$ (7,891,886)</b>	<b>\$ 22,725,299</b>	<b>\$ 30,705,448</b>	

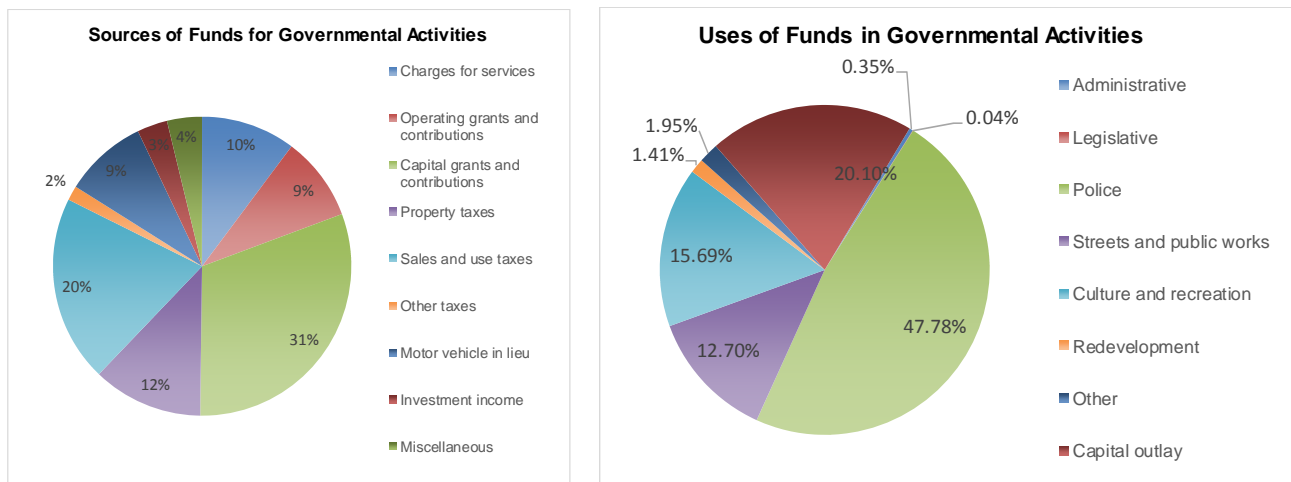
**CITY OF RIPON  
CALIFORNIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**Governmental Activities**

The Statement of Activities format 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.

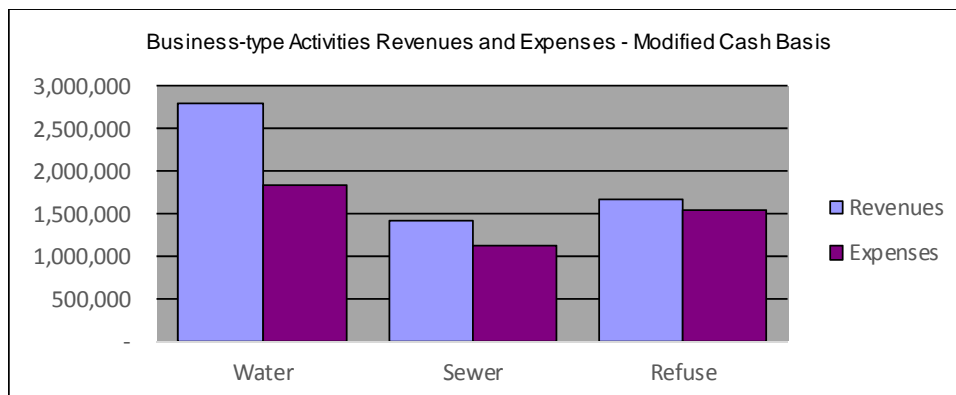
For the year ended June 30, 2019, the City's governmental activities sources and uses follow:



For the year ended June 30, 2019, total expenses for governmental activities resulting from modified cash basis transactions or events amounted to \$13,116,027. Of these total expenses, taxpayers and other general revenues funded only \$8,506,675, and those directly benefiting from the program funded \$6,829,560 from grants and other contributions, and \$1,747,129 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 \$2,649,100, \$1,082,320 and \$281,392, respectively.



**CITY OF RIPON  
CALIFORNIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**A FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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

Revenues:

- Sales and use taxes continues to increase from year to year. During the current fiscal year, it increased 11% from the previous year.
- Development-related General Fund fees were conservatively budgeted at \$201,000, but the amount actually received by the City was \$498,510.
- 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.
- Water, Sewer, and Refuse capital grants and contributions increased by \$369,853, \$115,826, and \$30,392, respectively, which is due to more development fees collected in the current year.
- The City continues to analyze its utility rates based upon a rate study that was completed in 2015. 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 2018/2019 of 11%, 10%, and 5%, respectively. Each year, we re-analyze the financial position of each Enterprise Fund 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 2%, 0%, and 5%, respectively. Water and Sewer rates increased less than the projected increases and those funds are performing better and are above target with the original utility rate study. However, the Refuse Fund is a little behind the projected amounts and the increases that were originally projected in 2015 have been necessary to continue to move towards reaching the financial goals of this Fund.

Expenditures:

- Capital Outlay expenditures decreased \$1,226,236 from the prior year, which is primarily due to prior year capital expenses, including the purchase of land for the future Multi-Modal station and signalization at Fulton and River Rd. being more than the current year capital items of Parkview Safe Routes to School Project, River Rd. Phase I Widening Project, and the drilling of Well #19.
- Below is a list of major capital expenditures that were incurred during the current fiscal year and the City's contribution to those projects (does not include any outside funding such as grants):
  - License Plate Readers – \$215,000
  - MESH Camera Upgrades/Replacements – \$200,000
  - River Rd Phase I Widening Project – \$400,000
  - Fulton/River Road Intersection Improvements – \$90,000
  - Traffic Signal at the intersection of Colony and Hoff – \$30,000
  - Drilling of Well #19 – \$450,000
  - Improvements to the Recycling Center, including a new Cardboard Compactor – \$75,000
  - Rehabilitation to Stockton Avenue – \$65,000
  - Safe Routes to School – Parkview Project – \$225,000

**CITY OF RIPON  
CALIFORNIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**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, 2019, the City had \$10,772,894 in long-term debt arising from modified cash basis transactions or events, compared with \$11,328,609 at June 30, 2018. At June 30, 2019, the debt is related to business-type activities and a loan due to the Successor Agency Trust.

At June 30, 2019, the City's Private-Purpose Trust Fund had \$23,370,000 in long-term debt arising from the modified cash basis transactions or events, compared with \$24,225,000 at June 30, 2018. At June 30, 2019, all of the debt is related to redevelopment tax allocation bonds.

**ECONOMIC OUTLOOK AND MAJOR INITIATIVES**

The City's budget for the upcoming fiscal year ended June 30, 2020 is fairly consistent with the year ended June 30, 2019.

The City staffing levels for the year ending June 30, 2020 are planned to remain consistent with the year ended June 30, 2019 with the exception of adding one (1) Records Clerk in the Police Department.

The City's Successor Agency Trust Fund 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's share of CalPERS unfunded accrued liability is projected to increase significantly over the next several years as a result of the CalPERS Board lowering the discount rate. The City has transferred \$1,181,800 to a reserve fund for future CalPERS payments. In addition, a \$250,000 prepayment was made towards the City's unfunded accrued liability in fiscal year ending June 30, 2018. It is important to continue to monitor CalPERS increasing rates and unfunded accrued liability.

**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

**CITY OF RIPON**  
**STATEMENT OF NET POSITION – MODIFIED CASH BASIS**  
**JUNE 30, 2019**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 15,310,566	\$ 1,898,574	\$ 17,209,140
Cash and investments - restricted	24,268,884	318	24,269,202
Internal balances	<u>1,215,778</u>	<u>(1,215,778)</u>	<u>-</u>
Total assets	<u>40,795,228</u>	<u>683,114</u>	<u>41,478,342</u>
<b>LIABILITIES</b>			
Loan due to private-purpose trust funds	2,197,894	-	2,197,894
Long-term liabilities:			
Debt due within one year	-	640,000	640,000
Debt due in more than one year	<u>-</u>	<u>7,935,000</u>	<u>7,935,000</u>
Total liabilities	<u>2,197,894</u>	<u>8,575,000</u>	<u>10,772,894</u>
<b>NET POSITION</b>			
Capital related debt	-	(9,790,778)	(9,790,778)
Restricted for:			
Public safety	152,328	-	152,328
Street construction and maintenance	2,691,578	-	2,691,578
Assessment districts	236,005	-	236,005
Capital projects	20,894,110	-	20,894,110
County development fees	19,788	-	19,788
Mitigation fees	6,968,071	-	6,968,071
Low and moderate income housing	1,681,212	-	1,681,212
Debt service	-	318	318
Unrestricted	<u>5,954,242</u>	<u>1,898,574</u>	<u>7,852,816</u>
Total net position (deficit)	<u>\$ 38,597,334</u>	<u>\$ (7,891,886)</u>	<u>\$ 30,705,448</u>

The accompanying notes are an integral part of this financial statement.



**CITY OF RIPON  
STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2019**

	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
<b>Functions/Programs</b>									
<b>Governmental activities:</b>									
Administrative	\$ 1,175,964	\$ (1,130,398)	\$ 45,566	\$ 365,548	\$ -	\$ 12,507	\$ 332,489	\$ -	\$ 332,489
Legislative	329,903	(324,478)	5,425	-	-	-	(5,425)	-	(5,425)
Police	5,352,647	913,789	6,266,436	300,140	153,926	-	(5,812,370)	-	(5,812,370)
Streets and public works	2,092,168	(427,021)	1,665,147	487,829	964,686	887,125	674,493	-	674,493
Culture and recreation	1,840,838	216,517	2,057,355	593,612	-	332	(1,463,411)	-	(1,463,411)
Redevelopment	184,375	-	184,375	-	-	-	(184,375)	-	(184,375)
Other	242,946	12,232	255,178	-	436,842	-	181,664	-	181,664
Capital outlay	2,591,858	44,687	2,636,545	-	-	4,374,142	1,737,597	-	1,737,597
Total governmental activities	13,810,699	(694,672)	13,116,027	1,747,129	1,555,454	5,274,106	(4,539,338)	-	(4,539,338)
<b>Business-type activities:</b>									
Water	1,636,589	279,394	1,915,983	3,500,005	-	1,047,893	-	2,631,915	2,631,915
Sewer	901,342	153,874	1,055,216	1,519,793	-	460,980	-	925,557	925,557
Refuse	1,531,217	261,404	1,792,621	1,983,203	-	87,674	-	278,256	278,256
Total business-type activities	4,069,148	694,672	4,763,820	7,003,001	-	1,596,547	-	3,835,728	3,835,728
Total primary government	\$ 17,879,847	\$ -	\$ 17,879,847	\$ 8,750,130	\$ 1,555,454	\$ 6,870,653	(4,539,338)	3,835,728	(703,610)
General revenues:									
Taxes:									
Property taxes							2,041,646	-	2,041,646
Sales and use taxes							3,446,655	-	3,446,655
Other							269,470	143,074	412,544
Motor vehicle in lieu							1,537,938	-	1,537,938
Investment income							563,574	34,010	597,584
Miscellaneous							647,392	-	647,392
Transfers							3,166,934	(3,166,934)	-
Total general revenues and transfers							11,673,609	(2,989,850)	8,683,759
Change in net position							7,134,271	845,878	7,980,149
Net position - beginning of year							31,463,063	(8,737,764)	22,725,299
Net position (deficit) - end of year							\$ 38,597,334	\$ (7,891,886)	\$ 30,705,448

The accompanying notes are an integral part of this financial statement.

**CITY OF RIPON  
BALANCE SHEET – MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2019**

	General Fund	Streets & Roads Special Revenue Fund	Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 6,140,264	\$ 1,927,162	\$ 4,513,482	\$ 2,729,658	\$ 15,310,566
Cash and investments - restricted	8,801,611	-	15,467,273	-	24,268,884
Due from other funds	53,304	-	-	-	53,304
Advance to water fund	-	-	1,215,778	-	1,215,778
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 14,995,179</u>	<u>\$ 1,927,162</u>	<u>\$ 21,196,533</u>	<u>\$ 2,729,658</u>	<u>\$ 40,848,532</u>
<b>LIABILITIES</b>					
Due to other funds	\$ -	\$ -	\$ -	\$ 53,304	\$ 53,304
Loan due to private-purpose trust funds	-	-	2,197,894	-	2,197,894
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>-</u>	<u>-</u>	<u>2,197,894</u>	<u>53,304</u>	<u>2,251,198</u>
<b>FUND BALANCES</b>					
Restricted for:					
Public safety	152,328	-	-	-	152,328
Street construction and maintenance	-	-	-	2,691,578	2,691,578
Assessment districts	-	-	-	236,005	236,005
Capital projects	-	-	20,857,466	36,644	20,894,110
County development fees	-	-	19,788	-	19,788
Mitigation fees	6,968,071	-	-	-	6,968,071
Low and moderate income housing	1,681,212	-	-	-	1,681,212
Committed to:					
Street construction and maintenance	-	1,927,162	-	-	1,927,162
Capital projects	-	-	4,473,049	-	4,473,049
Other purposes	2,591,448	-	-	-	2,591,448
Assigned to:					
Capital projects	-	-	40,438	-	40,438
Unassigned	3,602,120	-	(6,392,102)	(287,873)	(3,077,855)
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balances	<u>14,995,179</u>	<u>1,927,162</u>	<u>18,998,639</u>	<u>2,676,354</u>	<u>38,597,334</u>
Total liabilities and fund balances	<u>\$ 14,995,179</u>	<u>\$ 1,927,162</u>	<u>\$ 21,196,533</u>	<u>\$ 2,729,658</u>	<u>\$ 40,848,532</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF RIPON**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**MODIFIED CASH BASIS – GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

	General Fund	Streets & Roads Special Revenue Fund	Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 7,454,828	\$ -	\$ -	\$ 30,738	\$ 7,485,566
Assessments	-	-	-	379,400	379,400
Licenses, permits and fees	3,456,668	332	1,497,821	-	4,954,821
Investment income	452,761	22,704	334,945	40,605	851,015
Intergovernmental revenue	-	3,126	277,701	1,771,317	2,052,144
Charges for services	839,289	-	-	2,554	841,843
Fines and forfeitures	141,494	-	-	-	141,494
Housing/loan program income	229,191	-	-	-	229,191
Contributions	5,000	-	-	-	5,000
Other	77,505	54,824	10,561	-	142,890
Total revenues	<u>12,656,736</u>	<u>80,986</u>	<u>2,121,028</u>	<u>2,224,614</u>	<u>17,083,364</u>
<b>EXPENDITURES</b>					
General government:					
Administration	1,176,933	-	-	-	1,176,933
Legislative	328,517	-	-	-	328,517
Public safety:					
Police	5,352,647	-	-	-	5,352,647
Streets and public works:					
Streets	-	633,513	19,788	38,953	692,254
Planning	365,752	-	-	5,800	371,552
Engineering	365,756	-	-	-	365,756
Building	299,980	-	-	-	299,980
Culture and recreation:					
Library	73,708	-	-	-	73,708
Parks and recreation	1,625,863	-	64,285	-	1,690,148
Community Center	76,973	-	-	-	76,973
Community development block grant	-	-	-	11,213	11,213
Special assessment districts	-	-	-	370,790	370,790
Successor agency administration	184,375	-	-	-	184,375
Allocation to other department costs	(916,766)	103,377	29,847	69,951	(713,591)
Other	71,651	-	-	-	71,651
Capital outlay	-	214,424	2,373,471	175,226	2,763,121
Total expenditures	<u>9,005,389</u>	<u>951,314</u>	<u>2,487,391</u>	<u>671,933</u>	<u>13,116,027</u>
Excess (deficiency) of revenues over expenditures	<u>3,651,347</u>	<u>(870,328)</u>	<u>(366,363)</u>	<u>1,552,681</u>	<u>3,967,337</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	1,767,074	1,324,943	6,003,054	14,507	9,109,578
Operating transfers out	(5,050,307)	(332)	-	(892,005)	(5,942,644)
Total other financing sources (uses)	<u>(3,283,233)</u>	<u>1,324,611</u>	<u>6,003,054</u>	<u>(877,498)</u>	<u>3,166,934</u>
Net change in fund balances	368,114	454,283	5,636,691	675,183	7,134,271
Fund balances, beginning of year	<u>14,627,065</u>	<u>1,472,879</u>	<u>13,361,948</u>	<u>2,001,171</u>	<u>31,463,063</u>
Fund balances, end of year	<u>\$ 14,995,179</u>	<u>\$ 1,927,162</u>	<u>\$ 18,998,639</u>	<u>\$ 2,676,354</u>	<u>\$ 38,597,334</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF RIPON  
STATEMENT OF NET POSITION – MODIFIED CASH BASIS  
PROPRIETARY FUNDS  
JUNE 30, 2019**

	Sewer Enterprise Fund	Water Enterprise Fund	Refuse Enterprise Fund	Total
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 763,704	\$ 926,190	\$ 208,680	\$ 1,898,574
Cash and investments - restricted	<u>-</u>	<u>318</u>	<u>-</u>	<u>318</u>
Total assets	<u>763,704</u>	<u>926,508</u>	<u>208,680</u>	<u>1,898,892</u>
<b>LIABILITIES</b>				
Current liabilities:				
Current portion of bonds payable	140,000	500,000	-	640,000
Noncurrent liabilities:				
Advance from capital projects fund	-	1,215,778	-	1,215,778
Noncurrent portion of bonds payable	<u>1,045,000</u>	<u>6,890,000</u>	<u>-</u>	<u>7,935,000</u>
Total liabilities	<u>1,185,000</u>	<u>8,605,778</u>	<u>-</u>	<u>9,790,778</u>
<b>NET POSITION</b>				
Capital related debt	(1,185,000)	(8,605,778)	-	(9,790,778)
Restricted for debt service	-	318	-	318
Unrestricted	<u>763,704</u>	<u>926,190</u>	<u>208,680</u>	<u>1,898,574</u>
Total net position (deficit)	<u>\$ (421,296)</u>	<u>\$ (7,679,270)</u>	<u>\$ 208,680</u>	<u>\$ (7,891,886)</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF RIPON**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**MODIFIED CASH BASIS – PROPRIETARY FUNDS**  
**JUNE 30, 2019**

	Sewer Enterprise Fund	Water Enterprise Fund	Refuse Enterprise Fund	Total
Operating revenues:				
Charges for services:				
Sewer usage services	\$ 1,519,793	\$ -	\$ -	\$ 1,519,793
Water revenue	-	3,500,005	-	3,500,005
Refuse revenue	-	-	1,983,203	1,983,203
Total operating revenues	<u>1,519,793</u>	<u>3,500,005</u>	<u>1,983,203</u>	<u>7,003,001</u>
Operating expenses:				
Salaries and wages	314,974	376,106	516,664	1,207,744
Employee benefits	177,439	219,310	315,773	712,522
Professional services	102,695	60,960	7,617	171,272
Repairs and maintenance	75,883	206,642	79,127	361,652
Gas and oil	14,799	14,293	71,028	100,120
Utilities	97,479	337,198	21,883	456,560
Supplies	7,390	9,982	8,173	25,545
Communications	2,743	58,004	2,092	62,839
Membership, dues, books, etc.	39,931	31,310	1,710	72,951
Postage	8,000	9,103	8,000	25,103
Refuse disposal	-	-	476,106	476,106
Other	7,299	12,121	23,044	42,464
Allocation of other department costs	153,874	279,394	261,404	694,672
Total operating expenses	<u>1,002,506</u>	<u>1,614,423</u>	<u>1,792,621</u>	<u>4,409,550</u>
Operating income	<u>517,287</u>	<u>1,885,582</u>	<u>190,582</u>	<u>2,593,451</u>
Nonoperating revenues (expenses):				
Contributions/developer fees	460,980	1,047,893	87,674	1,596,547
Assessments	143,074	-	-	143,074
Interest revenue	13,689	17,185	3,136	34,010
Debt service - interest	(52,710)	(301,560)	-	(354,270)
Total nonoperating revenues (expenses)	<u>565,033</u>	<u>763,518</u>	<u>90,810</u>	<u>1,419,361</u>
Net income before transfers	<u>1,082,320</u>	<u>2,649,100</u>	<u>281,392</u>	<u>4,012,812</u>
Transfers in	-	-	-	-
Transfers out	(942,322)	(1,976,938)	(247,674)	(3,166,934)
Change in net position	139,998	672,162	33,718	845,878
Net position - beginning	(561,294)	(8,351,432)	174,962	(8,737,764)
Net position - ending	<u>\$ (421,296)</u>	<u>\$ (7,679,270)</u>	<u>\$ 208,680</u>	<u>\$ (7,891,886)</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF RIPON  
STATEMENT OF FIDUCIARY NET POSITION – MODIFIED CASH BASIS  
PRIVATE-PURPOSE TRUST FUNDS  
JUNE 30, 2019**

	Successor Agency Trust Fund
<b>ASSETS</b>	
Cash and investments	\$ 1,799,189
Cash and investments - restricted	2,957,626
Cash and Investments with fiscal agents - restricted	1,998,617
Loan due from capital projects fund	2,197,894
Total assets	8,953,326
<b>LIABILITIES</b>	
Due to Housing Authority	1,297,266
Long-term liabilities:	
Debt due within one year	890,000
Debt due in more than one year	22,480,000
Total liabilities	24,667,266
<b>NET POSITION</b>	
Net position held in trust for redevelopment disolution and other purposes	\$ (15,713,940)

The accompanying notes are an integral part of this financial statement.

**CITY OF RIPON  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – MODIFIED CASH BASIS  
PRIVATE-PURPOSE TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	Successor Agency Trust Fund
<b>ADDITIONS</b>	
Property taxes	\$ 2,219,586
Program income	173,614
Investment income	183,186
Total additions	2,576,386
<b>DEDUCTIONS</b>	
General operating	267,275
Debt service - interest	1,091,608
Total deductions	1,358,883
Change in net position	1,217,503
Total net position - beginning of year	(16,931,443)
Total net position (deficit) - end of year	\$ (15,713,940)

The accompanying notes are an integral part of this financial statement.

**CITY OF RIPON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Ripon (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.

**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-Manager form of government consisting of five elected council members including the Mayor and a city council appointed City Manager. 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.

**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.

**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.



**CITY OF RIPON  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**CITY OF RIPON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Presentation (Continued)**

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 reporting entity includes on 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.

**CITY OF RIPON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

Investments are stated at cost basis.

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 2003, 2005 and 2007 tax allocation 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.

**CITY OF RIPON  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

*Non-spendable* – 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 manager 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.

**CITY OF RIPON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 Assets, 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, which are reported as Transfers - Internal 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.

**CITY OF RIPON  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 based 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

**CITY OF RIPON  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 2 – CASH AND INVESTMENTS**

Cash and investments as of June 30, 2019 are classified in the accompanying financial statements as follows:

Statement of net position:

Governmental and proprietary funds:

Cash and investments	\$ 17,209,140
Cash and investments - restricted	<u>24,269,202</u>
	41,478,342

Fiduciary funds:

Cash and investments	1,799,189
Cash and investments - restricted	2,957,626
Cash and investments with fiscal agents - restricted	<u>1,998,617</u>
	<u>6,755,432</u>

Total cash and investments	<u><u>\$ 48,233,774</u></u>
----------------------------	-----------------------------

Cash and investments as of June 30, 2019 consist of the following:

Cash on hand	\$ 1,300
Deposits with financial institutions	165,996
Investments	<u>48,066,478</u>
	<u><u>\$ 48,233,774</u></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.

**CITY OF RIPON  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

**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
State Investment Pool	\$ 25,753,642	\$ 25,797,727	\$ 25,797,727
CSJV Pool	20,313,901	20,830,597	20,830,597
Held by Bond Trustees:			
Money Market Funds	<u>1,998,935</u>	<u>1,998,935</u>	<u>1,998,935</u>
Total	<u>\$ 48,066,478</u>	<u>\$ 48,627,259</u>	<u>\$ 48,627,259</u>

**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	Rating as of Fiscal Year-End <u>Not Rated</u>
State Investment Pool	\$ 25,753,642	\$ 25,797,727	N/A	\$ 25,797,727
CSJV Pool	20,313,901	20,830,597	N/A	20,830,597
Held by Bond Trustees:				
Money Market Funds	<u>1,998,935</u>	<u>1,998,935</u>	<u>N/A</u>	<u>1,998,935</u>
Total	<u>\$ 48,066,478</u>	<u>\$ 48,627,259</u>	<u>N/A</u>	<u>\$ 48,627,259</u>

\* Average rating of portfolio AA/aa1



**CITY OF RIPON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

**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, 2019, none of the City's deposits with financial institutions were in excess of federal depository insurance limits.

A description of the City's investments follows:

**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 \$25,797,727. The total amount invested by all public agencies in the LAIF is \$24,584,685,280. 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. The State Treasurer's investment policy for the LAIF and separately issued financial statements for the LAIF are available at <http://www.treasurer.ca.gov/pmia-laif/>.

**CSJV Pool**

The City maintains an investment of \$20,313,901 in the Central San Joaquin Valley RMA Pool as of June 30, 2019. The total amount invested by all participants in the pool is \$106,731,628. 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 \$20,830,597 as of June 30, 2019. 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 2.68 years and the average rating is AA/Aa1. The pool consists of 47% Securities of U.S. Government Agencies, 33% U.S. Corporate Obligations and 20% other. The pool complies with the City's investment policy.

**CITY OF RIPON  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 3 – INTERFUND TRANSACTIONS**

Interfund transactions consist of the following:

**Transfers Between Funds**

Resources may be transferred from one City fund to another with Council approval. The purpose of the majority of transfers is to reimburse a fund which has made an expenditure on behalf of another fund. Less often, a transfer may be made to open or close a fund.

Transfers between funds during the year ended June 30, 2019 were as follows:

Fund	Transfers In	Transfers Out
<b>Major Governmental Funds:</b>		
General Fund	\$ 1,767,074	\$ 5,050,307
Streets and Roads Special Revenue Fund	1,324,943	332
Capital Projects Fund	6,003,054	-
<b>Major Proprietary Funds:</b>		
Sewer Enterprise	-	942,322
Water Enterprise	-	1,976,938
Refuse Enterprise	-	247,674
<b>Nonmajor Governmental Funds:</b>		
<b>Special Revenue Funds:</b>		
2103 Fund	-	121,013
2105 Fund	-	106,726
COG/LTF Fund	-	664,266
Dutch Meadows Fund	10,236	-
Farmland Estates Fund	1,328	-
Main Street Landscape Fund	2,943	-
	<u>          </u>	<u>          </u>
Total interfund transfers	<u>\$ 9,109,578</u>	<u>\$ 9,109,578</u>

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.

**CITY OF RIPON  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 3 – INTERFUND TRANSACTIONS (Continued)**

**Internal Balances**

Due To/From

	Due From	Due To
Governmental Funds		
Major Funds:		
General Fund	\$ 53,304	\$ -
Nonmajor Funds:		
CDBG	-	53,304
Total	\$ 53,304	\$ 53,304

The "due from" balance of \$53,304 in the General Fund listed above represents short-term cash advances made to the CDBG fund to cover operating cash deficits.

Advances To/From

During the year ended June 30, 2014 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, 2019 the Water Enterprise Fund collected approximately \$191,952 in water meter surcharges which was subsequently paid back to the capital projects fund.

As of June 30, 2019 the balance owed from the Water Enterprise Fund to the Capital Projects fund was \$1,215,778.

**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 (2.40% at December 2018). 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 not made this repayment 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).

**CITY OF RIPON  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

**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.

**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, 2018	Additions	Reductions	Balance June 30, 2019	Current Year
Business-Type Activity Debt <i>Enterprise long-term debt</i>						
2011 Refunding Revenue Bonds (Sewer)	\$ 2,195,000	\$ 1,325,000	\$ -	\$ 140,000	\$ 1,185,000	\$ 140,000
2006 Revenue Bonds (Water)	7,845,000	5,505,000	-	265,000	5,240,000	280,000
2012 Refunding Revenue Bonds (Water)	<u>3,350,000</u>	<u>2,365,000</u>	<u>-</u>	<u>215,000</u>	<u>2,150,000</u>	<u>220,000</u>
	<u>\$ 13,390,000</u>	<u>\$ 9,195,000</u>	<u>\$ -</u>	<u>\$ 620,000</u>	<u>\$ 8,575,000</u>	<u>\$ 640,000</u>

**Revenue Bonds**

Enterprise fund long-term debt outstanding as of June 30, 2019 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 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 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.

**CITY OF RIPON  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 5 – LONG-TERM DEBT (Continued)**

**Revenue Bonds (Continued)**

Debt Outstanding as of June 30, 2019 consisted of the following:

	Interest Rate	Maturity Date	Amounts Issued	Outstanding
<b><u>Business-Type Activity Debt</u></b>				
Enterprise Fund Bonds				
2011 Refunding Wastewater Revenue Bonds (Sewer)				
Term Bonds	4.20%	October 1, 2025	\$ 2,195,000	\$ 1,185,000
2006 Revenue Bonds (Water)				
Serial Bonds	3.625%-4.30%	October 1, 2021	3,475,000	870,000
Term Bonds	4.50%	October 1, 2027	2,120,000	2,120,000
Term Bonds	4.50%	October 1, 2032	2,250,000	2,250,000
			<u>7,845,000</u>	<u>5,240,000</u>
2012 Refunding Revenue Bonds (Water)				
Serial Bonds	2.00%-3.375%	October 1, 2027	3,350,000	2,150,000
			<u>\$ 13,390,000</u>	<u>\$ 8,575,000</u>

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

For the Years Ending June 30,	Principal	Interest
2020	650,000	338,464
2021	665,000	315,834
2022	685,000	291,606
2023	715,000	265,945
2024-2028	3,610,000	896,308
2029-2032	2,250,000	312,750
Total	<u>\$ 8,575,000</u>	<u>\$ 2,420,907</u>

**CITY OF RIPON  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 6 – SITE LEASE**

On October 11, 2006, the City entered into a lease-financing agreement with Municipal Finance Corporation to facilitate the purchase of street lighting. Municipal Finance Corporation assigned the lease to Westamerica Bank, which in turn leases the property to the City. Westamerica prepaid all rental payments totaling \$420,422 in November 2006.

Future minimum annual rental expense on the sublease with Westamerica Bank follows:

<u>Years Ending June 30,</u>	
2020	\$ 39,147
2021	39,147
2022	<u>39,147</u>
Total	<u>\$ 117,441</u>

Rental expense related to the site totaled \$39,147 for the year ended June 30, 2019.

**NOTE 7 – DEFICIT NET POSITION AND FUND BALANCES**

**Fund Balance and Net Position Deficits**

Major Funds

The Sewer Enterprise Fund and the Water Enterprise Fund had net position deficits of \$421,296 and \$7,679,270, respectively, at June 30, 2019. These deficits are due to debts financing and are 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.

Non-major Funds

A deficit fund balance of \$234,569 exists in the Ripon Lighting Assessment District Fund. The deficit is due to the City incurring costs in advance of revenues. The fund deficit is expected to be offset in the future from the receipt of assessment revenue.

A deficit fund balance of \$53,304 exists in the CDBG Fund. The deficit is due to the City incurring costs in advance of revenues. The fund deficit is expected to be offset in the future from the receipt of grant revenue.

**CITY OF RIPON  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS**

**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, 2019, there were 61 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 2019 was \$6,282,864. The City’s contributions were calculated using the base salary amount of \$3,446,103 for employees participating in the City’s defined contribution plan. The total employee and employer contributions for the year ended June 30, 2019 were \$270,433 and \$516,947, respectively. The employee and employer contributions represented 7.85% and 15% 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.

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.

**CITY OF RIPON  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Defined Contribution Plan (Continued)**

The following table sets forth, by level within the fair value hierarchy, the Plan's investments at fair value as of June 30, 2019:

	Assets at Fair Value as of June 30, 2019			
	Level 1	Level 2	Level 3	Total
U.S. Government securities	\$ 510,695	\$ -	\$ -	\$ 510,695
Corporate obligations	-	156,546	-	156,546
Mutual funds	6,162,466	-	-	6,162,466
Common and preferred stock	<u>2,379,001</u>	<u>-</u>	<u>-</u>	<u>2,379,001</u>
	<u>\$ 9,052,162</u>	<u>\$ 156,546</u>	<u>\$ -</u>	<u>\$ 9,208,708</u>

**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.

The Plans' provisions and benefits in effect at June 30, 2019 are summarized as follows:

	<b>Safety</b>		
	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%	12.000%
Required employer contribution rates	19.416%	17.614%	12.141%



**CITY OF RIPON  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**California Public Employees Retirement System (Continued)**

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, 2019, the contributions recognized as part of pension expense totaled \$662,739.

**NOTE 9 – 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 10 – 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.

**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, 2019. The Authority determines the amount of risk each member city brings to the pool and calculates a relative risk distribution factor. The unobligated balance of program years 2014 through 2018 is a deficit balance of \$80,897 as of June 30, 2018 (most recent information). 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 has not been recorded. Disbursements to the Authority for general liability coverage during the year ended June 30, 2019 were \$198,828.

**CITY OF RIPON  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 10 – RISK MANAGEMENT (Continued)**

**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, 2019. The unobligated balance is \$113,212 as of June 30, 2018 (most recent information). 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 has not been recorded. Disbursements to the Authority for workers' compensation coverage during the year ended June 30, 2019 were \$590,154, which includes a retrospective adjustment of \$110,182.

**NOTE 11 – CONTINGENCIES**

**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.

**NOTE 12 – 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 13 – 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.

**CITY OF RIPON  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 13 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY**  
**(Continued)**

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.

**Long-Term Debt**

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

	<u>Original Amount</u>	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2019</u>	<u>Current</u>
<b>Fiduciary Fund</b>						
Former Redevelopment Agency of the City of Ripon						
2003 Tax Allocation Bonds	\$ 6,320,000	\$ 4,725,000	\$ -	\$ 150,000	4,575,000	\$ 150,000
2005 Tax Allocation Bonds	5,660,000	4,370,000	-	130,000	4,240,000	135,000
2007 Tax Allocation Refunding Bonds	<u>20,395,000</u>	<u>15,130,000</u>	<u>-</u>	<u>575,000</u>	<u>14,555,000</u>	<u>605,000</u>
	<u>\$ 32,375,000</u>	<u>\$ 24,225,000</u>	<u>\$ -</u>	<u>\$ 855,000</u>	<u>\$ 23,370,000</u>	<u>\$ 890,000</u>

**CITY OF RIPON  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 13 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY**  
**(Continued)**

**Tax Allocation Bonds**

In 2003, the Former Redevelopment Agency of the City of Ripon issued Tax Allocation Bonds in the amount of \$6,320,000 to finance redevelopment projects. Agency tax increment revenue is pledged for the repayment of these Bonds. Principal and interest are payable semi-annually each May 1 and November 1.

In 2005, the Former Redevelopment Agency of the City of Ripon issued Tax Allocation Bonds in the amount of \$5,660,000 to finance redevelopment projects. Agency tax increment revenue is pledged for the repayment of these Bonds. Principal and interest are payable semi-annually each May 1 and November 1.

In 2007, the Former Redevelopment Agency of the City of Ripon, Ripon Community Redevelopment Project issued Tax Allocation Bonds in the amount of \$20,395,000 to provide funds for certain redevelopment projects and to defease 2000 Tax Allocation Bonds. The bond issue included \$11,025,000 of serial bonds with interest rates ranging from 4.0% to 5% with maturities ranging from 2007 through 2027, \$4,300,000 of term bonds with an interest rate of 4.5% maturing in 2034 and \$5,070,000 of escrow term bonds with an interest rate of 4.75% maturing in 2036. The bonds maturing on or after November 1, 2018 may be called before maturity and redeemed at the option of the Former Redevelopment Agency of the City of Ripon, in whole or in part from proceeds of refunding bonds or other available funds, on November 1, 2017 or on any date thereafter. The net proceeds of the 2007 Tax Allocation Refunding Bonds were \$19,581,738, after paying issuance costs of \$813,262. The Former Redevelopment Agency of the City of Ripon deposited \$10,066,703, representing a portion of net proceeds from the issuance of the 2007 Tax Allocation Refunding Bonds and \$806,580, representing funds held by trustee relating to the 2000 Tax Allocation Bonds into an irrevocable trust with an escrow agent for investment in U.S. government securities to defease the 2000 Tax Allocation Bonds. The funds deposited with the escrow agent were used to pay the principal and interest on the refunded bonds on November 1, 2010, at a redemption price equal to 102% of par.

Fiduciary Fund debt outstanding as of June 30, 2019 consists of the following:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amounts Issued</u>	<u>Outstanding</u>
<u>Fiduciary Fund</u>				
Redevelopment Agency 2003				
Tax Allocation Bonds				
Serial Bonds	3.65%-4.55%	Nov. 1, 2020	\$ 2,060,000	\$ 315,000
Term Bonds	4.45%	Nov. 1, 2027	1,345,000	1,345,000
Term Bonds	4.75%	Nov. 1, 2032	<u>2,915,000</u>	<u>2,915,000</u>
			<u>6,320,000</u>	<u>4,575,000</u>
Redevelopment Agency 2005				
Tax Allocation Bonds				
Serial Bonds	3.50%-3.625%	Nov. 1, 2013	805,000	-
Term Bonds	3.00%	Nov. 1, 2017	485,000	-
Term Bonds	5.00%	Nov. 1, 2025	1,230,000	1,100,000
Term Bonds	4.75%	Nov. 1, 2035	<u>3,140,000</u>	<u>3,140,000</u>
			<u>5,660,000</u>	<u>4,240,000</u>
Redevelopment Agency 2007				
Tax Allocation Bonds				
Serial Bonds	4.00%-5.00%	Nov. 1, 2027	11,025,000	5,185,000
Term Bonds	4.50%	Nov. 1, 2034	4,300,000	4,300,000
Term Bonds	4.75%	Nov. 1, 2036	<u>5,070,000</u>	<u>5,070,000</u>
			<u>20,395,000</u>	<u>14,555,000</u>
			<u>\$ 32,375,000</u>	<u>\$ 23,370,000</u>

**CITY OF RIPON  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 13 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY  
(Continued)**

**Tax Allocation Bonds (Continued)**

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

For the Year Ending June 30,	Fiduciary Activities	
	Principal	Interest
2020	890,000	1,060,861
2021	935,000	1,021,706
2022	970,000	1,094,094
2023	1,015,000	1,168,419
2023-2028	5,805,000	5,226,678
2029-2033	7,280,000	3,934,600
2034-2037	6,475,000	1,726,566
Total	<u>\$ 23,370,000</u>	<u>\$ 15,232,924</u>

**NOTE 14 – 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, 2019:

Facility Type	Balance June 30, 2018	Revenue	Expenditures	Transfers	Balance June 30, 2019
Water	\$ 692,022	\$ 1,161,910	\$ (325,616)	\$ -	\$ 1,528,316
SSJID Connection Reserve	218,521	238,499	-	-	457,020
Garbage	(799,677)	99,744	(42,209)	-	(742,142)
Wastewater	3,665,462	731,351	(195,398)	-	4,201,415
Storm Drainage	1,464,392	352,231	(91,037)	-	1,725,586
Transportation	(204,206)	1,077,045	(824,994)	-	47,845
Regional Transportation Impact Fee	758,099	254,449	-	-	1,012,548
Parks and Recreation	(610,867)	892,518	(312,183)	-	(30,532)
Parks and Recreation Loan Repayment	1,409,883	554,013	-	-	1,963,896
Police Station/City Hall	(5,097,850)	176,486	(97,400)	-	(5,018,764)
Corporation Yard	541,445	180,985	(34,715)	-	687,715
Library	(666,473)	62,883	(27,599)	-	(631,189)
Total balances by facility type	<u>\$ 1,370,751</u>	<u>\$ 5,782,114</u>	<u>\$ (1,951,151)</u>	<u>\$ -</u>	<u>\$ 5,201,714</u>

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## SUPPLEMENTARY INFORMATION

**CITY OF RIPON  
COMBINING BALANCE SHEET – MODIFIED CASH BASIS  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2019**

	HUTA 2103 Fund	HUTA 2105 Fund	HUTA 2106 Fund	HUTA 2107 Fund	HUTA 2107.5 Fund
<b>ASSETS</b>					
Cash and investments	\$ -	\$ 79,212	\$ 121,738	\$ 224,691	\$ 16,054
Total assets	<u>\$ -</u>	<u>\$ 79,212</u>	<u>\$ 121,738</u>	<u>\$ 224,691</u>	<u>\$ 16,054</u>
<b>LIABILITIES</b>					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
Loan due to private-purpose trust funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted for:					
Public safety	-	-	-	-	-
Street construction and maintenance	-	79,212	121,738	224,691	16,054
Assessment districts	-	-	-	-	-
Capital projects	-	-	-	-	-
Committed to:					
Assessment districts	-	-	-	-	-
Capital projects	-	-	-	-	-
Assigned to:					
Capital projects	-	-	-	-	-
Subsequent year expenditures	-	-	-	-	-
Other purposes	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>-</u>	<u>79,212</u>	<u>121,738</u>	<u>224,691</u>	<u>16,054</u>
Total liabilities and fund balances (deficit)	<u>\$ -</u>	<u>\$ 79,212</u>	<u>\$ 121,738</u>	<u>\$ 224,691</u>	<u>\$ 16,054</u>



**CITY OF RIPON**  
**COMBINING BALANCE SHEET – MODIFIED CASH BASIS**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**  
(Continued)

	SB1 Street & Road Tax Fund	Measure K Fund	COG/LTF Fund	STA/BUS Fund	CDBG Fund
<b>ASSETS</b>					
Cash and investments	\$ 366,990	\$ 1,815,533	\$ 67,360	\$ 36,644	\$ -
Total assets	<u>\$ 366,990</u>	<u>\$ 1,815,533</u>	<u>\$ 67,360</u>	<u>\$ 36,644</u>	<u>\$ -</u>
<b>LIABILITIES</b>					
Due to other funds	\$ -	\$ -	\$ -	\$ -	53,304
Loan due to private-purpose trust funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,304</u>
<b>FUND BALANCES</b>					
Restricted for:					
Public safety	-	-	-	-	-
Street construction and maintenance	366,990	1,815,533	67,360	-	-
Assessment districts	-	-	-	-	-
Capital projects	-	-	-	36,644	-
Committed to:					
Assessment districts	-	-	-	-	-
Capital projects	-	-	-	-	-
Assigned to:					
Capital projects	-	-	-	-	-
Subsequent year expenditures	-	-	-	-	-
Other purposes	-	-	-	-	-
Unassigned	-	-	-	-	(53,304)
Total fund balances	<u>366,990</u>	<u>1,815,533</u>	<u>67,360</u>	<u>36,644</u>	<u>(53,304)</u>
Total liabilities and fund balances (deficit)	<u>\$ 366,990</u>	<u>\$ 1,815,533</u>	<u>\$ 67,360</u>	<u>\$ 36,644</u>	<u>\$ -</u>

**CITY OF RIPON**  
**COMBINING BALANCE SHEET – MODIFIED CASH BASIS**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**  
(Continued)

	Dutch Meadows Fund	Country Woods Fund	Farmland Estates Fund	Jacobs Landing Fund	Carolina's Landscape Fund
<b>ASSETS</b>					
Cash and investments	\$ -	\$ 4,737	\$ -	\$ 27,546	\$ 26,251
Total assets	<u>\$ -</u>	<u>\$ 4,737</u>	<u>\$ -</u>	<u>\$ 27,546</u>	<u>\$ 26,251</u>
<b>LIABILITIES</b>					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
Loan due to private-purpose trust funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted for:					
Public safety	-	-	-	-	-
Street construction and maintenance	-	-	-	-	-
Assessment districts	-	4,737	-	27,546	26,251
Capital projects	-	-	-	-	-
Committed to:					
Assessment districts	-	-	-	-	-
Capital projects	-	-	-	-	-
Assigned to:					
Capital projects	-	-	-	-	-
Subsequent year expenditures	-	-	-	-	-
Other purposes	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>-</u>	<u>4,737</u>	<u>-</u>	<u>27,546</u>	<u>26,251</u>
Total liabilities and fund balances (deficit)	<u>\$ -</u>	<u>\$ 4,737</u>	<u>\$ -</u>	<u>\$ 27,546</u>	<u>\$ 26,251</u>

**CITY OF RIPON**  
**COMBINING BALANCE SHEET – MODIFIED CASH BASIS**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**  
(Continued)

	Boesch/ Kingery Assessment Fund	Main Street Landscape Fund	Cornerstone I Fund	Vineyards Landscape Fund	Alexandra Landscape Fund
<b>ASSETS</b>					
Cash and investments	\$ 41,652	\$ -	\$ 82,125	\$ 50,417	\$ 3,277
Total assets	<u>\$ 41,652</u>	<u>\$ -</u>	<u>\$ 82,125</u>	<u>\$ 50,417</u>	<u>\$ 3,277</u>
<b>LIABILITIES</b>					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
Loan due to private-purpose trust funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted for:					
Public safety	-	-	-	-	-
Street construction and maintenance	-	-	-	-	-
Assessment districts	41,652	-	82,125	50,417	3,277
Capital projects	-	-	-	-	-
Committed to:					
Assessment districts	-	-	-	-	-
Capital projects	-	-	-	-	-
Assigned to:					
Capital projects	-	-	-	-	-
Subsequent year expenditures	-	-	-	-	-
Other purposes	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>41,652</u>	<u>-</u>	<u>82,125</u>	<u>50,417</u>	<u>3,277</u>
Total liabilities and fund balances (deficit)	<u>\$ 41,652</u>	<u>\$ -</u>	<u>\$ 82,125</u>	<u>\$ 50,417</u>	<u>\$ 3,277</u>

**CITY OF RIPON**  
**COMBINING BALANCE SHEET – MODIFIED CASH BASIS**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**  
(Continued)

	Ripon Lighting Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>		
Cash and investments	\$ (234,569)	\$ 2,729,658
Total assets	<u>\$ (234,569)</u>	<u>\$ 2,729,658</u>
<b>LIABILITIES</b>		
Due to other funds	\$ -	\$ 53,304
Loan due to private-purpose trust funds	-	-
Total liabilities	-	53,304
<b>FUND BALANCES</b>		
Restricted for:		
Public safety	-	-
Street construction and maintenance	-	2,691,578
Assessment districts	-	236,005
Capital projects	-	36,644
Committed to:		
Assessment districts	-	-
Capital projects	-	-
Assigned to:		
Capital projects	-	-
Subsequent year expenditures	-	-
Other purposes	-	-
Unassigned	<u>(234,569)</u>	<u>(287,873)</u>
Total fund balances	<u>(234,569)</u>	<u>2,676,354</u>
Total liabilities and fund balances (deficit)	<u>\$ (234,569)</u>	<u>\$ 2,729,658</u>

**CITY OF RIPON**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES – MODIFIED CASH BASIS**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

	HUTA 2103 Fund	HUTA 2105 Fund	HUTA 2106 Fund	HUTA 2107 Fund	HUTA 2107.5 Fund
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-	-
Investment income	1,340	2,060	1,348	2,489	178
Intergovernmental revenue	52,941	86,947	57,063	109,345	4,000
Charges for services	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	<u>54,281</u>	<u>89,007</u>	<u>58,411</u>	<u>111,834</u>	<u>4,178</u>
<b>EXPENDITURES</b>					
Streets and public works:					
Streets	-	-	-	-	-
Planning	-	-	-	-	-
Community development block grant	-	-	-	-	-
Special assessment districts	-	-	-	-	-
Allocation to other department costs	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>54,281</u>	<u>89,007</u>	<u>58,411</u>	<u>111,834</u>	<u>4,178</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	-	-	-	-	-
Operating transfers out	<u>(121,013)</u>	<u>(106,726)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(121,013)</u>	<u>(106,726)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(66,732)	(17,719)	58,411	111,834	4,178
Fund balances (deficit), beginning of year,	<u>66,732</u>	<u>96,931</u>	<u>63,327</u>	<u>112,857</u>	<u>11,876</u>
Fund balances (deficit), end of year	<u>\$ -</u>	<u>\$ 79,212</u>	<u>\$ 121,738</u>	<u>\$ 224,691</u>	<u>\$ 16,054</u>

**CITY OF RIPON**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES – MODIFIED CASH BASIS**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**  
(Continued)

	SB1 Streets & Road Tax Fund	Measure K Fund	COG/LTF Fund	STA/BUS Fund	CDBG Fund
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-	-
Investment income	4,065	20,110	8,104	911	-
Intergovernmental revenue	288,684	300,000	621,355	43,331	207,651
Charges for services	-	-	-	2,554	-
Other	-	-	-	-	-
Total revenues	<u>292,749</u>	<u>320,110</u>	<u>629,459</u>	<u>46,796</u>	<u>207,651</u>
<b>EXPENDITURES</b>					
Streets and public works:					
Streets	-	-	-	38,953	-
Planning	-	-	-	-	5,800
Community development block grant	-	-	-	-	11,213
Special assessment districts	-	-	-	-	-
Allocation to other department costs	-	-	-	6,651	-
Capital outlay	-	-	-	-	175,226
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,604</u>	<u>192,239</u>
Excess (deficiency) of revenues over expenditures	<u>292,749</u>	<u>320,110</u>	<u>629,459</u>	<u>1,192</u>	<u>15,412</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	-	-	-	-	-
Operating transfers out	-	-	(664,266)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(664,266)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	292,749	320,110	(34,807)	1,192	15,412
Fund balances (deficit), beginning of year,	<u>74,241</u>	<u>1,495,423</u>	<u>102,167</u>	<u>35,452</u>	<u>(68,716)</u>
Fund balances (deficit), end of year	<u>\$ 366,990</u>	<u>\$ 1,815,533</u>	<u>\$ 67,360</u>	<u>\$ 36,644</u>	<u>\$ (53,304)</u>

**CITY OF RIPON**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES – MODIFIED CASH BASIS**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**  
(Continued)

	Dutch Meadows Fund	Country Woods Fund	Farmland Estates Fund	Jacobs Landing Fund	Carolina's Landscape Fund
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Assessments	4,555	7,847	3,351	5,701	8,001
Investment income	-	-	-	-	-
Intergovernmental revenue	-	-	-	-	-
Charges for services	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	<u>4,555</u>	<u>7,847</u>	<u>3,351</u>	<u>5,701</u>	<u>8,001</u>
<b>EXPENDITURES</b>					
Streets and public works:					
Streets	-	-	-	-	-
Planning	-	-	-	-	-
Community development block grant	-	-	-	-	-
Special assessment districts	12,634	11,797	5,250	3,561	4,611
Allocation to other department costs	2,157	2,014	896	608	788
Capital outlay	-	-	-	-	-
Total expenditures	<u>14,791</u>	<u>13,811</u>	<u>6,146</u>	<u>4,169</u>	<u>5,399</u>
Excess (deficiency) of revenues over expenditures	<u>(10,236)</u>	<u>(5,964)</u>	<u>(2,795)</u>	<u>1,532</u>	<u>2,602</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	10,236	-	1,328	-	-
Operating transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>10,236</u>	<u>-</u>	<u>1,328</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(5,964)	(1,467)	1,532	2,602
Fund balances (deficit), beginning of year,	<u>-</u>	<u>10,701</u>	<u>1,467</u>	<u>26,014</u>	<u>23,649</u>
Fund balances (deficit), end of year	<u>\$ -</u>	<u>\$ 4,737</u>	<u>\$ -</u>	<u>\$ 27,546</u>	<u>\$ 26,251</u>

**CITY OF RIPON**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES – MODIFIED CASH BASIS**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**  
(Continued)

	Boesch/ Kingery Assessment Fund	Main Street Landscape Fund	Cornerstone I Fund	Vineyards Landscape Fund	Alexandra Landscape Fund
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Assessments	6,061	10,344	9,720	62,502	4,384
Investment income	-	-	-	-	-
Intergovernmental revenue	-	-	-	-	-
Charges for services	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	<u>6,061</u>	<u>10,344</u>	<u>9,720</u>	<u>62,502</u>	<u>4,384</u>
<b>EXPENDITURES</b>					
Streets and public works:					
Streets	-	-	-	-	-
Planning	-	-	-	-	-
Community development block grant	-	-	-	-	-
Special assessment districts	12,200	11,349	12,861	10,323	946
Allocation to other department costs	2,082	1,938	2,196	1,762	161
Capital outlay	-	-	-	-	-
Total expenditures	<u>14,282</u>	<u>13,287</u>	<u>15,057</u>	<u>12,085</u>	<u>1,107</u>
Excess (deficiency) of revenues over expenditures	<u>(8,221)</u>	<u>(2,943)</u>	<u>(5,337)</u>	<u>50,417</u>	<u>3,277</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	-	2,943	-	-	-
Operating transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>2,943</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(8,221)	-	(5,337)	50,417	3,277
Fund balances (deficit), beginning of year,	<u>49,873</u>	<u>-</u>	<u>87,462</u>	<u>-</u>	<u>-</u>
Fund balances (deficit), end of year	<u>\$ 41,652</u>	<u>\$ -</u>	<u>\$ 82,125</u>	<u>\$ 50,417</u>	<u>\$ 3,277</u>



**CITY OF RIPON**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES – MODIFIED CASH BASIS**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**  
(Continued)

	Ripon Lighting Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>		
Taxes	\$ 30,738	\$ 30,738
Assessments	256,934	379,400
Investment income	-	40,605
Intergovernmental revenue	-	1,771,317
Charges for services	-	2,554
Other	-	-
Total revenues	<u>287,672</u>	<u>2,224,614</u>
<b>EXPENDITURES</b>		
Streets and public works:		
Streets	-	38,953
Planning	-	5,800
Community development block grant	-	11,213
Special assessment districts	285,258	370,790
Allocation to other department costs	48,698	69,951
Capital outlay	-	175,226
Total expenditures	<u>333,956</u>	<u>671,933</u>
Excess (deficiency) of revenues over expenditures	<u>(46,284)</u>	<u>1,552,681</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Operating transfers in	-	14,507
Operating transfers out	-	(892,005)
Total other financing sources (uses)	<u>-</u>	<u>(877,498)</u>
Net change in fund balances	(46,284)	675,183
Fund balances (deficit), beginning of year,	<u>(188,285)</u>	<u>2,001,171</u>
Fund balances (deficit), end of year	<u>\$ (234,569)</u>	<u>\$ 2,676,354</u>

**CITY OF RIPON  
 ADDITIONAL INFORMATION ON THE  
 SUCCESSOR AGENCY TRUST FUND**

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, 2019. Accordingly, the fiduciary fund financial statements utilize the accrual basis of accounting. Also included in this section is a schedule of capital assets held by the Successor Agency Trust Fund. 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, 2019**

	<u>Successor Agency Trust Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 1,799,189
Cash and investments - restricted	2,957,626
Cash and Investments with fiscal agents - restricted	1,998,617
Interest receivable	26,786
Loan due from capital projects fund	<u>2,197,894</u>
Total assets	<u>8,980,112</u>
<b>LIABILITIES</b>	
Interest payable	175,579
Due to Housing Successor	1,297,266
Long-term liabilities	
Debt due within one year	890,000
Debt due in more than one year	<u>22,480,000</u>
Total liabilities	<u>24,842,845</u>
<b>NET POSITION</b>	
Net position held in trust for redevelopment disolution and other purposes	<u>\$ (15,862,733)</u>

**CITY OF RIPON  
 ADDITIONAL INFORMATION ON THE  
 SUCCESSOR AGENCY TRUST FUND**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 PRIVATE-PURPOSE TRUST FUND  
 FOR THE YEAR ENDED JUNE 30, 2019

	Successor Agency Trust Fund
<b>Additions</b>	
Investment income	\$ 191,405
Program income	173,614
Property taxes	2,219,586
Total additions	2,584,605
<b>Deductions</b>	
General operating	267,275
Debt service - interest	1,082,222
Total deductions	1,349,497
Change in net position	1,235,108
Total net position - beginning of year	(17,097,841)
Total net position - end of year	\$ (15,862,733)