

**RIPON UNIFIED SCHOOL DISTRICT**

**OF SAN JOAQUIN COUNTY**

**RIPON, CALIFORNIA**

**JUNE 30, 2017**

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**GOVERNING BOARD**

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Chad Huskey	President	2018
Kit Oase	Vice President	2018
Caroline Hutto	Clerk	2020
Christina Orlando	Member	2020
Ernie Tyhurst	Member	2018

**ADMINISTRATION**

Dr. Ziggy Robesan	Superintendent
Sonia Lasyone	Chief Business Officer
Kathy Coleman	Director of Curriculum and Categorical Programs
Lisa Cheney	Director of Student Support Services



# RIPON UNIFIED SCHOOL DISTRICT

## TABLE OF CONTENTS JUNE 30, 2017

### I - FINANCIAL SECTION

Independent Auditors' Report	2
Management's Discussion and Analysis	5
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements	
Governmental Funds – Balance Sheet	19
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	21
Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balance	22
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	24
Proprietary Funds – Statement of Net Position	26
Proprietary Funds – Statement of Revenues, Expenses, and Changes in Fund Net Position	27
Proprietary Funds – Statement of Cash Flows	28
Fiduciary Funds – Statement of Net Position	29
Notes to Financial Statements	30

### II - REQUIRED SUPPLEMENTARY INFORMATION

General Fund – Budgetary Comparison Schedule	64
Schedule of Other Postemployment Benefits (OPEB) Funding Progress	65
Schedule of the District's Proportionate Share of the Pension Liability	66
Schedule of the District's Contributions for Pensions	67
Note to Required Supplementary Information	68

### III - SUPPLEMENTARY INFORMATION

Schedule of Expenditures of Federal Awards	70
Local Education Agency Organization Structure	71
Schedule of Average Daily Attendance	72
Schedule of Instructional Time	73
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements	74
Schedule of Financial Trends and Analysis	75
Schedule of Charter Schools	76
Combining Statements – Non-Major Governmental Funds	
Combining Balance Sheet	77
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	79
Note to Supplementary Information	81

### IV - INDEPENDENT AUDITORS' REPORTS

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	84
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by The Uniform Guidance	86
Independent Auditors' Report on Compliance with Applicable Requirements in Accordance with <i>2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting</i>	88

# **RIPON UNIFIED SCHOOL DISTRICT**

## **TABLE OF CONTENTS**

**JUNE 30, 2017**

### **V - SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Summary of Auditors' Results	92
Financial Statement Findings	93
Federal Award Findings and Questioned Costs	94
State Award Findings and Questioned Costs	95
Summary Schedule of Prior Audit Findings	96

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***I - Financial Section***

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# Cichella & Tokunaga, LLP

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## INDEPENDENT AUDITORS' REPORT

Governing Board  
Ripon Unified School District  
Ripon, California

### 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, 2017, 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; and the *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel. 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 District'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 District'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 opinions.

## **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, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, budgetary comparison information, the Schedule of Other Postemployment Benefits (OPEB) Funding Progress, Schedule of the District's Proportionate Share of the Net Pension Liability, and Schedule of the District's Contributions for Pensions 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 Ripon Unified School District's basic financial statements. The Supplementary Information section, as listed in the Table of Contents, is presented for purposes of additional analysis and as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, and are not a required part of the basic financial statements.

The Supplementary Information section is the responsibility of management and was derived from and relate 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 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 7, 2017, on our consideration of the Ripon Unified School 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 Ripon Unified School District's internal control over financial reporting and compliance.

*Carroll & Tolman, LLP*

El Dorado Hills, California  
December 7, 2017



## **We Expect Excellence**

### Superintendent

Dr. Ziggy Robeson

### Board of Trustees

Chad Huskey

Caroline Hutto

Kit Oase

Christina Orlando

Ernie Tyhurst

### District Office

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This section of Ripon Unified School District's (the "District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2017. Please read it in conjunction with the District's financial statements, which immediately follow this section.

## ***OVERVIEW OF THE FINANCIAL STATEMENTS***

### **The Financial Statements**

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the District (including capital assets), as well as all liabilities (including long-term obligations). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The *Governmental Activities* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

The *Fund Financial Statements* include statements for each of the three categories of activities: governmental, proprietary, and fiduciary.

The *Proprietary Activities* are prepared using the economic resources measurement focus and the accrual basis of accounting.

The *Fiduciary Activities* are agency funds, which only report a balance sheet and do not have a measurement focus.

*Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements* is provided to explain the differences created by the integrated approach.

The Primary unit of government is the Ripon Unified School District.

# RIPON UNIFIED SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

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### ***REPORTING THE DISTRICT AS A WHOLE***

#### **The Statement of Net Position and the Statement of Activities**

The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position is the difference between assets and liabilities, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's *operating results*. Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the *Statement of Net Position* and the *Statement of Activities*, we present the District activities as follows:

**Governmental Activities** - The District reports all of its services in this category. This includes the education of kindergarten through grade twelve students, adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bonds, finance these activities.

### ***REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS***

#### **Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

**Governmental Funds** - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which 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 general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The difference of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

# **RIPON UNIFIED SCHOOL DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2017**

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### ***THE DISTRICT AS A TRUSTEE***

#### **Reporting the District's Fiduciary Responsibilities**

The District is the trustee, or fiduciary, for funds held on behalf of others, like our funds for associated student body activities. The District's fiduciary activities are reported in the Statement of Fiduciary Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

# RIPON UNIFIED SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017

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### FINANCIAL HIGHLIGHTS

#### THE DISTRICT AS A WHOLE

##### Net Position

The District's net position was \$15.70 million for the fiscal year ended June 30, 2017. Of this amount, \$(17.22) million was unrestricted. Restricted net assets were reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use those net assets for day-to-day operations.

**Table 1**

(Amounts in millions)

	Governmental Activities	
	2017	2016
<b>Assets</b>		
Current and other assets	\$ 33.65	\$ 28.93
Capital assets	42.96	44.02
<b>Total Assets</b>	<b>76.61</b>	<b>72.95</b>
<b>Deferred Outflows of Resources</b>		
Current year pension contribution	7.26	3.07
<b>Total Deferred Outflow of Resources</b>	<b>7.26</b>	<b>3.07</b>
<b>Liabilities</b>		
Current liabilities	5.78	4.19
Long-term liabilities	61.68	54.61
<b>Total Liabilities</b>	<b>67.46</b>	<b>58.80</b>
<b>Deferred Inflows of Resources</b>		
Deferral related to pension activities	0.71	2.00
<b>Total Deferred Inflow of Resources</b>	<b>0.71</b>	<b>2.00</b>
<b>Net Position</b>		
Invested in capital assets, net of related debt	9.82	10.58
Restricted	23.10	18.79
Unrestricted	(17.22)	(14.15)
<b>Total Net Position</b>	<b>\$ 15.70</b>	<b>\$ 15.22</b>

# RIPON UNIFIED SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017

The \$(17.22) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The June 30, 2017, unrestricted net position decreased \$3.07 million as compared to June 30, 2016.

### Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities on page 18. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues and expenses for the year.

**Table 2**

(Amounts in millions)

	Governmental Activities	
	2017	2016
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 1.92	\$ 2.24
Operating grants and contributions	3.98	4.07
Capital grants and contributions	0.06	0.06
General revenues:		
Federal and State aid not restricted	20.46	20.19
Property taxes	7.89	6.83
Other general revenues	0.83	0.57
<b>Total Revenues</b>	<b>35.14</b>	<b>33.96</b>
<b>Expenses</b>		
Instruction-related	23.91	22.32
Pupil services	3.20	2.97
Administration	2.15	2.08
Plant services	2.67	3.29
Other	2.73	2.61
<b>Total Expenses</b>	<b>34.66</b>	<b>33.27</b>
<b>Change in Net Position</b>	<b>\$ 0.48</b>	<b>\$ 0.69</b>

### Governmental Activities

As reported in the *Statement of Activities* on page 18, the cost of all of our governmental activities this year was \$34.66 million. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$7.89 million because the cost was paid by those who benefited from the programs (\$1.92 million) or by other governments and organizations who subsidized certain programs with grants and contributions (\$4.04 million). We paid for the remaining "public benefit" portion of our governmental activities with \$20.46 million in Federal and State aid and \$0.83 million with other revenues, like interest and general entitlements.

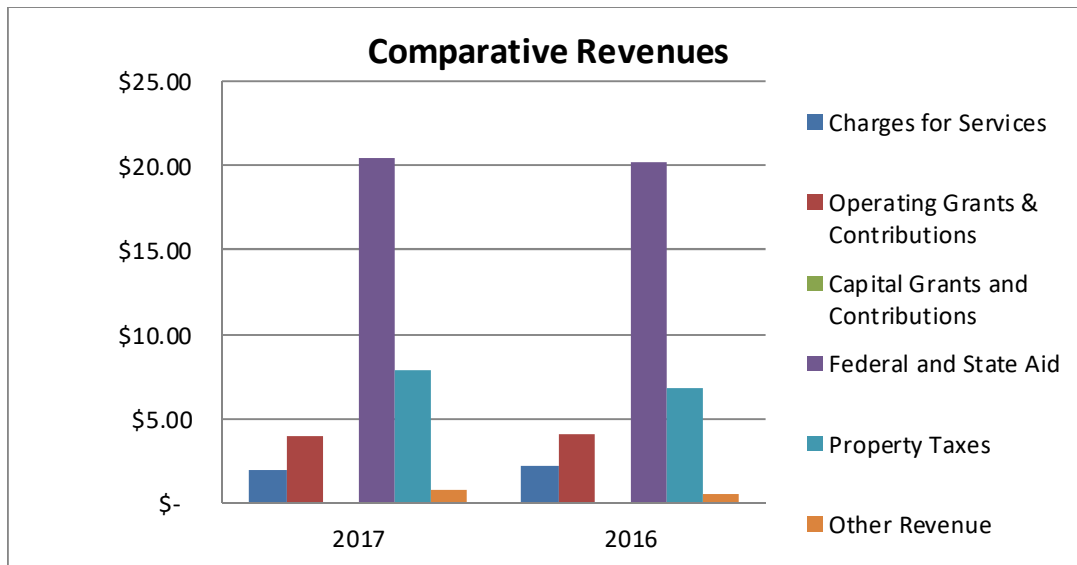
# RIPON UNIFIED SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017

### Schedule of Revenues for Governmental Functions

(Amounts in millions)

	2017	Percent of Total	2016	Percent of Total
<b>Revenues</b>				
Program revenues:				
Charges for services and sales	\$ 1.92	5.46%	\$ 2.24	6.60%
Operating grants and contributions	3.98	11.33%	4.07	11.98%
Capital grants and contributions	0.06	0.17%	0.06	0.18%
General revenues:				
Federal and State aid not restricted	20.46	58.22%	20.19	59.45%
Property taxes	7.89	22.45%	6.83	20.11%
Other Revenues	0.83	2.37%	0.57	1.68%
<b>Total Revenues</b>	<b>\$ 35.14</b>	<b>100.00%</b>	<b>\$ 33.96</b>	<b>100.00%</b>



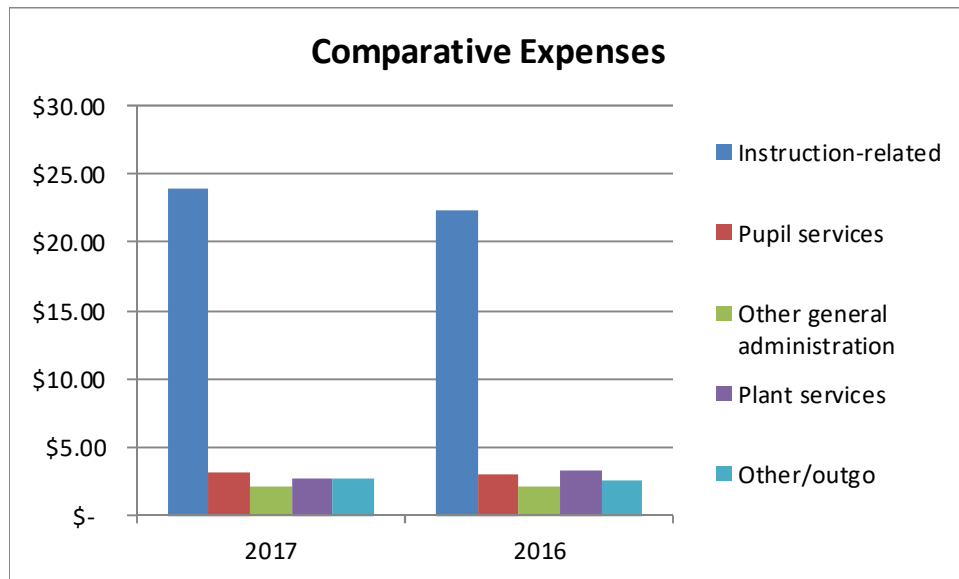
# RIPON UNIFIED SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017

### Schedule of Expenses for Governmental Functions

(Amounts in millions)

	2017	Percent of Total	2016	Percent of Total
<b>Expenses</b>				
Instruction-related	\$ 23.91	68.98%	\$ 22.32	67.09%
Pupil services	3.20	9.24%	2.97	8.93%
Other general administration	2.15	6.20%	2.08	6.25%
Plant services	2.67	7.70%	3.29	9.89%
Other/outgo	2.73	7.88%	2.61	7.84%
<b>Total Expenses</b>	<b>\$ 34.66</b>	<b>100.00%</b>	<b>\$ 33.27</b>	<b>100.00%</b>





# RIPON UNIFIED SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

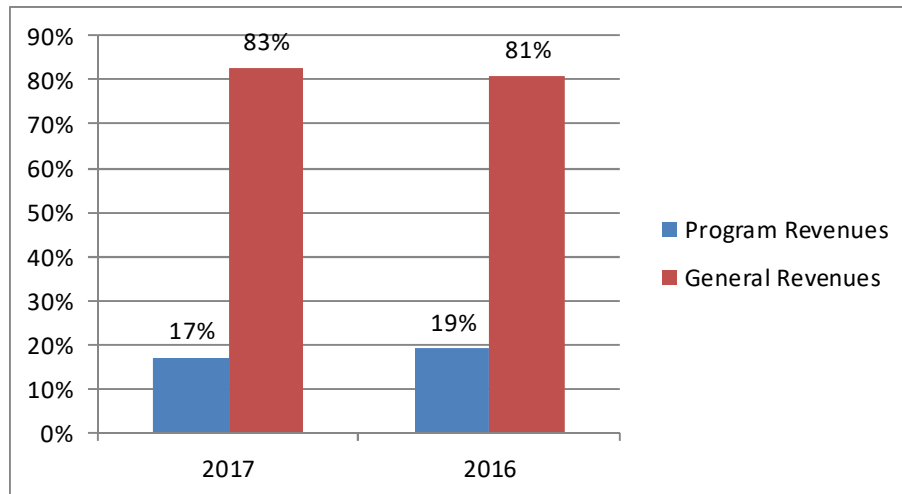
**JUNE 30, 2017**

In Table 3, we have presented the cost and net cost of each of the District's five largest functions: instruction, pupil services, administration, plant services, and other. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

**Table 3**

(Amounts in millions)	Total Cost of Services		Net Cost of Services	
	2017	2016	2017	2016
Instruction	\$ 23.91	\$ 22.32	\$ 21.19	\$ 19.69
Pupil Services	3.20	2.97	1.77	1.65
Administration	2.15	2.08	2.13	1.96
Plant Services	2.67	3.29	2.53	2.73
Other	2.73	2.61	1.08	0.87
<b>Total</b>	<b>\$ 34.66</b>	<b>\$ 33.27</b>	<b>\$ 28.70</b>	<b>\$ 26.90</b>

Program revenues financed 17 percent of the total cost of providing the service listed above, while the remaining 83 percent was financed by the general revenue of the District.



## RIPON UNIFIED SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017

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#### *THE DISTRICT'S FUNDS*

As the District completed this year, our governmental funds reported a combined fund balance of \$29.15 million, which is a increase of 3.09 million from last year (Table 4).

**Table 4**

	Balances and Activity			
	July 1, 2016	Revenues	Expenditures	June 30, 2017
General	\$ 8,783,293	\$ 29,254,743	\$ 28,897,359	\$ 9,140,677
Cafeteria	96,654	1,006,352	967,362	135,644
Deferred Maintenance	1,307,528	2,004,614	39,790	3,272,352
Building	10,617,200	60,297	383,626	10,293,871
Special Reserve Capital Outlay	9,696	54	-	9,750
Bond Interest and Redemption	1,856,087	1,552,114	1,737,619	1,670,582
County School Facilities	29,529	168	-	29,697
Capital Facilities	3,358,000	1,252,068	11,869	4,598,199
<b>Total</b>	<b>\$ 26,057,987</b>	<b>\$ 35,130,410</b>	<b>\$ 32,037,625</b>	<b>\$ 29,150,772</b>

The primary reasons for these increases/decreases are:

- The General Fund is our principal operating fund. The fund balance in the General Fund increased from \$8.8 million to \$9.1 million. This increase is the result of staffing vacancies.
- Our Cafeteria fund increased \$38,990 due to increased meal participation.
- Our Deferred Maintenance fund increased \$1,964,824 due to a transfer from the General Fund in anticipation of undertaking various maintenance projects.
- Our Building Fund decreased \$323,329 due to the completion of several construction projects.
- Our Capital Facilities Fund increased \$1.2 million due to collection of developer fees from new housing development projects.

#### **General Fund Budgetary Highlights**

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on March 13, 2017. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 64.)

- Budgeted revenue revisions made to the 2016-17 Budget were due to deferred revenue, carryover and fluctuations in revenue.

# RIPON UNIFIED SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2017**

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### ***CAPITAL ASSET AND DEBT ADMINISTRATION***

#### **Capital Assets**

At June 30, 2017, the District had \$42.96 million in a broad range of capital assets (net of depreciation), including land, buildings, furniture and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of approximately \$1.06 million from last year (Table 5).

**Table 5**

(Amounts in millions)

	Capital Assets	
	2017	2016
Land and construction in progress	\$ 16.19	\$ 15.62
Building and improvements	26.25	27.72
Equipment	0.52	0.68
<b>Totals</b>	<b>\$ 42.96</b>	<b>\$ 44.02</b>

We present more detailed information about our capital assets in Note 4 to the financial statements.

#### **Long-Term Obligations**

At June 30, 2017, the District had \$62.89 million in long term debt outstanding versus \$55.83 million last year. The increase is due to an increase in net pension liability and other Post Employment Benefits (OPEB).

**Table 6**

(Amounts in millions)

	General Long-Term Obligations	
	2017	2016
General obligation bonds	\$ 32.44	\$ 32.71
Net pension liability	27.16	20.40
Other	3.29	2.72
<b>Totals</b>	<b>\$ 62.89</b>	<b>\$ 55.83</b>

Other obligations include compensated absences payable, postemployment benefits (not including health benefits) and other long-term obligations. We present more detailed information regarding our long-term obligations in Note 8 of the financial statements.

# **RIPON UNIFIED SCHOOL DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2017**

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### ***SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2016-2017 ARE NOTED BELOW:***

With the use of Fund 01 dollars, the district was able to do the following projects:

- Implement LCAP Goals
- Improve salary schedule
- Textbook adoptions
- Facility improvements
- One-to-One device purchases
- Reduction in singleton classes at elementary sites

### ***ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES***

The District used the following assumptions in constructing the 2017/18 fiscal year budget. The information provided below is current as of July 1, 2017.

#### **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 2017-2018 year, the governing board and management used the following criteria:

1. LCFF
2. ADA of 3,064
3. The District will continue to work with stakeholders on the development of the LCAP plan.
4. Lottery dollars are restricted to help support site budgets.
5. Increase certificated teaching staffing by 2.0 FTE

Expenditures are based on the following forecasts:

	<u>Staffing Ratio</u>
Grades kindergarten through third	21.9:1
Grades four through eight	28.6:1
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.

# **RIPON UNIFIED SCHOOL DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2017**

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### ***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](mailto:fjerome@sjcoe.net).

**RIPON UNIFIED SCHOOL DISTRICT****STATEMENT OF NET POSITION****JUNE 30, 2017**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Deposits and investments	\$ 32,261,906
Receivables	1,374,146
Stores inventories	7,056
Prepaid Expenses	4,036
Capital assets not depreciated	70,995,187
Less: Accumulated depreciation	(28,035,468)
<b>Total Assets</b>	<b>76,606,863</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Current year pension contributions	7,261,836
<b>Total Deferred Outflow of Resources</b>	<b>7,261,836</b>
<b>LIABILITIES</b>	
Accounts payable	4,344,873
Interest payable	220,413
Unearned revenue	8,611
Current portion of long-term obligations	1,209,367
Noncurrent portion of long-term obligations	61,682,045
<b>Total Liabilities</b>	<b>67,465,309</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferral related to pension activities	705,364
<b>Total Deferred Inflow of Resources</b>	<b>705,364</b>
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	9,816,541
Restricted for:	
Debt service	1,670,582
Educational programs	1,418,492
Capital projects	14,892,070
Other activities	5,118,025
Unrestricted	(17,217,684)
<b>Total Net Position</b>	<b>\$ 15,698,026</b>

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

# RIPON UNIFIED SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities:</b>					
Instruction	\$ 21,068,695	\$ 209,593	\$ 2,306,668	\$ 60,464	\$ (18,491,970)
Instruction-related activities:					
Supervision of instruction	287,588	49	44,560	-	(242,979)
Instructional library, media, and technology	342,732	15,186	7,094	-	(320,452)
School site administration	2,207,218	-	70,007	-	(2,137,211)
Pupil services:					
Home-to-school transportation	497,711	-	7,398	-	(490,313)
Food services	970,499	369,467	630,370	-	29,338
All other pupil services	1,733,590	-	429,025	-	(1,304,565)
Administration:					
All other administration	2,152,210	1,903	24,422	-	(2,125,885)
Plant services	2,665,713	97,056	36,226	-	(2,532,431)
Ancillary services	247,002	4,294	8,590	-	(234,118)
Community services	403,042	140,044	47,695	-	(215,303)
Enterprise services	12,858	-	-	-	(12,858)
Interest on long-term obligations	1,556,725	-	-	-	(1,556,725)
Other outgo	514,741	1,080,513	370,361	-	936,133
<b>Total Governmental Activities</b>	<b>\$ 34,660,324</b>	<b>\$ 1,918,105</b>	<b>\$ 3,982,416</b>	<b>\$ 60,464</b>	<b>(28,699,339)</b>
General revenues and subventions:					
Property taxes, levied for general purposes					6,232,701
Property taxes, levied for debt services					1,544,447
Taxes levied for other specific purposes					113,533
Federal and State aid not restricted to specific purposes					20,458,988
Interest and investment earnings					64,440
Miscellaneous					762,369
<b>Subtotal, General Revenues</b>					<b>29,176,478</b>
<b>Change in Net Position</b>					<b>477,139</b>
Net Position - Beginning					15,220,887
Net Position - Ending					<b>\$ 15,698,026</b>

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

# RIPON UNIFIED SCHOOL DISTRICT

## GOVERNMENTAL FUNDS – BALANCE SHEET

JUNE 30, 2017

	General Fund	Building Fund	Capital Facilities Fund
<b>ASSETS</b>			
Deposits and investments	\$ 14,755,225	\$ 10,343,991	\$ 4,434,870
Receivables	1,288,352	-	-
Due from other funds	41,260	13,659	174,489
Stores inventories	-	-	-
Prepaid Expense	4,036	-	-
<b>Total Assets</b>	<b>16,088,873</b>	<b>10,357,650</b>	<b>4,609,359</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	4,249,982	63,779	11,160
Due to other funds	2,689,603	-	-
Unearned revenue	8,611	-	-
<b>Total Liabilities</b>	<b>6,948,196</b>	<b>63,779</b>	<b>11,160</b>
<b>Fund Balances:</b>			
Nonspendable	9,036	-	-
Restricted	1,418,492	10,280,211	4,598,199
Committed	-	-	-
Assigned	3,054,306	13,660	-
Unassigned	4,658,843	-	-
<b>Total Fund Balance</b>	<b>9,140,677</b>	<b>10,293,871</b>	<b>4,598,199</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 16,088,873</b>	<b>\$ 10,357,650</b>	<b>\$ 4,609,359</b>

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



<b>Non-Major Governmental Funds</b>		<b>Total Governmental Funds</b>	
\$	2,584,264	\$	32,118,350
	86,462		1,374,814
	2,501,455		2,730,863
	7,056		7,056
	-		4,036
	<u>5,179,237</u>		<u>36,235,119</u>
	19,952		4,344,873
	41,260		2,730,863
	-		8,611
	<u>61,212</u>		<u>7,084,347</u>
	7,701		16,737
	1,837,972		18,134,874
	-		-
	3,272,352		6,340,318
	-		4,658,843
	<u>5,118,025</u>		<u>29,150,772</u>
\$	<u>5,179,237</u>	\$	<u>36,235,119</u>

# RIPON UNIFIED SCHOOL DISTRICT

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2017

<b>Total Fund Balance - Governmental Funds</b>		<b>\$ 29,150,772</b>
<b>Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:</b>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	\$ 70,995,187	
Accumulated depreciation is	(28,035,468)	
Net Capital Assets		42,959,719
In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term obligations is recognized when it is incurred.		(220,413)
An internal service fund is used by the District's management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.		142,888
Expenditures relating to contributions made to pension plans were recognized on the modified accrual basis, but are not recognized on the accrual basis.		7,261,836
The difference between projected and actual pension plan investments earnings are not recognized on the modified accrual basis, but are recognized on the accrual basis as an adjustment to pension expense.		(705,364)
Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term obligations at year-end consist of:		
Bonds payable	32,444,673	
Bond premium, net of amortization	698,505	
Compensated absences (vacations)	95,159	
Net OPEB obligation	2,496,293	
Net pension liability	27,156,782	
Total Long-Term Obligations		(62,891,412)
<b>Total Net Position - Governmental Activities</b>		<b>\$ 15,698,026</b>

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

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**RIPON UNIFIED SCHOOL DISTRICT****GOVERNMENTAL FUNDS****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2017**

	<b>General Fund</b>	<b>Building Fund</b>	<b>Capital Facilities Fund</b>
<b>REVENUES</b>			
LCFF sources	\$ 23,337,644	\$ -	\$ -
Federal sources	1,070,181	-	-
Other State sources	2,765,882	-	-
Other local sources	2,081,036	60,297	1,252,068
<b>Total Revenues</b>	<b>29,254,743</b>	<b>60,297</b>	<b>1,252,068</b>
<b>EXPENDITURES</b>			
Current			
Instruction	18,198,786	-	-
Instruction-related activities:			
Supervision of instruction	280,781	-	-
Instructional library, media and technology	321,854	-	-
School site administration	2,077,629	-	-
Pupil services:			
Home-to-school transportation	325,654	-	-
Food services	-	-	-
All other pupil services	1,681,388	-	-
Administration:			
All other administration	2,038,074	-	-
Plant services	2,530,100	32,329	-
Facilities acquisition and construction	152,647	351,297	11,869
Ancillary services	248,880	-	-
Community services	398,910	-	-
Other outgo	514,741	-	-
Debt service			
Principal	-	-	-
Interest and other	127,915	-	-
<b>Total Expenditures</b>	<b>28,897,359</b>	<b>383,626</b>	<b>11,869</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>357,384</b>	<b>(323,329)</b>	<b>1,240,199</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Net Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>357,384</b>	<b>(323,329)</b>	<b>1,240,199</b>
<b>Fund Balance - Beginning</b>	<b>8,783,293</b>	<b>10,617,200</b>	<b>3,358,000</b>
<b>Fund Balance - Ending</b>	<b>\$ 9,140,677</b>	<b>\$ 10,293,871</b>	<b>\$ 4,598,199</b>

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

<b>Non-Major Governmental Funds</b>		<b>Total Governmental Funds</b>	
\$	2,000,000	\$	25,337,644
	596,015		1,666,196
	48,840		2,814,722
	1,918,447		5,311,848
	4,563,302		35,130,410
	-		18,198,786
	-		280,781
	-		321,854
	-		2,077,629
	-		325,654
	-		-
	961,012		2,642,400
	-		2,038,074
	9,850		2,572,279
	36,290		552,103
	-		248,880
	-		398,910
	-		514,741
	1,190,000		1,190,000
	547,619		675,534
	2,744,771		32,037,625
	1,818,531		3,092,785
	-		-
	-		-
	-		-
	1,818,531		3,092,785
	3,299,494		26,057,987
\$	5,118,025	\$	29,150,772

## RIPON UNIFIED SCHOOL DISTRICT

### RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2017

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<b>Net Change in Fund Balances - Governmental Funds</b>	<b>\$ 3,092,785</b>
<b>Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:</b>	
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.	
This is the amount by which depreciation exceeds capital outlays in the period.	
Depreciation expense	\$ (1,625,643)
Capital outlays	<u>569,746</u>
Net Expense Adjustment	(1,055,897)
Accreted interest on capital appreciation bonds is accrued as long-term debt in the government-wide financials, increasing expense.	(924,561)
In the statement of activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	(27,777)
Increases in the liability for other postemployment benefits (OPEB) are not recorded as expenditures in governmental funds because they are not expected to be liquidated with current financial resources. Decreases to the liability are reported as expenditures governmental funds, however, the payments reduce the long-term liability in the statement of net position.	(566,915)
Payment of principal and adjustments on long-term obligations is an expenditure in the governmental funds, but it reduces long-term obligations in the statement of net position and does not affect the statement of activities.	1,190,000
Interest on long-term obligations is recorded as an expenditure in the funds when it is due; however, in the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due.	14,988

*The accompanying notes are an integral part of these 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 (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2017

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As the internal service fund is used by the District's management to charge the cost of the property and liability insurance program to the individual funds, the net revenue of the internal service fund is reported with governmental activities.	(5,805)
Bond premiums are revenue in the governmental funds in the year bonds are issued, but are recorded as a long-term liability and amortized over the term of the bonds in the statement of net position.	28,382
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year, however, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.	(1,268,061)
<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ 477,139</u></u>

**RIPON UNIFIED SCHOOL DISTRICT**

**PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2017**

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	<b>Governmental Activities - Internal Service Fund</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
Deposits and investments	\$ 143,556
<b>Total Current Assets</b>	<u>143,556</u>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts Payable	668
<b>Total Current Liabilities</b>	<u>668</u>
<b>NET POSITION</b>	
Unrestricted	142,888
<b>Total Net Position</b>	<u>\$ 142,888</u>

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



**RIPON UNIFIED SCHOOL DISTRICT****PROPRIETARY FUNDS****STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Governmental Activities - Internal Service Fund</b>
<b>OPERATING REVENUES</b>	
Local and intermediate sources	\$ 6,190
<b>Total Operating Revenues</b>	<b>6,190</b>
<b>OPERATING EXPENSES</b>	
Services and other operating cost	\$ 12,858
<b>Total Operating Expenses</b>	<b>12,858</b>
<b>Operating Income (Loss)</b>	<b>(6,668)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	863
<b>Total Nonoperating Revenues (Expenses)</b>	<b>863</b>
<b>Income (Loss) Before Capital Contributions</b>	<b>(5,805)</b>
<b>Change in Net Position</b>	<b>(5,805)</b>
<b>Total Net Position - Beginning</b>	<b>148,693</b>
<b>Total Net Positon - Ending</b>	<b>\$ 142,888</b>

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

**RIPON UNIFIED SCHOOL DISTRICT**

**PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2017**

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	<b>Governmental Activities - Internal Service Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash inflow from operating activities	\$ (6,452)
Net Cash Provided (Used) for Operating Activities	(6,452)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	863
Net Cash Provided (Used) from Investing Activities	863
Net Increase in Cash and Cash Equivalents	(5,589)
Cash and Cash Equivalents - Beginning	149,145
Cash and Cash Equivalents - Ending	<u>\$ 143,556</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Operating income (loss)	\$ (6,668)
Changes in assets and liabilities:	
Accounts payable	216
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><u>\$ (6,452)</u></u>

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

**RIPON UNIFIED SCHOOL DISTRICT**

**FIDUCIARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2017**

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	<b>Agency Funds</b>
<b>ASSETS</b>	
Deposits and investments	\$ 2,014,774
<b>Total Assets</b>	<u>2,014,774</u>
<b>LIABILITIES</b>	
Due to student groups	2,014,774
<b>Total Liabilities</b>	<u>\$ 2,014,774</u>

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

# **RIPON UNIFIED SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

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### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Financial Reporting Entity**

The Ripon Unified School District (the "District") was unified on July 1, 1966 under the laws of the State of California. The District operates under a locally elected five-member board form of government and provides educational services to grades K-12 as mandated by the State and Federal agencies. The District operates five elementary schools, one alternative school and one high school.

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.

#### **Component Units**

Component units are legally separate organizations for which the District is financially responsible. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has no component units.

#### **Other Related Entities**

**Public Entity Risk Pools and Joint Powers Authorities** The District is associated with one joint power agency and two public entity risk pools. These organizations do not meet the criteria for inclusion as component units of the District. Additional information is presented in Note 14 to the financial statements. These organizations are:

San Joaquin County Schools Worker's Compensation Insurance Group  
San Joaquin County Schools Property and Liability Insurance Group  
San Joaquin County Schools Data Processing Center JPA

#### **Basis of Presentation – Fund Accounting**

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into three broad fund categories: governmental, proprietary, and fiduciary.

**Governmental Funds** Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The following are the District's major and non-major governmental funds:

# RIPON UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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### Major Governmental Funds

**General Fund** The General Fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of California.

**Capital Project Funds** The Capital Project Funds are used to account for the acquisition and/or construction of all major governmental fixed assets. The District maintains the following capital project funds:

**Building Fund** The Building fund exists primarily to account separately for proceeds from sale of bonds and acquisition of major governmental capital facilities and buildings.

**Capital Facilities Fund** The Capital Facilities Fund is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).

### Non-Major Governmental Funds.

**Special Revenue Funds** The 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 the following special revenue funds:

**Cafeteria Fund** The Cafeteria Fund is used to account for the financial transactions related to the food service operations of the District

**Deferred Maintenance Fund** The Deferred Maintenance Fund is used for the purpose of major repair or replacement of District property.

**Capital Project Funds** The Capital Project Funds are used to account for the acquisition and/or construction of all major governmental fixed assets. The District maintains the following capital project funds:

**County School Facilities Fund** The County School Facilities Fund is used primarily to account separately for State apportionments provided for construction and reconstruction of school facilities (Education Code Sections 17010.10-17076.10).

**Special Reserve Capital Fund** The Special Reserve Capital Fund is used to account for funds set aside for Board designated construction projects.

**Debt Service Fund** The Debt Service fund is established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

**Bond Interest and Redemption Fund** The Bond Interest and Redemption Fund is used to account for the accumulation of resources for, and the repayment of, district bonds, interest, and related costs.

**Proprietary Funds** Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. The District applies all GASB pronouncements, as well as the Financial Account Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Proprietary funds are classified as enterprise or internal service. The District has the following proprietary funds:

# RIPON UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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**Internal Service Fund** Internal service funds may be used to account for any activity for which goods or services are provided to other funds of the District in return for a fee to cover the cost of operations. The District operates a self insurance fund that is accounted for in an internal service fund.

**Fiduciary Funds** Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The District maintains an agency fund, which is custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for associated student body activities (ASB).

### **Basis of Accounting – Measurement Focus**

**Government-Wide Financial Statements** The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District and its component units.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

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 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 identified the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Net position should be reported as restricted when constraints placed on net assets use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the restrictions on their net asset use.

**Fund Financial Statements** Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

# RIPON UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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**Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other finance sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

**Proprietary Funds** Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and liabilities associated with the operation of this fund are included in the statement of net assets. The statement of changes in fund net assets presents increases (revenues) and decreases (expenditures) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

**Fiduciary Funds** Fiduciary funds are accounted for using the flow of economic resources management focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

**Revenues – Exchange and Non-Exchange Transactions** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that 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. Generally, "available" is defined as collectible within 90 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined "available for districts" as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain gains, and other local sources.

Non-exchange transactions are when the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**Unearned Revenue** Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

## **RIPON UNIFIED SCHOOL DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

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Certain grants received before the eligibility requirements are met are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

**Expenses/Expenditures** On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

#### **Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

#### **Investments**

Investments held at June 30, 2017, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county investment pool are determined by the program sponsor.

#### **Stores Inventory**

Inventories are recorded using the consumption method, in that inventory acquisitions are initially recorded in inventory (asset) accounts, and are charged as expenditures when used. Reported inventories are equally offset by nonspendable fund balance which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets. The District's cafeteria inventory valuation is First-in-First-out (FIFO).

#### **Prepaid Expenditures**

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures when paid.

#### **Capital Assets and Depreciation**

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.



## **RIPON UNIFIED SCHOOL DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

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When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net assets. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements, 5 to 50 years; equipment, 2 to 15 years.

#### **Interfund Balances**

In the financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental column of the statement of net position.

#### **Compensated Absences**

Accumulated unpaid vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net assets. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave.

#### **Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds.

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from government funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for repayment during the current year. Bonds, capital leases, and other long-term obligations are recognized as liabilities in the governmental fund financial statements when due.

# RIPON UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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### Bond Premiums and Discounts

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

### Fund Balance Reporting

The District reports fund balance within one of the following categories:

*Nonspendable* such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),

*Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resources providers, or through enabling legislation,

*Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District Board of Directors (the district's highest level of decision-making authority),

*Assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

*Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

*Committed Fund Balance Policy* For funds that are determined to fall within the "Committed Fund Balance" classification, the Governing Board, as the District's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken, such as a majority vote or resolution. These committed amounts cannot be used for any other purpose unless the Governing Board removes or changes the specific use through the same type of formal action taken to establish the commitment. Governing Board action to commit fund balance needs to occur within the fiscal reporting period, no later than June 30<sup>th</sup>; however, the amount can be determined with the release of the financial statements.

*Assigned Fund Balance Policy* Amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. The District delegates the authority to assign amounts to be used for specific purposes to the Chief Business Official for the purpose of reporting these amounts in the financial statements.

*Minimum Fund Balance Policy* The purpose of the District's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels because of temporary revenue shortfalls or unpredicted one-time expenditures.

The District has adopted a policy to achieve and maintain unrestricted fund balance in the General Fund of 3 percent of total General Fund expenditures, other uses and transfers out at the close of each fiscal year, consistent with the recommended level promulgated by the State of California.

# **RIPON UNIFIED SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

---

*Order of Fund Balance Spending Policy* For which amounts in any of the unrestricted fund balance classifications could be used, the District's policy is to apply expenditures in the following order: committed, assigned, and then unassigned.

First, non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balances amounts for the non-general funds are classified as restricted fund balance.

It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balances for the non-general fund.

### **Net Position**

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling of legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes in which both restricted and unrestricted net position is available.

### **Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues represent district premiums. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

### **Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements.

### **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for the unamortized loss on the refunding of general obligation bonds and current year pension contributions.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of

## **RIPON UNIFIED SCHOOL DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

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resources for the difference between actual and expected rate of return on investments specific to the net pension liability.

#### **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 California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for Schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

#### **Estimates**

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

#### **Budgetary Data**

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1<sup>st</sup> of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all amendments have been accounted for. For purposes of the budget, on behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

#### **Property Tax**

Secured property taxes attach as an enforceable lien on property as of January 1<sup>st</sup>. Taxes are payable in two installments on November 1<sup>st</sup> and February 1<sup>st</sup> and become delinquent on December 10<sup>th</sup> and April 10<sup>th</sup>, respectively. Unsecured property taxes are payable in one installment on or before August 31<sup>st</sup>. The County of San Joaquin bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

#### **Change in Accounting Principles**

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial report of state and local governmental OPEB plans for making decisions and assessing

## RIPON UNIFIED SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2017**

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accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pension and OPEB) with regard to providing decision-useful information, supporting assessments or accountability and inter-period equity, and creating additional transparency.

This Statement replaces Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirement for defined contribution OPEB plans that replaces the requirement for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contributions Plans*, as amended, Statement No. 43, and Statement No. 50, *Pension disclosures*.

The District has implemented the provisions of this Statement as of June 30, 2017.

In December 2015, the GASB issued Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

Prior to the issuance of this Statement, the requirements of Statement No. 68 applied to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts that meet the criteria in paragraph 4 of that Statement. This Statement amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

The District has implemented the provisions of this Statement as of June 30, 2017.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units - amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

The District has implemented the provisions of this Statement as of June 30, 2017.

## RIPON UNIFIED SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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In March 2016, the GASB issued Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

The District has implemented the provisions of this Statement as of June 30, 2017, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

#### New Accounting Pronouncements

**GASB Statement No. 75** – In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for financial statements for periods beginning after June 15, 2017.

**GASB Statement No. 81** – In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The object of this Statement is to improve accounting and financial reporting for an irrevocable split-interest agreement by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement is effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively.

**GASB Statement No. 84** – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The Statement is effective for reporting periods beginning after December 15, 2018.

# RIPON UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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**GASB Statement No. 85** – In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. The objective is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application and postemployment benefits. The Statement is effective for periods beginning after June 15, 2017.

**GASB Statement No. 86** – In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. The Statement is effective for periods beginning after June 15, 2017.

### NOTE 2 – DEPOSITS AND INVESTMENTS

#### Summary of Deposits and Investments

Deposits and investments as of June 30, 2017, are classified in the accompanying financial statements as follows:

Governmental activities	\$ 32,118,330
Proprietary Fund	143,556
Fiduciary funds	2,014,774
<b>Total Deposits and Investments</b>	<b>\$ 34,276,660</b>

Deposits and investments as of June 30, 2017, consist of the following:

Cash on hand and in banks	\$ 2,026,172
Cash in revolving accounts	5,645
Deposits with County Treasurer	32,244,843
<b>Total Deposits and Investments</b>	<b>\$ 34,276,660</b>

#### Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

**Investment 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 statements at amounts based upon the District's pro-rata share of the fair value provided

## RIPON UNIFIED SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2017**

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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.

#### General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Fund	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

#### Authorized Under Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code. These provisions allow for the acquisition of investment agreements with maturities of up to 30 years.

#### Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by primarily investing in the San Joaquin County Investment Pool.



## RIPON UNIFIED SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2017**

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#### Weighted Average Maturity

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Information about the weighted average maturity of the District's portfolio is present in the following schedule:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Days to Maturity</u>
San Joaquin County Investment Pool	\$ 32,090,068	490 days

#### Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

<u>Investment Type</u>	<u>Minimum Legal Rating</u>	<u>Rating June 30, 2017</u>	<u>Fair Value</u>
San Joaquin County Investment Pool	Not Required	Unrated	\$ 32,090,068

#### Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local government units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2017, the District's bank balance was \$2,021,655 with a carrying amount of \$2,014,774. The District's bank balance was insured to \$250,000 and the balance was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

# RIPON UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2017**

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### NOTE 3 – RECEIVABLES

Receivables at June 30, 2017, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Non-major Governmental Fund	Total
Federal Government			
Federal Categorical aid	\$ 221,288	\$ 80,902	\$ 302,190
State Government			
Apportionment	205,002	-	205,002
Catagorical aid	8,149	-	8,149
Other State	582,343	5,560	587,903
Local Government			
Interest	-	-	-
Other Local Sources	271,570	-	271,570
Total	<u>\$ 1,288,352</u>	<u>\$ 86,462</u>	<u>\$ 1,374,814</u>

# RIPON UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

### NOTE 4 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 4,948,984	\$ -	\$ -	\$ 4,948,984
Construction in Progress	10,672,014	569,746	-	11,241,760
Total Capital Assets Not Being Depreciated	15,620,998	569,746	-	16,190,744
Capital Assets Being Depreciated:				
Land Improvements	3,756,504	-	-	3,756,504
Buildings and Improvements	47,561,466	-	-	47,561,466
Furniture and Equipment	3,486,473	-	-	3,486,473
Total Capital Assets Being Depreciated	54,804,443	-	-	54,804,443
Total Capital Assets	70,425,441	569,746	-	70,995,187
Less Accumulated Depreciation:				
Land Improvements	2,458,521	122,902	-	2,581,423
Buildings and Improvements	21,138,640	1,352,852	-	22,491,492
Furniture and Equipment	2,812,664	149,889	-	2,962,553
Total Accumulated Depreciation	26,409,825	1,625,643	-	28,035,468
Governmental Activities Capital Assets, Net	\$ 44,015,616	\$ (1,055,897)	\$ -	\$ 42,959,719

Depreciation expense was charged as a direct expense to governmental functions as follows:

<b>Governmental Activities</b>	
Instruction	\$ 1,479,335
School site administration	8,128
Home-to-school transportation	81,282
Food services	11,380
All other administration	9,754
Plant services	35,764
Total Depreciation Expenses Governmental Activities	<u>\$ 1,625,643</u>

**RIPON UNIFIED SCHOOL DISTRICT****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2017****NOTE 5 – INTERFUND TRANSACTIONS****Interfund Receivables/Payables (Due To/Due From)**

Interfund receivables and payable balances consist of amounts due to and due from other funds. Interfund receivable and payable balances at June 30, 2017 consist of the following:

Due To	Due From		
	General Fund	Non-Major Governmental Fund	Total
General Fund	\$ -	\$ 41,260	\$ 41,260
Building Fund	13,659	-	13,659
Capital Facilities Fund	174,489	-	174,489
Non-Major Governmental Funds	2,501,455	-	2,501,455
Total	<u>\$ 2,689,603</u>	<u>\$ 41,260</u>	<u>\$2,730,863</u>

**NOTE 6 – ACCOUNTS PAYABLE**

Accounts payable at June 30, 2017, consisted of the following:

	General Fund	Building Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total
Vendor payables	\$ 2,949,711	\$ -	\$ -	\$ 469	\$ 2,950,180
Apportionment	-	-	-	-	-
Construction	-	63,779	11,160	15,785	90,724
Salaries and benefits	1,300,271	-	-	3,698	1,303,969
Total	<u>\$ 4,249,982</u>	<u>\$ 63,779</u>	<u>\$ 11,160</u>	<u>\$ 19,952</u>	<u>\$ 4,344,873</u>

	Internal Service Fund
Vendor payables	\$ 668
Apportionment	-
Construction	-
Salaries and benefits	-
Total	<u>\$ 668</u>

# RIPON UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

### NOTE 7 – UNEARNED REVENUE

Unearned revenue at June 30, 2017, consists of the following:

	General Fund
Federal aid	\$ 7,572
State categorical aid	1,039
Total	<u>\$ 8,611</u>

### NOTE 8 – LONG-TERM OBLIGATIONS

#### Summary

The changes in the District's long-term obligations during the year consisted of the following:

	Balance July 1, 2016	Additions and Adjustments	Deductions	Balance June 30, 2017	Due in One Year
General obligation bonds	\$ 32,710,112	\$ 924,561	\$ 1,190,000	\$ 32,444,673	\$ 1,180,985
Accumulated vacation - net	67,382	27,777	-	95,159	-
Net OPEB obligation	1,929,378	733,570	166,655	2,496,293	-
Net pension liability	20,404,421	6,752,361	-	27,156,782	-
	55,111,293	8,438,269	1,356,655	62,192,907	1,180,985
Premiums, net of amortization	726,887	-	28,382	698,505	28,382
	<u>\$ 55,838,180</u>	<u>\$ 8,438,269</u>	<u>\$ 1,385,037</u>	<u>\$ 62,891,412</u>	<u>\$ 1,209,367</u>

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. The capital leases are paid for by the General Fund and the accumulated vacation is paid for by the fund for which the employee worked.

#### Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2016	Accretion/ Issued	Redeemed	Bonds Outstanding June 30, 2017
12/29/2009	2016	3.62%	2,925,000	625,000	-	625,000	-
5/23/2012	2028	2.65%	5,145,000	4,075,000	-	305,000	3,770,000
3/19/2013	2043	4.50-5.00%	15,312,384	18,090,112	924,561	190,000	18,824,673
6/15/2015	2043	4.50-5.00%	9,920,000	9,920,000	-	70,000	9,850,000
				<u>\$ 32,710,112</u>	<u>\$ 924,561</u>	<u>\$ 1,190,000</u>	<u>\$ 32,444,673</u>

## RIPON UNIFIED SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2017**

On December 29, 2009 General Obligation Refunding Bonds were issued by the District to redeem (defease) the prior issuance of June 12, 2002 Series A Bonds. The new bonds in the amount of \$2,925,000 were issued with a repayment period through August 1, 2016.

On May 23, 2012 General Obligation Refunding Bonds were issued by the District to refinance the prior issuance of June 12, 2002 Series B Bonds. The new bonds in the amount of \$5,145,000 were issued with a repayment period through August 1, 2028.

On March 19, 2013, General Obligation Bonds were issued by the District to finance new construction and additions to and modernization of school facilities. The new bonds in the amount of \$15,312,384 were issued with a repayment period through August 1, 2042.

On June 15, 2015, General Obligation Bonds were issued by the District to finance the renovation, construction and improvement of school facilities. The new bonds in the amount of \$9,920,000 were issued with a repayment period through August 1, 2043.

#### Debt Service Requirements to Maturity

The bonds mature through 2043 as follows:

Fiscal Year	Principal	Interest to Maturity	Interest Accretion	Total
2018	777,087	525,570	167,913	1,470,570
2019	799,178	517,223	210,822	1,527,223
2020	360,000	1,217,753	-	1,577,753
2021	406,294	1,208,375	8,706	1,623,375
2022	469,531	1,198,665	20,469	1,688,665
2023-2027	3,103,195	5,821,825	441,804	9,366,824
2028-2032	4,428,449	5,240,083	1,241,550	10,910,082
2033-2037	4,580,299	4,520,487	4,104,701	13,205,487
2038-2042	9,429,602	3,087,750	2,090,399	14,607,751
2043	4,397,763	375,950	547,237	5,320,950
Total	28,751,398	\$ 23,713,681	\$ 8,833,601	\$ 61,298,680
Accretions to date	3,693,275			
	<u>\$ 32,444,673</u>			

#### Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2017, amounted to \$95,159.

# RIPON UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2017**

### Other Postemployment Benefits (OPEB) Obligation

The District implemented GASBS No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* during the year ended June 30, 2009. The District's annual required contribution for the year ended June 30, 2017 was \$646,748 and the District made contributions during the year of \$166,655, which resulted in an OPEB obligation of \$2,496,293. See Note 10 for additional information regarding the OPEB obligation and the postemployment benefit plan.

### NOTE 9 – FUND BALANCES

Fund balances with reservations and designations are composed of the following elements:

	General Fund	Building Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total
Fund Balances					
Nonspendable:					
Revolving cash	\$ 5,000	\$ -	\$ -	\$ 645	\$ 5,645
Stores	-	-	-	7,056	7,056
Prepaid Expenditures	4,036	-	-	-	4,036
Restricted for:					
Other fund activities	1,418,492	10,280,211	4,598,199	1,837,972	18,134,874
Assigned to:					
SPED excess costs	312,400	-	-	-	312,400
17/18 Projected deficit backfill	1,301,381	-	-	-	1,301,381
18/19 Projected deficit backfill	1,112,567	-	-	-	1,112,567
ELA adoption additional costs	26,172	-	-	-	26,172
Lottery	301,786	-	-	-	301,786
Other assignments	-	13,660	-	3,272,352	3,286,012
Unassigned:					
Reserve for Economic Uncertainty	4,658,843	-	-	-	4,658,843
<b>Total Fund Balance</b>	<b>\$9,140,677</b>	<b>\$10,293,871</b>	<b>\$4,598,199</b>	<b>\$ 5,118,025</b>	<b>\$ 29,150,772</b>

# RIPON UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

### NOTE 10 – POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION

#### Plan Description

The Postemployment Benefit Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the Ripon Unified School District. The Plan provides medical insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 26 retirees and beneficiaries currently receiving benefits and 272 active plan members. The unfunded portion of annual required contributions (net OPEB obligation) is presented in the statement of net assets as a portion of long-term obligations. Management plan has "sunset" for new retirees. Any management that retires currently will follow the confidential and classified models.

Benefit Types Provided	Certificated Medical only	Classified Medical only	Confidential Medical only	Management 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				

#### Contribution Information

The contribution requirements of plan members and the District are established and may be amended by the District, the District's bargaining units and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through agreements between the District, the District's bargaining units and unrepresented groups. The District made contributions to the plan of \$166,655 and \$196,556 in fiscal year 2016-2017 and 2015-2016, respectively. The required contribution is based on projected pay-as-you-go financing requirements.

#### Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and the amortization of any unfunded actuarial accrued liabilities (UAAL) or funding excess for a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan and changes in the District's net OPEB obligation to the Plan.



## RIPON UNIFIED SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

Annual required contribution	\$ 646,748
Interest on net OPEB obligation	86,822
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	733,570
Contributions made	(166,655)
Increase in net OPEB obligation	566,915
Net OPEB obligation, beginning of year	1,929,378
Net OPEB obligation, end of year	<u>\$ 2,496,293</u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for 2017 was as follows:

Year Ended June 30	Annual OPEB costs	Percentage Contributed	Net OPEB Obligation
2015	\$ 339,553	99.4%	\$ 1,415,489
2016	\$ 710,445	27.7%	\$ 1,929,378
2017	\$ 733,570	22.7%	\$ 2,496,293

#### NOTE 11 – RISK MANAGEMENT

##### Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2017, the District contracted for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years.

##### Workers' Compensation

For fiscal year 2017, the District participated in the San Joaquin County Schools Workers' Compensation Insurance Group, an insurance purchasing pool. The intent of the San Joaquin County Schools Workers' Compensation Insurance Group is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the San Joaquin County Schools Workers' Compensation Insurance Group. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the San Joaquin County Schools Workers' Compensation Insurance Group. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage. A participant will either receive money from or be required to contribute to the "equity-pooling fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the San Joaquin County Schools Workers' Compensation Insurance Group. Participation in the San Joaquin County Schools Workers' Compensation Insurance Group is limited to districts that can meet the San Joaquin County Schools Workers' Compensation Insurance Group selection criteria.

**RIPON UNIFIED SCHOOL DISTRICT****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2017**

Coverage provided for property and liability and workers' compensation is as follows:

Insurance Program/Company Name	Type of Coverage	Limits
San Joaquin County Schools Worker's Compensation Insurance Group	Worker's Compensation and Employer's Liability	State of California Statutory Limitations
Member Retained Limit	Property	\$ 25,000
Northern California ReLief	Real and Personal Property	250,000
SAFER		250,000,000
Member Retained Limit	Comprehensive Liability	\$ 50,000
SAFER	General Liability	60,000,000
Northern California ReLief		1,000,000
SAFER	Excess Liability	\$ 27,000,000
	Combined Comprehensive Bodily Injury and Property Damage	
Northern Union Fire Insurance of Pittsburgh, PA	Comprehensive Crime	\$ 5,000,000
Hartford Steam Boiler	Equipment	\$ 100,000,000
SAFER	Excess Liability	100,000
Brit	Cyber Liability	\$ 5,000,000
Chubb	Electronic Data Processing Equipment	\$ 1,794,155

# RIPON UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

### NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS

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

The District implemented GASB Statement No. 68 and No. 71 for the fiscal year ended June 30, 2017. As a result, the District reported its proportionate share of the net pension liabilities, pension expense and deferred inflow of resources for each of the above plans and a deferred outflow of resources for each of the above plans as follows:

Pension Plan	Proportionate Share of Net Pension Liability	Deferred Outflow of Resources	Proportionate Share of Deferred Inflow of Resources	Proportionate Share Pension Expense
CalSTRS	\$ 21,223,587	\$ 5,186,755	\$ 517,725	\$ 2,394,402
CalPERS	5,933,195	2,075,081	187,639	935,273
Total	<u>\$ 27,156,782</u>	<u>\$ 7,261,836</u>	<u>\$ 705,364</u>	<u>\$ 3,329,675</u>

#### California State Teachers' Retirement System (CalSTRS)

##### **Plan Description**

The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2015, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

##### **Benefits Provided**

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is

# RIPON UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2017**

the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2017, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	9.205%
Required employer contribution rate	12.58%	10.58%
Required state contribution rate	8.578248%	8.578248%

### Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven year period. The contribution rates for each plan for the year ended June 30, 2017, are presented above and the District's total contributions were \$1,546,416.

### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:

District's proportionate share of net pension liability	\$ 21,223,587
State's proportionate share of the net pension liability associated with the District	12,082,210
	<u>\$ 33,305,797</u>

The net pension liability was measured as of June 30, 2016. 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 school districts and the State, actuarially determined. The District's proportionate share for measurement period June 30, 2016 and June 30, 2015, respectively, was 0.0239 percent and 0.0262 percent, resulting in a net increase in the proportionate share of 0.0023 percent.

# RIPON UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2017**

For the year ended June 30, 2017, the District recognized pension expense of \$2,394,402. In addition, the District recognized pension expense and revenue of \$1,014,555 for support provided by the State. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	\$ 1,687,265	\$ -
Differences between expected and actual experiences	-	517,725
Changes in proportion and differences between District contributions and proportionate share contributions	1,953,074	-
Pension contributions subsequent to measurement date	1,546,416	-
Total	<u>\$ 5,186,755</u>	<u>\$ 517,725</u>

The deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred inflow of resources will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflow (Inflows) of Resources
2018	\$ 36,737
2019	36,737
2020	980,345
2021	633,446
Total	<u>\$ 1,687,265</u>

The deferred outflows/(inflows) of resources relate to the net change in proportionate share of net pension liability and the differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARS� for the 2015-2016 measurement period is 7 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflow (Inflows) of Resources
2018	\$ 248,441
2019	248,441
2020	248,441
2021	248,441
2022	248,441
Thereafter	193,144
Total	<u>\$ 1,435,349</u>

# RIPON UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

### Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2015, and rolling forward the total pension liability to June 30, 2016. The financial reporting actuarial valuation as of June 30, 2015, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2015
Measurement date	June 30, 2016
Experience study	July 1, 2006 through June 30, 2010
Actuarial cost method	Entry age normal
Discount rate	7.60%
Investment rate of return	7.60%
Consumer price inflation	3.00%
Wage growth	3.75%

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience.

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. Based on the model for CalSTRS consulting actuary's investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that the annual returns are lognormally distributed and independently from year to year to develop expected percentile for the long-term distribution of annualized returns. The assumed asset allocation is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return
Global equity	47%	4.50%
Fixed income	12%	0.30%
Real estate	13%	5.20%
Private equity	13%	9.30%
Absolute Return	9%	2.90%
Inflation sensitive	4%	3.80%
Cash/liquidity	2%	-1.00%

### Discount Rate

The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed the 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 (7.60 percent) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the

## RIPON UNIFIED SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2017**

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long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.60%)	\$ 30,545,528
Current discount rate (7.60%)	\$ 21,223,587
1% increase (8.60%)	\$ 13,481,324

#### **California Public Employees Retirement System (CalPERS)**

##### **Plan Description**

Qualified employees are eligible to participate in the School Employer Pool (SEP) [and the Safety Risk 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. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2015 annual actuarial valuation report, Schools Pool Actuarial Valuation, and the Risk Pool Actuarial Valuation Report, Safety. These report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

##### **Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

## RIPON UNIFIED SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2017**

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The CalPERS provisions and benefits in effect at June 30, 2017, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	2.0% - 2.4%
Required employee contribution rate	7.000%	6.000%
Required employer contribution rate	13.888%	13.888%

#### Contributions

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. Total plan contributions through the CalPERS annual actuarial valuation process. 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. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2017, are presented above and the total District contributions were \$515,192.

#### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2017, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$5,933,195. The net pension liability was measured as of June 30, 2016. 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 school districts, actuarially determined. The District's proportionate share for measurement period June 30, 2016 and June 30, 2015, respectively, was 0.0300 percent and 0.0291 percent, resulting in a net increase in the proportionate share of 0.0009percent.

For the year ended June 30, 2017, the District recognized pension expense of \$935,273. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



**RIPON UNIFIED SCHOOL DISTRICT****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2017**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	\$ 920,641	\$ -
Differences between expected and actual experience	255,184	-
Change in assumption		187,639
Changes in proportion and differences between District contributions and proportionate share contributions	384,058	-
Pension contributions subsequent to measurement date	515,198	-
Total	<u>\$ 2,075,081</u>	<u>\$ 187,639</u>

The deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred inflow of resources will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2018	\$ 129,132
2019	129,132
2020	422,098
2021	240,279
Total	<u>\$ 920,641</u>

The deferred outflows/(inflows) of resources relate to the net change in proportionate share of net pension liability and the differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARS� for the 2015-2016 measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2018	\$ 202,402
2019	180,422
2020	68,779
Total	<u>\$ 451,603</u>

**Actuarial Methods and Assumptions**

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2015, and rolling forward the total pension liability to June 30, 2016. The

## RIPON UNIFIED SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2017**

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financial reporting actuarial valuation as of June 30, 2015, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2015
Measurement date	June 30, 2016
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.65%
Investment rate of return	7.50%
Consumer price inflation	2.75%
Wage growth	3.00%

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries.

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 the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11-60 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 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return
Global equity	51%	5.71%
Global fixed income	20%	2.43%
Private equity	10%	6.95%
Real estate	10%	5.13%
Inflation sensitive	6%	3.36%
Infrastructure and Forestland	2%	5.09%
Liquidity	1%	-1.05%

#### Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool 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 total pension liability.

## RIPON UNIFIED SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2017**

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The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.65%)	\$ 8,852,360
Current discount rate (7.65%)	\$ 5,933,195
1% increase (8.65%)	\$ 3,502,416

#### **Social Security**

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use social security. Contributions made by the District and an employee vest immediately. The District contributes 6.2% of an employee's gross earnings and employees are required to contribute an additional 6.2% of gross earnings.

#### **On Behalf Payments**

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$1,014,555 (8.578% of annual payroll). Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenue and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been excluded from the calculations of available reserves.

### **NOTE 13 – COMMITMENTS AND CONTINGENCIES**

#### **Grants**

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2017.

#### **Litigation**

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2017.

# RIPON UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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### NOTE 14 – PARTICIPATION IN PUBLIC ENTITY RISK POOLS, JOINT POWERS AUTHORITIES AND OTHER RELATED PARTY TRANSACTIONS

The District is a member of the San Joaquin County Schools Workers' Compensation Insurance Group (SJCSWCIG), San Joaquin County Schools Property and Liability Insurance Group (SJCSPLIG), and the San Joaquin County Schools Data Processing Center (SJCSNPC). The District pays an annual premium to the applicable entity for its health, workers' compensation, and property liability coverage. Payments for the insurance premiums are paid to these JPA's. The relationships between the District, the pools, and the JPA's are such that they are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are generally available from the respective entities.

During the year ended June 30, 2017, the District made payments to the risk pools and joint powers agencies as follows:

Joint Power Authority	Payments Made
San Joaquin County Schools Workers' Compensation Insurance Group	\$ 352,906
San Joaquin County Schools Property and Liability Insurance Group	196,937
San Joaquin County Schools Data Processing Center	132,608

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## ***II - Required Supplementary Information***

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# RIPON UNIFIED SCHOOL DISTRICT

## GENERAL FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED JUNE 30, 2017

GENERAL FUND	Budgeted Amounts			Variances -	
	(GAAP Basis)		Actual (GAAP Basis)	Positive (Negative)	
	Original	Final		Final to Actual	
REVENUES					
LCFF sources	\$ 24,659,702	\$ 25,156,746	\$ 23,337,644	\$ (1,819,102)	
Federal sources	963,910	1,201,792	1,070,181	(131,611)	
Other State sources	2,073,102	3,336,593	2,765,882	(570,711)	
Other local sources	978,528	1,430,146	2,081,036	650,890	
Total Revenues	28,675,242	31,125,277	29,254,743	(1,870,534)	
EXPENDITURES					
Current					
Certificated salaries	12,947,906	12,748,984	13,476,135	(727,151)	
Classified salaries	3,904,628	4,006,633	4,120,345	(113,712)	
Employee benefits	5,708,168	6,715,110	5,929,353	785,757	
Books and supplies	1,919,133	2,162,451	1,629,710	532,741	
Services and other operation expenditure	3,567,439	3,554,964	2,941,242	613,722	
Other Outgo	229,978	542,396	514,741	27,655	
Capital outlay	1,076,185	168,369	157,918	10,451	
Debt service - principal	-	-	-	-	
Debt service - interest	127,916	-	127,915	(127,915)	
Total Expenditures	29,481,353	29,898,907	28,897,359	1,001,548	
Excess (Deficiency) of Revenues					
Over Expenditures	(806,111)	1,226,370	357,384	(868,986)	
Other Financing Sources (Uses)					
Transfer in	-	-	-	-	
Other sources	-	-	-	-	
Transfer out	-	-	-	-	
Net Financing Sources (Uses)	-	-	-	-	
NET CHANGE IN FUND BALANCES	(806,111)	1,226,370	357,384	(868,986)	
Fund Balance - Beginning	8,783,293	8,783,293	8,783,293		
Fund Balance - Ending	\$ 7,977,182	\$ 10,009,663	\$ 9,140,677	\$ (868,986)	

See accompanying note to the required supplementary information

# RIPON UNIFIED SCHOOL DISTRICT

## SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING PROGRESS FOR THE YEAR ENDED JUNE 30, 2017

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Level Percent of Payroll (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Estimated Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
July 1, 2009	\$ -	\$ 3,494,660	\$ 3,494,660	0%	\$ 13,500,000	26%
June 12, 2014	-	3,349,136	3,349,136	0%	13,700,000	24%
September 1, 2016	-	3,608,238	3,608,238	0%	15,100,000	24%

See accompanying note to the required supplementary information



# RIPON UNIFIED SCHOOL DISTRICT

## SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE PENSION LIABILITY AS OF JUNE 30, 2017

CalSTRS	Measurement Date		
	2017	2016	2015
Proportion of the net pension liability	0.0262%	0.0239%	0.0230%
District's proportionate share of the net pension liability	\$ 21,223,587	\$ 16,117,044	\$ 13,427,148
State's proportionate share of the net pension liability associated with the District	8,524,140	8,524,140	8,109,997
Total	\$ 29,747,727	\$ 24,641,184	\$ 21,537,145
District's covered employee payroll	\$ 12,778,414	\$ 11,633,548	\$ 10,410,691
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	166%	139%	129%
Plan fiduciary net position as a percentage of the total pension liability	77%	77%	77%
<b>CalPERS</b>			
Proportion of the net pension liability	0.0300%	0.0291%	0.0256%
District's proportionate share of the net pension liability	\$ 5,933,195	\$ 4,287,377	\$ 2,906,223
District's covered employee payroll	\$ 3,736,453	\$ 3,093,378	\$ 2,651,162
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	159%	139%	110%
Plan fiduciary net position as a percentage of the total pension liability	83%	83%	83%

### Note to Schedule:

**Change of benefit terms** – For the measurement date ended June 30, 2016, 2015 and 2014, there were no changes to the benefit terms.

**Changes in assumptions** – (CalPERS) For the measurement date ended June 30, 2015, the discount rate changed from 7.50% (net of administrative expenses in 2014) to 7.65% to correct an adjustment which previously reduced the discount rate for administrative expenses. For the measurement date ended June 30, 2016 and 2014, there were no changes in assumptions.

Note: Fiscal year 2015 was the first year of implementation, therefore only three years are shown. As data becomes available, ten years of information will be presented.

See accompanying note to the required supplementary information

**RIPON UNIFIED SCHOOL DISTRICT****SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
AS OF JUNE 30, 2017**

<b>CalSTRS</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contribution (actuarially determined)	\$ 1,546,416	\$ 1,367,389	\$ 1,033,043
Contributions in relation to the actuarially determined contribution	1,546,416	1,367,389	1,033,043
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered-employee payroll	\$12,294,040	\$12,778,414	\$11,633,548
Contribution as a percentage of covered-employee payroll	12.58%	10.70%	8.88%
<b>CalPERS</b>			
Contractually required contribution (actuarially determined)	\$ 515,192	\$ 442,553	\$ 364,122
Contributions in relation to the actuarially determined contribution	515,192	442,553	364,122
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered-employee payroll	\$3,709,391	\$3,736,453	\$3,093,378
Contribution as a percentage of covered-employee payroll	13.89%	11.84%	11.77%

Note: Fiscal year 2015 was the first year of implementation, therefore only three years are shown. As data becomes available, ten years of information will be presented

## **RIPON UNIFIED SCHOOL DISTRICT**

### **NOTE TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2017**

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#### **NOTE 1 – PURPOSE OF SCHEDULES**

##### **Budgetary Comparison Schedule**

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

##### **Schedule of Funding Progress**

This schedule is required by GASB Statement No. 45 for all sole and agent employers that provide other postemployment benefits (OPEB). The schedule presents, for the most recent actuarial valuation and the two preceding valuations, information about the funding progress of the plan, including, for each valuation, the actuarial valuation date, the actuarial value of assets, the actuarial accrued liability, the total unfunded actuarial liability (or funding excess), the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio), the annual covered payroll, and the ratio of the total unfunded actuarial liability (or funding excess) to annual covered payroll.

##### **Schedule of the District's Proportionate Share of the Net Pension Liability**

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered-employee payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

##### **Schedule of District's Contributions for Pensions**

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered-employee payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered-employee payroll.

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### *III - Supplementary Information*

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# RIPON UNIFIED SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed through California Department of Education:			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 541,259
Title II, Part A, Improving Teacher Quality Local Grants	84.367	14341	59,156
Title III, Limited English Proficient Student Program	84.365	14346	18,930
Vocational Education - State Leadership	84.048	14894	24,468
Individuals with Disabilities Education Act (IDEA) Cluster			
IDEA, Basic Local Assistance Entitlement, Part B	84.027	13379	309,129
IDEA, Preschool Local Entitlement, Part B	84.027A	13682	49,052
IDEA, Preschool Grants, Part B	84.173	13430	10,424
Subtotal Individuals with Disabilities Education Act (IDEA) Cluster			368,605
Total U.S. Department of Education			\$ 1,012,418
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed through California Department of Education:			
Fair Value of Commodities	10.565	13391	42,416
Child Nutrition Cluster			
National School Lunch	10.555	13391	\$ 475,181
School Breakfast Program	10.553	13526	58,016
Meal Supplement	10.555	N/A*	20,402
Subtotal Child Nutrition Cluster			553,599
Total U.S. Department of Agriculture			596,015
<b>U.S. DEPARTMENT OF DEFENSE</b>			
Direct payments:			
JROTC	12.000	N/A*	57,763
Total U.S. Department of Defense			57,763
Total Expenditures of Federal Awards			\$ 1,666,196

\*Pass-through Entity Identifying Number not available or not applicable

## **RIPON UNIFIED SCHOOL DISTRICT**

### **LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE FOR THE YEAR ENDED JUNE 30, 2017**

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#### **ORGANIZATION**

The Ripon Unified School District was established on July 1, 1966 and consists of an area comprising approximately 50 square miles. The District operates five elementary schools, one alternative school and one high school. There were no boundary changes during the year.

#### **GOVERNING BOARD**

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Chad Huskey	President	2018
Kit Oase	Vice President	2018
Caroline Hutto	Clerk	2020
Christina Orlando	Member	2020
Ernie Tyhurst	Member	2018

#### **ADMINISTRATION**

Dr. Ziggy Robeson	Superintendent
Sonia Lasyone	Chief Business Officer
Kathy Coleman	Director of Curriculum and Categorical Programs
Lisa Cheney	Director of Student Support Services



**RIPON UNIFIED SCHOOL DISTRICT****SCHEDULE OF AVERAGE DAILY ATTENDANCE  
FOR THE YEAR ENDED JUNE 30, 2017**

	Second Period Report	Annual Report
ELEMENTARY		
Transitional Kindergarten/Kindergarten through third	915.00	915.63
Fourth through sixth	723.00	722.16
Seventh and eighth	530.92	531.08
Extended Year Special Education	1.23	1.23
Special Education - Nonpublic	2.47	2.45
Total Elementary	2,172.62	2,172.55
SECONDARY		
Ninth through twelfth	887.36	882.32
Special Education - Nonpublic	3.71	3.71
Total Secondary	891.07	886.03
Total K-12	3,063.69	3,058.58

*See accompanying note to supplementary information.*

**RIPON UNIFIED SCHOOL DISTRICT****SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2017**

Grade Level	1986-87	2016-17	Number of Days		Status
	Minutes Requirement	Actual Minutes	Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	50,400	180	N/A	In Compliance
Grade 1	50,400	50,400	180	N/A	In Compliance
Grade 2	50,400	50,400	180	N/A	In Compliance
Grade 3	50,400	51,300	180	N/A	In Compliance
Grade 4	54,000	56,650	180	N/A	In Compliance
Grade 5	54,000	56,650	180	N/A	In Compliance
Grade 6	54,000	56,650	180	N/A	In Compliance
Grade 7	54,000	57,550	180	N/A	In Compliance
Grade 8	54,000	57,550	180	N/A	In Compliance
Grade 9	64,800	65,806	180	N/A	In Compliance
Grade 10	64,800	65,806	180	N/A	In Compliance
Grade 11	64,800	65,806	180	N/A	In Compliance
Grade 12	64,800	65,806	180	N/A	In Compliance

*See accompanying note to supplementary information.*

## **RIPON UNIFIED SCHOOL DISTRICT**

### **RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

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Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Reports and the audited financial statements:

#### **FORM DEBT**

Total Liabilities, June 30, 2017, Unaudited Actuals	\$ 32,584,199
Increase in:	
General obligation bonds	2,075,788
Other General Long-Term Debt	341,073
Net pension liability	27,156,782
Net OPEB obligation	733,570
Total Liabilities, June 30, 2017, Audited Financial Statements	<u>\$ 62,891,412</u>

#### **FORM ASSET**

Total Assets, June 30, 2017, Unaudited Actuals	\$ 46,079,167
Increase in:	
Work in Progress	2,765,294
Land Improvements	245,545
Buildings	120,000
Equipment	294,109
Accumulated Depreciation	(6,544,396)
Total Assets, June 30, 2017, Audited Financial Statements	<u>\$ 42,959,719</u>

#### **GENERAL FUND**

Total Fund Balance, June 30, 2017, Unaudited Actuals	\$ 8,838,891
Increase in	
Accounts receivable	301,786
Total Fund Balance, June 30, 2017, Audited Financial Statements	<u>\$ 9,140,677</u>

#### **CAFETERIA FUND**

Total Fund Balance, June 30, 2017, Unaudited Actuals	\$ 120,677
Increase in	
Accounts receivable	14,967
Total Fund Balance, June 30, 2017, Audited Financial Statements	<u>\$ 135,644</u>

*See accompanying note to supplementary information.*

# RIPON UNIFIED SCHOOL DISTRICT

## SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

	(Budget) 2018 <sup>1</sup>	2017	2016	2015
GENERAL FUND				
Revenues	\$ 30,229,442	\$ 29,254,743	\$ 29,343,165	\$ 23,592,374
Other sources	-	-	-	-
Total Revenues and Other Sources	30,229,442	29,254,743	29,343,165	23,592,374
Expenditures	31,001,102	28,897,359	30,050,102	25,956,506
Other uses and transfers out	-	-	13,659	-
Total Expenditures and Other Uses	31,001,102	28,897,359	30,063,761	25,956,506
INCREASE (DECREASE) IN FUND BALANCE	\$ (771,660)	\$ 357,384	\$ (720,596)	\$ (2,364,132)
ENDING FUND BALANCE	\$ 8,369,017	\$ 9,140,677	\$ 8,783,293	\$ 9,503,889
AVAILABLE RESERVES <sup>2</sup>	\$ 3,905,124	\$ 4,658,843	\$ 1,803,824	\$ 5,225,192
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	12.60%	16.12%	6.00%	20.13%
LONG-TERM OBLIGATIONS	\$ 61,682,045	\$ 62,891,412	\$ 55,838,180	\$ 52,915,536
K-12 AVERAGE DAILY ATTENDANCE AT P-2	3,064	3,064	2,975	2,890

The General Fund balance has decreased by \$363,212, over the past two years. The fiscal year 2017-2018 budget projects a budget decrease of \$771,660. For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The total long-term obligations have increased by \$9,975,876 over the past two years.

Average daily attendance has increased by 174 over the past two years. No change in ADA is anticipated during fiscal year 2017-2018.

<sup>1</sup> Budget 2018 is included for analytical purposes only and has not been subjected to audit.

<sup>2</sup> Available reserves consist of all undesignated fund balances and all funds designated for economic uncertainty contained within the General Fund.

**RIPON UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF CHARTER SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2017**

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<u>Name of Charter School</u>	<u>Included in Audit Report</u>
Connection Academy Virtual Charter School	No

*See accompanying note to supplementary information.*

**RIPON UNIFIED SCHOOL DISTRICT**

**NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2017**

	<b>Cafeteria Fund</b>	<b>Deferred Maintenance Fund</b>	<b>County School Facilities Fund</b>
<b>ASSETS</b>			
Deposits and investments	\$ 86,098	\$ 788,137	\$ 29,697
Receivables	86,462	-	-
Due from other funds	1,455	2,500,000	-
Stores inventories	7,056	-	-
<b>Total Assets</b>	<b>181,071</b>	<b>3,288,137</b>	<b>29,697</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	4,167	15,785	-
Due to other funds	41,260	-	-
<b>Total Liabilities</b>	<b>45,427</b>	<b>15,785</b>	<b>-</b>
<b>Fund Balances:</b>			
Nonspendable	7,701	-	-
Restricted	127,943	-	29,697
Committed	-	-	-
Assigned	-	3,272,352	-
<b>Total Fund Balance</b>	<b>135,644</b>	<b>3,272,352</b>	<b>29,697</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 181,071</b>	<b>\$ 3,288,137</b>	<b>\$ 29,697</b>

*See accompanying note to supplementary information.*

<b>Special Reserve Capital Outlay Fund</b>	<b>Bond Interest and Redemption Fund</b>	<b>Total Non-Major Governmental Funds</b>
\$ 9,750	\$ 1,670,582	\$ 2,584,264
-	-	86,462
-	-	2,501,455
-	-	7,056
<u>9,750</u>	<u>1,670,582</u>	<u>5,179,237</u>
-	-	19,952
-	-	41,260
<u>-</u>	<u>-</u>	<u>61,212</u>
-	-	7,701
9,750	1,670,582	1,837,972
-	-	-
-	-	3,272,352
<u>9,750</u>	<u>1,670,582</u>	<u>5,118,025</u>
<u>\$ 9,750</u>	<u>\$ 1,670,582</u>	<u>\$ 5,179,237</u>

**RIPON UNIFIED SCHOOL DISTRICT**
**NON-MAJOR GOVERNMENTAL FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE  
 FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Cafeteria Fund</b>	<b>Deferred Maintenance Fund</b>	<b>County School Facilities Fund</b>
<b>REVENUES</b>			
LCFF sources	\$ -	\$ 2,000,000	\$ -
Federal sources	596,015		-
Other State sources	36,771	-	-
Other local sources	373,566	4,614	168
<b>Total Revenues</b>	<b>1,006,352</b>	<b>2,004,614</b>	<b>168</b>
<b>EXPENDITURES</b>			
Current			
Pupil services:			
Food services	961,012	-	-
Plant services	6,350	3,500	-
Facilities acquisition and construction	-	36,290	-
Debt service			
Principal	-	-	-
Interest and other	-	-	-
<b>Total Expenditures</b>	<b>967,362</b>	<b>39,790</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>38,990</b>	<b>1,964,824</b>	<b>168</b>
<b>Other Financing Sources (Uses)</b>			
Other sources	-	-	-
<b>Net Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>38,990</b>	<b>1,964,824</b>	<b>168</b>
<b>Fund Balance - Beginning</b>	<b>96,654</b>	<b>1,307,528</b>	<b>29,529</b>
<b>Fund Balance - Ending</b>	<b>\$ 135,644</b>	<b>\$ 3,272,352</b>	<b>\$ 29,697</b>

See accompanying note to supplementary information.



<b>Special Reserve Capital Outlay Fund</b>	<b>Bond Interest and Redemption Fund</b>	<b>Total Non-Major Governmental Funds</b>
\$ -	\$ -	\$ 2,000,000
-	-	596,015
-	12,069	48,840
54	1,540,045	1,918,447
54	1,552,114	4,563,302
-	-	961,012
-	-	9,850
-	-	36,290
-	1,190,000	1,190,000
-	547,619	547,619
-	1,737,619	2,744,771
54	(185,505)	1,818,531
-	-	-
-	-	-
54	(185,505)	1,818,531
9,696	1,856,087	3,299,494
\$ 9,750	\$ 1,670,582	\$ 5,118,025

# **RIPON UNIFIED SCHOOL DISTRICT**

## **NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2017**

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### **NOTE 1 – PURPOSES OF SCHEDULES**

#### **Schedule of Expenditures of Federal Awards**

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Indirect Cost Rate – The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Sub-recipients – The District did not provide federal awards to sub-recipients during the year ended June 30, 2017.

#### **Local Education Agency Organization Structure**

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

#### **Schedule of Average Daily Attendance (ADA)**

Average daily attendance (ADA) 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.

#### **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 46200 through 46206.

The District has not met its local control funding formula target.

Districts must maintain their instructional minutes at the 1986-87 requirements as required by *Education Code* Section 46201.

#### **Reconciliation of Annual Financial and Budget Report with Audited Financial Statements**

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

# **RIPON UNIFIED SCHOOL DISTRICT**

## **NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2017**

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### **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.

### **Schedule of Charter Schools**

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

### **Non-Major Governmental Funds – Balance Sheet and Statement of Revenues, Expenditures and Change in Fund Balance**

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balance is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance.

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***IV - Independent Auditors' Reports***

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## **INDEPENDENT AUDITORS' 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***

Governing Board  
Ripon Unified School District  
Ripon, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2017, 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 7, 2017.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Ripon Unified School 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 Ripon Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Ripon Unified School 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.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Ripon Unified School 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 instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

*Curbell + Tolman, LLP*

El Dorado Hills, California  
December 7, 2017



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## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Governing Board  
Ripon Unified School District  
Ripon, California

### **Report on Compliance for Each Major Federal Program**

We have audited the Ripon Unified School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Ripon Unified School District's major federal programs for the year ended June 30, 2017. Ripon Unified School 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 terms and conditions of its federal awards applicable to its federal program.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each Ripon Unified School 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 Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 Ripon Unified School 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 Ripon Unified School District's compliance.

## Opinion on Each Major Federal Program

In our opinion, Ripon Unified School 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, 2017.

## Report on Internal Control Over Compliance

Management of Ripon Unified School 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 Ripon Unified School 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 the 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 Ripon Unified School 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Carroll & Torgerson, LLP*

El Dorado Hills, California  
December 7, 2017

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## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH APPLICABLE REQUIREMENTS IN ACCORDANCE WITH 2016-17 GUIDE FOR ANNUAL AUDITS OF K-12 LOCAL EDUCATION AGENCIES AND STATE COMPLIANCE REPORTING**

Governing Board  
Ripon Unified School District  
Ripon, California

### **Report on State Compliance**

We have audited Ripon Unified School District's compliance with the types of compliance requirements as described in the *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the Ripon Unified School District's programs as identified in the below schedule for the year ended June 30, 2017.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the Ripon Unified School District's State 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 *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards and the *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* 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 the programs identified in the below schedule occurred. An audit includes examining, on a test basis, evidence about Ripon Unified School 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. However, our audit does not provide a legal determination on the District's compliance with those requirements.

## Other Matters

In connection with the requirements referred to above, we selected and tested transactions and records to determine the Ripon Unified School District's compliance with the applicable programs identified below:

Compliance Requirements	Procedures Performed
<b>LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS</b>	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No, See Below
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Mental Health Expenditures	Yes
<b>SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION AND CHARTER SCHOOLS</b>	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After School Education and Safety Program	Not Applicable
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	Not Applicable
Immunizations	Not Applicable
<b>CHARTER SCHOOLS</b>	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Non-classroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Non-classroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom Based	Not Applicable
Charter School Facilities Grant Program	Not Applicable

The District's reported ADA for Independent Study was below the mandatory level that requires testing; therefore, we did not perform testing of Independent Study ADA.

### **Opinion on State Compliance**

In our opinion, Ripon Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the programs identified in the above schedule for the year ended June 30, 2017.

*Cubell & Tolman, LLP*

El Dorado Hills, California  
December 7, 2017

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*V - Schedule of Findings and Questioned Costs*

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# RIPON UNIFIED SCHOOL DISTRICT

## SUMMARY OF AUDITORS' RESULTS FOR THE YEAR ENDED JUNE 30, 2017

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### FINANCIAL STATEMENTS

Type of auditors' report issued:

Internal control over financial reporting:

Material weaknesses identified?

Significant deficiencies identified not considered to be material weaknesses?

Noncompliance material to financial statements noted?

Unmodified

No

None Reported

No

### FEDERAL AWARDS

Internal control over major federal programs:

Material weaknesses identified?

Significant deficiencies identified not considered to be material weaknesses?

Type of auditors' report issued on compliance for major federal programs:

Any audit findings disclosed that are required to be reported in accordance with

2 CFR 200.516(a)?

Identification of major federal programs

No

None Reported

Unmodified

No

10.553, 10.555

Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

Auditee qualified as low-risk auditee?

\$750,000

Yes

### STATE AWARDS

Internal control over state programs:

Material weaknesses identified?

Significant deficiency identified?

Any audit findings disclosed that are required to be reported in accordance with

Audits of California K-12 Local Education Agencies?

Type of auditors' report issued on compliance for state programs:

No

None Reported

No

Unmodified

**RIPON UNIFIED SCHOOL DISTRICT**

**FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017**

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There were no financial statement findings reported.

**RIPON UNIFIED SCHOOL DISTRICT**

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

---

There were no audit findings and questioned costs related to the federal awards for the year ended June 30, 2017.

**RIPON UNIFIED SCHOOL DISTRICT**

**STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

---

There were no audit findings and questioned costs related to the state awards for the year ended June 30, 2017.

**RIPON UNIFIED SCHOOL DISTRICT**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017**

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There were no Prior Audit Findings for the year ended June 30, 2016