

**CITY OF RIPON, CALIFORNIA**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**JUNE 30, 2014**

**CROCE & COMPANY**

*Accountancy Corporation*

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## **Independent Auditors' Report**

The Honorable Mayor and  
Members of the City Council  
**City of Ripon, California**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Ripon, California** (City) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City'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 the modified cash basis of accounting described in Note A. This includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditors' 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 City'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 City'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.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Ripon, California**, as of June 30, 2014, and the respective changes in modified cash basis financial position for the year then ended in accordance with the basis of accounting described in Note A.

### ***Emphasis of Matter Regarding Prior Period Adjustment***

As discussed in Note M to the financial statements, the City improperly recorded certain expenditures within the CDBG fund that were not approved for reimbursement and therefore should have been recorded as expenditures of the general fund and special revenue fund. Our opinions are not modified with respect to this matter.

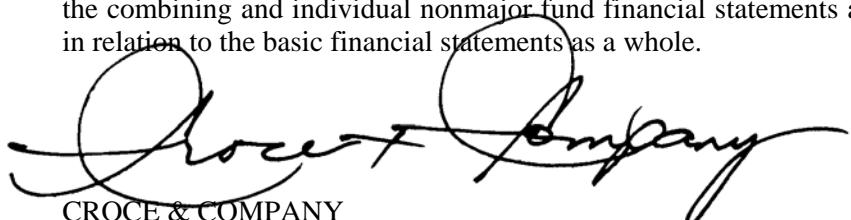
### ***Basis of Accounting***

We draw attention to Note A of the financial statements that describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### ***Other Matters***

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

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



CROCE & COMPANY  
Accountancy Corporation  
Stockton, California  
January 13, 2015

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

## CITY OF RIPON, CALIFORNIA

### Management's Discussion and Analysis

June 30, 2014

Our discussion and analysis of the City of Ripon's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2014, within the limitations of the City's modified cash basis of accounting. Please read it in conjunction with the City's financial statements that begin on page 13.

#### FINANCIAL HIGHLIGHTS

- The City's assets exceeded its liabilities by \$8,731,619 (net position) for the fiscal year ended June 30, 2014. This compares favorably to the previous year's net position of \$6,194,982.
- Total net position is comprised of the following:
  1. Capital assets, net of related debt of (\$10,646,008). This represents the debt recorded in the proprietary funds for capital assets. The City does not capitalize capital assets; therefore, this category solely reflects the debt.
  2. Restricted net position of \$1,927,430 represents the portion restricted for public safety and capital outlay.
  3. Unrestricted net position of \$17,450,197 represents the portion available to maintain the City's obligations to citizens and creditors.
- The City's total revenues exceeded total expenses, on the modified cash basis of accounting, by \$2,536,637 for the year, resulting in an increase in total net position of 10.6 percent over the previous year.

#### USING THIS ANNUAL REPORT

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board, as applicable to the City's modified cash basis of accounting.

#### Report Components

This annual report consists of the following four parts:

1. *Government-wide financial statements.* The Statement of Net Position and the Statement of Activities (on pages 13 – 14) provide information about the activities of the City government-wide (or as a whole) and present a longer-term view of the City's finances.
2. *Fund financial statements.* Fund financial statements (starting on page 15) focus on the individual parts of the City government. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant (major) funds. For governmental activities, these statements tell how these services were financed in the short term, as well as what remains for future spending. For proprietary activities, these statements offer short-term and long-term financial information about the activities the City operates like businesses, such as the water, sewer, and refuse services.

(Continued)

## CITY OF RIPON, CALIFORNIA

### Management's Discussion and Analysis

June 30, 2014

3. *Notes to the financial statements.* The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.
4. *Supplementary information.* The annual report includes optional financial information, such as management's discussion and analysis, combining statements for nonmajor funds (that are added together and shown in the fund financial statements in a single column) and additional information on the Successor Agency Trust Fund. This other supplementary financial information is provided to address certain specific needs of various users of the City's annual report.

#### **Basis of Accounting**

The City has elected to present its financial statements on a modified cash basis of accounting. This modified cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses, and their related assets and liabilities. Under the City's modified cash basis of accounting, revenues and expenses and certain related assets, liabilities, and deferred inflows and outflows are recorded when they result from cash transactions or events.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected, and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid, and other accrued expenses and liabilities) are not recorded in these financial statements, with the exception of long-term liabilities arising from cash transactions. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event (such as donated assets and postemployment benefit obligations) are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value. Lastly, the City does not recognize its investment in capital assets in its statement of net position.

Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

#### **Reporting the City as a Whole**

##### ***The City's Reporting Entity Presentation***

This annual report includes all activities for which the City of Ripon's City Council is fiscally responsible.

(Continued)

## CITY OF RIPON, CALIFORNIA

### Management's Discussion and Analysis

June 30, 2014

City management considered all potential component units for inclusion in the reporting entity by applying the criteria set forth in accounting principles generally accepted in the United States of America. The City concluded that there are no potential component units which should be included in the reporting entity.

#### ***The Government-Wide Statement of Net Position and the Statement of Activities***

Management's analysis of the City as a whole begins on page 13. The government-wide financial statements are presented on pages 13 and 14. The Statement of Net Position and Statement of Activities report information about the City as a whole and its activities. These statements include all the City's assets, liabilities, and deferred inflows and outflows resulting from the use of the modified cash basis of accounting, as further defined in the notes to the financial statements.

These two statements report the City's net position and changes therein. Keeping in mind the limitations of the modified cash basis of accounting, the City's net position, the difference among assets, deferred outflows, liabilities, and deferred inflows is one way to measure the City's financial health or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors should also be considered, such as changes in the City's sales tax base and the condition of the City's roads, to assess the overall health of the City.

In the Statement of Net Position and Statement of Activities, the City is divided into two kinds of activities:

1. *Governmental activities.* Most of the City's basic services are reported here, including the general administration, police, streets, public works and recreation. Property taxes, sales and use taxes, charges for services, operating grants and contributions finance most of these activities.
2. *Business-type activities.* The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water, sewer, and refuse systems are reported here.

#### **Reporting the City's Most Significant Funds**

#### ***The Fund Financial Statements***

Management's analysis of the City's major funds begins on page 15 and provides detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by State law. However, the City Council establishes certain 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. The City has three types of funds: governmental, proprietary and fiduciary:

(Continued)

## CITY OF RIPON, CALIFORNIA

### Management's Discussion and Analysis

June 30, 2014

- *Governmental funds.* Most of the City's basic services are reported in governmental funds that 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 report the acquisition of capital assets and payments for debt principal as expenditures, not changes to asset and debt balances. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. The City uses the modified cash basis of accounting and, accordingly, there are no reconciling differences between the governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds. The City considers the General Fund, Special Revenue Fund and Capital Improvement Fund to be its significant, or major, governmental funds. All other governmental funds are aggregated in a single column titled "Nonmajor Funds."
- *Proprietary funds.* The City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way all activities are reported in the Statement of Net Position and Statement of Activities. For example, principal payments on long-term debt are recorded as a reduction to the liability. The City's proprietary (enterprise) fund financial statements are essentially the same as the business-type activities we report in the government-wide financial statements. The City utilizes the modified cash basis of accounting and accordingly, capital assets are not capitalized or depreciated. The City has three enterprise funds: Water, Sewer, and Refuse.
- *Fiduciary funds.* Private Purpose Trust Funds are established to serve as the custodian for assets held in a trustee or agency capacity for others and, therefore, cannot be used to support the City's own programs. They City has one private purpose trust fund known as the Successor Agency Trust Fund which holds the assets and accounts for the activities related to the winding down of the former Redevelopment Agency.

### A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

#### Net Position-Modified Cash Basis

The City's combined net position resulting from modified cash basis transactions or events increased from \$6,194,982 to \$8,731,619 between fiscal years 2013 and 2014. Looking at the net position and net expenses of governmental and business-type activities separately, governmental activities had a larger increase than business-type activities.

(Continued)

City of Ripon

**Management's Discussion and Analysis**

June 30, 2014

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change 2013-2014
	2013	2014	2013	2014	2013	2014	
Cash and investments	17,666,484	18,618,877	1,470,788	1,714,006	19,137,272	20,332,883	6%
Cash and investments - restricted	267,499	1,088,438	838,905	838,992	1,106,404	1,927,430	74%
Due from other funds	292,866	-	-	-	292,866	-	-100%
<b>Total assets</b>	<b>18,226,849</b>	<b>19,707,315</b>	<b>2,309,693</b>	<b>2,552,998</b>	<b>20,536,542</b>	<b>22,260,313</b>	<b>8%</b>
Due to other funds	209,251	-	83,615	-	292,866	-	-100%
Long term liabilities							
Debt due within one year	-	-	520,000	545,000	520,000	545,000	5%
Debt due in more than one year	2,043,694	2,043,694	11,485,000	10,940,000	13,528,694	12,983,694	-4%
<b>Total liabilities</b>	<b>2,252,945</b>	<b>2,043,694</b>	<b>12,088,615</b>	<b>11,485,000</b>	<b>14,341,560</b>	<b>13,528,694</b>	<b>-6%</b>
Capital assets, net of related debt	-	-	(11,166,095)	(10,646,008)	(11,166,095)	(10,646,008)	-5%
Restricted for							
Public safety	86,822	71,942	-	-	86,822	71,942	-17%
Capital outlay	267,499	1,016,496	838,905	838,992	1,106,404	1,855,488	68%
Unrestricted	15,619,583	16,575,183	548,268	875,014	16,167,851	17,450,197	8%
<b>Total net position</b>	<b>15,973,904</b>	<b>17,663,621</b>	<b>(9,778,922)</b>	<b>(8,932,002)</b>	<b>6,194,982</b>	<b>8,731,619</b>	<b>41%</b>

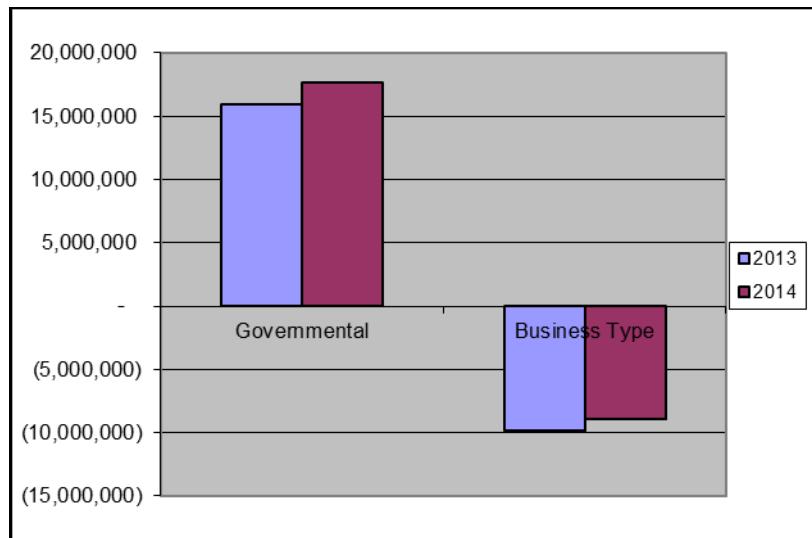
## CITY OF RIPON, CALIFORNIA

### Management's Discussion and Analysis

June 30, 2014

Net position of the City's governmental activities increased 10.6 percent to \$17,663,621. However, \$1,088,438 of this amount is restricted regarding the purposes it can be used for. Consequently, unrestricted amounts showed \$16,575,183 at the end of this year.

#### Net Position-Modified Cash Basis



Changes from 2013 to 2014 reflect an increase of 40.9 percent in net position and an increase of 10.6 percent for governmental activities and 8.7 percent for business-type activities.

#### Changes in Net Position-Modified Cash Basis

For the year ended June 30, 2014, net position (resulting from modified cash basis transactions or events) changed as follows on page 9.

(Continued)

City of Ripon

Management's Discussion and Analysis

June 30, 2014

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2013	2014	2013	2014	2013	2014	
<b>Revenues</b>							
Program revenues							
Charges for services	\$ 1,246,599	\$ 1,410,274	\$ 5,066,868	\$ 5,117,509	\$ 6,313,467	\$ 6,527,783	3%
Operating grants and contributions	4,869,738	2,006,932	-	-	4,869,738	2,006,932	-59%
Capital grants and contributions	1,695,143	1,959,823	366,283	586,239	2,061,426	2,546,062	24%
General revenues							
Taxes							
Property taxes	1,488,355	1,442,473	115,775	81,724	1,604,130	1,524,197	-5%
Sales and use taxes	2,855,432	2,982,564	-	-	2,855,432	2,982,564	4%
Other	152,506	150,651	668	824	153,174	151,475	-1%
Motor vehicle in lieu	1,082,159	1,186,278	-	-	1,082,159	1,186,278	10%
Investment income	220,133	168,827	13,379	13,043	233,512	181,870	-22%
Miscellaneous	646,946	527,243	-	-	646,946	527,243	-19%
<b>Total revenue</b>	<b>14,257,011</b>	<b>11,835,065</b>	<b>5,562,973</b>	<b>5,799,339</b>	<b>19,819,984</b>	<b>17,634,404</b>	<b>-11%</b>
<b>Expenditures</b>							
Administrative	25,045	35,204	-	-	25,045	35,204	41%
Legislative	6,335	3,204	-	-	6,335	3,204	-49%
Police	5,084,560	5,182,960	-	-	5,084,560	5,182,960	2%
Streets and public works	1,566,511	1,366,677	-	-	1,566,511	1,366,677	-13%
Culture and recreation	1,423,967	1,473,861	-	-	1,423,967	1,473,861	4%
Redevelopment	167,669	195,154	-	-	167,669	195,154	16%
Other	349,016	87,557	-	-	349,016	87,557	-75%
Capital outlay	4,370,275	2,249,160	-	-	4,370,275	2,249,160	-49%
Water	-	-	1,970,775	1,785,026	1,970,775	1,785,026	-9%
Sewer	-	-	1,121,603	1,241,233	1,121,603	1,241,233	11%
Refuse	-	-	1,439,760	1,477,731	1,439,760	1,477,731	3%
<b>Total expenditures</b>	<b>12,993,378</b>	<b>10,593,777</b>	<b>4,532,138</b>	<b>4,503,990</b>	<b>17,525,516</b>	<b>15,097,767</b>	<b>-14%</b>
Excess (deficiency) before transfers	1,263,633	1,241,288	1,030,835	1,295,349	2,294,468	2,536,637	11%
Transfers	839,448	448,429	(839,448)	(448,429)	-	-	
<b>Increase in net position</b>	<b>\$ 2,103,081</b>	<b>\$ 1,689,717</b>	<b>\$ 191,387</b>	<b>\$ 846,920</b>	<b>\$ 2,294,468</b>	<b>\$ 2,536,637</b>	<b>11%</b>

# CITY OF RIPON, CALIFORNIA

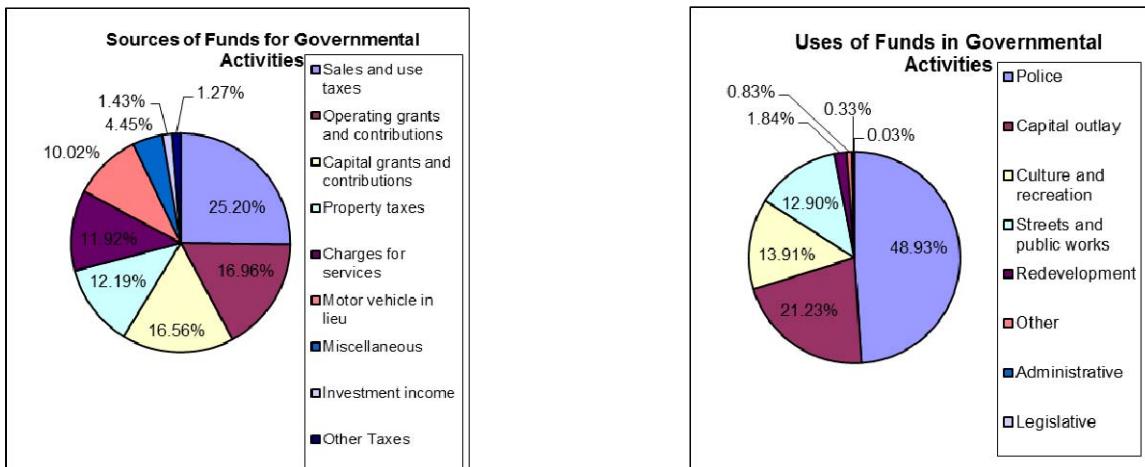
## Management's Discussion and Analysis

June 30, 2014

### Governmental Activities

The Statement of Activities format is significantly different from a typical Statement of Revenues, Expenses, and Changes in Fund Balance. Expenses are listed in the first column, with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. This type of format highlights the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue, even if restricted for a specific purpose.

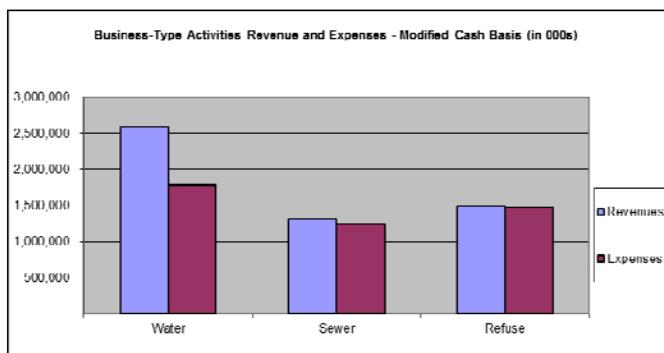
For the year ended June 30, 2014, the City's governmental activities sources and uses follow:



For the year ended June 30, 2014, total expenses for governmental activities resulting from modified cash-basis transactions or events amounted to \$10,593,777. Of these total expenses, taxpayers and other general revenues funded only \$6,458,036, and those directly benefiting from the program funded \$3,966,755 from grants and other contributions and \$1,410,274 from charges for services.

### Business-Type Activities

The business-type activities' net revenues/expenses, before contributions and transfers, resulting from modified cash-basis transactions or events follows. The water, sewer and refuse service activities reported net revenues/expenses of \$799,989, \$64,321 and \$4,276, respectively.



(Continued)

## CITY OF RIPON, CALIFORNIA

### Management's Discussion and Analysis

June 30, 2014

#### A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Certain funds experienced noteworthy changes from the prior year and are highlighted as follows:

Revenues:

- Operating grants and contributions decreased \$2,862,806, which primarily relates to the receipt of a \$3,500,000 contribution for capital improvements received in fiscal year ended June 30, 2013.
- Capital grants and contributions increased \$484,636, which was primarily due to legal settlement fees paid and an increase in permit fees paid during fiscal year ended June 30, 2014.
- Investment income decreased \$51,642, which is primarily due to a decrease in income from our Bank of New York investments.
- Miscellaneous income decreased \$119,703, which is primarily due to Property Tax Administration Fee from San Joaquin County reimbursed in fiscal year ended June 30, 2013.

Expenditures:

- Administrative expenditures increased \$10,159, which is primarily due to an increase in professional service fees and an increase in overhead.
- Legislative expenditures decreased \$3,131, which is primarily due to election fees paid in fiscal year ended June 30, 2013 offset by an increase in overhead.
- Other expenditures decreased \$261,459, which primarily relates to the handicap ramps for the Safe Routes to School – Ripon project that had a majority of its work done in fiscal year ended June 30, 2013
- Capital outlay decreased \$2,121,115, which primarily relates to capital improvements to the softball complex at Mistlin Park that were primarily done in fiscal year ended June 30, 2013. A portion of the improvements were funded by a contribution of \$3,500,000. In addition, the City reported expenditures related to the Ripon sidewalk and Colony Road overlay projects totaling \$824,278 in fiscal year ended June 30, 2013 of which there were no similar expenditures in fiscal year ended June 30, 2014.

#### CAPITAL ASSETS AND DEBT ADMINISTRATION

##### Capital Assets – Modified Cash Basis

The City does not capitalize capital assets.

(Continued)

## **CITY OF RIPON, CALIFORNIA**

### **Management's Discussion and Analysis**

June 30, 2014

#### **Long-Term Debt-Modified Cash Basis**

At June 30, 2014, the City had \$13,528,694 in long-term debt arising from modified cash-basis transactions or events, compared with \$14,341,560 at June 30, 2013. At June 30, 2014, the debt is related to business-type activities and a loan due to the Successor Agency Trust.

At June 30, 2014, the City's Private-Purpose Trust Fund had \$28,507,266 in long-term debt arising from the modified cash-basis transactions or events, compared with \$28,020,000 at June 30, 2013. At June 30, 2014, all of the debt is related to redevelopment tax allocation bonds.

#### **ECONOMIC OUTLOOK AND MAJOR INITIATIVES**

The City's budget for the upcoming fiscal year ending June 30, 2015 is fairly consistent with the year ended June 30, 2014.

The City staffing levels for the year ending June 30, 2015 are planned to remain consistent with the year ended June 30, 2014.

During the year ending June 30, 2015, the City plans to evaluate water, sewer, and refuse rates to determine if any rate adjustments are necessary.

The City's Successor Agency Trust Fund expects to continue to receive the \$250,000 administrative allowance for administering the winding-down of the Redevelopment Agency.

#### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's office at 259 N. Wilma Avenue, Ripon, California or telephone at (209) 599-2108.

# CITY OF RIPON, CALIFORNIA

## Statement of Net Position - Modified Cash Basis

June 30, 2014

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 18,618,877	\$ 1,714,006	\$ 20,332,883
Cash and investments - restricted	<u>1,088,438</u>	<u>838,992</u>	<u>1,927,430</u>
Total assets	<u>19,707,315</u>	<u>2,552,998</u>	<u>22,260,313</u>
<b>LIABILITIES</b>			
Long term liabilities			
Debt due within one year	-	545,000	545,000
Debt due in more than one year	<u>2,043,694</u>	<u>10,940,000</u>	<u>12,983,694</u>
Total liabilities	<u>2,043,694</u>	<u>11,485,000</u>	<u>13,528,694</u>
<b>NET POSITION</b>			
Capital assets, net of related debt	-	(10,646,008)	(10,646,008)
Restricted for			
Public safety	71,942	-	71,942
Capital outlay	1,016,496	838,992	1,855,488
Unrestricted	<u>16,575,183</u>	<u>875,014</u>	<u>17,450,197</u>
Total net position	<u>\$ 17,663,621</u>	<u>\$ (8,932,002)</u>	<u>\$ 8,731,619</u>

The accompanying notes are an integral part of this financial statement.

**STATEMENT OF ACTIVITIES –  
MODIFIED CASH BASIS**

**CITY OF RIPON, CALIFORNIA**

**Statement of Activities - Modified Cash Basis**

For the year ended June 30, 2014

	<u>Expenses</u>		
<u>Functions/Programs</u>	<u>Direct</u>	<u>Indirect</u>	<u>Total</u>
<b>Governmental activities</b>			
Administrative	1,117,700	(1,082,496)	35,204
Legislative	330,523	(327,319)	3,204
Police	4,401,169	781,791	5,182,960
Streets and public works	1,614,649	(247,972)	1,366,677
Culture and recreation	1,289,717	184,144	1,473,861
Redevelopment	195,154	-	195,154
Other	87,557	-	87,557
Capital outlay	2,233,276	15,884	2,249,160
Total governmental activities	<u>11,269,745</u>	<u>(675,968)</u>	<u>10,593,777</u>
<b>Business-type activities</b>			
Water	1,522,557	262,469	1,785,026
Sewer	1,052,467	188,766	1,241,233
Refuse	1,252,998	224,733	1,477,731
Total business-type activities	<u>3,828,022</u>	<u>675,968</u>	<u>4,503,990</u>
<b>Total government</b>	<b><u>15,097,767</u></b>	<b><u>-</u></b>	<b><u>15,097,767</u></b>
<b>General revenues</b>			
Taxes			
Property taxes			
Sales and use taxes			
Other			
Motor vehicle in lieu			
Investment income			
Miscellaneous			
<b>Transfers</b>			
Total general revenues, special items and transfers			
<b>Change in net position</b>			
<b>Net position - beginning of year</b>			
<b>Net position - end of year</b>			

The accompanying notes are an integral part of this financial statement.

# CITY OF RIPON, CALIFORNIA

## Balance Sheet - Modified Cash Basis Governmental Funds

June 30, 2014

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and investments	\$ 11,080,635	\$ (1,698)	\$ 6,461,620	\$ 1,078,320	\$ 18,618,877
Cash and investments - restricted	71,942	-	798,997	217,499	1,088,438
Total assets	<u>11,152,577</u>	<u>(1,698)</u>	<u>7,260,617</u>	<u>1,295,819</u>	<u>\$ 19,707,315</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Loan due to private-purpose trust funds	\$ -	\$ -	\$ 2,043,694	\$ -	\$ 2,043,694
Total liabilities	<u>-</u>	<u>-</u>	<u>2,043,694</u>	<u>-</u>	<u>2,043,694</u>
Fund balances					
Restricted for					
Public safety	71,942	-	-	-	71,942
Capital projects	-	-	798,997	217,499	1,016,496
Committed to					
Assessment Districts	-	-	-	160,360	160,360
Capital Projects	-	-	265,671	-	265,671
Assigned to					
Capital projects	-	-	4,152,255	1,174,825	5,327,080
Subsequent year expenditures	5,164,045	-	-	-	5,164,045
Other purposes	-	(1,698)	-	-	(1,698)
Unassigned	<u>5,916,590</u>	<u>-</u>	<u>-</u>	<u>(256,865)</u>	<u>5,659,725</u>
Total fund balances	<u>11,152,577</u>	<u>(1,698)</u>	<u>5,216,923</u>	<u>1,295,819</u>	<u>17,663,621</u>
Total liabilities and fund balances	<u>\$ 11,152,577</u>	<u>\$ (1,698)</u>	<u>\$ 7,260,617</u>	<u>\$ 1,295,819</u>	<u>\$ 19,707,315</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF RIPON, CALIFORNIA**

**Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis  
Governmental Funds**

For the year ended June 30, 2014

	General Fund	Special Revenue Fund	Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 4,539,119	\$ -	\$ -	\$ 20,603	\$ 4,559,722
Assessments	8,240	-	-	307,264	315,504
Licenses, permits and fees	961,335	10,499	449,726	-	1,421,560
Investment income	76,320	2,273	63,291	11,274	153,158
Intergovernmental revenue	1,330,258	499,957	-	1,028,175	2,858,390
Charges for services	890,165	-	-	2,322	892,487
Fines and forfeitures	64,807	-	-	-	64,807
Housing/loan program income	197,899	-	-	-	197,899
Contributions	-	-	700,000	-	700,000
Other	618,628	-	52,910	-	671,538
Total revenues	<u>8,686,771</u>	<u>512,729</u>	<u>1,265,927</u>	<u>1,369,638</u>	<u>11,835,065</u>
<b>Expenditures</b>					
General Government					
Administration	1,117,700	-	-	-	1,117,700
Legislative	330,523	-	-	-	330,523
Public Safety					
Police	4,401,169	-	-	-	4,401,169
Streets and Public Works					
Streets	-	960,943	-	50,331	1,011,274
Planning	319,747	-	-	-	319,747
Engineering	202,313	-	-	-	202,313
Building	100,066	-	-	-	100,066
Culture and Recreation					
Library	77,479	-	-	-	77,479
Parks and recreation	1,147,631	-	-	-	1,147,631
Community center	64,607	-	-	-	64,607
Community development block grant	-	-	-	38,017	38,017
Special assessment districts	-	-	-	269,431	269,431
Successor Agency Administration	195,154	-	-	-	195,154
Allocation to other department costs	(868,401)	119,196	15,885	57,352	(675,968)
Other	86,402	-	-	-	86,402
Capital outlay	-	84,983	1,823,249	-	1,908,232
Total expenditures	<u>7,174,390</u>	<u>1,165,122</u>	<u>1,839,134</u>	<u>415,131</u>	<u>10,593,777</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>1,512,381</u>	<u>(652,393)</u>	<u>(573,207)</u>	<u>954,507</u>	<u>1,241,288</u>
<b>Other financing sources (uses)</b>					
Operating transfers in	-	759,501	989,864	-	1,749,365
Operating transfers out	(530,936)	-	-	(770,000)	(1,300,936)
Total other financing sources (uses)	<u>(530,936)</u>	<u>759,501</u>	<u>989,864</u>	<u>(770,000)</u>	<u>448,429</u>
<b>Net change in fund balances</b>	<u>981,445</u>	<u>107,108</u>	<u>416,657</u>	<u>184,507</u>	<u>1,689,717</u>
<b>Fund balances, beginning of year, as previously stated</b>	10,229,029	(62,727)	4,800,266	1,007,336	15,973,904
Prior period adjustment	(57,897)	(46,079)	-	103,976	-
<b>Fund balances, beginning of year, as restated</b>	<u>10,171,132</u>	<u>(108,806)</u>	<u>4,800,266</u>	<u>1,111,312</u>	<u>15,973,904</u>
<b>Fund balances, end of year</b>	<u>\$ 11,152,577</u>	<u>\$ (1,698)</u>	<u>\$ 5,216,923</u>	<u>\$ 1,295,819</u>	<u>\$ 17,663,621</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF RIPON, CALIFORNIA**

**Statement of Net Position - Modified Cash Basis**  
**Proprietary Funds**

June 30, 2014

	Sewer Enterprise Fund	Water Enterprise Fund	Refuse Enterprise Fund	<u>Total</u>
<b>ASSETS</b>				
Current assets				
Cash and investments	\$ 535,913	\$ 910,081	\$ 268,012	\$ 1,714,006
Cash and investments - restricted	<u>-</u>	<u>838,992</u>	<u>-</u>	<u>838,992</u>
Total assets	<u>535,913</u>	<u>1,749,073</u>	<u>268,012</u>	<u>2,552,998</u>
<b>LIABILITIES</b>				
Current liabilities				
Current portion of bonds payable	120,000	425,000	-	545,000
Noncurrent liabilities				
Noncurrent portion of bonds payable	<u>1,720,000</u>	<u>9,220,000</u>	<u>-</u>	<u>10,940,000</u>
Total liabilities	<u>1,840,000</u>	<u>9,645,000</u>	<u>-</u>	<u>11,485,000</u>
<b>NET POSITION</b>				
Capital assets, net of related debt	(1,840,000)	(8,806,008)	-	(10,646,008)
Restricted for capital assets	<u>-</u>	<u>838,992</u>	<u>-</u>	<u>838,992</u>
Unrestricted	<u>535,913</u>	<u>71,089</u>	<u>268,012</u>	<u>875,014</u>
Total net position	<u><u>\$ (1,304,087)</u></u>	<u><u>\$ (7,895,927)</u></u>	<u><u>\$ 268,012</u></u>	<u><u>\$ (8,932,002)</u></u>

The accompanying notes are an integral part of this financial statement.

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION – MODIFIED CASH BASIS –  
PROPRIETARY FUNDS**

**CITY OF RIPON, CALIFORNIA**

**Statement of Revenues, Expenses and Changes in Fund Net Position - Modified Cash Basis  
Proprietary Funds**

For the year ended June 30, 2014

	Sewer Enterprise Fund	Water Enterprise Fund	Refuse Enterprise Fund	<u>Total</u>
<b>Operating revenues</b>				
Charges for service				
Water revenue	\$ -	\$ 2,442,443	\$ -	\$ 2,442,443
Sewer usage services	1,217,333	-	-	1,217,333
Refuse revenue	-	-	1,457,733	1,457,733
Refuse capital fees	<u>-</u>	<u>-</u>	<u>21,685</u>	<u>21,685</u>
Total operating revenues	<u>1,217,333</u>	<u>2,442,443</u>	<u>1,479,418</u>	<u>5,139,194</u>
<b>Operating expenses</b>				
Salaries and wages	338,785	343,737	418,570	1,101,092
Employee benefits	181,941	191,878	232,943	606,762
Professional services	113,764	109,548	11,826	235,138
Repairs and maintenance	146,616	83,431	83,641	313,688
Gas and oil	21,909	15,103	71,817	108,829
Utilities	106,314	356,988	5,878	469,180
Supplies	5,025	10,790	5,507	21,322
Conference expenses	11	7	19	37
Communications	2,541	2,573	2,460	7,574
Memberships, dues, books, etc.	35,537	24,319	619	60,475
Postage	5,348	7,586	5,350	18,284
Refuse disposal	-	-	405,899	405,899
Other	8,831	7,848	8,469	25,148
Allocation of other department costs	<u>188,766</u>	<u>262,469</u>	<u>224,733</u>	<u>675,968</u>
Total operating expenses	<u>1,155,388</u>	<u>1,416,277</u>	<u>1,477,731</u>	<u>4,049,396</u>
<b>Operating income</b>				
	<u>61,945</u>	<u>1,026,166</u>	<u>1,687</u>	<u>1,089,798</u>

**Nonoperating revenues (expenses)**

Property taxes	81,724	-	-	81,724
State property tax reimbursements	824	-	-	824
Intergovernmental revenue	-	137,791	-	137,791
Interest revenue	5,673	4,781	2,589	13,043
Bond issuance costs	(6,150)	-	-	(6,150)
Debt service - interest	<u>(79,695)</u>	<u>(368,749)</u>	<u>-</u>	<u>(448,444)</u>
 Total nonoperating revenues (expenses)	 <u>2,376</u>	 <u>(226,177)</u>	 <u>2,589</u>	 <u>(221,212)</u>
 Net income before contributions and transfers	 64,321	 799,989	 4,276	 868,586
 Contributions/Developer fees	 128,279	 298,484	 -	 426,763
Transfers in	-	-	-	-
Transfers out	<u>(128,279)</u>	<u>(298,484)</u>	<u>(21,666)</u>	<u>(448,429)</u>
 <b>Change in net position</b>	 64,321	 799,989	 (17,390)	 846,920
 <b>Total net position - beginning of year</b>	 <u>(1,368,408)</u>	 <u>(8,695,916)</u>	 <u>285,402</u>	 <u>(9,778,922)</u>
 <b>Total net position - end of year</b>	 <u>\$ (1,304,087)</u>	 <u>\$ (7,895,927)</u>	 <u>\$ 268,012</u>	 <u>\$ (8,932,002)</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF RIPON, CALIFORNIA**

**Statement of Fiduciary Net Position - Modified Cash Basis  
Private-Purpose Trust Funds**

June 30, 2014

	Successor Agency <u>Trust Fund</u>
<b>ASSETS</b>	
Cash and investments	26,353
Cash and investments - restricted	4,712,566
Loan due from capital projects fund	<u>2,043,694</u>
Total assets	<u>6,782,613</u>
<b>LIABILITIES</b>	
Due to successor agency	1,187,266
Long-term liabilities	
Debt due within one year	730,000
Debt due in more than one year	<u>26,590,000</u>
Total liabilities	<u>28,507,266</u>
<b>NET POSITION</b>	
Restricted for capital outlay	1,558,265
Restricted for debt service	1,967,035
Unrestricted	<u>(25,249,953)</u>
Total net position	<u>(21,724,653)</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF RIPON, CALIFORNIA**

**Statement of Changes in Fiduciary Net Position - Modified Cash Basis  
Private-Purpose Trust Funds**

For the year ended June 30, 2014

	<u>Successor Agency Trust Fund</u>
<b>Additions</b>	
Property taxes	\$ 2,735,219
Program income	25,117
Investment income	26,278
Project cost reimbursements	<u>2,062</u>
 Total additions	 <u>2,788,676</u>
<b>Deductions</b>	
General operating	257,320
Debt service - interest	<u>1,249,229</u>
 Total deductions	 <u>1,506,549</u>
<b>Change in net position</b>	 1,282,127
<b>Total net position - beginning of year</b>	 <u>(23,006,780)</u>
<b>Total net position - end of year</b>	 <u>\$ (21,724,653)</u>

The accompanying notes are an integral part of this financial statement.

## CITY OF RIPON, CALIFORNIA

### Notes to Financial Statements

June 30, 2014

#### Note A – Summary of Significant Accounting Policies

These financial statements are presented on the modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

##### Financial reporting entity

The City was incorporated on November 27, 1945 under the general laws of the State of California. The City operates under a Council – Manager form of government consisting of five elected council members including the mayor and a council appointed City Manager. The City provides the following services as authorized by its charter: public safety, sanitation, water utility, street maintenance, community development, library, parks and recreation, and general administrative services.

##### Individual component unit disclosures

There are no entities which meet the Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61 criteria for discrete disclosure within these basic financial statements.

##### Basis of Presentation

The government-wide financial statements (i.e. statement of net position and the statement of activities) display information about the primary government (the City). These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct and indirect expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses are allocated to functions based on the relativity of direct expenses by department. Program revenues

(Continued)

# CITY OF RIPON, CALIFORNIA

## Notes to Financial Statements

June 30, 2014

### Note A – Summary of Significant Accounting Policies (Continued)

include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

#### Governmental Funds

The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the City. The reporting entity includes the following special revenue fund, which is reported as a major fund.

<u>Fund</u>	<u>Brief description</u>
Streets and Roads Fund	Accounts for revenues and expenditures for streets and roads.

(Continued)

## CITY OF RIPON, CALIFORNIA

### Notes to Financial Statements

June 30, 2014

#### Note A – Summary of Significant Accounting Policies (Continued)

Capital Project Funds are used to account for resources restricted or designated for the acquisition or construction of specific capital projects or items. The reporting entity includes the following capital project fund, of which is reported as a major fund:

<u>Fund</u>	<u>Brief description</u>
Capital Projects Fund	Accounts for contributions and specific revenues and transfers from other City funds and expenditures for various capital projects as the City Council may designate.

#### Proprietary Funds

Enterprise Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise funds, water, sewer and refuse funds, all of which qualify as major funds.

<u>Fund</u>	<u>Brief description</u>
Sewer Fund	Accounts for activities associated with operating and maintaining the City's sewer and surface drainage system. All activities necessary to provide such services are accounted for in this fund, including administration, operations, capital improvements, maintenance, financing and related debt service, and billing and collection.
Water Fund	Accounts for the provision of water services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including administration, operations, capital improvements, maintenance, financing and related debt service, and billing and collection.
Refuse Fund	Accounts for the provision of refuse collection services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including administration, operations, capital improvements, maintenance, financing and related debt service, and billing and collection.

(Continued)

## CITY OF RIPON, CALIFORNIA

### Notes to Financial Statements

June 30, 2014

#### Note A – Summary of Significant Accounting Policies (Continued)

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. Contributions/developer fees are reported separately and represent capital contributions charged by the City. Operating expenses are those expenses essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

#### Fiduciary Funds

Private Purpose Trust Funds are established to serve as the custodian for assets held in a trustee or agency capacity for others and therefore cannot be used to support the City's own programs. The reporting entity includes one private purpose trust fund.

<u>Fund</u>	<u>Brief description</u>
Successor Agency Trust Fund	Accounts for activities related to the winding down of the former Redevelopment Agency.

#### Measurement focus

In the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), and financial position. All assets and liabilities (whether current or noncurrent, financial, or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net position.

(Continued)

# CITY OF RIPON, CALIFORNIA

## Notes to Financial Statements

June 30, 2014

### Note A – Summary of Significant Accounting Policies (Continued)

- c. The fiduciary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of additions, deductions, changes in net assets, and financial position. All assets and liabilities (whether current or noncurrent, financial, or nonfinancial) associated with their activities are reported. Fiduciary fund equity is classified as net position.

#### Basis of accounting

In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental and business-like activities are presented using a modified cash basis of accounting. This is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves modification to the cash basis of accounting to report in the statement of net position cash transactions that result in an obligation that covers a period greater than the period in which the cash transaction occurred. Accordingly, long-term liabilities arising from cash transactions have been reported in the statement of net position.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected, and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid, and other accrued expenses and liabilities) are not recorded in these financial statements, with the exception of long-term liabilities arising from cash transactions. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event (such as donated assets and postemployment benefit obligations) are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value. Lastly, the City does not recognize its investment in capital assets in its statement of net position.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary and fiduciary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

#### Cash, cash equivalents and investments

For the purpose of financial reporting “cash and cash equivalents” includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less. This also includes deposits with the State of California Local Agency Investment Fund (LAIF) and trust account investments in open-ended mutual fund shares.

Investments are stated at cost.

(Continued)

## CITY OF RIPON, CALIFORNIA

### Notes to Financial Statements

June 30, 2014

#### Note A – Summary of Significant Accounting Policies (Continued)

Restricted cash and investments includes proceeds from the 2012 refunding water revenue bonds and the 2006 water revenue bonds which are restricted for expansion of the wastewater treatment plant, upgrade of water facilities and for repayment of bonds. Additionally, proceeds from the 2003, 2005 and 2007 tax allocation bonds are restricted for various capital projects and for repayment of bonds. Restricted cash and investments also include proceeds from grants for which the funds have not been expended.

##### Long-term debt

All long-term debt arising from cash basis transactions to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements.

Long-term debt arising from cash basis transactions of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide statements.

##### Equity classification

Equity in the government-wide statements is classified as net position and displayed in three components:

- a. Capital assets net of related debt – Consists of the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of capital assets.
- b. Restricted – Consists of restricted assets reduced by liabilities with restriction constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.
- c. Unrestricted – Net amount of assets and liabilities that are not scheduled in the determination of net investment in capital assets on the restricted component of net position.

It is the City's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

(Continued)

## CITY OF RIPON, CALIFORNIA

### Notes to Financial Statements

June 30, 2014

#### Note A – Summary of Significant Accounting Policies (Continued)

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components: nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted – Amounts constrained regarding use from restrictions externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or by restrictions imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts constrained regarding use for specific purposes pursuant to requirements imposed by formal action of the City's highest level of decision making authority.

Assigned – Amounts constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the City Council, City manager or their designee as established in the City's Fund Balance Policy.

Unassigned – Amounts that have not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

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

Proprietary fund equity is classified the same as in the government-wide statement.

#### Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

(Continued)

## CITY OF RIPON, CALIFORNIA

### Notes to Financial Statements

June 30, 2014

#### **Note A – Summary of Significant Accounting Policies (Continued)**

Interfund activity, if any, within and among the governmental, proprietary, and fiduciary fund categories is reported as follows in the fund financial statements:

1. Interfund loans – Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services – Sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements – Repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers – Flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal balances – Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Assets, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities.

#### Use of estimates

The preparation of financial statements in conformity with the modified cash basis of accounting described in Note A used by the City requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

#### Budgetary accounting

The City does not adopt an appropriated budget and is not required to adopt such a budget by law. However, the City does adopt a nonappropriated budget annually which is approved by the City Council. The budget for all governmental and proprietary funds is on the cash basis of accounting.

(Continued)

## CITY OF RIPON, CALIFORNIA

### Notes to Financial Statements

June 30, 2014

#### Note A – Summary of Significant Accounting Policies (Continued)

##### Property taxes

Property taxes in the State of California are administered for all local agencies at the county level, and consist of secured, unsecured, and utility tax rolls. The following is a summary of major policies and practices relating to property taxes.

Property valuations are established by the Assessor of the County of San Joaquin for the secured and unsecured property tax rolls; the utility property tax rolls are valued by the State Board of Equalization. Under the provisions of Article XIII A of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978) properties are assessed at 100% of full value. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

Tax levies are limited to 1% of full value which results in a tax rate of \$1.00 per \$100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

Tax levy dates are attached annually on January 1 proceeding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property, as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

Tax collections are the responsibility of the county tax collector. Taxes and assessments on secured and utility rolls, which constitute a lien against the property, may be paid in two installments. The first is due on November 1 of the fiscal year and is delinquent if not paid by December 10. The second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the county for late payments.

The County of San Joaquin levies, bills, and collects property taxes and special assessments for the City. Property taxes levied are recorded as revenue when received, in the fiscal year of levy, due to the adoption of the “alternate method of property tax distribution”, known as the Teeter Plan, by the City and the County of San Joaquin. The Teeter Plan authorizes the Auditor/Controller of the County of San Joaquin to allocate 100 percent of the secured property taxes billed, but not yet paid. The County of San Joaquin remits tax monies to the City in three installments as follows:

50 percent remitted in December  
45 percent remitted in April  
5 percent remitted in June

# CITY OF RIPON, CALIFORNIA

## Notes to Financial Statements

June 30, 2014

### Note B – Cash and Investments

Cash and investments as of June 30, 2014 are classified in the accompanying financial statements as follows:

#### Statement of net position

Governmental and proprietary funds	
Cash and investments	\$ 20,332,883
Cash and investments – restricted	<u>1,927,430</u>
	22,260,313
<u>Fiduciary funds</u>	
Cash and investments	26,353
Cash and investments – restricted	<u>4,712,566</u>
	4,738,919
Total cash and investments	<u>\$ 26,999,232</u>

Cash and investments as of June 30, 2014 consist of the following:

Cash on hand	\$ 1,300
Deposits with financial institutions	106,669
Investments	<u>26,891,263</u>
	<u>\$ 26,999,232</u>

<u>Investment Type</u>	<u>Carrying value</u>	<u>Fair value</u>
Money Market Funds	\$ 725,600	\$ 725,600
California Local Agency Investment Fund (State Investment Pool)	9,496,070	9,498,907
Central San Joaquin Valley RMA Pool (CSJV Pool)	13,863,566	14,262,396

(Continued)

# CITY OF RIPON, CALIFORNIA

## Notes to Financial Statements

June 30, 2014

### Note B – Cash and Investments (Continued)

<u>Investment Type</u>	<u>Carrying value</u>	<u>Fair value</u>
Held by Bond Trustees		
Money Market Funds	2,434,289	2,434,289
Guaranteed Investment Contracts	<u>371,738</u>	<u>371,738</u>
	<u>\$ 26,891,263</u>	<u>\$ 27,292,930</u>

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net assets and balance sheet as "cash and investments". California statutes authorize cities to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code Section 53600.

The Government Code and the City of Ripon Investment Policy allow investments in the following instruments:

<u>Investment Type</u>	<u>Maximum Maturity</u>	<u>Authorized Limit%</u>	<u>Required Rating</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Bills, Notes or Bonds	5 years	None	None
State Registered Warrants, Notes, or Bonds	5 years	None	None
Notes and bonds of other Local			
California Agencies	5 years	None	None
U.S. Agencies	5 years	None	None
Bankers Acceptances	180 days	40%	None
Prime Commercial Paper	270 days	15% or 30%	A1/P1
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase and Reverse Repurchase			
Agreements	1yr./92 days	None/20%	None
Medium Term Corporate Notes	5 years	30%	A
Money Market Mutual Funds	5 years	15%	2-AAA
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	AA
Local Agency Investment Fund (LAIF)	N/A	None	None
County Pooled Investment Funds	N/A	None	None
Funds held under the Terms of a Trust			
Indenture or other contract	*	*	*

\*Such funds may be invested according to the provisions of those indentures or agreements.

(Continued)

# CITY OF RIPON, CALIFORNIA

## Notes to Financial Statements

June 30, 2014

### Note B – Cash and Investments (Continued)

#### Disclosures Relating to Interest Rate Risk

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

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

<u>Investment Type</u>	<u>Totals</u>	<u>12 months or less</u>	<u>13 – 24 months</u>	<u>25 – 36 months</u>	<u>37 – 48 months</u>	<u>49 – 60 months</u>	<u>More than 60 months</u>
Money Market Funds	\$ 725,600	\$ 725,600	\$ -	\$ -	\$ -	\$ -	\$ -
State Investment Pool	9,498,907	9,498,907	-	-	-	-	-
CSJV Pool	14,262,396	-	-	14,262,396	-	-	-
Held by Bond Trustees:							
Money Market Funds	2,434,289	2,434,289	-	-	-	-	-
Guaranteed Investment Contracts	<u>371,738</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>371,738</u>
Total	<u>\$27,292,930</u>	<u>\$12,658,796</u>	<u>\$—</u>	<u>\$14,262,396</u>	<u>\$—</u>	<u>\$—</u>	<u>\$ 371,738</u>

#### Disclosures Relating to Credit Risk

Generally, 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 (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

(Continued)

# CITY OF RIPON, CALIFORNIA

## Notes to Financial Statements

June 30, 2014

### Note B – Cash and Investments (Continued)

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Fiscal Year End</u>				<u>As of Investment</u>
				<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Not Rated</u>	
Money Market Funds	\$ 725,600	N/A	\$ -	\$ -	\$ -	\$ -	\$ 725,600	2.6%
State Investment Pool	9,498,907	N/A	-	-	-	-	9,498,907	34.8%
CSJV Pool	14,262,396*	N/A	-	-	-	-	14,262,396	52.3%
Held by Bond Trustees:								
Money Market Funds	2,434,289	N/A	-	-	-	-	2,434,289	8.9%
Guaranteed Investment Contracts	<u>371,738</u>	<u>N/A</u>	<u>_____</u> -	<u>_____</u> -	<u>_____</u> -	<u>_____</u> -	<u>371,738</u>	<u>1.4%</u>
Total	<u>\$27,292,930</u>	<u>N/A</u>	<u>\$_____</u> -	<u>\$_____</u> -	<u>\$_____</u> -	<u>\$_____</u> -	<u>\$27,292,930</u>	<u>100%</u>

\*Average rating of portfolio AA/aa1

### Concentration of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in certain types of investments. The City's investments are concentrated in external investment pools which are not subject to investment limits.

### Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposit or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2014, \$614,573 of the City's deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts.

(Continued)

## CITY OF RIPON, CALIFORNIA

### Notes to Financial Statements

June 30, 2014

#### Note B – Cash and Investments (Continued)

A description of the City's investments follows:

##### Investment in State Investment Pool

Although the City did not participate in any securities lending transactions or enter into any reverse repurchase agreements during the year, the City does have an investment in The California Local Agency Investment Fund (LAIF) with fair value in the amount of \$9,498,907. The total amount invested by all public agencies in LAIF is \$64,846,169,129 of which 1.86% is invested in medium-term and short-term structured notes and asset-backed securities. The Local Investment Advisory board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by state statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the City's portion in the pool. Included in LAIF's Investment Portfolio are United States Treasury and federal agency securities, International Bank for Reconstruction and Development federal agency floating rate debentures, bank notes, certificates of deposit, commercial paper, corporate floaters and bonds, time deposits, and California Assembly Bill 55 and State of California General Fund loans. Participants equity in LAIF is determined by the dollar amount at the participant's deposits, adjusted for withdrawals and distributed investment income. The State Treasurer's investment policy for LAIF and separately issued financial statements for LAIF are available at <http://www.treasurer.ca.gov/pmia-laif/>.

##### CSJV Pool

The City maintains an investment of \$13,863,566 in the Central San Joaquin Valley RMA Pool as of June 30, 2014. The total amount invested by all participants in the pool is \$55,679,302. The value of the pool shares which may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the City's portion in the pool. The fair value of the City's share of the pool is determined monthly and is \$14,262,396 as of June 30, 2014. The pool is not registered with the Securities Exchange Commission; however, it is managed by a registered investment advisor. Participation in the pool is voluntary. The pool's average maturity is 2.62 years and the average rating is AA/aa1. The pool portfolio consists of 66% Securities of U.S. Government Agencies and 24% U.S. Corporate Obligations and 10% other. The pool complies with the City's investment policy.

##### Guaranteed Investment Contracts

The City invested \$371,738 (held by bond trustee) in a Guaranteed Investment Contract (GIC); yielding 3.31% annually and ends January 1, 2017. Interest is received semi-annually. The GIC was established as the reserve account for the Tax Allocation Bonds, Issue of 2003, which mature on November 1, 2032.

## CITY OF RIPON, CALIFORNIA

### Notes to Financial Statements

June 30, 2014

#### Note C – Interfund Transactions

Interfund transactions consist of the following:

##### *Transfers between funds*

Resources may be transferred from one City fund to another with Council approval. The purpose of the majority of transfers is to reimburse a fund which has made an expenditure on behalf of another fund. Less often, a transfer may be made to open or close a fund.

Transfers between funds during the year ended June 30, 2014 were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Fund		
General Fund	\$ 310,001	\$ 840,937
Capital Projects Fund	989,864	-
Major Special Revenue Fund		
Streets and Roads	770,000	10,499
Major Proprietary Fund		
Sewer Enterprise	-	128,279
Water Enterprise	-	298,484
Refuse Enterprise	-	21,666
Nonmajor Governmental Funds		
Special Revenue Fund		
2103 Fund	-	240,000
2105 Fund	-	160,000
2106 Fund	-	110,000
2107 Fund	-	170,000
2107.5 Fund	-	4,000
Measure K	-	46,000
COG/LTF	-	40,000
Total interfund transfers	<u>\$ 2,069,865</u>	<u>\$ 2,069,865</u>

In general, the City uses interfund transfers to:

- Transfer unrestricted revenues collected in the general fund to help finance various programs and capital projects accounted for in other funds

(Continued)

# CITY OF RIPON, CALIFORNIA

## Notes to Financial Statements

June 30, 2014

### Note C – Interfund Transactions (Continued)

- Fund operations (move revenues from the funds that collect them to the funds that statute or budget requires to expend them)
- Fund interdepartmental cost reimbursement
- Fund capital projects

The effect of the interfund activity has been eliminated from the government-wide financial statements.

#### Internal balances

Internal balances represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental, business-type activities and fiduciary funds.

### Note D – Long-Term Debt

The City generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt.

In governmental fund types, debt discounts and issuance costs are recognized in the current period. Debt discounts and issuance costs incurred by proprietary fund types have also been recorded in the period incurred in accordance with the modified cash basis of accounting.

#### Current year transactions and balances

The City's debt issues and transactions are summarized below and discussed in detail thereafter:

	Original Amount	Balance June 30, 2013	Additions	Reductions	Transfers	Balance June 30, 2014	Current Total
Governmental Activity Debt							
Loan due to Successor							
Agency Trust	\$ 3,300,000	\$ 2,043,694	\$ _____ -	\$ _____ -	\$ _____ -	\$ 2,043,694	\$ _____ -
Business-type Activity Debt							
Enterprise long-term debt							
2011 Refunding Revenue							
Bonds (Sewer)	\$ 2,195,000	\$ 1,955,000	\$ _____ -	\$ 115,000	\$ _____ -	\$ 1,840,000	\$ 120,000
2006 Revenue Bonds							
(Water)	7,845,000	6,700,000	-	220,000	-	6,480,000	230,000
2012 Refunding Revenue							
Bonds (Water)	<u>\$ 3,350,000</u>	<u>\$ 3,350,000</u>	<u>_____ -</u>	<u>185,000</u>	<u>_____ -</u>	<u>\$ 3,165,000</u>	<u>\$ 195,000</u>
	<u>\$ 13,390,000</u>	<u>\$ 12,005,000</u>	<u>\$ _____ -</u>	<u>\$ 520,000</u>	<u>\$ _____ -</u>	<u>\$ 11,485,000</u>	<u>\$ 545,000</u>

(Continued)

## CITY OF RIPON, CALIFORNIA

### Notes to Financial Statements

June 30, 2014

#### Note D – Long-Term Debt (Continued)

##### Loan Due to Private-Purpose Trust Fund

In 2011, the City entered into a loan agreement between the Redevelopment Agency and the City of Ripon. The borrower shall repay the Redevelopment Agency, the principal sum of up to five million dollars (\$5,000,000) and to pay interest on the outstanding balance of said sum at a rate of 0.4625% (the LAIF Rate as of December 2010) for the first year. Thereafter, at the end of each calendar year, the interest rate may be reset according to the December LAIF rate (0.26% at December 2013). A minimum of fifty percent (50%) of all development impact (PFFP) paid in connection with building activity is the City of Ripon for the same calendar year shall be applied towards the Loan. Only after the interest accrued for that calendar year has been paid, shall the outstanding balance be reduced. Full payment of principal and any outstanding interest is due on February 1, 2016.

As of February 1, 2012, the Redevelopment Agency was dissolved and the assets and activities of the Redevelopment Agency were transferred to a private-purpose trust fund (Successor Agency Trust). See note L.

##### Revenue Bonds

Enterprise fund long-term debt outstanding as of June 30, 2014 consists of the following:

In 2011, the City entered into an Installment Purchase Agreement with Banc of America Leasing to refund the City's portion of the California Statewide Communities Development Authority Water and Wastewater Revenue Bonds (Pooled Financing Program) Series 1999A. The original borrowing was \$2,195,000. The bonds are secured by a pledge of net revenues of the Sewer Enterprise Fund. The Sewer Enterprise Fund is required to establish user fees and rates that will yield net revenues equal to at least 1.2 times the annual debt service. Principal payments are due annually on October 1. Interest payments are payable semi-annually on April 1 and October 1.

In August 2006, the City issued \$7,845,000 California Statewide Communities Development Authority Water Revenue Bonds Series 2006C. The bonds are secured by a pledge of net revenues of the Water Enterprise Fund. The Water Enterprise Fund is required to establish user fees and rates that will yield net revenues equal to at least 1.2 times the annual debt service. Principal payments are due annually on October 1. Interest payments are payable semi-annually on April 1 and October 1.

(Continued)

# CITY OF RIPON, CALIFORNIA

## Notes to Financial Statements

June 30, 2014

### Note D – Long-Term Debt (Continued)

In September 2012, the City entered into an agreement with Union Bank, N.A. to refund the City's portion of the California Statewide Community Development Authority Water and Wastewater Revenue Bonds (Pooled Financing Agreement) Series 2002A. The original borrowing was \$3,350,000. The bonds are secured by a pledge of net revenues of the Water Enterprise Fund. The Water Enterprise Fund is required to establish user fees and rates they will yield net revenues equal to at least 1.2 times the annual debt service. Principal payments are due annually on October 1. Interest payments are payable semi-annually on April 1 and October 1.

Debt outstanding as of June 30, 2014, consists of the following:

	<u>Interest rate</u>	<u>Maturity date</u>	<u>Amounts issued</u>	<u>Outstanding</u>
<u>Government Activity Debt</u>				
Loan Due to Successor Agency Trust	0.26%	February 1, 2016	\$ 3,300,000	\$ 2,043,694
<u>Business-type Activity Debt</u>				
Enterprise Fund Bonds				
2011 Refunding Wastewater Revenue Bonds				
(Sewer)				
Term Bonds	4.20%	October 1, 2025	\$ 2,195,000	\$ 1,840,000
			<u>2,195,000</u>	<u>1,840,000</u>
2006 Revenue Bonds (Water)				
Serial Bonds	3.625% – 4.30%	October 1, 2021	3,475,000	2,110,000
Term Bonds	4.50%	October 1, 2027	2,120,000	2,120,000
Term Bonds	4.50%	October 1, 2032	<u>2,250,000</u>	<u>2,250,000</u>
			<u>7,845,000</u>	<u>6,480,000</u>
2012 Refunding Revenue Bonds				
(Water)				
Serial Bonds	2.00% – 3.375%	October 1, 2027	3,350,000	3,165,000
			<u>\$ 13,390,000</u>	<u>\$ 11,485,000</u>

(Continued)

# CITY OF RIPON, CALIFORNIA

## Notes to Financial Statements

June 30, 2014

### Note D – Long-Term Debt (Continued)

Annual debt service requirements are shown below for all long-term debt:

For the year <u>ending June 30,</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 545,000	\$ 415,658
2016	2,608,694	397,680
2017	580,000	378,861
2018	600,000	359,248
2019	620,000	338,801
2020-2024	3,455,000	1,388,237
2025-2029	3,280,000	730,168
2030-2034	<u>1,840,000</u>	<u>170,100</u>
Total	<u>\$ 13,528,694</u>	<u>\$ 4,178,753</u>

### Note E – Site Lease

October 11, 2006, the City entered into a lease-financing agreement with Municipal Finance Corporation to facilitate the purchase of street lighting. Municipal Finance Corporation assigned the lease to Westamerica Bank, which in turn, leases the property to the City. Westamerica prepaid all rental payments totaling \$420,422 in November, 2006.

Future minimum annual rental expense on the sublease with Westamerica Bank follows:

<u>Year ending June 30,</u>	
2015	\$ 39,147
2016	39,147
2017	39,147
2018	39,147
2019	39,147
Later years	<u>117,441</u>
	<u>\$ 313,176</u>

Rental expense related to the site lease totaled \$39,147 for the year ended June 30, 2014.

## CITY OF RIPON, CALIFORNIA

### Notes to Financial Statements

June 30, 2014

#### Note F – Net Assets and Fund Balances

Net position and fund balances consist of the following:

##### Net position

Net Position in the Government-Wide Financial Statements represents the excess of all the City's assets over all its liabilities, regardless of fund. Net Position is divided into three captions, described as follows:

*Capital Assets, net of related debt* describes the portion of Net Position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets. However, the City has not capitalized capital assets. Therefore, this caption reflects only the outstanding debt used to finance capital assets.

*Restricted* describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These include developer fees and intergovernmental revenue received for use on capital projects.

*Unrestricted* describes the portion of Net Position which is not restricted as to use.

##### Fund balances (restricted)

In the fund financial statements, fund balances represent the net current assets of each fund. Portions of a fund balance may be restricted.

Restrictions are placed by outside entities, such as other governments, which restrict the expenditures of the reserved funds to the purpose intended by the entity which provided the funds.

Restrictions for capital outlay are the portions of unspent bond proceeds reserved for capital projects, or unspent proceeds from grants from other governments.

##### Fund balance and net position deficits

##### *Major funds*

The Sewer Enterprise Fund and the Water Enterprise Fund had net position (deficits) of \$1,304,087 and \$7,895,927, respectively, at June 30, 2014. These deficits are due to the City incurring costs in excess of revenues and are expected to be offset in the future from the receipt of revenues from charges for services and construction permits.

(Continued)

## CITY OF RIPON, CALIFORNIA

### Notes to Financial Statements

June 30, 2014

#### Note F – Net Assets and Fund Balances (Continued)

##### *Nonmajor funds*

A deficit fund balance of \$12,553 exists in the Community Development Block Grant Fund. The deficit is due to the City incurring costs that have not been reimbursed as of June 30, 2014. The fund deficit is expected to be offset in the future from the receipt of grant revenue.

A deficit fund balance of \$31,753 exists in the Dutch Meadows Assessment District Fund. The deficit is due to the City incurring costs in advance of revenues. The fund deficit is expected to be offset in the future from the receipt of assessment revenue.

A deficit fund balance of \$2,886 exists in the Farmland Estates District Fund. The deficit is due to the City incurring costs in advance of revenues. The fund deficit is expected to be offset in the future from the receipt of assessment revenue.

A deficit fund balance of \$2,587 exists in the Carolina's Landscape. The deficit is due to the City incurring costs in advance of revenues. The fund deficit is expected to be offset in the future from the receipt of assessment revenue.

A deficit fund balance of \$57,182 exists in the Main Street Assessment District Fund. The deficit is due to the City incurring costs in advance of revenues. The fund deficit is expected to be offset in the future from the receipt of assessment revenue.

A deficit fund balance of \$143,917 exists in the Ripon Lighting Assessment District Fund. The deficit is due to the City incurring costs in advance of revenues. The fund deficit is expected to be offset in the future from the receipt of assessment revenue.

#### Note G – Employee Retirement Systems

##### Defined contribution plan

The City provides pension benefits for all of its permanent full-time employees, who completed six consecutive months of employment, through the City of Ripon Money Purchase Thrift Pension Plan, a defined contribution plan, with the exception of public safety officers. On April 4, 1990, the public safety officers elected to participate in the California Public Employees Retirement System. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As of June 30, 2014, there were 57 plan members. Plan provisions and contribution requirements are established and may be amended by the City of Ripon City Council. The City contributes 10% of the total compensation of all participants who agree to contribute 5% of their compensation to the plan. The City entered into a Memorandum of Understanding with the Union representing its employees which requires the City to “pick up” the 5% employee contribution. All such contributions are designated as employee contributions and are fully vested. The plan also

(Continued)

## CITY OF RIPON, CALIFORNIA

### Notes to Financial Statements

June 30, 2014

#### Note G – Employee Retirement Systems (Continued)

allows additional employee contributions up to 6.6% of annual compensation, and the City will match such contributions at a 50% rate up to 3.3% of the qualified employee's annual compensation.

The trust agreement provides that each participant directs the investments held in his/her individual account. Participants are immediately vested in their contributions plus actual earnings thereon. The City's contributions for each employee and interest allocated to the employee's account are fully vested after six years of continuous service. City contributions for, and interest forfeited by, employees who leave employment before six years of service are redistributed to all participants based on salary and vesting levels with the exception of the additional contributions up to 6.6% of annual compensation referenced above, which are immediately fully vested.

The City's total payroll in fiscal year 2014 was \$5,495,625. The City's contributions were calculated using the base salary amount of \$3,156,707 for employees participating in the City's defined contribution plan. The total employee and employer contributions for the year ended June 30, 2014 were \$297,794 and \$385,900, respectively. The employee and employer contributions represented 9.4% and 12.2% of covered payroll, respectively.

#### California Public Employees Retirement System

##### Plan Description

The City's defined benefit pension plan, Safety Plan of the City of Ripon, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan members consist of public safety officers only. The Safety Plan of the City of Ripon is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance (or other local methods). CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

##### Funding Policy

Active plan members in the Safety Plan of the City of Ripon are required to contribute the employee defined share, based on the employee's specific tier (ranging between 9% - 11.5%), of their annual covered salary. The City is required to contribute the actuarially determined employer's share (ranging between 11.5% - 32.111%), which is the remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

(Continued)

## CITY OF RIPON, CALIFORNIA

### Notes to Financial Statements

June 30, 2014

#### Note G – Employee Retirement Systems (Continued)

##### Annual Pension Cost

For the year ended June 30, 2014, the City's annual pension cost was \$481,441 and the City actually contributed \$481,441. The required contribution for the year ended June 30, 2014 was determined as part of the actuarial valuation as of June 30, 2011 using the entry age actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses); (b) projected salary increases of 3.30%; (c) 2.75% inflation and (d) payroll growth of 3.00%. The actuarial value of the Safety Plan of the City of Ripon's assets was determined using market value. Changes in liability due to plan amendments, changes in actuarial assumptions or changes in actuarial methods are amortized as a level percentage of projected payroll on a closed basis. The Safety Plan of the City of Ripon had a net unfunded actuarial liability at June 30, 2013.

Three-Year Trend Information for Safety Plan of the City of Ripon:

Fiscal Year <u>Ended</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
6/30/12	\$ 452,538	100%	\$ 0
6/30/13	500,411	100	0
6/30/14	481,441	100	0

##### Funded status for Safety Plan of the City of Ripon (reported in thousands)

Actuarial <u>date</u>	Accrued <u>liability</u>	Actuarial value of <u>assets</u>	Unfunded/ (Overfunded) <u>liability</u>	Funded <u>status</u>	Annual covered <u>payroll</u>
6/30/11	\$ 10,412	\$ 7,557	\$ 2,855	72.6%	\$ 1,756
6/30/12	10,950	7,506	3,444	68.6	1,665
6/30/13	11,725	8,553	3,172	72.9	1,683

#### Note H – Deferred Compensation Plan and Trust

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

(Continued)

## CITY OF RIPON, CALIFORNIA

### Notes to Financial Statements

June 30, 2014

#### Note H – Deferred Compensation Plan and Trust (Continued)

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights (until paid or made available to the employee or other beneficiary) are solely the property and rights of the employees. Accordingly, the plan/trust assets have been excluded from the City's reported assets.

#### Note I – Risk Management

The City is exposed to various risks of loss related to torts, errors and omissions and injuries to employees. The City participates in a pooled liability program for general liability and workers compensation through the Central San Joaquin Valley Risk Management Authority (Authority). The pooled liability program is an insurance pool provided through the deposits of approximately 52 member cities. The Authority is not an insurance company and does not charge a premium for coverage. Audited financial statements are available from the Central San Joaquin Valley Risk Management Authority at 1020 19<sup>th</sup> Street, Suite 200, Sacramento, CA 95814.

##### General liability

The liability coverage provided by the Authority is completely self-insured by its member cities and all losses and related costs are shared among the other member cities in the pool above the member City's retained limit of \$50,000 for the 2009 through 2013 program years. The Authority determines the amount of risk each member city brings to the pool and calculates a relative risk distribution factor. The unobligated balance of program years 2009 through 2013 is \$146,326 as of June 30, 2013 (most recent information). At the time the respective program year is closed any surplus will be refunded to the City and net deficits will be billed to the City. The City's financial statements are prepared on the modified cash basis of accounting and, accordingly, a liability for net fund deficits, if any, on open program years has not been recorded. Disbursements to the Authority for general liability coverage during the year ended June 30, 2014 were \$125,168.

##### Workers' compensation

The workers' compensation coverage is provided by the Authority through a pooling feature which requires the member cities to self-insure a portion of each claim. Sharing of the risk is accomplished by forming pooled layers above the member city's retained limit of \$50,000 for the 2009 through 2013 program years. The unobligated balance of program years 2009 through 2013 is (\$195,847) as of June 30, 2013 (most recent information). At the time the respective program year is closed any surplus will be refunded to the City and net deficits will be billed to the City. The Pooled Workers' Compensation Program participates in Local Agency Workers' Compensation Joint Powers Authority (LAWCX).

(Continued)

# CITY OF RIPON, CALIFORNIA

## Notes to Financial Statements

June 30, 2014

### Note I – Risk Management (Continued)

Members of LAWCX risk share the layer between \$150,000 and \$5,000,000. Effective July 1, 2003, LAWCX joined the California State Association of Counties Excess Insurance Authority (CSAC EIA), a joint powers authority comprised of a number of individual public entities and other joint power authorities. CSAC EIA provides coverage above \$5,000,000. The City's financial statements are prepared on the modified cash basis of accounting and, accordingly, a liability for net fund deficits, if any, on open program years has not been recorded. Disbursements to the Authority for workers' compensation coverage during the year ended June 30, 2014 were \$393,645.

### Note J – Contingencies and Commitments

#### Contingencies

##### Grant Program Involvement

In the normal course of operations, the City participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability or reimbursement that may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

##### Commitments

The City is undertaking a number of capital improvement projects, the most significant of which include the following at June 30, 2014:

	Balance remaining on contracts <u>outstanding</u>
Street maintenance, rehabilitation, signal lights, sidewalks, storm drains and bike trails	\$ 108,710
Wells and groundwater data	56,779
Parks	1,177,601
Sewer	22,291
Other	41,318

### Note K – Revenue Limitations Imposed by California Proposition 218

Proposition 218, which was approved by the voters in November 1996, regulates the City's ability to impose, increase, and extend taxes, assessments, and fees. Any new increased, or extended taxes, assessments, and fees subject to the provisions of Proposition 218, require voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes, assessments, and fees are subject to the voter initiative process and may be rescinded in the future years by the voters.

## **CITY OF RIPON, CALIFORNIA**

### **Notes to Financial Statements**

June 30, 2014

#### **Note L – Successor Agency Trust For Assets of Former Redevelopment Agency**

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Ripon that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 17, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 12-7.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported as fiduciary funds (private-purpose trust funds) in the financial statements of the City.

(Continued)

# CITY OF RIPON, CALIFORNIA

## Notes to Financial Statements

June 30, 2014

### Note L – Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

#### Long-term debt

The Successor Agency's debt issues and transactions are summarized below and discussed in detail thereafter:

	<u>Original Amount</u>	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Reduc- tions</u>	<u>Balance June 30, 2014</u>	<u>Current Total</u>
Fiduciary Fund						
Former Redevelopment Agency of the City of Ripon						
2003 Tax Allocation Bonds	\$ 6,320,000	\$ 5,375,000	\$ -	\$ 120,000	\$ 5,255,000	\$ 125,000
2005 Tax Allocation Bonds	5,660,000	4,965,000	-	110,000	4,855,000	115,000
2007 Tax Allocation Refunding Bonds	<u>20,395,000</u>	<u>17,680,000</u>	<u>-</u>	<u>470,000</u>	<u>17,210,000</u>	<u>490,000</u>
	<u>\$ 32,375,000</u>	<u>\$ 28,020,000</u>	<u>\$ -</u>	<u>\$ 700,000</u>	<u>\$ 27,320,000</u>	<u>\$ 730,000</u>

#### Tax Allocation Bonds

In 2003, the Former Redevelopment Agency of the City of Ripon issued Tax Allocation Bonds in the amount of \$6,320,000 to finance redevelopment projects. Agency tax increment revenue is pledged for the repayment of these Bonds. Principal and interest are payable semi-annually each May 1 and November 1.

In 2005, the Former Redevelopment Agency of the City of Ripon issued Tax Allocation Bonds in the amount of \$5,660,000 to finance redevelopment projects. Agency tax increment revenue is pledged for the repayment of these Bonds. Principal and interest are payable semi-annually each May 1 and November 1.

In 2007, the Former Redevelopment Agency of the City of Ripon, Ripon Community Redevelopment Project issued Tax Allocation Refunding Bonds in the amount of \$20,395,000 to provide funds for certain redevelopment projects and to defease the 2000 Tax Allocation Bonds. The bond issue included \$11,025,000 of serial bonds with interest rates ranging from 4% to 4.4% with maturities ranging from 2007 through 2027, \$4,300,000 of term bonds with an interest rate of 4.5% maturing in 2034 and \$5,070,000 of escrow term bonds with an interest rate of 4.75% maturing in 2036. The bonds maturing on or after November 1, 2018 may be called before maturity and redeemed at the option of the Former Redevelopment Agency of the City of Ripon, in whole or in part from proceeds

(Continued)

# CITY OF RIPON, CALIFORNIA

## Notes to Financial Statements

June 30, 2014

### Note L – Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

of refunding bonds or other available funds, on November 1, 2017 or on any date thereafter. The net proceeds of the 2007 Tax Allocation Refunding Bonds were \$19,581,738, after paying issuance costs of \$813,262. The Former Redevelopment Agency of the City of Ripon deposited \$10,066,703, representing a portion of the net proceeds from the issuance of the 2007 Tax Allocation Refunding Bonds and \$806,580 representing funds held by trustee relating to the 2000 Tax Allocation Bonds into an irrevocable trust with an escrow agent for investment in U.S. government securities to defease the 2000 Tax Allocation Bonds. The funds deposited with the escrow agent were used to pay the principal and interest on the refunded bonds on November 1, 2010, at a redemption price equal to 102% of par.

Fiduciary Fund debt outstanding as of June 30, 2014, consists of the following:

	<u>Interest rate</u>	<u>Maturity date</u>	<u>Amounts issued</u>	<u>Outstanding</u>
<u><b>Fiduciary Fund</b></u>				
Redevelopment Agency 2003				
Tax Allocation Bonds				
Serial Bonds	3.65% – 4.55%	November 1, 2020	\$ 2,060,000	\$ 995,000
Term Bonds	4.45%	November 1, 2027	1,345,000	1,345,000
Term Bonds	4.75%	November 1, 2032	<u>2,915,000</u>	<u>2,915,000</u>
			<u>6,320,000</u>	<u>5,255,000</u>
Redevelopment Agency 2005				
Tax Allocation Bonds				
Serial Bonds	3.50% – 3.625%	November 1, 2013	805,000	-
Term Bonds	3.00%	November 1, 2017	485,000	485,000
Term Bonds	5.00%	November 1, 2025	1,230,000	1,230,000
Term Bonds	4.75%	November 1, 2035	<u>3,140,000</u>	<u>3,140,000</u>
			<u>5,660,000</u>	<u>4,855,000</u>
Redevelopment Agency 2007				
Tax Allocation Bonds				
Serial Bonds	4.00% – 5.00%	November 1, 2027	11,025,000	7,840,000
Term Bonds	4.50%	November 1, 2034	4,300,000	4,300,000
Term Bonds	4.75%	November 1, 2036	<u>5,070,000</u>	<u>5,070,000</u>
			<u>20,395,000</u>	<u>17,210,000</u>
			<u>\$ 32,375,000</u>	<u>\$ 27,320,000</u>

(Continued)

## CITY OF RIPON, CALIFORNIA

### Notes to Financial Statements

June 30, 2014

#### Note L – Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

Annual debt service requirements are shown below for fiduciary fund long-term debt:

<u>For the year ending June 30,</u>	<u>Fiduciary Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 730,000	\$ 1,221,311
2016	760,000	1,192,449
2017	790,000	1,162,288
2018	815,000	1,128,333
2018	855,000	1,091,608
2020-2024	4,870,000	4,850,279
2025-2029	6,070,000	3,624,614
2030-2034	7,515,000	2,057,226
2035-2037	<u>4,915,000</u>	<u>350,350</u>
Total	<u>\$ 27,320,000</u>	<u>\$ 16,678,458</u>

#### Note M – Prior Period Adjustment

During the year ended June 30, 2014, management of the City determined that certain expenditures recorded in the CDBG fund were not approved for CDBG fund reimbursement and should have been recorded as general fund and special revenue fund expenditures in a prior year. Accordingly beginning fund balance for the general fund, special revenue fund, and CDBG fund have been adjusted by (\$57,897), (\$46,079) and \$103,976, respectively.

#### Note N – Subsequent Events

Management of the City has evaluated subsequent events through January 13, 2015, the date these financial statements were available to be issued, and has determined there were no material events requiring disclosure.

**OTHER SUPPLEMENTARY INFORMATION**

**COMBINING BALANCE SHEET – MODIFIED CASH BASIS  
NONMAJOR GOVERNMENTAL FUNDS**

**CITY OF RIPON, CALIFORNIA**

**Combining Balance Sheet - Modified Cash Basis**  
**Nonmajor Govermental Funds**

June 30, 2014

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	2103 <u>Fund</u>	2105 <u>Fund</u>	2106 <u>Fund</u>	2107 <u>Fund</u>	2107.5 <u>Fund</u>	Measure K	COG/LTF	STA/BUS <u>Fund</u>	CDBG
<b>ASSETS</b>									
Cash and investments	\$ 26,219	\$ 29,527	\$ 26,496	\$ 25,759	\$ 1,696	\$ 1,061,901	\$ 3,227	\$ (5,987)	\$ (12,553)
Cash and investments - restricted	-	-	-	-	-	-	-	217,499	-
Due from other funds	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 26,219</u>	<u>\$ 29,527</u>	<u>\$ 26,496</u>	<u>\$ 25,759</u>	<u>\$ 1,696</u>	<u>\$ 1,061,901</u>	<u>\$ 3,227</u>	<u>\$ 211,512</u>	<u>\$ (12,553)</u>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to private purpose trust funds	-	-	-	-	-	-	-	-	-
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
Fund balances									
Restricted for									
Public safety	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	217,499	-
Committed to									
Assessment Districts	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-
Assigned to									
Capital projects	26,219	29,527	26,496	25,759	1,696	1,061,901	3,227	-	-
Subsequent year expenditures	-	-	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	(5,987)	(12,553)
Total fund balances	<u>\$ 26,219</u>	<u>\$ 29,527</u>	<u>\$ 26,496</u>	<u>\$ 25,759</u>	<u>\$ 1,696</u>	<u>\$ 1,061,901</u>	<u>\$ 3,227</u>	<u>\$ 211,512</u>	<u>\$ (12,553)</u>
Total liabilities and fund balances	<u>\$ 26,219</u>	<u>\$ 29,527</u>	<u>\$ 26,496</u>	<u>\$ 25,759</u>	<u>\$ 1,696</u>	<u>\$ 1,061,901</u>	<u>\$ 3,227</u>	<u>\$ 211,512</u>	<u>\$ (12,553)</u>

Special Revenue Funds

Dutch <u>Meadows</u>	Country <u>Woods</u>	Farmland <u>Estates</u>	Jacobs <u>Landing</u>	Carolina's <u>Landscape</u>	Boesch/Kingery <u>Assessment</u>	Main Street <u>Landscape</u>	Cornerstone I	Ripon <u>Lighting</u>	Total Nonmajor Governmental Funds
\$ (31,753)	\$ 7,534	\$ (2,886)	\$ 29,333	\$ (2,587)	\$ 42,456	\$ (57,182)	\$ 81,037	\$ (143,917)	\$ 1,078,320
-	-	-	-	-	-	-	-	-	217,499
-	-	-	-	-	-	-	-	-	-
<u>\$ (31,753)</u>	<u>\$ 7,534</u>	<u>\$ (2,886)</u>	<u>\$ 29,333</u>	<u>\$ (2,587)</u>	<u>\$ 42,456</u>	<u>\$ (57,182)</u>	<u>\$ 81,037</u>	<u>\$ (143,917)</u>	<u>\$ 1,295,819</u>
 \$ -	 \$ -	 \$ -	 \$ -	 \$ -	 \$ -	 \$ -	 \$ -	 \$ -	 \$ -
 - -	 - -	 - -	 - -	 - -	 - -	 - -	 - -	 - -	 - -
 - -	 - -	 - -	 - -	 - -	 - -	 - -	 - -	 - -	 217,499
 - 7,534	 - -	 29,333	 - -	 42,456	 - -	 81,037	 - -	 160,360	 - -
 - -	 - -	 - -	 - -	 - -	 - -	 - -	 - -	 - -	 - -
 - -	 - -	 - -	 - -	 - -	 - -	 - -	 - -	 - -	 1,174,825
 - -	 - -	 - -	 - -	 - -	 - -	 - -	 - -	 - -	 - -
 <u>(31,753)</u>	 <u>7,534</u>	 <u>(2,886)</u>	 <u>29,333</u>	 <u>(2,587)</u>	 <u>42,456</u>	 <u>(57,182)</u>	 <u>81,037</u>	 <u>(143,917)</u>	 <u>(256,865)</u>
 <u>(31,753)</u>	 <u>7,534</u>	 <u>(2,886)</u>	 <u>29,333</u>	 <u>(2,587)</u>	 <u>42,456</u>	 <u>(57,182)</u>	 <u>81,037</u>	 <u>(143,917)</u>	 <u>1,295,819</u>
 \$ (31,753)	 \$ 7,534	 \$ (2,886)	 \$ 29,333	 \$ (2,587)	 \$ 42,456	 \$ (57,182)	 \$ 81,037	 \$ (143,917)	 \$ 1,295,819

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – MODIFIED CASH BASIS  
NONMAJOR GOVERNMENTAL FUNDS**

**CITY OF RIPON, CALIFORNIA**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis  
Nonmajor Governmental Funds**

For the year ended June 30, 2014

	2103 <u>Fund</u>	2105 <u>Fund</u>	2106 <u>Fund</u>	2107 <u>Fund</u>	2107.5 <u>Fund</u>	Measure K	COG/LTF	STA/BUS <u>Fund</u>
<b>Revenues</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-	-	-	-	-
Licenses, permits and fees	-	-	-	-	-	-	-	-
Investment income	1,336	951	685	983	28	5,562	217	1,360
Intergovernmental revenue	204,759	101,676	52,864	108,186	4,000	314,474	39,582	46,562
Charges for services	-	-	-	-	-	-	-	2,322
Fines and forfeitures	-	-	-	-	-	-	-	-
Housing/loan program income	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>206,095</b>	<b>102,627</b>	<b>53,549</b>	<b>109,169</b>	<b>4,028</b>	<b>320,036</b>	<b>39,799</b>	<b>50,244</b>
<b>Expenditures</b>								
General Government								
Administration	-	-	-	-	-	-	-	-
Legislative	-	-	-	-	-	-	-	-
Public Safety								
Police	-	-	-	-	-	-	-	-
Streets and Public Works								
Streets	-	-	-	-	-	-	-	50,331
Planning	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-
Building	-	-	-	-	-	-	-	-
Culture and Recreation								
Library	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-
Community center	-	-	-	-	-	-	-	-
Community development block grant	-	-	-	-	-	-	-	-
Special assessment districts	-	-	-	-	-	-	-	-
Successor agency administration	-	-	-	-	-	-	-	-
Allocation to other department costs	-	-	-	-	-	-	-	9,028
Other	-	-	-	-	-	-	-	-
Capital outlay								
Total expenditures								59,359
<b>Excess (deficiency) of revenues over expenditures</b>	<b>206,095</b>	<b>102,627</b>	<b>53,549</b>	<b>109,169</b>	<b>4,028</b>	<b>320,036</b>	<b>39,799</b>	<b>(9,115)</b>
<b>Other financing sources (uses)</b>								
Operating transfers in								
Operating transfers out	(240,000)	(160,000)	(110,000)	(170,000)	(4,000)	(46,000)	(40,000)	-
Total other financing sources (uses)	(240,000)	(160,000)	(110,000)	(170,000)	(4,000)	(46,000)	(40,000)	-
<b>Net change in fund balances</b>	<b>(33,905)</b>	<b>(57,373)</b>	<b>(56,451)</b>	<b>(60,831)</b>	<b>28</b>	<b>274,036</b>	<b>(201)</b>	<b>(9,115)</b>
<b>Fund balances, beginning of year, as previously stated</b>	<b>60,124</b>	<b>86,900</b>	<b>82,947</b>	<b>86,590</b>	<b>1,668</b>	<b>787,865</b>	<b>3,428</b>	<b>220,627</b>
<b>Prior period adjustment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances, beginning of year, as restated</b>	<b>60,124</b>	<b>86,900</b>	<b>82,947</b>	<b>86,590</b>	<b>1,668</b>	<b>787,865</b>	<b>3,428</b>	<b>220,627</b>
<b>Fund balances, end of year</b>	<b>\$ 26,219</b>	<b>\$ 29,527</b>	<b>\$ 26,496</b>	<b>\$ 25,759</b>	<b>\$ 1,696</b>	<b>\$ 1,061,901</b>	<b>\$ 3,227</b>	<b>\$ 211,512</b>

## Special Revenue Funds

## CITY OF RIPON, CALIFORNIA

### Additional Information on the Successor Agency Trust Fund

June 30, 2014

The following information is presented to supplement the basic financial statements and provides additional information about the Successor Agency Trust Fund. The information includes: the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position in accordance with generally accepted accounting principles as of and for the year ended June 30, 2014. Accordingly, the fiduciary fund financial statements utilize the accrual basis of accounting. Also included in this section is a schedule of capital assets held by the Successor Agency Trust Fund. For additional information on the Successor Agency Trust Fund, refer to the notes to the City's financial statements.

#### Statement of Fiduciary Net Position Private-Purpose Trust Fund

June 30, 2014

	<u>Successor Agency Trust Fund</u>
<b>Assets</b>	
Cash and investments	\$ 26,353
Cash and investments – restricted	4,712,566
Interest receivable	23,787
Loan due from capital projects fund	2,043,694
Capital assets, net of accumulated depreciation	<u>1,157,200</u>
Total assets	<u>7,963,600</u>
<b>Liabilities</b>	
Interest payable	201,730
Due to successor agency	1,187,266
Long-term liabilities	
Debt due within one year	730,000
Debt due in more than one year	<u>26,590,000</u>
Total liabilities	<u>28,708,996</u>
<b>Net position</b>	
Restricted for capital outlay	1,558,265
Restricted for debt service	1,967,035
Unrestricted	<u>(24,270,696)</u>
Total net position	<u>\$ (20,745,396)</u>

(Continued)

**CITY OF RIPON, CALIFORNIA**

**Additional Information on the  
Successor Agency Trust Fund**

June 30, 2014

Statement of Changes in Fiduciary Net Position  
Private-Purpose Trust Fund

For the year ended June 30, 2014

	<u>Successor Agency Trust Fund</u>
<b>Additions</b>	
Investment income	\$ 47,882
Program income	25,117
Property taxes	2,735,219
Project cost reimbursements	<u>2,062</u>
Total additions	<u>2,810,280</u>
<b>Deductions</b>	
General operating	257,320
Debt service - interest	<u>1,240,452</u>
Total deductions	<u>1,497,772</u>
<b>Change in net position</b>	1,312,508
<b>Total net position – beginning of year</b>	<u>(22,057,904)</u>
<b>Total net position – end of year</b>	<u>\$ (20,745,396)</u>

Schedule of capital asset activity for the fiscal year ended June 30, 2014, is as follows:

<u>Fiduciary Fund</u>	<u>Beginning balance</u>	<u>Acquisitions</u>	<u>Dispositions</u>	<u>Ending balance</u>
Capital assets, not being depreciated				
Land	\$ 1,157,200	\$ -	\$ -	\$ 1,157,200