

**BIGGS UNIFIED SCHOOL DISTRICT  
COUNTY OF BUTTE  
BIGGS, CALIFORNIA**

**AUDIT REPORT**

**JUNE 30, 2012**



**BIGGS UNIFIED SCHOOL DISTRICT**

**JUNE 30, 2012**

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TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report	1
Management's Discussion and Analysis (Unaudited)	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet - Governmental Funds	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	19
Statement of Net Assets - Fiduciary Funds	20
Statement of Changes in Net Assets - Fiduciary Funds	21
Notes to the Basic Financial Statements	22
<u>SUPPLEMENTARY INFORMATION SECTION</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	43
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Deferred Maintenance Fund	44
Combining Statements:	
Combining Balance Sheet - Non-Major Governmental Funds	45
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds	46

**BIGGS UNIFIED SCHOOL DISTRICT**

**JUNE 30, 2012**

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TABLE OF CONTENTS (CONCLUDED)

	<u>Page</u>
<u>SUPPLEMENTARY INFORMATION SECTION (CONCLUDED)</u>	
Schedule of Funding Progress	47
Organization/Board of Trustees/Administration	48
Schedule of Average Daily Attendance	49
Schedule of Instructional Time	50
Schedule of Expenditures of Federal Awards	51
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements	52
Schedule of Financial Trends and Analysis	53
Notes to Supplementary Information	54
<u>OTHER INDEPENDENT AUDITOR'S REPORTS SECTION</u>	
Independent Auditor's Report on State Compliance	57
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	59
Independent Auditor's Report on Compliance with Requirements that could have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB <i>Circular A-133</i>	61
<u>FINDINGS AND QUESTIONED COSTS SECTION</u>	
Schedule of Findings and Questioned Costs:	
Section I - Summary of Auditor's Results	63
Section II - Financial Statement Findings	64
Section III - Federal Award Findings and Questioned Costs	65
Section IV - State Award Findings and Questioned Costs	66
Status of Prior Year Recommendations	67

FINANCIAL SECTION



**STEPHEN ROATCH ACCOUNTANCY CORPORATION**  
*Certified Public Accountants*

**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Biggs Unified School District  
Biggs, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Biggs Unified School District, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Biggs Unified School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements do not include financial data for the District's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for the component unit to be reported with the financial data of the District's primary government unless the District also issues financial statements for the financial reporting entity that include the financial data for its component unit. The District has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, net assets, and change in net assets of the discretely presented component unit would have been presented as \$54,046, \$54,046, and \$(2,146), respectively.

In our opinion, because of the omission of the discretely presented component unit as discussed above, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the discretely presented component unit of the District as of June 30, 2012, or the changes in the financial position thereof for the year then ended.

In addition, in our opinion, except for the effects of omitting the discretely component unit as discussed above, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2012 on our consideration of Biggs Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13, the budgetary comparison information on pages 43 and 44, and the schedule of funding progress on page 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Briggs Unified School District's financial statements as a whole. The accompanying combining fund financial statements and supplementary schedules listed in the table of contents, including the Schedule of Expenditures of Federal Awards, which is presented as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not required parts of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, 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 financial statements as a whole.

*Stephen Roatch Accountancy Corporation*

STEPHEN ROATCH ACCOUNTANCY CORPORATION  
Certified Public Accountants

December 6, 2012

**BIGGS UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

(PREPARED BY DISTRICT MANAGEMENT)

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This section of Biggs Unified School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2012. Please read it in conjunction with the Independent Auditor's Report presented on pages 1 and 2, and the District's financial statements, which immediately follow this section.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Assets and Statement of Activities, presented on pages 14 and 15, provide information about the activities of the District as a whole and present a longer-term view of the District's finances. The fund financial statements for governmental activities, presented on pages 16 through 19, provide information about how District services were financed in the short-term, and how much remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside the District.

**FINANCIAL HIGHLIGHTS**

- The overall financial status of the District declined slightly during the course of the year as total net assets decreased 5.6%.
- On the Statement of Activities, total current year expenses exceeded total current year revenues by \$228,624.
- On the Statement of Revenues, Expenditures, and Changes in Fund Balances, total current year expenditures and other financing uses exceeded current year revenues and other financing sources by \$436,511.
- Capital assets, net of depreciation, increased \$395,971 due to the current year addition of \$565,968 of capital assets and improvements, and the current year recognition of \$169,997 of depreciation expense.
- Total long-term liabilities increased \$178,275 due to the District's increased obligation for other postemployment benefits.
- The District's P-2 average daily attendance (ADA) decreased from 529 ADA in fiscal year 2010-11, down to 497 ADA in fiscal year 2011-12, a decrease of 6%.
- During fiscal year 2011-12, the District's General Fund produced an operating deficit of \$153,833, and reported an \$880,656 decrease in its available reserves due to a significant increase in the portion of the ending fund balance that has been classified as being assigned for future purposes.
- The District maintains sufficient reserves for a district its size. It meets the state required minimum reserve for economic uncertainty of 4% of general fund expenditures, transfers out, and other uses (total outgo). During fiscal year 2011-12, General Fund expenditures and other financing uses totaled \$5,523,850. At June 30, 2012, the District has available reserves of \$782,339 in the General Fund, which represents a reserve of 14.16%.

**BIGGS UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

(PREPARED BY DISTRICT MANAGEMENT)

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**THE FINANCIAL REPORT**

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

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

Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information provides further explanations and provides additional support for the financial statements. A comparison of the District's budget for the year is included.

**Reporting the District as a Whole**

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

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

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

**BIGGS UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

(PREPARED BY DISTRICT MANAGEMENT)

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**THE FINANCIAL REPORT (CONCLUDED)**

**Reporting the District as a Whole (Concluded)**

In the Statement of Net Assets and the Statement of Activities, we divide the District into two kinds of activities:

*Governmental Activities:*

The basic services provided by the District, such as regular education and administration, are included here, and are primarily financed by property taxes. Non-basic services, such as child nutrition are also included here, but are financed by a combination of local revenues and state programs.

*Business-type Activities:*

The District does not provide any services that should be included in this category.

**Reporting the District's Most Significant Funds**

The District's fund-based financial statements provide detailed information about the District's most significant funds. Some funds are required to be established by State law and bond covenants. However, the District establishes many other funds as needed to control and manage money for specific purposes.

*Governmental Funds:*

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

*Proprietary Funds:*

Services for which the District charges a fee are generally reported in proprietary funds on a full accrual basis. These include both Enterprise funds and Internal Service funds. Enterprise funds are considered business-type activities and are also reported under a full accrual method. This is the same basis as business-type activities; therefore no reconciling entries are required. Internal service funds are reported with the Governmental Funds. The District has no funds of this type.

*Fiduciary Funds:*

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

**BIGGS UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

(PREPARED BY DISTRICT MANAGEMENT)

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE**

GOVERNMENTAL ACTIVITIES

The District's net assets decreased from \$4,117,012 at June 30, 2011, down to \$3,888,388 at June 30, 2012, a decrease of 5.6%.

<b><u>Comparative Statement of Net Assets</u></b>		
	Governmental Activities	
	2011	2012
<b><u>Assets</u></b>		
Deposits and Investments	\$ 2,486,020	\$ 1,580,027
Receivables	786,811	861,595
Other Assets	56,106	42,451
Capital Assets, net	2,487,086	2,883,057
<b>Total Assets</b>	<b>5,816,023</b>	<b>5,367,130</b>
<b><u>Liabilities</u></b>		
Current	703,474	349,044
Long-term	995,537	1,129,698
<b>Total Liabilities</b>	<b>1,699,011</b>	<b>1,478,742</b>
<b><u>Net Assets</u></b>		
Invested in Capital Assets		
- Net of Related Debt	2,067,086	2,493,557
Restricted	189,790	166,986
Unrestricted	1,860,136	1,227,845
<b>Total Net Assets</b>	<b>\$ 4,117,012</b>	<b>\$ 3,888,388</b>

*Table includes financial data of the combined governmental funds.*

**BIGGS UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

(PREPARED BY DISTRICT MANAGEMENT)

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)**

GOVERNMENTAL ACTIVITIES (CONTINUED)

The District's total current year expenses exceeded total current year revenues by \$228,624.

<b><u>Comparative Statement of Changes in Net Assets</u></b>		
	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2012</u>
<b><u>Program Revenues</u></b>		
Charges for Services	\$ 60,217	\$ 16,994
Operating Grants & Contributions	1,076,755	964,943
<b><u>General Revenues</u></b>		
Taxes Levied	1,682,283	1,728,291
Federal & State Aid	3,541,219	2,745,305
Interest & Investment Earnings	34,592	6,422
Transfers	7,799	6,485
Miscellaneous	252,282	356,043
<b>Total Revenues</b>	<b>6,655,147</b>	<b>5,824,483</b>
<b><u>Expenses</u></b>		
Instruction	3,354,186	3,130,209
Instruction-Related Services	454,690	448,449
Pupil Services	598,430	583,489
General Administration	634,282	766,061
Plant Services	719,623	792,193
Ancillary Services	54,543	56,218
Community Services	30,584	0
Enterprise Activities	0	35,059
Interest on Long-Term Debt	44,392	11,550
Other Outgo	169,906	229,879
<b>Total Expenses</b>	<b>6,060,636</b>	<b>6,053,107</b>
<b>Change in Net Assets</b>	<b>\$ 594,511</b>	<b>\$ (228,624)</b>

*Table includes financial data of the combined governmental funds.*

**BIGGS UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

(PREPARED BY DISTRICT MANAGEMENT)

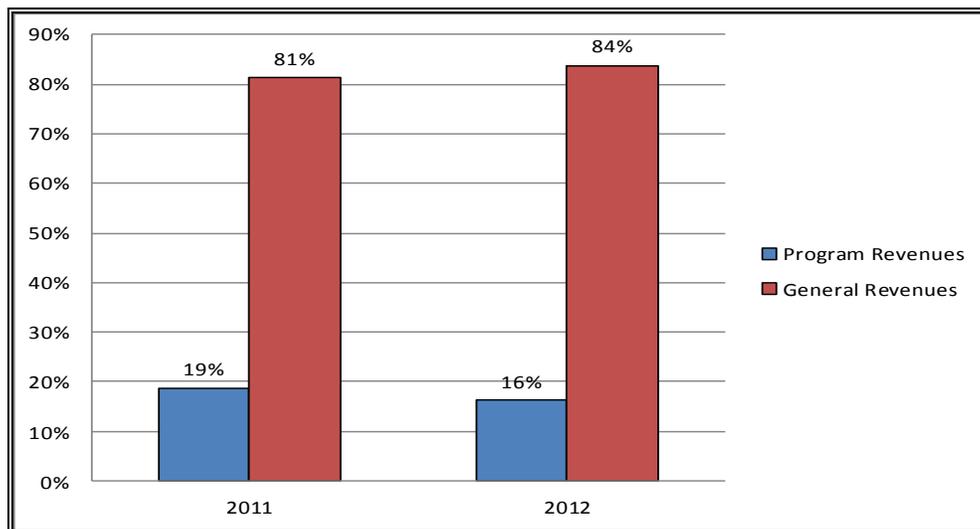
**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)**

GOVERNMENTAL ACTIVITIES (CONTINUED)

	Total Cost of Services		Net Cost of Services	
	2011	2012	2011	2012
Instruction	\$ 3,354,186	\$ 3,130,209	\$ 2,793,323	\$ 2,678,067
Instruction-Related Services	454,690	448,449	434,514	429,234
Pupil Services	598,430	583,489	208,522	187,424
General Administration	634,282	766,061	574,878	712,205
Plant Services	719,623	792,193	676,218	790,868
Ancillary Services	54,543	56,218	54,543	56,218
Community Services	30,584	0	30,584	0
Enterprise Activities	0	35,059	0	35,059
Interest on Long-Term Debt	44,392	11,550	44,392	11,550
Other Outgo	169,906	229,879	106,690	170,545
<b>Totals</b>	<b>\$ 6,060,636</b>	<b>\$ 6,053,107</b>	<b>\$ 4,923,664</b>	<b>\$ 5,071,170</b>

*Table includes financial data of the combined governmental funds.*

The table above presents the cost of major District activities. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The \$5,071,170 net cost represents the financial burden that was placed on the District's general revenues for providing the services listed.



Program revenues financed 16% of the total cost of providing the services listed above, while the remaining 84% was financed by the general revenues of the District.

**BIGGS UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

(PREPARED BY DISTRICT MANAGEMENT)

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)**

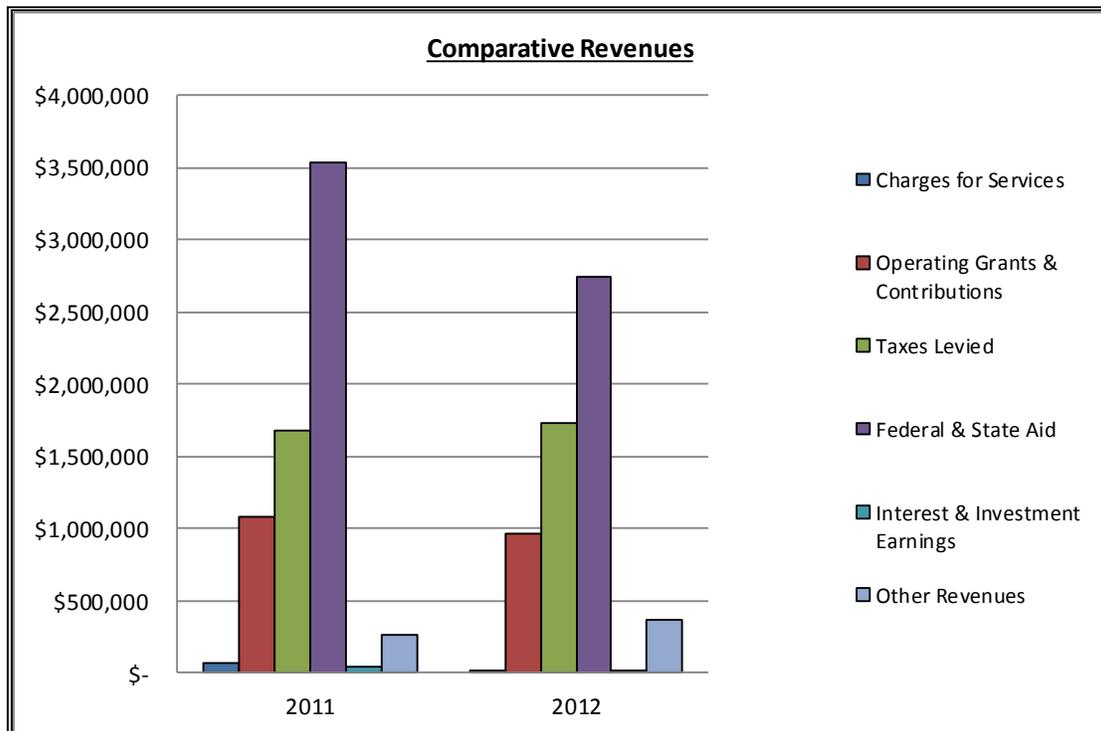
GOVERNMENTAL ACTIVITIES (CONTINUED)

**Summary of Revenues For Governmental Functions**

	<u>FYE 2011 Amount</u>	<u>Percent of Total</u>	<u>FYE 2012 Amount</u>	<u>Percent of Total</u>
<u>Program Revenues</u>				
Charges for Services	\$ 60,217	0.90%	\$ 16,994	0.29%
Operating Grants & Contributions	1,076,755	16.18%	964,943	16.57%
<u>General Revenues</u>				
Taxes Levied	1,682,283	25.28%	1,728,291	29.67%
Federal & State Aid	3,541,219	53.21%	2,745,305	47.13%
Interest & Investment Earnings	34,592	0.52%	6,422	0.11%
Other Revenues	260,081	3.91%	362,528	6.22%
<b>Total Revenues</b>	<b>\$ 6,655,147</b>	<b>100.00%</b>	<b>\$ 5,824,483</b>	<b>100.00%</b>

*Table includes financial data of the combined governmental funds.*

**Comparative Revenues**



**BIGGS UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

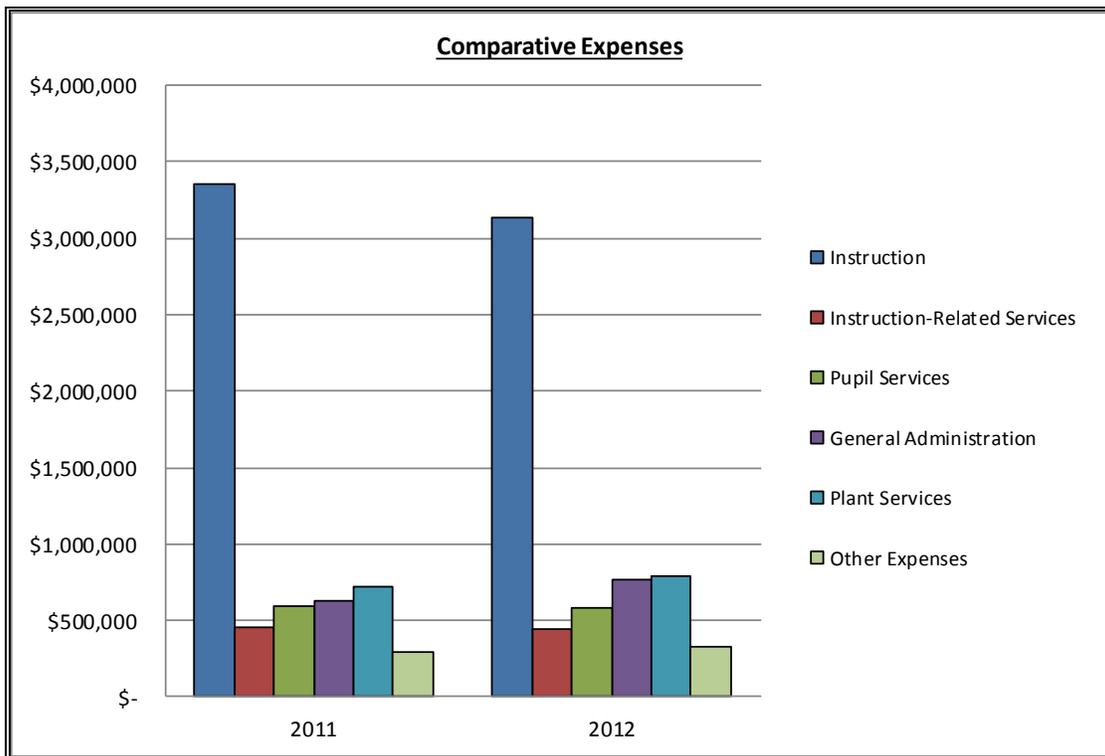
(PREPARED BY DISTRICT MANAGEMENT)

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)**

GOVERNMENTAL ACTIVITIES (CONTINUED)

<b><u>Schedule of Expenses For Governmental Functions</u></b>				
	<u>FYE 2011</u>	<u>Percent of</u>	<u>FYE 2012</u>	<u>Percent of</u>
	<u>Amount</u>	<u>Total</u>	<u>Amount</u>	<u>Total</u>
<b><u>Expenses</u></b>				
Instruction	\$ 3,354,186	55.34%	\$ 3,130,209	51.71%
Instruction-Related Services	454,690	7.50%	448,449	7.41%
Pupil Services	598,430	9.87%	583,489	9.64%
General Administration	634,282	10.47%	766,061	12.66%
Plant Services	719,623	11.87%	792,193	13.09%
Other Expenses	299,425	4.94%	332,706	5.50%
<b>Total Expenses</b>	<b>\$ 6,060,636</b>	<b>100.00%</b>	<b>\$ 6,053,107</b>	<b>100.00%</b>

*Table includes financial data of the combined governmental funds.*



**BIGGS UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

(PREPARED BY DISTRICT MANAGEMENT)

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)**

GOVERNMENTAL ACTIVITIES (CONTINUED)

<b><u>Comparative Schedule of Capital Assets</u></b>		
	Governmental Activities	
	2011	2012
Land	\$ 283,366	\$ 283,366
Sites and Improvements	200,718	337,539
Buildings and Improvements	4,423,794	4,423,794
Furniture and Equipment	998,335	1,018,783
Work-in-Progress	140,586	549,285
Subtotals	6,046,799	6,612,767
Less: Accumulated Depreciation	(3,559,713)	(3,729,710)
Capital Assets, net	<u>\$ 2,487,086</u>	<u>\$ 2,883,057</u>

Capital assets, net of depreciation, increased \$395,971 due to the current year addition of \$565,968 of capital assets and improvements, and the current year recognition of \$169,997 of depreciation expense.

<b><u>Comparative Schedule of Long-Term Liabilities</u></b>		
	Governmental Activities	
	2011	2012
Compensated Absences	\$ 34,007	\$ 24,460
Lease Revenue Notes	420,000	420,000
Early Retirement Incentive	104,224	91,100
Other Postemployment Benefits	437,306	638,252
Totals	<u>\$ 995,537</u>	<u>\$ 1,173,812</u>

Total long-term liabilities increased \$178,275 due to the District's increased obligation for other postemployment benefits.

**BIGGS UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

(PREPARED BY DISTRICT MANAGEMENT)

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONCLUDED)**

GOVERNMENTAL ACTIVITIES (CONCLUDED)

The notes to the financial statements are an integral part of the financial presentation and contain more detailed information as to interest, principal, retirement amounts, and future debt retirement dates.

**FINANCIAL ANALYSIS OF DISTRICT'S FUNDS**

<b><u>Comparative Schedule of Fund Balances</u></b>			
	Fund Balances June 30, 2011	Fund Balances June 30, 2012	Increase (Decrease)
General	\$ 1,707,361	\$ 1,553,528	\$ (153,833)
Deferred Maintenance	727,736	450,758	(276,978)
Cafeteria	2,482	0	(2,482)
Capital Facilities	147,424	144,205	(3,219)
Capital Projects - Special Reserve	151	152	1
Totals	\$ 2,585,154	\$ 2,148,643	\$ (436,511)

The fund balance of the General Fund decreased \$153,833, while the combined fund balances of all other District governmental funds decreased \$282,678.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. Over the course of the year, the District revises its budget based on updated financial information. The original budget, approved at the end of June for July 1, is based on May Revise figures and updated 45 days after the State approves its final budget. In addition, the District revises its budget at First and Second Interim to reflect the most current financial information available at that point in time. The original budget presented on page 43 includes only new revenues for fiscal year 2011-12.

**ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE**

The District has experienced declining enrollment during each of the past three years. Accordingly, a further decline is likely during fiscal year 2012-13. Since student enrollment and attendance are primary factors in the computation of most funding formulas for public schools in the State of California, the District will likely experience a corresponding decline in future funding. Since revenue limit funding is generally based on the ADA of the current fiscal year or the prior fiscal year, whichever is most beneficial, the District's 2012-13 revenue limit funding will likely be based on fiscal year 2011-12 P-2 ADA.

**BIGGS UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

(PREPARED BY DISTRICT MANAGEMENT)

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**ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE (CONCLUDED)**

Due to the unprecedented nature of the current State and Federal fiscal crisis, the amount of funding that will be available to the District remains uncertain. As a result, management will need to plan carefully and prudently to provide the resources to meet student needs over the next several years. The District has an excellent track record in meeting this challenge in what has proven to be a cycle of lean years and prosperous years for education finances.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact the District Office, Biggs Unified School District, 300 B Street, Biggs, California 95917.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2012**

	<b>Governmental Activities</b>
<b><u>Assets</u></b>	
Deposits and Investments (Note 2)	\$ 1,580,027
Receivables (Note 4)	861,595
Stores Inventory (Note 1H)	11,951
Prepaid Expenses (Note 1H)	30,500
Capital Assets: (Note 6)	
Land	283,366
Sites and Improvements	337,539
Buildings and Improvements	4,423,794
Furniture and Equipment	1,018,783
Work-in-Progress	549,285
Less: Accumulated Depreciation	(3,729,710)
Total Assets	5,367,130
<b><u>Liabilities</u></b>	
Accounts Payable and Other Current Liabilities	296,950
Deferred Revenue (Note 1H)	7,980
Long-Term Liabilities:	
<i>Portion Due or Payable Within One Year:</i>	
Compensated Absences	24,460
Early Retirement Incentives	19,654
<i>Portion Due or Payable After One Year:</i>	
Lease Revenue Notes (Note 7)	420,000
Early Retirement Incentives (Note 8)	71,446
Other Post Employment Benefits (Note 9)	638,252
Total Liabilities	1,478,742
<b><u>Net Assets</u></b>	
Invested in Capital Assets, Net of Related Debt	2,493,557
Restricted:	
For Capital Projects	144,205
For Educational Programs	6,167
For Other Purposes	16,614
Unrestricted	1,227,845
Total Net Assets	\$ 3,888,388

**BIGGS UNIFIED SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b><u>Governmental Activities</u></b>					
Instruction	\$ 3,130,209		\$ 452,142		\$ (2,678,067)
Instruction-Related Services:					
Supervision of Instruction	20,969		19,215		(1,754)
Instructional Library and Technology	21,197				(21,197)
School Site Administration	406,283				(406,283)
Pupil Services:					
Home-to-School Transportation	212,632		118,465		(94,167)
Food Services	286,311	\$ 16,423	261,177		(8,711)
Other Pupil Services	84,546				(84,546)
General Administration:					
Data Processing Services	3,000				(3,000)
Other General Administration	763,061	571	53,285		(709,205)
Plant Services	792,193		1,325		(790,868)
Ancillary Services	56,218				(56,218)
Enterprise Activities	35,059				(35,059)
Interest on Long-Term Debt	11,550				(11,550)
Other Outgo	229,879		59,334		(170,545)
Total Governmental Activities	<u>\$ 6,053,107</u>	<u>\$ 16,994</u>	<u>\$ 964,943</u>	<u>\$ 0</u>	<u>(5,071,170)</u>
<b><u>General Revenues</u></b>					
Taxes Levied for General Purposes					1,728,291
Federal and State Aid - Unrestricted					2,745,305
Interest and Investment Earnings					6,422
Transfers from Other Agencies					6,485
Miscellaneous					356,043
Total General Revenues					<u>4,842,546</u>
Change in Net Assets					(228,624)
Net Assets - July 1, 2011					4,117,012
Net Assets - June 30, 2012					<u>\$ 3,888,388</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**BIGGS UNIFIED SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012**

	<u>General</u>	<u>Deferred Maintenance</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>Assets</u></b>				
Deposits and Investments (Note 2)	\$ 1,020,727	\$ 452,758	\$ 106,542	\$ 1,580,027
Receivables (Note 4)	825,757		35,838	861,595
Due from Other Funds (Note 5)	9,738		3,605	13,343
Stores Inventory (Note 1H)			11,951	11,951
Total Assets	<u>\$ 1,856,222</u>	<u>\$ 452,758</u>	<u>\$ 157,936</u>	<u>\$ 2,466,916</u>
<b><u>Liabilities and Fund Balances</u></b>				
Liabilities:				
Accounts Payable	\$ 291,109	\$ 2,000	\$ 3,841	\$ 296,950
Due to Other Funds (Note 5)	3,605		9,738	13,343
Deferred Revenue (Note 1H)	7,980			7,980
Total Liabilities	<u>302,694</u>	<u>2,000</u>	<u>13,579</u>	<u>318,273</u>
Fund Balances: (Note 11)				
Nonspendable	2,000		14,614	16,614
Restricted	6,167		144,205	150,372
Assigned	763,022	450,758	152	1,213,932
Unassigned	782,339		(14,614)	767,725
Total Fund Balances	<u>1,553,528</u>	<u>450,758</u>	<u>144,357</u>	<u>2,148,643</u>
Total Liabilities and Fund Balances	<u>\$ 1,856,222</u>	<u>\$ 452,758</u>	<u>\$ 157,936</u>	<u>\$ 2,466,916</u>

**BIGGS UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET ASSETS  
JUNE 30, 2012**

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**Total Fund Balances - Governmental Funds** \$ 2,148,643

Amounts reported for governmental activities in the statement of net assets are different due to the following:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The amount that capital assets exceeded accumulated depreciation was:

Capital Assets	\$ 6,612,767	
Accumulated Depreciation	(3,729,710)	
		2,883,057

Unamortized costs: In governmental funds, debt issuance costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issuance costs are amortized over the life of the debt. Unamortized debt issue costs, reported as prepaid expenditures was

30,500

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in governmental funds. Long-term liabilities at year-end consist of:

Compensated Absences	\$ 24,460	
Lease Revenue Notes	420,000	
Early Retirement Incentives	91,100	
Other Post Employment Benefits	638,252	
		(1,173,812)

**Total Net Assets - Governmental Activities** \$ 3,888,388

**BIGGS UNIFIED SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>General</u>	<u>Deferred Maintenance</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>Revenues</u></b>				
Revenue Limit Sources:				
State Apportionment	\$ 1,765,179			\$ 1,765,179
Local Taxes	1,728,291			1,728,291
Total Revenue Limit Sources	3,493,470			3,493,470
Federal Revenue	322,235		\$ 248,729	570,964
State Revenue	1,153,318	\$ 195,259	21,628	1,370,205
Local Revenue	378,343	(6,722)	18,223	389,844
Total Revenues	<u>5,347,366</u>	<u>188,537</u>	<u>288,580</u>	<u>5,824,483</u>
<b><u>Expenditures</u></b>				
Instruction	3,021,916			3,021,916
Supervision of Instruction	20,969			20,969
Instructional Library and Technology	21,197			21,197
School Site Administration	406,283			406,283
Home-To-School Transportation	192,579			192,579
Food Services			279,998	279,998
Other Pupil Services	83,521			83,521
Other General Administration	569,244		9,738	578,982
Plant Services	748,423	31,996	4,544	784,963
Facilities Acquisition and Construction	136,821	410,868		547,689
Ancillary Services	56,218			56,218
Enterprise Activities	35,059			35,059
Debt Service:				
Interest and Issuance Costs	11,550			11,550
Other Outgo	220,070			220,070
Total Expenditures	<u>5,523,850</u>	<u>442,864</u>	<u>294,280</u>	<u>6,260,994</u>
Excess of Revenues (Under) Expenditures	<u>(176,484)</u>	<u>(254,327)</u>	<u>(5,700)</u>	<u>(436,511)</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Operating Transfers In	22,651			22,651
Operating Transfers Out		(22,651)		(22,651)
Total Other Financing Sources (Uses)	<u>22,651</u>	<u>(22,651)</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(153,833)	(276,978)	(5,700)	(436,511)
Fund Balances - July 1, 2011	<u>1,707,361</u>	<u>727,736</u>	<u>150,057</u>	<u>2,585,154</u>
Fund Balances - June 30, 2012	<u>\$ 1,553,528</u>	<u>\$ 450,758</u>	<u>\$ 144,357</u>	<u>\$ 2,148,643</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**BIGGS UNIFIED SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**Net Change in Fund Balances - Governmental Funds** \$ (436,511)

Amounts reported for governmental activities in the statement of activities are different due to the following:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation expense exceeded capital outlays during the fiscal year:

Capital Outlays	\$	565,968	
Depreciation Expense		<u>(169,997)</u>	
			395,971

In the statement of activities, certain operating expenses-compensated absences (vacations), are measured by the amounts earned during the fiscal year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, the amounts used exceeded the amounts earned by: 9,547

Postemployment benefits other than pensions (OPEB): In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was: (187,822)

Debt issue costs are recognized as expenditures in the period they are incurred in governmental funds. In the government-wide statements, issue costs are amortized over the life of the debt. The difference between debt issue costs recognized in the current period and issue costs amortized for the period are: (9,809)

**Change in Net Assets of Governmental Activities** \$ (228,624)

**BIGGS UNIFIED SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2012**

	<b>Foundation Private-Purpose Trust</b>		<b>Total Fiduciary Funds</b>
	<b>Scholarship Funds</b>	<b>Agency Funds</b>	
<b><u>Assets</u></b>			
Deposits and Investments (Note 2)	\$ 192,667	\$ 99,428	\$ 292,095
Receivables	318		318
Total Assets	<u>192,985</u>	<u>99,428</u>	<u>292,413</u>
<b><u>Liabilities</u></b>			
Due to Student Groups		99,428	99,428
Total Liabilities	<u>0</u>	<u>99,428</u>	<u>99,428</u>
<b><u>Net Assets</u></b>			
Restricted	<u>192,985</u>	<u>0</u>	<u>192,985</u>
Total Net Assets	<u>\$ 192,985</u>	<u>\$ 0</u>	<u>\$ 192,985</u>

**BIGGS UNIFIED SCHOOL DISTRICT  
STATEMENT OF CHANGES IN NET ASSETS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Foundation Private-Purpose Trust
	Scholarship Funds
<b><u>Additions</u></b>	
Interest	\$ 13,369
Total Additions	13,369
<b><u>Deductions</u></b>	
Scholarships Awarded	11,690
Total Deductions	11,690
Change in Net Assets	1,679
<b><u>Net Assets</u></b>	
Net Assets - July 1, 2011	191,306
Net Assets - June 30, 2012	\$ 192,985

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Biggs Unified School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a five member Board of Trustees elected by registered voters of the District, which comprises an area in Butte County. The District was established in 1906 and serves students in kindergarten through grade twelve.

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

The governmental financial reporting entity consists of the following:

- The primary government
- Organizations for which the primary government is financially accountable
- Other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete

The nucleus of a financial reporting entity is usually a primary government. Governmental Accounting Standards Board (GASB) Statement No. 14 (GASB 14), *The Financial Reporting Entity*, defines a *primary government* as any state government, general-purpose local government, or special-purpose government that meets all of the following criteria:

- It has a separately elected governing body
- It is legally separate
- It is fiscally independent of other state and local governments

The primary government consists of all funds that make up the legal entity. The primary government also consists of funds for which it has a fiduciary responsibility, even though those funds may represent organizations that do not meet the definition for inclusion in the financial reporting entity.

Component units include legally separate organizations (whether governmental, not-for-profit, or for-profit organizations) for which elected officials of the primary government are financially accountable. A primary government is financially accountable if it appoints a voting majority of the organization's governing body and (a) it is able to impose its will on that organization or (b) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has (a) a separately elected governing board, (b) a governing board appointed by a higher level of government, or (c) a jointly appointed board.

The primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, activities, or level of services performed or provided by the organization.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Concluded)

An organization can provide a financial benefit to, or impose a financial burden on, a primary government in a variety of ways and indicates that an organization has a financial benefit or burden relationship with a primary government if any one of the following conditions exist:

- The primary government is legally entitled to or can otherwise access the organization's resources.
- The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
- The primary government is obligated in some manner for the debt of the organization.

In addition, GASB 14 also requires certain organizations to be included as component units if the nature and significance of their relationship with the primary governments are such that excluding them would render the financial reporting entity's financial statements misleading or incomplete.

Based on the GASB 14 criteria and definitions, the District is the primary government and there are no material potential component units which should be included in the Financial Reporting Entity in these financial statements.

GASB Statement No. 39 (GASB 39), *Determining Whether Certain Organizations are Component Units*, provides further guidance, stating that a legally separate organization should be reported as a component unit if all of the following criteria are met:

- The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the primary government or its component units.
- The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization.
- The economic resources received or held by the organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The District has determined that the Biggs Educational Foundation (the Foundation) meets the criteria set forth in GASB 39. However, since the Foundation does not issue audited financial statements, the financial statements of the District include only the financial data of the primary government, which consists of all funds that comprise the District's legal entity, and all funds for which it has a fiduciary responsibility. The financial statements do not include financial data of the Foundation, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the primary government. As a result, these financial statements do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Financial Reporting Entity, or the respective changes in its financial position.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation

*Government-wide Financial Statements:*

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the District and its component units, when applicable.

The effect of interfund activity, within the governmental type activities columns, has been removed from these statements.

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

*Fund Financial Statements:*

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

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Fiduciary funds are reported using the economic resources measurement focus.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

Revenues - Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. Under the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 45, 60, 90 days after year-end, depending on the revenue source. However, to achieve comparability of reporting among California Districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state apportionments, the California Department of Education has defined available as collectible within one year.

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

Deferred Revenue:

Deferred revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as deferred revenue.

Expenses/Expenditures:

On an accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Concluded)

Expenses/Expenditures (Concluded):

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District maintains the following fund types:

*General Fund* - The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

*Special Revenue Funds* - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Other resources also may be reported in the fund if those resources are restricted, committed, or assigned to the specified purpose of the fund.

*Capital Projects Funds* - Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The District's accounts are organized into major, non-major, and fiduciary funds as follows:

Major Governmental Funds:

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

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

Non-major Governmental Funds:

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

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

*Capital Projects - Special Reserve Fund* is used to account for resources that have been set aside for future capital outlay projects.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting (Concluded)

Fiduciary Funds:

*Private-Purpose Trust Funds* are used to account for assets held by the District as trustee pursuant to formal agreements with donors and under which neither principal nor income may be used for purposes that support the District's own programs. The Foundation Private-Purpose Trust Fund is used to account separately for gifts or bequests that provide scholarships to students of the District.

*Agency Funds* are used to account for assets of others for which the District acts as an agent. The District maintains an agency fund to account for the student body activities at Biggs Elementary School and Biggs High School. The student body funds are used to account for the raising and expending of money to promote the general welfare, and educational experience of the student body.

E. Budgets and Budgetary Accounting

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

These budgets are revised by the District's Governing Board and Superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budget is presented for the General Fund and Deferred Maintenance Fund as required supplementary information on pages 43 and 44.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account (See Note 3).

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Encumbrances

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

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities and Equity

1. Deposits and Investments

The District is authorized to maintain cash in banks and revolving funds that are insured to \$250,000 by the Federal Depository Insurance Corporation (FDIC).

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001).

The County is authorized to deposit cash and invest excess funds by California *Government Code* Section 53648 et seq. The funds maintained by the County are either secured by the FDIC or are collateralized.

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

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

2. Stores Inventory and Prepaid Expenses

Inventories are recorded using the consumption method in that inventory acquisitions are initially recorded in inventory asset accounts and are recorded as expenditures when the supplies are used. Inventories are valued at average cost and consist of expendable supplies held for consumption.

Reported inventories are equally offset by a net assets reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

Prepaid expenses include issuance costs related to prior year and current year debt issues, which are being amortized over the life of the obligations. Reported prepaid expenses are equally offset by a net assets reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities and Equity (Continued)

3. Capital Assets

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

<u>Asset Class</u>	<u>Years</u>
Sites and Improvements	10-20
Buildings and Improvements	20-50
Furniture and Equipment	5-20

4. Deferred Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Deferred revenue is recorded to the extent that cash received on specific projects and programs exceeds qualified expenditures. Deferred revenue includes premiums associated with bonds, when applicable, which are amortized over the life of the bond obligation.

5. Compensated Absences

All vacation pay is accrued when incurred in the government-wide financial statements.

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

6. Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as long-term liabilities in the Statement of Net Assets. Premiums and discounts, as well as issuance costs are deferred and amortized over the life of the debt. Long-term debt is reported net of applicable premiums or discounts.

In the fund financial statements, governmental funds recognize premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums, or discounts are reported as other financing sources or uses.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities and Equity (Continued)

7. Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

*Nonspendable Fund Balance* consists of funds that cannot be spent due to their form (e.g. inventories and prepaids) or funds that legally or contractually must be maintained intact.

*Restricted Fund Balance* consists of funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation.

*Committed Fund Balance* consists of funds that are set aside for a specific purpose by the district's highest level of decision making authority (governing board). Formal action must be taken prior to the end of the fiscal year. The same formal action must be taken to remove or change the limitations placed on the funds.

*Assigned Fund Balance* consists of funds that are set aside with the intent to be used for a specific purpose by the district's highest level of decision making authority or a body or official that has been given the authority to assign funds.

*Unassigned Fund Balance* consists of excess funds that have not been classified in the previous four categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls. The District's minimum fund balance policy requires a reserve for economic uncertainties of no less than 5% of total General Fund expenditures and other financing uses.

The District considers restricted fund balances to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the District considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

8. Revenue Limit/Property Tax

The District's revenue limit is received from a combination of local property taxes, state apportionments, and other local sources. The County of Butte is responsible for assessing, collecting and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding January 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

H. Assets, Liabilities and Equity (Concluded)

8. Revenue Limit/Property Tax (Concluded)

Property taxes on the unsecured roll are due on the lien date (January 1), and become delinquent if unpaid by August 31. Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternative method of distribution prescribed by Section 4705 of the *California Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll, approximately October 1 of each year.

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local revenue limit sources by the District.

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

The District's Base Revenue Limit is the amount of general purpose tax revenue, per average daily attendance (ADA), that the District is entitled to by law. This amount is multiplied by the applicable attendance period ADA to derive the District's total entitlement.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2012, consist of the following:

	<u>Governmental Activities</u>	<u>Fiduciary Activities</u>
Cash on Hand and in Banks		\$ 194,320
Cash in Revolving Fund	\$ 4,663	
County Pool Investments	<u>1,575,364</u>	<u>97,775</u>
Total Deposits and Investments	<u>\$ 1,580,027</u>	<u>\$ 292,095</u>

Cash on Hand and in Banks

Cash on hand and in banks consists of all cash held by the District and all cash maintained in commercial bank accounts owned by the District, exclusive of amounts held in revolving funds.

Cash in Revolving Fund

Cash in revolving fund consists of all cash maintained in commercial bank accounts that are used as revolving funds.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**County Pool Investments**

County pool investments consist of District cash held by the Butte County Treasury that is invested in the county investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts that are based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio).

**General Authorization**

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

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

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rate will adversely affect the fair value of an investment. Generally, as the length of the maturity of an investment increases, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury that purchases a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**Segmented Time Distribution**

Information about the sensitivity of the fair value of the District's investment to market interest rate fluctuations is provided by the following schedule that shows the distribution of the District's investment by maturity:

**Governmental Activities:**

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>More Than 1 Year</u>
County Pool Investments	\$ 1,575,364	\$ 1,575,364	\$ 432,152	\$ 1,143,212

**Fiduciary Activities:**

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>More Than 1 Year</u>
County Pool Investments	\$ 97,775	\$ 97,775	\$ 26,822	\$ 70,953

**Credit Risk**

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

**Governmental Activities:**

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Rating as of Year End</u>		
			<u>AAA</u>	<u>Aa</u>	<u>Unrated</u>
County Pool Investments	\$ 1,575,364	\$ 1,575,364			\$ 1,575,364

**Fiduciary Activities:**

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Rating as of Year End</u>		
			<u>AAA</u>	<u>Aa</u>	<u>Unrated</u>
County Pool Investments	\$ 97,775	\$ 97,775			\$ 97,775

**Concentration of Credit Risk**

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. However, the District does not hold any investments in any one issuer, at year-end, that represents five percent or more of the total investments held by the District.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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**NOTE 2 - DEPOSITS AND INVESTMENTS (CONCLUDED)**

Custodial Credit Risk - Investments

This is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The District does not have a policy limiting the amount of securities that can be held by counterparties. As of June 30, 2012, the District does not have any investments that are held by counterparties.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local 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 percent of the total amount deposited by the public agencies.

California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2012, the District does not have a bank balance that is exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Derivative Investments

The District does not directly invest in any derivative investments. Information relating to the use of derivative investments by the Butte County Treasury was not available.

**NOTE 3 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

Excess of expenditures over appropriations in the General Fund were as follows:

<u>Fund</u>	<u>Expenditures</u>
General Fund:	
Certificated Salaries	\$ 3,459
Books and Supplies	27,295
Services and Other Operating Expenditures	11,700

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

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 - RECEIVABLES**

Receivables at June 30, 2012 consist of the following:

	General <u>Fund</u>	Non-Major Governmental <u>Funds</u>	Total Governmental <u>Activities</u>	Fiduciary <u>Activities</u>
Federal Government	\$ 24,543	\$ 32,942	\$ 57,485	
State Government	705,817	2,427	708,244	
Interest	5,994	469	6,463	\$ 318
Miscellaneous	<u>89,403</u>	<u>          </u>	<u>89,403</u>	<u>          </u>
Totals	<u>\$ 825,757</u>	<u>\$ 35,838</u>	<u>\$ 861,595</u>	<u>\$ 318</u>

**NOTE 5 - INTERFUND ACTIVITIES**

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

**A. Due From/Due To Other Funds**

Individual fund interfund receivable and payable balances at June 30, 2012 are as follows:

<u>Funds</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ 9,738	\$ 3,605
Cafeteria	<u>3,605</u>	<u>9,738</u>
Totals	<u>\$ 13,343</u>	<u>\$ 13,343</u>

All interfund receivables and payables are scheduled to be paid within one year.

**B. Interfund Transfers**

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. Interfund transfers for fiscal year 2011-12 were as follows:

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 22,651	
Deferred Maintenance	<u>          </u>	<u>\$ 22,651</u>
Totals	<u>\$ 22,651</u>	<u>\$ 22,651</u>

Transfer of \$22,651 from Deferred Maintenance Fund to General Fund to provide funding to make debt service interest payments on the outstanding lease revenue notes.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 6 - CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the year ended June 30, 2012, is presented below:

	<u>Balances</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>June 30, 2012</u>
Land	\$ 283,366			\$ 283,366
Sites and Improvements	200,718	\$ 136,821		337,539
Buildings and Improvements	4,423,794			4,423,794
Furniture and Equipment	998,335	20,448		1,018,783
Work-in-Progress	140,586	408,699		549,285
Totals at Historical Cost	<u>6,046,799</u>	<u>565,968</u>	<u>\$ 0</u>	<u>6,612,767</u>
Less Accumulated Depreciation for:				
Sites and Improvements	163,287	15,942		179,229
Buildings and Improvements	2,737,958	104,795		2,842,753
Furniture and Equipment	658,468	49,260		707,728
Total Accumulated Depreciation	<u>3,559,713</u>	<u>169,997</u>	<u>0</u>	<u>3,729,710</u>
Governmental Activities				
Capital Assets, net	<u>\$ 2,487,086</u>	<u>\$ 395,971</u>	<u>\$ 0</u>	<u>\$ 2,883,057</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 108,293
Home-To-School Transportation	20,053
Food Services	6,313
Other Pupil Services	1,025
Data Processing Services	3,000
Other General Administration	5,804
Plant Services	<u>25,509</u>
Total	<u>\$ 169,997</u>

**NOTE 7 - LEASE REVENUE NOTES**

On July 14, 2010, the District issued lease revenue notes in the amount of \$420,000, with an interest rate of 2.75%. The proceeds from the notes were used to finance the Biggs High School HVAC construction project. The District expects to use critical hardship funding from the State to make the annual debt service payments. The amount of interest incurred during the year ended June 30, 2012, was \$11,550, all of which was charged to expenses. The notes call for one remaining annual interest only payment of \$11,550 on June 30, 2013. The principal is due and payable on June 30, 2014, along with interest of \$11,550.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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**NOTE 8 - EARLY RETIREMENT INCENTIVES**

In addition to the other post employment benefits described in Note 9 below, the District has negotiated early retirement incentive agreements with certain individuals, which provide retiree health benefits that are above and beyond the benefits described in Note 9. As of June 30, 2012, there were nine individuals receiving benefits under these additional agreements.

Future estimated payments relating to individuals currently receiving these benefits are as follows:

Year Ended <u>June 30</u>	Early Retirement <u>Incentives</u>
2013	\$ 19,654
2014	25,141
2015	23,341
2016	1,482
2017	1,482
2018-22	0
2023-27	<u>20,000</u>
Total	<u>\$ 91,100</u>

**NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB)**

From an accrual accounting perspective, the cost of post employment healthcare benefits (OPEB), like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when the benefits are paid or provided. Governmental Accounting Standards Board Statement No. 45 requires an accrual basis measurement and recognition of OPEB cost over a period that approximates employees' years of service and provides information about actuarial accrued liabilities associated with OPEB and to what extent progress is being made in funding the plan.

*Plan Description:*

Certificated employees may retire with District-paid medical, dental, and vision benefits after the later of age 55 and 15 years of District service credit. Benefits are paid for 7 years plus one additional year for each 5 years of service credit in excess of 15, to a maximum of 10 years of District-paid benefits. The annual District contribution during retirement is subject to a cap of 110% of the cost of insurance premiums at the time of retirement. In applying the 110% rule, each coverage (i.e., medical, dental and vision) is capped separately and then summed to determine the total District contribution.

Classified, Confidential, and Classified Management employees may retire with District-paid medical benefits after the later of age 50 and 10 years of continuous service. Benefits are paid for the lesser of 5 years or until age 65 (Medicare eligibility age). If the retiree dies before the end of the prescribed benefit period, the surviving spouse will be entitled to any unused benefits.

Certificated Management employees negotiate their own retiree health packages. Contracts currently in effect guarantee benefits at least as valuable as those provided to Certificated unit members.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

The District had 15 retired employees receiving benefits and 54 active employees, as of July 1, 2010, the effective date of the triennial OPEB valuation. For the District, OPEB benefits are administered by District personnel. No separate financial statements are issued.

*Funding Policy:* The District's agreement with employees is for monthly contributions for members who meet the eligibility criteria of their collective bargaining agreement and who retire during the term of the contract. The contribution requirements of plan members and the District are established and may be amended by the District's Board of Trustees through the collective bargaining process. The members receiving benefits contributions vary depending on the level of coverage selected. The District currently pays for post employment healthcare benefits on a pay-as-you-go basis, and these financial statements assume that pay-as-you-go funding will continue.

*Annual OPEB Cost and Net OPEB Obligation:* The following table shows the components of the District's Annual OPEB Cost for the fiscal year ended June 30, 2012, the amount actually contributed to the plan, and changes in the District's Net OPEB Obligation that resulted in a Net OPEB Obligation of \$638,252 for the year ended June 30, 2012.

Normal service cost at end of year	\$ 159,301
Amortization of UAAL with interest to end of year	<u>205,530</u>
Annual required contribution (ARC)	364,831
Interest on Net OPEB Obligation	21,865
Adjustment to ARC	<u>(28,447)</u>
Annual OPEB cost (expense)	358,249
Contributions for the fiscal year	<u>(157,303)</u>
Increase in Net OPEB Obligation	200,946
Net OPEB Obligation - June 30, 2011	<u>437,306</u>
Net OPEB Obligation - June 30, 2012	<u><u>\$ 638,252</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the last three fiscal years was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2012	\$ 358,219	43.91%	\$ 638,252
June 30, 2011	361,780	35.16%	437,306
June 30, 2010	323,326	37.30%	202,724

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONCLUDED)**

*Actuarial Methods and Assumptions:* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point.

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of future events far into the future. Examples include mortality, turnover, disability, retirement and other factors that affect the number of people eligible to receive future retiree benefits. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2010, actuarial valuation, the liabilities were computed using the projected unit credit cost method and the District's unfunded actuarial accrued liability is being amortized using the level dollar method over 30 years. The valuation utilized a 5% discount rate and a 5% expected long-term rate of return on District assets. The valuation assumes an initial medical rate increase of 8% which grades down to an ultimate rate of 5% after four years. Dental premiums are assumed to increase by 4% per year.

**NOTE 10 - LONG-TERM LIABILITES**

A schedule of changes in long-term liabilities for the year ended June 30, 2012, is shown below:

	Balances July 1, 2011	Additions	Deductions	Balances June 30, 2012	Due within One Year
Compensated Absences	\$ 34,007	\$ 24,460	\$ 34,007	\$ 24,460	\$ 24,460
Lease Revenue Notes	420,000			420,000	
Early Retirement Incentives	104,224	20,000	33,124	91,100	19,654
Other Post Employment Benefits	437,306	358,249	157,303	638,252	
Totals	<u>\$ 995,537</u>	<u>\$ 402,709</u>	<u>\$ 224,434</u>	<u>\$ 1,173,812</u>	<u>\$ 44,114</u>

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 11 - FUND BALANCES**

The District's fund balances at June 30, 2012 consisted of the following:

	<u>General Fund</u>	<u>Deferred Maintenance Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Totals</u>
Nonspendable	\$ 2,000		\$ 14,614	\$ 16,614
Restricted	6,167		144,205	150,372
Assigned	763,022	\$ 450,758	152	1,213,932
Unassigned:				
Economic Uncertainties	276,192			276,192
Other	<u>506,147</u>		<u>(14,614)</u>	<u>491,533</u>
Total Fund Balances	<u>\$ 1,553,528</u>	<u>\$ 450,758</u>	<u>\$ 144,357</u>	<u>\$ 2,148,643</u>

**NOTE 12 - ON-BEHALF PAYMENTS MADE BY THE STATE OF CALIFORNIA**

The District was the recipient of on-behalf payments made by the State of California to the California State Teachers' Retirement System (CalSTRS) for K-12 education. These payments consist of state general fund contributions of \$110,901 to CalSTRS (4.855% of creditable compensation subject to CalSTRS).

**NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS**

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

**A. California State Teachers' Retirement System (CalSTRS)**

**Plan Description**

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

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS (CONCLUDED)

A. California State Teachers' Retirement System (CalSTRS) (Concluded)

Funding Policy

Active plan members are required to contribute 8.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2011-12 was 8.25% of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalSTRS for the fiscal years ended June 30, 2012, 2011, and 2010, were \$169,818, \$173,814, and \$188,451, respectively, and equal 100% of the required contributions for each year.

B. California Public Employees' Retirement System (CalPERS)

Plan Description

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

Funding Policy

Active plan members are required to contribute 7.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2011-12 was 10.923%. The contribution requirements of the plan members are established by State statute. The District's contributions to CalPERS for the fiscal years ended June 30, 2012, 2011, and 2010, were \$108,646, \$110,849, and \$100,950, respectively, and equal 100% of the required contributions for each year.

C. Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use Social Security as its alternative plan. Contributions made by the District and participating employees vest immediately. The District contributes 6.2% of an employee's gross earnings. In addition, employees were required to contribute 4.2% of their gross earnings from July 2011 through June 2012.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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NOTE 14 - RISK MANAGEMENT

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2011-12, the District participated in three joint powers authorities (JPAs) for purposes of pooling for risk. There were no significant reductions in coverage during the year. Settlements have not exceeded coverage in any of the past three years.

NOTE 15 - JOINT VENTURES

The District participates in three joint ventures under joint powers agreements with Butte Schools Self-Funded Program (BSSP), North Valley Schools Insurance Group (NVSIG), and the Schools Excess Liability Fund (SELF). The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

The JPAs arrange for and/or provide coverage or services for its members. The JPAs are governed by a board consisting of a representative from each member district. Each board controls the operations of their JPAs, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage or service requested and shares surpluses and deficits proportionately to their participation in the JPAs. The JPAs are audited on an annual basis. Audited financial statements can be obtained by contacting each JPA's management.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

B. Litigation

The District is subject to various legal proceedings and claims. In the opinion of management, the ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

SUPPLEMENTARY INFORMATION SECTION



**BIGGS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<b><u>Revenues</u></b>				
Revenue Limit Sources:				
State Apportionment	\$ 1,850,240	\$ 1,820,856	\$ 1,765,179	\$ (55,677)
Local Sources	1,624,116	1,652,098	1,728,291	76,193
Total Revenue Limit Sources	3,474,356	3,472,954	3,493,470	20,516
Federal Revenue	308,241	326,465	322,235	(4,230)
Other State Revenue	1,018,174	1,096,281	1,153,318	57,037
Other Local Revenue	251,446	317,210	378,343	61,133
Total Revenues	5,052,217	5,212,910	5,347,366	134,456
<b><u>Expenditures</u></b>				
Certificated Salaries	2,098,665	2,073,614	2,077,073	(3,459)
Classified Salaries	1,052,108	1,038,409	1,024,712	13,697
Employee Benefits	1,170,206	1,138,333	1,113,425	24,908
Books and Supplies	319,513	304,703	331,998	(27,295)
Services and Other				
Operating Expenditures	635,560	585,791	597,491	(11,700)
Capital Outlay	3,500	160,821	157,269	3,552
Debt Service:				
Interest and Fiscal Charges	11,550	11,550	11,550	
Other Expenditures	230,484	227,861	210,332	17,529
Total Expenditures	5,521,586	5,541,082	5,523,850	17,232
Excess of Revenues (Under) Expenditures	(469,369)	(328,172)	(176,484)	151,688
<b><u>Other Financing Sources (Uses)</u></b>				
Operating Transfers In		22,651	22,651	
Operating Transfers Out	(12,178)			
Total Other Financing Sources (Uses)	(12,178)	22,651	22,651	0
Net Change in Fund Balances	(481,547)	(305,521)	(153,833)	\$ 151,688
Fund Balances - July 1, 2011	1,707,361	1,707,361	1,707,361	
Fund Balances - June 30, 2012	\$ 1,225,814	\$ 1,401,840	\$ 1,553,528	

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**BIGGS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - DEFERRED MAINTENANCE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<b><u>Revenues</u></b>				
Other State Revenue	\$ 184,391	\$ 195,259	\$ 195,259	
Other Local Revenue			(6,722)	\$ (6,722)
Total Revenues	<u>184,391</u>	<u>195,259</u>	<u>188,537</u>	<u>(6,722)</u>
<b><u>Expenditures</u></b>				
Books and Supplies	13,244	14,666	12,296	2,370
Services and Other				
Operating Expenditures	436,045	78,000	21,868	56,132
Capital Outlay		517,275	408,700	108,575
Total Expenditures	<u>449,289</u>	<u>609,941</u>	<u>442,864</u>	<u>167,077</u>
Excess of Revenues (Under) Expenditures	(264,898)	(414,682)	(254,327)	160,355
<b><u>Other Financing (Uses)</u></b>				
Operating Transfers Out		(22,651)	(22,651)	
Net Change in Fund Balances	(264,898)	(437,333)	(276,978)	<u>\$ 160,355</u>
Fund Balances - July 1, 2011	<u>727,736</u>	<u>727,736</u>	<u>727,736</u>	
Fund Balances - June 30, 2012	<u>\$ 462,838</u>	<u>\$ 290,403</u>	<u>\$ 450,758</u>	

**BIGGS UNIFIED SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2012**

	<u>Cafeteria</u>	<u>Capital Facilities</u>	<u>Capital Projects - Special Reserve</u>	<u>Total Non-Major Governmental Funds</u>
<b><u>Assets</u></b>				
Deposits and Investments	\$ (37,346)	\$ 143,736	\$ 152	\$ 106,542
Receivables	35,369	469		35,838
Due from Other Funds	3,605			3,605
Stores Inventory	11,951			11,951
Total Assets	<u>\$ 13,579</u>	<u>\$ 144,205</u>	<u>\$ 152</u>	<u>\$ 157,936</u>
<b><u>Liabilities and Fund Balances</u></b>				
Liabilities:				
Accounts Payable	\$ 3,841			\$ 3,841
Due to Other Funds	9,738			9,738
Total Liabilities	<u>13,579</u>			<u>13,579</u>
Fund Balances:				
Nonspendable	14,614			14,614
Restricted		\$ 144,205		144,205
Assigned			\$ 152	152
Unassigned	(14,614)			(14,614)
Total Fund Balances	<u>0</u>	<u>144,205</u>	<u>152</u>	<u>144,357</u>
Total Liabilities and Fund Balances	<u>\$ 13,579</u>	<u>\$ 144,205</u>	<u>\$ 152</u>	<u>\$ 157,936</u>

**BIGGS UNIFIED SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Cafeteria</u>	<u>Capital Facilities</u>	<u>Capital Projects - Special Reserve</u>	<u>Total Non-Major Governmental Funds</u>
<b><u>Revenues</u></b>				
Federal Revenue	\$ 248,729			\$ 248,729
State Revenue	21,628			21,628
Local Revenue	16,897	\$ 1,325	\$ 1	18,223
Total Revenues	<u>287,254</u>	<u>1,325</u>	<u>1</u>	<u>288,580</u>
<b><u>Expenditures</u></b>				
Food Services	279,998			279,998
Other General Administration	9,738			9,738
Plant Services		4,544		4,544
Total Expenditures	<u>289,736</u>	<u>4,544</u>	<u>0</u>	<u>294,280</u>
Net Change in Fund Balances	(2,482)	(3,219)	1	(5,700)
Fund Balances - July 1, 2011	<u>2,482</u>	<u>147,424</u>	<u>151</u>	<u>150,057</u>
Fund Balances - June 30, 2012	<u>\$ 0</u>	<u>\$ 144,205</u>	<u>\$ 152</u>	<u>\$ 144,357</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**BIGGS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FUNDING PROGRESS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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<u>Actuarial Valuation Date</u>	<u>Value of Assets</u>	<u>Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Percentage of Covered Payroll</u>
7/1/10	\$ 0	\$ 3,159,505	\$ 3,159,505	0%	\$ 3,043,921	103.80%
7/1/07	\$ 0	\$ 2,652,956	\$ 2,652,956	0%	\$ 3,365,997	78.82%

SEE NOTES TO SUPPLEMENTARY INFORMATION

**BIGGS UNIFIED SCHOOL DISTRICT**  
**ORGANIZATION/BOARD OF TRUSTEES/ADMINISTRATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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ORGANIZATION

The Biggs Unified School District is located in Butte County and was established in 1906. There were no changes in the boundaries of the District during the current year. The District is currently operating two elementary schools, one intermediate school, one high school, and one community day school.

BOARD OF TRUSTEES

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Kathryn Sheppard	President	November 2014
Kari Wheeler	Vice President	November 2012
Dennis Slusser	Clerk	November 2014
Kris Scott	Member	November 2012
Terri Lattemore	Member	November 2014

ADMINISTRATION

Doug Kaelin  
Superintendent

Pamela Ragan  
Financial Officer

**BIGGS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF AVERAGE DAILY ATTENDANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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	<u>Second Period Report</u>	<u>Annual Report</u>
<u>Elementary</u>		
Kindergarten	32.08	32.79
First through Third	117.68	118.13
Fourth through Sixth	128.37	128.99
Seventh and Eighth	59.33	59.16
Home and Hospital	0.11	0.30
Subtotals	<u>337.57</u>	<u>339.37</u>
<u>Secondary</u>		
Ninth through Twelfth	151.83	151.31
Community Day School	7.73	8.07
Subtotals	<u>159.56</u>	<u>159.38</u>
Totals	<u><u>497.13</u></u>	<u><u>498.75</u></u>

SEE NOTES TO SUPPLEMENTARY INFORMATION

**BIGGS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF INSTRUCTIONAL TIME**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<u>Grade Level</u>	<u>1982-83 Actual Minutes</u>	<u>Adjusted 1982-83 Actual Minutes</u>	<u>1986-87 Minutes Required</u>	<u>Adjusted 1986-87 Minutes Required</u>	<u>2011-12 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Number of Days Multitrack Calendar</u>	<u>Status</u>
Kindergarten	31,500	30,625	36,000	35,000	40,620	180	N/A	In Compliance
Grade 1	40,250	39,132	50,400	49,000	51,660	180	N/A	In Compliance
Grade 2	40,250	39,132	50,400	49,000	51,660	180	N/A	In Compliance
Grade 3	40,250	39,132	50,400	49,000	51,660	180	N/A	In Compliance
Grade 4	42,000	40,833	54,000	52,500	54,360	180	N/A	In Compliance
Grade 5	42,000	40,833	54,000	52,500	54,360	180	N/A	In Compliance
Grade 6	42,000	40,833	54,000	52,500	54,360	180	N/A	In Compliance
Grade 7	42,000	40,833	54,000	52,500	61,290	180	N/A	In Compliance
Grade 8	42,000	40,833	54,000	52,500	61,290	180	N/A	In Compliance
Grade 9	42,000	40,833	64,800	63,000	65,040	180	N/A	In Compliance
Grade 10	42,000	40,833	64,800	63,000	65,040	180	N/A	In Compliance
Grade 11	42,000	40,833	64,800	63,000	65,040	180	N/A	In Compliance
Grade 12	42,000	40,833	64,800	63,000	65,040	180	N/A	In Compliance

**BIGGS UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<u>Program Name</u>	<u>Federal Catalog Number</u>	<u>Pass-Through Identification Number</u>	<u>Federal Program Expenditures</u>
U.S. Department of Agriculture: Passed through California Department of Education (CDE): <i>Child Nutrition Cluster:</i>			
National School Lunch	10.555	13524	\$ 149,776
Especially Needy Breakfast	10.553	13526	98,953
 Passed through Butte County Office of Education (BCOE):			
Forest Reserve	10.665	10044	2,149
 U.S. Department of Education: Passed through CDE:			
ARRA State Fiscal Stabilization Fund	84.394	25008	22,114
Education Jobs Fund	84.410	25152	32,930
NCLB: Title II Improving Teacher Quality	84.367	14341	33,218
NCLB: Title III - Limited English Proficiency	84.365	14346	11,893
NCLB: Title I Basic Grant Low-Income & Neglected	84.010	14329	136,644
Vocational and Applied Technical Preparation	84.423	13929	3,474
Passed through BCOE:			
NCLB: Title I Migrant Education	84.011	14326	5,802
Passed through Butte County SELPA:			
<i>Special Education Cluster:</i>			
IDEA Part B Basic Local Assistance	84.027	13379	67,289
ARRA IDEA Part B Local Assistance	84.391	15003	1,377
 U.S. Department of Health and Human Services: Passed through Glenn County Office of Education:			
Medi-Cal Administrative Activities	93.778	10060	<u>11,078</u>
 Total			<u>\$ 576,697</u>

**BIGGS UNIFIED SCHOOL DISTRICT**  
**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT**  
**WITH AUDITED FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	General Fund	Special Revenue- Special Reserve Fund	Special Reserve for Postemployment Benefits Fund
June 30, 2012 Annual Financial and Budget Report Fund Balances	\$ 958,038	\$ 377,354	\$ 218,136
Reclassifications Increasing (Decreasing) Fund Balances:			
Reclassification of Fund Balances	<u>595,490</u>	<u>(377,354)</u>	<u>(218,136)</u>
June 30, 2012 Audited Financial Statements Fund Balances	<u>\$ 1,553,528</u>	<u>\$ 0</u>	<u>\$ 0</u>

Auditor's Comments

The fund balances of the General Fund, Special Revenue - Special Reserve Fund, and Special Reserve for Postemployment Benefits Fund have been combined for financial reporting purposes in accordance with GASB Statement No. 54.

The audited financial statements of all other funds were in agreement with the Annual Financial and Budget Report for the fiscal year ended June 30, 2012.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	GENERAL FUND			
	(Budget)* 2012-13	2011-12	2010-11	2009-10
Revenues and Other Financial Sources	\$ 4,787,442	\$ 5,370,017	\$ 6,079,225	\$ 5,534,297
Expenditures	5,412,664	5,523,850	5,804,436	5,559,404
Other Uses and Transfers Out	0	0	195,941	34,634
Total Outgo	5,412,664	5,523,850	6,000,377	5,594,038
Change in Fund Balance	(625,222)	(153,833)	78,848	(59,741)
Ending Fund Balance	\$ 928,306	\$ 1,553,528	\$ 1,707,361	\$ 1,628,513
Available Reserves	\$ 529,193	\$ 782,339	\$ 1,662,995	\$ 1,575,880
Reserve for Economic Uncertainties **	\$ 216,045	\$ 276,192	\$ 368,450	\$ 369,858
Available Reserves as a Percentage of Total Outgo	9.8%	14.16%	27.71%	28.0%
Average Daily Attendance at P-2	496	497	529	558
Total Long-Term Liabilities	\$ 1,129,698	\$ 1,173,812	\$ 995,537	\$ 345,450

\* Amounts reported for the 20112-13 budget are presented for analytical purposes only and have not been audited.

\*\* Reported balances are a component of available reserves.

The fund balance of the General Fund decreased \$74,985 (4.6%) over the past two years. The fiscal year 2012-13 budget projects a decrease of \$625,222 (40.2%). For a district this size, the state recommends available reserves of at least 4% of total general fund expenditures, transfers out, and other uses (total outgo).

The District produced an operating surplus of \$78,848 during fiscal year 2010-11, and incurred operating deficits of \$59,741 and \$153,833 during fiscal years 2009-10 and 2011-12, respectively.

Average daily attendance has decreased 61 ADA over the past two years. The District projects a decrease of 1 ADA during fiscal year 2012-13.

Total long-term liabilities increased \$828,362 over the past two years, due primarily to the District's increased obligation for other post employment benefits, and the prior year issuance of lease revenue notes.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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**NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES**

**A. Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, the District is required to present a Schedule of Revenues, Expenditures, and Changes in Fund Balance budgetary comparison for the General Fund and each Major Special Revenue Fund that has an adopted budget. This schedule presents the original adopted budget, final adopted budget, and the actual revenues and expenditures of each of these funds by object.

**B. Combining Statements**

Combining statements are presented for purposes of additional analysis, and are not a required part of the District's basic financial statements. These statements present more detailed information about the financial position and financial activities of the District's individual funds.

**C. Schedule of Funding Progress**

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 45, the District is required to present a Schedule of Funding Progress which shows the funding progress of the District's OPEB plan for the most recent valuation and the two preceding valuations. The information required to be disclosed includes the valuation date, the actuarial value of assets, the actuarial accrued liability, the total unfunded actuarial liability (or funding excess), the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio), the annual covered payroll and the ratio of the unfunded actuarial liability (or funding excess) to annual covered payroll.

**D. Schedule of Average Daily Attendance**

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

**E. Schedule of Instructional Time**

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206.

**F. Schedule of Expenditures of Federal Awards**

The accompanying schedule of expenditures of federal awards includes the federal grant activities of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES (CONCLUDED)

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

This schedule provides the information necessary to reconcile the fund balances of all funds, as reported in the Annual Financial and Budget Report to the audited financial statements.

H. Schedule of Financial Trends and Analysis

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



OTHER INDEPENDENT AUDITOR'S REPORTS SECTION



**STEPHEN ROATCH ACCOUNTANCY CORPORATION**

*Certified Public Accountants*

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees  
Biggs Unified School District  
Biggs, California

We have audited Biggs Unified School District's compliance with the types of compliance requirements described in the *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2011-12* to the state laws and regulations listed below for the year ended June 30, 2012. Compliance with the requirements of state laws and regulations is the responsibility of the District's management. Our responsibility is to express an opinion on Biggs Unified School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2011-12*, prescribed in the California Code of Regulations, Title 5 section 19810 and following. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state laws and regulations listed below occurred. An audit includes examining, on a test basis, evidence about Biggs Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Biggs Unified School District's compliance with those requirements.

<u>Description</u>	Procedures Procedures in Education Audit Appeals Panel's <u>Audit Guide</u>	<u>Procedures Performed</u>
Attendance Accounting:		
Attendance Reporting	6	Yes
Teacher Certification and Misassignments	3	Yes
Kindergarten Continuance	3	Yes
Independent Study	23	No (see below)
Continuation Education	10	No (see below)
Instructional Time:		
School Districts	6	Yes
County Offices of Education	3	Not Applicable
Instructional Materials:		
General Requirements	8	Yes
Ratios of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive	4	Not Applicable
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Public Hearing Requirement - Receipt of Funds	1	Yes

<u>Description</u>	<u>Procedures In Education Audit Appeals Panel's Audit Guide</u>	<u>Procedures Performed</u>
Juvenile Court Schools	8	Not Applicable
Exclusion of Pupils - Pertussis Immunization	2	Yes
Class Size Reduction:		
General Requirements	7	Yes
Option One	3	Yes
Option Two	4	Not Applicable
Districts or Charter Schools With Only One School Serving K-3	4	Not Applicable
After School Education and Safety Program:		
General Requirements	4	Not Applicable
After School	5	Not Applicable
Before School	6	Not Applicable
Contemporaneous Records of Attendance For Charter Schools	3	Not Applicable
Mode of Instruction for Charter Schools	1	Not Applicable
Nonclassroom-Based Instruction/ Independent Study for Charter Schools	15	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction for Charter Schools	3	Not Applicable
Annual Instructional Minutes - Classroom Based For Charter Schools	4	Not Applicable

We did not perform tests for the independent study program or the continuation education program because the ADA claimed by the District does not exceed the threshold that requires testing.

In our opinion, Biggs Unified School District complied, in all material respects, with the state laws and regulations referred to above for the year ended June 30, 2012.

This report is intended solely for the information and use of the District's Board, management, California State Controller's Office, California Department of Finance, California Department of Education, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Stephen Roatch Accountancy Corporation*

STEPHEN ROATCH ACCOUNTANCY CORPORATION  
Certified Public Accountants

December 6, 2012

**STEPHEN ROATCH ACCOUNTANCY CORPORATION**  
*Certified Public Accountants*

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Board of Trustees  
Biggs Unified School District  
Biggs, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Biggs Unified School District, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 6, 2012. The report on the financial statements was qualified because the financial statements do not include financial data for the District's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for the component unit to be reported with the financial data of the District's primary government unless the District also issues financial statements for the financial reporting entity that include the financial data for its component unit. The District has not issued such reporting entity financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of Biggs Unified School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described at **12 - 1 / 30000** in the accompanying Schedule of Findings and Questioned Costs, that we consider to be a significant deficiency. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the District's Board, management, California State Controller's Office, California Department of Finance, California Department of Education, Federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Stephen Roatch Accountancy Corporation*

STEPHEN ROATCH ACCOUNTANCY CORPORATION  
Certified Public Accountants

December 6, 2012

**STEPHEN ROATCH ACCOUNTANCY CORPORATION**  
*Certified Public Accountants*

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees  
Biggs Unified School District  
Biggs, California

Compliance

We have audited Biggs Unified School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Biggs Unified School District's major federal programs for the year ended June 30, 2012. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on Biggs Unified School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Biggs Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Biggs Unified School District's compliance with those requirements.

In our opinion, Biggs Unified School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of Biggs Unified School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Internal Control Over Compliance (Concluded)

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

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

This report is intended solely for the information and use of the District's Board, management, California State Controller's Office, California Department of Finance, California Department of Education, Federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Stephen Roatch Accountancy Corporation*

STEPHEN ROATCH ACCOUNTANCY CORPORATION  
Certified Public Accountants

December 6, 2012

## FINDINGS AND QUESTIONED COSTS SECTION



**BIGGS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued: Qualified

Internal control over financial reporting:

Material weaknesses identified?	_____ Yes	_____ <u>X</u> No	
Significant deficiencies identified not considered to be material weaknesses?	_____ <u>X</u> Yes	_____ No	
Noncompliance material to financial statements noted?	_____ Yes	_____ <u>X</u> No	

**Federal Awards**

Internal control over major programs:

Material weaknesses identified?	_____ Yes	_____ <u>X</u> No	
Reportable conditions identified not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> None reported	

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)

	_____ Yes	_____ <u>X</u> No	
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Identification of major programs:

<u>CFDA Numbers</u>	<u>Federal Program</u>
10.553 / 10.555	Child Nutrition Cluster
84.027 / 84.391	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?

	_____ Yes	_____ <u>X</u> No	
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**State Awards**

Internal control over state programs:

Material weaknesses identified?	_____ Yes	_____ <u>X</u> No	
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> None reported	

Type of auditor's report issued on compliance for state programs: Unqualified

**BIGGS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

**12 - 1 / 30000**

**SIGNIFICANT DEFICIENCY**

**CAFETERIA - CASH RECEIPTS**

Criteria: In order to maintain appropriate internal control over cafeteria cash receipts, duties should be segregated to ensure that individuals, who have access to cash, do not have access to the accounting records that support the amount of cash that should have been collected.

Condition: The Cafeteria Director has access to the cafeteria cash receipts and the accounting records, which support the amounts that should have been collected. As a result, the Cafeteria Director performs incompatible functions that result in a significant deficiency in internal control.

Questioned Costs: None.

Context: The District collects approximately \$20,000 in local cafeteria sales each year.

Effect: Errors or improprieties may occur and not be detected in a timely manner.

Cause: The District has not previously been informed of the internal control weakness caused by the inadequate segregation of duties.

Recommendation: The District should develop procedures to ensure that the Cafeteria Director does not have access to any cafeteria cash receipts, or an alternative procedure that requires an independent reconciliation of meals served to total revenue received.

District Response: Since it is very difficult for a small District to completely segregate the incompatible functions, the Business Manager will now perform an independent reconciliation of meals served to total revenue received.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There are no matters to report for the fiscal year ended June 30, 2012.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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**SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS**

There are no matters to report for the fiscal year ended June 30, 2012.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**STATUS OF PRIOR YEAR RECOMMENDATIONS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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<u>Recommendations</u>	<u>Current Status</u>	<u>Explanation If Not Fully Implemented</u>
<b><u>FINANCIAL STATEMENTS</u></b>		
<b>11 - 1 / 30000</b>		
<b>SIGNIFICANT DEFICIENCY</b>		
<b><u>CAFETERIA</u></b>		
All of the monthly reimbursement claim forms should be independently reviewed for accuracy prior to being submitted to the State.	Implemented	
<b>11 - 2 / 30000</b>		
<b>SIGNIFICANT DEFICIENCY</b>		
<b><u>STUDENT BODY - BIGGS HIGH SCHOOL</u></b>		
Procedures should be implemented to strengthen internal controls over student body cash receipts. Accordingly, cash and checks received should be deposited in a timely manner.	Implemented	

