

CITY OF RIO DELL, CALIFORNIA  
AUDITED FINANCIAL STATEMENTS  
JUNE 30, 2025



HARSHWAL<sup>®</sup>   
& COMPANY LLP  
CERTIFIED PUBLIC ACCOUNTANTS

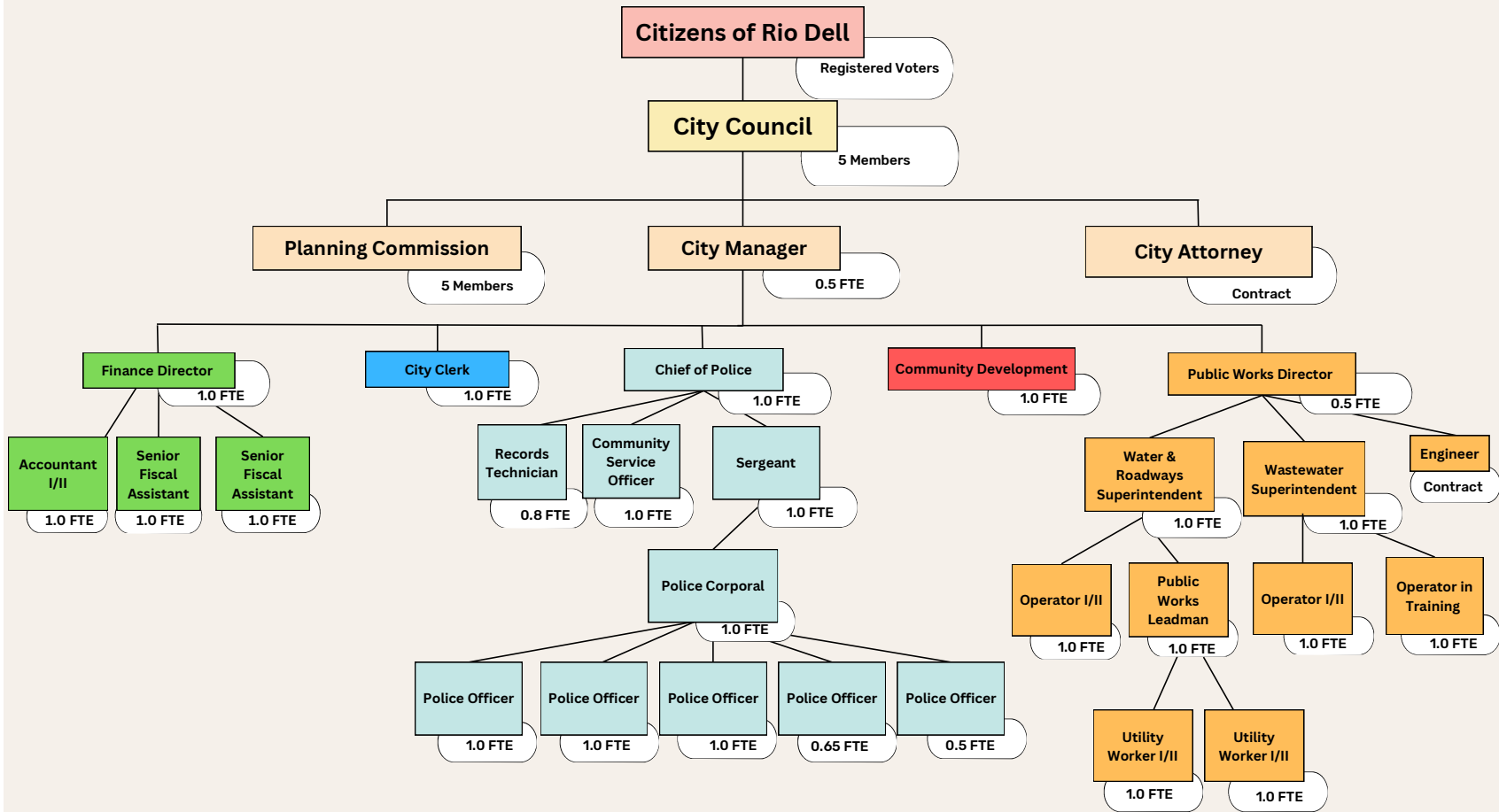
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**CITY OF RIO DELL, CALIFORNIA**  
**ORGANIZATION CHART**  
**FOR THE YEAR ENDED JUNE 30, 2025**  
**CITY OF RIO DELL ORGANIZATION CHART**  
**FISCAL YEAR 2024-25**



**CITY OF RIO DELL, CALIFORNIA  
LIST OF OFFICIALS  
FOR THE YEAR ENDED JUNE 30, 2025**

**CITY COUNCIL**

- Debra Garnes, Mayor
- Amanda Carter, Mayor Pro Tem
- Robert Orr, Council Member
- Frank Wilson, Council Member
- Julie Woodall, Council Member

**CITY OFFICIALS**

- Kyle Knopp, City Manager/Public Works Director
- Karen Dunham, City Clerk
- Travis Sanborn, Finance Director
- Kevin Caldwell, Community Development Director
- Joshua Phinney, Chief of Police

## FINANCIAL SECTION

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council  
City of Rio Dell, California  
Rio Dell, California

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rio Dell, California (the "City"), as of and for the year ended June 30, 2025, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, CDBG Housing Special Revenue Fund, and Clean CA Grant ER Trails Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

#### **Responsibilities of Management for the Financial Statements**

The City's Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **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.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (Unaudited) on pages 4 through 16 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

*Harshmal & Company LLP*

San Diego, California  
May 13, 2026

**CITY OF RIO DELL, CALIFORNIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025**

**INTRODUCTION**

This section provides a narrative overview and analysis of the financial activities of the City of Rio Dell, California (the "City") for the fiscal year ended June 30, 2025. It should be read in conjunction with the accompanying basic financial statements.

**FINANCIAL HIGHLIGHTS**

This section of the annual financial report provides a narrative overview and analysis the City's financial activities for the fiscal year ended June 30, 2025. It should be read with the accompanying transmittal letter and basic financial statements.

The following outlines the financial highlights for the year:

- On June 30, 2025, the City's net position (excess of assets and deferred outflows of resources of the City over liabilities and deferred inflows of resources) was \$38,082,248, an increase of \$3,723,073 from the prior year. Of the total net position, \$27,807,690 was invested in capital assets (net of related debt) and \$1,535,830 had restricted in their use, leaving \$8,738,728 as unrestricted.
- Overall, City-wide revenues from all governmental and business-type activities increased by \$2,306,618, or 32.00%, compared to FY 2023-24, primarily due to higher program revenue. The City's total expenses for all FY 2024-25 programs decreased by \$232,779, or 3.86%.
- Overall, the City's net position increased by \$3,723,073 (\$1,317,033 and \$2,406,040 for governmental and business-type activities, respectively). Total city-wide assets increased by \$3,658,573, primarily due to growth in both current and noncurrent assets.
- The General Fund reported a fund balance of \$2,041,367 at the end of the 2025 fiscal year, an increase of \$77,413. This change reflects the continued contribution of cannabis tax collections and the yield optimization realized from the City's strategic LAIF allocations.
- The City also ended the fiscal year with \$5,678,043 reported in the proprietary enterprise funds (the amount of net position available for use, including unrestricted net position but excluding the investment in capital assets net of related debt). This is an increase of \$712,934 from 2024, due to unrestricted water funds increasing by \$340,957 to \$3,710,732 and unrestricted sewer funds increasing by \$371,977 to \$1,967,311.

**OVERVIEW OF THE ANNUAL FINANCIAL REPORT**

**The Basic Financial Statements**

The Basic Financial Statements are comprised of the Government-wide Financial Statement and the Fund Financial Statements; these two sets of financial statements provide two different views of the City's financial activities and financial position.

**CITY OF RIO DELL, CALIFORNIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025**

**OVERVIEW OF THE ANNUAL FINANCIAL REPORT - CONT'D**

**Government-Wide Financial Statements**

The Government-wide Financial Statements provide a broad overview of the City's activities and comprise the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the City's financial position as a whole, including all its capital assets and long-term liabilities on the full accrual basis, similar to that used by private sector entities. The Statement of Activities provides information about all the City's revenue and expenses on a full accrual basis, emphasizing measuring net revenues or expenses of each of the City's programs. The Statement of Activities explains the change in Net position for the year.

The City's activities are grouped into Governmental and Business-type activities, as explained below. All the amount in the Statement of Net Position and the Statement of Activities are separated into Governmental Activities and Business-type Activities to summarize these two activities of the City as a whole.

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

- **Governmental activities** – The City's basic services are considered governmental activities, including general government, community development, parks and recreation, public safety, animal control, engineering, community events, public improvements, planning and zoning, building inspections, and general administration. These services are supported by general City revenues such as taxes and specific program revenues such as developer fees.
- **Business-type activities** – All the City's enterprise activities, including water and sewer, are reported here. Unlike governmental services, these services are supported by charges paid by users based on the amount of the service they use.

**Fund Financial Statements**

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

***Governmental funds*** - Governmental funds account for the same functions reported as governmental activities in the Government-wide Financial Statements. However, unlike Government-wide Financial Statements, Governmental Fund Financial Statements focus on near-term inflows and outflows of spendable resources and balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

**CITY OF RIO DELL, CALIFORNIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025**

**OVERVIEW OF THE ANNUAL FINANCIAL REPORT - CONT'D**

**Fund Financial Statements - Cont'd**

Because the focus of the Governmental Fund Financial Statements is narrower than that of the Government-wide Financial Statements, comparing the information presented for governmental funds with similar information presented for governmental activities in the Government-wide Financial Statement is useful. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. The governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The Governmental Fund Financial Statements provide detailed information about each City's most significant funds, called major funds. The concept of major funds, and the determination of which are major funds, was established by GASB Statement No. 34 and replaces the concept of combining like funds and presenting them as one total. Instead, each major fund is presented individually, with all nonmajor funds summarized and presented only in a single column. Subordinate schedules present the details of these nonmajor funds. Major funds represent the major activities of the city for the year and may change from year to year due to changes in the pattern of the city's activities.

For the fiscal year ended June 30, 2025, the City's major fund are as follows:

**GOVERNMENTAL FUNDS:**

- General Fund
- CDBG Special Revenue Fund
- Clean CA Grant ER Trails Fund

**PROPRIETARY FUNDS:**

- Water Enterprise Fund
- Sewer Enterprise Fund
- Internal Service Fund

For the fiscal year ending June 30, 2025, the City adopted annual appropriated budgets for all governmental funds.

***Proprietary funds*** - The City maintains Enterprise-type funds. Enterprise funds report the same functions as business-type activities in the Government-wide Financial Statements. The City uses enterprise funds to account for Water and Sewer activities. The proprietary fund financial statements provide separate information for all of these operations.

**Fiduciary Statements**

The City's fiduciary activities are reported in the Statement of Fiduciary Net Position. These activities are excluded from the City's other financial statements because it cannot use these assets to finance its operations. The fiduciary statements provide financial information about the activities of special deposits for which the City acts solely as an agent. They provide information about the cash balances and activities of these funds.

**CITY OF RIO DELL, CALIFORNIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025**

**OVERVIEW OF THE ANNUAL FINANCIAL REPORT - CONT'D**

**Notes to the Basic Financial Statements**

The notes provide additional information essential to fully understanding the data provided in the Government-wide and Fund Financial Statements. The notes to the basic financial statements can be found on pages 39-62 of this report.

**Combining and Individual Fund Financial Statements and Schedules**

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements can be found on pages 64-85 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may be a useful indicator of a government's financial position over time. In the case of the City, assets exceeded liabilities by \$38,082,248 as of June 30, 2025. The Summary of Net position as of June 30, 2025, and 2024, follows:

**Table 1: Summary of Net Position**

	2025			2024			Amount Change	% Change
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total		
<b>Assets:</b>								
Current and other assets	\$ 4,899,108	\$ 6,215,641	\$ 11,114,749	\$ 5,229,134	\$ 5,609,899	\$ 10,839,033	\$ 275,716	2.54%
Noncurrent assets	<u>9,606,613</u>	<u>23,476,152</u>	<u>33,082,765</u>	<u>7,916,862</u>	<u>21,783,046</u>	<u>29,699,908</u>	<u>3,382,857</u>	<u>11.39%</u>
<b>Total assets</b>	<u>14,505,721</u>	<u>29,691,793</u>	<u>44,197,514</u>	<u>13,145,996</u>	<u>27,392,945</u>	<u>40,538,941</u>	<u>3,658,573</u>	<u>9.02%</u>
<b>Liabilities:</b>								
Current and other liabilities	239,466	831,465	1,070,931	197,502	599,794	797,296	273,635	34.32%
Noncurrent liabilities	<u>63,127</u>	<u>4,981,208</u>	<u>5,044,335</u>	<u>62,399</u>	<u>5,320,071</u>	<u>5,382,470</u>	<u>(338,135)</u>	<u>(6.28)%</u>
<b>Total liabilities</b>	<u>302,593</u>	<u>5,812,673</u>	<u>6,115,266</u>	<u>259,901</u>	<u>5,919,865</u>	<u>6,179,766</u>	<u>(64,500)</u>	<u>(1.04)%</u>
<b>Net position:</b>								
Net investment in capital assets	9,606,613	18,201,077	27,807,690	7,916,862	16,507,971	24,424,833	3,382,857	13.85%
Restricted	1,535,830	-	1,535,830	1,085,509	-	1,085,509	450,321	41.48%
Unrestricted	<u>3,060,685</u>	<u>5,678,043</u>	<u>8,738,728</u>	<u>3,883,724</u>	<u>4,965,109</u>	<u>8,848,833</u>	<u>(110,105)</u>	<u>(1.24)%</u>
<b>Total net position</b>	<u>\$ 14,203,128</u>	<u>\$ 23,879,120</u>	<u>\$ 38,082,248</u>	<u>\$ 12,886,095</u>	<u>\$ 21,473,080</u>	<u>\$ 34,359,175</u>	<u>\$ 3,723,073</u>	<u>10.84%</u>

**CITY OF RIO DELL, CALIFORNIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS - CONT'D**

The City's total net position increased by \$3,723,073 (\$1,317,033 and \$2,406,040 for governmental and business-type activities). Total city-wide assets increased by \$3,658,573, resulting from increased current and noncurrent assets in governmental and business-type activities. Total city-wide liabilities decreased by \$64,500, primarily due to a decrease in long-term liabilities under Business-type activities. Debt service principal (long-term liabilities) for the wastewater treatment plant and the water system infiltration gallery decreased by \$332,033.

About 4.03% or \$1,535,830 of the City-wide net position represents resources subject to external restrictions on their use. The remaining unrestricted net position of \$8.7 million may be used to meet the government's ongoing obligations to citizens and creditors. Of this amount, \$3,060,685 is held by governmental activities, and \$5,678,043 is held by business-type activities.

**Revenues**

The City's total revenues for governmental and business-type activities were \$9,513,996 for the fiscal year that ended June 30, 2025, an increase of \$2,306,618. The increase is primarily attributed to increases in operating and capital grants and contributions and business-type charges for services. Significant revenues for the City for FY 2024-25 were derived from taxes (12.71%), operating and capital grants and contributions (44.06%), and charges for services (33.87%).

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

- **Charges for Services** - Annual receipts for business-type activities increased by \$276,387, or 9.86%. Governmental activities decreased by \$52,370, or 26.76%, primarily due to reclassifying reimbursements for projects associated with the 2022 Earthquake Disaster.
- **Grants and Contributions** - Through their advancement, the Eel River Trail, Gateway Beautification, Rio Dell Dog Park, and Water Distribution System Project produced a \$2,259,594 increase in annual receipts.
- **Cannabis Taxes** – Revenues decreased by \$8,735, or 3.24% year over year to \$261,221.

**Expenses**

The City's governmental and business-type activity expenses for the year totaled \$5,790,923. This is a decrease of \$232,779 from the prior fiscal year. Governmental activity expenses totaled \$2,987,255, or 51.59% of total expenses. Business-type activities accounted for \$2,803,668 of expenses during the fiscal year, a decrease of \$513,125 due mainly to costs associated with the 2022 Earthquake disaster. Public Safety - Police costs represented 45.13% of total governmental activities expenses, General Government activities were 20.10%, Housing and Community Development was 14.08%, and Public Works was 13.78%. The remaining 6.91% was spent on Planning and Building, and Recycling costs.

**CITY OF RIO DELL, CALIFORNIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS - CONT'D**

**Table 2: Changes in Net Position**

	2025			2024			Amount Change	% Change
	Governmental Activities	Business type Activities	Total	Governmental activities	Business type Activities	Total		
<b>REVENUES:</b>								
Program revenues:								
Charges for services	\$ 143,300	\$ 3,078,655	\$ 3,221,955	\$ 195,670	\$ 2,802,268	\$ 2,997,938	\$ 224,017	7.47%
Grants and Contribution	2,023,945	307,302	2,331,247	822,291	51,052	873,343	1,457,904	166.93%
Capital Contributions	227,358	1,632,932	1,860,290	188,525	870,075	1,058,600	801,690	75.73%
General revenues:								
Property taxes, levied for general purpose	175,040	-	175,040	179,003	-	179,003	(3,963)	(2.21)%
Sales taxes	453,614	-	453,614	638,134	-	638,134	(184,520)	(28.92)%
Cannabis taxes	261,221	-	261,221	269,956	-	269,956	(8,735)	(3.24)%
Transient occupancy taxes	19,154	-	19,154	20,518	-	20,518	(1,364)	(6.65)%
Gas taxes	193,830	-	193,830	186,115	-	186,115	7,715	4.15%
Franchise taxes	106,806	-	106,806	102,836	-	102,836	3,970	3.86%
Motor vehicle in lieu	526,746	-	526,746	508,591	-	508,591	18,155	3.57%
Use of money and property	116,576	169,156	285,732	172,542	191,033	363,575	(77,843)	(21.41)%
Other general	56,698	21,663	78,361	8,350	419	8,769	69,592	793.61%
<b>Total revenues</b>	<b>4,304,288</b>	<b>5,209,708</b>	<b>9,513,996</b>	<b>3,292,531</b>	<b>3,914,847</b>	<b>7,207,378</b>	<b>2,306,618</b>	<b>32.00%</b>
<b>EXPENSES:</b>								
Governmental activities:								
General government	600,451	-	600,451	380,037	-	380,037	220,414	58.00%
Public safety - Police	1,348,144	-	1,348,144	1,374,394	-	1,374,394	(26,250)	(1.91)%
Public works	411,724	-	411,724	746,169	-	746,169	(334,445)	(44.82)%
Planning and building	174,707	-	174,707	175,246	-	175,246	(539)	(0.31)%
Housing and community development	420,631	-	420,631	10,708	-	10,708	409,923	3,828.19%
Recycling	31,598	-	31,598	20,355	-	20,355	11,243	55.23%
Business-type activities								
Sewer	-	1,920,777	1,920,777	-	2,057,361	2,057,361	(136,584)	(6.64)%
Water	-	882,891	882,891	-	1,259,432	1,259,432	(376,541)	(29.90)%
<b>Total expenses</b>	<b>2,987,255</b>	<b>2,803,668</b>	<b>5,790,923</b>	<b>2,706,909</b>	<b>3,316,793</b>	<b>6,023,702</b>	<b>(232,779)</b>	<b>(3.86)%</b>
<b>Change in net position</b>	<b>1,317,033</b>	<b>2,406,040</b>	<b>3,723,073</b>	<b>585,622</b>	<b>598,054</b>	<b>1,183,676</b>	<b>2,539,397</b>	<b>214.53%</b>
<b>Net position beginning of year</b>	<b>12,886,095</b>	<b>21,473,080</b>	<b>34,359,175</b>	<b>12,300,473</b>	<b>20,875,026</b>	<b>33,175,499</b>	<b>1,183,676</b>	<b>3.57%</b>
<b>Net position end of year</b>	<b>\$ 14,203,128</b>	<b>\$ 23,879,120</b>	<b>\$ 38,082,248</b>	<b>\$ 12,886,095</b>	<b>\$ 21,473,080</b>	<b>\$ 34,359,175</b>	<b>\$ 3,723,073</b>	<b>10.84%</b>

**CITY OF RIO DELL, CALIFORNIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS - CONT'D**

**Governmental Activities**

The following table shows the cost of each of the City's major programs and the net cost Services cost is the total cost minus fees and other direct revenue the activities generate. The net cost reflects the financial burden placed on the City's taxpayers by each program. The total cost of services and the net cost of services for the fiscal years ended June 30, 2025, and 2024 are as follows:

	<u>2025</u>		<u>2024</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General government	\$ 600,451	\$ 538,400	\$ 380,037	\$ 351,957
Public safety - Police	1,348,144	1,147,405	1,374,394	1,185,087
Public Works	411,724	236,295	746,169	473,808
Planning and building	174,707	(121,973)	175,246	95,787
Housing and community development	420,631	(1,238,397)	10,708	(538,282)
Recycling	31,598	30,922	20,355	(67,934)
Total	<u>\$ 2,987,255</u>	<u>\$ 592,652</u>	<u>\$ 2,706,909</u>	<u>\$ 1,500,423</u>

Total expenses for governmental activities were \$2,987,255, \$280,346 or 10.36% more than the prior year. Increases in the total and net cost of services were attributed to the rise in General government costs attributed to the 2022 Earthquake disaster compared to the previous year.

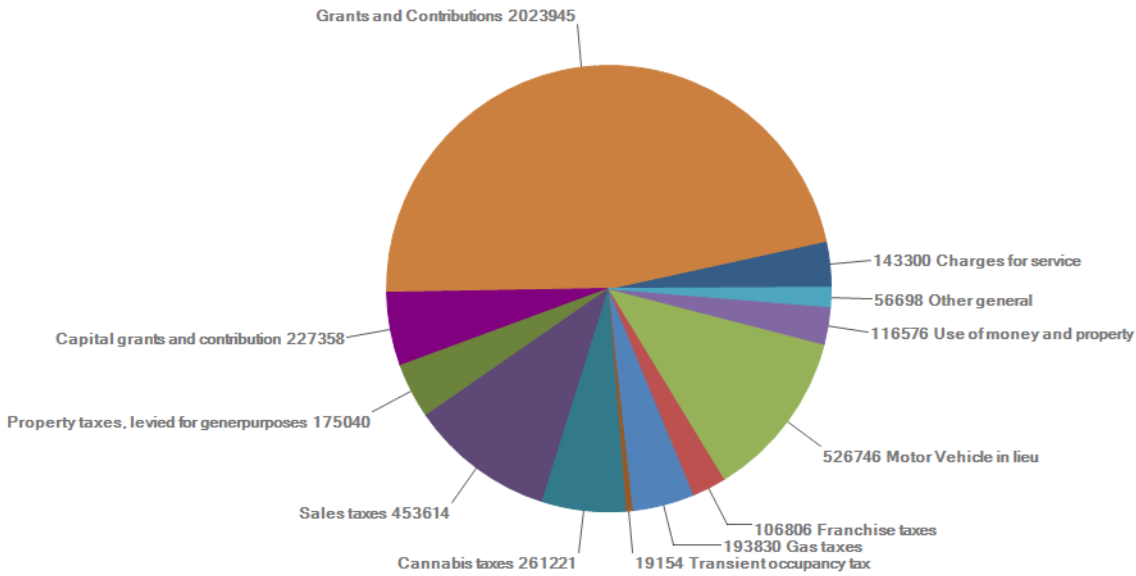
**CITY OF RIO DELL, CALIFORNIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS - CONT'D**

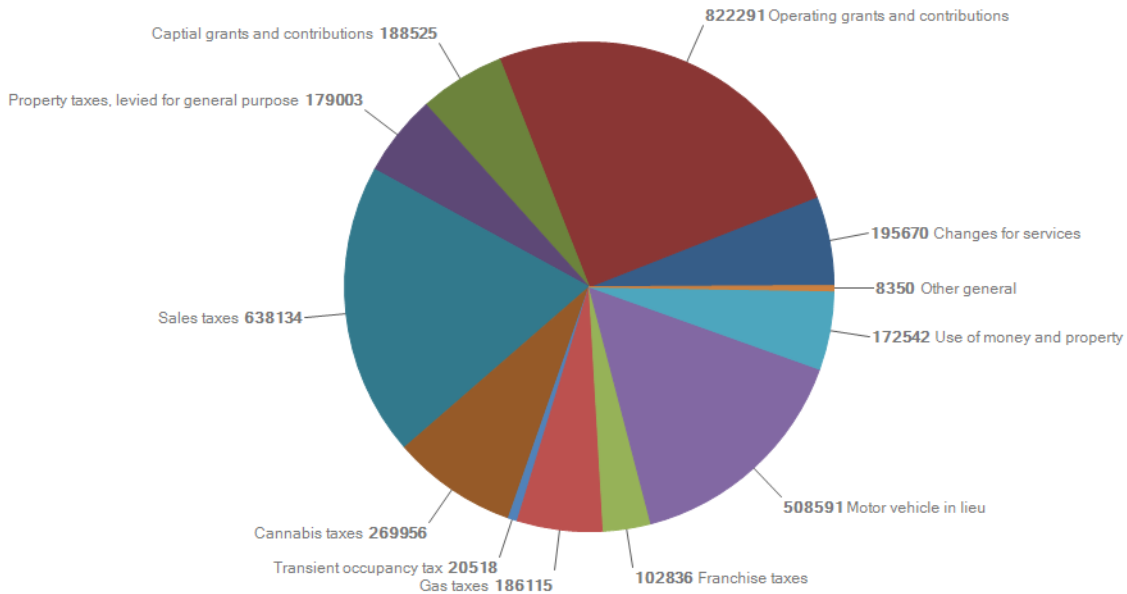
**Governmental Activities - Cont'd**

Revenues by source for the fiscal years ended June 30, 2025, and 2024 are as follows:

**Revenue by Source-Governmental Activities  
2025**



**Revenues by Source-Governmental Activities  
2024**

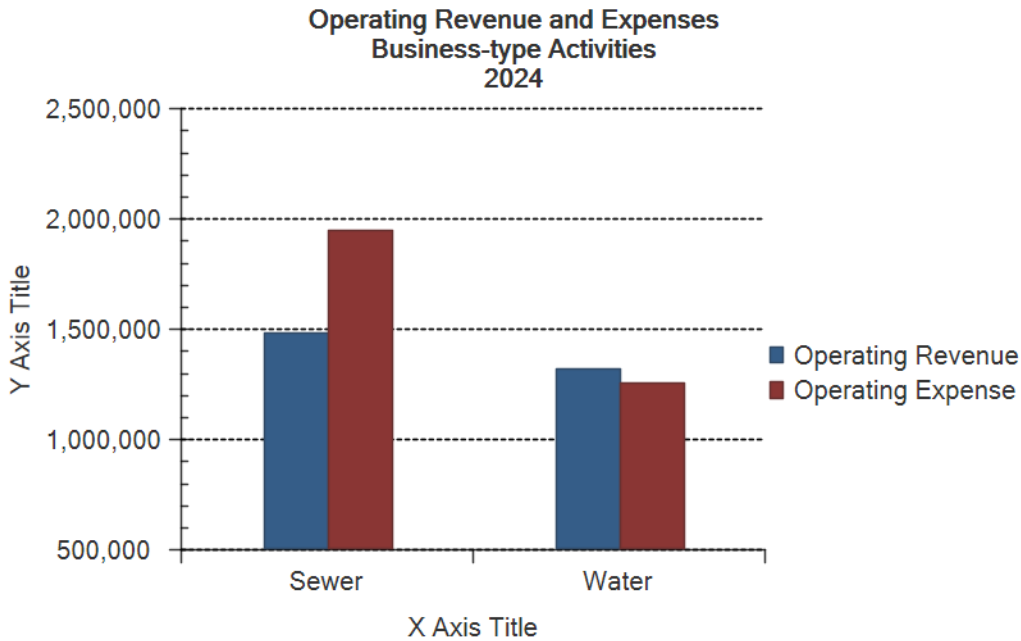
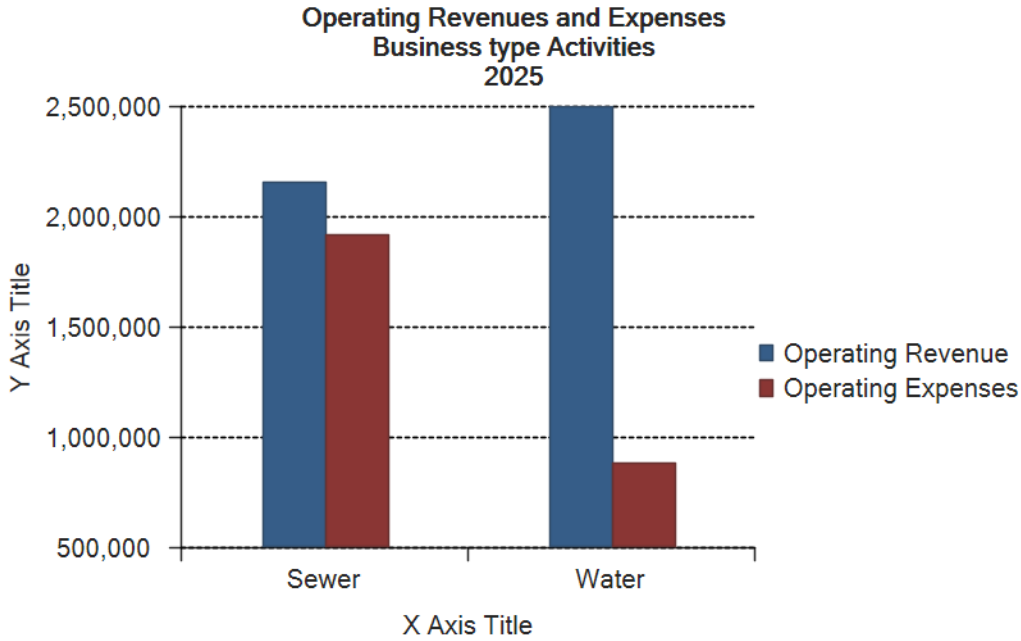


**CITY OF RIO DELL, CALIFORNIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS - CONT'D**

**Business-type Activities**

Business-type activities have increased the City's net position by \$2,406,040. The City has two business-type activities: Sewer and Water Operations. The operating revenues and expenses for the business-type activities for the fiscal years ended June 30, 2025, and 2024, are as follows:



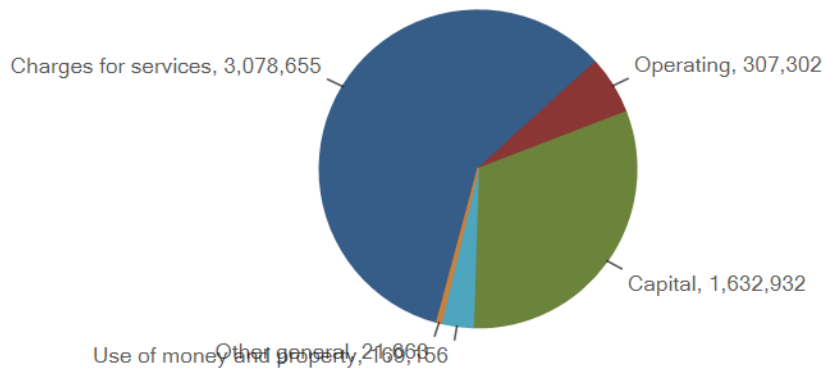
**CITY OF RIO DELL, CALIFORNIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS - CONT'D**

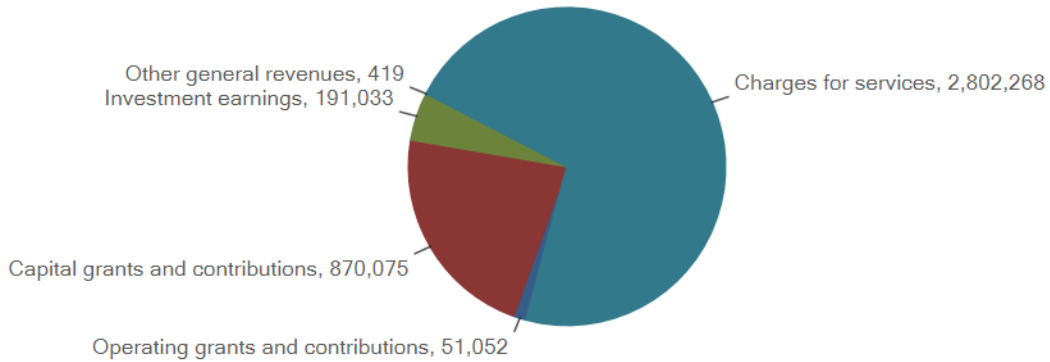
**Business-type Activities - Cont'd**

The revenues by source for the business-type activities for the fiscal years ended June 30, 2025, and 2024, are as follows:

**Revenue by Source - Business-type Activities  
2025**



**Revenue by Source - Business-type Activities  
2024**



**CITY OF RIO DELL, CALIFORNIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS - CONT'D**

**Financial Analysis of the Government's Funds**

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide financial statements.

**Governmental funds** - The City's governmental funds provide information on near-term inflows, outflows, and balances of spending resources. At the fiscal year ending June 30, 2025, the City's governmental funds reported combined fund balances of \$3,906,352. This is a decrease of \$408,525 or 9.47% from last year.

The General Fund is the City's chief operating fund. In the fiscal year ending June 30, 2025, the General Fund's fund balance totaled \$2,041,367, an increase of \$77,413 or 3.94% from the prior year. This change reflects the confluence of enhanced cannabis tax collections and the yield optimization realized from the City's strategic LAIF allocations.

In fiscal year 2024-25, governmental allocations facilitated the City's execution of diverse capital and specialized undertakings. The municipality perpetuated the Facade Enhancement Program, granting qualifying properties reciprocal financial instruments for aesthetic building amelioration. Historically, the General Fund underwrites infrastructural roadwork, municipal beautification initiatives, and enhancements to City Hall and police department facilities.

- **Proprietary funds** - The City ended the fiscal year with \$5,678,043 reported in the proprietary enterprise funds (the amount of net position available for use, including unrestricted net position but excluding the investment in capital assets net of related debt). This is an increase of \$712,934 from 2024 due to unrestricted water funds increasing by \$340,957 to \$3,710,732 and unrestricted sewer funds increasing by \$371,977 to \$1,967,311.

**General Fund Budgetary Highlights**

The variance between the adopted budget and realized revenues was \$23,164, representing a 1.35% deviation. This change reflects the continued contribution of cannabis tax collections and the yield optimization realized from the City's strategic Local Agency Investment Fund (LAIF) placements. At \$436,104, actual expenditures were 20.77% below the final budgetary allocation, primarily reflecting the deferral of capital projects, non-utilization of contingency reserves, and unfilled departmental positions. A \$100,000 amendment between the original and final expenditure budgets resulted from earthquake disbursements.

**CITY OF RIO DELL, CALIFORNIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS - CONT'D**

**Capital Assets**

As of June 30, 2025, the City's investment in capital assets for its governmental and business-type activities amounts to \$33,082,765. This investment includes land, construction in progress, streets, medians, sidewalks, buildings, water and sewer infrastructure, machinery, equipment, and vehicles.

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Totals</u>		<u>Amount Change</u>	<u>% Change</u>
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>		
Land	\$ 627,945	\$ 627,945	\$ 507,859	\$ 507,859	\$ 1,135,804	\$ 1,135,804	\$ -	0.00%
Construction in progress	2,013,109	364,926	3,240,668	811,495	5,253,777	1,176,421	4,077,356	346.59%
Building and structures	839,000	636,426	12,847	13,524	851,847	649,950	201,897	31.06%
Equipment	60,132	82,887	437,260	415,380	497,392	498,267	(875)	(0.18)%
Vehicles	117,237	158,815	80,751	108,058	197,988	266,873	(68,885)	(25.81)%
Streets and roads	2,976,194	2,974,111	-	-	2,976,194	2,974,111	2,083	0.07%
Infrastructures	<u>2,972,996</u>	<u>3,071,752</u>	<u>19,196,767</u>	<u>19,926,730</u>	<u>22,169,763</u>	<u>22,998,482</u>	<u>(828,719)</u>	<u>(3.60)%</u>
Total	<u>\$ 9,606,613</u>	<u>\$ 7,916,862</u>	<u>\$ 23,476,152</u>	<u>\$ 21,783,046</u>	<u>\$ 33,082,765</u>	<u>\$ 29,699,908</u>	<u>\$ 3,382,857</u>	<u>11.39%</u>

More detail of the capital assets and current activity can be found in the notes to the financial statements on page 44 for significant accounting policies and Note 5 on pages 52 - 54 for other capital asset information.

**Long-Term Debt**

On June 30, 2025, the City had \$5,380,681 in long-term liabilities. Note 7 to the basic financial statements provides additional information about the city's long-term debt.

	<u>Governmental Activities</u>		<u>Business type Activities</u>		<u>Total</u>		<u>Amount Change</u>	<u>% Change</u>
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>		
Compensated absences	\$ 63,127	\$ 62,399	\$ 42,479	\$ 44,996	\$ 105,606	\$ 107,395	\$ (1,789)	(1.67)%
Safe Drinking Water Loan	-	-	612,000	748,000	612,000	748,000	(136,000)	(18.18)%
State of California Water Resources Control Board	-	-	4,663,075	4,859,108	4,663,075	4,859,108	(196,033)	(4.03)%
Total	<u>\$ 63,127</u>	<u>\$ 62,399</u>	<u>\$ 5,317,554</u>	<u>\$ 5,652,104</u>	<u>\$ 5,380,681</u>	<u>\$ 5,714,503</u>	<u>\$ (333,822)</u>	<u>(5.84)%</u>

**Economic Outlook and Next Year's Budget and Rates**

The City of Rio Dell, California's adopted Fiscal Year 2025-26 budget is structured to achieve a balanced fiscal position. While the near-term economic forecast exhibits relative stability, underpinned by a diversified tax portfolio—enhanced by Measures O and X—prudent fiscal management dictates a cautious approach. The absence of substantial pension liabilities and utility rate structures designed to cover operational and capital expenditures further bolsters this stability. Nonetheless, the long-term financial implications of the December 2022 seismic event and the recent adjustment to the sales tax rate via Measure O introduce uncertainty.

**CITY OF RIO DELL, CALIFORNIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025**

**Economic Outlook and Next Year's Budget and Rates - Cont'd**

Historically, the City has benefited from the cyclical resilience of property and sales tax revenues. However, FY 2024-25 revealed a notable deviation from this trend, with sales tax collections falling below projected benchmarks, thereby underscoring the inherent volatility of these revenue streams. Furthermore, as mandated by Measure O, the November 2024 local sales tax rate reduction presents a significant prospective challenge to revenue stability.

Measure X, the City's cannabis business tax, is projected to stabilize within the FY 2025-26 budget. However, it is imperative to recognize the inherent volatility of this revenue source, which is subject to market fluctuations and competitive pressures. Therefore, strategic diversification and expansion of the City's revenue base remain paramount.

The 2022 seismic event resulted in an estimated \$36 million in infrastructure damages. The City is actively engaged with the California Office of Emergency Services (CalOES) to secure reimbursement for eligible expenditures, anticipated to range from 75% to 100% on a per-project basis.

The City faces challenges in maintaining revenue parity with escalating operational costs. Salary and benefit expenditures, the most significant component of our budget, necessitate competitive compensation packages to attract and retain qualified personnel. Moreover, the costs associated with essential services, including dispatch, information technology, and animal control, are experiencing sustained upward pressure.

While the City enters FY 2025-26 with a balanced budget, underlying vulnerabilities persist. Prior fiscal strategies have strengthened our financial position. However, the residual financial impact of the earthquake and the effects of Measure O contribute to a degree of uncertainty. The adopted budget prioritizes strategic reinvestment in infrastructure, maintenance of service levels and reserves, and the pursuit of long-term financial sustainability. Despite these acknowledged vulnerabilities, management remains confident in the efficacy of implemented and planned strategies to ensure the City's enduring financial health.

**Requests for Information**

This Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. If you have any questions about this report or need additional financial information, contact the City of Rio Dell Finance Department, 675, Rio Dell, CA 95562.

## **BASIC FINANCIAL STATEMENTS**

## **GOVERNMENT - WIDE FINANCIAL STATEMENTS**

**CITY OF RIO DELL, CALIFORNIA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2025**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and investment	\$ 3,768,982	\$ 4,549,096	\$ 8,318,078
Receivable			
Accounts	459,807	341,584	801,391
Intergovernmental	-	1,202,167	1,202,167
Interest	22,619	54,794	77,413
Loans/Notes receivable	601,989	-	601,989
Prepaid items	45,711	68,000	113,711
<b>Total current assets</b>	<b>4,899,108</b>	<b>6,215,641</b>	<b>11,114,749</b>
<b>Noncurrent assets</b>			
Nondepreciable capital assets	2,641,054	3,748,527	6,389,581
Depreciable capital assets	6,965,559	19,727,625	26,693,184
<b>Total noncurrent assets</b>	<b>9,606,613</b>	<b>23,476,152</b>	<b>33,082,765</b>
<b>Total assets</b>	<b>\$ 14,505,721</b>	<b>\$ 29,691,793</b>	<b>\$ 44,197,514</b>
<b>LIABILITIES AND NET POSITION</b>			
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	\$ 149,191	\$ 284,758	\$ 433,949
Accrued payroll	58,027	43,915	101,942
Accrued liabilities	32,248	-	32,248
Interest payable	-	68,392	68,392
Deposits payable	-	98,054	98,054
Loan payable - due within one year	-	336,346	336,346
<b>Total current liabilities</b>	<b>239,466</b>	<b>831,465</b>	<b>1,070,931</b>
<b>Noncurrent liabilities</b>			
Compensated absences	63,127	42,479	105,606
Loan payable - due after one year	-	4,938,729	4,938,729
<b>Total noncurrent liabilities</b>	<b>63,127</b>	<b>4,981,208</b>	<b>5,044,335</b>
<b>Total liabilities</b>	<b>302,593</b>	<b>5,812,673</b>	<b>6,115,266</b>
<b>NET POSITION</b>			
Net investment in capital assets	9,606,613	18,201,077	27,807,690
Restricted	1,535,830	-	1,535,830
Unrestricted	3,060,685	5,678,043	8,738,728
<b>Total net position</b>	<b>14,203,128</b>	<b>23,879,120</b>	<b>38,082,248</b>
<b>Total liabilities, and net position</b>	<b>\$ 14,505,721</b>	<b>\$ 29,691,793</b>	<b>\$ 44,197,514</b>

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

**CITY OF RIO DELL, CALIFORNIA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2025**

Functions/Programs	Expenses	Program Revenues			Net (Expenses)/Revenues, and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Contributions and Grants	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 600,451	\$ 59,127	\$ 2,924	\$ -	\$ (538,400)	\$ -	\$ (538,400)
Public safety - Police	1,348,144	-	200,739	-	(1,147,405)	-	(1,147,405)
Public works	411,724	14,851	160,578	-	(236,295)	-	(236,295)
Planning and building	174,707	69,322	-	227,358	121,973	-	121,973
Housing and community development	420,631	-	1,659,028	-	1,238,397	-	1,238,397
Recycling	31,598	-	676	-	(30,922)	-	(30,922)
Total governmental activities	<u>2,987,255</u>	<u>143,300</u>	<u>2,023,945</u>	<u>227,358</u>	<u>(592,652)</u>	<u>-</u>	<u>(592,652)</u>
<b>Business-type activities:</b>							
Sewer	1,920,777	1,785,235	307,302	-	-	171,760	171,760
Water	882,891	1,293,420	-	1,632,932	-	2,043,461	2,043,461
Total business-type activities	<u>2,803,668</u>	<u>3,078,655</u>	<u>307,302</u>	<u>1,632,932</u>	<u>-</u>	<u>2,215,221</u>	<u>2,215,221</u>
Total primary government	<u>\$ 5,790,923</u>	<u>\$ 3,221,955</u>	<u>\$ 2,331,247</u>	<u>\$ 1,860,290</u>	<u>(592,652)</u>	<u>2,215,221</u>	<u>1,622,569</u>
<b>General revenues:</b>							
Taxes:							
Property taxes, levied for general purposes					175,040	-	175,040
Sales taxes					453,614	-	453,614
Cannabis taxes					261,221	-	261,221
Transient occupancy taxes					19,154	-	19,154
Gas taxes					193,830	-	193,830
Franchise Tax					106,806	-	106,806
Intergovernmental:							
State motor vehicle in lieu tax (MVLFF)					526,746	-	526,746
Use of money and property					116,576	169,156	285,732
Other revenues					56,698	21,663	78,361
Total general revenues					<u>1,909,685</u>	<u>190,819</u>	<u>2,100,504</u>
Change in net position					1,317,033	2,406,040	3,723,073
Net position - beginning of year					<u>12,886,095</u>	<u>21,473,080</u>	<u>34,359,175</u>
Net position - end of year					<u>\$ 14,203,128</u>	<u>\$ 23,879,120</u>	<u>\$ 38,082,248</u>

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

## FUND FINANCIAL STATEMENTS

## GOVERNMENTAL FUNDS - FINANCIAL STATEMENTS

**CITY OF RIO DELL, CALIFORNIA  
 FUND FINANCIAL STATEMENTS  
 MAJOR FUNDS  
 JUNE 30, 2025**

<b>Fund</b>	<b>Description</b>
<b>Governmental Funds:</b>	Governmental funds are used for taxes and grants.
General	Primary operating fund of the City; accounts for all activities except those legally or administratively required to be accounted for in other funds.
CDBG Housing Special Revenue	Accounts for activities related to housing and the related CDBG funding.
Clean CA Grant ER Trails	Accounts for funds received and expended for Clean California Eel River Trail Project.

**CITY OF RIO DELL, CALIFORNIA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2025**

	General Fund	CDBG Special Revenue	Clean CA Grant ER Trails	Other Nonmajor Governmental Fund
<b>ASSETS</b>				
Cash and investment	\$ 1,335,052	\$ 254,630	\$ 65,478	\$ 1,964,087
Receivables:				
Interest	15,814	-	-	5,239
Intergovernmental	-	-	-	-
Loans/Notes receivable	-	601,989	-	-
Other receivable	399,674	-	-	60,133
Prepaid expenditures	45,711	-	-	-
Due from other funds	<u>346,926</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>2,143,177</u>	<u>856,619</u>	<u>65,478</u>	<u>2,029,459</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	21,629	4,828	3,268	119,466
Accrued payroll	47,933	42	-	10,052
Accrued liabilities	32,248	-	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>197,509</u>	<u>149,417</u>
Total liabilities	<u>101,810</u>	<u>4,870</u>	<u>200,777</u>	<u>278,935</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues	<u>-</u>	<u>601,989</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>601,989</u>	<u>-</u>	<u>-</u>
Total liabilities, and deferred inflows of resources	<u>101,810</u>	<u>606,859</u>	<u>200,777</u>	<u>278,935</u>
<b>FUND BALANCES</b>				
Nonspendable	45,711	-	-	-
Restricted	-	249,760	-	1,286,070
Assigned	-	-	-	580,703
Unassigned (Deficit)	<u>1,995,656</u>	<u>-</u>	<u>(135,299)</u>	<u>(116,249)</u>
Total fund balances	<u>2,041,367</u>	<u>249,760</u>	<u>(135,299)</u>	<u>1,750,524</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,143,177</u>	<u>\$ 856,619</u>	<u>\$ 65,478</u>	<u>\$ 2,029,459</u>

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

**CITY OF RIO DELL, CALIFORNIA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2025**

	<u>Total Governmental Funds</u>
<b>ASSETS</b>	
Cash and investment	\$ 3,619,247
Receivables:	
Interest	21,053
Intergovernmental	-
Loans/Notes receivable	601,989
Other receivable	459,807
Prepaid expenditures	45,711
Due from other funds	<u>346,926</u>
Total assets	<u>5,094,733</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	
<b>LIABILITIES</b>	
Accounts payable	149,191
Accrued payroll	58,027
Accrued liabilities	32,248
Due to other funds	<u>346,926</u>
Total liabilities	<u>586,392</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenues	<u>601,989</u>
Total deferred inflows of resources	<u>601,989</u>
Total liabilities, and deferred inflows of resources	<u>1,188,381</u>
<b>FUND BALANCES</b>	
Nonspendable	45,711
Restricted	1,535,830
Assigned	580,703
Unassigned (Deficit)	<u>1,744,108</u>
Total fund balances	<u>3,906,352</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,094,733</u>

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

**CITY OF RIO DELL, CALIFORNIA**  
**RECONCILIATION OF FUND BASIS BALANCE SHEET TO GOVERNMENT-WIDE STATEMENT OF**  
**NET POSITION**  
**JUNE 30, 2025**

Total fund balances - governmental funds	\$	3,906,352
Amounts reported for governmental activities in the Statement of Net Position are different because:		
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.		9,606,613
Governmental funds notes receivable from various loan programs are deferred under the current financial resource measurement focus. The notes receivable are recognized in the government-wide Statement of Net Position under the accrual basis of accounting.		601,989
In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities are reported. Long-term liabilities relating to governmental activities consist of:		
Compensated absence payable		(63,127)
Internal services funds are used by management to charge the costs of certain activities, such as central garage, to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the Statement of Net Position.		<u>151,301</u>
Total net position - governmental activities	\$	<u><u>14,203,128</u></u>

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

**CITY OF RIO DELL, CALIFORNIA**  
**RECONCILIATION OF FUND BASIS BALANCE SHEET TO GOVERNMENT-WIDE STATEMENT OF**  
**NET POSITION**  
**JUNE 30, 2025**

	Governmental Funds Balance Sheet	Reclassification	Changes in GAAP	Internal Services Balances	Statement of Net Position
<b>Assets and Deferred Outflows of Resources</b>					
<b>Current assets</b>					
Cash and investment	\$ 3,619,247	\$ -	\$ -	\$ 149,735	\$ 3,768,982
Receivables:					
Interest	21,053	-	-	1,566	22,619
Loans/Notes receivable	601,989	-	-	-	601,989
Other receivable	459,807	-	-	-	459,807
Prepaid expenditures	45,711	-	-	-	45,711
Due from other funds	346,926	(346,926)	-	-	-
Total current assets	<u>5,094,733</u>	<u>(346,926)</u>	<u>-</u>	<u>151,301</u>	<u>4,899,108</u>
<b>Noncurrent assets</b>					
Capital assets, net	-	-	9,606,613	-	9,606,613
Total noncurrent assets	-	-	9,606,613	-	9,606,613
Total assets and deferred outflows of resources	<u>5,094,733</u>	<u>(346,926)</u>	<u>9,606,613</u>	<u>151,301</u>	<u>14,505,721</u>
<b>Liabilities and Deferred Inflows of Resources</b>					
<b>Current liabilities</b>					
Accounts payable	149,191	-	-	-	149,191
Accrued payroll	58,027	-	-	-	58,027
Accrued liabilities	32,248	-	-	-	32,248
Due to other funds	346,926	(346,926)	-	-	-
Total current liabilities	<u>586,392</u>	<u>(346,926)</u>	<u>-</u>	<u>-</u>	<u>239,466</u>
<b>Noncurrent liabilities</b>					
Compensated absences	-	-	63,127	-	63,127
Total noncurrent liabilities	-	-	63,127	-	63,127
Total liabilities	<u>586,392</u>	<u>(346,926)</u>	<u>63,127</u>	<u>-</u>	<u>302,593</u>
<b>Deferred inflows of resources</b>					
Unavailable revenues	601,989	-	(601,989)	-	-
Total deferred inflows of resources	<u>601,989</u>	<u>-</u>	<u>(601,989)</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,188,381</u>	<u>\$ (346,926)</u>	<u>\$ (538,862)</u>	<u>\$ -</u>	<u>\$ 302,593</u>

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

**CITY OF RIO DELL, CALIFORNIA**  
**RECONCILIATION OF FUND BASIS BALANCE SHEET TO GOVERNMENT-WIDE STATEMENT OF**  
**NET POSITION**  
**JUNE 30, 2025**

	Governmental Funds Balance Sheet	Reclassification	Changes in GAAP	Internal Services Balances	Statement of Net Position
<b>Fund Balances</b>					
Nonspendable	\$ 45,711	\$ (45,711)	\$ -	\$ -	\$ -
Restricted	1,535,830	(1,535,830)	-	-	-
Assigned	580,703	(580,703)	-	-	-
Unassigned (Deficit)	1,744,108	(1,744,108)	-	-	-
<b>Net position</b>					
Net investment in capital assets	-	-	9,606,613	-	9,606,613
Restricted	-	-	1,535,830	-	1,535,830
Unrestricted	-	3,906,352	(996,968)	151,301	3,060,685
Total fund balances / net position	<u>3,906,352</u>	<u>-</u>	<u>10,145,475</u>	<u>151,301</u>	<u>14,203,128</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,094,733</u>	<u>\$ (346,926)</u>	<u>\$ 9,606,613</u>	<u>\$ 151,301</u>	<u>\$ 14,505,721</u>

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

**CITY OF RIO DELL, CALIFORNIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>General Fund</u>	<u>CDBG Special Revenue</u>	<u>Clean CA Grant ER Trails</u>	<u>Other Governmental Funds</u>
<b>REVENUES</b>				
Property taxes	\$ 175,040	\$ -	\$ -	\$ -
Sales taxes	453,614	-	-	-
Cannabis taxes	261,221	-	-	-
Transient occupancy taxes	19,154	-	-	-
Gas taxes	-	-	-	193,830
Intergovernmental	556,220	459	1,444,770	777,059
Licenses, permits, and franchise fees	133,366	-	-	84,173
Interest and use of property	89,538	398	-	21,900
Miscellaneous revenues	<u>52,736</u>	<u>-</u>	<u>-</u>	<u>3,962</u>
Total revenues	<u>1,740,889</u>	<u>857</u>	<u>1,444,770</u>	<u>1,080,924</u>
<b>EXPENDITURES</b>				
Current:				
General government	411,797	-	-	47,537
Public safety - Police	1,164,993	-	-	146,837
Public works	32,157	-	-	274,112
Planning and building	52,589	-	-	122,118
Housing and community development	-	417,280	1,867	1,484
Recycling	-	-	-	31,598
Capital outlay	<u>1,940</u>	<u>-</u>	<u>1,583,002</u>	<u>386,654</u>
Total expenditures	<u>1,663,476</u>	<u>417,280</u>	<u>1,584,869</u>	<u>1,010,340</u>
<i>Revenues over (under) expenditures</i>	<u>77,413</u>	<u>(416,423)</u>	<u>(140,099)</u>	<u>70,584</u>
Net change in fund balances	<u>77,413</u>	<u>(416,423)</u>	<u>(140,099)</u>	<u>70,584</u>
Fund balances - beginning of year, as previously presented	1,963,954	666,183	-	1,684,740
Change within financial reporting entity (nonmajor to major fund)	<u>-</u>	<u>-</u>	<u>4,800</u>	<u>(4,800)</u>
Fund balances - beginning of year, as adjusted	<u>1,963,954</u>	<u>666,183</u>	<u>4,800</u>	<u>1,679,940</u>
Fund balances - end of year	<u>\$ 2,041,367</u>	<u>\$ 249,760</u>	<u>\$ (135,299)</u>	<u>\$ 1,750,524</u>

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

**CITY OF RIO DELL, CALIFORNIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	Total Governmental Funds
<b>REVENUES</b>	
Property taxes	\$ 175,040
Sales taxes	453,614
Cannabis taxes	261,221
Transient occupancy taxes	19,154
Gas taxes	193,830
Intergovernmental	2,778,508
Licenses, permits, and franchise fees	217,539
Interest and use of property	111,836
Miscellaneous revenues	56,698
Total revenues	4,267,440
<b>EXPENDITURES</b>	
Current:	
General government	459,334
Public safety - Police	1,311,830
Public works	306,269
Planning and building	174,707
Housing and community development	420,631
Recycling	31,598
Capital outlay	1,971,596
Total expenditures	4,675,965
<i>Revenues over (under) expenditures</i>	<i>(408,525)</i>
Net change in fund balances	(408,525)
Fund balances - beginning of year, as previously presented	4,314,877
Change within financial reporting entity (nonmajor to major fund)	-
Fund balances - beginning of year, as adjusted	4,314,877
Fund balances - end of year	\$ 3,906,352

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

**CITY OF RIO DELL, CALIFORNIA**  
**RECONCILIATION OF FUND BASIS STATEMENTS TO GOVERNMENT-WIDE STATEMENT OF**  
**ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2025**

<u>Functions/Programs</u>	<u>Fund Balance Totals</u>	<u>Compensated Absences</u>	<u>Internal Service</u>	<u>Depreciation</u>	<u>Capital Asset (Additions/ Retirements)</u>	<u>Government- wide Totals</u>
<b>Governmental Activities:</b>						
General government	\$ 459,334	\$ 728	\$ 313	\$ 140,076	\$ -	\$ 600,451
Public safety - police	1,311,830	-	-	36,314	-	1,348,144
Public works	306,269	-	-	105,455	-	411,724
Planning and building	174,707	-	-	-	-	174,707
Housing and community development	420,631	-	-	-	-	420,631
Recycling	31,598	-	-	-	-	31,598
Capital Outlay	<u>1,971,596</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,971,596)</u>	<u>-</u>
<b>Total governmental activities</b>	<b><u>\$ 4,675,965</u></b>	<b><u>\$ 728</u></b>	<b><u>\$ 313</u></b>	<b><u>\$ 281,845</u></b>	<b><u>\$ (1,971,596)</u></b>	<b><u>\$ 2,987,255</u></b>

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

**CITY OF RIO DELL, CALIFORNIA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO**  
**THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2025**

Total net changes in fund balances - governmental funds		\$ (408,525)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Capital asset purchases capitalized	1,971,596	
Depreciation expense	(281,845)	1,689,751
Certain notes receivable are reported in the governmental funds as expenditures and then offset by a deferred revenue as they are not available to pay current expenditures. Likewise, when the note is collected it is reflected in revenue. This is the net change between notes receivable collected and issued.		
		(459)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Change in compensated absences		(728)
Internal services funds are used by management to charge the costs of certain activities, such as central garage, to individual funds. The change in Net Position of the Internal Service Funds is included in the governmental activities in the government wide Statement of Net Position less transfers.		
		36,994
Change in net position of governmental activities		\$ 1,317,033

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

**CITY OF RIO DELL, CALIFORNIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property taxes	\$ 163,400	\$ 163,400	\$ 175,040	\$ 11,640
Sales taxes	600,500	600,500	453,614	(146,886)
Cannabis taxes	294,000	294,000	261,221	(32,779)
Transient occupancy taxes	20,000	20,000	19,154	(846)
Intergovernmental	465,375	465,375	556,220	90,845
Licenses, permits, and franchise fees	131,350	131,350	133,366	2,016
Interest and use of property	33,050	33,050	89,538	56,488
Miscellaneous	10,050	10,050	52,736	42,686
Total revenues	<u>1,717,725</u>	<u>1,717,725</u>	<u>1,740,889</u>	<u>23,164</u>
<b>Expenditures:</b>				
Current:				
General government	466,871	466,871	411,797	55,074
Public safety - Police	1,358,153	1,458,153	1,164,993	293,160
Public works	113,063	113,063	32,157	80,906
Planning and building	61,493	61,493	52,589	8,904
Capital outlay	-	-	1,940	(1,940)
Total expenditures	<u>1,999,580</u>	<u>2,099,580</u>	<u>1,663,476</u>	<u>436,104</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(281,855)</u>	<u>(381,855)</u>	<u>77,413</u>	<u>459,268</u>
Net changes in fund balances	(281,855)	(381,855)	77,413	459,268
Fund balance - beginning of year	<u>1,963,954</u>	<u>1,963,954</u>	<u>1,963,954</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,682,099</u>	<u>\$ 1,582,099</u>	<u>\$ 2,041,367</u>	<u>\$ 459,268</u>

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

**CITY OF RIO DELL, CALIFORNIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**CDBG SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ 5,000	\$ 5,000	\$ 459	\$ (4,541)
Interest and use of property	-	-	398	398
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>857</u>	<u>(4,143)</u>
<b>Expenditures:</b>				
Current:				
Housing and Community Development	<u>550,100</u>	<u>550,100</u>	<u>417,280</u>	<u>132,820</u>
Total expenditures	<u>550,100</u>	<u>550,100</u>	<u>417,280</u>	<u>132,820</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(545,100)</u>	<u>(545,100)</u>	<u>(416,423)</u>	<u>128,677</u>
Net changes in fund balances	(545,100)	(545,100)	(416,423)	128,677
Fund balance - beginning of year	<u>666,183</u>	<u>666,183</u>	<u>666,183</u>	<u>-</u>
Fund balance - end of year	<u>\$ 121,083</u>	<u>\$ 121,083</u>	<u>\$ 249,760</u>	<u>\$ 128,677</u>

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

**CITY OF RIO DELL, CALIFORNIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**CLEAN CA GRANT ER TRAILS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ 1,750,000	\$ 1,750,000	\$ 1,444,770	\$ (305,230)
Total revenues	<u>1,750,000</u>	<u>1,750,000</u>	<u>1,444,770</u>	<u>(305,230)</u>
<b>Expenditures:</b>				
Current:				
Housing and Community Development	-	-	1,867	(1,867)
Capital outlay	<u>1,750,000</u>	<u>1,750,000</u>	<u>1,583,002</u>	<u>166,998</u>
Total expenditures	<u>1,750,000</u>	<u>1,750,000</u>	<u>1,584,869</u>	<u>165,131</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(140,099)</u>	<u>(140,099)</u>
Net changes in fund balances	-	-	(140,099)	(140,099)
Fund balance - beginning of year	<u>4,800</u>	<u>4,800</u>	<u>4,800</u>	<u>-</u>
Fund balance - end of year	<u>\$ 4,800</u>	<u>\$ 4,800</u>	<u>\$ (135,299)</u>	<u>\$ (140,099)</u>

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

## **PROPRIETARY FUNDS - FINANCIAL STATEMENTS**

**CITY OF RIO DELL, CALIFORNIA  
FUND FINANCIAL STATEMENTS  
PROPRIETARY FUNDS  
JUNE 30, 2025**

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

**CITY OF RIO DELL, CALIFORNIA**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**JUNE 30, 2025**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>	<u>Internal Service Fund</u>
<b>ASSETS</b>				
Current assets				
Cash and investment	\$ 1,927,256	\$ 2,621,840	\$ 4,549,096	\$ 149,735
Receivable				
Accounts	198,301	143,283	341,584	-
Intergovernmental	8,076	1,194,091	1,202,167	-
Interest	15,078	39,716	54,794	1,566
Prepaid expenses	<u>-</u>	<u>68,000</u>	<u>68,000</u>	<u>-</u>
Total current assets	<u>2,148,711</u>	<u>4,066,930</u>	<u>6,215,641</u>	<u>151,301</u>
Noncurrent assets				
Capital assets, net	<u>11,594,404</u>	<u>11,881,748</u>	<u>23,476,152</u>	<u>-</u>
Total noncurrent assets	<u>11,594,404</u>	<u>11,881,748</u>	<u>23,476,152</u>	<u>-</u>
Total assets	<u>13,743,115</u>	<u>15,948,678</u>	<u>29,691,793</u>	<u>151,301</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	21,881	262,877	284,758	-
Accrued payroll	19,260	24,655	43,915	-
Interest payable	68,392	-	68,392	-
Deposits payable	55,053	43,001	98,054	-
Loan payable - due within one year	<u>200,346</u>	<u>136,000</u>	<u>336,346</u>	<u>-</u>
Total current liabilities	<u>364,932</u>	<u>466,533</u>	<u>831,465</u>	<u>-</u>
Noncurrent liabilities				
Compensated absences	16,814	25,665	42,479	-
Loan payable - due after one year	<u>4,462,729</u>	<u>476,000</u>	<u>4,938,729</u>	<u>-</u>
Total noncurrent liabilities	<u>4,479,543</u>	<u>501,665</u>	<u>4,981,208</u>	<u>-</u>
Total liabilities	<u>4,844,475</u>	<u>968,198</u>	<u>5,812,673</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	6,931,329	11,269,748	18,201,077	-
Unrestricted	<u>1,967,311</u>	<u>3,710,732</u>	<u>5,678,043</u>	<u>151,301</u>
Total net position	<u>8,898,640</u>	<u>14,980,480</u>	<u>23,879,120</u>	<u>151,301</u>
Total liabilities and net position	<u>\$ 13,743,115</u>	<u>\$ 15,948,678</u>	<u>\$ 29,691,793</u>	<u>\$ 151,301</u>

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

**CITY OF RIO DELL, CALIFORNIA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>	<u>Internal Service Fund</u>
<b>OPERATING REVENUE</b>				
Charges for services	\$ 1,742,261	\$ 1,252,438	\$ 2,994,699	\$ -
Connection fees	5,220	2,700	7,920	-
Late fees	37,754	38,282	76,036	-
Other operating revenue	20,736	-	20,736	-
Interdepartmental charges	-	-	-	32,567
Total operating revenue	<u>1,805,971</u>	<u>1,293,420</u>	<u>3,099,391</u>	<u>32,567</u>
<b>OPERATING EXPENSES</b>				
Current operations:				
General government	611,366	310,137	921,503	313
Public works	579,219	289,982	869,201	-
Depreciation	<u>626,167</u>	<u>282,772</u>	<u>908,939</u>	-
Total operating expenses	<u>1,816,752</u>	<u>882,891</u>	<u>2,699,643</u>	<u>313</u>
Operating income (loss)	<u>(10,781)</u>	<u>410,529</u>	<u>399,748</u>	<u>32,254</u>
<b>NONOPERATING REVENUE (EXPENSES)</b>				
Intergovernmental revenues (expense)	307,302	1,632,932	1,940,234	-
Bad debt recovery (expense)	231	696	927	-
Interest revenue	46,027	123,129	169,156	4,740
Interest expense	<u>(104,025)</u>	-	<u>(104,025)</u>	-
Total nonoperating revenues	<u>249,535</u>	<u>1,756,757</u>	<u>2,006,292</u>	<u>4,740</u>
Change in net position	238,754	2,167,286	2,406,040	36,994
Net position - beginning of year	<u>8,659,886</u>	<u>12,813,194</u>	<u>21,473,080</u>	<u>114,307</u>
Net position - end of year	<u>\$ 8,898,640</u>	<u>\$ 14,980,480</u>	<u>\$ 23,879,120</u>	<u>\$ 151,301</u>

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

**CITY OF RIO DELL, CALIFORNIA**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	Business-type Activities		Enterprise Funds	Governmental Activities
	Sewer Fund	Water Fund	Total	Internal Service Fund
<b>Cash flows from operating activities:</b>				
Receipts from customers/users for service provided	\$ 1,774,198	\$ 1,292,893	\$ 3,067,091	\$ 32,567
Payments to suppliers	(832,648)	(96,752)	(929,400)	(313)
Payments to employees	(399,481)	(241,012)	(640,493)	
Net cash provided by (used in) for operating activities	<u>542,069</u>	<u>955,129</u>	<u>1,497,198</u>	<u>32,254</u>
<b>Cash flows from capital and related financing activities:</b>				
Capital grants received	307,302	774,723	1,082,025	-
Acquisition of capital assets	(492,944)	(2,109,101)	(2,602,045)	-
Principal payments on long term debt	(196,033)	(136,000)	(332,033)	-
Interest paid on long-term debt	(106,900)	-	(106,900)	-
Net cash provided by (used in) for capital and related financing activities	<u>(488,575)</u>	<u>(1,470,378)</u>	<u>(1,958,953)</u>	<u>-</u>
<b>Cash flows from investing activities:</b>				
Investment income	46,715	120,319	167,034	4,626
Net cash provided by (used in) for investing activities	<u>46,715</u>	<u>120,319</u>	<u>167,034</u>	<u>4,626</u>
Net increase (decrease) in cash and cash equivalents	100,209	(394,930)	(294,721)	36,880
Cash and cash equivalents, beginning of year	<u>1,827,047</u>	<u>3,016,770</u>	<u>4,843,817</u>	<u>112,855</u>
Cash and cash equivalents, end of year	<u>\$ 1,927,256</u>	<u>\$ 2,621,840</u>	<u>\$ 4,549,096</u>	<u>\$ 149,735</u>
<b>Reconciliation of Operating Income/Loss to Net Cash Provided by/Used for Operating Activities</b>				
Operating income/loss	\$ (10,781)	\$ 410,529	\$ 399,748	\$ 32,254
Adjustments to reconcile operating income/loss to net cash provided by (used in) for operating activities:				
Depreciation expenses	626,167	282,772	908,939	-
Changes in current assets and liabilities				
Accounts receivables	(32,398)	(6,807)	(39,205)	-
Accounts payable	(38,517)	256,053	217,536	-
Accrued liabilities	(1,499)	7,291	5,792	-
Deposits payable	625	6,280	6,905	-
Compensated absences	(1,528)	(989)	(2,517)	-
Net cash provided by (used in) for operating activities	<u>\$ 542,069</u>	<u>\$ 955,129</u>	<u>\$ 1,497,198</u>	<u>\$ 32,254</u>

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

**CITY OF RIO DELL, CALIFORNIA  
FUND FINANCIAL STATEMENTS  
FIDUCIARY FUNDS  
JUNE 30, 2025**

<b>Fund</b>	<b>Description</b>
Custodial Fund	Used to account for assets held for distribution by the City as an agent for another entity.

**CITY OF RIO DELL, CALIFORNIA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2025**

	<u>Custodial Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 32,059
Interest receivable	<u>335</u>
Total assets	<u>32,394</u>
<b>LIABILITIES</b>	
Accounts payable	<u>-</u>
Total liabilities	<u>-</u>
<b>NET POSITION</b>	
Restricted for:	
Individuals, organizations, and other governments	<u>32,394</u>
Total net position	<u><u>\$ 32,394</u></u>

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

**CITY OF RIO DELL, CALIFORNIA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Custodial Fund</u>
<b>ADDITIONS</b>	
Fines and penalties	\$ 750
Interest earned	1,237
Total additions	1,987
<b>DEDUCTIONS</b>	
Administrative expense	3,095
Total deductions	3,095
Change in net position	(1,108)
Net position, beginning of year	33,502
Net position, end of year	\$ 32,394

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

**CITY OF RIO DELL, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

The basic financial statements of the City of Rio Dell, California (the "City") have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting principles are described below.

***A. Financial Reporting Entity***

The City is a general law City incorporated in the State of California on February 26, 1965. The City is governed by an elected, five-member City Council. The following services are provided by the City to its citizens: public safety (police); highways and streets; drinking water; wastewater collection, treatment and disposal; public improvements; parks and recreation; planning and zoning; and general administrative services.

The City operates as a self-governing local government unit within the State. It has limited authority to levy taxes and has the authority to determine user fees for the services that it provides. The City's main funding sources include sales taxes, other intergovernmental revenue from state and federal sources, user fees, and federal and state financial assistance.

The financial reporting entity consists of (a) the primary government, the City, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (a) the City has the ability to impose its will on the organization, or (b) there is a potential for the organization to provide a financial benefit to or impose a financial burden on the City.

As required by GAAP, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. These component units are reported on a blended basis. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The financial statements of the individual component units, if applicable as indicated below, may be obtained by writing to the City of Rio Dell, California, Finance Department, 675 Wildwood Ave., Rio Dell, CA 95562. The City has no component units to include in the reporting entity.

***Description of Joint Powers Agreements***

The City participates in several joint power agreements (JPAs) as described in Note 11. The financial activities of the JPAs are not included in the accompanying basic financial statements because JPAs are administered by governing boards that are separate from and independent of the City.

***B. Basis of Presentation***

**Government-Wide Financial Statements**

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

CITY OF RIO DELL, CALIFORNIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

**B. Basis of Presentation - Cont'd**

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided by a given function or segment, 2) operating grants and contributions, and 3) capital grants and contributions restricted to the operating or capital requirements of a specific function or segment. All taxes and internally dedicated resources are reported as *general revenues* rather than program revenues.

**Fund Financial Statements**

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least ten percent of the corresponding total for all funds of that category or type; and
- Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least five percent of the corresponding total for all governmental funds combined.

The City reports the following major funds:

- General Fund
- CDBG Special Revenue Fund
- Clean CA Grant ER Trails

Descriptions of these funds are included on the divider page preceding the Governmental Funds Balance Sheet.

The funds of the financial reporting entity are described below:

**Governmental Funds**

*General Fund*

The General Fund is used to account for resources traditionally associated with the City which are not required legally or by sound financial management to be accounted for in another fund. From this fund are paid the City's general operating expenditures, the fixed charges, and the capital costs that are not paid through other funds.

*Special Revenue Funds*

The Special Revenue Funds are used to account for specific revenues that are legally or otherwise restricted to expenditures for particular purposes.

CITY OF RIO DELL, CALIFORNIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

**B. Basis of Presentation - Cont'd**

*Capital Project Funds*

The Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

**Proprietary Funds**

*Enterprise Funds*

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. Costs are financed or recovered primarily through user charges.

*Internal Service Funds*

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

**Fiduciary Funds**

*Custodial Funds*

Custodial Funds are clearing type funds for the collection of taxes or deposits held in trust, on behalf of individuals, private organizations and other governments. The funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**C. Measurement Focus**

Measurement focus is a term used to describe which transactions are recorded within the various financial statements.

On the government-wide Statement of Net position and the Statement of Activities, governmental and business-type activities are presented using the economic resources measurement focus. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

The enterprise funds and private purpose trust funds utilize an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position, and cash flows. Enterprise fund and private purpose trust funds equity is classified as net position.

Custodial funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

**CITY OF RIO DELL, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

**D. Basis of Accounting**

The government-wide, proprietary and fiduciary funds financial statements required by GASB Statement No. 34 are reported using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred.

The governmental fund financial statements are accounted for on a spending or "current financial resources" measurement focus, and the modified accrual basis of accounting. Accordingly, only current assets and liabilities (except for long-term advances from the City) are included in the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after fiscal year end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, sales taxes, intergovernmental revenues, other taxes and investment earnings. Fines, licenses and permits, and charges for services are not susceptible to accrual because they are not measurable until received in cash. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving value in exchange, include taxes, grants, entitlements and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**E. Assets, Liabilities, and Equity**

**Cash Deposits and Investments**

The City pools cash from all sources and all funds, except certain specific investments within funds and cash with fiscal agents, so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time.

**CITY OF RIO DELL, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

**E. Assets, Liabilities, and Equity - Cont'd**

**Cash Deposits and Investments - Cont'd**

The City's investment policy and section 53601 of the California Government Code allow the following investments:

- a) Certificates of Deposit;
- b) Obligations of the State of California.

The City does not enter into reverse repurchase agreements.

The City's investments are carried at fair value instead of cost, as required by U.S. generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end if material, and it includes the effects of these adjustments in income for that fiscal year.

The City places certain funds with the State of California's Local Agency Investment Fund (LAIF). The City is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of the City's investment in this pool is reported in the accompanying financial statements based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio).

The monies held in the pooled investment funds are not subject to categorization by risk category. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on the amortized cost basis. Funds are accessible and transferable to the master account with twenty-four hours' notice. Included in LAIF's investments are collateralized mortgage obligations, mortgage backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. Financial statements for LAIF can be obtained from the California State Treasurer's Office: State Treasurer's Office, 915 Capitol Mall, Suite 110, Sacramento, CA 95814.

**Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net position. See Note 9 for details of interfund transactions, including receivables and payables at year-end.

**Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include property taxes, sales and use taxes, utility user taxes, intergovernmental subventions, interest earnings, and expense reimbursements.

**CITY OF RIO DELL, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

**E. Assets, Liabilities, and Equity - Cont'd**

**Receivables - Cont'd**

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property tax, sales tax, utility user tax, and intergovernmental subventions since they are usually both measurable and available. Non-exchange transactions collectible but not available, such as property tax, are deferred in the fund financial statements in accordance with the modified accrual basis, but not deferred in the government-wide financial statements in accordance with the accrual basis.

Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. The loans receivable are recorded in the fund statements, but are deferred to indicate they do not represent current financial resources. The loans are recognized when advanced in the government-wide statements. The City's experience is that all accounts receivable are collectible; therefore, an allowance for doubtful accounts is unnecessary.

**Inventory**

The City does not record and maintain inventory records of unused materials and supplies for the various funds. Inventories are considered immaterial and materials and supplies are currently expensed.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. In the governmental fund financial statements, prepaid items are offset with a reservation of fund balance for long-term assets to indicate they do not constitute current resources available for appropriation.

**Capital Assets**

The City's assets are capitalized at historical cost or estimated historical cost, if actual is unavailable, except for donated Capital Assets which are recorded at their estimated fair value at the date of donation. Policy has set the capitalization threshold for reporting at \$5,000 for non-infrastructure capital assets and \$25,000 for infrastructure capital assets.

**Government-Wide Statements**

Public domain (infrastructure) capital assets include roads, bridges, curbs and gutters, streets, sidewalks, drainage systems, and lighting systems.

The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. No depreciation is recorded in the year of acquisition or in the year of disposition.

CITY OF RIO DELL, CALIFORNIA  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2025

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

**E. Assets, Liabilities, and Equity - Cont'd**

**Capital Assets - Cont'd**

The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	5-50 years	Landscaping	30 years
Roadway improvements	50 years	Signage	25 years
Sidewalks, curbs, and gutters	50 years	Leasehold improvements	5 years
Storm drain pipes/structures	50 years	Machinery and equipment	3-5 years
Traffic signal devices	5-40 years	Vehicles	3 years

**Fund Financial Statements**

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, deferred inflows on the City's CDBG loans reported in the governmental funds balance sheet.

**Compensated Absences**

Full time employees accumulate earned vacation, holiday and compensated leave of varying amounts dependent upon length of service with the City. These amounts are deemed fully vested with the employee when earned. The City also provides full time employees with sick leave that generally must be used for sickness and injury-related leave time.

The City does not currently provide post-employment benefits.

**Unearned Revenues**

Unearned revenues in governmental funds arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues in enterprise funds and the statement of net position arise when resources are received by the City before it has legal claim to them, (i.e., when grant monies are received prior to the incurrence of qualifying expenses).

CITY OF RIO DELL, CALIFORNIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

**F. Equity Classification**

**Government-Wide Financial Statements**

Equity is classified as net position and is displayed in three components:

- a. *Invested in capital assets, net of related debt* – consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted net position* – consists of net position with constraints placed on the use by external groups such as creditors, grantors, contributors, or by laws or regulations of other governments or law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* – all other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**Fund Financial Statements**

Governmental fund equity is classified as fund balance. Fund balance is classified as nonspendable, restricted, committed, assigned, or unassigned. Proprietary fund equity is classified the same as in the government-wide statements. The classifications for governmental funds are defined as follows for the City:

***Nonspendable Fund Balance –***

- Assets that will never convert to cash (prepaid items, inventory).
- Assets that will not convert to cash soon enough to affect the current period (long-term notes or loans receivable).
- Resources that must be maintained intact pursuant to legal or contractual requirements (the principal of an endowment).

***Restricted Fund Balance –***

- Resources that are subject to externally enforceable legal restrictions imposed by parties altogether outside the government (creditors, grantors, contributors and other governments).
- Resources that are subject to limitations imposed by law through constitutional provisions or enabling legislation (Gas Tax).

***Committed Fund Balance –***

- Self imposed limitations set in place prior to the end of the period (encumbrances, economic contingencies and uncertainties).
- Limitation at the highest level of decision-making (Council) that requires formal action at the same level to remove.
- Council resolution is required to be taken to establish, modify or rescind a fund balance commitment.

**CITY OF RIO DELL, CALIFORNIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

**F. Equity Classification - Cont'd**

***Assigned Fund Balance –***

- Amounts in excess of nonspendable, restricted and committed fund balance in funds other than the general fund automatically are reported as assigned fund balance.
- Assigned amounts for a specific purpose are as authorized by the City's Finance Director through its fund balance policy.

***Unassigned Fund Balance –***

- Residual net resources
- Total fund balance in the general fund in excess of nonspendable, restricted, committed, and assigned fund balance (surplus).
- Excess of nonspendable, restricted, and committed fund balance over total fund balance (deficit).

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

**G. Revenues, Expenditures / Expenses**

**Property Tax**

The County of Humboldt (the County) assesses properties, bills for, collects, and distributes property taxes for the City per the following schedule:

	<u>Secured</u>	<u>Unsecured</u>
Valuation dates	March 1	March 1
Lien/Levy dates	July 1	July 1
Due dates	50% on November 1 50% on February 1	July 1
Delinquent as of	December 10, April 10	August 31

The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized by the City in the fiscal year they are assessed provided they become available as defined above.

Since the passage of California Proposition 13, beginning with fiscal year 1978-79, taxes are based either on a 1% rate applied to the 1975-76 assessed value of the property, or on 1% of the sales price of the property on sales transactions and construction which occur after the 1975-76 assessment. Assessed values on properties (exclusive of increases related to sales transactions and improvements) can rise at a maximum of 2% per year. The amount collected by the County is distributed in accordance with State law to the various public agencies. Therefore, the City does not levy a specific tax rate but receives a share of the property tax revenue based on a state formula. The City's tax rate is \$1.00/\$100 of assessed value, the maximum allowable under Proposition 13.

**CITY OF RIO DELL, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

**G. Revenues, Expenditures / Expenses - Cont'd**

During fiscal year 1993-94, the State passed legislation which permanently shifted an additional amount of property taxes from cities to schools. This amount was partially offset by one-time payments by the State to cities from the State "Transportation Planning and Development" allocation. Also, during 1993-94, an alternate method of property tax allocation (the "Teeter Plan") was adopted. Under this plan, the City receives 100 percent of the secured property tax levied to which it is entitled, whether or not collected.

Unsecured delinquent taxes are considered fully collectible and no allowance for uncollectible taxes is provided. Property tax revenues are recognized when they become available. "Available" means due, or past due, and receivable within the current period and collected or expected to be collected soon enough thereafter to be used to pay liabilities for the current period. This period is 60 days from the end of the fiscal year

**Interfund Transfers**

Resources are reallocated between funds by reporting them as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

**H. Budgetary Accounting**

The City Council establishes budgets for the General Fund and all Special Revenue Funds, except for certain Special Revenue Funds for which expenditures are controlled by grant funding or by assessments received. Budgetary control is legally maintained at the fund level for these funds. Department heads submit budget requests to the City Manager. The City Manager prepares an estimate of revenues and prepares recommendations for the next year's budget. The preliminary budget may or may not be amended by the City Council and is adopted by resolution by the City Council on or before June 30 in accordance with the municipal code.

The City Council may amend the budget by motion during the fiscal year. Only the Council can authorize transfers between funds and approve inter-fund loans. The City Manager is authorized to transfer budgeted amounts within a fund without formal council action or approval. The City Manager is authorized to increase expenditures in relation to revenues in funds receiving assigned revenues without approval by the City Council.

Expenditures may not legally exceed appropriations at the fund level, which is the legal level of control. Supplemental appropriations, which increase appropriations, may be made during the fiscal year. There were no material supplemental appropriations made for the fiscal year ended June 30, 2025. Budget information is presented for the General and budgeted Special Revenue Funds in the fund financial statements. The budget information is presented on a basis consistent with generally accepted accounting principles. Appropriations, except open project appropriations, and unexpended grant appropriations, lapse at the end of each fiscal year.

**I. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

**CITY OF RIO DELL, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

**J. Reclassifications**

Certain amounts have been reclassified to provide for comparable results on a year to year basis.

**NOTE 2. CASH AND INVESTMENTS**

**Pooled Cash and Investments**

The City pools cash from all sources and funds, except certain specific investments within funds and cash with fiscal agents, so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time.

**Categorization of Credit Risk of Securities Instruments**

The City and its fiscal agents invest in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. Individual investments are generally made by the City's fiscal agents as required under its debt issues. In order to maximize security, the City employs the Trust Department of a bank as custodian of all City managed investments, regardless of their form.

At June 30, 2025, the City's pooled cash and investments, classified by maturity, consisted of the following stated at fair value

	Maturities (in years)			Deposits	Fair market value
	Less than 1 year	1 to 3 years	3 to 5 years		
<u>Cash equivalents and investments pooled</u>					
Pooled cash, at fair value					
Cash in bank	\$ -	\$ -	\$ -	\$ 1,252,562	\$ 1,252,562
Petty cash	-	-	-	1,250	1,250
Total pooled items	-	-	-	1,253,812	1,253,812
<u>Pooled investments, at fair value</u>					
State of California Local Agency Investment Fund	7,096,325	-	-	-	7,096,325
Total pooled investments - interest obligations	7,096,325	-	-	-	7,096,325
Total cash equivalents and investments pooled	<u>\$ 7,096,325</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,253,812</u>	<u>\$ 8,350,137</u>
<b>Amounts reported in:</b>					
					\$ 3,768,982
					4,549,096
					32,059
Total					<u>\$ 8,350,137</u>

Investment Type	Fair Value	Maturity (Years)
State of California Local Agency Investment Fund	<u>\$ 7,096,325</u>	-
Total fair value	<u>\$ 7,096,325</u>	-
Portfolio weighted average maturity		-

**CITY OF RIO DELL, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 2 - CASH AND INVESTMENTS - CONT'D**

*Interest rate risk* – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

*Credit risk* – Custodial credit risk for investments is the risk that in the event of the failure of a counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All investments in LAIF and the fiscal agent money market funds are not evidenced by specific securities and, therefore, are not subject to custodial credit risk.

*Concentration of credit risk* – The City's investment policy does not allow for an investment in any one issuer that is in excess of five percent of the government's total investments. The investments made by the City Treasurer are limited to those allowable under State statutes as incorporated into the City's Investment Policy, which is accepted annually by the City Council. There were no concentrations in any one issuer for the year.

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested 3% of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to changes in interest rates.

*Custodial credit risk – deposits.* For deposits, this is the risk that, in the event of a bank failure, the City's deposits may not be returned. The City's Investment Policy addresses custodial credit risk, which follows the Government Code.

At June 30, 2025, the carrying amount of the City's deposits was \$1,252,562 and the balances in financial institutions were \$1,343,343. Of the balance in financial institutions, \$250,000 was covered by federal depository insurance and \$1,093,343 was collateralized as required by State law (Government Code Section 53630), by the pledging financial institution with assets held in a common pool for the City and other governmental agencies, but not in the name of the City. As of June 30, 2025, the City's investments were held by the City's custodial agent, but not in the City's name, and were insured up to specified limits by the Securities Investor Protection Corporation (SIPC) and supplemental private insurance up to a limit of \$150 million.

California Law requires banks and savings and loan associations to pledge government securities with a market value of 110% of the City's cash on deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for these deposits. Under California Law, this collateral is held in the City's name and places the City ahead of general creditors of the institution.

*Custodial credit risk – investments.* For investments, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside counterparty. For the investments maintained by the City, no security was uninsured or unregistered or held by a brokerage firm which is also the counterparty for the security.

**CITY OF RIO DELL, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 2 - CASH AND INVESTMENTS - CONT'D**

**Investment in LAIF**

The City is a voluntary participant in California Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section under the oversight of the Local Investment Advisory Board (Board). The Board consists of five members as designated by state statute and is chaired by the State Treasurer who is responsible for day to day administration of LAIF. The total amount invested by all public agencies as of June 30, 2025 was \$24.49 billion of which the City had a balance of \$7,096,325. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2025 has a portfolio with market valuation of \$178.13 billion. Of the total invested, 96.19% was invested in non-derivative financial products and 3.81% in structured notes and asset-backed securities. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**NOTE 3 - ACCOUNTS RECEIVABLE**

Accounts receivable consisted of the following at June 30, 2025:

Governmental activities		
Accounts receivable	\$	459,807
Interest		22,619
		482,426
	\$	482,426
Business-type activities		
Accounts receivable	\$	341,584
Intergovernmental		1,202,167
Interest		54,794
		1,598,545
	\$	1,598,545
Fiduciary activities		
Interest	\$	335
		335
	\$	335

These amounts resulted in the following concentrations in receivables:

Other governments	57.8 %
Individuals/Business	38.5 %
Financial Institutions	3.7 %

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

**NOTE 4 - LOANS AND NOTES RECEIVABLE**

The City engages in programs designed to encourage business enterprises, construction or improvement in low-to-moderate income housing, or other projects. Under these programs, grants or loans are provided with favorable terms to businesses, homeowners or developers who agree to spend these funds in accordance with the City's terms.

**CITY OF RIO DELL, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 4 - LOANS AND NOTES RECEIVABLE - CONT'D**

Loans and notes receivable for the year ended June 30, 2025, consisted of the following:

	Balance July 1, 2024	Deletions	Balance June 30, 2025
Housing Rehabilitation and Affordable Housing Notes	\$ 602,448	\$ (459)	\$ 601,989
Total loans receivable	<u>\$ 602,448</u>	<u>\$ (459)</u>	<u>\$ 601,989</u>

**Housing Rehabilitation, Business Enterprise and Affordable Housing**

The City has provided loans to various homeowners and businesses for rehabilitation. The maximum loan amount is \$100,000, carrying various interest rates and payment dates. Although these notes are expected to be repaid in full, their balance has been offset by deferred revenue. Governmental funds report a deferred inflow of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

**NOTE 5 - CAPITAL ASSETS**

Governmental capital assets activity for the fiscal year ended June 30, 2025, was as follows:

	Balance July 1, 2024	Additions	Transfers	Balance June 30, 2025
<b>Governmental activities</b>				
Nondepreciable capital assets:				
Land	\$ 627,945	\$ -	\$ -	\$ 627,945
Construction in progress	364,926	1,650,983	(2,800)	2,013,109
Total nondepreciable capital assets	<u>992,871</u>	<u>1,650,983</u>	<u>(2,800)</u>	<u>2,641,054</u>
Depreciable capital assets:				
Buildings and improvements	768,665	225,510	2,800	996,975
Equipment	669,210	-	-	669,210
Vehicles	357,117	-	-	357,117
Streets and roads	3,602,086	95,103	-	3,697,189
Infrastructure	3,925,220	-	-	3,925,220
Total depreciable capital asset	<u>9,322,298</u>	<u>320,613</u>	<u>2,800</u>	<u>9,645,711</u>
Less: accumulated depreciation				
Buildings and improvements	(132,239)	(25,736)	-	(157,975)
Equipment	(586,323)	(22,755)	-	(609,078)
Vehicles	(198,302)	(41,578)	-	(239,880)
Streets and roads	(627,975)	(93,020)	-	(720,995)
Infrastructure	(853,468)	(98,756)	-	(952,224)
Total accumulated depreciation	<u>(2,398,307)</u>	<u>(281,845)</u>	<u>-</u>	<u>(2,680,152)</u>
Net depreciable assets	<u>6,923,991</u>	<u>38,768</u>	<u>2,800</u>	<u>6,965,559</u>
Net capital assets	<u>\$ 7,916,862</u>	<u>\$ 1,689,751</u>	<u>\$ -</u>	<u>\$ 9,606,613</u>

**CITY OF RIO DELL, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 5 - CAPITAL ASSETS - CONT'D**

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

<u>Governmental-Type Activities</u>		
General Government	\$	140,076
Public Safety		36,314
Public Works		<u>105,455</u>
Total Governmental Activities	\$	<u><u>281,845</u></u>

Business-type capital asset activity for the year ended June 30, 2025, was as follows:

	<u>Balance</u> <u>July 1, 2024</u>	<u>Additions</u>	<u>Balance</u> <u>June 30, 2025</u>
<b>Business-type activities</b>			
Nondepreciable capital assets:			
Land	\$ 507,859	\$ -	\$ 507,859
Construction in progress	<u>811,495</u>	<u>2,429,173</u>	<u>3,240,668</u>
Total nondepreciable capital assets	<u>1,319,354</u>	<u>2,429,173</u>	<u>3,748,527</u>
Depreciable capital assets:			
Infrastructure	27,693,877	45,843	27,739,720
Building and Improvements	206,508	-	206,508
Equipment	1,727,323	127,029	1,854,352
Vehicles	<u>240,970</u>	<u>-</u>	<u>240,970</u>
Total depreciable capital asset	<u>29,868,678</u>	<u>172,872</u>	<u>30,041,550</u>
Less: accumulated depreciation			
Infrastructure	(7,767,147)	(775,806)	(8,542,953)
Building and improvements	(192,984)	(677)	(193,661)
Equipment	(1,311,943)	(105,149)	(1,417,092)
Vehicles	<u>(132,912)</u>	<u>(27,307)</u>	<u>(160,219)</u>
Total accumulated depreciation	<u>(9,404,986)</u>	<u>(908,939)</u>	<u>(10,313,925)</u>
Net depreciable assets	<u>20,463,692</u>	<u>(736,067)</u>	<u>19,727,625</u>
Net capital assets	<u><u>\$21,783,046</u></u>	<u><u>\$ 1,693,106</u></u>	<u><u>\$ 23,476,152</u></u>

**CITY OF RIO DELL, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 5 - CAPITAL ASSETS - CONT'D**

Depreciation expense for Business-type capital assets was charged to functions and programs based on their usage of related assets. The amount allocated to each function or program are as follows:

<u>Business-Type Activities</u>	
Sewer	\$ 626,167
Water	<u>282,772</u>
Total Business-Type Activities	<u><u>\$ 908,939</u></u>

**NOTE 6 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities consisted of the following at June 30, 2025:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts payable	\$ 149,191	\$ 284,758	\$ 433,949
Accrued payroll and related liabilities	<u>90,275</u>	<u>43,915</u>	<u>134,190</u>
Total	<u><u>\$ 239,466</u></u>	<u><u>\$ 328,673</u></u>	<u><u>\$ 568,139</u></u>

These amounts resulted in the following concentrations in payables:

Vendors	76.38 %
Employees	23.62 %

At June 30, 2025, the City had a significant concentration with one vendor. The accounts payable balance due to Wahlund Construction, Inc./ Sequoia Construction Specialties represented approximately 46.95% of the total accounts payable balance at year-end.

**CITY OF RIO DELL, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 7 – LONG-TERM LIABILITIES**

**A. Loans Payable**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2025:

	<u>Original Issue Amount</u>	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2025</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>						
Compensated absences	\$ -	\$ 62,399	\$ 728	\$ -	\$ 63,127	\$ -
<b>Total governmental activities</b>	<b>\$ -</b>	<b>\$ 62,399</b>	<b>\$ 728</b>	<b>\$ -</b>	<b>\$ 63,127</b>	<b>\$ -</b>
<b>Business-type activities</b>						
Safe Drinking Water Loan	\$ 2,720,000	\$ 748,000	\$ -	\$ (136,000)	\$ 612,000	\$ 136,000
State of California Water Resources Control Board	6,980,359	4,859,108	-	(196,033)	4,663,075	200,346
<b>Total business-type activity debt</b>	<b>9,700,359</b>	<b>5,607,108</b>	<b>-</b>	<b>(332,033)</b>	<b>5,275,075</b>	<b>336,346</b>
Compensated absences	-	44,996	-	(2,517)	42,479	-
<b>Total business-type activities</b>	<b>\$ 9,700,359</b>	<b>\$ 5,652,104</b>	<b>\$ -</b>	<b>\$ (334,550)</b>	<b>\$ 5,317,554</b>	<b>\$ 336,346</b>

***Governmental Activities***

**Compensated Absences**

The City records employee absences, such as vacation, illness, and holidays, for which it is expected that employees will be paid as compensated absences. Compensated absences had a balance of \$63,127 at June 30, 2025. The net changes of the compensated absences are allocated to the general government department on the Statement of Activities.

***Business-type Activities***

**Safe Drinking Water State Revolving Fund Loan**

In August 2005, the City entered into a loan agreement with the California Department of Health Services, Drinking Water and Environmental Services Division, for a loan in an amount up to \$2,720,000. The loan was subsequently funded by the Safe Drinking Water State Revolving Fund. The proceeds from the loan were used to assist in financing construction of a project that will enable the City to meet safe drinking water standards established under the Health and Safety Code and California Code of Regulations. The non-interest-bearing loan calls for 50 equal semiannual payments due in July and January of each year, beginning in July 2009. At June 30, 2025, the balance of the note was \$612,000.

**State of California Water Resources Control Board**

The City has obtained a loan from the California Department of Water Resources to finance an upgrade of the wastewater treatment plant to comply with State wastewater standards. The debt is required to be serviced through wastewater system user charges. The maximum loan amount is \$6,980,359. Principal and interest are payable annually on October 31. The rate of interest is 2.20%. The annual principal and interest payments are \$106,900 and continue through the fiscal year 2044. At June 30, 2025, the balance of the note was \$4,663,075.

**CITY OF RIO DELL, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 7 - LONG-TERM DEBT - CONT'D**

**B. Debt Service**

Future debt service for Business-Type Activities at June 30, 2025, is as follows for all debt except compensated absences and claims liabilities:

Year Ending June 30,	Business-type Activities					
	Safe Drinking Water Loan		State of California Water Resources		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 136,000	\$ -	\$ 200,346	\$ 102,588	\$ 336,346	\$ 102,588
2027	136,000	-	204,754	98,180	340,754	98,180
2028	136,000	-	209,258	93,675	345,258	93,675
2029	136,000	-	213,862	89,072	349,862	89,072
2030	68,000	-	218,567	84,366	286,567	84,366
2031-2035	-	-	1,167,110	347,556	1,167,110	347,556
2036-2040	-	-	1,301,267	213,400	1,301,267	213,400
2041-2044	-	-	1,147,911	63,822	1,147,911	63,822
<b>Total</b>	<b>\$ 612,000</b>	<b>\$ -</b>	<b>\$ 4,663,075</b>	<b>\$ 1,092,659</b>	<b>\$ 5,275,075</b>	<b>\$ 1,092,659</b>
Due within one year	\$ 136,000	\$ -	\$ 200,346	\$ 102,588	\$ 336,346	\$ 102,588
Due After one year	476,000	-	4,462,729	990,071	4,938,729	990,071
<b>Total</b>	<b>\$ 612,000</b>	<b>\$ -</b>	<b>\$ 4,663,075</b>	<b>\$ 1,092,659</b>	<b>\$ 5,275,075</b>	<b>\$ 1,092,659</b>

**Compensated Absences**

The City records employee absences, such as vacation, illness, and holidays, for which it is expected that employees will be paid as compensated absences. Compensated absences had a balance of \$42,479 at June 30, 2025.

**NOTE 8 - NET POSITION/ FUND BALANCE**

**Net Position**

	Governmental Activities	Business-type Activities	Total
Net investment in capital assets	\$ 9,606,613	\$ 18,201,077	\$ 27,807,690
Restricted	1,535,830	-	1,535,830
Unrestricted	3,060,685	5,678,043	8,738,728
<b>Total</b>	<b>\$ 14,203,128</b>	<b>\$ 23,879,120</b>	<b>\$ 38,082,248</b>

- Restricted balances are for the same purposes as fund balance restrictions because external restriction requirements are the same. See descriptions of the restrictions below.

**CITY OF RIO DELL, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 8 - NET POSITION/ FUND BALANCE - CONT'D**

**Fund Balance**

Nonspendable and Restricted fund balance consisted of the following at June 30, 2025:

Nonspendable:	
Prepaid items	\$ <u>45,711</u>
Total Nonspendable	\$ <u><u>45,711</u></u>
Restricted:	
Governmental Funds:	
CDBG	\$ 249,760
Gas Tax	343,888
RSTP	35,333
ARPA	677,443
Earthquake Disaster Fund	<u>229,406</u>
Total Restricted	\$ <u><u>1,535,830</u></u>

The following describe the purpose of each nonspendable, restricted, and committed category used by the City:

**Nonspendable**

- **Prepaid Items** – represents nonspendable amounts classified as prepaid items

**Restricted**

- **CDBG** – represents amounts restricted for the City's CDBG housing activities as these programs are supported by specific grants requiring the restriction.
- **Gas Tax** – represents amounts restricted for street maintenance purposes as defined in Sections 2105, 2106, 2107 and 2107.5 of the Streets and Highway Code.
- **RSTP** – represents amounts restricted in accordance with the Regional Surface Transportation Act.
- **ARPA** – represents amounts restricted in accordance with the coronavirus State and Local Fiscal Recovery Funds (SLFRF) program authorized by the American Rescue Plan Act.
- **Earthquake Disaster** – represents amounts restricted in accordance with 2022 Earthquake disaster event.

**Fund Balance Deficits**

Deficit fund balances consisted of the following as of June 30, 2025:

<b>Major Special Revenue Funds:</b>	
Clean CA Grant ER Trails	\$ <u><u>135,299</u></u>
<b>Nonmajor Special Revenue Funds:</b>	
Measure Z	\$ 491
STIP	27,397
Building	<u>88,361</u>
Total Nonmajor Funds	<u>116,249</u>
Total Governmental Funds	\$ <u><u>251,548</u></u>

**CITY OF RIO DELL, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 8 - NET POSITION/ FUND BALANCE - CONT'D**

The above deficit fund balances have occurred due to the spending of funds prior to the receipt of revenues (cost reimbursements). The Fund balances will be restored in the near future as revenues are received.

**Excess of Expenditures and Transfers over Appropriations:**

Expenditures exceeded appropriations for the year ended June 30, 2025, for the following funds:

<u>Fund</u>	<u>Final Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
<b><u>Nonmajor Funds</u></b>			
TDA	\$ 124,322	\$ 137,997	\$ (13,675)
RSTP	24,775	51,963	(27,188)
Solid Waste	6,830	7,911	(1,081)
Measure Z	-	491	(491)
STIP	-	60,877	(60,877)
Recycling	9,000	23,687	(14,687)

**NOTE 9 – INTERFUND TRANSACTIONS**

Due to and from balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Due to and due from other funds consisted of the following as of June 30, 2025:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
<b><u>Governmental Funds</u></b>		
<b>Major Funds:</b>		
General Fund	\$ 346,926	\$ -
Clean CA Grant ER Trails	-	197,509
Total Major Funds	<u>346,926</u>	<u>197,509</u>
<b>Nonmajor Funds:</b>		
TDA	-	11,243
Measure Z	-	791
STIP	-	22,335
Building	-	91,510
Traffic Safety	-	3,207
Park Per Capita Grant	-	10,903
Earthquake Disaster Fund	-	9,428
Total Nonmajor Funds	<u>-</u>	<u>149,417</u>
Total Governmental Funds	<u>\$ 346,926</u>	<u>\$ 346,926</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. There were no transfers in and out for the year ended June 30, 2025.

**CITY OF RIO DELL, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 10 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member of the Small Cities Organized Risk Effort Joint Powers Authority (SCORE). SCORE provides insurance coverage for general liability, property, and workers' compensation claims under the terms of a joint-powers agreement with the City and several other governmental municipalities.

SCORE is insured up to \$500,000 per general liability and \$1,000,000 per property claim and has purchased excess of loss insurance policies providing coverage above the self-insurance limit to a maximum of \$25,000,000. The City has a \$2,500 - \$50,000 deductible per claim for general liability, property and workers' compensation cases. When the deductible is met, SCORE becomes responsible for payment of the excess claim.

Payments for insurance claims are recorded as expenditures in the funds in which the liabilities were incurred. In accordance with GASB Statement No. 10, if the third party administrator, SCORE, does not insure the loss occurrence then the City shall accrue a loss, if probable and reasonably estimable. As of June 30, 2025, the City has no uninsured occurrences. The City has not used an actuary in determining the liability reserve if needed. Because the actual claim liabilities depend on such complex factors as inflation and changes in legal doctrines and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claims are evaluated periodically to take into account recently settled claims, the frequency of claims and other economic and social factors.

**NOTE 11 - JOINT POWERS AGREEMENTS**

The City is a member of various joint powers authorities, which provide goods or services to the City and other authority members. Under the criteria established by GASB Statement No. 61, the City does not have sufficient authority, influence or accountability over these entities to incorporate them in this annual report. Additionally, the City has determined that it has no ongoing financial interest in or responsibility for any of these organizations as defined by GASB Statement No. 61. The names and general functions of these joint powers are as follows:

**Humboldt Transit Authority**

Humboldt Transit Authority (HTA) was created as a separate legal entity by a joint powers agreement between Humboldt County and the Cities of Fortuna, Eureka, Arcata, Trinidad, and Rio Dell. The governing board consists of a city council member and an alternate member appointed from each participating city, as well as two board members and up to two alternate members appointed by the Humboldt County Board of Supervisors. HTA is responsible for adopting its own budget and has the power to incur debts, liabilities, or other obligations. On commencement of operations of HTA, the County contributed 50 percent of the initial equity, and the participating cities jointly contributed 50 percent based upon population data. The participants do not have an ongoing equity interest in HTA.

However, the participants do share operating costs of HTA, and the current share of the City of Rio Dell is 2.8%. During the year ended June 30, 2025, the City paid HTA \$54,932. At termination of the agreement, all surplus monies will be returned to the participants in proportion to the amounts received and property shall be divided in a manner agreed upon by the parties. Complete financial statements for Humboldt Transit Authority may be obtained at the offices of the Authority at 133 V Street, Eureka, California 95501.

**CITY OF RIO DELL, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 11 - JOINT POWERS AGREEMENTS - CONT'D**

Hazardous Materials Response Authority

Hazardous Materials Response Authority (HMRA) was created as a separate legal entity by a joint powers agreement between the County of Humboldt, the County of Del Norte, and Cities of Eureka, Crescent City, Arcata, Blue Lake, Fortuna, Trinidad, and Rio Dell. (The City of Ferndale withdrew from the agreement during 1994-1995). The purpose of this joint venture is to pool resources of the participants to provide a united, coordinated, orderly, positive, and more effective means of aiding and assisting in the formulation, administration, implementation and maintenance of an area-wide hazardous materials response team.

HMRA is governed by a board of directors comprised of one member and an alternate appointed by each participant. It adopts its own budget and has the powers to incur debts, liabilities, or obligations. The City of Eureka is responsible for directing the operations of Hazardous Materials Response Teams and for the accounting of HMRA, and in return HMRA reimburses the City of Eureka for the costs of operation and accounting services.

Upon commencement of HMRA, the participants agreed to contribute a proportionate share of the cost of operations based on population. The participants do not have an ongoing equity interest in HMRA. However, the participants do share the operating costs of HMRA, and the current share of the City of Rio Dell is 2.21%, based on population. During the year ended June 30, 2025, the City paid HMRA \$1,323. At termination of the agreement, all surplus monies will be returned to the participants in proportion of the amounts received by HMRA; property shall be divided in a manner agreed upon by the participants. Complete financial statements of HMRA are on file at the offices of the City of Eureka at 531 K Street, Eureka, California 95501.

Redwood Region Economic Development Commission

Redwood Region Economic Development Commission (RREDC) was established on November 1, 1977, under a Joint Exercise of Powers Agreement among the nineteen public agencies within Humboldt County, including the City of Rio Dell. RREDC is a separate public entity created to aid, assist, and coordinate the formulation, administration, and implementation of the Economic Development Action Plan and Strategy for Humboldt County, and to assist in the implementation of economic development projects and programs to improve the quality of life in the area. RREDC is governed by one member and an alternate appointed by each participant. Complete financial statements for RREDC are on file at the offices of RREDC at 325 Second Street, Suite 203, Eureka, California 95501.

Humboldt Waste Management Authority (HWMA)

A JPA formed to administer solid waste, recycling and other material diversion programs and services. Formed in 1999 and comprised of the County of Humboldt, Arcata, Blue Lake, Eureka, Ferndale and Rio Dell.

Humboldt County Association of Governments (HCAOG)

A local JPA formed for regional transportation planning, responsible for programming State highway, local street and road improvements and public transportation resources. All seven cities and the County are participants.

Redwood Coast Energy Authority (RCEA):

A JPA formed to develop and implement regional measures that reduce energy demand, increase energy efficiency and advance the use of clean efficient renewable resources. Members include the County of Humboldt; the Cities of Arcata, Blue Lake, Eureka, Ferndale, Fortuna, Rio Dell, and Trinidad; and the Humboldt Bay Municipal Water District.

**CITY OF RIO DELL, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 12 - DEFERRED COMPENSATION PLAN**

The City offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all City employees, permit employees to defer a portion of their salary until future years. Participation in the plans is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. As explained previously, the City has adopted the provisions of GASB Statement No. 32 and, therefore, assets and liabilities of these plans have been excluded from the accompanying financial statements. For the fiscal year ended June 30, 2025, the City made contributions totaling \$289,153 to the plan.

**NOTE 13 - COMMITMENTS AND CONTINGENCIES**

***Litigation***

The City is involved in litigation incurred in the normal course of conducting City business. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

***Grants and Allocations***

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

**NOTE 14 - NEW ACCOUNTING PRONOUNCEMENTS**

The City adopted the following new accounting pronouncements issued by the GASB during the current fiscal year ended June 30, 2025.

GASB has issued Statement No. 101, *Compensated Absences*, effective for the year ending June 30, 2025. This Statement amends the existing requirements related to compensated absences by updating the recognition and measurement guidance.

GASB has issued Statement No. 102, *Certain Risk Disclosures*, effective for the year ending June 30, 2025. This Statement's objective is to provide users of governmental financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

***Future Accounting Pronouncement***

The City has implemented all applicable GASB pronouncements currently in effect. The following new standards issued by GASB are effective in Fiscal Year 2026 and beyond.

GASB has issued Statement No. 103, *Financial Reporting Model Improvements*, effective for the year ending June 30, 2026. This Statement improves key components of the financial reporting model to enhance the relevance and usefulness of information for decision-making and assessing accountability.

**CITY OF RIO DELL, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 14 - NEW ACCOUNTING PRONOUNCEMENTS - CONT'D**

**Future Accounting Pronouncement - Cont'd**

GASB has issued Statement No. 104, *Disclosures of Certain Capital Assets*, effective for the year ending June 30, 2026. which requires capital assets held for sale, intangible assets, lease assets, and subscription assets to be disclosed separately in the notes to the financial statements.

The Governmental Accounting Standards Board (GASB) issued Statement No. 105, *Subsequent Events*, which establishes accounting and financial reporting standards for events that occur after the financial statement date but before issuance of the financial statements. This Statement requires governments to evaluate subsequent events to determine whether they should be recognized in the financial statements or disclosed in the notes. GASB Statement No. 105 is effective for fiscal years beginning after June 15, 2026.

The City is currently evaluating the impact of these statements on its financial statements and will implement them as applicable.

**NOTE 15 -SUBSEQUENT EVENTS**

Management evaluated subsequent events through May 13, 2026, which represents the date the financial statements were available for issuance, for events requiring recording or disclosure in the financial statements, and concluded that no subsequent event has occurred that requires disclosure in the notes to the financial statements.

## **SUPPLEMENTARY INFORMATION**

**CITY OF RIO DELL, CALIFORNIA  
 FUND FINANCIAL STATEMENTS  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2025**

<b>Fund</b>	<b>Description</b>
Gas Tax	Accounts for funds received and expended for street maintenance purposes as defined in Sections 2103, 2105, 2106, 2107, 2107.5 and 2032 (SB1) of the Streets and Highway Code.
TDA	Accounts for funds received and expended for transit, street, pedestrian and bike purposes in Accordance with the Transportation Development Act.
RSTP	Accounts for funds received and expended in accordance with the Regional Surface Transportation Act.
Solid Waste	Accounts for the City's portion of the Humboldt Waste Management Authority's tipping fees.
SLESF	Accounts for funds received to be used for public safety purposes.
Measure Z	Accounts for funds received and expended for Measure Z.
STIP	Accounts for funds received and expended in accordance with the State Transportation Improvement Program, a multi-year capital improvement program of transportation projects on and off the State Highway System.
Building	Accounts for funds received and expended for building maintenance inspection and permitting purposes.
Recycling	Accounts for funds received and expended for recycling purposes.
Economic Development	Accounts for funds received or designated by the City Council and expended for economic development purposes.
ARPA	Accounts for funds received as part of the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program authorized by the American Rescue Plan Act to support the communities response to and recovery from the COVID-19 public health emergency.
Traffic Safety	Accounts for funds received and expended for the City to create a Local Road Safety Program (LRSP).
Park Per Capita Grant	Accounts for funds received and expended for Park Per Capita Grant.
Earthquake Disaster Fund	Accounts for funds received and expended as a result of the 2022 Earthquake disaster event.

**CITY OF RIO DELL, CALIFORNIA**  
**COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2025**

	<u>Gas Tax</u>	<u>TDA</u>	<u>RSTP</u>	<u>Solid waste</u>
<b>ASSETS</b>				
Cash and investment	\$ 382,817	\$ 61,983	\$ 36,054	\$ 497
Accounts receivables:				
Interest	558	633	-	-
Other receivable	<u>24,872</u>	<u>-</u>	<u>35,261</u>	<u>-</u>
Total assets	<u>408,247</u>	<u>62,616</u>	<u>71,315</u>	<u>497</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	60,531	508	35,410	21
Accrued payroll	3,828	1,790	572	-
Due to other funds	<u>-</u>	<u>11,243</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>64,359</u>	<u>13,541</u>	<u>35,982</u>	<u>21</u>
<b>FUND BALANCES</b>				
Restricted	343,888	-	35,333	-
Assigned	-	49,075	-	476
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>343,888</u>	<u>49,075</u>	<u>35,333</u>	<u>476</u>
Total liabilities and fund balances	<u>\$ 408,247</u>	<u>\$ 62,616</u>	<u>\$ 71,315</u>	<u>\$ 497</u>

**CITY OF RIO DELL, CALIFORNIA**  
**COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2025**

	<u>SLESF</u>	<u>Measure Z</u>	<u>STIP</u>	<u>Building</u>
<b>ASSETS</b>				
Cash and investment	\$ 159,303	\$ 791	\$ 16,189	\$ -
Accounts receivables:				
Interest	-	-	-	-
Other receivable	-	-	-	-
Total assets	<u>159,303</u>	<u>791</u>	<u>16,189</u>	<u>-</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	-	-	21,251	645
Accrued payroll	7,165	491	-	(3,794)
Due to other funds	-	791	22,335	91,510
Total liabilities	<u>7,165</u>	<u>1,282</u>	<u>43,586</u>	<u>88,361</u>
<b>FUND BALANCES</b>				
Restricted	-	-	-	-
Assigned	152,138	-	-	-
Unassigned (deficit)	-	(491)	(27,397)	(88,361)
Total fund balances	<u>152,138</u>	<u>(491)</u>	<u>(27,397)</u>	<u>(88,361)</u>
Total liabilities and fund balances	<u>\$ 159,303</u>	<u>\$ 791</u>	<u>\$ 16,189</u>	<u>\$ -</u>

**CITY OF RIO DELL, CALIFORNIA**  
**COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2025**

	<u>Recycling</u>	<u>Economic Development</u>	<u>ARPA</u>	<u>Traffic Safety</u>
<b>ASSETS</b>				
Cash and investment	\$ 121,393	\$ 254,786	\$ 677,443	\$ 3,207
Accounts receivables:				
Interest	1,270	2,665	-	-
Other receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>122,663</u>	<u>257,451</u>	<u>677,443</u>	<u>3,207</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	1,100	-	-	-
Accrued payroll	-	-	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,207</u>
Total liabilities	<u>1,100</u>	<u>-</u>	<u>-</u>	<u>3,207</u>
<b>FUND BALANCES</b>				
Restricted	-	-	677,443	-
Assigned	121,563	257,451	-	-
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>121,563</u>	<u>257,451</u>	<u>677,443</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 122,663</u>	<u>\$ 257,451</u>	<u>\$ 677,443</u>	<u>\$ 3,207</u>

**CITY OF RIO DELL, CALIFORNIA**  
**COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2025**

	<u>Park Per Capita Grant</u>	<u>Earthquake Disaster Fund</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and investment	\$ 10,790	\$ 238,834	\$ 1,964,087
Accounts receivables:			
Interest	113	-	5,239
Other receivable	<u>-</u>	<u>-</u>	<u>60,133</u>
Total assets	<u>10,903</u>	<u>238,834</u>	<u>2,029,459</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	-	-	119,466
Accrued payroll	-	-	10,052
Due to other funds	<u>10,903</u>	<u>9,428</u>	<u>149,417</u>
Total liabilities	<u>10,903</u>	<u>9,428</u>	<u>278,935</u>
<b>FUND BALANCES</b>			
Restricted	-	229,406	1,286,070
Assigned	-	-	580,703
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>(116,249)</u>
Total fund balances	<u>-</u>	<u>229,406</u>	<u>1,750,524</u>
Total liabilities and fund balances	<u>\$ 10,903</u>	<u>\$ 238,834</u>	<u>\$ 2,029,459</u>

**CITY OF RIO DELL, CALIFORNIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**- NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	Gas Tax	TDA	RSTP	Solid Waste
<b>REVENUES</b>				
Gas Tax	\$ 193,830	\$ -	\$ -	\$ -
Intergovernmental	-	125,317	35,261	-
Licenses, permits, and franchise taxes	3,375	-	-	-
Interest and use of property	5,265	1,585	-	134
Miscellaneous revenues	360	361	-	3,241
Total revenues	202,830	127,263	35,261	3,375
<b>EXPENDITURES</b>				
Current:				
General government	12,523	9,751	-	-
Public safety - Police	-	-	-	-
Public work	129,251	128,246	16,615	-
Planning and building	-	-	-	-
Housing and community development	-	-	-	-
Recycling	-	-	-	7,911
Capital outlay	71,403	-	35,348	-
Total expenditures	213,177	137,997	51,963	7,911
Excess (deficiency) of revenue over (under) expenditures	(10,347)	(10,734)	(16,702)	(4,536)
Net change in fund balances	(10,347)	(10,734)	(16,702)	(4,536)
Fund balances - beginning of year, as previously presented	354,235	59,809	52,035	5,012
Change within financial reporting entity (nonmajor to major fund)	-	-	-	-
Fund balances - beginning of year, as adjusted	354,235	59,809	52,035	5,012
Fund balances - end of year	\$ 343,888	\$ 49,075	\$ 35,333	\$ 476

**CITY OF RIO DELL, CALIFORNIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**- NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>SLESF</u>	<u>Measure Z</u>	<u>STIP</u>	<u>Building</u>
<b>REVENUES</b>				
Gas Tax	\$ -	\$ -	\$ -	\$ -
Intergovernmental	185,271	-	25,224	-
Licenses, permits, and franchise taxes	-	-	-	69,322
Interest and use of property	-	-	-	-
Miscellaneous revenues	-	-	-	-
Total revenues	<u>185,271</u>	<u>-</u>	<u>25,224</u>	<u>69,322</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	491	-	-
Public safety - Police	146,837	-	-	-
Public work	-	-	-	-
Planning and building	-	-	-	122,118
Housing and community development	-	-	4,544	-
Recycling	-	-	-	-
Capital outlay	-	-	56,333	-
Total expenditures	<u>146,837</u>	<u>491</u>	<u>60,877</u>	<u>122,118</u>
Excess (deficiency) of revenue over (under) expenditures	<u>38,434</u>	<u>(491)</u>	<u>(35,653)</u>	<u>(52,796)</u>
Net change in fund balances	<u>38,434</u>	<u>(491)</u>	<u>(35,653)</u>	<u>(52,796)</u>
Fund balances - beginning of year, as previously presented	113,704	-	8,256	(35,565)
Change within financial reporting entity (nonmajor to major fund)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - beginning of year, as adjusted	<u>113,704</u>	<u>-</u>	<u>8,256</u>	<u>(35,565)</u>
Fund balances - end of year	<u>\$ 152,138</u>	<u>\$ (491)</u>	<u>\$ (27,397)</u>	<u>\$ (88,361)</u>

**CITY OF RIO DELL, CALIFORNIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**- NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	Recycling	Economic Development	ARPA	Traffic Safety
<b>REVENUES</b>				
Gas Tax	\$ -	\$ -	\$ -	\$ -
Intergovernmental	676	-	-	-
Licenses, permits, and franchise taxes	-	-	-	-
Interest and use of property	5,101	9,815	-	-
Miscellaneous revenues	-	-	-	-
Total revenues	5,777	9,815	-	-
<b>EXPENDITURES</b>				
Current:				
General government	-	15,544	9,228	-
Public safety - Police	-	-	-	-
Public work	-	-	-	-
Planning and building	-	-	-	-
Housing and community development	-	-	-	-
Recycling	23,687	-	-	-
Capital outlay	-	-	53,461	-
Total expenditures	23,687	15,544	62,689	-
Excess (deficiency) of revenue over (under) expenditures	(17,910)	(5,729)	(62,689)	-
Net change in fund balances	(17,910)	(5,729)	(62,689)	-
Fund balances - beginning of year, as previously presented	139,473	263,180	740,132	-
Change within financial reporting entity (nonmajor to major fund)	-	-	-	-
Fund balances - beginning of year, as adjusted	139,473	263,180	740,132	-
Fund balances - end of year	\$ 121,563	\$ 257,451	\$ 677,443	\$ -

**CITY OF RIO DELL, CALIFORNIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**- NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Park Per Capita Grant</u>	<u>Clean CA Grant ER Trails</u>	<u>Earthquake Disaster Fund</u>	<u>Total</u>
<b>REVENUES</b>				
Gas Tax	\$ -	\$ -	\$ -	\$ 193,830
Intergovernmental	177,952	-	227,358	777,059
Licenses, permits, and franchise taxes	-	-	11,476	84,173
Interest and use of property	-	-	-	21,900
Miscellaneous revenues	-	-	-	3,962
Total revenues	<u>177,952</u>	<u>-</u>	<u>238,834</u>	<u>1,080,924</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	47,537
Public safety - Police	-	-	-	146,837
Public work	-	-	-	274,112
Planning and building	-	-	-	122,118
Housing and community development	(3,060)	-	-	1,484
Recycling	-	-	-	31,598
Capital outlay	<u>170,109</u>	<u>-</u>	<u>-</u>	<u>386,654</u>
Total expenditures	<u>167,049</u>	<u>-</u>	<u>-</u>	<u>1,010,340</u>
Excess (deficiency) of revenue over (under) expenditures	<u>10,903</u>	<u>-</u>	<u>238,834</u>	<u>70,584</u>
Net change in fund balances	<u>10,903</u>	<u>-</u>	<u>238,834</u>	<u>70,584</u>
Fund balances - beginning of year, as previously presented	(10,903)	4,800	(9,428)	1,684,740
Change within financial reporting entity (nonmajor to major fund)	<u>-</u>	<u>(4,800)</u>	<u>-</u>	<u>(4,800)</u>
Fund balances - beginning of year, as adjusted	<u>(10,903)</u>	<u>-</u>	<u>(9,428)</u>	<u>1,679,940</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 229,406</u>	<u>\$ 1,750,524</u>

**CITY OF RIO DELL, CALIFORNIA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GAS TAX SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Gas Tax	\$ 186,401	\$ 186,401	\$ 193,830	\$ 7,429
Licenses, permits, and franchise taxes	2,000	2,000	3,375	1,375
Interest and use of property	-	-	5,265	5,265
Miscellaneous revenues	-	-	360	360
Total revenues	<u>188,401</u>	<u>188,401</u>	<u>202,830</u>	<u>14,429</u>
<b>Expenditures:</b>				
Current:				
General government	13,769	13,769	12,523	1,246
Public works	181,672	181,672	129,251	52,421
Capital outlay	<u>130,000</u>	<u>157,289</u>	<u>71,403</u>	<u>85,886</u>
Total expenditures	<u>325,441</u>	<u>352,730</u>	<u>213,177</u>	<u>139,553</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(137,040)</u>	<u>(164,329)</u>	<u>(10,347)</u>	<u>153,982</u>
Net changes in fund balances	(137,040)	(164,329)	(10,347)	153,982
Fund balance - beginning of year	<u>354,235</u>	<u>354,235</u>	<u>354,235</u>	<u>-</u>
Fund balance - end of year	<u>\$ 217,195</u>	<u>\$ 189,906</u>	<u>\$ 343,888</u>	<u>\$ 153,982</u>

**CITY OF RIO DELL, CALIFORNIA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**TDA SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ 125,317	\$ 125,317	\$ 125,317	\$ -
Interest and use of property	-	-	1,585	1,585
Miscellaneous revenues	-	-	361	361
Total revenues	<u>125,317</u>	<u>125,317</u>	<u>127,263</u>	<u>1,946</u>
<b>Expenditures:</b>				
Current:				
General government	10,903	10,903	9,751	1,152
Public works	<u>113,419</u>	<u>113,419</u>	<u>128,246</u>	<u>(14,827)</u>
Total expenditures	<u>124,322</u>	<u>124,322</u>	<u>137,997</u>	<u>(13,675)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>995</u>	<u>995</u>	<u>(10,734)</u>	<u>(11,729)</u>
Net changes in fund balances	995	995	(10,734)	(11,729)
Fund balance - beginning of year	<u>59,809</u>	<u>59,809</u>	<u>59,809</u>	<u>-</u>
Fund balance - end of year	<u>\$ 60,804</u>	<u>\$ 60,804</u>	<u>\$ 49,075</u>	<u>\$ (11,729)</u>

**CITY OF RIO DELL, CALIFORNIA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**RSTP SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ 27,000	\$ 27,000	\$ 35,261	\$ 8,261
Total revenues	<u>27,000</u>	<u>27,000</u>	<u>35,261</u>	<u>8,261</u>
<b>Expenditures:</b>				
Current:				
Public works	24,775	24,775	16,615	8,160
Capital outlay	<u>-</u>	<u>-</u>	<u>35,348</u>	<u>(35,348)</u>
Total expenditures	<u>24,775</u>	<u>24,775</u>	<u>51,963</u>	<u>(27,188)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,225</u>	<u>2,225</u>	<u>(16,702)</u>	<u>(18,927)</u>
Net changes in fund balances	2,225	2,225	(16,702)	(18,927)
Fund balance - beginning of year	<u>52,035</u>	<u>52,035</u>	<u>52,035</u>	<u>-</u>
Fund balance - end of year	<u>\$ 54,260</u>	<u>\$ 54,260</u>	<u>\$ 35,333</u>	<u>\$ (18,927)</u>

**CITY OF RIO DELL, CALIFORNIA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**SOLID WASTE SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Interest and use of property	\$ -	\$ -	\$ 134	\$ 134
Miscellaneous revenues	<u>5,000</u>	<u>5,000</u>	<u>3,241</u>	<u>(1,759)</u>
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>3,375</u>	<u>(1,625)</u>
<b>Expenditures:</b>				
Current:				
Recycling	<u>6,830</u>	<u>6,830</u>	<u>7,911</u>	<u>(1,081)</u>
Total expenditures	<u>6,830</u>	<u>6,830</u>	<u>7,911</u>	<u>(1,081)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,830)</u>	<u>(1,830)</u>	<u>(4,536)</u>	<u>(2,706)</u>
Net change in fund balance	(1,830)	(1,830)	(4,536)	(2,706)
Fund balance - beginning of year	<u>5,012</u>	<u>5,012</u>	<u>5,012</u>	<u>-</u>
Fund balance - end of year	<u>\$ 3,182</u>	<u>\$ 3,182</u>	<u>\$ 476</u>	<u>\$ (2,706)</u>

**CITY OF RIO DELL, CALIFORNIA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**SLESF SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ 160,000	\$ 160,000	\$ 185,271	\$ 25,271
Total revenues	<u>160,000</u>	<u>160,000</u>	<u>185,271</u>	<u>25,271</u>
<b>Expenditures:</b>				
Current:				
Public safety - Police	<u>155,667</u>	<u>155,667</u>	<u>146,837</u>	<u>8,830</u>
Total expenditures	<u>155,667</u>	<u>155,667</u>	<u>146,837</u>	<u>8,830</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,333</u>	<u>4,333</u>	<u>38,434</u>	<u>34,101</u>
Net change in fund balance	4,333	4,333	38,434	34,101
Fund balance - beginning of year	<u>113,704</u>	<u>113,704</u>	<u>113,704</u>	<u>-</u>
Fund balance - end of year	<u>\$ 118,037</u>	<u>\$ 118,037</u>	<u>\$ 152,138</u>	<u>\$ 34,101</u>

**CITY OF RIO DELL, CALIFORNIA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**MEASURE Z SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Total revenues	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>				
Current:				
General government	-	-	491	(491)
Total expenditures	-	-	491	(491)
Excess (deficiency) of revenues over (under) expenditures	-	-	(491)	(491)
Net change in fund balance	-	-	(491)	(491)
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (491)</u>	<u>\$ (491)</u>

**CITY OF RIO DELL, CALIFORNIA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**STIP SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ 25,224	\$ 25,224
Total revenues	<u>-</u>	<u>-</u>	<u>25,224</u>	<u>25,224</u>
<b>Expenditures:</b>				
Current:				
Housing and community development	-	-	4,544	(4,544)
Capital outlay	<u>-</u>	<u>-</u>	<u>56,333</u>	<u>(56,333)</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>60,877</u>	<u>(60,877)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(35,653)</u>	<u>(35,653)</u>
Net change in fund balance	-	-	(35,653)	(35,653)
Fund balance - beginning of year	<u>8,256</u>	<u>8,256</u>	<u>8,256</u>	<u>-</u>
Fund balance - end of year	<u>\$ 8,256</u>	<u>\$ 8,256</u>	<u>\$ (27,397)</u>	<u>\$ (35,653)</u>

**CITY OF RIO DELL, CALIFORNIA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**BUILDING SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Licenses, permits, and franchise taxes	\$ 67,350	\$ 67,350	\$ 69,322	\$ 1,972
Total revenues	<u>67,350</u>	<u>67,350</u>	<u>69,322</u>	<u>1,972</u>
<b>Expenditures:</b>				
Current:				
Planning and building	<u>142,363</u>	<u>142,363</u>	<u>122,118</u>	<u>20,245</u>
Total expenditures	<u>142,363</u>	<u>142,363</u>	<u>122,118</u>	<u>20,245</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(75,013)</u>	<u>(75,013)</u>	<u>(52,796)</u>	<u>22,217</u>
Net change in fund balance	(75,013)	(75,013)	(52,796)	22,217
Fund balance - beginning of year	<u>(35,565)</u>	<u>(35,565)</u>	<u>(35,565)</u>	<u>-</u>
Fund balance - end of year	<u>\$ (110,578)</u>	<u>\$ (110,578)</u>	<u>\$ (88,361)</u>	<u>\$ 22,217</u>

**CITY OF RIO DELL, CALIFORNIA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**RECYCLING SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ 5,000	\$ 5,000	\$ 676	\$ (4,324)
Interest and use of property	<u>-</u>	<u>-</u>	<u>5,101</u>	<u>5,101</u>
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>5,777</u>	<u>777</u>
<b>Expenditures:</b>				
Current:				
Recycling	<u>9,000</u>	<u>9,000</u>	<u>23,687</u>	<u>(14,687)</u>
Total expenditures	<u>9,000</u>	<u>9,000</u>	<u>23,687</u>	<u>(14,687)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,000)</u>	<u>(4,000)</u>	<u>(17,910)</u>	<u>(13,910)</u>
Net change in fund balance	(4,000)	(4,000)	(17,910)	(13,910)
Fund balance - beginning of year	<u>139,473</u>	<u>139,473</u>	<u>139,473</u>	<u>-</u>
Fund balance - end of year	<u>\$ 135,473</u>	<u>\$ 135,473</u>	<u>\$ 121,563</u>	<u>\$ (13,910)</u>

**CITY OF RIO DELL, CALIFORNIA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Interest and use of property	\$ -	\$ -	\$ 9,815	\$ 9,815
Total revenues	<u>-</u>	<u>-</u>	<u>9,815</u>	<u>9,815</u>
<b>Expenditures:</b>				
Current:				
General government	47,000	47,000	15,544	31,456
Total expenditures	<u>47,000</u>	<u>47,000</u>	<u>15,544</u>	<u>31,456</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(47,000)</u>	<u>(47,000)</u>	<u>(5,729)</u>	<u>41,271</u>
Net change in fund balance	(47,000)	(47,000)	(5,729)	41,271
Fund balance - beginning of year	<u>263,180</u>	<u>263,180</u>	<u>263,180</u>	<u>-</u>
Fund balance - end of year	<u>\$ 216,180</u>	<u>\$ 216,180</u>	<u>\$ 257,451</u>	<u>\$ 41,271</u>

**CITY OF RIO DELL, CALIFORNIA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**ARPA SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Total revenues	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>				
Current:				
General government	340,000	340,000	9,228	330,772
Capital outlay	-	-	53,461	(53,461)
Total expenditures	<u>340,000</u>	<u>340,000</u>	<u>62,689</u>	<u>277,311</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(340,000)</u>	<u>(340,000)</u>	<u>(62,689)</u>	<u>277,311</u>
Net change in fund balance	(340,000)	(340,000)	(62,689)	277,311
Fund balance - beginning of year	<u>740,132</u>	<u>740,132</u>	<u>740,132</u>	<u>-</u>
Fund balance - end of year	<u>\$ 400,132</u>	<u>\$ 400,132</u>	<u>\$ 677,443</u>	<u>\$ 277,311</u>

**CITY OF RIO DELL, CALIFORNIA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**TRAFFIC SAFETY SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Total revenues	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>				
Current:				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF RIO DELL, CALIFORNIA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**PARK PER CAPITA GRANT**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ 177,952	\$ 177,952	\$ 177,952	\$ -
Total revenues	<u>177,952</u>	<u>177,952</u>	<u>177,952</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Housing and community Development	-	-	(3,060)	3,060
Capital outlay	<u>177,952</u>	<u>190,905</u>	<u>170,109</u>	<u>20,796</u>
Total expenditures	<u>177,952</u>	<u>190,905</u>	<u>167,049</u>	<u>23,856</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(12,953)</u>	<u>10,903</u>	<u>23,856</u>
Net change in fund balance	-	(12,953)	10,903	23,856
Fund balance - beginning of year	<u>(10,903)</u>	<u>(10,903)</u>	<u>(10,903)</u>	<u>-</u>
Fund balance - end of year	<u>\$ (10,903)</u>	<u>\$ (23,856)</u>	<u>\$ -</u>	<u>\$ 23,856</u>

**CITY OF RIO DELL, CALIFORNIA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**EARTHQUAKE DISASTER FUND**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ 227,358	\$ 227,358
Licenses, permits, and franchise taxes	-	-	11,476	11,476
Total revenues	-	-	238,834	238,834
<b>Expenditures:</b>				
Current:				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	238,834	238,834
Net change in fund balance	-	-	238,834	238,834
Fund balance - beginning of year	(9,428)	(9,428)	(9,428)	-
Fund balance - end of year	<u>\$ (9,428)</u>	<u>\$ (9,428)</u>	<u>\$ 229,406</u>	<u>\$ 238,834</u>

## COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Mayor and City Council  
City of Rio Dell, California  
Rio Dell, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the budgetary comparison information of the City of Rio Dell, California (the "City"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 13, 2026.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Harskunal & Company LLP*

San Diego, California  
May 13, 2026

**CITY OF RIO DELL, CALIFORNIA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2025**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements***

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness?	None Reported
Noncompliance material to financial statements noted?	No

**CITY OF RIO DELL, CALIFORNIA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2025**

**SECTION II - AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS**

There are no findings related to the financial statements as of June 30, 2025.

**CITY OF RIO DELL, CALIFORNIA  
STATUS OF PRIOR YEAR'S AUDIT FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2025**

There were no findings reported in prior year.