

# ANNUAL FINANCIAL REPORT

Year End FY 2022-23

This Annual Financial Report summarizes and analyzes the City's financial performance for Fiscal Year (FY) 2022-23. The report describes the revenues received and expenditures incurred and explains any material differences between these values and the adjusted budget. It also presents the amount of the financial reserves at the end of the year. This report was prepared using final unaudited FY 2022-23 financial information as of June 30, 2023; the audited Financial Statements will be presented in early 2024.

## SUMMARY

Total City revenues were \$5,739,890, which was more than total expenditures of \$5,695,733, resulting in an increase in reserves of \$44,157.

REVENUE AND EXPENDITURES BY FUND - TYPE			
	REVENUE	EXPENSE	GAIN/(LOSS)
GENERAL FUND	1,714,077	1,829,636	(115,559)
ENTERPRISE FUNDS	2,803,746	3,051,685	(247,939)
SPECIAL REVENUE FUNDS	1,222,067	814,412	407,655
<b>TOTAL</b>	<b>5,739,890</b>	<b>5,695,733</b>	<b>44,157</b>

**Revenues:** The City's major funds had revenues of \$175,798, or 3.5%, higher than estimated in the budget. The General Fund received \$50,540 less than budgeted estimates, while most other significant funds received slightly higher revenue than initially budgeted.

REVENUES BY FUND			
	BUDGET	ACTUAL	OVER/(UNDER)
GENERAL FUND	1,764,617	1,714,077	(50,540)
STREETS	329,201	351,426	22,225
SLESF	150,000	162,880	12,880
BUILDING FUND	49,350	64,288	14,938
SEWER	1,365,519	1,443,592	78,073
WATER	1,261,932	1,360,154	98,222
<b>TOTAL</b>	<b>4,920,619</b>	<b>5,096,417</b>	<b>175,798</b>

**Expenditures:** The major funds shown in the following table ended the year under budget by \$16,672 or 0.3%.

EXPENDITURES BY FUND			
	BUDGET	ACTUAL	OVER/(UNDER)
GENERAL FUND	2,132,160	1,829,636	(302,524)
STREETS	329,024	290,045	(38,979)
SLESF	155,664	156,163	499
BUILDING FUND	105,579	107,210	1,631
SEWER	1,519,112	1,772,602	253,490
WATER	1,209,872	1,279,083	69,211
<b>TOTAL</b>	<b>5,451,411</b>	<b>5,434,739</b>	<b>(16,672)</b>

**Fund Balances:** Overall total ending fund balances were \$10,153,059 million, a decrease of \$602,941 or 6%. The table below shows the changes and fund balances by fund.

Fund Description	Fund #	Beginning Fund Balance	Actual Ending Fund Balance
		7/1/22	6/30/23
<b>General Fund</b>	<b>000</b>	<b>1,889,944</b>	<b>1,774,385</b>
Economic Development	003	292,155	270,657
Admin Fund	005	20,649	65,272
Building Fund	008	-	(42,922)
Park Per Capita Fund	014	177,952	175,339
Parks Fund	015	18,102	18,402
Clean CA Grant Funds	018	2,457,267	2,457,850
Gas Tax Fund (HUTA)	020	340,258	335,837
SB1 (RMRA) Fund	021	78,418	113,114
TDA Fund	024	50,279	70,620
RSTP Fund	026	33,900	44,665
Solid Waste Fund	027	13,007	13,515
CDBG RRLF Fund	039	572,587	571,688
SLESF Fund	040	116,558	123,275
Vehicle Abatement Fund	043	2,686	2,702
Recycling Fund	074	35,133	60,854
Spay & Neuter Fund	093	3,146	3,228
ARPA	076	339,556	740,132
<b>Total Special Revenue Funds</b>		<b>4,555,188</b>	<b>4,284,096</b>
Sewer Capital Fund	052	1,194,930	1,040,825
Sewer Debt Svc Fund	054	113,651	168,667
Sewer Restricted Reserve	054	302,822	302,822
Sewer Operations Fund	050	384,175	179,432
<b>Total Sewer Enterprise Fund</b>		<b>1,995,578</b>	<b>1,691,746</b>
Water Capital Fund	062	906,742	884,552
Water Metro Wells Fund	063	42,892	32,354
Water Dinsmore Zone	064	67,208	88,690
Water Restricted Reserve	061	136,000	136,000
Water Debt Svc Fund	061	209,322	204,139
Water Operations Fund	060	953,126	1,057,097
<b>Total Water Enterprise Fund</b>		<b>2,315,290</b>	<b>2,402,832</b>
<b>Total All Funds</b>		<b>10,756,000</b>	<b>10,153,059</b>

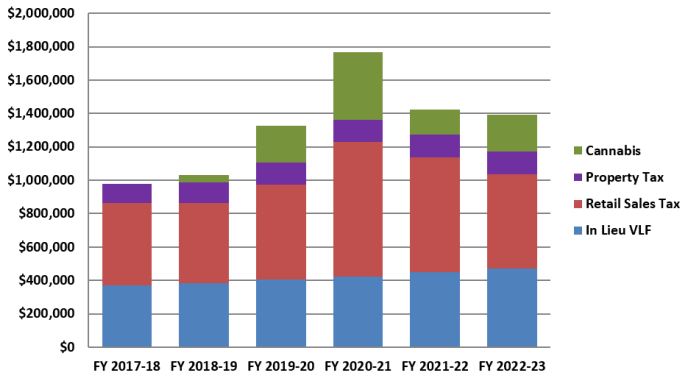
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## GENERAL FUND

At the end of FY 2022-23 General Fund revenues were \$1,714,077, 3% below budgeted estimates. Actual General Fund expenditures were \$1,863,383, 14% below budgeted appropriations.

General Fund Major Revenues



**Revenues:** The top four revenue sources in the General Fund are Property Tax In Lieu of Vehicle License Fees, Retail Sales Tax, Cannabis Tax, and Property Tax. Actual amounts for these revenue sources were \$1,393,326, 2.3% less than the previous year.

General Fund revenues were \$50,540 less than budgeted amounts. This was primarily due to Retail Sales Tax revenues down over 30% from budgeted estimates, or \$125,000 year over year. General Fund revenues were \$6,640 more than the prior year's actuals.

GENERAL FUND REVENUES	BUDGET	ACTUAL	VARIANCE
Property Tax In Lieu VLF	456,340	471,808	15,468
Local Sales Tax Measure J	460,000	342,796	(117,204)
Sales Tax	340,000	221,024	(118,976)
Property Tax	138,510	144,112	5,602
Franchise Fees	89,000	100,028	11,028
Cannabis	186,000	220,693	34,693
Interest	-	23,234	23,234
Transient Occupancy Tax	20,000	20,428	428
Other Revenues	74,767	169,954	95,187
<b>TOTAL</b>	<b>1,764,617</b>	<b>1,714,077</b>	<b>(50,540)</b>

**Expenditures:** General Fund expenditures were \$1,863,383 or \$316,710 less than budgeted. This was primarily due to incomplete capital projects and lower department spending. The General Government Department realized a majority of the General Fund Earthquake expenses, resulting in higher expenditures than budgeted.

GENERAL FUND EXPENDITURES	ADJUSTED BUDGET	ACTUAL	VARIANCE
City Council	10,248	11,952	(1,704)
City Manager	253,389	173,907	79,482
Finance	95,826	89,083	6,743
General Government	33,868	116,424	(82,556)
Planning	53,527	48,545	4,982
Police	1,027,382	1,007,201	20,181
Facilities and Grounds	66,920	52,503	14,417
Transfers	47,933	36,817	11,116
Capital Projects	591,000	326,951	264,049
<b>TOTAL</b>	<b>2,180,093</b>	<b>1,863,383</b>	<b>316,710</b>

**Fund Balance:** The General Fund ended the fiscal year with a fund balance of \$1,774,385. This was a decrease of \$115,559 due to actual expenditures exceeding revenues. At the time of the FY 2022-23 budget development, the year-end fund balance was projected to be \$1.3 million. The FY 2022-23 actual ending balance was \$457,360 more than estimated.

## STREETS FUNDS

**Revenues:** Streets funds revenues were more than budgeted by \$22,225 or 7%. This was primarily due to higher actual TDA revenues received.

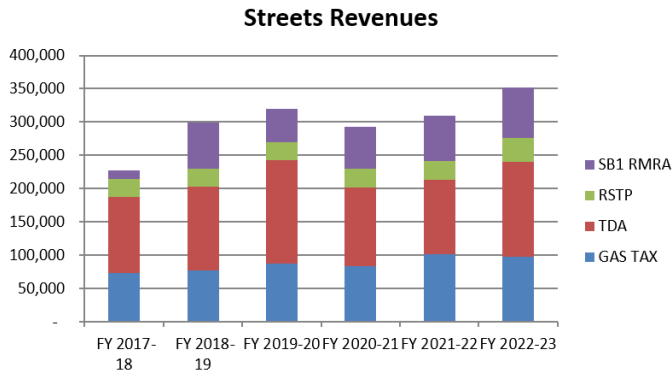
STREETS REVENUES	BUDGET	ACTUAL	VARIANCE
020 GAS TAX	106,429	98,035	(8,394)
021 SB1 RMRA	76,772	75,589	(1,183)
024 TDA	120,000	142,049	22,049
026 RSTP	26,000	35,753	9,753
<b>TOTAL</b>	<b>329,201</b>	<b>351,426</b>	<b>22,225</b>

In 2017, Senate Bill (SB) 1, created the Road Maintenance and Rehabilitation Account (RMRA) increased taxes on fuel and vehicle registration, and added annual inflationary adjustments to new and existing gas taxes. The SB1 RMRA revenues

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provide much-needed additional funding for local streets and road projects. The taxes are collected statewide and allocated to cities on a per capita basis. These revenues are shown below in purple.



**Expenditures:** Actual expenditures were 11% below budget in the Streets funds. This was primarily due to contingency funds not being used and capital projects not being completed.

STREETS EXPENDITURES	BUDGET	ACTUAL	VARIANCE
020 GAS TAX	118,218	102,456	(15,762)
021 SB1 RMRA	66,262	40,893	(25,369)
024 TDA	122,041	121,708	(333)
026 RSTP	22,503	24,988	2,485
<b>TOTAL</b>	<b>329,024</b>	<b>290,045</b>	<b>(38,979)</b>

**Fund Balances:** Total overall Streets fund reserves increased by \$61,381. During the FY 2022-23 budget development, the year-end balance was projected to be \$329,016. The FY 2022-23 actual ending balance was higher than estimated by \$192,268. This was primarily due to expenditures being lower than estimated.

STREETS FUND BALANCES	ESTIMATE	ACTUAL	VARIANCE
020 GAS TAX	168,852	335,837	166,985
021 SB1 RMRA	122,488	113,114	(9,374)
024 TDA	50,207	70,620	20,413
026 RSTP	31,521	44,665	13,144
<b>TOTAL</b>	<b>373,068</b>	<b>564,236</b>	<b>191,168</b>

## ENTERPRISE FUNDS

### SEWER FUNDS

**Revenues:** The Sewer funds' total revenues were \$1,420,587. This amount was spread between Operations (66%), Capital (9%), and Debt Service (25%). The total amounts include all fees, charges, penalties, and new connections for sewer service. Actual revenues were 4% more than estimated in the budget.

SEWER REVENUES	BUDGET	ACTUAL	VARIANCE
050 SEWER OPERATIONS	944,585	937,286	(7,299)
052 SEWER CAPITAL	118,000	125,351	7,351
054 SEWER DEBT SVC.	302,934	357,950	55,016
<b>TOTAL</b>	<b>1,365,519</b>	<b>1,420,587</b>	<b>55,068</b>

**Expenditures:** Total Sewer expenditures were \$1,724,419 which was \$205,307 or 14% more than budgeted. The variance is primarily due to Earthquake expenses in the Sewer Capital Fund.

SEWER FUND EXPENSES	BUDGET	ACTUAL	VARIANCE
050 SEWER OPERATIONS	1,097,678	1,142,029	(44,351)
052 SEWER CAPITAL	118,500	279,456	(160,956)
054 SEWER DEBT SVC.	302,934	302,934	-
<b>TOTAL</b>	<b>1,519,112</b>	<b>1,724,419</b>	<b>(205,307)</b>

**Fund Balances:** As shown below, actual ending Sewer fund balances (excluding restricted reserves) were \$1,388,924. This was \$276,735 or 17% less than estimated during the FY 2022-23 budget development. This decrease was due to higher expenditures attributed to the Earthquake and increased Sewer Operations expenditures.

SEWER FUND BALANCES	ESTIMATE	ACTUAL	VARIANCE
050 SEWER OPERATIONS	357,736	179,432	(178,304)
052 SEWER CAPITAL	1,194,272	1,040,825	(153,447)
054 SEWER DEBT SVC.	113,651	168,667	55,016
<b>TOTAL</b>	<b>1,665,659</b>	<b>1,388,924</b>	<b>(276,735)</b>

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## WATER FUNDS

**Revenues:** Total actual revenues for the Water funds were \$1,360,154 compared to budgeted amounts of \$1,261,932.

WATER REVENUES	BUDGET	ACTUAL	VARIANCE
060 WATER OPERATIONS	840,492	801,899	(38,593)
061 WATER DEBT SVC.	136,000	130,817	(5,183)
062 WATER CAPITAL	245,000	384,445	139,445
063 METRO WELLS	18,440	17,779	(661)
064 DINSMORE ZONE	22,000	25,214	3,214
<b>TOTAL</b>	<b>1,261,932</b>	<b>1,360,154</b>	<b>98,222</b>

**Expenditures:** Total Water expenditures were \$1,272,612 which was \$62,740 or 5% less than budgeted. The variance was mainly due to lower spending on capital projects, professional services, and salary savings.

WATER EXPENDITURES	BUDGET	ACTUAL	VARIANCE
060 WATER OPERATIONS	817,974	697,928	120,046
061 WATER DEBT SVC.	136,000	136,000	-
062 WATER CAPITAL	176,500	406,635	(230,135)
063 METRO WELLS	24,298	28,317	(4,019)
064 DINSMORE ZONE	55,100	3,732	51,368
<b>TOTAL</b>	<b>1,209,872</b>	<b>1,272,612</b>	<b>(62,740)</b>

**Fund Balances:** As shown below actual ending fund balances (excluding restricted reserves) were \$2,266,832. This was \$139,658 or 6% lower than estimated for the Water funds at the time of the FY 2021-22 budget development. This increase was due to a combination of higher revenues and lower expenditures.

WATER FUND BALANCES	ESTIMATE	ACTUAL	VARIANCE
060 WATER OPERATIONS	1,289,075	1,057,097	(231,978)
061 WATER DEBT SVC.	258,930	204,139	(54,791)
062 WATER CAPITAL	1,235,056	884,552	(350,504)
063 METRO WELLS	46,841	32,354	(14,487)
064 DINSMORE ZONE	(22,426)	88,690	111,116
<b>TOTAL</b>	<b>2,807,476</b>	<b>2,266,832</b>	<b>(540,644)</b>

## OTHER FUNDS

The following section is a summary of budgeted revenues and expenditures versus actual for other significant special revenue funds.

### BUILDING FUND

The Building fund had budgeted revenues of \$49,350 and appropriations of \$105,579. Actual expenditures were more than actual revenues by \$42,922. The General Fund subsidizes the Building Fund in the event expenditures exceed revenues.

BUILDING FUND	BUDGET	ACTUAL	VARIANCE
REVENUES	49,350	64,288	14,938
EXPENDITURES	105,579	107,210	(1,631)
<b>TOTAL</b>	<b>(56,229)</b>	<b>(42,922)</b>	<b>13,307</b>

**SLESF:** The Supplemental Law Enforcement Services Fund (SLESF) can only be used to supplement law enforcement services and has mainly been used to cover salary and benefit costs for one police officer position. SLESF accounts for about 15% of the total Police budget. In FY 2022-23 the City received \$162,880 in revenues and expended \$156,163. Funding comes from the State, and Rio Dell is entitled to receive the minimum grant of \$100,000. In recent years, additional "growth" revenue from sales tax and VLF has been received.

**CDBG:** In FY 2022-23 CDBG actual revenues were \$1,813 and expenditures were \$2,712. The CDBG fund had a balance of \$571,688. These funds are currently being used under contract from the County of Humboldt to offer loans to qualified applicants impacted by the 2022 Earthquake disaster.

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## Earthquake Impacts

The December 2022 Earthquake disaster impacted all areas of the City budget. The City is working in partnership with CalOES disaster recovery agents to guide the City through the recovery phase, which includes filing and submitting claims for emergency costs and long-term plans for infrastructure repair. The City is entitled to 75% reimbursement for qualified expenses with the opportunity to request up to 100% reimbursement on a per-project basis.

EARTHQUAKE EXPENDITURES BY FUND - TYPE			
	EXPENSE	REIMBURSEMENT	DIFFERENCE
GENERAL FUND	105,678	60,329	45,349
WATER FUND	305,709	104,656	201,053
SEWER FUND	151,425	12,946	138,479
<b>TOTAL</b>	<b>562,812</b>	<b>177,931</b>	<b>384,881</b>

During FY 2022-23, the City of Rio Dell had \$562,812 in earthquake-related expenditures split between the General Fund (19%), Sewer (54%), and Water (27%) Enterprise Funds.

Of these items, the City has submitted reimbursement claims for six items and has received reimbursement for three items in the amount of \$177,931.

**Future Impacts:** The City has identified 22 items, or projects, that have or will have financial impacts on the City due to the Earthquake disaster.

EARTHQUAKE LIST OF PROJECTS			
PROJECT	COST ESTIMATE	25% CITY COST SHARE	FUND
DEBRIS REMOVAL	75,000	18,750	GENERAL
DISTRIBUTE AID / LAC	10,000	2,500	GENERAL
BUILDING INSPECTION	2,500	625	GENERAL
EMERGENCY SANITATION	130,000	32,500	WATER
EMERGENCY SEWER	10,000	2,500	SEWER
DONATED MATERIALS	25,000	6,250	GENERAL
METRO WELLS #1	1,000,000	250,000	WATER
EMERGENCY WATER REPAIR	300,000	75,000	WATER
PAINTER STREET TANK	1,600,000	400,000	WATER
PAINTER STREET SIDEWALK	50,000	12,500	GENERAL
HYPOCHLORITE GENERATOR	250,000	62,500	SEWER
CONTACT BASIN	6,000,000	1,500,000	SEWER
HWY101 SEWER PIPES	10,202,272	2,550,568	SEWER
FERN LIFT STATION	50,000	12,500	SEWER
HWY 101 WATER PIPES	5,835,364	1,458,841	WATER
DAMAGED COLLECTION SYSTEM	5,000,000	1,250,000	SEWER
DAMAGED DISTRIBUTION SYSTEM	5,000,000	1,250,000	WATER
DAMAGED ROAD REPAIR- PAINTER LIFT	15,750	3,938	GENERAL
DAMAGED ROAD REPAIR 1285 EELOA	6,000	1,500	GENERAL
DAMAGED ROAD REPAIR 1267 EELOA	13,500	3,375	GENERAL
DAMAGED ROAD REPAIR 1111 EELOA	9,750	2,438	GENERAL
INFILTRATION GALLERY	400,000	100,000	WATER
<b>TOTAL</b>	<b>35,985,136</b>	<b>8,996,284</b>	