



CITY OF RIPON, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT AND MEASURE K FUNDS
NON-TRANSIT PURPOSES
AND TRANSIT ENTERPRISE FUND

FOR THE YEAR ENDED JUNE 30, 2025

INDEPENDENT AUDITORS' REPORTS, FUND FINANCIAL STATEMENTS
REQUIRED SUPPLEMENTARY INFORMATION, AND
COMPLIANCE REPORT

Focused
on YOU



CITY OF RIPON, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT AND MEASURE K FUNDS
NON-TRANSIT PURPOSES
AND TRANSIT ENTERPRISE FUND

Independent Auditors' Reports, Fund Financial Statements,
Required Supplementary Information, and
Compliance Report

For the Year Ended June 30, 2025

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AND TRANSIT ENTERPRISE FUND

Independent Auditors' Reports, Fund Financial Statements,
Required Supplementary Information, and
Compliance Report

For the Year Ended June 30, 2025

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INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Directors
San Joaquin Council of Governments
Stockton, California

To the Members of the City Council
City of Ripon
Ripon, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Transportation Development Act Fund and Measure K Fund, allocated for non-transit purposes, and the Transit Enterprise Fund (collectively the "Funds") of the City of Ripon, 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 Funds, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the City, which were relied upon for assurance over the cash balances, related investment earnings and related interfund activity with other City funds, represented within the Funds as of June 30, 2025. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for cash balances, investment earnings and entity wide interfund activity, are based solely on the report of the other auditors.

Basis for Opinions

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

Emphasis of Matter

As described in Note 2 to the financial statements, these financial statements present only the Funds of the City and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2025, and the changes in its financial position for the fiscal year then ended, in accordance with accounting principles generally accepted in the United States.



To the Members of the Board of Directors
San Joaquin Council of Governments
Stockton, California

To the Members of the City Council
City of Ripon
Ripon, California

Responsibilities of Management for the Financial Statements

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

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, as it relates to the Funds. 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.

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 budgetary comparison schedules for the Funds, as listed on the table of contents, 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



To the Members of the Board of Directors
San Joaquin Council of Governments
Stockton, California

To the Members of the City Council
City of Ripon
Ripon, California

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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

Summarized Comparative Information

We have previously audited the financial statements of the Funds of the City's 2024 financial statements for the year ended June 30, 2024, and expressed an unmodified audit opinion on those financial statements in our report dated December 13, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2025, on our consideration of the City's internal control over financial reporting, as it relates to the Funds, 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, as it relates to the Funds. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance, as it relates to the Funds.

LSL, LLP

Sacramento, California
December 23, 2025

CITY OF RIPON, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT AND MEASURE K FUNDS
NON-TRANSIT PURPOSES
Balance Sheets
June 30, 2025, with Comparative Totals

| | Transportation Development Act Fund | Measure K Fund | Totals | |
|----------------------------|---|---------------------|---------------------|---------------------|
| | | | 2025 | 2024 |
| Assets: | | | | |
| Cash and investments | \$ 44,274 | \$ 4,041,478 | \$ 4,085,752 | \$ 3,599,298 |
| Due from other agencies | 873,937 | 93,554 | 967,491 | 387,899 |
| Total Assets | \$ 918,211 | \$ 4,135,032 | \$ 5,053,243 | \$ 3,987,197 |
| Fund Balances: | | | | |
| Restricted | \$ 918,211 | \$ 4,135,032 | \$ 5,053,243 | \$ 3,987,197 |
| Total Fund Balances | \$ 918,211 | \$ 4,135,032 | \$ 5,053,243 | \$ 3,987,197 |

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

CITY OF RIPON, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT AND MEASURE K FUNDS
NON-TRANSIT PURPOSES
Statements of Revenues, Expenses, and Changes in Fund Balances
For the Year Ended June 30, 2025, with Comparative Totals

| | Transportation Development Act Fund | Measure K Fund | Totals | |
|---|---|---------------------|---------------------|---------------------|
| | | | 2025 | 2024 |
| Revenues: | | | | |
| Local Transportation Fund: | | | | |
| Streets and roads | \$ 849,404 | \$ - | \$ 849,404 | \$ 779,342 |
| Pedestrian and bicycle | 24,533 | - | 24,533 | 24,451 |
| Measure K Fund: | | | | |
| Local street repair | - | 350,072 | 350,072 | 371,860 |
| Local street repair (safety) | - | 56,988 | 56,988 | - |
| Pedestrian and bicycle | - | 68,907 | 68,907 | - |
| Investment earnings | 10,133 | 108,409 | 118,542 | 95,256 |
| Total Revenues | 884,070 | 584,376 | 1,468,446 | 1,270,909 |
| Expenditures: | | | | |
| Public works - bikeway program | - | 68,907 | 68,907 | - |
| Total Expenditures | - | 68,907 | 68,907 | - |
| Excess of Revenues Over Expenditures | 884,070 | 515,469 | 1,399,539 | 1,270,909 |
| Other Financing Uses: | | | | |
| Intergovernmental transfers | (333,493) | - | (333,493) | (1,733,038) |
| Total Other Financing Uses | (333,493) | - | (333,493) | (1,733,038) |
| Net Change in Fund Balances | 550,577 | 515,469 | 1,066,046 | (462,129) |
| Fund Balances: | | | | |
| Fund Balances, Beginning of Year | 367,634 | 3,619,563 | 3,987,197 | 4,449,326 |
| Fund Balances, End of Year | \$ 918,211 | \$ 4,135,032 | \$ 5,053,243 | \$ 3,987,197 |

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

**CITY OF RIPON, CALIFORNIA
TRANSIT ENTERPRISE FUND
Statements of Net Position
June 30, 2025, with Comparative Totals**

| | <u>2025</u> | <u>2024</u> |
|---|--------------------------|--------------------------|
| Assets: | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 578,278 | \$ 711,754 |
| Accounts receivable | 329 | 344 |
| Due from other agencies | 317,197 | 187,373 |
| Total Current Assets | <u>895,804</u> | <u>899,471</u> |
| Capital assets, net | - | 81,032 |
| Total Assets | <u>\$ 895,804</u> | <u>\$ 980,503</u> |
| Liabilities and Net Position: | | |
| Liabilities: | | |
| Accounts payable | \$ 12,650 | \$ 4,540 |
| Due to other City funds | - | 339,522 |
| Total Liabilities | <u>12,650</u> | <u>344,062</u> |
| Net Position: | | |
| Investment in capital assets | - | 81,032 |
| Restricted | 883,154 | 555,409 |
| Total Net Position | <u>883,154</u> | <u>636,441</u> |
| Total Liabilities and Net Position | <u>\$ 895,804</u> | <u>\$ 980,503</u> |

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

CITY OF RIPON, CALIFORNIA
TRANSIT ENTERPRISE FUND
Statements of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2025, with Comparative Totals

| | <u>2025</u> | <u>2024</u> |
|---|-------------------|-------------------|
| Operating Revenues: | | |
| Fares | \$ 1,672 | \$ 1,923 |
| Total Operating Revenues | <u>1,672</u> | <u>1,923</u> |
| Operating Expenses: | | |
| Operations | 47,170 | 42,779 |
| Vehicle maintenance | 21,488 | 35,232 |
| Administration | 8,460 | 10,478 |
| Depreciation | 81,032 | 81,035 |
| Total Operating Expenses | <u>158,150</u> | <u>169,524</u> |
| Operating Loss | (156,478) | (167,601) |
| Nonoperating Revenues: | | |
| State Transit Assistance funds | 3,625 | 6,540 |
| Local Transportation funds | 265,968 | 259,781 |
| Measure K Passenger Bus funds | - | 1,012,799 |
| SGR funds | 47,604 | - |
| Interest | 20,151 | 14,276 |
| Total Nonoperating Revenues | <u>337,348</u> | <u>1,293,396</u> |
| Nonoperating Expenses: | | |
| Multi-Modal Station | 60,163 | - |
| Intergovernmental transfers | 43,755 | 937,000 |
| Total Nonoperating Expenses | <u>103,918</u> | <u>937,000</u> |
| Change in Net Position | 76,952 | 188,795 |
| Net Position, Beginning of Year | 636,441 | 447,646 |
| Restatement - Correction of an Error | 169,761 | - |
| Net Position, Beginning of Year as restated | 806,202 | 447,646 |
| Net Position, End of Year | <u>\$ 883,154</u> | <u>\$ 636,441</u> |

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

CITY OF RIPON, CALIFORNIA
TRANSIT ENTERPRISE FUND
Statements of Cash Flows
For the Year Ended June 30, 2025, with Comparative Totals

| | <u>2025</u> | <u>2024</u> |
|---|---------------------------|---------------------------|
| Cash Flows from Operating Activities: | | |
| Cash receipts from customers | \$ 1,687 | \$ 1,908 |
| Cash disbursements for administration and operations | (47,520) | (52,211) |
| Cash disbursements for services and supplies | (21,488) | (35,232) |
| Net Cash Used by Operating Activities | <u>(67,321)</u> | <u>(85,535)</u> |
| Cash Flows from Noncapital Financing Activities: | | |
| Local Transportation funds | (103,918) | 679,161 |
| Measure K Passenger Bus funds | 17,612 | 1,007,460 |
| State Transit Assistance funds | - | 11,272 |
| Net Cash Provided by Noncapital Financing Activities | <u>(86,306)</u> | <u>1,697,893</u> |
| Cash Flows from Capital and Related Financing Activities: | | |
| Payments for the acquisition of capital assets | - | (937,000) |
| Net Cash Used by Capital and Related Financing Activities | <u>-</u> | <u>(937,000)</u> |
| Cash Flows from Investing Activities: | | |
| Interest received | 20,151 | 14,276 |
| Net Cash Provided by Investing Activities | <u>20,151</u> | <u>14,276</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (133,476) | 689,634 |
| Cash and Cash Equivalents, Beginning of Year | 711,754 | 22,120 |
| Cash and Cash Equivalents, End of Year | <u>\$ 578,278</u> | <u>\$ 711,754</u> |
| Reconciliation of Operating Loss to Net Cash Used by Operating Activities: | | |
| Operating loss | \$ (156,478) | \$ (167,601) |
| Adjustments to reconcile operating loss to net cash used by operating activities: | | |
| Depreciation | 81,032 | 81,035 |
| (Increase) decrease in receivables | 15 | (15) |
| Increase (decrease) in accounts payable | 8,110 | 1,046 |
| Total Adjustments | <u>89,157</u> | <u>82,066</u> |
| Net Cash Used for Operating Activities | <u>\$ (67,321)</u> | <u>\$ (85,535)</u> |

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

**CITY OF RIPON, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT AND MEASURE K FUNDS
NON-TRANSIT PURPOSES AND TRANSIT ENTERPRISE FUND
Notes to the Financial Statements
For the Year Ended June 30, 2025**

NOTE 1: ORGANIZATION

The City of Ripon (City) receives funds under the provisions of the Transportation Development Act (TDA) from the San Joaquin County Local Transportation Fund (LTF) under Article 4, Section 99260 for streets and roads, Article 4 for Transit and Article 3 for pedestrian and bicycle facilities, as the City does not have any unmet transit needs at this time.

The City receives funds under the provisions of the TDA from the San Joaquin County LTF under Article 4, Section 99260 for Transit, Article 8, Section 99400(a) for local streets and roads projects, and Article 3, Section 99234 for pedestrian and bicycle facilities. The funds previously provided under Article 8 represent amounts available after the determination by the San Joaquin Council of Governments, the transportation planning agency administering TDA funds, of amounts needed for local streets and roads of the City. The funds provided under Article 4, Section 99260 represent amounts set aside for transit purposes. The funds provided under Article 3, Section 99234 represent amounts set aside to be allocated for pedestrian and bicycle facilities within the jurisdictions of San Joaquin County and represent up to two percent of the available funds countywide. The City Transportation Development Act Fund is used to account for these funds received by the City for non-transit purposes, which is reflected in these financial statements of the Transportation Development Act Fund allocated for non-transit purposes.

The City's Article 8 LTF dollars are now shifting to public transit as approved by the Board September of 2019. In alignment with this decision, it was collectively agreed upon that the funding previously allocated for Streets and Roads through the LTF program will undergo a phased-out reduction. The transition is part of a strategy to prioritize and enhance public transit infrastructure within our community. The phase out period began in FY21-22 and will result in each City claiming LTF dollars for transit.

The City also receives funds from an ordinance (Measure K) passed by San Joaquin County voters resulting in a sales tax increase of one-half of one percent for transportation improvements. The San Joaquin Council of Governments, acting as the Local Transportation Authority, oversees the collection and distribution of the sales tax in accordance with the thirty-year transportation expenditure plan. The plan calls for street repairs, safety and operational improvements on streets and roads, projects to reduce street and highway congestion, and the promotion of passenger rail and bus services as an alternative to travel by automobile. The City's Measure K Fund is used to account for these funds, which is reflected in these financial statements of the Measure K Fund.

The City, as other like-sized cities in the State of California, maintains its accounting records on a cash basis, wherein the total cash available at any time is offset by the then recorded fund balances. This method of accounting does not recognize receivables due to the City, payables due from the City, or investments in property and equipment. However, for purposes of these financial statements of the Transportation Development Act and Measure K Funds, the modified accrual basis of accounting is used.

NOTE 2: SUMMARY OF SIGNIFICANT POLICIES

A. Basis of Presentation

The financial statements of the Transportation Development Act Fund, Measure K Fund, and Transit Enterprise Fund of the City have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

The financial statements are intended to present the financial position, results of operations, and cash flows of only transactions recorded in the Transportation Development Act Fund, Measure K Fund, and Transit Enterprise Fund of the City and are not intended to present fairly the financial position of the City and changes in its financial position and its cash flows in accordance with accounting principles generally accepted in the United States of America.

**CITY OF RIPON, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT AND MEASURE K FUNDS
NON-TRANSIT PURPOSES AND TRANSIT ENTERPRISE FUND
Notes to the Financial Statements
For the Year Ended June 30, 2025**

NOTE 2: SUMMARY OF SIGNIFICANT POLICIES (CONTINUED)

C. Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The Transportation Development Act and Measure K Funds are governmental funds specifically categorized as special revenue funds. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The Transit Enterprise Fund is a proprietary fund specifically categorized as an enterprise fund. Enterprise funds are used to account for activities similar to those found in the private sector. The City uses an enterprise fund to account for its transit operations because fees are charged to external users for services provided.

D. Measurement Focus and Basis of Accounting

The Transportation Development Act Fund and the Measure K Fund are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available and expenditures are recognized when the fund liabilities are incurred. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City uses an availability period of 60 days. Revenues that are susceptible to accrual include LTF allocations and interest income.

The Transit Enterprise Fund is classified as an enterprise fund using the flow of economic resource management focus and the accrual basis of accounting, whereby revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Transit Enterprise Fund are passenger fares. Operating expenses include the cost of vehicle maintenance, administrative expenses, and depreciation on capital assets and equipment. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

E. Cash and Investments

All City monies are invested in a cash and investment pool, whereby funds can spend cash at any time without prior notice or penalty. Therefore, for purposes of the statement of cash flows, all enterprise fund cash on hand and in the pool is considered cash and cash equivalents.

F. Interfund Transactions

During the course of operations, operating transactions occur between the Transportation Development Act and Measure K Funds, where revenues are received, and other governmental funds, where expenditures occur. These transactions are classified as "intergovernmental transfers" on the statement of revenues, expenditures, and changes in fund balances.

**CITY OF RIPON, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT AND MEASURE K FUNDS
NON-TRANSIT PURPOSES AND TRANSIT ENTERPRISE FUND
Notes to the Financial Statements
For the Year Ended June 30, 2025**

NOTE 2: SUMMARY OF SIGNIFICANT POLICIES (CONTINUED)

G. Capital Assets

All purchased capital assets are valued at cost where historical cost records are available and at an estimated historical cost where no historical records exist.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation of all capital assets in the Transit Enterprise Fund is computed using the straight-line method over their estimated useful lives. Estimated useful lives of vehicles are seven years.

H. Net Position/Fund Balance

The financial statements of the enterprise fund utilize a net position presentation. Net position is categorized as follows:

- *Investment in Capital Assets* - This category groups all capital assets into one component of net position. Accumulated depreciation reduces the balance in this category.
- *Restricted Net Position* - This category presents amounts with external restrictions imposed by creditors, granters, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

The City follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Accordingly, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the City is bound to honor constraints on how specific amounts can be spent. At June 30, 2025, fund balances are categorized as follows:

- *Restricted Fund Balance* – amounts with constraints placed on their use that are either (a) externally imposed by creditors, granters, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

I. Grants

Grant revenues and receivables are recorded when eligibility requirements that have been imposed by the provider have been met. Grant sources include Federal Transit Administration (FTA), State Transit Assistance (STA), and LTF. The LTF and STA were created by the State Legislature under the TDA.

J. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from these estimates.

K. Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in financial position and operations of the City's Transportation Development Act Fund, Measure K Fund, and Transit Enterprise Fund.

**CITY OF RIPON, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT AND MEASURE K FUNDS
NON-TRANSIT PURPOSES AND TRANSIT ENTERPRISE FUND
Notes to the Financial Statements
For the Year Ended June 30, 2025**

NOTE 3: CASH AND INVESTMENTS

The cash and investment balances for the City's Transportation Development Act Fund, Measure K Fund, and Transit Enterprise Fund are held in the City's cash and investment pool. The City maintains a cash and investment pool in order to facilitate the management of cash. Interest is allocated to its various funds based upon average cash balances. Investments held in the City's cash management pool are available on demand to the City's Transportation Development Act Fund, Measure K Fund, and Transit Enterprise Fund and are stated at fair value. Information regarding categorization of investments can be found in the City's financial statements.

NOTE 4: CAPITAL ASSETS

Capital assets consisted of the following at June 30, 2025:

| | Balance July 1, 2024 | Additions | Deletions | Balance June 30, 2025 |
|--------------------------------|-------------------------|--------------------|-------------|--------------------------|
| Transit Vehicles | \$ 1,093,563 | \$ - | \$ - | \$ 1,093,563 |
| Less: Accumulated Depreciation | (1,012,531) | (81,032) | - | (1,093,563) |
| | <u>\$ 81,032</u> | <u>\$ (81,032)</u> | <u>\$ -</u> | <u>\$ -</u> |

Depreciation for the year ended June 30, 2025, was \$81,032.

NOTE 5: STATE OF GOOD REPAIR (SGR)

The State of Good Repair & Accountability Act of 2017 was established to provide funds annually for aging infrastructure, investments in congested commute and freight corridors and to improve transit service. Caltrans is legislated to manage and administer the State of Good Repair (SGR) program. The State Controller's Office publishes annually estimated funding according to population and farebox revenues. The State Controller's Office issues quarterly payment to the San Joaquin Council of Governments who in turn pays the Regional Transit Authority for allocation to the jurisdictions. The 99313 portion of the allocations is allocated based on a Board approved allocation formula for the fiscal year. The 99314 portion is allocated based on the SCO formula. The funds are held with the County Treasurer, and jurisdictions are allowed to draw down from available funds on a reimbursement basis. Caltrans requests that the jurisdictions fully expend the SGR funds within a seven-year period.

Amounts held by the City and available for draw as of June 30, 2025, are composed of the following:

| | |
|--|-------------------|
| Balance available - beginning of the year | \$ 145,767 |
| Revenue: | |
| SGR funds received | 47,604 |
| Expenses: | |
| Expenses | - |
| Balance available - end of year | <u>\$ 193,371</u> |

**CITY OF RIPON, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT AND MEASURE K FUNDS
NON-TRANSIT PURPOSES AND TRANSIT ENTERPRISE FUND
Notes to the Financial Statements
For the Year Ended June 30, 2025**

NOTE 6: INTERFUND TRANSFERS

Resources may be transferred from one TDA fund to another or to a City fund with Council approval. Transfers for the TDA funds during the year ended June 30, 2025 were as follows:

| | <u>2025</u> |
|---------------------------------------|-------------------|
| Transportation Development Act Fund | \$ 333,493 |
| LTF Set Aside – Bike Bridge | <u>43,755</u> |
| Total intergovernmental transfers out | <u>\$ 377,248</u> |

The transfer from the Transportation Development Act Fund and Measure K Fund was for Street and Road Operating expenditures. The Transit Fund transfer was for the Fleet Maintenance Facility Capital Project.

NOTE 7: SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 23, 2025, the date these financial statements were available to be issued. The City did not identify any subsequent events that require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RIPON, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|-------------------------|------------------|-------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Local Transportation Fund: | | | | |
| Streets and roads | \$ 1,063,871 | \$ 1,063,871 | \$ 849,404 | \$ (214,467) |
| Pedestrian and bicycle | 24,533 | 24,533 | 24,533 | - |
| Investment earnings | 8,100 | 8,100 | 10,133 | 2,033 |
| Total Revenues | 1,096,504 | 1,096,504 | 884,070 | (212,434) |
| Excess of Revenues Over Expenditures | 1,096,504 | 1,096,504 | 884,070 | (212,434) |
| Other Financing Uses: | | | | |
| Intergovernmental transfers | - | - | (333,493) | (333,493) |
| Total Other Financing Uses | - | - | (333,493) | (333,493) |
| Net Change in Fund Balances | \$ 1,096,504 | \$ 1,096,504 | 550,577 | \$ (545,927) |
| Fund Balances, Beginning of Year | | | 367,634 | |
| Fund Balances, End of Year | | | \$ 918,211 | |

CITY OF RIPON, CALIFORNIA
 MEASURE K FUND
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2025

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|-----------------------------------|-------------------------|----------------|---------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Local street repair | \$ 375,000 | \$ 375,000 | \$ 350,072 | \$ (24,928) |
| Local street repair (safety) | - | - | 56,988 | 56,988 |
| Pedestrian and bicycle | - | - | 68,907 | 68,907 |
| Investment earnings | 35,000 | 35,000 | 108,409 | 73,409 |
| Total Revenues | 410,000 | 410,000 | 584,376 | 174,376 |
| Expenditures: | | | | |
| Public works - bikeway program | - | - | 68,907 | (68,907) |
| Total Expenditures | - | - | 68,907 | (68,907) |
| Change in Fund Balances | \$ 410,000 | \$ 410,000 | 515,469 | \$ 243,283 |
| Fund Balances, Beginning of Year | | | 3,619,563 | |
| Fund Balances, End of Year | | | \$ 4,135,032 | |

**CITY OF RIPON, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT AND MEASURE K FUNDS
NON-TRANSIT PURPOSES AND TRANSIT ENTERPRISE FUND
Notes to the Required Supplementary Information
For the Year Ended June 30, 2025**

NOTE 1: BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the Transportation Development Act and Measure K Funds. All appropriations lapse at year-end. The appropriate budget is prepared by department, function, and fund. The City's Manager may make transfers of appropriations between departments within a fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. The legal level of budgetary control is the object level within a fund.

NOTE 2: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2025, expenditures exceeded appropriations in the Transportation Development Act Fund intergovernmental transfers and the Measure K Fund public works expenditures (the legal level of budgetary control), by \$333,493 and \$68,907 respectively.

OTHER REPORTS



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 Board of Directors
San Joaquin Council of Governments
Stockton, California

To the City Council
City of Ripon
Ripon, 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, and the Transportation Development Act ("TDA") the financial statements of the Transportation Development Act ("TDA") Fund and Measure K Fund, allocated for non-transit purposes, and the Transit Enterprise Fund (collectively the "Funds") of the City of Ripon, California, (the "City"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, and have issued our report thereon dated December 23, 2025.

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 the financial reporting (internal control) relating to the Funds, 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 as it relates to the Funds. 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2025-001 that we consider to be a material weakness.



To the Members of the Board of Directors
San Joaquin Council of Governments
Stockton, California

To the Members of the City Council
City of Ripon
Ripon, California

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Funds' 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. Our audit was further made to determine that the Funds were expended in conformance with applicable statutes, rules, and regulations of the TDA, and the allocation instructions and resolutions of the San Joaquin Council of Governments as required by Sections 6666 and 6667 of Title 21 of the California Code of Regulations. 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2025-001.

City of Ripon Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

LSL, LLP

Sacramento, California
December 23, 2025



To the Members of the Board of Directors
San Joaquin Council of Governments
Stockton, California

To the Members of the City Council
City of Ripon
Ripon, California

SCHEDULE OF FINDINGS AND RESPONSES

Reference Number: 2025-001

Material Weakness – Year-end Accrual Activity

Condition

Our audit revealed that the Transit Fund did not appropriately accrue \$7,735 of expenditures within accounts payable that were incurred during the 2025 fiscal year. Additionally, revenue totaling \$47,604 related to State of Good Repair funding was not accrued within due from other agencies for the same period.

Criteria

In accordance with Generally Accepted Accounting Principles (GAAP) and Government Auditing Standards, enterprise funds must recognize expenditures and revenues during the period in which they are incurred or earned, irrespective of the timing of related cash transactions.

Cause

The missed accruals were due in part to opportunities for improvement within the City's internal control processes over financial reporting, particularly in the procedures for identifying and recording year-end accounts payable and revenue accruals. In addition, some uncertainty regarding the appropriate accounting treatment for State of Good Repair funds contributed to the revenue not being accrued at year-end.

Effect or Potential Effect

Incorrectly recording expenses and revenues in the wrong fiscal year led to audit adjustments that changed the Transit Fund's net position by \$39,869 as of June 30, 2025. Not making proper accruals can result in errors in financial reports and poor management decisions.

Recommendation

We suggest that management improve internal controls for the year-end closing process so all significant accounts payable and revenue accruals are properly identified and recorded under GAAP. This can involve offering staff additional training, refining review procedures, and using checklists or automated systems to ensure every necessary accrual is captured. We also recommend that management consult with funding agencies if there are questions about particular funding sources, such as State of Good Repair, to make sure reporting remains timely and accurate.

Management's Response

Management agrees with the findings and is working to implement the recommendation.



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE

To the Board of Directors
San Joaquin Council of Governments
Stockton, California

To the Members of the City Council
City of Ripon
Ripon, California

Report on Compliance with Transportation Development Act and Measure K Requirements

Opinion on Transportation Development Act and Measure K Compliance

We have audited the City of Ripon, California (the "City")'s compliance with Transportation Development Act ("TDA") and Measure K requirements that funds allocated to and received by the City were expended in conformance with applicable statutes, rules, and regulations of the TDA and Measure K; and the allocation instructions and resolutions of the San Joaquin Council of Governments as required by Section 6666 and 6667 of Title 21, Division 3, Chapter 2, Article 5.5 of the California Code of Regulations (Code of Regulations) during the year ending June 30, 2025.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that are applicable to the City for the year ended June 30, 2025.

Basis for Opinion

We conducted our audit of compliance 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; and the Code of Regulations. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the statutes, rules, and regulations of the TDA and Measure K.

Auditors' Responsibilities for the Audit of Compliance

Our responsibility is to express opinions on compliance with the requirements described in the Code of Regulations based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Code of



To the Board of Directors
San Joaquin Council of Governments
Stockton, California

To the City Council
City of Ripon
Ripon, California

Regulations. Standards and the Code of Regulations require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a material effect on the TDA and Measure K programs. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. 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 GAAS, *Government Auditing Standards*, and the Code of Regulations, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Code of Regulations, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing. Accordingly, this report is not suitable for any other purpose.

LSL, LLP

Sacramento, California
December 23, 2025