

**CITY OF RIPON
CALIFORNIA**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2022**

**CITY OF RIPON
CALIFORNIA**

JUNE 30, 2022

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis.....	6
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position – Modified Cash Basis.....	18
Statement of Activities – Modified Cash Basis.....	19
Fund Financial Statements	
Governmental Funds	
Balance Sheet – Modified Cash Basis	20
Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis.....	21
Proprietary Funds	
Statement of Net Position – Modified Cash Basis.....	22
Statement of Revenues, Expenses and Changes in Fund Net Position – Modified Cash Basis.....	23
Fiduciary Funds	
Statement of Fiduciary Net Position – Modified Cash Basis – Private-Purpose Trust Funds	24
Statement of Changes in Fiduciary Net Position – Modified Cash Basis – Private-Purpose Trust Funds	25
Notes to the Basic Financial Statements	26
Supplementary Information	
Non-Major Special Revenue Funds	
Combining Balance Sheet – Modified Cash Basis.....	51
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis.....	56
Additional Information on the Successor Agency Trust Fund.....	61



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the modified cash basis financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ripon, California, as of June 30, 2022, and the respective changes in modified cash basis financial position, for the year then ended in accordance with the modified cash basis of accounting.

Basis for Opinions

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

Emphasis of Matter—Basis of Accounting

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for 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.

570 N. Magnolia Avenue, Suite 100
Clovis, CA 93611

tel 559.299.9540
fax 559.299.2344

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and additional information on the Successor Agency Trust Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and additional information on the Successor Agency Trust Fund are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Matters

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Clovis, California
October 26, 2022

THIS PAGE IS LEFT BLANK INTENTIONALLY.

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CITY OF RIPON
CALIFORNIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

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, 2022, 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 18.

FINANCIAL HIGHLIGHTS

The net position of the City is the difference between total assets and total liabilities and includes restricted and unrestricted funds of both governmental and business-type activities. As summarized in Table 1 on page 10, the City's assets exceeded its liabilities by \$47,225,493 (net position) for the fiscal year ended June 30, 2022. This compares favorably to the previous year's net position of \$41,422,039. This increase is due mainly to capital development fees, which are restricted funds and increased property taxes, motor vehicle in lieu fees, and interest income, which are unrestricted funds. This net position is comprised of the following:

- Capital related debt of \$6,575,000 represents debt recorded in the proprietary funds for capital assets. The debt is associated with the water and sewer enterprise funds. The City does not capitalize capital assets; therefore, this category solely reflects the debt. Capital related debt of \$6,575,000 constitutes a negative net position.
- Restricted net position of \$38,521,396 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 \$15,279,097 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:

	2022	2021
General Fund Reserves:		
Sick Leave Contingency	\$ 355,547	\$ 353,947
PERS Leave Contingency	1,135,397	972,998
Healthcare Contingency	209,025	208,136
Litigation Self-Insured Retention Contingency	627,075	624,407
Litigation/Natural Disaster Contingency	2,475,987	505,514
Operating Reserve	1,412,073	3,397,624
Subsequent Year Budget Deficit	3,344,729	-
Street and Road Reserve Fund	2,461,384	2,451,596
Street and Road Operations	(544,904)	-
General Capital Funds:		
Parks and Recreation	881,429	930,684
CNG Station Capital Reserve	202,066	202,066
Department Capital Funds	1,526,512	1,547,068
Ripon Lighting Fund	(21,343)	(48,960)
Enterprise Funds	1,214,120 *	1,901,195 *
Total Unrestricted Funds	\$ 15,279,097	\$ 13,046,275

* Enterprise funds are considered unrestricted however, these must be used in accordance with the laws governing the City's various enterprise funds. Also, certain reclassifications were made to this table as it relates to unrestricted funds, but does not affect any prior year financial statement numbers.

**CITY OF RIPON
CALIFORNIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

- During the fiscal year ended June 30, 2019, City staff completed a Reserve Study and City Council approved a policy regarding reserve balances. These policies set goals for the General Fund Reserve, Sick Leave Contingency Reserve, CalPERS Reserve, Healthcare Deductible Reimbursement Reserve, Workers Compensation/Liability Self Insured Retention Reserve and the Natural Disaster/Litigation Reserve. These reserves were funded during the fiscal year ended June 30, 2019 through the budgeting process. These balances are reviewed annually to confirm the City is in compliance with the policies.
- During the fiscal year ended June 30, 2019, City Council created a policy of transferring General Fund dollars to the Landscape Maintenance Districts at the end of the year that have an annual operating deficit and do not have a fund balance to cover the annual deficit. This analysis is completed at the end of the fiscal year and transfers are presented to the City Council for approval. For fiscal year ended June 30, 2022, \$63,798 was transferred from the General Fund to four different Landscape Maintenance Districts to cover their deficit fund balances.

USING THIS ANNUAL REPORT

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

Report Components

This annual report consists of the following four parts:

- 1) *Government-Wide Financial Statements.* The Statement of Net Position and the Statement of Activities (on pages 18-19) provide information about the activities of the City government-wide (or as a whole) and present a longer-term view of the City's finances.
- 2) *Fund Financial Statements.* Fund financial statements (beginning on page 20) 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.

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

**CITY OF RIPON
CALIFORNIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

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 no 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 6. The government-wide financial statements are presented on pages 18 and 19. The Statement of Net Position and Statement of Activities report information about the City as a whole and its activities. These statements include all the City's assets, liabilities, and deferred inflows and outflows resulting from the use of the modified cash basis of accounting, as further defined in the notes to the financial statements.

These two statements report the City's net position and changes therein. 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.

Reporting the City's Most Significant Funds

The Fund Financial Statements

Management's analysis of the City's major funds begins on page 14 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.

**CITY OF RIPON
CALIFORNIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

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

Net Position – Modified Cash Basis

The City's combined net position resulting from modified cash basis transactions or events increased from \$41,422,039 to \$47,225,493 between fiscal years 2021 and 2022. 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, 2022**

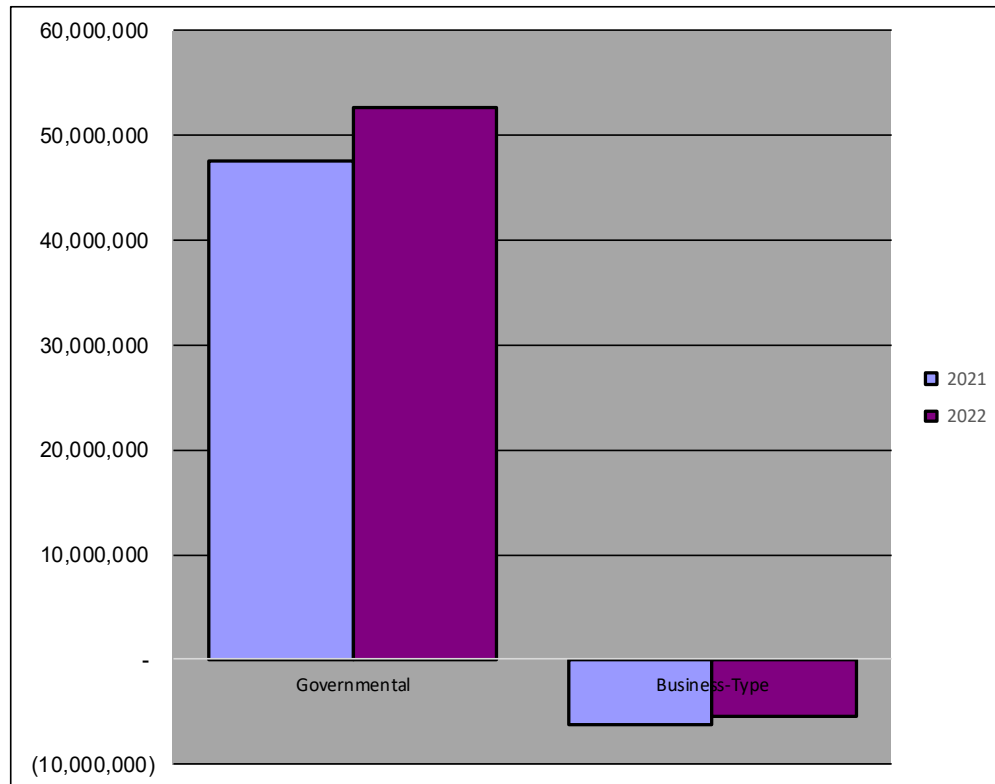
TABLE 1:

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2021	2022	2021	2022	2021	2022	2021-2022
Cash and investments	\$ 15,980,978	\$ 19,851,870	\$ 1,901,195	\$ 1,848,244	\$ 17,882,173	\$ 21,700,114	21%
Cash and investments - restricted	31,347,872	32,639,806	244	96	31,348,116	32,639,902	4%
Internal balances	826,841	634,124	(826,841)	(634,124)	-	-	0%
Total assets	48,155,691	53,125,800	1,074,598	1,214,216	49,230,289	54,340,016	10%
Long-term liabilities:							
Loan due to private-purpose trust funds	548,250	539,523	-	-	548,250	539,523	-2%
Debt due within one year	-	-	685,000	715,000	685,000	715,000	4%
Debt due in more than one year	-	-	6,575,000	5,860,000	6,575,000	5,860,000	-11%
Total liabilities	548,250	539,523	7,260,000	6,575,000	7,808,250	7,114,523	-9%
Capital related debt	-	-	(8,086,841)	(6,575,000)	(8,086,841)	(6,575,000)	-19%
Restricted for:							
Public safety	174,997	184,461	-	-	174,997	184,461	5%
Street construction and maintenance	2,934,728	3,934,333	-	-	2,934,728	3,934,333	34%
Assessment districts	255,822	270,601	-	-	255,822	270,601	6%
Capital outlay	23,706,370	24,289,622	-	-	23,706,370	24,289,622	2%
Mitigation fees	7,922,809	8,038,443	-	-	7,922,809	8,038,443	1%
Low and moderate income housing	1,467,635	1,803,840	-	-	1,467,635	1,803,840	23%
Debt service	-	-	244	96	244	96	-61%
Unrestricted	11,145,080	14,064,977	1,901,195	1,214,120	13,046,275	15,279,097	17%
Total Net Position	\$ 47,607,441	\$ 52,586,277	\$ (6,185,402)	\$ (5,360,784)	\$ 41,422,039	\$ 47,225,493	14%

The net position of the City's governmental activities increased 10.46% to \$52,586,277. However, \$38,521,300 of this amount is restricted regarding the purposes for which it can be used. Consequently, unrestricted amounts showed \$14,064,977 at the end of this year. A summary of the total unrestricted funds, including these governmental activities, is noted on page 6 under Financial Highlights.

**CITY OF RIPON
CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Net Position – Modified Cash Basis



Changes from 2021 to 2022 reflect an increase of 14.01% in net position, an increase of 10.46% for governmental activities and an increase of 13.33% for business-type activities.

Changes in Net Position – Modified Cash Basis

For the year ended June 30, 2022, net position (resulting from modified cash basis transactions or events) changed as follows on page 12.

**CITY OF RIPON
CALIFORNIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2021	2022	2021	2022	2021	2022	2021-2022
Revenues							
Program revenues:							
Charges for services	\$ 1,525,929	\$ 2,212,168	\$ 7,819,460	\$ 8,137,665	\$ 9,345,389	\$ 10,349,833	11%
Operating grants and contributions	1,769,336	1,879,180	-	-	1,769,336	1,879,180	6%
Capital grants and contributions	3,439,030	5,527,209	437,802	398,915	3,876,832	5,926,124	53%
General revenues							
Taxes:							
Property taxes	2,263,340	2,532,657	-	-	2,263,340	2,532,657	12%
Sales and use taxes	3,383,767	4,626,645	-	-	3,383,767	4,626,645	37%
Other	292,763	328,848	153,239	188,030	446,002	516,878	16%
Motor vehicle in lieu	1,725,970	1,809,713	-	-	1,725,970	1,809,713	5%
American rescue plan act	-	1,959,940	-	-	-	1,959,940	100%
Investment income	409,411	289,482	23,136	14,495	432,547	303,977	-30%
Miscellaneous	694,051	668,774	-	-	694,051	668,774	-4%
Total revenue	15,503,597	21,834,616	8,433,637	8,739,105	23,937,234	30,573,721	28%
Expenses							
Administrative	40,667	71,133	-	-	40,667	71,133	75%
Legislative	2,767	3,616	-	-	2,767	3,616	31%
Police	6,749,793	7,805,549	-	-	6,749,793	7,805,549	16%
Streets and public works	1,829,400	1,937,767	-	-	1,829,400	1,937,767	6%
Culture and recreation	2,072,375	2,238,190	-	-	2,072,375	2,238,190	8%
Community development	277,132	5,676	-	-	277,132	5,676	-98%
Redevelopment	196,592	216,357	-	-	196,592	216,357	10%
Other	99,279	116,419	-	-	99,279	116,419	17%
Capital outlay	2,041,040	6,906,310	-	-	2,041,040	6,906,310	238%
Water	-	-	2,015,165	1,984,104	2,015,165	1,984,104	-2%
Sewer	-	-	1,135,228	1,175,464	1,135,228	1,175,464	4%
Refuse	-	-	2,105,818	2,309,682	2,105,818	2,309,682	10%
Total expenses	13,309,045	19,301,017	5,256,211	5,469,250	18,565,256	24,770,267	33%
Excess (deficiency) before transfers	2,194,552	2,533,599	3,177,426	3,269,855	5,371,978	5,803,454	8%
Transfers	2,317,192	2,445,237	(2,317,192)	(2,445,237)	-	-	
Increase in net position	4,511,744	4,978,836	860,234	824,618	5,371,978	5,803,454	8%
Net position - beginning	43,095,697	47,607,441	(7,045,636)	(6,185,402)	36,050,061	41,422,039	
Net position - ending	\$ 47,607,441	\$ 52,586,277	\$ (6,185,402)	\$ (5,360,784)	\$ 41,422,039	\$ 47,225,493	

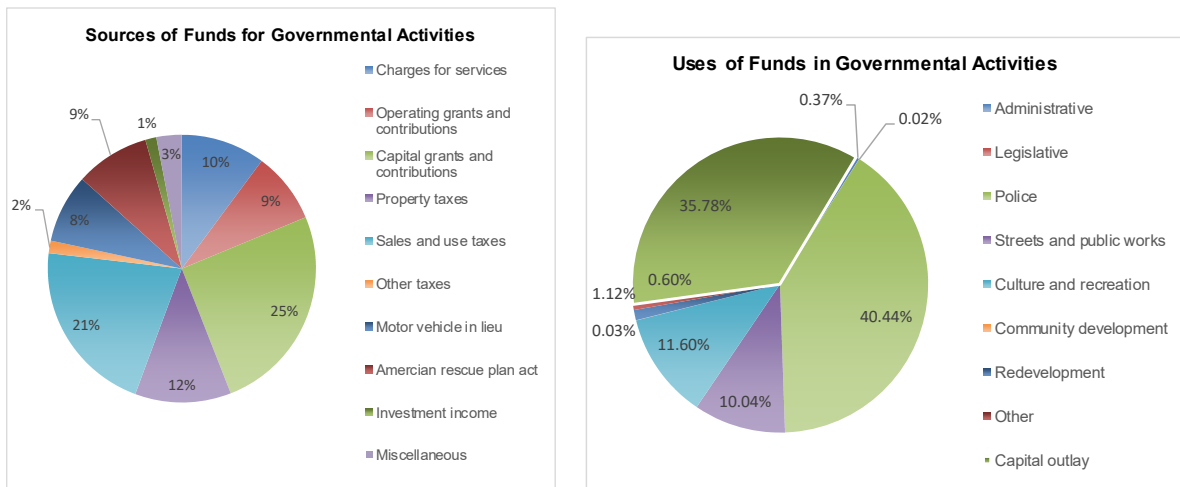
**CITY OF RIPON
CALIFORNIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

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.

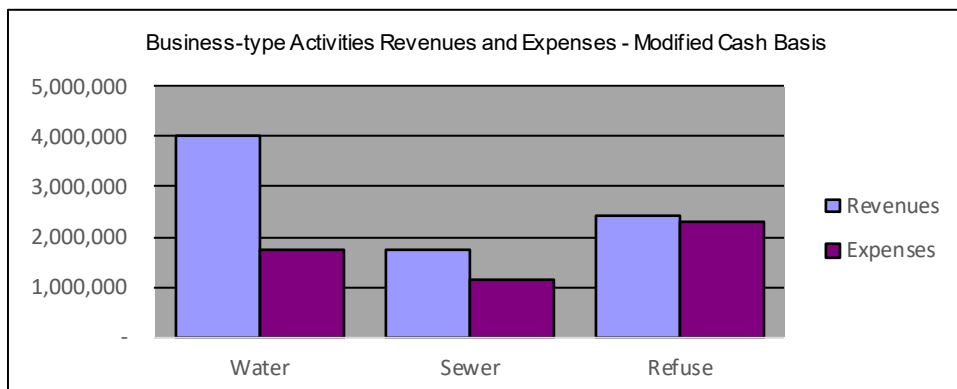
For the year ended June 30, 2022, the City's governmental activities sources and uses follow:



For the year ended June 30, 2022, total expenses for governmental activities resulting from modified cash basis transactions or events amounted to \$19,301,017. Of these total expenses, taxpayers and other general revenues funded \$12,216,059, and those directly benefiting from the program funded \$7,406,389 from grants and other contributions, and \$2,212,168 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 \$2,199,303, \$961,845, and \$108,707, respectively.



**CITY OF RIPON
CALIFORNIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

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 increased 37% from the prior fiscal year to the current fiscal year. This is due to increased fuel sales.
- Development-related General Fund fees were conservatively budgeted at \$262,000, but the amount actually received by the City was \$374,646.
- The City continues to receive the \$250,000 administrative allowance for administering the winding-down of the Redevelopment Agency. At this time, it is not clear when the City would no longer be receiving this allowance.
- The City continues to analyze its utility rates based upon a rate study that was completed in 2020. In accordance with Proposition 218, the City Council approved rate increases to occur over a 5-year period. The utility rate study projected increases to water, sewer, and refuse rates during fiscal year 2021/2022 of 2%, 4%, and 5%, respectively. The City Council has directed staff to re-analyze the financial position of each Enterprise Fund each year to decide if any rate needs to be increased based upon the approved increases. During the current fiscal year, utility rates for water, sewer, and refuse increased as projected. There have been significant increases in refuse expenditures due to State mandates. Staff is tracking these increases to report to the City Council.
- The City received approximately \$1,900,000 of the first tranche of American Rescue Plan dollars during the fiscal year ending June 30, 2022, and received the second tranche of approximately \$1,900,000 during fiscal year ending June 30, 2023. These funds have already been allocated by the City Council at the Strategic Planning meeting in March 2022.

Expenditures:

- Capital Outlay expenditures increased \$4,808,629 from the prior year. Below is a list of major capital expenditures that were incurred during the current fiscal year:
 - Corporation Yard Design - \$176,000
 - Dispatch Center Upgrades - \$294,000 (partially reimbursed by City of Lathrop)
 - Upgrade to computer servers - \$75,000
 - Police Vehicles (2) - \$169,000
 - Public Works Vehicles (2) – \$90,000
 - Equipment for Parks - \$49,000
 - Drilling of Well #19 – \$902,000
 - Senior Center Retrofit Project - \$21,000
 - Rehabilitation to Stockton Avenue – \$3,666,412 (mostly grant funded)
 - Water, Sewer & Storm Drain expenses due to Stockton Avenue - \$500,000; \$532,000; and 97,000; respectively

**CITY OF RIPON
CALIFORNIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

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, 2022, the City had \$7,114,523 in long-term debt arising from modified cash basis transactions or events, compared with \$7,808,250 at June 30, 2021. This debt is related to business-type activities and a loan due to the Successor Agency Trust.

At June 30, 2022, the City's Private-Purpose Trust Fund (Former Ripon Redevelopment Agency) had \$19,780,805 in long-term debt arising from the modified cash basis transactions or events, compared with \$20,005,512 at June 30, 2021. This 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, 2023 is fairly consistent with the year ending June 30, 2022.

The City staffing levels for the year ending June 30, 2023 increased compared to the year ended June 30, 2022 due to the addition of a new patrol officer, and a regulatory compliance position. In addition, part time positions of Information Technician and Water Conservation Coordinator were moved to full-time positions.

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

The City'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 \$1,339,369 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 ended June 30, 2018. It is important to continue to monitor CalPERS increasing rates and unfunded accrued liability. During the fiscal year ending June 30, 2023, the City is establishing a Section 115 trust to help mitigate these increases.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

THIS PAGE IS LEFT BLANK INTENTIONALLY.

BASIC FINANCIAL STATEMENTS

CITY OF RIPON
STATEMENT OF NET POSITION – MODIFIED CASH BASIS
JUNE 30, 2022

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 19,851,870	\$ 1,848,244	\$ 21,700,114
Cash and investments - restricted	32,639,806	96	32,639,902
Internal balances	<u>634,124</u>	<u>(634,124)</u>	<u>-</u>
Total assets	<u>53,125,800</u>	<u>1,214,216</u>	<u>54,340,016</u>
LIABILITIES			
Loan due to private-purpose trust funds	539,523	-	539,523
Long-term liabilities:			
Debt due within one year	-	715,000	715,000
Debt due in more than one year	<u>-</u>	<u>5,860,000</u>	<u>5,860,000</u>
Total liabilities	<u>539,523</u>	<u>6,575,000</u>	<u>7,114,523</u>
NET POSITION			
Capital related debt	-	(6,575,000)	(6,575,000)
Restricted for:			
Public safety	184,461	-	184,461
Street construction and maintenance	3,934,333	-	3,934,333
Assessment districts	270,601	-	270,601
Capital projects	24,289,622	-	24,289,622
Mitigation fees	8,038,443	-	8,038,443
Low and moderate income housing	1,803,840	-	1,803,840
Debt service	-	96	96
Unrestricted	<u>14,064,977</u>	<u>1,214,120</u>	<u>15,279,097</u>
Total net position (deficit)	<u>\$ 52,586,277</u>	<u>\$ (5,360,784)</u>	<u>\$ 47,225,493</u>

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

CITY OF RIPON
STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022

	Expenses			Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Direct	Indirect	Total	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs									
Governmental activities:									
Administrative	\$ 1,632,181	\$ (1,561,048)	\$ 71,133	\$ 420,793	\$ -	\$ 7,808	\$ 357,468	\$ -	\$ 357,468
Legislative	458,880	(455,264)	3,616	-	-	-	(3,616)	-	(3,616)
Police	6,629,342	1,176,207	7,805,549	429,940	182,591	-	(7,193,018)	-	(7,193,018)
Streets and public works	2,261,348	(323,581)	1,937,767	677,271	1,230,046	3,825,517	3,795,067	-	3,795,067
Culture and recreation	1,981,234	256,956	2,238,190	684,164	-	-	(1,554,026)	-	(1,554,026)
Community development	5,676	-	5,676	-	-	-	(5,676)	-	(5,676)
Redevelopment	216,357	-	216,357	-	-	-	(216,357)	-	(216,357)
Other	98,840	17,579	116,419	-	466,543	-	350,124	-	350,124
Capital outlay	6,839,983	66,327	6,906,310	-	-	1,693,884	(5,212,426)	-	(5,212,426)
Total governmental activities	20,123,841	(822,824)	19,301,017	2,212,168	1,879,180	5,527,209	(9,682,460)	-	(9,682,460)
Business-type activities:									
Water	1,686,117	297,987	1,984,104	4,001,846	-	174,574	-	2,192,316	2,192,316
Sewer	998,493	176,971	1,175,464	1,733,453	-	209,946	-	767,935	767,935
Refuse	1,961,816	347,866	2,309,682	2,402,366	-	14,395	-	107,079	107,079
Total business-type activities	4,646,426	822,824	5,469,250	8,137,665	-	398,915	-	3,067,330	3,067,330
Total primary government	\$ 24,770,267	\$ -	\$ 24,770,267	\$ 10,349,833	\$ 1,879,180	\$ 5,926,124	(9,682,460)	3,067,330	(6,615,130)
General revenues:									
Taxes:									
Property taxes							2,532,657	-	2,532,657
Sales and use taxes							4,626,645	-	4,626,645
Other							328,848	188,030	516,878
Motor vehicle in lieu							1,809,713	-	1,809,713
American rescue plan act							1,959,940	-	1,959,940
Investment income							289,482	14,495	303,977
Miscellaneous							668,774	-	668,774
Transfers							2,445,237	(2,445,237)	-
Total general revenues and transfers							14,661,296	(2,242,712)	12,418,584
Change in net position							4,978,836	824,618	5,803,454
Net position (deficit) - beginning							47,607,441	(6,185,402)	41,422,039

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

CITY OF RIPON
BALANCE SHEET – MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Streets & Roads Special Revenue Fund	Capital Projects Fund	Non-Major Special Revenue Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 11,098,411	\$ 1,916,480	\$ 2,610,007	\$ 4,226,972	\$ 19,851,870
Cash and investments - restricted	10,026,744	-	22,613,062	-	32,639,806
Due from other funds	21,343	-	-	-	21,343
Advance to other funds	-	-	2,194,045	-	2,194,045
Total assets	<u>\$ 21,146,498</u>	<u>\$ 1,916,480</u>	<u>\$ 27,417,114</u>	<u>\$ 4,226,972</u>	<u>\$ 54,707,064</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ 21,343	\$ 21,343
Advances from other funds	1,559,921	-	-	-	1,559,921
Loan due to private-purpose trust funds	-	-	539,523	-	539,523
Total liabilities	<u>1,559,921</u>	<u>-</u>	<u>539,523</u>	<u>21,343</u>	<u>2,120,787</u>
FUND BALANCES					
Restricted for:					
Public safety	184,461	-	-	-	184,461
Street construction and maintenance	-	-	-	3,934,333	3,934,333
Assessment districts	-	-	-	270,601	270,601
Capital projects:					
Culture and recreation	-	-	960,398	22,038	982,436
Special assessment districts	-	-	1,248,611	-	1,248,611
Sewer projects	-	-	3,219,850	-	3,219,850
Water projects	-	-	7,867,518	-	7,867,518
Refuse projects	-	-	1,067,135	-	1,067,135
Public facilities financing plan	-	-	9,733,455	-	9,733,455
Other	-	-	170,617	-	170,617
Mitigation fees	8,038,443	-	-	-	8,038,443
Low and moderate income housing	1,803,840	-	-	-	1,803,840
Committed to:					
Street construction and maintenance	-	2,461,384	-	-	2,461,384
Capital projects:					
General government	-	-	195,983	-	195,983
Culture and recreation	-	-	1,354,410	-	1,354,410
General capital projects	-	-	1,059,614	-	1,059,614
Contingencies:					
Sick leave	355,547	-	-	-	355,547
Retirement	1,135,397	-	-	-	1,135,397
Healthcare	209,025	-	-	-	209,025
Liability self-insured retention	627,075	-	-	-	627,075
Litigation and natural disaster	2,475,987	-	-	-	2,475,987
Assigned to:					
Subsequent year budget deficit	3,344,729	-	-	-	3,344,729
Unassigned	<u>1,412,073</u>	<u>(544,904)</u>	<u>-</u>	<u>(21,343)</u>	<u>845,826</u>
Total fund balances	<u>19,586,577</u>	<u>1,916,480</u>	<u>26,877,591</u>	<u>4,205,629</u>	<u>52,586,277</u>
Total liabilities and fund balances	<u>\$ 21,146,498</u>	<u>\$ 1,916,480</u>	<u>\$ 27,417,114</u>	<u>\$ 4,226,972</u>	<u>\$ 54,707,064</u>

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

CITY OF RIPON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS – GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Streets & Roads Special Revenue Fund	Capital Projects Fund	Non-Major Special Revenue Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 9,431,187	\$ -	\$ -	\$ 41,170	\$ 9,472,357
Assessments	-	-	-	399,687	399,687
Licenses, permits and fees	1,662,890	-	696,559	-	2,359,449
Investment income	447,717	22,184	169,933	19,459	659,293
Intergovernmental revenue	1,981,246	3,048,392	93,600	1,949,409	7,072,647
Charges for services	1,063,575	8,191	-	1,862	1,073,628
Fines and forfeitures	134,368	-	-	-	134,368
Housing/loan program income	430,706	-	-	-	430,706
Contributions	16,652	-	-	-	16,652
Other	128,191	6,160	78,781	2,697	215,829
Total revenues	<u>15,296,532</u>	<u>3,084,927</u>	<u>1,038,873</u>	<u>2,414,284</u>	<u>21,834,616</u>
EXPENDITURES					
General government:					
Administration	1,632,183	-	-	-	1,632,183
Legislative	455,265	-	-	-	455,265
Public safety:					
Police	6,629,342	-	-	-	6,629,342
Streets and public works:					
Streets	-	770,581	-	47,426	818,007
Planning	317,422	-	-	5,001	322,423
Engineering	370,385	-	-	-	370,385
Building	359,394	-	-	-	359,394
Culture and recreation:					
Library	69,656	-	-	-	69,656
Parks and recreation	1,867,692	-	-	-	1,867,692
Community Center	43,886	-	-	-	43,886
Community development	5,676	-	-	30,837	36,513
Special assessment districts	-	-	-	394,754	394,754
Redevelopment	216,357	-	-	-	216,357
Allocation to other department costs	(1,104,893)	137,038	66,327	78,702	(822,826)
Other	98,840	-	-	-	98,840
Capital outlay	4,194	3,592,265	3,212,687	-	6,809,146
Total expenditures	<u>10,965,399</u>	<u>4,499,884</u>	<u>3,279,014</u>	<u>556,720</u>	<u>19,301,017</u>
Excess (deficiency) of revenues over expenditures	<u>4,331,133</u>	<u>(1,414,957)</u>	<u>(2,240,141)</u>	<u>1,857,564</u>	<u>2,533,599</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	879,841	2,754,059	63,798	3,697,698
Operating transfers out	<u>(372,623)</u>	<u>-</u>	<u>-</u>	<u>(879,838)</u>	<u>(1,252,461)</u>
Total other financing sources (uses)	<u>(372,623)</u>	<u>879,841</u>	<u>2,754,059</u>	<u>(816,040)</u>	<u>2,445,237</u>
Net change in fund balances	3,958,510	(535,116)	513,918	1,041,524	4,978,836
Fund balances - beginning	<u>15,628,067</u>	<u>2,451,596</u>	<u>26,363,673</u>	<u>3,164,105</u>	<u>47,607,441</u>
Fund balances - ending	<u>\$ 19,586,577</u>	<u>\$ 1,916,480</u>	<u>\$ 26,877,591</u>	<u>\$ 4,205,629</u>	<u>\$ 52,586,277</u>

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

CITY OF RIPON
STATEMENT OF NET POSITION – MODIFIED CASH BASIS
PROPRIETARY FUNDS
JUNE 30, 2022

	Sewer Enterprise Fund	Water Enterprise Fund	Refuse Enterprise Fund	Total
ASSETS				
Current assets:				
Cash and investments	\$ 710,598	\$ 926,419	\$ 211,227	\$ 1,848,244
Cash and investments - restricted	<u>-</u>	<u>96</u>	<u>-</u>	<u>96</u>
Total assets	<u>710,598</u>	<u>926,515</u>	<u>211,227</u>	<u>1,848,340</u>
LIABILITIES				
Current liabilities:				
Current portion of bonds payable	170,000	545,000	-	715,000
Noncurrent liabilities:				
Advance from capital projects fund	-	634,124	-	634,124
Noncurrent portion of bonds payable	<u>550,000</u>	<u>5,310,000</u>	<u>-</u>	<u>5,860,000</u>
Total liabilities	<u>720,000</u>	<u>6,489,124</u>	<u>-</u>	<u>7,209,124</u>
NET POSITION				
Capital related debt	(720,000)	(5,855,000)	-	(6,575,000)
Restricted for debt service	-	96	-	96
Unrestricted	<u>710,598</u>	<u>292,295</u>	<u>211,227</u>	<u>1,214,120</u>
Total net position (deficit)	<u>\$ (9,402)</u>	<u>\$ (5,562,609)</u>	<u>\$ 211,227</u>	<u>\$ (5,360,784)</u>

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

CITY OF RIPON
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
MODIFIED CASH BASIS – PROPRIETARY FUNDS
JUNE 30, 2022

	Sewer Enterprise Fund	Water Enterprise Fund	Refuse Enterprise Fund	Total
Operating revenues:				
Charges for services:				
Sewer usage services	\$ 1,733,453	\$ -	\$ -	\$ 1,733,453
Water revenue	-	4,001,846	-	4,001,846
Refuse revenue	-	-	2,402,366	2,402,366
Total operating revenues	<u>1,733,453</u>	<u>4,001,846</u>	<u>2,402,366</u>	<u>8,137,665</u>
Operating expenses:				
Salaries and wages	315,869	469,598	624,511	1,409,978
Employee benefits	168,793	243,559	352,872	765,224
Professional services	100,057	39,960	10,891	150,908
Repairs and maintenance	155,280	112,940	218,842	487,062
Gas and oil	19,419	20,485	90,486	130,390
Utilities	112,069	395,044	8,620	515,733
Supplies	7,441	10,756	9,429	27,626
Conference expenses	-	795	-	795
Communications	3,119	59,726	4,767	67,612
Membership, dues, books, etc.	55,863	40,782	2,663	99,308
Postage	11,267	11,551	11,266	34,084
Refuse disposal	-	-	584,326	584,326
Other	15,716	29,365	43,141	88,222
Allocation of other department costs	<u>176,971</u>	<u>297,987</u>	<u>347,866</u>	<u>822,824</u>
Total operating expenses	<u>1,141,864</u>	<u>1,732,548</u>	<u>2,309,680</u>	<u>5,184,092</u>
Operating income	<u>591,589</u>	<u>2,269,298</u>	<u>92,686</u>	<u>2,953,573</u>
Nonoperating revenues (expenses):				
Contributions/developer fees	209,946	174,574	14,395	398,915
Assessments	188,030	-	-	188,030
Interest revenue	5,880	6,987	1,626	14,493
Interest expense	<u>(33,600)</u>	<u>(251,556)</u>	<u>-</u>	<u>(285,156)</u>
Total nonoperating revenues (expenses)	<u>370,256</u>	<u>(69,995)</u>	<u>16,021</u>	<u>316,282</u>
Net income before transfers	<u>961,845</u>	<u>2,199,303</u>	<u>108,707</u>	<u>3,269,855</u>
Operating transfers out	<u>(854,946)</u>	<u>(1,481,586)</u>	<u>(108,705)</u>	<u>(2,445,237)</u>
Change in net position	106,899	717,717	2	824,618
Net position (deficit) - beginning	<u>(116,301)</u>	<u>(6,280,326)</u>	<u>211,225</u>	<u>(6,185,402)</u>
Net position (deficit) - ending	<u>\$ (9,402)</u>	<u>\$ (5,562,609)</u>	<u>\$ 211,227</u>	<u>\$ (5,360,784)</u>

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

**CITY OF RIPON
STATEMENT OF FIDUCIARY NET POSITION – MODIFIED CASH BASIS
FIDUCIARY FUNDS
JUNE 30, 2022**

	Successor Agency Private Purpose Trust Fund
	<hr/>
ASSETS	
Cash and investments	\$ 4,683,142
Cash and investments - restricted	3,028,650
Loan due from capital projects fund	<hr/> 539,523
Total assets	<hr/> 8,251,315
LIABILITIES	
Due to County of San Joaquin	1,297,266
Long-term liabilities:	
Debt due in more than one year	<hr/> 19,780,805
Total liabilities	<hr/> 21,078,071
NET POSITION	
Net position (deficit) held in trust for redevelopment dissolution and other purposes	<hr/> \$ (12,826,756)

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

CITY OF RIPON
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – MODIFIED CASH BASIS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Successor Agency Private Purpose Trust Fund
	<u> </u>
ADDITIONS	
Property taxes	\$ 560,968
Program income	940,927
Investment income	<u>267,514</u>
Total additions	<u>1,769,409</u>
DEDUCTIONS	
General operating	256,000
Interest expense	<u>660,300</u>
Total deductions	<u>916,300</u>
Change in fiduciary net position	853,109
Total net position (deficit) - beginning of year	<u>(13,679,865)</u>
Total net position (deficit) - end of year	<u>\$ (12,826,756)</u>

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

**CITY OF RIPON
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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, 2022

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, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fiduciary Funds

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

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

Measurement Focus

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

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

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

The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), and financial position. All assets and liabilities (whether current or noncurrent, financial, or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net position.

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

Basis of Accounting

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

**CITY OF RIPON
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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.

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

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

Long-term Debt

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

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

CITY OF RIPON
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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.

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

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

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

Assigned – Amounts constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The authority of assigning fund balance is expressed by the City Council, City 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, 2022

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 Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.

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

Minimum Fund Balance Policy

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

Use of Estimates

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

**CITY OF RIPON
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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 base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

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

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

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

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

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

**CITY OF RIPON
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2022 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Governmental and proprietary funds:

Cash and investments	\$ 21,700,114
Cash and investments - restricted	<u>32,639,902</u>
Total governmental and proprietary funds:	54,340,016

Fiduciary funds:

Cash and investments	4,683,142
Cash and investments - restricted	<u>3,028,650</u>
Total fiduciary funds	<u>7,711,792</u>

Total cash and investments	<u><u>\$ 62,051,808</u></u>
----------------------------	-----------------------------

Cash and investments as of June 30, 2022 consisted of the following:

Cash on hand	\$ 1,300
Deposits with financial institutions	85,375
Investments	<u>61,965,133</u>
	<u><u>\$ 62,051,808</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, 2022

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
LAIF	\$ 35,519,941	\$ 35,062,636	\$ 35,062,636
CSJVRMA Pool	26,445,098	25,664,362	25,664,362
Held by Bond Trustees:			
Money Market Funds	<u>94</u>	<u>94</u>	<u>94</u>
Total	<u>\$ 61,965,133</u>	<u>\$ 60,727,092</u>	<u>\$ 60,727,092</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	Not Rated
LAIF	\$ 35,519,941	\$ 35,062,636	N/A	\$ 35,062,636
CSJVRMA Pool	26,445,098	25,664,362 *	N/A	25,664,362
Held by Bond Trustees:				
Money Market Funds	<u>94</u>	<u>94</u>	<u>N/A</u>	<u>94</u>
Total	<u>\$ 61,965,133</u>	<u>\$ 60,727,092</u>	<u>N/A</u>	<u>\$ 60,727,092</u>

* Average rating of portfolio AA/Aa1

**CITY OF RIPON
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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, 2022, none of the City's deposits with financial institutions were in excess of federal depository insurance limits.

A description of the City's investments in external pools is as 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 \$35,062,636. The total amount invested by all public agencies in the LAIF is \$35,761,173,309. The Local Investment Advisory Board (Board) has oversight responsibility for the LAIF. The Board consists of five members as designated by state statute. The value of the pool shares in the LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the City's portion in the pool. Included in the LAIF's Investment Portfolio are United States Treasury and federal agency securities, International Bank for Reconstruction and Development federal agency floating rate debentures, bank notes, certificates of deposit, commercial paper, corporate floaters and bonds, time deposits, and California Assembly Bill 55 and State of California General Fund loans. Participant's equity in the LAIF is determined by the dollar amount at the participant's deposits, adjusted for withdrawals and distributed investment income. Accordingly, LAIF is not an investment type that can be categorized in any particular level in the fair value hierarchy. The State Treasurer's investment policy for the LAIF and separately issued financial statements for the LAIF are available at <https://www.treasurer.ca.gov/pmia-laif/pmia/index.asp>.

Central San Joaquin Valley Risk Management Authority Pool

The City maintains an investment of \$26,445,098 in the Central San Joaquin Valley Risk Management Authority (CSJVRMA) Pool as of June 30, 2022. The total amount invested by all participants in the pool is \$154,843,564. 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 \$25,664,362 as of June 30, 2022. As the investment in CSJVRMA is presented at amortized costs, they are not an investment type that can be categorized in any level in the fair value hierarchy. The pool is not registered with the Securities Exchange Commission; however, it is managed by a registered investment advisor. Participation in the pool is voluntary. The pool's average maturity is 2.73 years and the average rating is AA/Aa1. The pool consists of 49% Securities of U.S. Government Agencies, 26% U.S. Corporate Obligations and 25% other. The pool complies with the City's investment policy.

**CITY OF RIPON
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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. Transfers between funds during the year ended June 30, 2022 were as follows:

Fund	Transfers In	Transfers Out
Major Governmental Funds:		
General Fund	\$ -	\$ 372,623
Streets and Roads Special Revenue Fund	879,841	-
Capital Projects Fund	2,754,059	-
Major Proprietary Funds:		
Sewer Enterprise	-	854,946
Water Enterprise	-	1,481,586
Refuse Enterprise	-	108,705
Non-Major Special Revenue Funds:		
2107.5 Fund	-	4,016
SB1 Street & Road Tax Fund	-	108,318
COG/LTF Fund	-	767,504
Dutch Meadows Fund	7,952	-
Country Woods Fund	8,899	-
Farmland Estates Fund	4,320	-
Main Street Landscape Fund	42,627	-
Total interfund transfers	<u>\$ 3,697,698</u>	<u>\$ 3,697,698</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, 2022**

NOTE 3 – INTERFUND TRANSACTIONS (Continued)

Internal Balances

Due To/From Other Funds

	<u>Due From</u>	<u>Due To</u>
Governmental Funds		
Major Funds:		
General Fund	\$ 21,343	\$ -
Non-Major Funds:		
Ripon Lighting Fund	<u>-</u>	<u>21,343</u>
Total	<u>\$ 21,343</u>	<u>\$ 21,343</u>

The "due from" balance of \$21,343 in the General Fund listed above represents short-term cash advances made to the Ripon Lighting Fund to cover operating cash deficits.

Advances To/From Other Funds

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, 2022 the Water Enterprise Fund collected approximately \$192,716 in water meter surcharges which was subsequently paid back to the capital projects fund. As of June 30, 2022 the balance owed from the Water Enterprise Fund to the Capital Projects Fund was \$634,124.

During the year ended June 30, 2020, City Council passed a resolution authorizing an agreement with a local business in which the City would pay for certain capital improvements to a City owned recreation facility which would then be rented by the business. These capital expenditures were paid for by the Capital Projects Fund on behalf of the General Fund with the expectation that these costs would be recovered over a ten-year period through rent proceeds received from the tenant. During the year ended June 30, 2022, the General Fund collected \$82,800 in facilities rent which was subsequently paid back to the Capital Projects Fund. As of June 30, 2022 the balance owed from the General Fund to the Capital Projects fund was \$1,559,921.

**CITY OF RIPON
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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 only partially repaid the total balance owed and continues to work with the Department of Finance to settle the liability.

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

NOTE 5 – LONG-TERM DEBT

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

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

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, 2021	Additions	Reductions	Balance June 30, 2022	Current Year
Business-Type Activities						
2011 Refunding Revenue						
Bonds (Sewer)	\$ 2,195,000	\$ 880,000	\$ -	\$ 160,000	\$ 720,000	\$ 170,000
2006 Revenue Bonds						
(Water)	7,845,000	4,670,000	-	300,000	4,370,000	315,000
2012 Refunding Revenue						
Bonds (Water)	<u>3,350,000</u>	<u>1,710,000</u>	<u>-</u>	<u>225,000</u>	<u>1,485,000</u>	<u>230,000</u>
 Total	 <u>\$ 13,390,000</u>	 <u>\$ 7,260,000</u>	 <u>\$ -</u>	 <u>\$ 685,000</u>	 <u>\$ 6,575,000</u>	 <u>\$ 715,000</u>

CITY OF RIPON
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 – LONG-TERM DEBT (Continued)

Revenue Bonds

Enterprise fund long-term debt outstanding as of June 30, 2022 consisted of the following:

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

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

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

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

Debt Outstanding as of June 30, 2022 consisted of the following:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amounts Issued</u>	<u>Outstanding</u>
Business-Type Activities				
Enterprise Fund Bonds				
2011 Refunding Wastewater Revenue				
Bonds (Sewer):				
Term Bonds	4.20%	October 1, 2025	\$ 2,195,000	\$ 720,000
2006 Revenue Bonds (Water):				
Term Bonds	4.50%	October 1, 2027	2,120,000	2,120,000
Term Bonds	4.50%	October 1, 2032	<u>2,250,000</u>	<u>2,250,000</u>
Subtotal			<u>4,370,000</u>	<u>4,370,000</u>
2012 Refunding Revenue Bonds (Water):				
Serial Bonds	2.00%-3.375%	October 1, 2027	<u>3,350,000</u>	<u>1,485,000</u>
Total			<u>\$ 9,915,000</u>	<u>\$ 6,575,000</u>

**CITY OF RIPON
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 – LONG-TERM DEBT (Continued)

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

For the Years Ending June 30	Principal	Interest
2023	\$ 715,000	\$ 265,945
2024	740,000	237,981
2025	775,000	208,371
2026	800,000	177,390
2027	635,000	149,069
2028-2032	<u>2,910,000</u>	<u>436,247</u>
Total	<u>\$ 6,575,000</u>	<u>\$ 1,475,003</u>

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. During the year ended June 30, 2022 the City made the final payment on the lease.

Rental expense related to the site totaled \$39,147 for the year ended June 30, 2022.

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 \$9,402 and \$5,562,609, respectively, at June 30, 2022. 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 \$21,343 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.

**CITY OF RIPON
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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, 2022, there were 67 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 2022 was \$6,698,332. The City’s contributions were calculated using the base salary amount of \$4,382,444 for employees participating in the City’s defined contribution plan. The total employee and employer contributions for the year ended June 30, 2022 were \$318,809 and \$565,753, respectively. The employee and employer contributions represented 7.27% and 12.90% 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, 2022**

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, 2022:

	Assets at Fair Value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
U.S. Government securities	\$ -	\$ 981,712	\$ -	\$ 981,712
Corporate obligations	-	654,246	-	654,246
Mutual funds	-	8,413,775	-	8,413,775
Common and preferred stock	1,108,640	-	-	1,108,640
Real estate investment trusts	-	274,917	-	274,917
Total	<u>\$ 1,108,640</u>	<u>\$ 10,324,650</u>	<u>\$ -</u>	<u>\$ 11,433,290</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, 2022 are summarized as follows:

	Safety		
	Prior to January 1, 2012	January 1, 2012 through December 31, 2012	On or after January 1, 2013
Hire date			
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.000%	2.400% to 3.000%	2.000% to 2.700%
Required employee contribution rates	9.000%	9.000%	13.000%
Required employer contribution rates	22.480%	20.640%	13.130%

**CITY OF RIPON
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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, 2022, the contributions recognized as part of pension expense totaled \$750,973.

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, 2022. The Authority determines the amount of risk each member city brings to the pool and calculates a relative risk distribution factor. As part of the retrospective adjustment process, at the time the respective program year is closed, any surplus will be refunded to the City and net deficits will be billed to the City. The City financial statements are prepared on the modified cash basis of accounting and, accordingly, a liability for net fund deficits, if any, on open program years has not been recorded. Disbursements to the Authority for general liability coverage during the year ended June 30, 2022 were \$347,504.

**CITY OF RIPON
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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, 2022. As part of the retrospective adjustment process, at the time the respective program year is closed any surplus will be refunded to the City and net deficits will be billed to the City. The Pooled Workers' Compensation Program participates in Local Agency Workers' Compensation Joint Powers Authority (LAWCX).

Members of LAWCX risk share the layer between \$2,000,000 and \$5,000,000 (most recent information). Effective July 1, 2003, LAWCX joined the California State Association of Counties Excess Insurance Authority (CSAC EIA), a joint powers authority comprised of a number of individual public entities and other joint power authorities. CSAC EIA provides coverage above \$5,000,000. The City's financial statements are prepared on the modified cash basis of accounting and, accordingly, a liability for net fund deficits, if any, on open program years has not been recorded. Disbursements to the Authority for workers' compensation coverage during the year ended June 30, 2022 were \$125,992.

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.

General Liability

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

NOTE 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.

**CITY OF RIPON
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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.

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.

**CITY OF RIPON
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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

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, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2022</u>	<u>Current</u>
Fiduciary Fund						
Former Redevelopment Agency of the City of Ripon 2020 Tax Allocation						
Refunding Bonds	16,560,000	16,560,000	-	-	16,560,000	-
Premiums	<u>3,595,317</u>	<u>3,445,512</u>	<u>-</u>	<u>224,707</u>	<u>3,220,805</u>	<u>-</u>
 Total	 <u>\$ 20,155,317</u>	 <u>\$ 20,005,512</u>	 <u>\$ -</u>	 <u>\$ 224,707</u>	 <u>\$ 19,780,805</u>	 <u>\$ -</u>

Tax Allocation Bonds

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

Fiduciary Fund debt outstanding as of June 30, 2022 consists of the following:

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

**CITY OF RIPON
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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 Years Ending June 30	Fiduciary Activities	
	Principal	Interest
2023	\$ -	\$ 660,300
2024	-	660,300
2025	-	660,300
2026	210,000	660,300
2027	880,000	657,150
2028-2032	7,275,000	2,666,900
2033-2037	<u>8,195,000</u>	<u>1,150,600</u>
Total	<u>\$ 16,560,000</u>	<u>\$ 7,115,850</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.

CITY OF RIPON
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 14 – PUBLIC FACILITIES FINANCING PLAN (Continued)

The following includes the City's PFFP fund balances for the year ended June 30, 2022:

Facility Type	Balance				Balance	
	June 30, 2021	Revenue	Expenditures	Transfers	June 30, 2022	
Water	\$ 2,639,214	\$ 155,147	\$ -	\$ -	\$ 2,794,361	
SSJID Connection Reserve	774,052	44,332	-	-	818,384	
Garbage	(668,186)	14,395	(9,817)	-	(663,608)	
Wastewater	5,133,141	247,328	-	-	5,380,469	
Storm Drainage	2,167,143	112,916	-	-	2,280,059	
Transportation	717,616	507,311	-	-	1,224,927	
Regional Transportation Impact Fee	1,246,220	64,461	-	-	1,310,681	
Parks and Recreation	1,107,552	95,244	-	-	1,202,796	
Parks and Recreation Loan Repayment	545,049	-	(5,527)	-	539,522	
Police Station	(1,198,258)	9,372	(8,632)	-	(1,197,518)	
City Hall	(3,786,868)	19,612	(27,296)	-	(3,794,552)	
Corporation Yard	589,479	31,139	(175,555)	-	445,063	
Library	(605,304)	2,540	(4,365)	-	(607,129)	
Total balances by facility type	<u>\$ 8,660,850</u>	<u>\$ 1,303,797</u>	<u>\$ (231,192)</u>	<u>\$ -</u>	<u>\$ 9,733,455</u>	

SUPPLEMENTARY INFORMATION

THIS PAGE IS LEFT BLANK INTENTIONALLY.

CITY OF RIPON
COMBINING BALANCE SHEET – MODIFIED CASH BASIS
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022

	HUTA 2103 Fund	HUTA 2105 Fund	HUTA 2106 Fund	HUTA 2107 Fund	HUTA 2107.5 Fund
ASSETS					
Cash and investments	\$ 121,157	\$ 83,235	\$ 99,770	\$ 523,443	\$ -
Total assets	<u>\$ 121,157</u>	<u>\$ 83,235</u>	<u>\$ 99,770</u>	<u>\$ 523,443</u>	<u>\$ -</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted for:					
Street construction and maintenance	121,157	83,235	99,770	523,443	-
Assessment districts	-	-	-	-	-
Capital projects	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>121,157</u>	<u>83,235</u>	<u>99,770</u>	<u>523,443</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 121,157</u>	<u>\$ 83,235</u>	<u>\$ 99,770</u>	<u>\$ 523,443</u>	<u>\$ -</u>

CITY OF RIPON
COMBINING BALANCE SHEET – MODIFIED CASH BASIS
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022
(Continued)

	SB1 Street & Road Tax Fund	Measure K Fund	COG/LTF Fund	STA/BUS Fund	CDBG Fund
ASSETS					
Cash and investments	\$ 218,032	\$ 2,856,989	\$ 31,707	\$ 22,038	\$ -
Total assets	<u>\$ 218,032</u>	<u>\$ 2,856,989</u>	<u>\$ 31,707</u>	<u>\$ 22,038</u>	<u>\$ -</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted for:					
Street construction and maintenance	218,032	2,856,989	31,707	-	-
Assessment districts	-	-	-	-	-
Capital projects	-	-	-	22,038	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>218,032</u>	<u>2,856,989</u>	<u>31,707</u>	<u>22,038</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 218,032</u>	<u>\$ 2,856,989</u>	<u>\$ 31,707</u>	<u>\$ 22,038</u>	<u>\$ -</u>

CITY OF RIPON
COMBINING BALANCE SHEET – MODIFIED CASH BASIS
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022
(Continued)

	Dutch Meadows Fund	Country Woods Fund	Farmland Estates Fund	Jacob's Landing Fund	Carolina's Landscape Fund
ASSETS					
Cash and investments	\$ -	\$ -	\$ -	\$ 22,770	\$ 22,727
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,770</u>	<u>\$ 22,727</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted for:					
Street construction and maintenance	-	-	-	-	-
Assessment districts	-	-	-	22,770	22,727
Capital projects	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,770</u>	<u>22,727</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,770</u>	<u>\$ 22,727</u>

CITY OF RIPON
COMBINING BALANCE SHEET – MODIFIED CASH BASIS
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022
(Continued)

	Boesch/ Kingery Assessment Fund	Main Street Landscape Fund	Cornerstone I Fund	Vineyards Landscape Fund	Alexandra Landscape Fund
ASSETS					
Cash and investments	\$ 22,781	\$ -	\$ 83,773	\$ 117,525	\$ 1,025
Total assets	<u>\$ 22,781</u>	<u>\$ -</u>	<u>\$ 83,773</u>	<u>\$ 117,525</u>	<u>\$ 1,025</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted for:					
Street construction and maintenance	-	-	-	-	-
Assessment districts	22,781	-	83,773	117,525	1,025
Capital projects	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>22,781</u>	<u>-</u>	<u>83,773</u>	<u>117,525</u>	<u>1,025</u>
Total liabilities and fund balances	<u>\$ 22,781</u>	<u>\$ -</u>	<u>\$ 83,773</u>	<u>\$ 117,525</u>	<u>\$ 1,025</u>

CITY OF RIPON
COMBINING BALANCE SHEET – MODIFIED CASH BASIS
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022
(Continued)

	Ripon Lighting Fund	Total Non-Major Special Revenue Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and investments	\$ -	\$ 4,226,972
Total assets	<u>\$ -</u>	<u>\$ 4,226,972</u>
LIABILITIES		
Due to other funds	\$ 21,343	\$ 21,343
Total liabilities	<u> 21,343</u>	<u> 21,343</u>
FUND BALANCES		
Restricted for:		
Street construction and maintenance	-	3,934,333
Assessment districts	-	270,601
Capital projects	-	22,038
Unassigned	<u>(21,343)</u>	<u>(21,343)</u>
Total fund balances	<u>(21,343)</u>	<u>4,205,629</u>
Total liabilities and fund balances (deficit)	<u>\$ -</u>	<u>\$ 4,226,972</u>

CITY OF RIPON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – MODIFIED CASH BASIS
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022

	HUTA 2103 Fund	HUTA 2105 Fund	HUTA 2106 Fund	HUTA 2107 Fund	HUTA 2107.5 Fund
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-	-
Investment income	482	331	397	2,082	16
Intergovernmental revenue	120,675	82,904	53,120	97,774	4,000
Charges for services	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	<u>121,157</u>	<u>83,235</u>	<u>53,517</u>	<u>99,856</u>	<u>4,016</u>
EXPENDITURES					
Streets and public works:					
Streets	-	-	-	-	-
Planning	-	-	-	-	-
Community development	-	-	-	-	-
Special assessment districts	-	-	-	-	-
Allocation to other department costs	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>121,157</u>	<u>83,235</u>	<u>53,517</u>	<u>99,856</u>	<u>4,016</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	-	-	-
Operating transfers out	-	-	-	-	(4,016)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,016)</u>
Net change in fund balances	121,157	83,235	53,517	99,856	-
Fund balances (deficit) - beginning	<u>-</u>	<u>-</u>	<u>46,253</u>	<u>423,587</u>	<u>-</u>
Fund balances (deficit) - ending	<u>\$ 121,157</u>	<u>\$ 83,235</u>	<u>\$ 99,770</u>	<u>\$ 523,443</u>	<u>\$ -</u>

CITY OF RIPON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – MODIFIED CASH BASIS
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022
(Continued)

	SB1 Streets & Road Tax Fund	Measure K Fund	COG/LTF Fund	STA/BUS Fund	CDBG Fund
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-	-
Investment income	1,298	11,364	3,179	310	-
Intergovernmental revenue	325,052	380,737	796,032	53,277	35,838
Charges for services	-	-	-	1,862	-
Other	-	-	-	-	-
Total revenues	<u>326,350</u>	<u>392,101</u>	<u>799,211</u>	<u>55,449</u>	<u>35,838</u>
EXPENDITURES					
Streets and public works:					
Streets	-	-	-	47,426	-
Planning	-	-	-	-	5,001
Community development	-	-	-	-	30,837
Special assessment districts	-	-	-	-	-
Allocation to other department costs	-	-	-	8,500	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,926</u>	<u>35,838</u>
Excess (deficiency) of revenues over expenditures	<u>326,350</u>	<u>392,101</u>	<u>799,211</u>	<u>(477)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	-	-	-
Operating transfers out	<u>(108,318)</u>	<u>-</u>	<u>(767,504)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(108,318)</u>	<u>-</u>	<u>(767,504)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	218,032	392,101	31,707	(477)	-
Fund balances (deficit) - beginning	<u>-</u>	<u>2,464,888</u>	<u>-</u>	<u>22,515</u>	<u>-</u>
Fund balances (deficit) - ending	<u>\$ 218,032</u>	<u>\$ 2,856,989</u>	<u>\$ 31,707</u>	<u>\$ 22,038</u>	<u>\$ -</u>

CITY OF RIPON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – MODIFIED CASH BASIS
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022
(Continued)

	Dutch Meadows Fund	Country Woods Fund	Farmland Estates Fund	Jacob's Landing Fund	Carolina's Landscape Fund
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Assessments	4,540	7,810	3,350	5,701	8,394
Investment income	-	-	-	-	-
Intergovernmental revenue	-	-	-	-	-
Charges for services	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	<u>4,540</u>	<u>7,810</u>	<u>3,350</u>	<u>5,701</u>	<u>8,394</u>
EXPENDITURES					
Streets and public works:					
Streets	-	-	-	-	-
Planning	-	-	-	-	-
Community development	-	-	-	-	-
Special assessment districts	10,606	14,186	6,512	5,279	9,510
Allocation to other department costs	<u>1,886</u>	<u>2,523</u>	<u>1,158</u>	<u>939</u>	<u>1,691</u>
Total expenditures	<u>12,492</u>	<u>16,709</u>	<u>7,670</u>	<u>6,218</u>	<u>11,201</u>
Excess (deficiency) of revenues over expenditures	<u>(7,952)</u>	<u>(8,899)</u>	<u>(4,320)</u>	<u>(517)</u>	<u>(2,807)</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	7,952	8,899	4,320	-	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>7,952</u>	<u>8,899</u>	<u>4,320</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	(517)	(2,807)
Fund balances (deficit) - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,287</u>	<u>25,534</u>
Fund balances (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,770</u>	<u>\$ 22,727</u>

CITY OF RIPON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – MODIFIED CASH BASIS
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022
(Continued)

	Boesch/ Kingery Assessment Fund	Main Street Landscape Fund	Cornerstone I Fund	Vineyards Landscape Fund	Alexandra Landscape Fund
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Assessments	6,061	10,482	14,079	64,939	4,776
Investment income	-	-	-	-	-
Intergovernmental revenue	-	-	-	-	-
Charges for services	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	<u>6,061</u>	<u>10,482</u>	<u>14,079</u>	<u>64,939</u>	<u>4,776</u>
EXPENDITURES					
Streets and public works:					
Streets	-	-	-	-	-
Planning	-	-	-	-	-
Community development	-	-	-	-	-
Special assessment districts	10,661	45,090	10,741	34,392	5,125
Allocation to other department costs	<u>1,896</u>	<u>8,019</u>	<u>1,910</u>	<u>6,116</u>	<u>911</u>
Total expenditures	<u>12,557</u>	<u>53,109</u>	<u>12,651</u>	<u>40,508</u>	<u>6,036</u>
Excess (deficiency) of revenues over expenditures	<u>(6,496)</u>	<u>(42,627)</u>	<u>1,428</u>	<u>24,431</u>	<u>(1,260)</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	42,627	-	-	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>42,627</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(6,496)	-	1,428	24,431	(1,260)
Fund balances (deficit) - beginning	<u>29,277</u>	<u>-</u>	<u>82,345</u>	<u>93,094</u>	<u>2,285</u>
Fund balances (deficit) - ending	<u>\$ 22,781</u>	<u>\$ -</u>	<u>\$ 83,773</u>	<u>\$ 117,525</u>	<u>\$ 1,025</u>

CITY OF RIPON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – MODIFIED CASH BASIS
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022
(Continued)

	Ripon Lighting Fund	Total Non-Major Special Revenue Funds
REVENUES		
Taxes	\$ 41,170	\$ 41,170
Assessments	269,555	399,687
Investment income	-	19,459
Intergovernmental revenue	-	1,949,409
Charges for services	-	1,862
Other	2,697	2,697
Total revenues	<u>313,422</u>	<u>2,414,284</u>
EXPENDITURES		
Streets and public works:		
Streets	-	47,426
Planning	-	5,001
Community development	-	30,837
Special assessment districts	242,652	394,754
Allocation to other department costs	43,153	78,702
Total expenditures	<u>285,805</u>	<u>556,720</u>
Excess (deficiency) of revenues over expenditures	<u>27,617</u>	<u>1,857,564</u>
OTHER FINANCING SOURCES (USES)		
Operating transfers in	-	63,798
Operating transfers out	-	(879,838)
Total other financing sources (uses)	<u>-</u>	<u>(816,040)</u>
Net change in fund balances	27,617	1,041,524
Fund balances (deficit) - beginning	<u>(48,960)</u>	<u>3,164,105</u>
Fund balances (deficit) - ending	<u>\$ (21,343)</u>	<u>\$ 4,205,629</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, 2022. Accordingly, the fiduciary fund financial statements utilize the accrual basis of accounting. For additional information on the Successor Agency Trust Fund, refer to the notes to the City's basic financial statements.

STATEMENT OF FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUND
JUNE 30, 2022

	Successor Agency Private Purpose Trust Fund
ASSETS	
Cash and investments	\$ 4,683,142
Cash and investments - restricted	3,028,650
Cash and investments with fiscal agents - restricted	-
Interest receivable	2,033
Prepaid bond insurance	122,390
Loan due from capital projects fund	<u>539,523</u>
Total assets	<u>8,375,738</u>
LIABILITIES	
Interest payable	100,050
Due to County of San Joaquin	1,297,266
Long-term liabilities	
Debt due within one year	-
Debt due in more than one year	<u>19,780,805</u>
Total liabilities	<u>21,178,121</u>
NET POSITION	
Net position (deficit) held in trust for redevelopment dissolution and other purposes	<u>\$ (12,802,383)</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, 2022

	Successor Agency Private Purpose Trust Fund
Additions	
Property taxes	\$ 560,968
Program income	940,927
Investment income	<u>255,452</u>
Total additions	<u>1,757,347</u>
Deductions	
General operating	256,000
Interest expense	<u>668,839</u>
Total deductions	<u>924,839</u>
Net increase (decrease) in fiduciary net position	832,508
Total net position - beginning	<u>(13,634,891)</u>
Total net position - ending	<u>\$ (12,802,383)</u>