CITY OF RIPON
CALIFORNIA

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED
JUNE 30, 2016

CITY OF RIPON
CALIFORNIA

JUNE 30, 2016

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PRICE PAIGE & COMPANY
Accountancy Corporation

The Place to Be

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Ripon, California

Report on the Financial Statements

We have audited the accompanying modified cash-basis 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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Managements 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 1. 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

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Opinions

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, 2016, 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 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which 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 as a whole that collectively comprise the City of Ripon's basic financial statements. The management's discussion and analysis, combining 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 nonmajor fund financial statements presented on pages 46 through 49 are the responsibility of management and were derived from, and relate to, the underlying accounting and other records used to prepare the basic financial statements. The 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, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Management's discussion and analysis on pages 3 through 11 and the additional information on the Successor Agency Trust Fund on pages 50 through 51 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on such information.

Price Paige & Company

Clovis, California
September 12, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

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, 2016, within the limitations of the City's modified cash basis of accounting. Please read this management's discussion and analysis in conjunction with the City's financial statements that begin on page 14.

FINANCIAL HIGHLIGHTS

- The City's assets exceeded its liabilities by $13,814,310 (net position) for the fiscal year ended June 30, 2016. This compares favorably to the previous year's net position of $11,523,505.
- Total net position is comprised of the following:
    1) Capital assets, net of related debt of ($9,535,168). This represents 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 $4,639,653 represents the portion restricted for public safety, street construction and maintenance, assessment districts, and capital outlay.
    3) Unrestricted net position of $18,709,825 represents the portion available to maintain the City's obligations to citizens and creditors.

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 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 14-15) 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 (beginning on page 16) 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 which the City operates like businesses, such as the water, sewer and refuse services.

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.

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 not 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 5. The government-wide financial statements are presented on pages 14 and 15. 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 limitation 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 service 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 16 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.

- *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. The 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

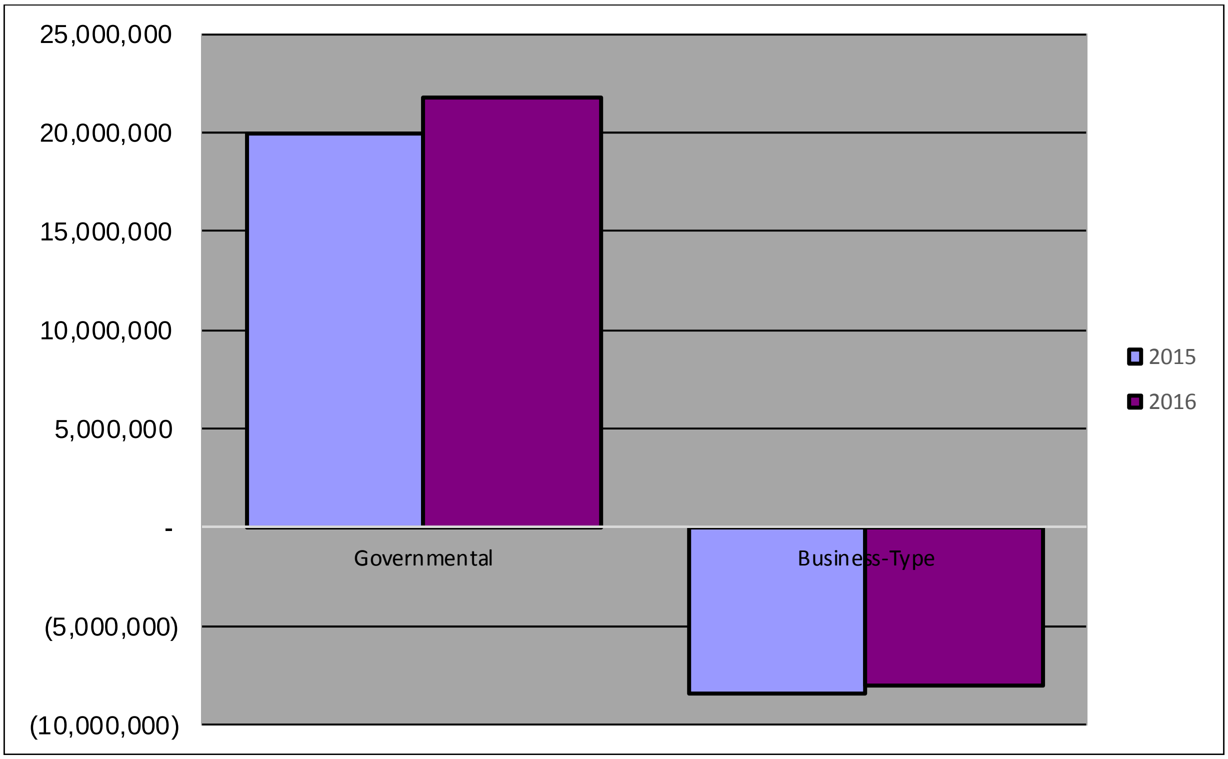
Net Position – Modified Cash Basis

The City's combined net position resulting from modified cash basis transactions or events increased from $11,523,505 to $13,814,310 between fiscal years 2015 and 2016. 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.

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2015	2016	2015	2016	2015	2016	2015-2016
Cash and investments	$ 20,982,819	$ 22,789,375	$ 1,704,384	$ 1,572,164	$ 22,687,203	$ 24,361,539	7%
Cash and investments - restricted	980,862	1,073,587	839,134	839,832	1,819,996	1,913,419	5%
Total assets	21,963,681	23,862,962	2,543,518	2,411,996	24,507,199	26,274,958	7%
Long term liabilities							
Loan due to private-purpose trust funds	2,043,694	2,085,648	-	-	2,043,694	2,085,648	2%
Debt due within one year	-	-	565,000	580,000	565,000	580,000	3%
Debt due in more than one year	-	-	10,375,000	9,795,000	10,375,000	9,795,000	-6%
Total liabilities	2,043,694	2,085,648	10,940,000	10,375,000	12,983,694	12,460,648	-4%
Capital assets, net of related debt	-	-	(10,100,866)	(9,535,168)	(10,100,866)	(9,535,168)	-6%
Restricted for							
Public safety	81,704	88,557	-	-	81,704	88,557	8%
Street construction and maintenance	1,916,967	2,294,013	-	-	1,916,967	2,294,013	20%
Assessment districts	181,041	206,336	-	-	181,041	206,336	14%
Capital outlay	920,854	1,210,915	839,134	839,832	1,759,988	2,050,747	17%
Unrestricted	16,819,421	17,977,493	865,250	732,332	17,684,671	18,709,825	6%
Total net position	$ 19,919,987	$ 21,777,314	$ (8,396,482)	$ (7,963,004)	$ 11,523,505	$ 13,814,310	20%

The net position of the City's governmental activities increased 9.3 percent to $21,777,314. However, $3,799,821 of this amount is restricted regarding the purposes it can be used for. Consequently, unrestricted amounts showed $17,977,493 at the end of this year.

Net Position – Modified Cash Basis



Changes from 2015 to 2016 reflect an increase of 19.9 percent in net position, an increase of 9.3 percent for governmental activities and 5.2 percent for business-type activities.

<u>Changes in Net Position – Modified Cash Basis</u>

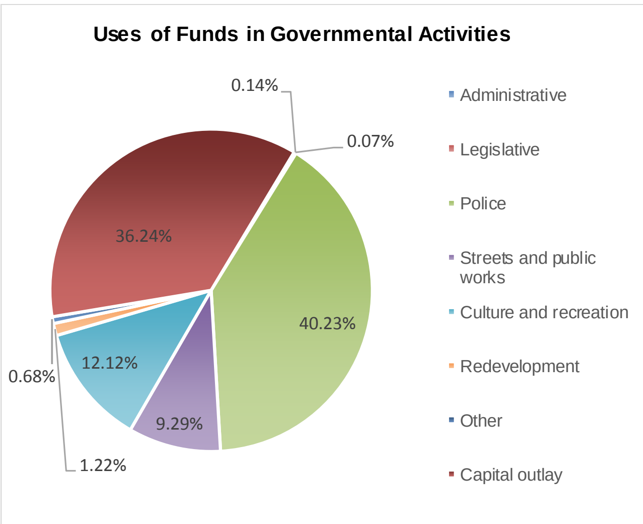
For the year ended June 30, 2016, net position (resulting from modified cash basis transactions or events) changed as follows on page 8.

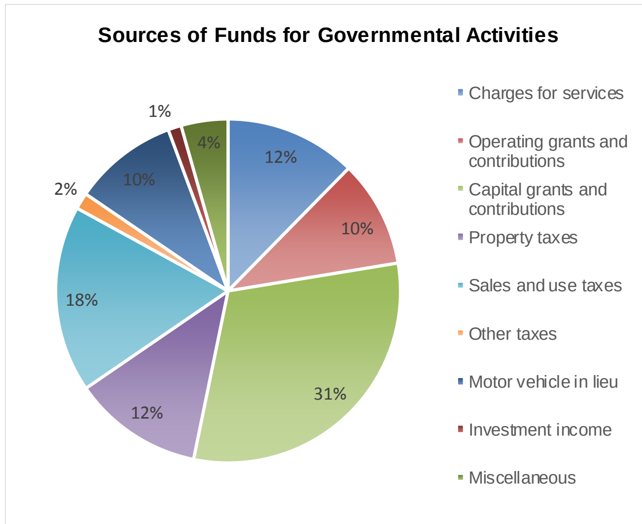
	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2015	2016	2015	2016	2015	2016	2015-2016
Revenues							
Program revenues							
Charges for services	$ 2,332,698	$ 1,693,753	$ 5,313,905	$ 5,303,316	$ 7,646,603	$ 6,997,069	-8%
Operating grants and contributions	2,287,612	1,382,151	-	-	2,287,612	1,382,151	-40%
Capital grants and contributions	1,505,349	4,234,090	-	1,244,489	1,505,349	5,478,579	264%
General revenues							
Taxes							
Property taxes	1,710,560	1,676,743	98,360	132,875	1,808,920	1,809,618	0%
Sales and use taxes	2,883,642	2,413,378	-	-	2,883,642	2,413,378	-16%
Other	170,780	212,386	-	-	170,780	212,386	24%
Motor vehicle in lieu	1,287,125	1,349,253	-	-	1,287,125	1,349,253	5%
Investment income	177,340	171,160	15,958	16,827	193,298	187,987	-3%
Miscellaneous	597,170	603,452	-	-	597,170	603,452	1%
Total revenue	12,952,276	13,736,366	5,428,223	6,697,507	18,380,499	20,433,873	11%
Expenditures							
Administrative	29,460	19,978	-	-	29,460	19,978	-32%
Legislative	3,189	10,052	-	-	3,189	10,052	215%
Police	5,272,068	5,577,600	-	-	5,272,068	5,577,600	6%
Streets and public works	1,286,448	1,287,984	-	-	1,286,448	1,287,984	0%
Culture and recreation	1,808,291	1,680,720	-	-	1,808,291	1,680,720	-7%
Redevelopment	182,326	168,944	-	-	182,326	168,944	-7%
Other	42,139	94,220	-	-	42,139	94,220	124%
Capital outlay	2,597,924	5,023,557	-	-	2,597,924	5,023,557	93%
Water	-	-	1,699,106	1,622,951	1,699,106	1,622,951	-4%
Sewer	-	-	1,173,844	1,098,272	1,173,844	1,098,272	-6%
Refuse	-	-	1,493,818	1,558,790	1,493,818	1,558,790	4%
Total expenditures	11,221,845	13,863,055	4,366,768	4,280,013	15,588,613	18,143,068	16%
Excess (deficiency) before transfers	1,730,431	(126,689)	1,061,455	2,417,494	2,791,886	2,290,805	-18%
Transfers	525,935	1,984,016	(525,935)	(1,984,016)	-	-	
Increase in net position	$ 2,256,366	$ 1,857,327	$ 535,520	$ 433,478	$ 2,791,886	$ 2,290,805	-18%

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 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, 2016, the City's governmental activities sources and uses follow:

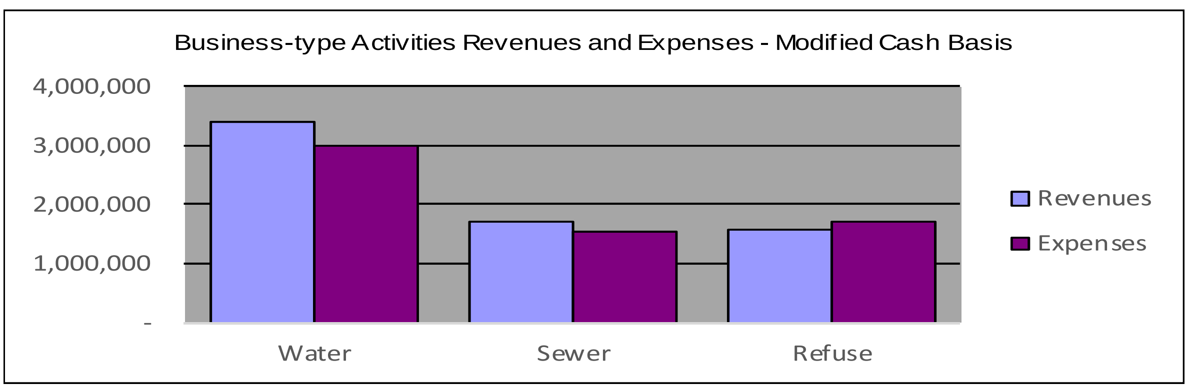




For the year ended June 30, 2016, total expenses for governmental activities resulting from modified cash basis transactions or events amounted to $13,863,055. Of these total expenses, taxpayers and other general revenues funded only $6,426,372, and those directly benefiting from the program funded $5,616,241 from grants and other contributions, and $1,693,753 from charges for services.

Business-Type Activities

The business-type activities' net revenue (expenses), before contributions and transfers, resulting from modified cash basis transactions or events follow: The water, sewer and refuse service activities reported net revenues (expenses) of $954,910, $247,777 and ($29,682), respectively.



A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Revenues:

- Streets & Public Works operating grants and contributions decreased by $609,474, which relates to a decreased COG/LTF allotment received in fiscal year 2016, including a $469,025 timing difference of fiscal year 2014 allotments being received in fiscal year 2015. An additional $115,692 was due to less Highway User Tax received.
- Administrative capital grants and contributions increased $509,920, which is primarily due to the collection of prior years' state mandated costs.
- Other operating grants and contributions decreased $264,929, which is due to the previous fiscal year having an increased number of sales of homes that generated revenue from the repayments of the BMR and GAP+ loans.
- Capital outlay charges for services decreased $571,214, of which $225,640 is due to engineering fees and planning fees being collected in fiscal year 2015 for various development projects moving forward. In addition, $328,139 was attributable to a one-time adjustment to the Jack Tone golf course capital improvements account during fiscal year 2015.
- Capital outlay capital grants and contributions increased $2,253,104, which is due to more developer fees collected in fiscal year 2016 compared to fiscal year 2015. There were 58 more permits pulled in fiscal year 2016 than 2015. In addition, the City collected a number of 2015 deferred developer fees in fiscal year 2016
- Water capital grants and contributions increased by $831,257, which is due to more development fees collected.
- Sewer capital grants and contributions increased by $353,675, which is due to more development fees collected.

Expenditures:

- Capital Outlay expenditures increased $2,385,646, which is primarily due to the Water Meter Installation Project.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – Modified Cash Basis

The City does not capitalize capital assets.

Long-Term Debt – Modified Cash Basis

At June 30, 2016, the City had $12,460,648 in long-term debt arising from modified cash basis transactions or events, compared with $12,983,694 at June 30, 2015. At June 30, 2016, the debt is related to business-type activities and a loan due to the Successor Agency Trust.

At June 30, 2016, the City's Private-Purpose Trust Fund had $27,127,266 in long-term debt arising from the modified cash basis transactions or events, compared with $27,887,266 at June 30, 2015. At June 30, 2016, 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 ended June 30, 2017 is fairly consistent with the year ended June 30, 2016.

The City staffing levels for the year ending June 30, 2017 are planned to remain consistent with the year ended June 30, 2016.

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 information, please contact the City Clerk's Office at 259 N. Wilma Avenue, Ripon, California 95366, or telephone (209) 599-2108.

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BASIC FINANCIAL STATEMENTS

CITY OF RIPON
STATEMENT OF NET POSITION – MODIFIED CASH BASIS
JUNE 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	$ 22,789,375	$ 1,572,164	$ 24,361,539
Cash and investments - restricted	1,073,587	839,832	1,913,419
Total assets	23,862,962	2,411,996	26,274,958
LIABILITIES			
Loan due to private-purpose trust funds	2,085,648	-	2,085,648
Long-term liabilities:			
Debt due within one year	-	580,000	580,000
Debt due in more than one year	-	9,795,000	9,795,000
Total liabilities	2,085,648	10,375,000	12,460,648
NET POSITION			
Capital assets, net of related debt	-	(9,535,168)	(9,535,168)
Restricted for:			
Public safety	88,557	-	88,557
Street construction and maintenance	2,294,013	-	2,294,013
Assessment districts	206,336	-	206,336
Capital outlay	1,210,915	839,832	2,050,747
Unrestricted	17,977,493	732,332	18,709,825
Total net position	$ 21,777,314	$ (7,963,004)	$ 13,814,310

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

CITY OF RIPON
STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2016

	Expenses			Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Direct	Indirect	Total	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs									
Governmental activities:									
Administrative	$ 1,017,137	$ (997,159)	$ 19,978	$ 272,515	$ -	$ 509,920	$ 762,457	$ -	$ 762,457
Legislative	297,329	(287,277)	10,052	-	-	-	(10,052)	-	(10,052)
Police	4,778,611	798,989	5,577,600	368,703	120,666	-	(5,088,231)	-	(5,088,231)
Streets and public works	1,665,616	(377,632)	1,287,984	368,390	1,039,345	601,051	720,802	-	720,802
Culture and recreation	1,510,791	169,929	1,680,720	612,506	-	29,667	(1,038,547)	-	(1,038,547)
Redevelopment	168,944	-	168,944	-	-	-	(168,944)	-	(168,944)
Other	80,651	13,569	94,220	-	222,140	-	127,920	-	127,920
Capital outlay	4,966,554	57,003	5,023,557	71,639	-	3,093,452	(1,858,466)	-	(1,858,466)
Total governmental activities	14,485,633	(622,578)	13,863,055	1,693,753	1,382,151	4,234,090	(6,553,061)	-	(6,553,061)
Business-type activities:									
Water	1,389,226	233,725	1,622,951	2,568,476	-	831,257	-	1,776,782	1,776,782
Sewer	933,905	164,368	1,098,272	1,208,056	-	353,675	-	463,459	463,459
Refuse	1,334,305	224,485	1,558,790	1,526,784	-	59,557	-	27,551	27,551
Total business-type activities	3,657,436	622,578	4,280,013	5,303,316	-	1,244,489	-	2,267,792	2,267,792
Total primary government	$ 18,143,069	$ -	$ 18,143,068	$ 6,997,069	$ 1,382,151	$ 5,478,579	(6,553,061)	2,267,792	(4,285,269)
General revenues:									
Taxes:									
Property taxes							1,676,743	132,875	1,809,618
Sales and use taxes							2,413,378	-	2,413,378
Other							212,386	-	212,386
Motor vehicle in lieu							1,349,253	-	1,349,253
Investment income							171,160	16,827	187,987
Miscellaneous							603,452	-	603,452
Transfers							1,984,016	(1,984,016)	-
Total general revenues and transfers							8,410,388	(1,834,314)	6,576,074
Change in net position							1,857,327	433,478	2,290,805
Net position - beginning of year							19,919,987	(8,396,482)	11,523,505
Net position - end of year							$ 21,777,314	$ (7,963,004)	$ 13,814,310

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

CITY OF RIPON
BALANCE SHEET – MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	$ 12,929,391	$ 709,590	$ 7,461,450	$ 1,688,944	$ 22,789,375
Cash and investments - restricted	88,557	-	767,531	217,499	1,073,587
Total assets	$ 13,017,948	$ 709,590	$ 8,228,981	$ 1,906,443	$ 23,862,962
LIABILITIES					
Loan due to private-purpose trust funds	$ -	$ -	$ 2,085,648	$ -	$ 2,085,648
Total liabilities	-	-	2,085,648	-	2,085,648
FUND BALANCES					
Restricted for:					
Public safety	88,557	-	-	-	88,557
Street construction and maintenance	-	709,590	-	1,584,423	2,294,013
Assessment districts	-	-	-	206,336	206,336
Capital projects	-	-	966,507	244,408	1,210,915
Committed to:					
Capital projects	-	-	373,039	-	373,039
Assigned to:					
Capital projects	-	-	4,803,787	-	4,803,787
Subsequent year expenditures	5,562,908	-	-	-	5,562,908
Unassigned	7,366,483	-	-	(128,724)	7,237,759
Total fund balances	13,017,948	709,590	6,143,333	1,906,443	21,777,314
Total liabilities and fund balances	$ 13,017,948	$ 709,590	$ 8,228,981	$ 1,906,443	$ 23,862,962

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

CITY OF RIPON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS – GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 5,744,568	$ -	$ -	$ 353,017	$ 6,097,585
Assessments	-	-	-	322,646	322,646
Licenses, permits and fees	3,030,264	29,667	1,046,464	-	4,106,395
Investment income	364,973	7,235	80,387	13,138	465,733
Intergovernmental revenue	14,381	550,950	-	745,901	1,311,232
Charges for services	845,338	-	-	2,597	847,935
Fines and forfeitures	203,026	-	-	-	203,026
Housing/loan program income	189,542	-	-	-	189,542
Contributions	3,861	-	-	-	3,861
Other	124,294	64,118	-	-	188,412
Total revenues	10,520,247	651,970	1,126,851	1,437,299	13,736,367
EXPENDITURES					
General government:					
Administration	1,017,137	-	-	-	1,017,137
Legislative	297,329	-	-	-	297,329
Public safety:					
Police	4,778,611	-	-	-	4,778,611
Streets and public works:					
Streets	-	529,563	-	42,142	571,705
Planning	339,683	-	-	-	339,683
Engineering	258,804	-	-	-	258,804
Building	225,335	-	-	-	225,335
Culture and recreation:					
Library	79,452	-	-	-	79,452
Parks and recreation	1,317,482	-	41,955	-	1,359,437
Community Center	71,903	-	-	-	71,903
Community development block grant	-	-	-	30,415	30,415
Special assessment districts	-	-	-	270,087	270,087
Successor agency administration	168,944	-	-	-	168,944
Allocation to other department costs	(821,029)	89,095	56,826	52,531	(622,577)
Other	80,651	-	-	-	80,651
Capital outlay	1,047	1,123,027	3,812,066	-	4,936,140
Total expenditures	7,815,349	1,741,685	3,910,847	395,175	13,863,056
Excess (deficiency) of revenues over expenditures	2,704,898	(1,089,715)	(2,783,996)	1,042,124	(126,689)
OTHER FINANCING SOURCES (USES)					
Operating transfers in	100,000	1,583,551	3,474,281	105,048	5,262,880
Operating transfers out	(2,164,197)	(29,667)	-	(1,085,000)	(3,278,864)
Total other financing sources (uses)	(2,064,197)	1,553,884	3,474,281	(979,952)	1,984,016
Net change in fund balances	640,701	464,169	690,285	62,172	1,857,327
Fund balances, beginning of year	12,377,247	245,421	5,453,048	1,844,271	19,919,987
Fund balances, end of year	$ 13,017,948	$ 709,590	$ 6,143,333	$ 1,906,443	$ 21,777,314

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

CITY OF RIPON
STATEMENT OF NET POSITION – MODIFIED CASH BASIS
PROPRIETARY FUNDS
JUNE 30, 2016

	Sewer Enterprise Fund	Water Enterprise Fund	Refuse Enterprise Fund	Total
ASSETS				
Current assets:				
Cash and investments	$ 561,196	$ 875,059	$ 135,909	1,572,164
Cash and investments - restricted	-	839,832	-	839,832
Total assets	561,196	1,714,891	135,909	2,411,996
LIABILITIES				
Current liabilities:				
Current portion of bonds payable	130,000	450,000	-	580,000
Noncurrent liabilities:				
Noncurrent portion of bonds payable	1,465,000	8,330,000	-	9,795,000
Total liabilities	1,595,000	8,780,000	-	10,375,000
NET POSITION				
Capital assets, net of related debt	(1,595,000)	(7,940,168)	-	(9,535,168)
Restricted for capital assets	-	839,832	-	839,832
Unrestricted	561,196	35,227	135,909	732,332
Total net position	$ (1,033,804)	$ (7,065,109)	$ 135,909	$ (7,963,004)

CITY OF RIPON
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS – PROPRIETARY FUNDS
JUNE 30, 2016

	Sewer Enterprise Fund	Water Enterprise Fund	Refuse Enterprise Fund	Total
Operating revenues:				
Charges for services:				
Water revenue	$ -	$ 2,568,475	$ -	$ 2,568,475
Sewer usage services	1,208,057	-	-	1,208,057
Refuse revenue	-	-	1,526,784	1,526,784
Total operating revenues	1,208,057	2,568,475	1,526,784	5,303,316
Operating expenses:				
Salaries and wages	307,638	367,787	449,285	1,124,710
Employee benefits	167,416	203,487	249,345	620,248
Professional services	95,776	485	9,306	105,567
Repairs and maintenance	103,042	91,676	128,749	323,467
Gas and oil	8,990	8,759	45,244	62,993
Utilities	123,990	310,369	2,618	436,977
Supplies	6,811	14,083	7,784	28,678
Conference expenses	4	4	29	37
Communications	1,773	2,437	2,077	6,287
Membership, dues, books, etc.	35,588	25,024	1,261	61,873
Postage	8,505	12,212	8,505	29,222
Refuse disposal	-	-	421,288	421,288
Other	4,757	9,219	8,814	22,790
Allocation of other department costs	164,367	233,725	224,485	622,577
Total operating expenses	1,028,657	1,279,267	1,558,790	3,866,714
Operating income	179,400	1,289,208	(32,006)	1,436,602
Nonoperating revenues (expenses):				
Property taxes	132,874	-	-	132,874
Interest revenue	5,118	9,386	2,324	16,828
Debt service - interest	(69,615)	(343,684)	-	(413,299)
Total nonoperating revenues (expenses)	68,377	(334,298)	2,324	(263,597)
Net income before contributions and transfers	247,777	954,910	(29,682)	1,173,005
Contributions/developer fees	353,675	831,257	59,557	1,244,489
Transfers in	-	-	-	-
Transfers out	(456,175)	(1,388,284)	(139,557)	(1,984,016)
Change in net position	145,277	397,883	(109,682)	433,478
Net position - beginning	(1,179,081)	(7,462,992)	245,591	(8,396,482)
Net position - ending	$ (1,033,804)	$ (7,065,109)	$ 135,909	$ (7,963,004)

CITY OF RIPON
STATEMENT OF FIDUCIARY NET POSITION – MODIFIED CASH BASIS
PRIVATE-PURPOSE TRUST FUNDS
JUNE 30, 2016

	Successor Agency Trust Fund
ASSETS	
Cash and investments	$ 1,034,395
Cash and investments - restricted	4,853,528
Loan due from capital projects fund	2,085,648
Total assets	7,973,571
LIABILITIES	
Due to State	1,297,266
Long-term liabilities:	
Debt due within one year	790,000
Debt due in more than one year	25,040,000
Total liabilities	27,127,266
NET POSITION	
Restricted for capital outlay	1,589,195
Restricted for debt service	1,967,066
Unrestricted	(22,709,956)
Total net position	$ (19,153,695)

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

CITY OF RIPON
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – MODIFIED CASH BASIS
PRIVATE-PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Successor Agency Trust Fund
ADDITIONS	
Property taxes	$ 2,555,948
Program income	619,741
Investment income	89,075
Total additions	3,264,764
DEDUCTIONS	
General operating	266,325
Debt service - interest	1,192,449
Total deductions	1,458,774
Change in net position	1,805,990
Total net position - beginning of year	(20,959,685)
Total net position - end of year	$ (19,153,695)

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Ripon (the City) 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.

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 city 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 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 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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, 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 specified 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.

Streets and Road Fund – Accounts for revenues and expenditures for streets and roads.

Capital Projects 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 projects fund, of which is reported as a major fund:

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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Proprietary Funds (Continued)

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.

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 on private-purpose trust fund.

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 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. The 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Measurement Focus (Continued)

c. The fiduciary fund utilizes and "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of additions, deductions, changes in net position, 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. The 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 date 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.

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 2003, 2005 and 2007 tax allocation bonds are restricted for various capital projects and for payment of bonds. Restricted cash and investments also include proceeds from grants for which the funds have not been expended.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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 financial 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 financial 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.

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 the 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 of 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Equity Classification (Continued)

When both restricted and unrestricted resources are available for use, it is the City's policy to us 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 financial statements.

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.

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 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 1 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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.

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 XIIIA of the State Constitution (Proposition 13 adopted by voters on June 6, 1978) properties are assessed at 100% of full value. From this based 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 the levy, due to the adoption of the “alternate method of property tax distribution”, known as the Teeter Plan, by the City of Ripon 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

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2016 are classified in the accompanying financial statements as follows:

Statement of net position:		
Governmental and proprietary funds:		
Cash and investments	$	24,361,539
Cash and investments - restricted		1,913,419
		26,274,958
Fiduciary funds:		
Cash and investments		1,034,395
Cash and investments - restricted		4,853,528
		5,887,923
Total cash and investments	$	32,162,881

Cash and investments as of June 30, 2016 consist of the following:

Cash on hand	$	1,300
Deposits with financial institutions		221,887
Investments		31,939,694
	$	32,162,881

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 position 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:

Investment Type	Maximum Maturity	Authorized Limit %	Required Rating
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 Purchase Agreements	1 yr/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 Indenture or Other Contract	*	*	*

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

NOTE 2 – 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:

Investment Type	Total Cost	Fair Value	12 Months or Less	13-24 Months	25-36 Months	37-48 Months	49-60 Months	More than 60 Months
State Investment Pool	9,784,052	9,790,130	9,790,130	-	-	-	-	-
CSJV Pool	19,348,760	19,937,828	19,937,828	-	-	-	-	-
Held by Bond Trustees:								
Money Market Funds	2,435,144	2,435,144	2,435,144	-	-	-	-	-
Guaranteed Investment Contracts	371,738	371,738	371,738	-	-	-	-	-
Total	$ 31,939,694	$ 32,534,840	$ 32,534,840	$ -	$ -	$ -	$ -	$ -

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.

					Rating as of Fiscal Year-End			
Investment Type	Amount	Fair Value	Minimum Legal Rating	Exempt from Disclosure	AAA	AA	A	Not Rated
State Investment Pool	9,784,052	9,790,130	N/A	-	-	-	-	9,790,130
CSJV Pool	19,348,760	19,937,828 *	N/A	-	-	-	-	19,937,828
Held by Bond Trustees:								
Money Market Funds	2,435,144	2,435,144	N/A	-	-	-	-	2,435,144
Guaranteed Investment Contracts	371,738	371,738	N/A	-	-	-	-	371,738
Total	$ 31,939,694	$ 32,534,840	N/A	$ -	$ -	$ -	$ -	$ 32,534,840

* Average rating of portfolio AA/aa1

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

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 for *deposits* is the risk that, in the event of 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 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 risk for deposits or investments, other than the following provisions 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 governmental 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, 2016, none of the City's deposits with financial institutions were in excess of federal depository insurance limits.

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 $9,790,130. The total amount invested by all public agencies in the LAIF is $75,368,904,612, of which 1.55% is invested in medium-term and short-term structured notes and asset-backed securities. The Local Investment Advisory Board (Board) has oversight responsibility for the LAIF. The Board consists of five members as designated by state statute. The value of the pool shares in the 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 the 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. Participant's equity in the 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 the LAIF and separately issued financial statements for the LAIF are available at http://www.treasurer.ca.gov/pmia-laif/.

CSJV Pool

The City maintains an investment of $19,348,760 in the Central San Joaquin Valley RMA Pool as of June 30, 2016. The total amount invested by all participants in the pool is $78,386,906. 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 $19,937,828 as of June 30, 2016. 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 2.65 years and the average rating is AA+/Aa1. The pool consists of 68% Securities of U.S. Government Agencies and 22% U.S. Corporate Obligations and 10% other. The pool complies with the City's investment policy.

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

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 matures on November 1, 2032.

NOTE 3 – 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, 2016 were as follows:

Fund	Transfers In	Transfers Out
Major Governmental Funds:		
General Fund	$ 100,000	$ 2,164,197
Capital Projects Fund	3,474,281	-
Major Special Revenue Fund:		
Streets and Roads	1,583,551	29,667
Major Proprietary Funds:		
Sewer Enterprise	-	456,175
Water Enterprise	-	1,388,284
Refuse Enterprise	-	139,557
Nonmajor Governmental Funds:		
Special Revenue Funds:		
2103 Fund	-	100,000
2105 Fund	-	100,000
2106 Fund	-	125,000
2107 Fund	-	235,000
Measure K	-	200,000
Country Woods	35,426	-
Farmland Maintenance	5,013	-
Main Street	64,609	-
COG/LTF	-	325,000
Total interfund transfers	$ 5,262,880	$ 5,262,880

NOTE 3 – INTERFUND TRANSACTIONS (CONTINUED)

Transfers Between Funds (Continued)

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
- Transfer unrestricted revenues collected in the General Fund to help cover excess expenditures over revenues accounted for in other funds
- 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 4 – 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 pay interest on the outstanding balance of said sum at the 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 (0.37% at December 2015). A minimum of fifty percent (50%) of all development impact (PFFP) paid in connection with building activity of 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. During the current year, the full payment of principal and interest outstanding was due as of February 1, 2016, however the City has not made this repayment and continues to work with the Department of Finance to settle the liability.

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 13.)

NOTE 5 – LONG-TERM DEBT

The City 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 further detail thereafter:

	Original Amount	Balance June 30, 2015	Additions	Reductions	Transfers	Balance June 30, 2016	Current Year
Business-Type Activity Debt							
Enterprise long-term debt							
2011 Refunding Revenue Bonds (Sewer)	$ 2,195,000	$ 1,720,000	$ -	$ 125,000	$ -	$ 1,595,000	$ 130,000
2006 Revenue Bonds (Water)	7,845,000	6,250,000	-	240,000	-	6,010,000	250,000
2012 Refunding Revenue Bonds (Water)	3,350,000	2,970,000	-	200,000	-	2,770,000	200,000
	$ 13,390,000	$ 10,940,000	$ -	$ 565,000	$ -	$ 10,375,000	$ 580,000

Revenue Bonds

Enterprise fund long-term debt outstanding as of June 30, 2016 consists of the following:

In 2011, the City entered into an Installment Purchase Agreement with Bank 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.

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 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.

NOTE 5 – LONG-TERM DEBT (CONTINUED)

Revenue Bonds (Continued)

Debt Outstanding as of June 30, 2016 consists of the following:

	Interest Rate	Maturity Date	Amounts Issued	Outstanding
Business-Type Activity Debt				
Enterprise Fund Bonds				
2011 Refunding Wastewater Revenue Bonds (Sewer)				
Term Bonds	4.20%	October 1, 2025	$ 2,195,000	$ 1,595,000
2006 Revenue Bonds (Water)				
Serial Bonds	3.625%-4.30%	October 1, 2021	3,475,000	1,640,000
Term Bonds	4.50%	October 1, 2027	2,120,000	2,120,000
Term Bonds	4.50%	October 1, 2032	2,250,000	2,250,000
			7,845,000	6,010,000
2012 Refunding Revenue Bonds (Water)				
Serial Bonds	2.00%-3.375%	October 1, 2027	3,350,000	2,770,000
			$ 13,390,000	$ 10,375,000

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

For the Year Ending June 30,	Principal	Interest
2017	$ 580,000	$ 399,324
2018	600,000	379,916
2019	620,000	359,636
2020	650,000	338,464
2021	665,000	315,834
2022-2026	3,715,000	1,181,294
2027-2031	2,585,000	520,066
2032-2036	960,000	65,250
Total	$ 10,375,000	$ 3,559,784

NOTE 6 – SITE LEASE

On 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:

Year Ending June 30,	
2017	$ 39,147
2018	39,147
2019	39,147
2020	39,147
2021	39,147
2022	39,147
Total	$ 234,882

Rental expense related to the site totaled $39,147 for the year ended June 30, 2016.

NOTE 7 – NET POSITION 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 net position – 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

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 provides 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.

NOTE 7 – NET POSITION AND FUND BALANCES (CONTINUED)

Fund Balance and Net Position Deficits

Major Funds

The Sewer Enterprise Fund and the Water Enterprise Fund had net position (deficits) of $1,033,804 and $7,065,109, respectively, at June 30, 2016. These deficits are due to the City incurring costs in excess of revenues and are expected to be offset in the future from the receipts of revenues from charges for services and construction permits.

Nonmajor Funds

A deficit fund balance of $10,437 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, 2016. The fund deficit is expected to be offset in the future from the receipt of grant revenue.

A deficit fund balance of $118,287 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 8 – 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 (the Contribution 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, 2016, there were 58 plan members. The Contribution 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 Contribution Plan also 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 2016 was $5,832,107. The City’s contributions were calculated using the base salary amount of $3,219,167 for employees participating in the City’s defined contribution plan. The total employee and employer contributions for the year ended June 30, 2016 were $218,385 and $482,875, respectively. The employee and employer contributions represented 6.78% and 15% of covered payroll, respectively.

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Defined Contribution Plan (Continued)

The Contribution Plan's investments are reported at fair value in the separately issued plan financial Statements. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective future fair values. Furthermore, although the Contribution Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs are from other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3 inputs are unobservable and have the lowest priority. The Contribution Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Contribution Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were used only when Level 1 or Level 2 inputs were not available.

Level 1 Fair Value Measurements

The fair value of registered investment companies is based on quoted net asset values of the shares held by the Plan at year-end.

The following tables set forth, by level within the fair value hierarchy, the Plan's investments at fair value as of June 30, 2016:

	Fair Value	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level1)
Cash and cash equivalents	$ 3,632,199	$ 3,632,199
U.S. Government securities	218,530	218,530
Corporate obligations	1,067,571	1,067,571
Mutual funds	3,085,831	3,085,831
Common and preferred stock	1,742,543	1,742,543
	$ 9,746,674	$ 9,746,674

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

California Public Employees Retirement System

Plan Descriptions – All public safety officers are eligible to participate in the City's Safety Employee Pension Plan (the Plan), a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2016 are summarized as follows:

	Safety - Tier 1	
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50 - 57
Monthly benefits, as a % of eligible compensation	3.000%	2.000% to 2.700%
Required employee contribution rates	9.000%	11.500%
Required employer contribution rates	17.557%	11.153%

	Safety - Tier 2	
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	2.400% to 3.000%	2.000% to 2.700%
Required employee contribution rates	9.000%	11.500%
Required employer contribution rates	15.627%	11.153%

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

California Public Employees Retirement System (Continued)

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

For the year ended June 30, 2016, the contributions recognized as part of pension expense for each Plan were as follows:

	Safety
Contributions - employer	$ 507,837
Contributions - employee (paid by employer)	-

NOTE 9 – 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.

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 10 – 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 58 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 1750 Creekside Oaks Drive, Suite, 200, Sacramento, CA 95833.

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 fiscal year ended June 30, 2016. 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 2011 through 2015 is $25,328 as of June 30, 2015 (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 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, 2016 were $140,924.

NOTE 10 – RISK MANAGEMENT (CONTINUED)

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 fiscal year ended June 30, 2016. The unobligated balance is $75,018 as of June 30, 2015 (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).

Members of LAWCX risk share the layer between $2,000,000 and $5,000,000 (most recent information). 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 cohverage 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, 2016 were $395,651.

NOTE 11 – 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.

NOTE 12 – 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.

NOTE 13 – 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 governments. 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.

NOTE 13 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (CONTINUED)

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.

Long-Term Debt

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

	Original Amount	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Current
Fiduciary Fund						
Former Redevelopment Agency of the City of Ripon						
2003 Tax Allocation Bonds	$ 6,320,000	$ 5,130,000	$ -	$ 130,000	$ 5,000,000	$ 135,000
2005 Tax Allocation Bonds	5,660,000	4,740,000	-	120,000	4,620,000	125,000
2007 Tax Allocation Refunding Bonds	20,395,000	16,720,000	-	510,000	16,210,000	530,000
	$ 32,375,000	$ 26,590,000	$ -	$ 760,000	$ 25,830,000	$ 790,000

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.

NOTE 13 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (CONTINUED)

Tax Allocation Bonds (Continued)

In 2007, the Former Redevelopment Agency of the City of Ripon, Ripon Community Redevelopment Project issued Tax Allocation Bonds in the amount of $20,395,000 to provide funds for certain redevelopment projects and to defease 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 4.5% 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 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 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, 2016 consists of the following:

	Interest Rate	Maturity Date	Amounts Issued	Outstanding
Fiduciary Fund				
Redevelopment Agency 2003 Tax Allocation Bonds				
Serial Bonds	3.65%-4.55%	Nov. 1, 2020	$ 2,060,000	$ 740,000
Term Bonds	4.45%	Nov. 1, 2027	1,345,000	1,345,000
Term Bonds	4.75%	Nov. 1, 2032	2,915,000	2,915,000
			6,320,000	5,000,000
Redevelopment Agency 2005 Tax Allocation Bonds				
Serial Bonds	3.50%-3.625%	Nov. 1, 2013	805,000	-
Term Bonds	3.00%	Nov. 1, 2017	485,000	250,000
Term Bonds	5.00%	Nov. 1, 2025	1,230,000	1,230,000
Term Bonds	4.75%	Nov. 1, 2035	3,140,000	3,140,000
			5,660,000	4,620,000
Redevelopment Agency 2007 Tax Allocation Bonds				
Serial Bonds	4.00%-5.00%	Nov. 1, 2027	11,025,000	6,840,000
Term Bonds	4.50%	Nov. 1, 2034	4,300,000	4,300,000
Term Bonds	4.75%	Nov. 1, 2036	5,070,000	5,070,000
			20,395,000	16,210,000
			$ 32,375,000	$ 25,830,000

NOTE 13 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (CONTINUED)

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

	Fiduciary Activities	
For the Year Ending June 30,	Principal	Interest
2017	$ 790,000	$ 1,166,930
2018	815,000	1,133,183
2019	855,000	1,098,120
2020	890,000	1,060,861
2021	935,000	1,021,706
2022-2026	5,315,000	5,531,879
2027-2031	6,645,000	4,514,538
2032-2036	7,910,000	2,702,475
2037-2041	1,675,000	401,466
Total	$ 25,830,000	$ 18,631,158

NOTE 14 – SUBSEQUENT EVENTS

Management of the City has evaluated subsequent events through September 12, 2016, the date these financial statements were available to be issued, and has determined there were no material events requiring disclosure.

SUPPLEMENTARY INFORMATION

CITY OF RIPON
COMBINING BALANCE SHEET – MODIFIED CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	2103 Fund	2105 Fund	2106 Fund	2107 Fund	2107.5 Fund	Measure K	COG/LTF Fund	STA/BUS Fund
ASSETS								
Cash and investments	$ 17,702	$ 5,874	$ 16,230	$ 19,539	$ 4,750	$ 1,473,906	$ 46,422	$ 26,909
Cash and investments - restricted	-	-	-	-	-	-	-	217,499
Total assets	$ 17,702	$ 5,874	$ 16,230	$ 19,539	$ 4,750	$ 1,473,906	$ 46,422	$ 244,408
LIABILITIES								
Loan due to private-purpose trust funds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total liabilities	-	-	-	-	-	-	-	-
FUND BALANCES								
Restricted for:								
Public safety	-	-	-	-	-	-	-	-
Street construction and maintenance	17,702	5,874	16,230	19,539	4,750	1,473,906	46,422	-
Assessment districts	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	244,408
Committed to:								
Capital projects	-	-	-	-	-	-	-	-
Assigned to:								
Subsequent year expenditures	-	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	17,702	5,874	16,230	19,539	4,750	1,473,906	46,422	244,408
Total liabilities and fund balances	$ 17,702	$ 5,874	$ 16,230	$ 19,539	$ 4,750	$ 1,473,906	$ 46,422	$ 244,408

CITY OF RIPON
COMBINING BALANCE SHEET – MODIFIED CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

CDBG	Dutch Meadows	Country Woods	Farmland Estates	Jacobs Landing	Carolina's Landscape	Boesch/ Kingery Assessment	Main Street Landscape	Cornerstone I	Ripon Lighting	Total Nonmajor Governmental Funds
$ (10,437)	$ -	$ 14,612	$ -	$ 25,137	$ 10,926	$ 47,899	$ -	$ 107,762	$ (118,287)	$ 1,688,944
-	-	-	-	-	-	-	-	-	-	217,499
$ (10,437)	$ -	$ 14,612	$ -	$ 25,137	$ 10,926	$ 47,899	$ -	$ 107,762	$ (118,287)	$ 1,906,443
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	1,584,423
-	-	14,612	-	25,137	10,926	47,899	-	107,762	-	206,336
-	-	-	-	-	-	-	-	-	-	244,408
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
(10,437)	-	-	-	-	-	-	-	-	(118,287)	(128,724)
(10,437)	-	14,612	-	25,137	10,926	47,899	-	107,762	(118,287)	1,906,443
$ (10,437)	$ -	$ 14,612	$ -	$ 25,137	$ 10,926	$ 47,899	$ -	$ 107,762	$ (118,287)	$ 1,906,443

CITY OF RIPON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – MODIFIED CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	2103 Fund	2105 Fund	2106 Fund	2107 Fund	2107.5 Fund	Measure K	COG/LTF Fund	STA/BUS Fund
REVENUES								
Taxes	$ 76,654	$ 83,780	$ 53,515	$ 109,092	$ 3,000	$ -	$ -	$ -
Assessments	-	-	-	-	-	-	-	-
Licenses, permits and fees	-	-	-	-	-	-	-	-
Investment income	521	469	627	1,129	21	7,422	1,647	1,302
Intergovernmental revenue	-	-	-	-	-	300,000	360,000	53,304
Charges for services	-	-	-	-	-	-	-	2,597
Fines and forfeitures	-	-	-	-	-	-	-	-
Housing/loan program income	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	77,175	84,249	54,142	110,221	3,021	307,422	361,647	57,203
EXPENDITURES								
General government:								
Administration	-	-	-	-	-	-	-	-
Legislative	-	-	-	-	-	-	-	-
Public safety:								
Police	-	-	-	-	-	-	-	-
Streets and public works:								
Streets	-	-	-	-	-	-	-	42,142
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	-	-	-	-	-	-	-	7,090
Other	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-	-	49,232
Excess (deficiency) of revenues over expenditures	77,175	84,249	54,142	110,221	3,021	307,422	361,647	7,971
OTHER FINANCING SOURCES (USES)								
Operating transfers in	-	-	-	-	-	-	-	-
Operating transfers out	(100,000)	(100,000)	(125,000)	(235,000)	-	(200,000)	(325,000)	-
Total other financing sources (uses)	(100,000)	(100,000)	(125,000)	(235,000)	-	(200,000)	(325,000)	-
Net change in fund balances	(22,825)	(15,751)	(70,858)	(124,779)	3,021	107,422	36,647	7,971
Fund balances, beginning of year,	40,527	21,625	87,088	144,318	1,729	1,366,484	9,775	236,437
Fund balances, end of year	$ 17,702	$ 5,874	$ 16,230	$ 19,539	$ 4,750	$ 1,473,906	$ 46,422	$ 244,408

CITY OF RIPON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – MODIFIED CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

CDBG	Dutch Meadows	Country Woods	Farmland Estates	Jacobs Landing	Carolina's Landscape	Boesch/ Kingery Assessment	Main Street Landscape	Cornerstone I	Ripon Lighting	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 26,976	$ 353,017
-	4,540	7,810	3,351	5,701	12,055	6,060	10,818	17,901	254,410	322,646
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	13,138
32,597	-	-	-	-	-	-	-	-	-	745,901
-	-	-	-	-	-	-	-	-	-	2,597
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
32,597	4,540	7,810	3,351	5,701	12,055	6,060	10,818	17,901	281,386	1,437,299
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	42,142
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
30,415	-	-	-	-	-	-	-	-	-	30,415
-	7,933	4,451	3,635	6,712	3,334	2,935	14,595	3,310	223,182	270,087
-	-	-	-	-	-	-	-	-	-	-
-	1,335	749	612	1,129	561	494	2,456	557	37,548	52,531
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
30,415	9,268	5,200	4,247	7,841	3,895	3,429	17,051	3,867	260,730	395,175
2,182	(4,728)	2,610	(896)	(2,140)	8,160	2,631	(6,233)	14,034	20,656	1,042,124
-	35,426	-	5,013	-	-	-	64,609	-	-	105,048
-	-	-	-	-	-	-	-	-	-	(1,085,000)
-	35,426	-	5,013	-	-	-	64,609	-	-	(979,952)
2,182	30,698	2,610	4,117	(2,140)	8,160	2,631	58,376	14,034	20,656	62,172
(12,619)	(30,698)	12,002	(4,117)	27,277	2,766	45,268	(58,376)	93,728	(138,943)	1,844,271
$ (10,437)	$ -	$ 14,612	$ -	$ 25,137	$ 10,926	$ 47,899	$ -	$ 107,762	$ (118,287)	$ 1,906,443

CITY OF RIPON
ADDITIONAL INFORMATION ON THE
SUCCESSOR AGENCY TRUST FUND

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, 2016. 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 basic financial statements.

STATEMENT OF FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUND
JUNE 30, 2016

	Successor Agency Trust Fund
ASSETS	
Cash and investments	$ 1,034,395
Cash and investments - restricted	4,853,528
Interest receivable	9,473
Loan due from capital projects fund	2,085,648
Capital assets, net of accumulated depreciation	1,157,200
Total assets	9,140,244
LIABILITIES	
Interest payable	192,308
Due to State	1,297,266
Long-term liabilities	
Debt due within one year	790,000
Debt due in more than one year	25,040,000
Total liabilities	27,319,574
NET POSITION	
Restricted for capital outlay	1,589,195
Restricted for debt service	1,967,066
Unrestricted	(21,735,591)
Total net position	$ (18,179,330)

CITY OF RIPON
ADDITIONAL INFORMATION ON THE
SUCCESSOR AGENCY TRUST FUND

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Succcessor Agency Trust Fund
Additions	
Investment income	$ 68,126
Program income	619,741
Property taxes	2,555,948
Project cost reimbursements	-
Total additions	3,243,815
Deductions	
General operating	266,325
Debt service - interest	1,187,634
Total deductions	1,453,959
Change in net position	1,789,856
Total net position - beginning of year	(19,969,186)
Total net position - end of year	$ (18,179,330)

Schedule of capital asset activity for the fiscal year ended June 30, 2016 is as follows:

	Beginning Balance	Acquisitions	Dispositions	Ending Balance
Fiduciary Fund				
Capital assets, not being depreciated				
Land	$ 1,157,200	$ -	$ -	$ 1,157,200