

**RIPON UNIFIED SCHOOL DISTRICT
OF SAN JOAQUIN COUNTY
RIPON, CALIFORNIA**

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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RIPON UNIFIED SCHOOL DISTRICT

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James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Ripon Unified School District
Ripon, CA

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ripon Unified School District (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Ripon Unified School District (the “District”), as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP) and Actual – General Fund, Schedule of Changes in the District’s Net OPEB Liability and Related Ratios, Schedule of Proportionate Share of Net Pension Liability, and Schedule of Pension Contributions be presented to supplement the basic financial statements. Such 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. 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.

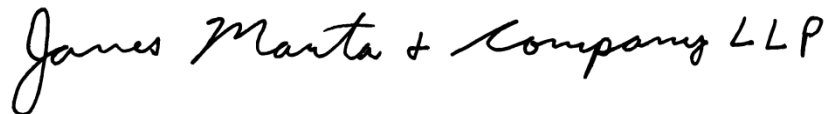
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying supplementary information as listed in the table of contents, including the schedule of expenditures of federal awards, as required by the August 2019 Edition of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance), Audits of States, Local Governments, and Non-Profit Organizations, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information as listed in the table of contents 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 supplementary information as listed in the table of contents 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 December 9, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
December 9, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

RIPON UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

This section of Ripon Unified School District (the "District") annual financial report presents management's discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2019. Please read it in conjunction with the Independent Auditor's Report and the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances. The Governmental Funds Balance Sheet and the Statement of Revenues, Expenditures and Change in Fund Balances provide information about how District services were financed in the short-term, and how much remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside the District.

FINANCIAL HIGHLIGHTS

- ⇒ Over the course of the year, the District's net position increased by \$4,993,605.
- ⇒ Capital assets, net of depreciation, increased by \$6,657,926. Accumulated depreciation increased by \$1,478,687.
- ⇒ Long-term liabilities increased by \$5,144,083 with bonds payable increasing by \$438,151, supplemental retirement plan obligation decreasing by \$131,908, net pension liability increasing by \$4,521,471, net OPEB liability increasing by \$301,341, and compensated absences increasing by \$15,028.
- ⇒ During fiscal year 2018-19, average daily attendance (ADA) for P2 of the District increased by 89 ADA.
- ⇒ The District maintains the State required minimum reserves for economic uncertainty of 3% of General Fund expenditures, transfers out, and other uses (total outgo). Additionally, the Board has authorized an additional 3% be reserved for economic uncertainties, for a total of 6%. During fiscal year 2018-19, General Fund expenditures, transfers out, and other uses totaled \$33,334,654. As of June 30, 2019, the District had available reserves designated for economic uncertainties of \$2,011,355, approximately 6.0% of General Fund expenditures, transfers out, and other uses.
- ⇒ The District held ASB training secretaries, principals and District Office staff on August 1, 2019.

RIPON UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

THE FINANCIAL REPORT

The full annual financial report consists of three separate parts, including the basic financial statements, supplementary information, and Management's Discussion and Analysis. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives, government-wide and funds.

- ⇒ Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.
- ⇒ Individual parts of the District, which are reported as fund financial statements, comprise the remaining statements.
 - Basic services funding is described in the governmental funds statements. These statements include short-term financing and identify the balance remaining for future spending.
 - Financial relationships, for which the District acts as an agent or trustee for the benefit of others to whom the resources belong, are presented in the fiduciary fund statements.

Notes to the basic financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. They are an integral part of the financial statements. The required supplementary information provides further explanations and provides additional support for the financial statements.

Reporting the District as a Whole

The District as a whole is reported in the Government-wide statements and uses accounting methods similar to those used by companies in the private sector. All of the District's assets and liabilities are included in the Statement of Net Position. The Statement of Activities reports all of the current year's revenues and expenses regardless of when cash is received or paid.

The District's financial health or position (net position) can be measured by the difference between the District's assets and liabilities.

- ⇒ Increases or decreases in the net position of the District over time are indicators of whether its financial health is improving or deteriorating, respectively.
- ⇒ Additional non-financial factors such as the condition of school buildings and other facilities, and changes in the property tax base of the District need to be considered in assessing the overall health of the District.

RIPON UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

Information included in the Statement of Net Position and the Statement of Activities, consists solely of the governmental activities of the District.

Governmental Activities:

The basic services provided by the District, such as regular and special education, administration, and transportation are included here, and are primarily financed by state apportionments, property taxes, impact aid, and other state and federal aid. Non-basic services, such as child nutrition, are also included here, but are financed by a combination of state and federal contract and grants, and local revenues.

Reporting the District's Most Significant Funds:

The District's fund-based financial statements provide detailed information about the District's most significant funds. Some funds are required to be established by State law, while other funds have been established to control and manage money for specific purposes.

Governmental Funds

The major governmental funds of Ripon Unified School District are the General Fund, Building Fund, and Capital Facilities Fund. Governmental fund reporting focuses on how money flows into and out of the funds and the balances that remain at the end of the year. A modified accrual basis of accounting measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and services. Governmental fund information helps to determine the level of financial resources available in the near future to finance the District's programs.

Fiduciary Funds

The District is the trustee, or fiduciary, for its student activity funds. All of the District's fiduciary activities are reported in separate Fiduciary Statements. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance their operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. Over the course of the year, the District revised its annual operating budget at various times to reflect the most recent financial information available. The most significant budget adjustments made during the year fall into the following categories:

- ⇒ Budget revisions to the adopted budget required after approval of the State budget.
- ⇒ Budget revisions to adjust program revenues and expenditures to final awards.
- ⇒ Budget revisions to reflect changes in staffing and hiring

RIPON UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

The District used the following assumptions in constructing the 2019/20 fiscal year budget. The information provided below is current as of July 1, 2019.

- Local Control Fund Formula (LCFF)
- The Local Control Funding Formula (LCFF) is the new finance system for K-12 education.
- The LCFF provides base, supplemental, and concentration grants in place of most previously existing funding sources, including revenue limits and most state categorical programs. As part of the LCFF, the district will be required to develop, adopt, and annually update three-year Local Control and Accountability Plan (LCAP) using a template adopted by the California State Board of Education.

In considering the District Budget for the 2018-19 year, the governing board and management used the following criteria:

Expenditures are based on the following forecasts:

	Staffing Ratio
Grades kindergarten through third	24:1
Grades four through eight	27.7:1
Grades nine through twelve	19.9:1

The District plan is to be fiscally prudent, working with stakeholders on the continued development of the LCAP plan, improving the achievement gap with our subgroups, maximizing the usage of one time funding for professional development and develop a spending plan on the Clean Energy Act. The District's goal is to continue balancing the annual budget without the dependence on ADA growth.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Chief Operating Officer at Ripon Unified School District, 304 North Acacia Avenue, Ripon, California 95366, or email at fjerome@sjcoe.net.

RIPON UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

TABLE 04-01

Financial Analysis of the School District as a Whole

Comparative Statement of Net Position			
	2019	2018	Increase/ (Decrease)
<u>Assets</u>			
Cash	\$ 23,328,384	\$ 31,750,120	\$ (8,421,736)
Receivables	7,239,624	1,410,591	5,829,033
Other Assets	7,056	7,056	-
Capital Assets, Net	55,632,960	48,967,480	6,665,480
Total Assets	<u>86,208,024</u>	<u>82,135,247</u>	<u>4,072,777</u>
<u>Deferred Outflows</u>	<u>18,584,734</u>	<u>10,879,486</u>	<u>7,705,248</u>
<u>Liabilities</u>			
Other Liabilities	3,498,407	6,458,008	(2,959,601)
Long-term Debt Outstanding	71,171,663	66,027,580	5,144,083
Total Liabilities	<u>74,670,070</u>	<u>72,485,588</u>	<u>2,184,482</u>
<u>Deferred Inflows</u>	<u>10,622,536</u>	<u>6,022,598</u>	<u>4,599,938</u>
<u>Net Position</u>			
Net Investment in Capital Assets			
- Net of Related Debt	21,453,641	19,851,448	1,602,193
Restricted	14,435,034	14,815,912	(380,878)
Unrestricted	(16,388,523)	(20,160,813)	3,772,290
Total Net Position	<u>\$ 19,500,152</u>	<u>\$ 14,506,547</u>	<u>\$ 4,993,605</u>

RIPON UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

TABLE 04-02

Comparative Statement of Activities

	<u>2019</u>	<u>2018</u>	<u>Increase/ (Decrease)</u>
Program Revenues:			
Charges for Services	\$ 1,846,473	\$ 2,178,324	\$ (331,851)
Operating Grants and Contributions	5,925,605	4,136,227	1,789,378
Capital Grants and Contributions	32,631	125,359	(92,728)
Total Program Revenues	<u>7,804,709</u>	<u>6,439,910</u>	<u>1,364,799</u>
General Revenues:			
Taxes Levied	8,871,421	8,057,258	814,163
Federal and State Aid	22,713,075	21,099,151	1,613,924
Interest and Investment Earnings	242,860	141,264	101,596
Miscellaneous	605,584	614,052	(8,468)
Special and extraordinary items	5,329,537	-	5,329,537
Total General Revenues	<u>37,762,477</u>	<u>29,911,725</u>	<u>7,850,752</u>
Program Expenses:			
Instruction	25,033,473	23,848,331	1,185,142
Instruction-Related Services	3,154,700	2,843,414	311,286
Pupil Services	3,826,965	3,401,694	425,271
General Administration	2,887,363	2,265,577	621,786
Community Services	472,462	629,182	(156,720)
Plant Services	3,455,958	2,783,405	672,553
Ancillary Services	285,012	307,540	(22,528)
Enterprise Activities	297,693	-	297,693
Interest on Long-Term Debt	758,660	1,062,411	(303,751)
Other Outgo	401,295	515,405	(114,110)
Total Expenses	<u>40,573,581</u>	<u>37,656,959</u>	<u>2,916,622</u>
Change in Net Position	<u>\$ 4,993,605</u>	<u>\$ (1,305,324)</u>	<u>\$ 6,298,929</u>

RIPON UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

TABLE 04-03

Summary of Expenses for Governmental Functions

	2019	Percentage of Total
<u>Expenses</u>		
Instruction	\$ 25,033,473	61.70%
Instruction-Related Services	3,154,700	7.78%
Pupil Services	3,826,965	9.43%
General Administration	2,887,363	7.12%
Community Services	472,462	1.16%
Plant Services	3,455,958	8.52%
Ancillary Services	285,012	0.70%
Interest on Long-Term Debt	758,660	1.87%
Other Outgo	401,295	0.99%
Total Expenses	<u>\$ 40,573,581</u>	<u>100.00%</u>

TABLE 04-04

Comparative Statement of Capital Assets

	2019	2018
Land	\$ 5,196,029	\$ 4,948,984
Construction in Progress	246,704	16,228,572
Land Improvements	8,515,338	6,304,237
Buildings and Improvements	69,221,801	47,561,466
Furniture and Equipment	<u>3,657,361</u>	<u>3,657,361</u>
Subtotals	86,837,233	78,700,620
Less: Accumulated Depreciation	<u>(31,211,827)</u>	<u>(29,733,140)</u>
Capital Assets, net	<u>\$ 55,625,406</u>	<u>\$ 48,967,480</u>

RIPON UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

TABLE 04-05

Financial Analysis of the School District as a Whole

Comparative Statement of Outstanding Long-Term Liabilities

	2019	2018
General Obligation Bonds	\$ 34,176,474	\$ 33,738,323
Supplemental Retirement Plan	263,817	395,725
Net Pension Liability	32,881,257	28,359,786
Net OPEB Liability	3,749,773	3,448,432
Compensated Absences	100,342	85,314
Totals	<u>\$ 71,171,663</u>	<u>\$ 66,027,580</u>

TABLE 04-06

Summary of Revenues for Governmental Functions

	2019	Percentage of Total
Program Revenues:		
Charges for Services	\$ 1,846,473	4.05%
Operating Grants and Contributions	5,925,605	13.00%
Capital Grants and Contributions	32,631	0.07%
General Revenues:		
Taxes Levied	8,871,421	19.47%
Federal and State Aid	22,713,075	49.85%
Interest and Investment Earnings	242,860	0.53%
Miscellaneous	605,584	1.33%
Special and extraordinary items	<u>5,329,537</u>	<u>11.70%</u>
Total Revenues	<u>\$ 45,567,186</u>	<u>100.00%</u>

RIPON UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

TABLE 04-07

Financial Analysis of the School District as a Whole

Comparative Statement of Fund Balances

	<u>Fund Balance</u> <u>June 30, 2019</u>	<u>Fund Balance</u> <u>June 30, 2018</u>	<u>Increase/</u> <u>(Decrease)</u>
<u>Governmental Funds</u>			
General	\$ 13,176,617	\$ 11,341,122	\$ 1,835,495
Building	644,771	3,635,420	(2,990,649)
Bond Interest and Redemption	1,565,825	1,901,011	(335,186)
Cafeteria	207,671	273,378	(65,707)
Deferred Maintenance	3,143,874	2,478,634	665,240
Capital Facilities	7,294,980	6,085,729	1,209,251
Special Reserve for Capital Outlay Projects	9,984	9,843	141
County School Facilities	30,418	29,985	433
Total	<u>\$ 26,074,140</u>	<u>\$ 25,755,122</u>	<u>\$ 319,018</u>
<u>Proprietary Funds</u>			
Farm Fund	\$ 1,427,850	\$ 1,264,018	\$ 163,832
Insurance Fund	89,514	108,936	(19,422)
Total	<u>\$ 1,517,364</u>	<u>\$ 1,372,954</u>	<u>\$ 144,410</u>

BASIC FINANCIAL STATEMENTS

RIPON UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash (note 2)	\$ 21,805,493	1,522,891	\$ 23,328,384
Receivables	7,239,624	-	7,239,624
Other assets	7,056	-	7,056
Capital Assets - net of accumulated depreciation (note 5)	55,625,406	7,554	55,632,960
Total Assets	84,677,579	1,530,445	86,208,024
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows on OPEB (note 8)	97,432	-	97,432
Deferred outflows on pensions (note 7)	18,487,302	-	18,487,302
Total Deferred Outflows	18,584,734	-	18,584,734
LIABILITIES			
Accounts payable and other current liabilities	3,434,643	13,081	3,447,724
Unearned revenue	50,683	-	50,683
Long-term liabilities (note 6)			-
Due within one year	1,141,908	-	1,141,908
Due after one year	70,029,755	-	70,029,755
Total Liabilities	74,656,989	13,081	74,670,070
DEFERRED INFLOWS OF RESOURCES			
Deferred bond premium (note 6)	546,467	-	546,467
Deferred inflows on pensions (note 7)	10,076,069	-	10,076,069
Total Deferred Inflows	10,622,536	-	10,622,536
NET POSITION			
Net investment in capital assets	21,453,641	-	21,453,641
Restricted	12,917,670	1,517,364	14,435,034
Unrestricted	(16,388,523)	-	(16,388,523)
Total Net position	\$ 17,982,788	\$ 1,517,364	\$ 19,500,152

RIPON UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Functions	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
Instruction	\$ 25,033,473	\$ 124,190	\$ 3,656,960	\$ 32,631	\$ (21,219,692)	\$ -	\$ (21,219,692)
Instruction - related services:							-
Supervision of instruction	220,252	-	41,218	-	(179,034)	-	(179,034)
Instructional library and technology	407,585	16,407	18,467	-	(372,711)	-	(372,711)
School site administration	2,526,863	-	204,770	-	(2,322,093)	-	(2,322,093)
Pupil Services:							-
Home-to-school transportation	584,428	2	19,380	-	(565,046)	-	(565,046)
Food services	1,082,480	405,880	548,234	-	(128,366)	-	(128,366)
All other pupil services	2,160,057	33	460,244	-	(1,699,780)	-	(1,699,780)
General administration:							-
All other general administration	2,887,363	-	103,717	-	(2,783,646)	-	(2,783,646)
Plant services	3,455,958	4,958	69,739	-	(3,381,261)	-	(3,381,261)
Ancillary services	285,012	1,510	9,371	-	(274,131)	-	(274,131)
Community services	472,462	174,673	58,886	-	(238,903)	-	(238,903)
Interest on long-term debt	758,660	-	-	-	(758,660)	-	(758,660)
Other outgo	401,295	1,118,820	292,516	-	1,010,041		1,010,041
Business-type Activities							
Enterprise activities	297,693	-	442,103	-	-	144,410	144,410
Total	\$ 40,573,581	\$ 1,846,473	\$ 5,925,605	\$ 32,631	(32,913,282)	144,410	(32,768,872)
General Revenues							
Taxes and subventions:							
Taxes levied for general purposes					6,847,030	-	6,847,030
Taxes levied for debt service					1,644,677	-	1,644,677
Taxes levied for other specific purposes					379,714	-	379,714
Federal and state aid not restricted to specific purposes					22,713,075	-	22,713,075
Interest and investment earnings					242,860	-	242,860
Miscellaneous					605,584	-	605,584
Special and extraordinary items					5,329,537	-	5,329,537
Total general revenues					37,762,477	-	37,762,477
Change in net position					4,849,195	144,410	4,993,605
Net position - beginning, July 1, 2018					13,133,593	1,372,954	14,506,547
Net position - ending, June 30, 2019					\$ 17,982,788	\$ 1,517,364	\$ 19,500,152

See accompanying notes to the basic financial statements.

RIPON UNIFIED SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2019

	General Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	All Non-Major Funds	Total
ASSETS						
Cash and cash equivalents	\$ 14,756,575	\$ 4,709	\$ 2,120,491	\$ 30,617	\$ 4,893,101	\$ 21,805,493
Accounts receivable	600,597	-	-	6,566,667	72,360	7,239,624
Stores	-	-	-	-	7,056	7,056
Due from other funds	53,699	6,566,866	5,174,489	-	21,477	11,816,531
Total assets	<u>\$ 15,410,871</u>	<u>\$ 6,571,575</u>	<u>\$ 7,294,980</u>	<u>\$ 6,597,284</u>	<u>\$ 4,993,994</u>	<u>\$ 40,868,704</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 1,994,218	\$ 907,725	\$ -	\$ -	\$ 25,407	\$ 2,927,350
Due to other funds	189,353	5,019,079	-	6,566,866	41,233	11,816,531
Unearned revenue	50,683	-	-	-	-	50,683
Total liabilities	<u>2,234,254</u>	<u>5,926,804</u>	<u>-</u>	<u>6,566,866</u>	<u>66,640</u>	<u>14,794,564</u>
Fund balances						
Nonspendable	5,000	-	-	-	7,701	12,701
Restricted	3,171,722	644,771	7,294,980	30,418	1,775,779	12,917,670
Assigned	7,988,542	-	-	-	3,143,874	11,132,416
Unassigned	2,011,353	-	-	-	-	2,011,353
Total fund balances	<u>13,176,617</u>	<u>644,771</u>	<u>7,294,980</u>	<u>30,418</u>	<u>4,927,354</u>	<u>26,074,140</u>
Total liabilities and fund balances	<u>\$ 15,410,871</u>	<u>\$ 6,571,575</u>	<u>\$ 7,294,980</u>	<u>\$ 6,597,284</u>	<u>\$ 4,993,994</u>	<u>\$ 40,868,704</u>

See accompanying notes to the basic financial statements.

RIPON UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Total fund balances - governmental funds		\$ 26,074,140
Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:		
Capital assets: 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 at historical cost:	\$ 86,837,233	
Accumulated depreciation:	<u>(31,211,827)</u>	
Net:		55,625,406
Unamortized premiums: In governmental funds, bond premiums are recognized as revenues in the period they are received while bond discounts are recognized as expenditures in the period they are incurred. In the government-wide statements, premiums and discounts are amortized over the life of the debt. Unamortized premiums and discounts at year-end consist of:		
Unamortized portion of bond premiums		(546,467)
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unamatured interest owing at the end of the period was:		
		(507,293)
Long-term liabilities: 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:		
General obligation bonds payable	\$ 34,176,474	
Supplemental Retirement Plan	263,817	
Net Pension Liability	32,881,257	
Net OPEB Liability	3,749,773	
Compensated absences payable	<u>100,342</u>	
		(71,171,663)
Deferred outflows and inflows of resources relating to other postemployment benefits (OPEB): In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported.		
Deferred outflows of resources relating to OPEB		97,432
Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pension are reported.		
Deferred outflows of resources relating to pensions		18,487,302
Deferred inflows of resources relating to pensions		<u>(10,076,069)</u>
Total net position, governmental activities		<u>\$ 17,982,788</u>

RIPON UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

JUNE 30, 2019

	General Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	All Non-Major Funds	Total
REVENUES						
LCFF sources	\$ 27,665,895	\$ -	\$ -	\$ -	\$ 750,000	\$ 28,415,895
Federal revenue	977,428	-	-	-	488,696	1,466,124
Other state revenues	4,264,218	-	-	6,566,866	61,872	10,892,956
Other local revenues	2,262,608	32,199	1,211,162	433	2,081,041	5,587,443
Total revenues	<u>35,170,149</u>	<u>32,199</u>	<u>1,211,162</u>	<u>6,567,299</u>	<u>3,381,609</u>	<u>46,362,418</u>
EXPENDITURES						
Certificated salaries	14,261,753	-	-	-	-	14,261,753
Classified salaries	4,593,048	-	-	-	458,091	5,051,139
Employee benefits	8,615,506	-	-	-	161,071	8,776,577
Books and supplies	1,883,150	-	-	-	380,007	2,263,157
Services and other operating expenditures	3,303,733	53,010	1,911	-	69,369	3,428,023
Capital outlay	166,169	9,646,704	-	-	48,211	9,861,084
Other outgo	401,295	-	-	-	-	401,295
Debt service expenditures	-	-	-	-	2,000,372	2,000,372
Total expenditures	<u>33,224,654</u>	<u>9,699,714</u>	<u>1,911</u>	<u>-</u>	<u>3,117,121</u>	<u>46,043,400</u>
Excess of revenues over expenditures	<u>1,945,495</u>	<u>(9,667,515)</u>	<u>1,209,251</u>	<u>6,567,299</u>	<u>264,488</u>	<u>319,018</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	6,676,866	-	-	-	6,676,866
Operating transfers out	(110,000)	-	-	(6,566,866)	-	(6,676,866)
Total other financing sources (uses)	<u>(110,000)</u>	<u>6,676,866</u>	<u>-</u>	<u>(6,566,866)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,835,495	(2,990,649)	1,209,251	433	264,488	319,018
Beginning Balance, July 1, 2018	<u>11,341,122</u>	<u>3,635,420</u>	<u>6,085,729</u>	<u>29,985</u>	<u>4,662,866</u>	<u>25,755,122</u>
Fund balances, June 30, 2019	<u>\$ 13,176,617</u>	<u>\$ 644,771</u>	<u>\$ 7,294,980</u>	<u>\$ 30,418</u>	<u>\$ 4,927,354</u>	<u>\$ 26,074,140</u>

See accompanying notes to the basic financial statements.

RIPON UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

JUNE 30, 2019

Total net change in fund balances - governmental funds	\$	319,018
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Amounts reported for revenues and expenses for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay:	\$	9,751,828	
Depreciation expense:		<u>(2,960,683)</u>	6,791,145

Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

1,010,000

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was:

(299,798)

Accreted interest on capital appreciation bonds is not recognized as an expenditure in the governmental fund financial statements until paid. In the statement of activities, however, accreted interest is recognized as an expense as the capital appreciation bonds accrete in value. The amount of accreted interest recognized in the current year was:

(1,237,329)

Gain or loss from disposal of capital assets: In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain is:

(133,219)

Other postemployment benefits (OPEB): In government funds, OPEB expenses are recognized when employer OPEB contributions are made in the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was:

(266,207)

Pensions: In government funds, pension costs are recognized when employer contributions are made in the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:

(1,475,765)

Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Amortization of premium or discount, or deferred gain or loss from debt refunding, for the period is:

24,470

Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measure by the amounts earned. The difference between compensated absences paid and compensated absences earned was:

(15,028)

Supplementary Retirement Plan: In governmental funds, employer costs are recognized when employer payments are made. In the statement of activities, employer costs are recognized on the accrual basis. The difference between employer costs and actual employer payments was:

131,908

Total change in net position - governmental activities	\$	<u>4,849,195</u>
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RIPON UNIFIED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
TRUST AND AGENCY FUNDS
JUNE 30, 2019

	<u>Trust Fund</u>	<u>Agency Funds</u>	
	<u>Scholarship</u>	<u>Student Body</u>	<u>Total</u>
ASSETS			
Cash held in banks	\$ 126,492	\$ 819,353	\$ 945,845
Total assets	<u>\$ 126,492</u>	<u>\$ 819,353</u>	<u>\$ 945,845</u>
LIABILITIES			
Liabilities			
Due to Student Groups	\$ -	\$ 819,353	\$ 819,353
Total Liabilities	<u>-</u>	<u>819,353</u>	<u>819,353</u>
NET POSITION			
Held in Trust	<u>\$ 126,492</u>	<u>\$ -</u>	<u>\$ 126,492</u>

RIPON UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Private-Purpose Trust Fund</u>
	<u>Foundation</u>
REVENUES	
Donations	<u>\$ 125,242</u>
Total revenues	<u>125,242</u>
EXPENSES	
Scholarships Awarded	<u>-</u>
Total expenditures	<u>-</u>
Change in Net Position	125,242
Net Position, July 1, 2018	<u>1,250</u>
Net Position, June 30, 2019	<u><u>\$ 126,492</u></u>

RIPON UNIFIED SCHOOL DISTRICT
PROPRIETARY FUND – STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Farm Fund</u>	<u>Insurance Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,432,919	\$ 89,972	\$ 1,522,891
Capital assets, net	<u>7,554</u>	<u>-</u>	<u>7,554</u>
Total assets	<u><u>\$ 1,440,473</u></u>	<u><u>\$ 89,972</u></u>	<u><u>\$ 1,530,445</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	<u>\$ 12,623</u>	<u>\$ 458</u>	<u>\$ 13,081</u>
Total liabilities	<u>12,623</u>	<u>458</u>	<u>13,081</u>
Fund balances			
Restricted	<u>1,427,850</u>	<u>89,514</u>	<u>1,517,364</u>
Total fund balances	<u>1,427,850</u>	<u>89,514</u>	<u>1,517,364</u>
Total liabilities and fund balances	<u><u>\$ 1,440,473</u></u>	<u><u>\$ 89,972</u></u>	<u><u>\$ 1,530,445</u></u>

RIPON UNIFIED SCHOOL DISTRICT

**PROPRIETARY FUND – STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION**

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Farm Fund	Insurance Fund	Total
REVENUES			
Other state revenues	\$ 58	\$ -	\$ 58
Other local revenues	440,545	1,500	442,045
Total revenues	440,603	1,500	442,103
EXPENDITURES			
Certificated salaries	963	-	963
Employee benefits	336	-	336
Books and supplies	92,223	-	92,223
Services and other operating expenditures	183,249	20,922	204,171
Total expenditures	276,771	20,922	297,693
Excess of revenues over expenditures	163,832	(19,422)	144,410
Beginning Balance, July 1, 2018	1,264,018	108,936	1,372,954
Fund balances, June 30, 2019	\$ 1,427,850	\$ 89,514	\$ 1,517,364

RIPON UNIFIED SCHOOL DISTRICT
PROPRIETARY FUND - STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Farm Fund</u>	<u>Insurance Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from local revenues	\$ 440,603	\$ 1,500
Cash paid for services and other operating expenses	<u>(792,844)</u>	<u>(20,464)</u>
Net Cash Provided (Used) by Operating Activities	<u>(352,241)</u>	<u>(18,964)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of capital assets	<u>(7,554)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(359,795)	(18,964)
Cash and Cash Equivalents - Beginning	<u>1,792,714</u>	<u>108,936</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 1,432,919</u></u>	<u><u>\$ 89,972</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 163,832	\$ (19,422)
Increase/(Decrease) in:		
Accounts Payable	(516,073)	458
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ (352,241)</u></u>	<u><u>\$ (18,964)</u></u>

RIPON UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ACCOUNTING POLICIES

The District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's California School Accounting Manual. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

B. REPORTING ENTITY

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards and agencies that are not legally separate from the District. For Ripon Unified School District, this includes general operations, food service and student related activities of the District. The District has considered all potential component units in determining how to define the reporting entity, using criteria set forth in generally accepted accounting principles generally accepted in the United States of America. The District and the Mello-Roos Community Facilities District #1 (the Facilities District) have a financial and operational relationship, which meets the reporting entity definition criteria of the GASB Statement No. 14, The Financial Reporting Entity for inclusion of the Facilities District as a component unit of the District. Accordingly, the financial activities of the Agency are reported as a non-major debt service fund in the financial statements of the District.

Manifestation of Oversight

- A. The Facilities District's Board of Directors are the same as the District's Governing Board.

Accounting for Fiscal Matters

- A. The District is able to impose its will upon the Facilities District, based on the following:
 - All major financing arrangements, contracts, and other transactions of the Facilities District must have the consent of the District.
 - The District exercises significant influence over operations of the Facilities District as it is anticipated that the District will be the sole lessee of all facilities owned by the Facilities District.

RIPON UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. REPORTING ENTITY (CONTINUED)

B. The Facilities District provides specific financial benefits or imposes specific financial burdens on the District based upon the following:

- Any deficits incurred by the Facilities District will be reflected in the lease payments of the District.
- Any surpluses of the Facilities District will be reflected in the lease payments of the District.
- The District has assumed a "moral obligation", and potentially a legal obligation, of any debt incurred by the Facilities District.

Scope of Public Service and Financial Presentation

- A. The Facilities District was formed for the sole purpose of providing financing assistance to the District for construction and acquisition of major capital facilities.
- B. The Facilities District is a community facilities district pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended by Chapter 2.5 Part I, Division 2, Title 5 of the government code of the State of California on March 30, 1989.
- C. The Facilities District's financial activity is presented in the financial statements as the Mello-Roos Community Facilities District #1 Fund.

C. BASIS OF PRESENTATION

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities.

The government-wide statement of net position presents information on all of the District's assets and liabilities, with the difference between the two presented as net position. Net position is reported as one of three categories: invested in capital assets, net of related debt; restricted or unrestricted.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are, therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and

RIPON UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIS OF PRESENTATION (CONTINUED)

contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense function. Interest on long-term liabilities is considered an indirect expense and is reported separately in the Statement of Activities.

Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column. Fiduciary funds are reported by fund type.

Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met.

Governmental Fund Financial Statements

Governmental fund financial statements (i.e., balance sheet and statement of revenues, expenditures, and changes in fund balances) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis,

RIPON UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 60 days after year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used, or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

E. FUND ACCOUNTING

The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be 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. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District funds and account groups are as follows:

Governmental Funds

General Fund is the general operating fund of the District. It is used to account for all transactions except those required or permitted by law to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The District maintains one special revenue fund:

The *Cafeteria Fund* is used to account for revenues received and expenditures made to operate the District's cafeterias.

RIPON UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. FUND ACCOUNTING (CONTINUED)

The *Deferred Maintenance Fund* is used to account separately for revenues that are restricted or committed for deferred maintenance purposes

Capital Projects Funds are used to account for the acquisition and/or construction of all major governmental general fixed assets. The District maintains four capital projects funds:

The *Building Fund* is used primarily to account separately for proceeds from the sale of bonds (Education Code Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

The *Capital Facilities Fund* is used to account for community redevelopment agency revenues and capital outlay expenditures.

The *County School Facilities Fund* is used to account for new school facilities construction funded by state school facilities funding sources.

The *Special Reserve Fund for Capital Outlay Projects* is used to provide for the accumulation of general fund moneys for capital outlay purposes.

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs. The District maintains two debt service funds:

The *Bond Interest and Redemption Fund* is used to account for District taxes received and expended to pay bond interest and redeem bond principal.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The *Private Purpose Trust Funds* are used to account for assets held by the District as trustee. *Student Body Funds* are used to account for the raising and expending of money to promote the general welfare, morale and educational experience of the student body.

Proprietary Funds

Proprietary funds are used to account for activities that are more business-like than government-like in nature, which a fee is charged to external users or to other organizational units of the LEA, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting.

The Farm Fund is used to operate and maintain an agricultural education area for the students. The principal revenue sources in this fund are the revenues from the sale of agricultural produce.

The Self-Insurance Fund is used to pay for property and liability claims for the District.

RIPON UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. FUND ACCOUNTING (CONTINUED)

These funds' activities are reported in a separate statement of fiduciary net position. These funds are custodial in nature and do not involve measurement of results of operations. Accordingly, the District presents only a statement of fiduciary net position and does not present a statement of changes in fiduciary net position. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. Fiduciary funds are presented on an economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements.

F. BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's governing board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

These budgets are revised by the District's Board of Trustees and District Superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets are presented for the General Fund and Major Special Revenue Funds as required supplementary information in the financial statements.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

G. INVENTORY

Inventory in the Cafeteria fund consists mainly of consumable supplies held for future use and are valued at average cost. Inventories are recorded as expenditures at the time individual inventory items are transferred from the warehouse to schools. Maintenance and other supplies held for physical plant repair, transportation supplies, and operating supplies are not included in inventories; rather, these amounts are recorded as expenditures when purchased.

The cafeteria fund records supplies expense which includes a handling charge for the delivery of government surplus food commodities. The state does not require the Cafeteria Fund to record the fair market value of these commodities. The supplies expenditures would have been greater had the District paid fair market value for the government surplus commodities.

RIPON UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. CAPITAL ASSETS

Capital assets are those purchased or acquired with an original cost of \$5,000 or more and are reported at historical cost or estimated historical cost and capital improvement, acquisition or construction with an original cost of \$50,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expenses as incurred. Depreciation on all capital assets is computed using the straight-line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Sites and Improvements	10-36
Buildings and Improvements	7-40
Furniture and Equipment	5-15

I. COMPENSATED ABSENCES

All vacation pay plus related payroll taxes are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

J. ACCUMULATED SICK LEAVE

Sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expenditure in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

K. RESTRICTED NET POSITION

Restrictions of the ending net position indicate the portions of net position not appropriate for expenditure or amounts legally segregated for specific future use. These amounts are not available for appropriation and expenditure at the balance sheet date.

L. UNEARNED REVENUE

Cash received for federal and state special projects and programs is recognized as revenue to the extent that the qualified expenditures have been incurred. Unearned revenue is recorded to the extent cash received on specific projects and programs exceed qualified expenditures.

RIPON UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. PROPERTY TAX

The District's local control funding formula is received from a combination of local property taxes, state apportionments, and other local sources.

Secured property taxes are levied as an enforceable lien on property as of January 1. Taxes are payable in two installments, on December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County of San Joaquin bills and collects the taxes for the District.

Tax revenues are recognized by the District when received.

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local control funding formula (LCFF) sources by the District.

The California Department of Education reduces the District's entitlement by the District's local property tax revenue. The balance is paid from the State General Fund, and is known as the state apportionment.

N. FUND BALANCE RESERVES AND DESIGNATIONS

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", the District is required to report fund balances in the following categories: Nonspendable, Restricted, Committed, Assigned and/or Unassigned.

Nonspendable Fund Balance reflects assets not in spendable form, either because they will never convert to cash (e.g., prepaid expense) or must remain intact pursuant to legal or contractual requirements.

Restricted Fund Balance reflects amounts that can be spent only for the *specific purposes* stipulated by constitution, external resource providers, or through enabling legislation.

Committed Fund Balance reflects amounts that can be used only for the *specific purposes* determined by a formal action of the government's highest level of decision-making authority: the Board of Trustees. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Trustees.

Assigned Fund Balance reflects amounts intended to be used by the government for *specific purposes* but do not meet the criteria to be classified as restricted or committed. Under the District's adopted policy, only the Board of Trustees is authorized to assign amounts for specific purposes.

Unassigned Fund Balance represents the residual classification for the government's General Fund and includes all spendable amounts not contained in the other classifications.

RIPON UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. FUND BALANCE RESERVES AND DESIGNATIONS (CONTINUED)

When expenditures are incurred for purposes of which restricted, committed, assigned and unassigned fund balances are available, the District considers restricted funds to have been spent first, followed by committed, assigned and unassigned, respectively.

O. ENCUMBRANCES

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated at June 30.

P. 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Q. ELIMINATIONS AND RECLASSIFICATIONS

In the process of aggregating data for the government-wide statements, some amounts reported as interfund activity and balances in the fund financial statements were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activities column.

R. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

In addition to assets, the statement of net position includes 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 as such will not be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the statement of net 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 as such, will not be recognized as an inflow of resources (revenue) until that time.

RIPON UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. PENSIONS

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Ripon Unified School District's California Public Employees' Retirement System (CalPERS) and California State Teachers Retirement System (CalSTRS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS and CalSTRS, respectively. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

T. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

For purposes of measuring the District's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB Plan (OPEB Plan) and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

RIPON UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

2. CASH AND INVESTMENTS

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

	Governmental Funds	Proprietary Funds	Governmental Activities Total	Fiduciary Activities	Total
Cash in County Treasury	\$ 21,608,424	\$ 1,522,891	\$ 23,131,315	\$ 945,845	\$ 24,077,160
Cash in revolving fund	5,645	-	5,645	-	5,645
Cash with fiscal agent	191,424	-	191,424	-	191,424
	<u>\$ 21,805,493</u>	<u>\$ 1,522,891</u>	<u>\$ 23,328,384</u>	<u>\$ 945,845</u>	<u>\$ 24,274,229</u>

A. CASH IN COUNTY TREASURY

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statement at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Cash in County Treasury consists of District cash held by the San Joaquin County Treasury that is invested in the county investment pool. The Treasury permits negative cash balances so long as the District's total cash in county treasury has a positive balance.

The fair value of the District's investment in the pool is reported in the financial statements at amounts that are based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The weighted average maturity of the pool is 779 days. The pool is rated AAA by Standard and Poor's.

B. CASH IN REVOLVING FUNDS AND IN BANKS

Cash balances held in banks and revolving funds are insured up to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institution is fully insured or collateralized.

Interest Rate Risk. The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2019, the District had no significant interest rate risk related to cash and investments held.

RIPON UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

2. ACCOUNTS RECEIVABLE

Accounts receivable balances at June 30, 2019 consisted of:

	General Fund	County School Facilities Fund	All Non-Major Funds	Total
Federal government:				
Federal programs	\$ 520,746	\$ -	\$ 72,360	\$ 593,106
State government:				
Lottery	16,763	-	-	16,763
Other - State	33,353	6,566,667	-	6,600,020
Total state government	50,116	6,566,667	-	6,616,783
Local government:				
Other	29,735	-	-	29,735
Total local government	29,735	-	-	29,735
Totals	\$ 600,597	\$ 6,566,667	\$ 72,360	\$ 7,239,624

3. INTERFUND TRANSACTIONS

Transactions between funds of the District are recorded as interfund transfers. The unpaid balances at year-end, as a result of such transactions, are shown as due to and due from other funds.

Interfund Receivables/Payables

Individual fund interfund receivable and payable balances at June 30, 2019 were as follows:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 110,000
Building Fund	6,676,866	-
School Facilities Fund	-	6,566,866
	\$ 6,676,866	\$ 6,676,866

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended. There were no interfund transfers for the year ended June 30, 2019.

RIPON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

4. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2019, was as follows:

	Balance June 30, 2018	Additions and Transfers	Deductions and Transfers	Balance June 30, 2019
Non-depreciable assets:				
Land	\$ 4,948,984	\$ 247,045	\$ -	\$ 5,196,029
Construction in Progress	16,228,572	(15,981,868)	-	246,704
	<u>21,177,556</u>	<u>(15,734,823)</u>	<u>-</u>	<u>5,442,733</u>
Depreciable assets:				
Land Improvements	6,304,237	2,211,101	-	8,515,338
Buildings and Improvements	47,561,466	23,275,550	(1,615,215)	69,221,801
Furniture and Equipment	3,657,361	-	-	3,657,361
	<u>57,523,064</u>	<u>25,486,651</u>	<u>(1,615,215)</u>	<u>81,394,500</u>
Totals, at cost	<u>78,700,620</u>	<u>9,751,828</u>	<u>(1,615,215)</u>	<u>86,837,233</u>
Accumulated depreciation:				
Land Improvements	(2,948,890)	(358,566)	-	(3,307,456)
Buildings and Improvements	(23,688,287)	(2,487,850)	1,481,996	(24,694,141)
Furniture and Equipment	(3,095,963)	(114,267)	-	(3,210,230)
	<u>(29,733,140)</u>	<u>(2,960,683)</u>	<u>1,481,996</u>	<u>(31,211,827)</u>
Depreciable assets, net	<u>27,789,924</u>	<u>22,525,968</u>	<u>(133,219)</u>	<u>50,182,673</u>
Capital assets, net	<u>\$ 48,967,480</u>	<u>\$ 6,791,145</u>	<u>\$ (133,219)</u>	<u>\$ 55,625,406</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 2,274,483
School Site Administration	12,497
Home-to-School Transportation	124,971
Food Services	17,497
All other administration	14,997
Plant Services	516,238
Total depreciation expense	<u>\$ 2,960,683</u>

RIPON UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

5. LONG-TERM LIABILITIES

A. GENERAL OBLIGATION BONDS

The District's outstanding general obligation bonded debt as of June 30, 2019 is as follows:

Description	Date Of Issue	Interest Rates	Maturity Date	Amount of Original Issue	Outstanding July 1, 2018	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2019
2012 GO Refunding	2012	2.65%	2028	\$ 5,145,000	\$ 3,460,000	\$ -	\$ 330,000	\$ 3,130,000
2012 Series 2013A	2013	4.50% - 5.00%	2043	15,312,384	4,008,323	210,822	670,000	3,549,145
2012 Series 2015B	2015	4.50% - 5.00%	2043	9,920,000	9,850,000	-	10,000	9,840,000
2017 GO Refunding	2017	3.00% - 4.00%	2042	16,420,000	16,420,000	-	-	16,420,000
Totals				<u>\$ 46,797,384</u>	<u>\$ 33,738,323</u>	<u>\$ 210,822</u>	<u>\$ 1,010,000</u>	<u>\$ 32,939,145</u>

On May 23, the 2012 General Obligation Refunding Bonds were issued in the amount of \$5,145,000. The bonds were issued to refinance prior issuance June 2012 Series B bonds. The bonds were issued with an interest rate of 2.65 percent and mature in 2028.

On March 19, the Series 2013A General Obligation Bonds were issued by the District in the amount of \$15,312,384. The bonds were issued to finance new construction and additions and modernization of school facilities. The bonds were issued with interest rates varying from 4.50 percent to 5.00 percent and a scheduled maturity date of 2043.

On June 15, the Series 2015B General Obligation Bonds were issued by the District in the amount of \$9,920,000. The bonds were issued to finance renovation, construction and improvement of school facilities. The bonds were issued with interest rates varying from 4.50 percent to 5.00 percent and a scheduled maturity date of 2043.

On September 14, 2017, the 2017 General Obligation Refunding Bonds were issued by the District in the amount of \$16,420,000. The bonds were issued to refinance the prior issuance Series 2013A and 2015B bonds. Then bonds were issued with interest rates ranging from 3.00 percent to 4.00 percent.

RIPON UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

6. LONG-TERM LIABILITIES (CONTINUED)

A. GENERAL OBLIGATION BONDS (CONTINUED)

The annual requirements to amortize the refunding bonds as of June 30, 2019 are as follows:

Year Ended June 30	Principal	Interest	Total
2020	\$ 360,000	\$ 1,217,503	\$ 1,577,503
2021	406,294	1,216,730	1,623,024
2022	469,531	1,218,584	1,688,115
2023	524,321	1,223,153	1,747,474
2024	573,210	1,237,377	1,810,587
2025-2029	3,738,485	5,770,282	9,508,767
2030-2034	6,112,360	5,300,906	11,413,266
2035-2039	9,268,631	4,240,062	13,508,693
2040-2044	11,486,313	1,791,781	13,278,094
Totals	<u>\$ 32,939,145</u>	<u>\$ 23,216,378</u>	<u>\$ 56,155,523</u>

B. SUPPLEMENTAL RETIREMENT PLAN

The Supplemental Retirement Plan (SRP) offered by the Public Agency Retirement Services (PARS) is a retirement incentive plan that offers a constructive and humane tool to reduce labor costs, restructure workforce, avoid layoffs, and retain skilled, newer employees.

C. SCHEDULE OF CHANGES IN LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the fiscal year ended June 30, 2019, is shown below:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019	Balance Due In One Year
General Obligation Bonds	\$ 33,738,323	\$ 210,822	\$ 1,010,000	\$ 32,939,145	\$ 360,000
Accreted interest	-	1,237,329	-	1,237,329	-
Supplemental Retirement Plan	395,725	-	131,908	263,817	131,908
Net pension liability (note 7)	28,359,786	4,521,471	-	32,881,257	-
Net OPEB liability (note 8)	3,448,432	301,341	-	3,749,773	-
Compensated Absences	85,314	15,028	-	100,342	-
Totals	<u>\$ 66,027,580</u>	<u>\$ 6,285,991</u>	<u>\$ 1,141,908</u>	<u>\$ 71,171,663</u>	<u>\$ 491,908</u>

RIPON UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

7. EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System (STRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS).

Plan Description

California Public Employees' Retirement System (CalPERS)

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Headquarters, 400 Q Street, Sacramento, California 95811.

State Teachers' Retirement System (STRS)

The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing, multiple-employer, public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from the STRS Headquarters, 100 Waterfront Place, West Sacramento, California 95605.

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

	CalPERS		CalSTRS	
	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Hire date				
Benefit formula	2% @ 55	2% @ 62	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	55	62	60	62
Monthly benefits, as a % of eligible compensation	2.0%	2.0%	2.0%	2.0%
Required employee contribution rates	7%	7%	10.25%	10.205%
Required employer contribution rates	18.062%	18.062%	16.28%	16.28%

RIPON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

7. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Contributions

CalPERS

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

STRS

Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

For the year ended June 30, 2019 the contributions reported as deferred outflows of resources related to pensions recognized as part of pension expense for the Plan were:

	<u>CalPERS</u>	<u>STRS</u>	<u>Total</u>
Contributions - employer	\$ 821,290	\$ 2,275,227	\$ 3,096,517
On behalf contributions - state	272,646	2,267,254	2,539,900
Total	<u>\$ 1,093,936</u>	<u>\$ 4,542,481</u>	<u>\$ 5,636,417</u>

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2019, the District's reported net pension liabilities for its proportionate share of the net pension liability of the Plans' of:

	<u>Proportionate Share of Net Pension Liability</u>
CalPERS	\$ 8,043,024
STRS	24,838,234
Total Net Pension Liability	<u>\$ 32,881,258</u>

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

RIPON UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

7. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

The District's proportionate share of the net pension liability for the Plan as of June 30, 2017 and 2018 was as follows:

	<u>CalPERS</u>	<u>STRS</u>
Proportion - June 30, 2017	0.02936%	0.02309%
Proportion - June 30, 2018	0.03017%	0.02703%
Change - Increase (Decrease)	<u>0.00080%</u>	<u>0.00394%</u>

For the year ended June 30, 2019, the District recognized pension expense of \$1,475,765. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>CalPERS</u>		<u>STRS</u>		<u>Total</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 1,093,936	\$ -	\$ 4,542,481	\$ -	\$ 5,636,417	\$ -
Difference between proportionate share of aggregate employer contributions and actual contributions for 2017-18	-	222,430	-	767,694	-	990,124
Changes of Assumptions	1,114,253	82,403	6,132,662	-	7,246,915	82,403
Differences between Expected and Actual Experience	579,911	-	122,415	986,496	702,326	986,496
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	64,303	168,625	1,781,939	5,006,416	1,846,242	5,175,041
Net differences between projected and actual investment earnings on pension plan investments	537,171	-	-	694,160	537,171	694,160
Total	<u>\$ 3,389,574</u>	<u>\$ 473,458</u>	<u>\$ 12,579,497</u>	<u>\$ 7,454,766</u>	<u>\$ 15,969,071</u>	<u>\$ 7,928,224</u>

The amounts reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows/(inflows) of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	<u>CalPERS</u>	<u>STRS</u>	<u>Total Deferred Outflows/ (Inflows) of Resources</u>
2020	\$ 720,757	\$ (422,527)	\$ 298,230
2021	788,928	(159,767)	629,161
2022	299,301	3,439	302,740
2023	13,194	302,336	315,530
2024	-	839,255	839,255
Thereafter	-	19,514	19,514
Total	<u>\$ 1,822,180</u>	<u>\$ 582,250</u>	<u>\$ 2,404,430</u>

RIPON UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

7. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Actuarial Assumptions

The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

	<u>CalPERS</u>	<u>STRS</u>
Valuation Date	June 30, 2017	June 30, 2017
Measurement Date	June 30, 2018	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost	Entry-Age Normal Cost
Actuarial Assumptions		
Discount Rate	7.15%	7.10%
Inflation	2.50%	2.75%
Payroll Growth Rate	2.75%	3.50%
Projected Salary Increase	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return ⁽¹⁾	7.15%	7.10%
Mortality	Derived using CalPERS' Membership Data for all Funds	Derived using STRS' Membership Data for all Funds

⁽¹⁾ Net of pension plan investment expenses, including inflation

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

CalSTRS changed the mortality assumptions based on the July 1, 2010, through June 30, 2015, experience study adopted by the board in February 2017. CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

RIPON UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

7. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Discount Rate

CalPERS

The discount rate used to measure the total pension liability for the Plan was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	CalPERS		
	Assumed		
	Asset Allocation	Real Return Years 1 - 10 ^(a)	Real Return Years 11+ ^(b)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	77.00%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
	100.0%		

^(a) An expected inflation of 2.00% used for this period

^(b) An expected inflation of 2.92% used for this period

RIPON UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

7. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Discount Rate

STRS

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10%) and assuming that contributions, benefit payments and administrative expenses occur midyear. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as inputs to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, the consulting actuary (Milliman) reviews the return assumptions for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class are summarized in the following table.

Asset Class	STRS	
	Assumed Asset Allocation	Long-Term Expected Real Rate of Return ^(a)
Global Equity	47.0%	6.30%
Fixed Income	12.0%	0.30%
Real Estate	13.0%	5.20%
Private Equity	13.0%	9.30%
Risk Mitigating Strategies	9.0%	2.90%
Inflation Sensitive	4.0%	3.80%
Cash/Liquidity	2.0%	-1.00%
Total	100%	

^(a) 20-year average

RIPON UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

7. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	CalPERS		
	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability/(Asset)	\$ 11,399,191	\$ 8,043,024	\$ 4,867,696

	STRS		
	Discount Rate - 1% (6.10%)	Current Discount Rate (7.10%)	Discount Rate + 1% (8.10%)
Plan's Net Pension Liability	\$ 31,081,210	\$ 24,838,234	\$ 13,039,596

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS and STRS financial reports.

Payable to the Pension Plan

As of June 30, 2019, the District had no outstanding required contributions to the pension plans.

RIPON UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

8. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan description. The plan provides med dental and vision coverage for all employees who have completed 12 or more years with the District. Coverage under the healthplan ends when the retiree reaches the age of 65.

Benefits provided. The postretirement health plans and the District's obligation vary by employee group as described below.

	Classified	Certificated	Certificated	Certificated
Benefit types provided	Medical only	Medical only	Medical only	Medical only
Duration of Benefits	Until Medicare Eligible	Until Medicare Eligible	Until Medicare Eligible	Two years per one year in management
Required Service	10 Years	12 Years	12 Years	12 Years
Minimum Age	55	55	55	55
Dependent Coverage	Yes	Yes*	Yes*	Yes
District Contribution %	100%	100% from 55 to 60 50% from 61	100% from 55 to 60 50% from 61	50%
District Cap	Active Cap	Active Cap	Active Cap	Active Cap

*Only prior to age 61

Contributions: The contribution requirements of Plan member and the District are established and may be amended by the District and the Ripon Teachers Association (RTA). The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2018-19, the District did not make any contributions to the Plan.

Employees covered by benefit terms. At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	24
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	228
	<u>252</u>

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability was used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

RIPON UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

8. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Actuarial Assumptions: The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Funding method	Entry Age Normal Cost, level percent of pay
Asset valuation method	Market value of assets (\$0, plan is not yet funded)
Discount rates	2.98% as of June 30, 2018 2.79% as of June 30, 2019
Participants valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Salary increase	3.25% per year, since benefits do not depend on salary, this is used only to allocate the cost of benefits between service years
Assumed wage inflation	3.0% per year; a component of assumed salary increases
General inflation rate	2.75% per year
Mortality Improvement	MacLeod Watts Scale 2017 applied generationally, from 2008 for CalPERS members and from 2016 for CalSTRS members

The discount rate of 2.79% is based on the applicable municipal bond index. We assumed that contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years. The mortality assumptions are based on the Scale MP-2016.

RIPON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

8. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2018	\$ 3,448,432	\$ -	\$ 3,448,432
Changes for the year:			
Service cost	176,513	-	176,513
Interest	103,667	-	103,667
Differences between expected and actual experience	-	-	-
Changes of Benefit Terms	126,482	-	126,482
Contributions - employer	-	149,381	(149,381)
Changes of assumptions	44,060	-	44,060
Net investment income	-	-	-
Benefit payments	(149,381)	(149,381)	-
Administrative expense	-	-	-
Net changes	301,341	-	301,341
Balances at June 30, 2019	\$ 3,749,773	\$ -	\$ 3,749,773

Sensitivity of the net OPEB liability to changes in the discount rate: The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.79 percent) or 1-percentage point higher (3.79 percent) than the current healthcare cost trend rates:

	1% Decrease (1.79%)	Discount Rate (2.79%)	1% Increase (3.79%)
Net OPEB liability (asset)	\$ 4,115,856	\$ 3,749,773	\$ 3,429,315

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates: The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage point higher than the current healthcare cost trend rates:

	-1% Decrease	Healthcare Cost Trend Rates	+1% Increase
Net OPEB liability (asset)	\$ 3,203,681	\$ 3,749,773	\$ 4,470,526

RIPON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

8. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the District recognized OPEB expense of \$266,207. Certain types of TOL changes are subject to deferral, as are investment gains/losses. To qualify for deferral, gains and losses must be based on GASB 74/75 compliance valuations. Since this is the District's first valuation, it is not possible to calculation compliance gains and losses. At June 30, 2019, the District had the following deferred outflows and inflows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	97,432	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
Deferred contributions	-	-
Total	<u>\$ 97,432</u>	<u>\$ -</u>

At June 30, 2019, the District had no outstanding amount of contributions to the OPEB plan required.

RIPON UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

9. FUND BALANCES

The District reports fund balances in accordance with Governmental Accounting Standards Board Statement No. 54. All fund balance categories are reported in the aggregate on the face of the balance sheet. All components of those fund balances and specific purposes are identified as follows:

	General Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Non-Major Funds	Total
Nonspendable:						
Revolving Cash	\$ 5,000	\$ -	\$ -	\$ -	\$ 645	\$ 5,645
Inventory	-	-	-	-	7,056	7,056
Total Nonspendable	5,000	-	-	-	7,701	12,701
Restricted:						
Medi-Cal Billing Option	126,280	-	-	-	-	126,280
Other Restricted Federal	91,058	-	-	-	-	91,058
California Clean Energy Jobs Act	84,382	-	-	-	-	84,382
Lottery: Instructional Materials	487,617	-	-	-	-	487,617
Classified School Employee Professional Development Block Grant	19,117	-	-	-	-	19,117
Low-Performing Students Block Grant	105,718	-	-	-	-	105,718
Special Education	540,134	-	-	-	-	540,134
Educator Effectiveness	875	-	-	-	-	875
College Readiness Block Grant	5,945	-	-	-	-	5,945
Ongoing & Major Maintenance Account	761,394	-	-	-	-	761,394
Other Restricted Local	949,202	-	7,294,980	-	9,984	8,254,166
Reserve for Bond Projects	-	644,771	-	-	-	644,771
Child Nutrition: School Programs	-	-	-	-	199,970	199,970
State School Facilities Projects	-	-	-	30,418	-	30,418
Debt Service	-	-	-	-	1,565,825	1,565,825
Total Restricted	3,171,722	644,771	7,294,980	30,418	1,775,779	12,917,670
Assigned:					-	
Deferred Maintenance	-	-	-	-	3,143,874	3,143,874
Other Assignments	7,988,542	-	-	-	-	7,988,542
Total Assigned	7,988,542	-	-	-	3,143,874	11,132,416
Unassigned:						
Unappropriated	2,011,353	-	-	-	-	2,011,353
Total Unassigned	2,011,353	-	-	-	-	2,011,353
Total Fund Balances	\$ 13,176,617	\$ 644,771	\$ 7,294,980	\$ 30,418	\$ 4,927,354	\$ 26,074,140

RIPON UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

10. JOINT POWERS AGREEMENTS

The District is a member with other school districts in Joint Powers Authorities (JPAs). San Joaquin County Schools Workers' Compensation Insurance Group (SJCSWCIG) and San Joaquin County Schools Property and Liability Group (SJCSPLIG) provide workers compensation coverage and property and liability coverage, respectively. San Joaquin County Schools Data Processing Center provides accounting, personnel and student attendance accounting, scheduling, and testing services to the District.

The following is a summary of latest financial information available for the JPAs:

	San Joaquin County Schools Workers' Compensation Insurance Group June 30, 2018*	San Joaquin County Schools Property and Liability Insurance Group June 30, 2018*
Total Assets	\$ 15,239,118	\$ 1,437,387
Total Liabilities	1,762,178	269,305
Net Position	\$ 13,476,940	\$ 1,168,082
Revenues	\$ 9,325,136	\$ 2,112,643
Expenditures	8,880,019	1,962,690
Change in Net Position	\$ 445,117	\$ 149,953

**Latest available audited reports*

Each member of the JPAs has an ongoing financial responsibility in the event of the JPA's total liabilities exceed its total assets.

The relationship between the District and the Joint Powers Authorities is such that they are not a component unit of the District for financial reporting purposes. Financial statements for the JPAs are available from the individual JPAs.

RIPON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

11. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The District incurred unanticipated expenditures in excess of appropriations in expenditure classifications for which the budget was not revised.

Excess of expenditures over appropriations for the year ended June 30, 2019 were as follows:

	<u>Excess Expenditures</u>
General Fund	
Employee benefits	\$ 972,552

The excess is not in accordance with Education Code 42600. The excess General Fund employee benefit expenditures are due to unbudgeted CalPERS and CalSTRS on-Behalf contributions.

12. SUBSEQUENT EVENTS

The District's management evaluated its June 30, 2019 financial statements for subsequent events through December 9, 2019, the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

RIPON UNIFIED SCHOOL DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET (NON-GAAP) AND ACTUAL**

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
LCFF sources	\$ 27,783,275	\$ 28,681,580	\$ 27,665,895	\$ (1,015,685)
Federal revenue	1,074,738	1,105,795	977,428	(128,367)
Other state revenues	2,591,495	3,131,903	4,264,218	1,132,315
Other local revenues	2,283,230	1,744,930	2,262,608	517,678
Total revenues	33,732,738	34,664,208	35,170,149	505,941
EXPENDITURES				
Certificated salaries	14,068,625	14,410,634	14,261,753	148,881
Classified salaries	3,970,942	4,821,049	4,593,048	228,001
Employee benefits	5,579,368	7,642,954	8,615,506	(972,552)
Books and supplies	2,223,345	2,550,091	1,883,150	666,941
Services and other operating expenditures	4,518,786	4,382,386	3,303,733	1,078,653
Capital outlay	242,571	283,049	166,169	116,880
Other outgo	666,028	499,662	401,295	98,367
Total expenditures	31,269,665	34,589,825	33,224,654	1,365,171
Net change in fund balances	2,463,073	74,383	1,945,495	1,871,112
Fund balances, July 1, 2018	11,341,122	11,341,122	11,341,122	-
Fund balances, June 30, 2019	\$ 13,804,195	\$ 11,415,505	\$ 13,286,617	\$ 1,871,112

RIPON UNIFIED SCHOOL DISTRICT

**SCHEDULE OF THE DISTRICT'S NET OPEB LIABILITY
AND RELATED RATIOS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	2019*	2018*
Total OPEB liability		
Service cost	\$ 176,513	\$ 164,926
Interest	103,667	105,068
Changes of benefit terms	126,482	-
Differences between expected and actual experience	-	-
Changes of assumptions	44,060	67,706
Benefit payments, including refunds of member contributions	(149,381)	(162,282)
Net change in total OPEB liability	301,341	175,418
Total OPEB liability - beginning	3,448,432	3,273,014
Total OPEB liability - ending (a)	\$ 3,749,773	\$ 3,448,432
Plan fiduciary net position		
Contributions - employer	\$ 149,381	\$ 162,282
Net investment income	-	-
Benefit payments, including refunds of member contributions	(149,381)	(162,282)
Administrative expense	-	-
Net change in plan fiduciary net position	-	-
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending (b)	\$ -	\$ -
District's net OPEB liability - ending (a) - (b)	\$ 3,749,773	\$ 3,448,432
 Plan fiduciary net position as a percentage of the total OPEB liability	 0.0%	 0.0%
Covered-employee payroll	\$ 15,703,784	\$ 15,018,311
District's net OPEB liability as a percentage of covered-employee payroll	23.9%	23.0%

* GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. Since this is the second year of implementation, only results for fiscal years 2018 and 2019 are shown in this table.

RIPON UNIFIED SCHOOL DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

CalPERS	June 30, 2014 ⁽¹⁾	June 30, 2015 ⁽¹⁾	June 30, 2016 ⁽¹⁾	June 30, 2017 ⁽¹⁾	June 30, 2018 ⁽¹⁾
Proportion of the net pension liability (asset)	0.02559%	0.02909%	0.03004%	0.02936%	0.03017%
Proportionate share of the net pension liability (asset)	\$ 2,904,778	\$ 4,287,377	\$ 5,933,195	\$ 7,009,967	\$ 8,043,024
Covered payroll ⁽²⁾	\$ 2,610,951	\$ 3,199,494	\$ 3,074,417	\$ 3,348,368	\$ 3,421,249
Proportionate Share of the net pension liability (asset) as percentage of covered payroll	111.25%	134.00%	192.99%	209.35%	235.09%
Plan fiduciary net position as a percentage of the total pension liability (asset)	83.38%	79.43%	73.90%	71.87%	70.85%
Proportionate share of aggregate employer contributions ⁽³⁾	\$ 307,335	\$ 379,044	\$ 426,975	\$ 520,035	\$ 617,946
STRS	June 30, 2014 ⁽¹⁾	June 30, 2015 ⁽¹⁾	June 30, 2016 ⁽¹⁾	June 30, 2017 ⁽¹⁾	June 30, 2018 ⁽¹⁾
Proportion of the net pension liability (asset)	0.02307%	0.02394%	0.02624%	0.02309%	0.02703%
Proportionate share of the net pension liability (asset)	\$ 13,478,792	\$ 16,117,044	\$ 21,223,587	\$ 21,349,820	\$ 24,838,234
Covered payroll ⁽²⁾	\$ 9,544,583	\$ 9,195,685	\$ 11,154,364	\$ 10,666,729	\$ 12,751,229
Proportionate Share of the net pension liability (asset) as percentage of covered payroll	141.22%	175.27%	190.27%	200.15%	194.79%
Plan fiduciary net position as a percentage of the total pension liability (asset)	76.52%	74.02%	70.04%	69.46%	70.99%
Proportionate share of aggregate employer contributions ⁽³⁾	\$ 847,559	\$ 986,697	\$ 1,403,219	\$ 1,539,209	\$ 2,075,900

⁽¹⁾ Historical information is required only for measurement periods for which GASB 68 is applicable.

⁽²⁾ Covered payroll is the payroll on which contributions to a pension plan are based.

⁽³⁾ The Plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The Plan's proportionate share of aggregate contributions is based on the Plan's proportion of fiduciary net position as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

RIPON UNIFIED SCHOOL DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

CalPERS	Fiscal Year 2014-15 ⁽¹⁾	Fiscal Year 2015-16 ⁽¹⁾	Fiscal Year 2016-17 ⁽¹⁾	Fiscal Year 2017-18 ⁽¹⁾	Fiscal Year 2018-19 ⁽¹⁾
Contractually required contribution ⁽²⁾	\$ 307,335	\$ 379,044	\$ 426,975	\$ 520,035	\$ 617,946
Contributions in relation to the contractually required contribution ⁽²⁾	(364,122)	(442,553)	(515,192)	(619,164)	(821,290)
Contribution deficiency (excess)	<u>\$ (56,787)</u>	<u>\$ (63,509)</u>	<u>\$ (88,217)</u>	<u>\$ (99,129)</u>	<u>\$ (203,344)</u>
Covered payroll ⁽³⁾	\$ 2,610,951	\$ 3,199,494	\$ 3,074,417	\$ 3,348,368	\$ 3,421,249
Contributions as a percentage of covered payroll ⁽³⁾	11.771%	11.847%	13.888%	15.531%	18.062%
STRS	Fiscal Year 2014-15 ⁽¹⁾	Fiscal Year 2015-16 ⁽¹⁾	Fiscal Year 2016-17 ⁽¹⁾	Fiscal Year 2017-18 ⁽¹⁾	Fiscal Year 2018-19 ⁽¹⁾
Contractually required contribution ⁽²⁾	\$ 847,559	\$ 986,697	\$ 1,403,219	\$ 1,539,209	\$ 2,075,900
Contributions in relation to the contractually required contribution ⁽²⁾	(1,033,043)	(1,367,389)	(1,546,416)	(1,957,621)	(2,275,227)
Contribution deficiency (excess)	<u>\$ (185,484)</u>	<u>\$ (380,692)</u>	<u>\$ (143,197)</u>	<u>\$ (418,412)</u>	<u>\$ (199,327)</u>
Covered payroll ⁽³⁾	\$ 9,544,583	\$ 9,195,685	\$ 11,154,364	\$ 10,666,729	\$ 12,751,229
Contributions as a percentage of covered payroll ⁽³⁾	8.880%	10.730%	12.580%	14.430%	16.280%

⁽¹⁾ Historical information is required only for measurement periods for which GASB 68 is applicable.

⁽²⁾ Employers are assumed to make contributions equal to the contractually required contributions. However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for such plans exceed the contractually required contributions. CalPERS has determined that employer obligations referred to as "side funds" do not conform to the circumstances described in paragraph 120 of GASB 68, therefore are not considered separately financed specific liabilities.

⁽³⁾ Covered payroll is the payroll on which contributions to a pension plan are based.

RIPON UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

1. PURPOSE OF SCHEDULES

- A - Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP) and Actual – General Fund

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Trustees to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

- B - Schedule of the Changes in the District's Net OPEB Liability and Related Ratios

Benefit changes: There were no changes to benefits.

Changes of assumptions: The discount rate decreased from 2.92% as of June 30, 2018 to 2.79% as of June 30, 2019.

Fiscal year 2018 was the first year of implementation, therefore only two years are shown.

Actuarial cost method	Entry Age Normal Cost
Amortization method	Level percent of pay
Amortization period	12.52 years, excluding those due to investment performance being different from the assumed earnings rate, which are recognized over 5 years
Asset valuation method	Market value of assets (\$0; plan is not yet funded)
Inflation	2.75% per year
Healthcare cost trend rates	7.5% initial, grades down to 5% for years 2024 and thereafter
Retirement Age	50-75
Salary increases	3.25% per year
Discount Rates	2.98% as of June 30, 2018 2.79% as of June 30, 2019
Assumed Wage inflation	3.0% per year; a component of assumed salary increases
Mortality	MacLeod Watts Scale 2017 applied generationally, from 2008 for CalPERS members and from 2016 for CalSTRS members

RIPON UNIFIED SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

1. PURPOSE OF SCHEDULES (CONTINUED)

D - Schedule of Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the Plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

Changes in Assumptions

In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. There were no changes in the assumptions used in the calculation of the STRS collective net pension liability.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuations for both CalPERS and CalSTRS.

Fiscal year 2015 was the first year of implementation, therefore only five years are shown.

E - Schedule of Pension Contributions

If an employer's contributions to the plan are actuarially determined or based on statutory or contractual requirements, the employer's actuarially determined contribution to the pension plan (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll. In the future, as data becomes available, ten years of information will be presented.

Fiscal year 2015 was the first year of implementation, therefore only five years are shown.

	CalPERS	STRS
Valuation Date	June 30, 2017	June 30, 2017
Measurement Date	June 30, 2018	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost	Entry-Age Normal Cost
Actuarial Assumptions		
Discount Rate	7.15%	7.10%
Inflation	2.50%	2.75%
Payroll Growth Rate	2.75%	3.50%
Projected Salary Increase	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return ⁽¹⁾	7.15%	7.10%
Mortality	Derived using CalPERS' Membership Data for all Funds	Derived using STRS' Membership Data for all Funds

⁽¹⁾ Net of pension plan investment expenses, including inflation

SUPPLEMENTARY INFORMATION

RIPON UNIFIED SCHOOL DISTRICT

COMBINING BALANCE SHEET

ALL NON-MAJOR FUNDS

JUNE 30, 2019

	Cafeteria Fund	Special Reserve for Capital Outlay Fund	Deferred Maintenance Fund	Bond Interest and Redemption Fund	Total
ASSETS					
Cash and cash equivalents	\$ 177,082	\$ 10,048	\$ 3,159,225	\$ 1,546,746	\$ 4,893,101
Accounts receivable	72,360	-	-	-	72,360
Stores	7,056	-	-	-	7,056
Due from other funds	2,398	-	-	19,079	21,477
Total assets	<u>\$ 258,896</u>	<u>\$ 10,048</u>	<u>\$ 3,159,225</u>	<u>\$ 1,565,825</u>	<u>\$ 4,993,994</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 9,992	\$ 64	\$ 15,351	\$ -	\$ 25,407
Due to other funds	41,233	-	-	-	41,233
Total liabilities	<u>51,225</u>	<u>64</u>	<u>15,351</u>	<u>-</u>	<u>66,640</u>
Fund balances					
Nonspendable	7,701	-	-	-	7,701
Restricted	199,970	9,984	-	1,565,825	1,775,779
Assigned	-	-	3,143,874	-	3,143,874
Total fund balances	<u>207,671</u>	<u>9,984</u>	<u>3,143,874</u>	<u>1,565,825</u>	<u>4,927,354</u>
Total liabilities and fund balances	<u>\$ 258,896</u>	<u>\$ 10,048</u>	<u>\$ 3,159,225</u>	<u>\$ 1,565,825</u>	<u>\$ 4,993,994</u>

RIPON UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

ALL NON-MAJOR FUNDS

JUNE 30, 2019

	Cafeteria Fund	Special Reserve for Capital Outlay Fund	Deferred Maintenance Fund	Bond Interest and Redemption Fund	Total
REVENUES					
LCFF sources:	\$ -	\$ -	750,000	\$ -	\$ 750,000
Federal revenue	488,696	-	-	-	488,696
Other state revenues	51,070	-	-	10,802	61,872
Other local revenues	425,739	141	777	1,654,384	2,081,041
Total revenues	965,505	141	750,777	1,665,186	3,381,609
EXPENDITURES					
Classified salaries	458,091	-	-	-	458,091
Employee benefits	161,071	-	-	-	161,071
Books and supplies	380,007	-	-	-	380,007
Services and other operating expenditures	32,043	-	37,326	-	69,369
Capital outlay	-	-	48,211	-	48,211
Debt service expenditures	-	-	-	2,000,372	2,000,372
Total expenditures	1,031,212	-	85,537	2,000,372	3,117,121
Excess of revenues over expenditures	(65,707)	141	665,240	(335,186)	264,488
Net change in fund balances	(65,707)	141	665,240	(335,186)	264,488
Beginning Balance, July 1, 2018	273,378	9,843	2,478,634	1,901,011	4,662,866
Fund balances, June 30, 2019	\$ 207,671	\$ 9,984	\$ 3,143,874	\$ 1,565,825	\$ 4,927,354

RIPON UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

STUDENT BODY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>
Assets:				
Cash on hand and in banks				
Ripon EL	\$ 32,435	\$ 57,687	\$ 53,979	\$ 36,143
Ripona	9,152	21,916	22,341	8,727
Weston	17,168	35,418	34,642	17,944
Colony Oak	7,397	23,187	21,369	9,215
Park View	27,383	53,911	51,408	29,886
Ripon High	565,925	655,948	624,092	597,780
Ag Scholarship	89,484	-	3,000	86,484
Charlotte Horton Scholarship	1,309	-	1,309	-
Joel M. Talbot Memorial	4,247	-	300	3,947
John Veurink Scholarship	36	-	36	-
Kristina Bowerman Memorial	679	-	679	-
Luis Memorial	4,650	2,505	-	7,155
Manuel Abeyta Scholarship	2,636	164	350	2,450
Memorial Fund	16,447	475	-	16,922
Richard Stevens Scholarship	1,794	-	544	1,250
Tim Lagier Scholarship	1,737	-	787	950
Tony Cardoso Scholarship	585	-	85	500
Total cash on hand and in banks	<u>783,064</u>	<u>851,211</u>	<u>814,922</u>	<u>819,353</u>
Total Assets	<u>\$ 783,064</u>	<u>\$ 851,211</u>	<u>\$ 814,922</u>	<u>\$ 819,353</u>
Liabilities:				
Due to student groups	<u>783,064</u>	<u>851,211</u>	<u>814,922</u>	<u>819,353</u>
Total Liabilities	<u>\$ 783,064</u>	<u>\$ 851,211</u>	<u>\$ 814,922</u>	<u>\$ 819,353</u>

RIPON UNIFIED SCHOOL DISTRICT

ORGANIZATION

JUNE 30, 2019

The Ripon Unified School District was established in 1966 in the County of San Joaquin, California. There were no changes in the boundaries of the District during the current year. The District operates five elementary schools, one alternative school and one high school.

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term Expires December</u>
Kit Oase	President	2022
Caroline Hutto	Vice President	2020
Annette Vande Pol	Clerk	2022
Christina Orlando	Member	2020
Chad Huskey	Member	2022

ADMINISTRATION

Dr. Ziggy Robeson
Superintendent

Frank Jerome
Chief Operations Officer

Kathy Coleman
Director of Curriculum

Lisa Mazza
Director of Student Support Services

RIPON UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Second Period Report	Revised Second Period Report*	Annual Report
<u>Elementary</u>			
TK through third	975	975	978
Fourth through Eighth	1,222	1,222	1,224
Special Education	2	2	2
Extended Year	2	2	2
Subtotal	<u>2,201</u>	<u>2,201</u>	<u>2,206</u>
<u>Secondary</u>			
Ninth through Twelfth	958	959	955
Special Education	<u>4</u>	<u>4</u>	<u>4</u>
Subtotal	<u>962</u>	<u>963</u>	<u>959</u>
Total	<u><u>3,163</u></u>	<u><u>3,164</u></u>	<u><u>3,165</u></u>

* Revision not a result of an audit finding

RIPON UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

<u>Grade Level</u>	<u>Standard Minutes Requirement</u>	<u>2018-2019 Actual Minutes</u>	<u>Instructional Days</u>	<u>Status</u>
Kindergarten	36,000	50,400	180	In compliance
Grade 1	50,400	50,400	180	In compliance
Grade 2	50,400	50,400	180	In compliance
Grade 3	50,400	50,400	180	In compliance
Grade 4	54,000	65,290	180	In compliance
Grade 5	54,000	65,290	180	In compliance
Grade 6	54,000	65,290	180	In compliance
Grade 7	54,000	65,475	180	In compliance
Grade 8	54,000	65,475	180	In compliance
Grade 9	64,800	74,922	180	In compliance
Grade 10	64,800	74,922	180	In compliance
Grade 11	64,800	74,922	180	In compliance
Grade 12	64,800	74,922	180	In compliance

RIPON UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Charter School ID Number	Charter Schools Chartered by the District	Included in the District Financial Statements, or Separate Report
1398	California Connections Academy @ Ripon	Separately Reported

RIPON UNIFIED SCHOOL DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT

WITH AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Summarized below are the fund balance reconciliations between the Annual Financial and Budget Report and the audited financial statements for the fiscal year ended June 30, 2019.

	General Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	All Non-Major Funds	Self Insurance Fund	Farm Fund
FUND BALANCE							
Balance, June 30, 2019, Unaudited Actuals	\$ 13,179,346	\$ 644,771	\$ 7,294,980	\$ 30,418	\$ 4,927,354	\$ 89,514	\$ 3,220,564
Decrease in:							
Prepaid expenses	(2,729)	-	-	-	-	-	-
Other local revenue	-	-	-	-	-	-	(1,792,714)
Balance, June 30, 2019, Audited Financial Statement	<u>\$ 13,176,617</u>	<u>\$ 644,771</u>	<u>\$ 7,294,980</u>	<u>\$ 30,418</u>	<u>\$ 4,927,354</u>	<u>\$ 89,514</u>	<u>\$ 1,427,850</u>

RIPON UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass- Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Education</u>			
Passed through California Department of Education			
	<u>Special Education Cluster:</u>		
84.027	Special Education: IDEA Basic Local Assistance Entitlement, Part B, Section 611	13379	\$ 396,226
84.027	Special Education: IDEA Local Assistance, Part B, Sec 611, Private School ISPs	10115	5,094
84.173	Special Ed: IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	13430	9,117
	Subtotal Special Education Cluster		<u>410,437</u>
84.010	NCLB: Title I, Part A, Basic Grants Low-Income and Neglected	14329	* 373,752
84.330B	NCLB: Title II, Part A, Improving Teacher Quality Local Grants	14341	78,305
84.048	Carl D. Perkins Career and Technical Education: State Leadership, Section 124	14891	19,048
84.365	ESEA (ESSA) : Title III, English Learner Student Program	14346	38,028
84.424	ESEA (ESSA) Title IV, Part A, Student Support and Academic Enrichment Grants	15396	<u>16,297</u>
	Total U.S. Department of Education		<u>935,867</u>
<u>U.S. Department of Agriculture</u>			
Passed through California Department of Education			
10.555	Child Nutrition: Meal Supplements in National School Lunch Program	13391	488,696
	Total Cash Assistance Subtotal		<u>488,696</u>
10.555	School Lunch Program - Nonmonetary Assistance	13391	92,238
	Total Non-Cash Assistance Subtotal		<u>92,238</u>
	Total U.S. Department of Agriculture		<u>580,934</u>
<u>U.S. Department of Defense</u>			
93.778	Medi-Cal Administrative Activities (MAA)	10060	(17,795)
Direct payments			
12	JROTC program	N/A	59,356
	Total U.S. Department of Defense		<u>41,561</u>
	Total Federal Programs		<u>\$ 1,558,362</u>

* Tested as a major program.

RIPON UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Adopted Budget 2019/2020	Actuals 2018/2019	Actuals 2017/2018	Actuals 2016/2017
<u>General Fund</u>				
Revenues and Other Financial Sources	\$ 34,212,963	\$ 35,170,149	\$ 31,818,412	\$ 29,254,743
Expenditures	34,008,465	33,224,654	29,617,967	28,897,359
Other Uses and Transfers Out	-	110,000	-	-
Total Outgo	34,008,465	33,334,654	29,617,967	28,897,359
Change in Fund Balance	204,498	1,835,495	2,200,445	357,384
Ending Fund Balance	\$ 13,381,115	\$ 13,176,617	\$ 11,341,122	\$ 9,140,677
Available Reserves	\$ 2,040,508	\$ 2,011,353	\$ 1,037,773	\$ 4,658,843
Reserve for Economic Uncertainties	\$ 2,040,508	\$ 2,011,353	\$ 1,037,773	\$ 4,658,843
Unassigned Fund Balance	\$ -	\$ -	\$ -	\$ -
Available Reserves as a Percentage of Total Outgo	6.0%	6.0%	3.5%	16.1%
Total Long-Term Debt	\$ 70,679,755	\$ 71,171,663	\$ 66,027,580	\$ 63,481,289
Average Daily Attendance at P-2	3,163	3,164	3,075	3,064

The General Fund balance has increased by \$4,393,324 over the past three years. The fiscal year 2018-19 budget projects an increase of \$204,498. For a District this size, the State of California recommends available reserves of at least 3 percent of total General Fund expenditures, transfers out, and other uses (total outgo). The District met this requirement.

The District has incurred an operating surplus in each of the past three fiscal years and anticipates a surplus in 2019-20.

Total long-term liabilities have increased by \$7,690,374 over the past two years due to increases in the net pension liability, issuance of bonds and net OPEB liability.

Average Daily Attendance (ADA) has increased by 100 over the past two years and attendance is budgeted to decrease by 1 for fiscal year 2019-20.

RIPON UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

1. PURPOSE OF SCHEDULES

A. Schedule of Average Daily Attendance

Average daily attendance is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

B. Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

C. Schedule of Charter Schools

This schedule provides information for the California Department of Education to monitor financial reporting by Charter Schools.

D. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides information necessary to reconcile the Annual Financial and Budget Report to the audited financial statements.

E. Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards includes federal grant activity of the District and is presented under the modified accrual basis of accounting. The August 2019 Edition of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance) requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with the Uniform Guidance and state requirements. Therefore, some amounts presented in this schedule may differ from amounts used in the preparation of the general purpose financial statements. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

The schedule on the following page provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards.

RIPON UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

1. PURPOSE OF SCHEDULES (CONTINUED)

E. Schedule of Expenditures of Federal Awards (continued)

	Federal Catalog Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenditures and Changes in Fund Balance		1,466,124
Reconciling items		
Food Distribution - Commodities	10.555	<u>92,238</u>
Total Schedule of Expenditures of Federal Awards		<u>\$ 1,558,362</u>

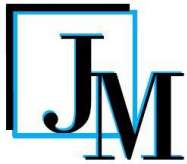
F. Schedule of Financial Trends And Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

2. EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Section 22714 and 44929. For the fiscal year ended June 30, 2019, the District did not adopt such a program.

OTHER INDEPENDENT AUDITOR'S REPORTS



James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH STATE LAWS AND REGULATIONS**

Board of Trustees
Ripon Unified School District
Ripon, CA

Report on Compliance for Each State Program

We have audited Ripon Unified School District's (the "District") compliance with the types of compliance requirements described in the State of California's 2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting (the "Audit Guide") to the state laws and regulations listed below for the year ended June 30, 2019.

Management's Responsibility

Management is responsible for compliance with the requirements of state laws and regulations.

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance 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 *Government Auditing Standards*, issued by the Comptroller General of the United States; and the 2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state laws and regulations listed below occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

Local Education Agencies Other Than Charter Schools

Description	Procedures Performed
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No, see below
Continuation Education	No, see below
Instructional Time for School Districts	Yes
Instructional Materials	
General Requirements	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive Program	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below

School Districts, County Offices of Education and Charter Schools

Description	Procedures Performed
California Clean Energy Jobs Act	Yes
After/Before Schools Education and Safety Program	
General requirements	No, see below
After School	No, see below
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	No, see below

Charter Schools

Description	Procedures Performed
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes - Classroom Based	No, see below
Charter School Facility Grant Program	No, see below

We did not perform any procedures related to Early Retirement Incentive Program, Juvenile Court Schools, After/Before School Education and Safety Program, Independent Study-Course Based, Apprenticeship: Related and Supplemental Instruction, District of Choice and Middle or Early College High School because the District did not offer these programs in the current year.

We did not perform any procedures related to Independent Study and Continuation Education because the Average Daily Attendance reported for the program is not material for compliance purposes.

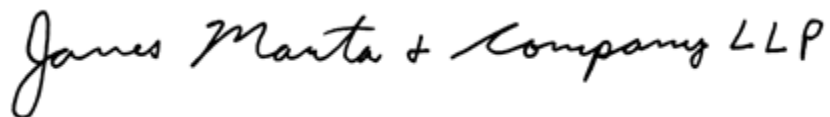
We did not perform any procedures related to Contemporaneous Records of Attendance for Charter Schools, Mode of Instruction for Charter Schools, Nonclassroom-Based Instruction/Independent Study for Charter Schools, Determination of Funding for Nonclassroom-Based Instruction for Charter Schools, Annual Instructional Minutes-Classroom-Based for Charter Schools, and Charter School Facility Grant Program because the District did not have any charter schools.

Opinion

In our opinion Ripon Unified School District complied, in all material respects, with the state laws and regulations referred to above for the year ended June 30, 2019.

Other Matters

Ripon Unified School District's response to the finding identified in our audit is included in the accompanying Schedule of Audit Findings and Questioned Costs. We did not audit the District's response and, accordingly, express no opinion on it.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
December 9, 2019



James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

**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**

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Ripon Unified School District
Ripon, CA

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, each major fund, and the aggregate remaining fund information of Ripon Unified School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Ripon Unified School District's basic financial statements, and have issued our report thereon dated December 9, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 District'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 may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs to be material weaknesses: **2019-1**.

Compliance and Other Matters

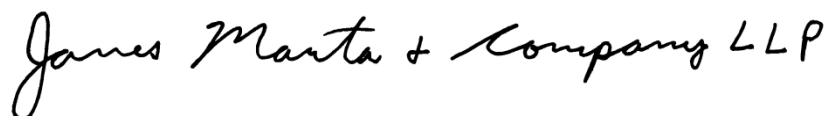
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

Ripon Unified School District's Response to Findings

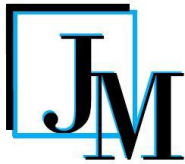
The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
December 9, 2019



James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

Board of Education
Ripon Unified School District
Ripon, CA

Report on Compliance for Each Major Federal Program

We have audited Ripon Unified School District's (the "District") compliance with the types of compliance requirements described in the August 2019 Edition of the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the August 2019 Edition of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance), *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and the Uniform Guidance 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 direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

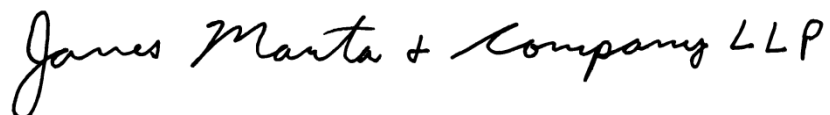
Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



James Marta & Company LLP
Certified Public Accountants
Sacramento, California
December 9, 2019

FINDINGS AND RECOMMENDATIONS

RIPON UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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? _____ Yes X No

Significant deficiency(ies) identified not considered to be material weakness(es)? X Yes _____ None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Type of auditor’s report issued on compliance for major programs: Unmodified

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified not considered to be material weaknesses? _____ Yes X None reported

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, Section 200.516(a)? _____ Yes X No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010	NCLB: Title I, Part A, Basic Grants Low-Income and Neglected

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes _____ No

State Awards

Type of auditor’s report issued on compliance for state programs: Unmodified

Internal control over state programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified not considered to be material weaknesses? _____ Yes X None reported

RIPON UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Section II – Financial Statement Findings

2019-1: INTERNAL CONTROL – ASSOCIATED STUDENT BODY (30000)

Criteria:

Education Code Section 48930 (and the California Department of Education’s “Accounting Procedures for Student Organizations Handbook”) requires student body organizations to follow the regulations set by the Governing Board of the school district.

- All deposits should be made to the bank in a timely manner.
- All purchases should be authorized in advance by the School Site Principal.

Condition:

At Ripon Elementary School we noted that receipts in the amount of \$469 for the Girls Basketball Tournament were kept for three weeks before they were deposited into the bank.

At Ripon Elementary School we noted that a \$620 check was approved a week after it was already issued.

Cause:

The policies and procedures for account and cash handling procedures, as outlined by the District, were not properly implemented by the school site personnel.

Effect:

Untimely deposits lead to increased risk of receipts being misplaced or misappropriated.

ASB funds may be erroneously disbursed to pay for expenditures that have not been authorized.

Recommendation:

All revenues received by the ASB should be deposited in a timely manner.

Ensure all checks are authorized before being issued.

Corrective Action Plan

Management will have training for all ASB staff to ensure that all District policies and procedures are being followed at all ASB sites.

RIPON UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

RIPON UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Section IV – State Award Findings and Questioned Costs

No matters were reported.

RIPON UNIFIED SCHOOL DISTRICT

SCHEDULE OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Findings and Recommendation	Current Status	Explanation if not Implemented
<u>Internal Controls</u>		
2018-01 COMMINGLING OF FUNDS (30000)	Implemented	N/A
<p>Per GASB 34, "Separate fiduciary fund statements also should be presented as part of the fund financial statements. Fiduciary funds should be used to report assets that are held in a trustee or agency capacity for others". GASB 34 also states "Separate financial statements should be presented for the primary government's governmental and proprietary funds.</p> <p>Cash was commingled between the agency and farm fund. During our review of the agency funds held by the District, it was noted that the District had \$124,854 of agency fund cash and \$1,792,714 of Proprietary Fund cash assets, for a total of \$1,917,568 held in the same bank accounts and disclosed as agency funds.</p> <p>Management should have separate accounts to track the activity and assets of each of the funds separately. Additionally, management should disclose the balance and activity of the funds separately in their financial statements.</p>		

RIPON UNIFIED SCHOOL DISTRICT

SCHEDULE OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Findings and Recommendation	Current Status	Explanation if not Implemented
2018-02 MISCLASSIFICATION OF FUNDS (30000)	Implemented	N/A
<p>GASB 34 states that “Separate financial statements should be presented for the primary government’s governmental and proprietary funds.”</p> <p>The farm fund was not included in the prior year report. During our review of the agency funds held by the District, it was noted that a Proprietary Fund was misclassified and included in the agency funds. The Proprietary Fund was then included in the agency funds in the financial statements. Additionally, it was noted that the General Fund paid expenses associated with the Proprietary Fund. During fiscal year 2016-17, there were \$250,551 of expenses for the Proprietary Fund paid for by the General Fund, but a liability was not accrued and the General Fund was not reimbursed. During fiscal year 2017-18 \$278,146 of expenses for the Proprietary Fund were paid by the General Fund and neither a receivable for the General Fund or a liability for the Proprietary Fund was recorded.</p> <p>Management should have separate accounts to track the activity and assets of each of the funds separately. Additionally, management should disclosure the balance and activity of the funds separately in their financial statements. Expenses paid by the General Fund on behalf of the Proprietary Fund should be properly recognized as a receivable and a payable, respectively.</p>		

RIPON UNIFIED SCHOOL DISTRICT

SCHEDULE OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Findings and Recommendation	Current Status	Explanation if not Implemented
2018-03 UNRECORDED LIABILITY (30000) As part of GASB 34, all long-term liabilities are required to be disclosed on the Statement of Net Position. The Public Agency Retirement System (PARS) liability and program were not included in the financial report. During our review of debt payments during the year it was noted that debt payments were being made for PARS during the year, but the outstanding debt was not included on the Statement of Net Position. The District will ensure that all long-term debt is disclosed properly. If unsure, they will contact a third party for guidance for presentation and disclosure purposes.	Implemented	N/A
<u>State Compliance</u>		
2018-04 UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) Students classified as “English Learner” status and are not directly certified on the CALPADS 1.18 FRPM English Learner/Foster Youth-Student List Report must have supporting documentation that indicates the student was eligible for the designation. Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503, 2574(b)(3)(C), 44238.02(b)(3)(B), and 41020, Education Code. We discovered that one student reported as “English Learner” status with a “No” under the “Direct Certification” column in the CALPADS 1.18 had supporting documentation that signified they were “English Only”. The District performed a 100% self-audit and identified three students who were misclassified. The District should have a process of review in place to ensure the accuracy of the data contained in the CALPADS reports.	Implemented	N/A