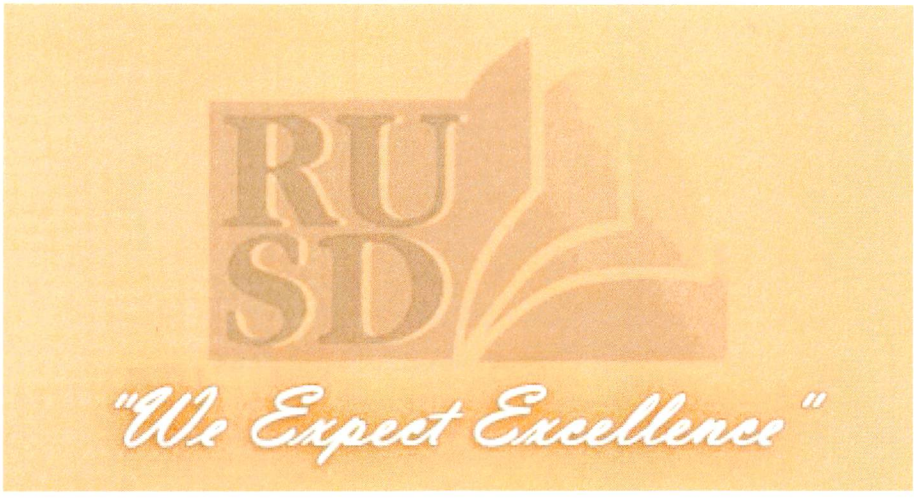

Ripon Unified School District

Annual Financial Report
June 30, 2015

Cichella & Tokunaga, LLP
Certified Public Accountants

RIPON UNIFIED SCHOOL DISTRICT

OF SAN JOAQUIN COUNTY

RIPON, CALIFORNIA

JUNE 30, 2015

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Ernie Tyhurst	President	2018
Mike Fisher	Vice President	2016
Christina Orlando	Clerk	2016
Kit Oase	Member	2018
Chad Husky	Member	2018

ADMINISTRATION

William C. Draa	Superintendent
Kathy Coleman	Director of Curriculum and Categorical Programs
Lisa Cheney	Director of Student Support Services

RIPON UNIFIED SCHOOL DISTRICT

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RIPON UNIFIED SCHOOL DISTRICT

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I - Financial Section

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Cichella & Tokunaga, LLP

Certified Public Accountants

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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, 2015, 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 *Standards and Procedures for Audits of California K-12 Local Education Agencies 2014-2015*, issued by the California Education Audit Appeals Panel as regulations. 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, 2015, 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.

Emphasis of Matter – Change in Accounting Principles

As discussed in Note 1 to the financial statements, in 2015 the District adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.* Our opinion is not modified with respect to this matter.

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 and schedules of Proportionate Share of Net Pension Liability, and schedule of District 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 accompanying supplementary information as listed in the table of contents including the schedule of expenditures of federal awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying 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 9, 2015, 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.

Gilbert + Associates LLP

El Dorado Hills, California
December 9, 2015

Ripon Unified School District

304 North Acacia Avenue • Ripon, CA 95366 • (209) 599-2131 • Fax (209) 599-6271

William C. Draa, Superintendent
Kathryn Coleman, Director of Curriculum & Categorical
Susan Harper, Director of Student Services
Clarice L. Luis, Chief Business Officer
Michelle Ryan, Human Resources Manager
Angelica Bogetti, Executive Assistant

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, 2015. 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.

BOARD OF TRUSTEES
Mike Fisher • Kit Oase • Christina Orlando • Donna Parks • Ernest Tyhurst

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.

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.

FINANCIAL HIGHLIGHTS

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $14.53 million for the fiscal year ended June 30, 2015. Of this amount, ($11.41) 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. In addition, the increase in long-term obligations and deferred inflows and outflows of resources is directly related to the implementation of GASB statements No. 68 and No. 71 related to the recording of pension related obligations. Refer to Note 15 for further discussion. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

(Amounts in millions)	Governmental Activities	
	2015	2014
Assets		
Current and other assets	$ 29.29	$ 26.11
Capital assets	43.51	36.78
Total Assets	**72.80**	**62.89**
Deferred Outflows of Resources		
Deferred outflows - Related to pensions	1.40	-
Liabilities		
Current liabilities	3.66	1.94
Long-term liabilities	51.70	24.98
Total Liabilities	**55.36**	**26.92**
Deferred Inflows of Resources		
Deferred inflows - Related to pensions	4.31	-
Net Position		
Invested in capital assets, net of related debt	8.41	11.38
Restricted	17.53	16.34
Unrestricted	(11.41)	8.25
Total Net Position	**$ 14.53**	**$ 35.97**

The ($11.41) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The June 30, 2015, unrestricted net position decreased $19.66 million as compared to June 30, 2014. Refer to Note 15 for further discussion.

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

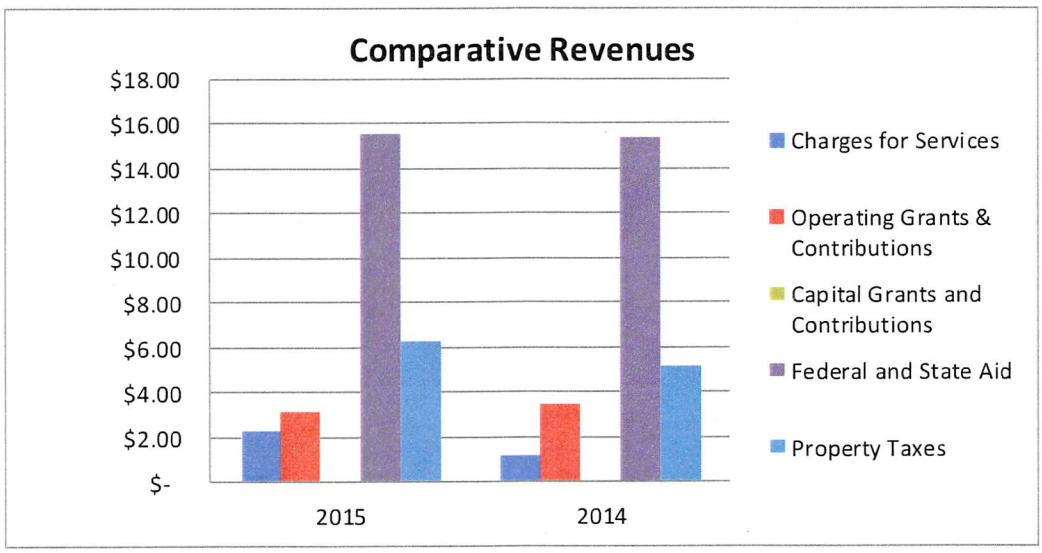
(Amounts in millions)	Governmental Activities	
	2015	2014
Revenues		
Program revenues:		
Charges for services	$ 2.25	$ 1.19
Operating grants and contributions	3.13	3.42
Capital grants and contributions	0.03	0.02
General revenues:		
Federal and State aid not restricted	15.53	15.41
Property taxes	6.25	5.19
Other general revenues	0.95	0.98
Total Revenues	**28.14**	**26.21**
Expenses		
Instruction-related	19.89	16.72
Pupil services	2.71	2.58
Administration	2.13	1.63
Plant services	2.73	2.82
Other	2.90	1.40
Total Expenses	**30.36**	**25.15**
Change in Net Position	(2.22)	1.06
Net Position - Beginning- As Restated	16.75	34.91
Net Position - Ending	$ 14.53	$ 35.97

Governmental Activities

As reported in the *Statement of Activities* on page 18, the cost of all of our governmental activities this year was $30.36 million. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $6.25 million because the cost was paid by those who benefited from the programs ($2.25 million) or by other governments and organizations who subsidized certain programs with grants and contributions (3.16 million). We paid for the remaining "public benefit" portion of our governmental activities with $15.53 million in Federal and State aid and $0.95 million with other revenues, like interest and general entitlements.

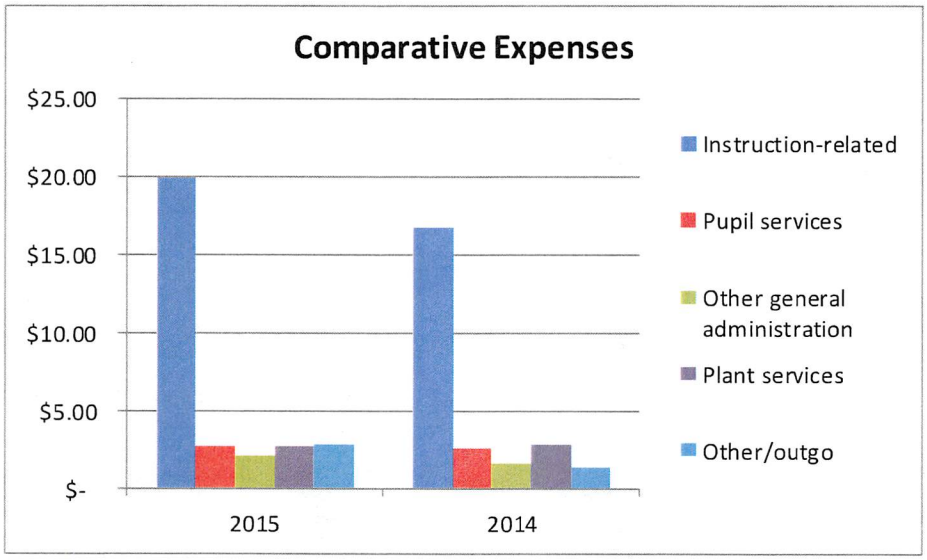
Schedule of Revenues for Governmental Functions

(Amounts in millions)	2015	Percent of Total	2014	Percent of Total
Revenues				
Program revenues:				
Charges for services and sales	$ 2.25	8.00%	$ 1.19	4.54%
Operating grants and contributions	3.13	11.12%	3.42	13.05%
Capital grants and contributions	0.03	0.11%	0.02	0.08%
General revenues:				
Federal and State aid not restricted	15.53	55.18%	15.41	58.79%
Property taxes	6.25	22.21%	5.19	19.80%
Other Revenues	0.95	3.38%	0.98	3.74%
Total Revenues	**$ 28.14**	**100.00%**	**$ 26.21**	**100.00%**



Schedule of Expenses for Governmental Functions

(Amounts in millions)	2015	Percent of Total	2014	Percent of Total
Expenses				
Instruction-related	$ 19.89	65.51%	$ 16.72	66.06%
Pupil services	2.71	8.93%	2.58	10.19%
Other general administration	2.13	7.02%	1.63	6.48%
Plant services	2.73	8.99%	2.82	11.15%
Other/outgo	2.90	9.55%	1.40	6.12%
Total Expenses	**$ 30.36**	**100.00%**	**$ 25.15**	**100.00%**

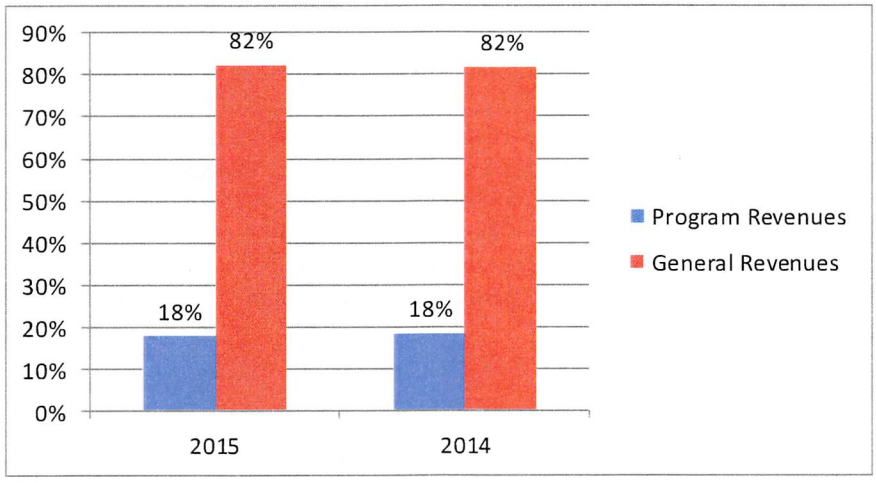


In Table 3, we have presented the cost and net cost of each of the District's five largest functions: instruction, pupil services, administration, plant services, and other. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. 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	
	2015	2014	2015	2014
Instruction	$ 19.89	$ 16.72	$ 17.69	$ 14.43
Pupil Services	2.71	2.58	1.55	1.35
Administration	2.13	1.63	2.01	1.48
Plant Services	2.73	2.82	2.29	2.70
Other	2.90	1.40	1.41	0.55
Total	**$ 30.36**	**$ 25.15**	**$ 24.95**	**$ 20.51**

Program revenues financed 18 percent of the total cost of providing the service listed above, while the remaining 82 percent was financed by the general revenue of the District.



THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $26.76 million, which is an increase of $1.48 million from last year (Table 4).

Table 4

	Balances and Activity			
	July 1, 2014	Revenues	Expenditures	June 30, 2015
General	$ 11,868,021	$ 23,592,374	$ 25,956,506	$ 9,503,889
Cafeteria	234,015	808,793	881,060	161,748
Deferred Maintenance	235,943	800,754	216,471	820,226
Building	10,716,076	9,800,402	8,225,622	12,290,856
Special Reserve Capital Outlay	9,615	32	-	9,647
Bond Interest and Redemption	1,431,175	1,651,739	1,196,647	1,886,267
County School Facilities	29,273	100	-	29,373
Capital Facilities	753,243	1,637,884	336,161	2,054,966
Total	**$ 25,277,361**	**$ 38,292,078**	**$ 36,812,467**	**$ 26,756,972**

The primary reasons for these increases/decreases are:

a. Our General Fund is our principal operating fund. The fund balance in the General Fund decreased from $11.8 million to $9.5 million. This decrease is the result of increased payments for educational services.
b. Our Cafeteria fund decreased $72,267 due to planned spending to reduce the ending fund balance with federal mandated reserves of no more than 3 months of operating expenses.
c. Our Deferred Maintenance fund increased $584,283 due to planned building repairs.
d. Our Building Fund increased $1.5 Million. This was due to the implementation of the Measure G Bond which is modernization of the Colony Oak Elementary School.
e. Our Capital Facilities Fund increased $1.3 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 September 15, 2014. (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 61.)

- Budgeted revenue revisions made to the 2014-2015 Budget were due to implementation of LCFF funding, categorical programs rolled into LCFF funding, Common Core funding, Prop 39 Clean Energy Act funding, deferred revenue and carryover and increased income from Local sources.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had $43.51 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 $6.72 million from last year (Table 5).

Table 5

(Amounts in millions)	Capital Assets	
	2015	2014
Land and construction in progress	$ 13.79	$ 5.67
Building and improvements	28.95	30.39
Equipment	0.77	0.73
Totals	**$ 43.51**	**$ 36.79**

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

Long-Term Obligations

At June 30, 2015, the District had $52.91million in bonds outstanding versus $46.57 million last year. The increase is due to the issuance of general obligation bonds.

Table 6

(Amounts in millions)	General Long-Term Obligations	
	2015	Restated [1] 2014
General obligation bonds	$ 32.92	$ 22.78
Capitalized lease obligations	1.42	1.58
Net pension liability	16.33	20.39
Other	2.24	1.82
Totals	**$ 52.91**	**$ 46.57**

[1] The 2014 balance has been increased by $20.39 million for the net pension liability as result of implementing GASB 68.

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.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2014-2015 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
Modernize Weston Elementary School

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District used the following assumptions in constructing the 2015/16 fiscal year budget. The information provided below is current as of July 1, 2015.

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 2015-2016 year, the governing board and management used the following criteria:

1. LCFF
2. ADA of 2,925
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 5.6 FTE
6. Increase classified staffing by 4.0 FTE

Expenditures are based on the following forecasts:

	Staffing Ratio	Enrollment
Grades kindergarten through third	21.9:1	855
Grades four through eight	28.6:1	1173
Grades nine through twelve	19.9:1	837

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

RIPON UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities
ASSETS	
Deposits and investments	$ 28,241,600
Receivables	1,035,643
Stores inventories	11,671
Capital assets not depreciated	68,297,241
Less: Accumulated depreciation	(24,784,182)
Total Assets	72,801,973
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows - Related to pensions	1,397,165
LIABILITIES	
Accounts payable	2,350,054
Interest payable	67,806
Unearned revenue	32,150
Current portion of long-term obligations	1,218,051
Noncurrent portion of long-term obligations	51,697,485
Total Liabilities	55,365,546
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - Related to pensions	4,308,311
NET POSITION	
Invested in capital assets, net of related debt	8,406,005
Restricted for:	
Debt service	1,886,267
Educational programs	1,111,873
Capital projects	14,384,842
Other activities	149,477
Unrestricted	(11,413,183)
Total Net Position	$ 14,525,281

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

RIPON UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Positon: Governmental Activities
Governmental Activities:					
Instruction	$ 17,577,156	$ 269,209	$ 1,836,527	$ 30,501	$ (15,440,919)
Instruction-related activities:					
Supervision of instruction	197,228	17	16,655	-	(180,556)
Instructional library, media, and technology	240,481	5,474	489	-	(234,518)
School site administration	1,874,364	1,532	40,636	-	(1,832,196)
Pupil services:					
Home-to-school transportation	466,265	-	2,193	-	(464,072)
Food services	816,174	263,393	474,445	-	(78,336)
All other pupil services	1,424,893	19,878	397,306	-	(1,007,709)
Administration:					
All other administration	2,129,985	40,269	84,204	-	(2,005,512)
Plant services	2,734,068	286,688	157,989	-	(2,289,391)
Ancillary services	94,146	-	497	-	(93,649)
Community services	417,275	246,934	22,075	-	(148,266)
Enterprise services	13,852	-	-	-	(13,852)
Interest on long-term obligations	1,446,134	-	-	-	(1,446,134)
Other outgo	926,258	1,113,850	99,574	-	287,166
Total Governmental Activities	$ 30,358,279	$ 2,247,244	$ 3,132,590	$ 30,501	(24,947,944)
General revenues and subventions:					
Property taxes, levied for general purposes					4,905,328
Property taxes, levied for debt services					1,264,002
Taxes levied for other specific purposes					81,307
Federal and State aid not restricted to specific purposes					15,527,721
Interest and investment earnings					34,785
Interagency revenues					2,762
Miscellaneous					910,836
Subtotal, General Revenues					22,726,741
Change in Net Position					(2,221,203)
Net Position - Beginning - As Previously Reported					35,969,512
Restatement of Beginning Net Position					(19,223,028)
Net Position - Beginning- As Restated					16,746,484
Net Position - Ending					$ 14,525,281

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

RIPON UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS – BALANCE SHEET
JUNE 30, 2015

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Deposits and investments	$ 10,904,037	$ 13,084,995	$ 4,102,712	$ 28,091,744
Receivables	961,122	3,947	70,574	1,035,643
Due from other funds	47,400	-	908,519	955,919
Stores inventories	-	-	11,671	11,671
Total Assets	11,912,559	13,088,942	5,093,476	30,094,977
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	1,559,276	706,811	83,849	2,349,936
Due to other funds	817,244	91,275	47,400	955,919
Unearned revenue	32,150	-	-	32,150
Total Liabilities	2,408,670	798,086	131,249	3,338,005
Fund Balances:				
Nonspendable	5,000	-	12,271	17,271
Restricted	1,111,873	12,290,856	4,129,730	17,532,459
Committed	-	-	-	-
Assigned	3,161,824	-	820,226	3,982,050
Unassigned	5,225,192	-	-	5,225,192
Total Fund Balance	9,503,889	12,290,856	4,962,227	26,756,972
Total Liabilities and Fund Balances	$ 11,912,559	$ 13,088,942	$ 5,093,476	$ 30,094,977

RIPON UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

Total Fund Balance - Governmental Funds		**$ 26,756,972**
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
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	$ 68,297,241	
Accumulated depreciation is	(24,784,182)	
Net Capital Assets		43,513,059
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.		(67,806)
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.		149,738
In governmental funds, deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds. In the statement of net position, dererred outflows of resources relating to pensions are reported.		
Deferred outflows of resources related to pension.		1,397,165
Deferred inflows of resources related to pensions.		(4,308,311)
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	32,918,691	
Capital leases payable	1,420,831	
Bond premium, net of amortization	767,532	
Compensated absences (vacations)	59,622	
Net OPEB obligation	1,415,489	
Net pension liability	16,333,371	
Total Long-Term Obligations		(52,915,536)
Total Net Position - Governmental Activities		$ 14,525,281

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

RIPON UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
LCFF sources	$ 18,940,724		$ 800,000	$ 19,740,724
Federal sources	1,002,493	-	472,506	1,474,999
Other State sources	1,667,933	-	43,290	1,711,223
Other local sources	1,981,224	30,402	3,198,197	5,209,823
Total Revenues	23,592,374	30,402	4,513,993	28,136,769
EXPENDITURES				
Current				
Instruction	16,039,921	-	-	16,039,921
Instruction-related activities:				
Supervision of instruction	197,035	-	-	197,035
Instructional library, media and technology	240,203	-	-	240,203
School site administration	1,863,913	-	-	1,863,913
Pupil services:				
Home-to-school transportation	380,978	-	-	380,978
Food services	-	-	-	-
All other pupil services	1,423,474	-	803,764	2,227,238
Administration:				
All other administration	2,071,031	-	47,400	2,118,431
Plant services	2,278,327	209,084	493,409	2,980,820
Facilities acquisition and construction	34,973	8,016,538	89,119	8,140,630
Ancillary services	94,132	-	-	94,132
Community services	417,196	-	-	417,196
Other outgo	685,484	-	-	685,484
Debt service				
Principal	160,466	-	1,015,000	1,175,466
Interest and other	69,373	-	181,647	251,020
Total Expenditures	25,956,506	8,225,622	2,630,339	36,812,467
Excess (Deficiency) of Revenues Over Expenditures	(2,364,132)	(8,195,220)	1,883,654	(8,675,698)
Other Financing Sources (Uses)				
Other sources	-	9,770,000	385,309	10,155,309
Net Financing Sources (Uses)	-	9,770,000	385,309	10,155,309
NET CHANGE IN FUND BALANCES	(2,364,132)	1,574,780	2,268,963	1,479,611
Fund Balance - Beginning	11,868,021	10,716,076	2,693,264	25,277,361
Fund Balance - Ending	$ 9,503,889	$ 12,290,856	$ 4,962,227	$ 26,756,972

The accompanying notes are an integral part of the 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 FOR THE YEAR ENDED JUNE 30, 2015

Net Change in Fund Balances - Governmental Funds		**$ 1,479,611**
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
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	$ (1,701,295)	
Capital outlays	8,427,586	
Net Expense Adjustment		6,726,291
Accreted interest on capital appreciation bonds is accrued as long-term debt in the government-wide financials, increasing expense.		(1,230,302)
Capital lease payments are expenditures in the governmental funds. However, the capital lease payments are not expenses in the statement of activities, but instead reduce the long-term liabilities in government wide financial statements.		160,466
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).		25,567
Proceeds from debt provided current financial resources to governmental funds. However, issuing debt increases long-term liabilities in the statement of net position. This amount is the net effect of proceeds and issuance costs.		(10,396,083)
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 in governmental funds, however, the payments reduce the long-term liability in the statement of net position.		(1,907)

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

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, 2015

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.		1,015,000
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.		10,285
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.		(13,545)
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.		24,903
Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
District pension contributions	1,397,165	
Cost of benefits earned net of employee contributions	(1,418,654)	
Total pension expense		(21,489)
Change in Net Position of Governmental Activities		$ (2,221,203)

RIPON UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities - Internal Service Fund
ASSETS	
Current Assets	
Deposits and investments	$ 149,856
Total Current Assets	149,856
LIABILITIES	
Current Liabilities	
Accounts Payable	118
Total Current Liabilities	118
NET POSITION	
Unrestricted	149,738
Total Net Position	$ 149,738

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, 2015

	Governmental Activities - Internal Service Fund
OPERATING EXPENSES	
Services and other operating cost	$ 13,852
Total Operating Expenses	13,852
Operating Income (Loss)	(13,852)
NONOPERATING REVENUES (EXPENSES)	
Interest income	307
Total Nonoperating Revenues (Expenses)	307
Income (Loss) Before Capital Contributions	(13,545)
Change in Net Position	(13,545)
Total Net Position - Beginning	163,283
Total Net Positon - Ending	$ 149,738

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, 2015

	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash inflow from operating activities	$ (13,734)
Net Cash Provided (Used) for Operating Activities	(13,734)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	307
Net Cash Provided (Used) from Investing Activities	307
Net Increase in Cash and Cash Equivalents	(13,427)
Cash and Cash Equivalents - Beginning	163,283
Cash and Cash Equivalents - Ending	$ 149,856
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Changes in assets and liabilities:	
Accounts payable	118
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 118

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

RIPON UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2015

	Agency Funds
ASSETS	
Deposits and investments	$ 1,200,520
Total Assets	1,200,520
LIABILITIES	
Due to student groups	1,200,520
Total Liabilities	$ 1,200,520

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

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:

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 exist primarily to account separately for proceeds from sale of bonds and acquisition of major governmental capital facilities and buildings.

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:

> **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).
>
> **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:

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.

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 measureable 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 "measureable" 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.

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, 2015, 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.

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.

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 30th; 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.

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 are in district premiums. Operating expenses are necessary costs incurred to provide the good or service that is 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 balance sheet reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of resources that apply to a future period(s) and will not be recognized as an outflow or resources (expense) until then. Conversely, deferred inflows of resources represent an acquisition of resources that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

When applicable, the District's deferred amount on refunding, resulting from the difference in the carrying value and reacquisition price of the refunded debt, is reported as a deferred outflow of resources and is amortized over the shorter of the life of the refunded debt or refunding bond.

On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been offset with unavailable revenue. The District's unavailable revenue in the balance sheet is for the long-term facilities lease and future development fees.

Contributions made to the District's pension plan(s) after the measurement date but before the fiscal year-end are recorded as a deferred outflow of resources and will reduce the net pension liability in the next fiscal year.

Additional factors involved in the calculation of the District's pension expense and net pension liability includes the difference between expected and actual experience, changes in assumptions, difference between projected and actual investment earnings, change in proportion, and differences between the District's contributions and proportionate shares of contributions. These factors are recorded as deferred outflows and inflows of resources and amortized over various periods.

Net Pension Liability

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement Plan (CalSTRS Plan), and classified employees are members of the Schools Pool (CalPERS Plan), collectively referred to as the Plans. For purposes of measuring the net pension liability, pension expense, and deferred outflows/inflows of resources related to pensions, information about fiduciary net position of the District's portions of the Plans and additions to and deductions from the Plans' fiduciary net positions have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Current GASB Implementation

GASB Statement No. 68 – In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.* The Primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions 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 pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The Statement is effective for periods beginning after June 15, 2014. The District has implemented GASB Statement No. 68 for the year ended June 30, 2015.

GASB Statement No. 71 – In November 2013, GASB issued Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.* This standard seeks to clarify certain implementation issues related to amounts that are deferred and amortized at the time GASB 68 is first adopted. It applies to situations in which the measurement date of an actuarial valuation differs from the government's fiscal year. The Statement is effective for periods beginning after June 15, 2014. The District has implemented GASB Statement No. 71 for the year ended June 30, 2015.

New Accounting Pronouncements

GASB Statement No. 72 – In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application.* This standard addresses accounting and financial reporting issues related to fair value measurements. The Statement is effective for periods beginning after June 15, 2015. This District has not yet determined the impact on the financial statements.

GASB Statement No. 73 – In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.* This standard establishes requirements for defined benefit pensions that are not within the scope of GASB Statement 68 and amends certain provisions of GASB Statements 67 and 68. The Statement is effective for periods beginning after June 15, 2016. The District has not yet determined the impact on the financial statements.

GASB Statement No. 75 – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* This standard's primary objective is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. The Statement is effective for periods beginning after June 15, 2017. The District has not yet determined the impact on the financial statements.

NOTE 2 – DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2015, are classified in the accompanying financial statements as follows:

Governmental activities	$	28,091,744
Proprietary Fund		149,856
Fiduciary funds		1,200,520
Total Deposits and Investments	$	29,442,120

Deposits and investments as of June 30, 2015, consist of the following:

Cash on hand and in banks	$	1,461,137
Cash in revolving accounts		5,600
Deposits with County Treasurer		27,975,383
Total Deposits and Investments	$	29,442,120

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 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.

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:

Investment Type	Fair Value	Days to Maturity
San Joaquin County Investment Pool	$ 28,031,334	353 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.

Investment Type	Minimum Legal Rating	Rating June 30, 2015	Fair Value
San Joaquin County Investment Pool	Not Required	Unrated	$ 28,031,334

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, 2015, the District's bank balance was $1,272,072 with a carrying amount of $1,206,120. 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.

NOTE 3 – RECEIVABLES

Receivables at June 30, 2015, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Federal Government				
Federal Categorical aid	$ 366,773	$ -	$ 52,409	$ 419,182
State Government				
Apportionment	-	-	-	-
Other State	303,725	-	2,580	306,305
Local Government				
Interest	9,919	3,947	1,153	15,019
Other Local Sources	280,705	-	14,432	295,137
Total	$ 961,122	$ 3,947	$ 70,574	$ 1,035,643

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	$ 4,948,984	$ -	$ -	$ 4,948,984
Construction in Progress	721,062	8,122,775	-	8,843,837
Total Capital Assets Not Being Depreciated	5,670,046	8,122,775	-	13,792,821
Capital Assets Being Depreciated:				
Land Improvements	3,510,959	114,534	-	3,625,493
Buildings and Improvements	47,441,466	-	-	47,441,466
Furniture and Equipment	3,247,184	190,277	-	3,437,461
Total Capital Assets Being Depreciated	54,199,609	304,811	-	54,504,420
Total Capital Assets	59,869,655	8,427,586	-	68,297,241
Less Accumulated Depreciation:				
Land Improvements	2,223,663	111,956	-	2,335,619
Buildings and Improvements	18,334,032	1,451,756	-	19,785,788
Furniture and Equipment	2,525,192	137,583	-	2,662,775
Total Accumulated Depreciation	23,082,887	1,701,295	-	24,784,182
Governmental Activities Capital Assets, Net	$ 36,786,768	$ 6,726,291	$ -	$ 43,513,059

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

Governmental Activities	
Instruction	$ 1,548,178
School site administration	8,506
Home-to-school transportation	85,065
Food services	11,909
All other administration	10,208
Plant services	37,429
Total Depreciation Expenses Governmental Activities	$ 1,701,295

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, 2015 consist of the following:

	Due From		
Due To	General Fund	Non-Major Governmental Fund	Total
General Fund	$ -	$ 47,400	$ 47,400
Non-Major Governmental Funds	908,519	-	908,519
Total	$ 908,519	$ 47,400	$ 955,919

Balances resulted from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE 6 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2015, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Total	Proprietary Funds
Vendor payables	$ 1,001,595	$ -	$ 69,504	$ 1,071,099	$ 118
Construction	-	706,811	-	706,811	
Salaries and benefits	557,681	-	14,345	572,026	-
Total	$ 1,559,276	$ 706,811	$ 83,849	$ 2,349,936	$ 118

NOTE 7 – UNEARNED REVENUE

Unearned revenue at June 30, 2015, consists of the following:

	General Fund
Federal financial assistance	$ 31,110
State categorical aid	1,040
Total	$ 32,150

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, 2014	Additions and Adjustments	Deductions	Balance June 30, 2015	Due in One Year
General obligation bonds	$ 22,783,389	$ 11,150,302	$ 1,015,000	$ 32,918,691	$ 1,015,000
Accumulated vacation - net	85,189	-	25,567	59,622	-
Capital leases	1,581,297	-	160,466	1,420,831	178,823
Net OPEB obligation	1,413,582	339,553	337,646	1,415,489	
Net pension liability	20,385,256	1,162,228	5,214,113	16,333,371	-
	46,248,713	12,652,083	6,752,792	52,148,004	1,193,823
Premiums, net of amortization	316,352	476,083	24,903	767,532	24,228
	$ 46,565,065	$ 13,128,166	$ 6,777,695	$ 52,915,536	$ 1,218,051

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. Payments on the certificates of participation are paid by the Capital Facilities Fund. 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, 2014	Accretion/ Issued	Redeemed	Bonds Outstanding June 30, 2015
5/3/2005	2014	3.00-4.00%	2,930,000	125,000	-	125,000	-
12/29/2009	2016	3.62%	2,925,000	2,020,000	-	600,000	1,420,000
5/23/2012	2018	2.65%	5,145,000	4,660,000	-	290,000	4,370,000
3/19/2013	2043	4.50-5.00%	15,312,384	15,978,389	1,230,302	-	17,208,691
6/15/2015	2043	4.50-5.00%	9,920,000		9,920,000		9,920,000
				$ 22,783,389	$ 11,150,302	$ 1,015,000	$ 32,918,691

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. $3,663,354 of these bonds were deposited in an escrow fund and will be applied to pay the 2009 Certificated of Participation.

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	Total
2016	1,090,000	199,806	1,289,806
2017	1,180,985	561,519	1,742,504
2018	777,087	525,570	1,302,657
2019	799,178	517,223	1,316,401
2020	360,000	1,217,753	1,577,753
2021-2025	2,593,542	5,937,604	8,531,146
2026-2030	3,932,149	5,570,594	9,502,743
2031-2035	4,450,906	4,730,187	9,181,093
2036-2040	7,428,438	3,933,825	11,362,263
2041-2043	8,410,099	1,280,925	9,691,024
Total	31,022,384	$ 24,475,006	$ 55,497,390
Accretions to date	1,896,307		
	$ 32,918,691		

Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2015, amounted to $59,622.

Capital Leases

The District has entered into various capital lease arrangements at June 30, 2015. The District's liability on lease agreements with options to purchase is summarized below:

	Energy Retrofit
Balance, July 1, 2014	$ 1,581,297
Payments	(160,466)
Balance, June 30, 2015	$ 1,420,831

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payments
2016	240,771
2017	252,248
2018	264,300
2019	273,197
2020	282,804
2021	336,516
Total	1,649,836
Less: Amount Representing Interest	(229,005)
Present Value of Minimum Lease Payments	$ 1,420,831

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, 2015 was $272,408 and the District made contributions during the year of $337,646, which resulted in an OPEB obligation of $1,415,489. 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	Non-Major Governmental Funds	Total
Fund Balances				
Nonspendable:				
Revolving cash	$ 5,000	$ -	$ 600	$ 5,600
Stores	-	-	11,671	11,671
Restricted for:				
Other fund activities	1,111,873	12,290,856	4,129,730	17,532,459
Assigned to:				
Facilities Projects	-	-	820,226	820,226
Other Assigned	3,161,824	-	-	3,161,824
Unassigned:				
Reserve for Economic Uncertainty	1,775,500	-	-	1,775,500
Unassigned	3,449,692	-	-	3,449,692
Total Fund Balance	$ 9,503,889	$ 12,290,856	$ 4,962,227	$ 26,756,972

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 28 retirees and beneficiaries currently receiving benefits and 206 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.

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

**Only prior to age 61*

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 $337,646 and $230,571 in fiscal year 2014-2015 and 2013-2014, 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.

Annual required contribution	$ 272,408
Interest on net OPEB obligation	67,145
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	339,553
Contributions made	(337,646)
Increase in net OPEB obligation	1,907
Net OPEB obligation, beginning of year	1,413,582
Net OPEB obligation, end of year	$1,415,489

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for 2015 was as follows:

Year Ended June 30	Annual OPEB costs	Percentage Contributed	Net OPEB Obligation
2013	$ 428,978	31.9%	$ 1,306,424
2014	$ 337,729	68.3%	$ 1,413,582
2015	$ 339,553	99.4%	$ 1,415,489

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, 2015, 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 2015, 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.

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
Reinsurance			5,000,000
SAFER			250,000,000
Member Retained Limit	Comprehensive Liability	$	50,000
Northern California ReLief	General Liability		1,000,000
SAFER			60,000,000
SAFER	Excess Liability Combined Comprehensive Bodily Injury and Property Damage	$	24,000,000
Northern California ReLief	Comprehensive Crime	$	5,000,000
Northern California ReLief	Equipment	$	100,000,000
Northern California ReLief	Electronic Data Processing Equipment	$	1,757,072

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District participates in the State Teacher's Retirement Plan (CalSTRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. CalSTRS acts as a common investment and administrative agent for participating public entities within the State of California. CalSTRS issues a publicly available financial report that includes financial statements and required supplementary information for this plan. This report is available online at www.calstrs.com.

Benefits Provided

The benefits for the CalSTRS Plan are established by contract, in accordance with the provisions of the State Teachers' Retirement Law. Benefits are based on members' years of service, age, final compensation and a benefit formula. Benefits are provided for disability, death and survivors of eligible members or beneficiaries. The California Public Employees' Pension Reform Act of 2013 (PEPRA) made significant changes to the benefit structure that primarily affect members first hired to perform CalSTRS creditable activities on or after January 1, 2013. As a result of PEPRA, the CalSTRS plan has two benefit structures: 1) CalSTRS 2% at 60 – Members first hired on or after January 1, 2013 to perform CalSTRS creditable activities. The 2 percent, also known as the age factor, refers to the percentage of final compensation received as a retirement benefit for each year of service credit. To be eligible for service retirement, members hired prior to January 1, 2013, must be at least age 60 with a minimum of five years of CalSTRS-credited service, while members hired after January 1, 2013, must be at least age 62 with five years of service.

Contributions

Assembly Bill 1469 (AB 1469), signed into law as part of the State of California's (the State) 2014-15 budget, increased contributions to the CalSTRS Plan from members, employers, and the State over the next seven years, effective July 1, 2014. School employer contributions will increase from 8.25% to a total of 19.1% of covered payroll over the seven-year period. The District's required contribution rate for the year ended June 30, 2015, was 8.88% of annual pay. District contributions to the CalSTRS Plan were $1,033,043 for the year ended June 30, 2015.

The State contributes a percentage of the annual earnings of all members of the CalSTRS Plan. AB 1469 increases the State's contribution attributable to the benefits in effect in 1990, but does not change the base rate of 2.017%. Thus the State contributions rate, which in the period ended June 30, 2015 was 3.454% of covered payroll, will increase over the next two years to a total of 6.328%.

Actuarial Assumptions

The total pension liability for the CalSTRS Plan was determined by applying updated procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to the measurement date of June 30, 2014. The financial reporting actuarial valuation as June 30, 2013, used the following actuarial method and assumptions, applied to all prior periods included in the measurement:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.60%
Consumer Price Inflation	3.00%
Wage Growth	3.75%
Investment Rate of Return	7.60%[1]
Mortality [2]	CalSTRS' Members Data
Post-Retirement Benefit Increase	2% simple

[1] Net of investment expenses, but gross of administrative expenses.
[2] CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP 2000 series tables adjusted to fit CalSTRS experience. RP 2000 series table are an industry standard set of mortality rates published by the Society of Actuaries. See CalSTRS July 1, 2006 – June 30, 2010 Experience Analysis for more information.

Discount Rate

The discount rate used to measure the CalSTRS Plan's total pension liability was 7.6%. The projection of each flow used to determine the discount rate assumed that contributes from plan members and employers will be made at statutory contributions rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60%) and assuming that the contributions, benefits payments and administrative expenses occur midyear. Based on those assumptions, the CalSTRS Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payment to determine the total pension liability.

The long-term expected rate of return on pension plan investment was determined using a building-block method in which best –estimate ranges of expected future real rates of return (expected returns, net of pensions 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 as an input to process Based on the model from CalSTRS consulting actuary's investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation by CalSTRS' general investment consultant is based on CalSTRS' board policy for target asset allocation in effect on February 2, 2013, the date the current experience study was approved by the CalSTRS 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%
Private Equity	12	6.20
Real Estate	15	4.35
Inflation Sensitive	5	3.20
Fixed Income	20	0.20
Cash / Liquidity	1	0.00
	100%	

* 10-year geometric average

California Public Employee's Retirement System (CalPERS)

Plan Description

The District participates in the California Public Employee's Retirement System (CalPERS Plan). A cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. CalPERS act as a common investment and administrative agent for participating public entities within the State of California. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for this plan. This report is available online at www.calpers.ca.gov.

Benefits Provided

The benefits for the CalPERS Plan are established by contract, in accordance with the provisions of the California Public Employees' Retirement Law (PERL). The benefits are based on member's year of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. PEPRA made significant changes to the benefit structure that primarily affect members first hired to perform CalPERS creditable activities on or after January 1, 2013. As a result of PEPRA, the CalPERS Plan has two benefit structures: 1) CalPERS 2% at 55 - Members first hired on or before December 31, 2012, to perform CalPERS creditable activities, and 2) CalPERS 2% at 62 - Members first hired on or after January 1, 2013, to perform CalPERS creditable activities. To be eligible for service retirement, members hired prior to January 1, 2013 must be at least age 50 with a minimum of five years of CalPERS-credited service, while members hired after January 1 2013, must be at least age 52 with a minimum of five years of service.

Contributions

Section 20814(c) of the PERL requires that the employer contribution rates for all public employers to 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. Contribution rates for the CalPERS Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The CalPERS Plan's actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District's required contribution rate for the year ended June 30, 2015 was 11.771% of annual pay. District contributions to the CalPERS Plan were $364,122 for the year ended June 30, 2015

Actuarial Assumptions

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and the June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies [1]
Investment Rate of Return	7.50 [2]
Mortality [3]	CalPERS' Members Data
Post-Retirement Benefit Increase	Up to 2.75% [4]

[1] Depending on age, service and type of employment
[2] Net of pension plan investment and administrative expenses; includes inflation
[3] The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvement using Society of Actuaries Scale Bb. For more details on this table, refer to the 2014 experience study report.
[4] contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial Experience Study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

Discount Rate

The discount rate used to measure the total pension liability was 7.5% for the CalPERS Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.5% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The stress test results are present in detailed report, *GASB Statements 67 and 68 Crossover Testing Report for Measurement Date June 30, 2014 based on June 30, 2013 Valuation*, that can be obtained from CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. For the School's Pool, this difference was deemed immaterial.

CalPERS is scheduled to review all actuarial assumptions as part of its regular asset liability management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS

will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 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 table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Year 1-10[a]	Real Return Year 11+[b]
Global Equity	47%	5.25%	5.71%
Global Fixed Income	19	0.99	2.43
Inflation Sensitive	6	0.45	3.36
Private Equity	12	6.83	6.95
Real Estate	11	4.50	5.13
Infrastructure and Forestland	3	4.50	5.09
Liquidity	2	-0.55	-1.05
Total	100%		

[a] An expected inflation of 2.5% was used for this period
[b] An expected inflation of 3.0% was used for this period

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

As of June 30, 2015 the District reported a liability for its proportional share of the net pension liability that reflect a reduction for the State's 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:

District's proportionate share of the net pension liability:		
CalSTRS Plan	$	13,427,148
CalPERS Plan		2,906,223
State's proportionate share of CalSTRS net pension liability associated with the District		8,109,997
Total	$	24,443,368

The District's net pension liability is measured as the proportionate share of each Plan's net pension liability. The net pension liabilities of the Plans are measured as of June 30, 2014 and calculated by reducing the total pension liability of each Plan by the respective Plan's fiduciary net position. The District's proportion of each Plan's net pension liability was based on the ratio of the District's actual employer contributions in the measurement period to the actual employer and State contributions received by the respective Plan in the measurement period. The District's proportionate share of the net pension liability as of June 30, 2014, was 0.0230% and 0.0256% for the CalSTRS and CalPERS Plans, respectively.

For the year ended June 30, 2015, the District recognized pension expense of $1,971,164 and revenue of $552,510 for support provided by the State. At June 30, 2015, 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	
District contributions subsequent to measurement date	$	1,397,165		
Net difference between projected and actual earnings on plan investment			$	4,308,311
Total	$	1,397,165	$	4,308,311

The $1,397,165 reported as deferred outflows of resource related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Amount
2016	$ (1,077,078)
2017	(1,077,078)
2018	(1,077,078)
2019	(1,077,077)
Total	$ (4,308,311)

Sensitivity of the District's Proportional Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability of the Plans as of the measurement date, calculated using the discount rate, as well as what the District's proportionate share of the net pension liability would be if it were calculated using discount rate that is 1 percentage – point lower or 1 percentage – point higher than the current rate.

	Discount Rate -1% (6.60%)	Current Discount Rate (7.60%)	Discount Rate +1% (8.60%)
District's proportionate share of the CalSTRS Plan's net pension liability	$ 20,950,240	$ 13,427,148	$ 7,178,760

	Discount Rate -1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate +1% (8.50%)
District's proportionate share of the CalPERS Plan's net pension liability	$ 5,098,179	$ 2,906,223	$ 1,074,623

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, 2015.

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, 2015.

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 (SJCSDPC). 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, 2015, 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	$ 327,688
San Joaquin County Schools Property and Liability Insurance Group	176,077
San Joaquin County Schools Data Processing Center	151,477

NOTE 15 – RESTATEMENT OF PRIOR YEAR NET POSITION

The beginning net position of Governmental Activities has been restated in order to record the District's proportionate share of net pension liability and deferred outflows of resources related to pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions- and No. 71, Pension Transition for Contributions made Subsequent to the Measurement Date.*

The effect on beginning net position is presented as follows:

Statement of Net Position	
Net Position - Beginning	$ 35,969,512
Net Pension Liability	(19,223,028)
Net Position - Beginning as Restated	$ 16,746,484

II - Required Supplementary Information

RIPON UNIFIED SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2015

GENERAL FUND	Budgeted Amounts (GAAP Basis)		Actual (GAAP Basis)	Variances - Positive (Negative) Final to Actual
	Original	Final		
REVENUES				
LCFF sources	$ 19,982,053	$ 19,462,267	$ 18,940,724	$ (521,543)
Federal sources	1,063,225	1,224,345	1,002,493	(221,852)
Other State sources	853,428	1,116,329	1,667,933	551,604
Other local sources	1,558,739	1,545,671	1,981,224	435,553
Total Revenues	23,457,445	23,348,612	23,592,374	243,762
EXPENDITURES				
Current				
Certificated salries	11,253,394	11,859,515	11,931,290	(71,775)
Classified salaries	3,387,553	3,500,292	3,594,272	(93,980)
Employee benefits	4,291,273	4,151,662	4,732,229	(580,567)
Books and supplies	1,904,890	2,050,002	1,666,199	383,803
Services and other operation expenditure	3,056,666	3,369,796	2,929,082	440,714
Other Outgo	442,893	378,711	638,084	(259,373)
Capital outlay	151,109	226,841	235,511	(8,670)
Debt service - principal	160,466	160,466	160,466	-
Debt service - interest	69,373	69,373	69,373	-
Total Expenditures	24,717,617	25,766,658	25,956,506	(189,848)
Excess (Deficiency) of Revenues Over Expenditures	(1,260,172)	(2,418,046)	(2,364,132)	53,914
Other Financing Sources (Uses)				
Transfer out	-	-	-	-
Net Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	(1,260,172)	(2,418,046)	(2,364,132)	53,914
Fund Balance - Beginning	11,868,021	11,868,021	11,868,021	
Fund Balance - Ending	$ 10,607,849	$ 9,449,975	$ 9,503,889	$ 53,914

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, 2015

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%

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, 2015 LAST 10 YEARS*

CalSTRS Plan

		2015
Proportion of the net pension liability		0.0230%
District's proportionate share of the net pension liability	$	13,427,148
State's proportionate share of the net pension liability associated with the District		8,109,997
Total	$	21,537,145
District's covered employee payroll	$	10,410,691
District's proportionate share of the net pension liability as a percentage of its covered employee payroll		129%
Plan fiduciary net position as a percentage of the total pension liability		77%

CalPERS Plan

		2015
Proportion of the net pension liability		0.0256%
District's proportionate share of the net pension liability	$	2,906,223
District's covered employee payroll	$	2,651,162
District's proportionate share of the net pension liability as a percentage of its covered employee payroll		110%
Plan fiduciary net position as a percentage of the total pension liability		83%

Notes to Schedule:

Change of benefit terms – In 2015, there were no changes to the benefit terms.

Change in assumptions – In 2015, there were no changes in assumptions.

*Fiscal year 2015 was the first year of implementation, therefore only one year is shown.

See accompanying note to the required supplementary information

RIPON UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR PENSIONS
AS OF JUNE 30, 2015
LAST 10 YEARS*

CalSTRS Plan

	2015
Contractually required contribution (actuarially determined)	$ 3,152,807
Contributions in relation to the actuarially determined contribution	3,152,807
Contribution deficiency (excess)	$ -
Covered-employee payroll	$11,633,548
Contribution as a percentage of covered-employee payroll	27.10%

CalPERS Plan

	2015
Contractually required contribution (actuarially determined)	$ 1,363,877
Contributions in relation to the actuarially determined contribution	1,363,877
Contribution deficiency (excess)	$ -
Covered-employee payroll	$3,093,378
Contribution as a percentage of covered-employee payroll	44.09%

*Fiscal year 2015 was the first year of implementation, therefore only one year is shown.

See accompanying note to the required supplementary information

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2015

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.

III - Supplementary Information

RIPON UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education:			
No Child Left Behind Act (NCLB)			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	$ 443,556
Subtotal Title I Grants to Local Educational Agencies Cluster			443,556
Migrant Education State Grant Program	84.011	14326	2,193
Title II, Part A, Improving Teacher Quality Local Grants	84.367	14341	34,539
Title III, Limited English Proficient Student Program	84.365	14346	46,843
Vocational Education - State Leadership	84.048	14894	22,550
Individuals with Disabilities Education Act (IDEA) Cluster			
IDEA, Basic Local Assistance Entitlement, Part B	84.027	13379	339,114
IDEA, Basic Local Assistance art B	84.027	10115	14,614
IDEA, Preschool Local Entitlement, Part B	84.027A	13682	8,036
IDEA, Preschool Grants, Part B	84.173	13430	23,344
Subtotal Individiuals with Disabilities Education Act (IDEA) Cluster			385,108
Total U.S. Department of Education			$ 934,789
U.S. DEPARTMENT OF AGRICULTURE			
Passed through California Department of Education:			
Child Nutrition Cluster			
National School Lunch	10.555	13391	$ 412,287
School Breakfast Program	10.553	13526	38,139
Meal Supplement	10.555	N/A*	22,080
Total U.S. Department of Agriculture			472,506
U.S. DEPARTMENT OF DEFENSE			
Direct payments:			
JROTC	12.000	Not applicable	67,704
Total U.S. Department of Defense			67,704
Total Expenditures of Federal Awards			$ 1,474,999

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

See accompanying note to supplementary information.

RIPON UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
FOR THE YEAR ENDED JUNE 30, 2015

ORGANIZATION

The Ripon Unified School District was established on July 1, 1966 and consists of an area compromising 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

MEMBER	OFFICE	TERM EXPIRES
Ernie Tyhurst	President	2018
Mike Fisher	Vice President	2016
Christina Orlando	Clerk	2016
Kit Oase	Member	2018
Chad Husky	Member	2018

ADMINISTRATION

William C. Draa	Superintendent
Kathy Coleman	Director of Curriculum and Categorical Programs
Lisa Cheney	Director of Student Support Services

See accompanying note to supplementary information.

RIPON UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2015

	Second Period Report	Annual Report
ELEMENTARY		
Transitional Kindergarten/Kindergarten through third	882	884
Fourth through sixth	692	695
Seventh and eighth	447	448
Special Education - Nonpublic	2	2
Total Elementary	2,023	2,029
SECONDARY		
Ninth through twelfth	866	859
Special Education - Nonpublic	1	2
Total Secondary	867	861
Total K-12	2,890	2,890

See accompanying note to supplementary information.

RIPON UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2015

Grade Level	1986-87 Minutes Requirement	1986-87 Adjusted & Reduced	2014-15 Actual Minutes	Number of Days		Status
				Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	35,000	49,560	180	N/A	In Compliance
Grade 1	50,400	49,000	51,330	180	N/A	In Compliance
Grade 2	50,400	49,000	51,330	180	N/A	In Compliance
Grade 3	50,400	49,000	51,330	180	N/A	In Compliance
Grade 4	54,000	52,500	57,565	180	N/A	In Compliance
Grade 5	54,000	52,500	57,565	180	N/A	In Compliance
Grade 6	54,000	52,500	57,565	180	N/A	In Compliance
Grade 7	54,000	52,500	57,565	180	N/A	In Compliance
Grade 8	54,000	52,500	57,565	180	N/A	In Compliance
Grade 9	64,800	63,000	71,181	180	N/A	In Compliance
Grade 10	64,800	63,000	71,181	180	N/A	In Compliance
Grade 11	64,800	63,000	71,181	180	N/A	In Compliance
Grade 12	64,800	63,000	71,181	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, 2015

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

FORM DEBT		
Total Liabilities, June 30, 2015, Unaudited Actuals	$	36,166,444
Increase in:		
Bond premium net of amortization		767,532
Net pension liability		16,333,371
Net OPEB obligation		109,065
Decrease in:		
General obligation bonds		(171,678)
Capital Leases		(74,039)
Accumulated vacation		(88,430)
Other General Long-Term Debt		(126,729)
Total Liabilities, June 30, 2015, Audited Financial Statements	$	52,915,536
FORM ASSET		
Total Assets, June 30, 2015, Unaudited Actuals	$	46,079,167
Increase in:		
Work in Progress		367,371
Land Improvements		114,534
Equipment		245,097
Accumulated Depreciation		(3,293,110)
Total Assets, June 30, 2015, Audited Financial Statements	$	43,513,059

See accompanying note to supplementary information.

RIPON UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

	(Budget) 2016 [1]	2015	2014	2013
GENERAL FUND				
Revenues	$ 27,460,266	$ 23,592,374	$ 23,322,364	$ 21,106,889
Other sources	-	-	-	-
Total Revenues and Other Sources	27,460,266	23,592,374	23,322,364	21,106,889
Expenditures	27,489,758	25,956,506	21,384,440	19,744,748
Other uses and transfers out	-	-	11,519	-
Total Expenditures and Other Uses	27,489,758	25,956,506	21,395,959	19,744,748
INCREASE (DECREASE) IN FUND BALANCE	$ (29,492)	$ (2,364,132)	$ 1,926,405	$ 1,362,141
ENDING FUND BALANCE	$ 9,474,397	$ 9,503,889	$ 11,868,021	$ 9,941,616
AVAILABLE RESERVES [2]	$ 4,303,207	$ 5,225,192	$ 8,944,094	$ 9,383,158
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	15.65%	20.13%	41.80%	47.52%
LONG-TERM OBLIGATIONS [3]	$ 51,697,485	$ 52,915,536	$ 46,565,065	$ 30,561,863
K-12 AVERAGE DAILY ATTENDANCE AT P-2	2,890	2,890	2,888	2,887

The General Fund balance has decreased by $437,727 over the past two years. The fiscal year 2015-2016 budget projects a budget decrease of $29,492. 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 $22,353,673 over the past two years.

Average daily attendance has increased by 3 over the past two years. No increase of ADA is anticipated during fiscal year 2015-2016.

[1] Budget 2016 is included for analytical purposes only and has not been subjected to audit.

[2] Available reserves consist of all undesignated fund balances and all funds designated for economic uncertainty contained within the General Fund.

[3] Beginning for the fiscal year 2014-15, the net pension liability is included in long-term debt due to the implementation of GASB 68. Fiscal year 2013-14 long-term debt was restated to include the net pension liability.

See accompanying note to supplementary information.

RIPON UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2015

Name of Charter School	Included in Audit Report
Connection Academy Virtual Charter School	No

See accompanying note to supplementary information.

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RIPON UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015

	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund
ASSETS			
Deposits and investments	$ 132,752	$ 77,085	$ 1,967,618
Receivables	64,281	93	6,170
Due from other funds	17,244	800,000	91,275
Stores inventories	11,671	-	-
Total Assets	225,948	877,178	2,065,063
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	16,800	56,952	10,097
Due to other funds	47,400	-	-
Unearned Revenue	-	-	-
Total Liabilities	64,200	56,952	10,097
Fund Balances:			
Nonspendable	12,271	-	-
Restricted	149,477	-	2,054,966
Committed	-	-	-
Assigned	-	820,226	-
Total Fund Balance	161,748	820,226	2,054,966
Total Liabilities and Fund Balances	$ 225,948	$ 877,178	$ 2,065,063

See accompanying note to supplementary information.

County School Facilities Fund	Special Reserve Capital Outlay Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
$ 29,350	$ 9,640	$ 1,886,267	$ 4,102,712
23	7	-	70,574
-	-	-	908,519
-	-	-	11,671
29,373	9,647	1,886,267	5,093,476
-	-	-	83,849
-			47,400
-	-	-	-
-	-	-	131,249
-	-	-	12,271
29,373	9,647	1,886,267	4,129,730
-	-	-	-
-	-	-	820,226
29,373	9,647	1,886,267	4,962,227
$ 29,373	$ 9,647	$ 1,886,267	$ 5,093,476

RIPON UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2015

REVENUES	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund
LCFF sources	$ -	$ 800,000	$ -
Federal sources	472,506		-
Other State sources	33,182	-	-
Other local sources	303,105	754	1,637,884
Total Revenues	808,793	800,754	1,637,884
EXPENDITURES			
Current			
Instruction	-	-	-
Pupil services:			
Food services	803,764	-	-
Other General Administration	47,400	-	
Plant services	29,896	167,324	296,189
Facilities acquisition and construction	-	49,147	39,972
Debt service			
Principal	-	-	-
Interest and other	-	-	-
Total Expenditures	881,060	216,471	336,161
Excess (Deficiency) of Revenues Over Expenditures	(72,267)	584,283	1,301,723
Other Financing Sources (Uses)			
Other sources	-	-	-
Net Financing Sources (Uses)	-	-	-
NET CHANGE IN FUND BALANCES	(72,267)	584,283	1,301,723
Fund Balance - Beginning	234,015	235,943	753,243
Fund Balance - Ending	$ 161,748	$ 820,226	$ 2,054,966

See accompanying note to supplementary information.

County School Facilities Fund	Special Reserve Capital Outlay Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
$ -	$ -	$ -	$ 800,000
-	-	-	472,506
-	-	10,108	43,290
100	32	1,256,322	3,198,197
100	32	1,266,430	4,513,993
-	-	-	-
-	-	-	803,764
			47,400
-	-	-	493,409
-	-	-	89,119
-	-	1,015,000	1,015,000
-	-	181,647	181,647
-	-	1,196,647	2,630,339
100	32	69,783	1,883,654
-	-	385,309	385,309
-	-	385,309	385,309
100	32	455,092	2,268,963
29,273	9,615	1,431,175	2,693,264
$ 29,373	$ 9,647	$ 1,886,267	$ 4,962,227

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 the requirements of the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

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.

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.

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

Cichella & Tokunaga, LLP

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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, 2015, and the related notes to the financial statements, which collectively comprise Ripon Unified School District's basic financial statements, and have issued our report thereon dated December 9, 2015.

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.

Gilbert + Associates LLP

El Dorado Hills, California
December 9, 2015

Cichella & Tokunaga, LLP

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Governing Board
Ripon Unified School District
Ripon, California

Report on Compliance for Each Major Federal Program

We have audited Ripon Unified School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Ripon Unified School District's (the District) major Federal programs for the year ended June 30, 2015. 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 the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2015.

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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Ciclella + Talmage LLP

El Dorado Hills, California
December 9, 2015

Cichella & Tokunaga, LLP

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Governing Board
Ripon Unified School District
Ripon, California

Report on State Compliance

We have audited Ripon Unified School District's compliance with the type of compliance requirements as described in the *Standards and Procedures for Audit of California K-12 Local Educational Agencies 2014-2015* applicable to the Ripon Unified School District's programs as identified in the below schedule for the year ended June 30, 2015.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State's programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Ripon Unified School District's State programs based on our audit of the types of compliance required 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 *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2014-2015,* published by the Education Audit Appeals Panel. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the applicable government programs noted below. 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 State compliance. Our audit does not provide a legal determination of Ripon Unified School District's compliance with those requirements.

Other Matters

In connection with the audit referred to above, we selected and tested transactions and records to determine the Ripon Unified School District's compliance with the State laws and regulations applicable to the following items:

Compliance Requirements	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No, See Below
Continuation Education	Not Applicable
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
Regional Occupational Centers or Programs Maintenance of Effort	Yes
Adult Education Maintenance of Effort	Not Applicable
SCHOOL DISTRICTS, COUNTY OFFICE EDUCATION AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	Yes
After School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Common Core Implementation Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
CHARTER SCHOOLS	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Non-classroom-Based Instructions/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 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, 2015.

Gilbert + Associates LLP

El Dorado Hills, California
December 9, 2015

V - Schedule of Findings and Questioned Costs

RIPON UNIFIED SCHOOL DISTRICT

SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2015

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major federal programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Reported
Type of auditors' report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)	No

Identification of major federal programs

10.555, 10.553	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

Internal control over state programs:	
Material weaknesses identified?	No
Significant deficiency identified?	None Reported
Type of auditors' report issued on compliance for state programs:	Unmodified

RIPON UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

None Reported.

RIPON UNIFIED SCHOOL DISTRICT

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

There were no audit findings and questioned costs related to the federal awards for the year ended June 30, 2015.

RIPON UNIFIED SCHOOL DISTRICT

STATE AWARD FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2015

There were no audit findings and questioned costs related to the state awards for the year ended June 30, 2015.

RIPON UNIFIED SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's schedule of financial statement findings.

Five Digit Code	Finding Type
40000	Attendance Reporting

2014-1 Internal Control – Associated Student Body - 30000

Criteria or Specific Requirements
Associated Student Body (ASB) funds are subject to greater loss due to the nature of the transactions being primarily cash and due to the decentralization of the accounting process.

Management is responsible for establishing and maintaining an effective system of internal controls to provide reasonable, but not absolute assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorizations and recorded properly. Strong internal controls also include an adequate segregation of duties.

Condition
During the audit of the ASB account at Colony Oak Elementary School, we noted a condition that operating controls are not functioning at their optimum levels. In particular, we noted that 10 out of 22 disbursements reviewed did not have prior approval and/or were not supported by invoices or receiving documentation. Also noted prohibited expenditures for staff lounge furniture, staff meetings and office use.

Questioned Cost
$1,448

Context
Proper monitoring of ASB expenditures ensures that ASB funds are utilized for appropriate student body expenditures.

Effect
Without properly designed internal controls in all phases of ASB activities, opportunities exist for the intentional misuse of student funds that may go undetected.

Cause
Monitoring controls were not operating effectively. Decentralized operations are dependent on the actions of many individuals. Some individuals may not be aware of, or may not follow, established procedures.

Recommendation
The District should continue its efforts to work with site personnel and take action to correct the issues noted above. The District should also consider periodically reviewing the progress and improvement of these issues.

Status
Implemented

RIPON UNIFIED SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

Five Digit Code	Finding Type
40000	State Compliance

2014-2 Instructional Materials – (40000)

Criteria or Specific Requirements
A school district that is required to conduct a hearing as provided in Education Code Section 60119, must provide a 10-day notice of the required public hearing or hearings prior to making a determination through a resolution as to the sufficiency of textbooks or other instructional materials.

Condition
Although the District approved a board resolution pertaining to sufficient instructional materials, the notice of the required hearing was not provided 10 days prior to the public hearing, and a public hearing for instructional materials were not held prior to approving the board resolution.

Questioned Cost
$185,512

Context
Performing a review of whether the District meets applicable state compliance requirements will ensure state funding for relevant programs are not disallowed due to noncompliance.

Effect
Because the District was neither in compliance with the 10-day notice of the required public hearing nor held a public hearing, it is in danger of not being eligible to receive an Instructional Materials Funding Realignment Program allowance for the fiscal year audited unless additional steps are taken, stated in Education Code Section 41344.4.

Cause
Due to an oversight, the District did not follow its procedures to ensure that notices of the required hearing as provided in Education Code Section 60119 was provided 10 days prior to the public hearing which was not held during the fiscal year audited.

Recommendation
The District should implement a procedure when scheduling the required hearing as provided in Education Code Section 60119 to ensure that a 10-day notice of the public hearing is provided and that the public hearing is held within the required time period.

Status
Implemented