BIGGS UNIFIED SCHOOL DISTRICT
COUNTY OF BUTTE
BIGGS, CALIFORNIA

AUDIT REPORT

JUNE 30, 2018

BIGGS UNIFIED SCHOOL DISTRICT

JUNE 30, 2018

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FINANCIAL SECTION

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Biggs Unified School District
Biggs, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Biggs Unified School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified and adverse audit opinions.

P.O. Box 2196 / Folsom, CA 95763 / Phone (916) 966-3883 / Fax (916) 966-3815

Basis for Adverse Opinion on Discretely Presented Component Unit

The financial statements referred to above do not include financial data for the District's legally separate component unit. Accounting principles generally accepted in the United States of America require 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, liabilities, net assets, revenues, and expenses of the discretely presented component unit are not reported.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on Discretely Presented Component Unit" paragraph, the financial statements referred to above do not present fairly the financial position of the discretely presented component unit of the District, as of June 30, 2018, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Biggs Unified School District, as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1B to the financial statements, in fiscal year 2017-18, the District adopted new accounting guidance, Governmental Accounting Standard Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America management's discussion and analysis on pages 4 through 13, the budgetary comparison information on pages 57 and 58, schedule of changes in total OPEB liability and related ratios on page 59, schedules of the proportionate share of the net pension liabilities on pages 60 and 61, and schedules of contributions on pages 62 and 63 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.

Other Matters (Concluded)

Required Supplementary Information (Concluded)

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Biggs Unified School District's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

The Schedule of Financial Trends and Analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2018 on our consideration of the 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 solely 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 effectiveness of the Biggs Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Biggs Unified School District's internal control over financial reporting and compliance.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 7, 2018

(PREPARED BY DISTRICT MANAGEMENT)

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, 2018. Please read it in conjunction with the Independent Auditor's Report presented on pages 1 through 3, 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 Position 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 District's overall financial status declined during the 2017-18 fiscal year.

- On the Statement of Activities, total current year expenses exceeded total current year revenues by $208,859.

- Net capital assets increased $94,943 due to the current year addition of $298,121 of new capital assets and improvements, and the current year recognition of $203,178 of depreciation expense.

- Total long-term liabilities increased $1,032,310 due primarily to the current year increase in the District's net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans.

- The District's P-2 average daily attendance (ADA) increased 10 ADA from the prior fiscal year.

- The District's General Fund produced an operating surplus of $28,530 during fiscal year 2017-18.

- The District maintains sufficient reserves for a district its size. It meets the state required minimum reserve for economic uncertainty of 4% of total General Fund expenditures, transfers out, and other uses (total outgo). During fiscal year 2017-18, General Fund expenditures and other financing uses totaled $7,485,572. At June 30, 2018, the District had available reserves of $1,438,386 in the General Fund, which represents a reserve of 19.22%.

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.

    - 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 Position. 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 (net position) can be measured by the difference between the District's assets and liabilities.

- Increases or decreases in the net position 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.

THE FINANCIAL REPORT (CONCLUDED)

Reporting the District as a Whole (Concluded)

In the Statement of Net Position and the Statement of Activities all amounts presented represent governmental activities, since the District does not provide any services that should be categorized as business-type activities.

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

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 Biggs Unified School District are the General Fund, Cafeteria Fund and Capital Facilities 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.

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.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The District's deficit net position increased from a balance of $997,296 at June 30, 2017 to a deficit net position balance of $1,206,155 at June 30, 2018.

Comparative Statement of Net Position

	Governmental Activities	
	2017	2018
Assets		
Deposits and Investments	$ 3,269,524	$ 3,334,629
Receivables	205,569	226,789
Store Inventories	4,801	2,823
Capital Assets, net	3,221,468	3,316,411
Total Assets	6,701,362	6,880,652
Deferred Outflows of Resources		
Pension Deferrals	1,319,417	2,087,078
Liabilities		
Current	591,388	616,615
Long-term *	8,207,558	9,236,667
Total Liabilities *	8,798,946	9,853,282
Deferred Inflows of Resources		
Pension Deferrals	219,129	320,603
Net Position		
Net Investment in Capital Assets	3,221,468	3,316,411
Restricted	432,032	414,292
Unrestricted (Deficit) *	(4,650,796)	(4,936,858)
Total Net Position (Deficit) *	$ (997,296)	$ (1,206,155)

* *Prior year balances have been adjusted to reflect the restatement discussed in Note 15.*

Table includes financial data of the combined governmental funds.

The unrestricted deficit balances, presented above, are due primarily to the fact that the District is required to record a liability in the financial statements to reflect the total OPEB liability and the District's proportionate share of the net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans.

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

The District's financial status declined during the course of the year as total net position decreased $208,859.

Comparative Statement of Changes in Net Position

	Governmental Activities	
	2017	2018
Program Revenues		
Charges for Services	$ 7,357	$ 12,016
Operating Grants & Contributions	1,373,067	1,203,069
General Revenues		
Taxes Levied	2,421,868	2,484,986
Federal & State Aid	3,708,996	3,761,973
Interest & Investment Earnings	25,412	39,934
Miscellaneous	675,177	335,611
Total Revenues	8,211,877	7,837,589
Expenses		
Instruction	4,489,749	4,657,853
Instruction-Related Services	562,387	608,543
Pupil Services	735,750	870,579
General Administration	793,490	867,254
Plant Services	864,237	768,235
Ancillary Services	55,498	46,080
Community Services	51,134	43,769
Other Outgo	201,648	184,135
Total Expenses	7,753,893	8,046,448
Changes in Net Position	$ 457,984	$ (208,859)

Table includes financial data of the combined governmental funds.

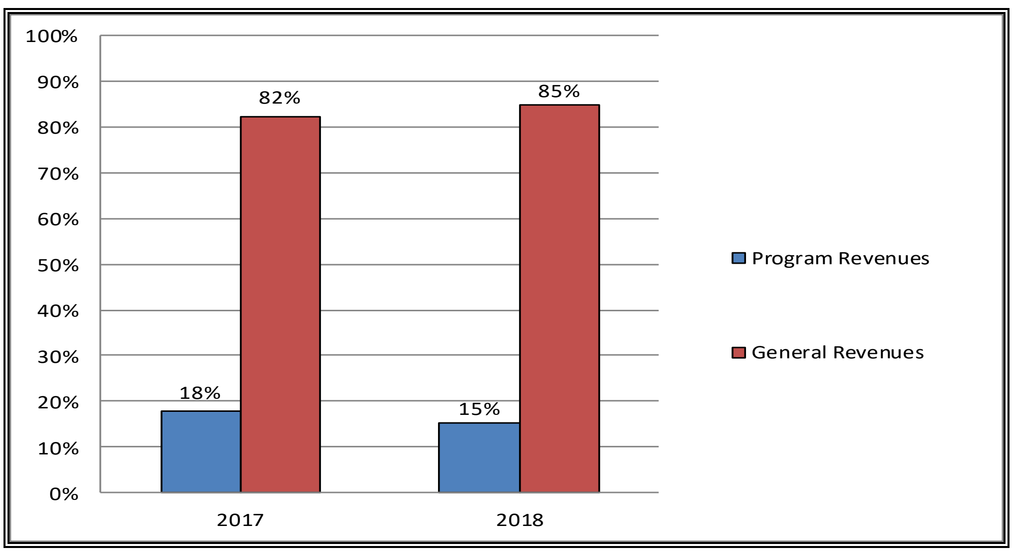
FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

Comparative Schedule of Costs of Services

	Total Cost of Services		Net Cost of Services	
	2017	2018	2017	2018
Instruction	$ 4,489,749	$ 4,657,853	$ 3,498,962	$ 3,927,087
Instruction-Related Services	562,387	608,543	537,870	583,007
Pupil Services	735,750	870,579	488,056	571,818
General Administration	793,490	867,254	739,140	810,405
Plant Services	864,237	768,235	863,125	707,390
Other Expenses	308,280	273,984	246,316	231,656
Totals	$ 7,753,893	$ 8,046,448	$ 6,373,469	$ 6,831,363

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 $6,831,363 net cost represents the financial burden that was placed on the District's general revenues for providing the services listed.



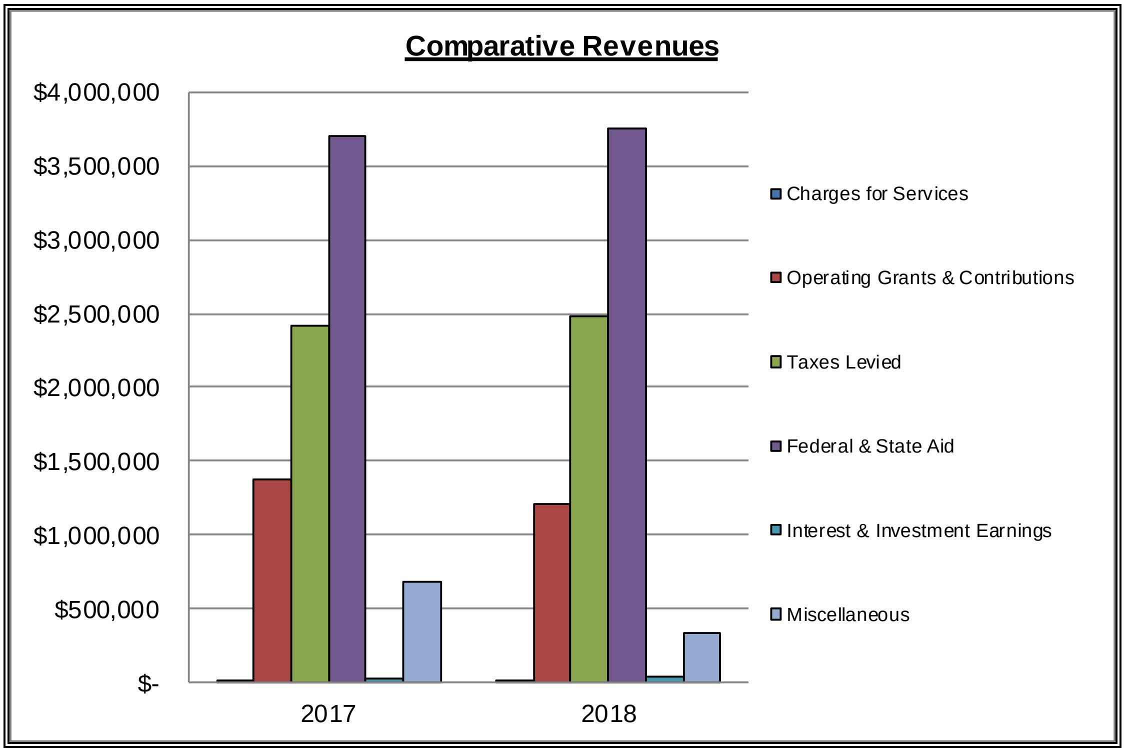
For fiscal year 2017-18, program revenues financed 15% of the total cost of providing the services listed above, while the remaining 85% was financed by the general revenues of the District.

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

Summary of Revenues For Governmental Functions

	FYE 2017 Amount	Percent of Total	FYE 2018 Amount	Percent of Total
Program Revenues				
Charges for Services	$ 7,357	0.09%	$ 12,016	0.15%
Operating Grants & Contributions	1,373,067	16.72%	1,203,069	15.35%
General Revenues				
Taxes Levied	2,421,868	29.49%	2,484,986	31.71%
Federal & State Aid	3,708,996	45.17%	3,761,973	48.00%
Interest & Investment Earnings	25,412	0.31%	39,934	0.51%
Miscellaneous	675,177	8.22%	335,611	4.28%
Total Revenues	$ 8,211,877	100.00%	$ 7,837,589	100.00%

Table includes financial data of the combined governmental funds.



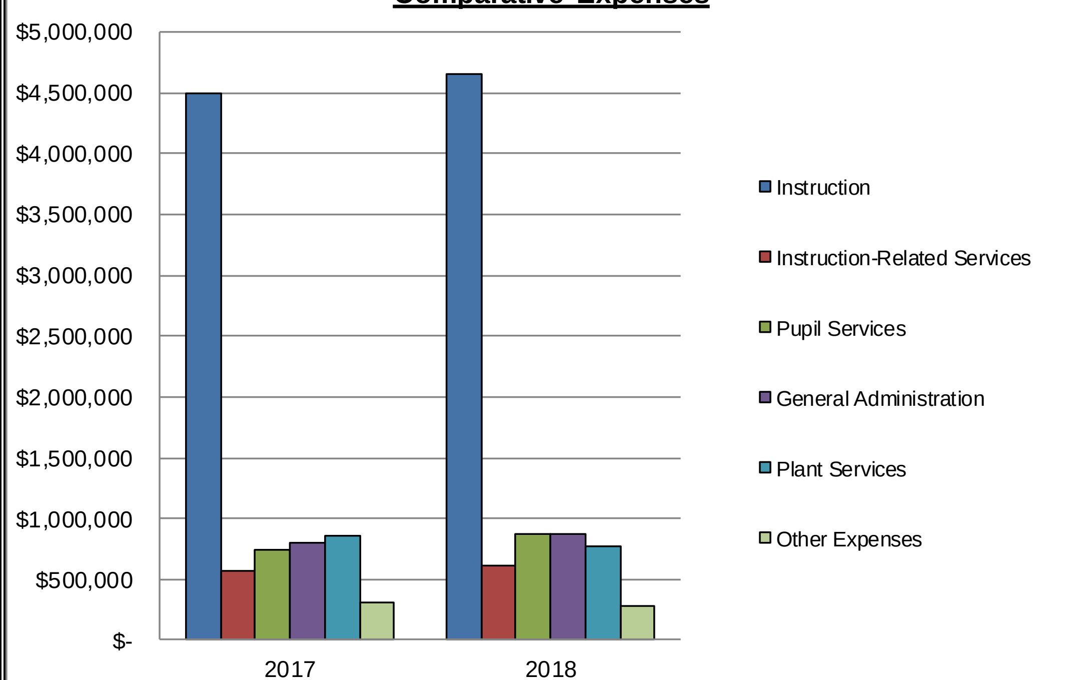
FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

Schedule of Expenses For Governmental Functions

	FYE 2017 Amount	Percent of Total	FYE 2018 Amount	Percent of Total
Expenses				
Instruction	$ 4,489,749	57.90%	$ 4,657,853	57.89%
Instruction-Related Services	562,387	7.25%	608,543	7.56%
Pupil Services	735,750	9.49%	870,579	10.82%
General Administration	793,490	10.23%	867,254	10.78%
Plant Services	864,237	11.15%	768,235	9.55%
Other Expenses	308,280	3.98%	273,984	3.41%
Total Expenses	$ 7,753,893	100.00%	$ 8,046,448	100.00%

Table includes financial data of the combined governmental funds.

Comparative Expenses



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

Comparative Schedule of Capital Assets

	Governmental Activities	
	2017	2018
Land	$ 283,366	$ 283,366
Sites and Improvements	777,553	779,984
Buildings and Improvements	4,720,927	4,720,927
Furniture and Equipment	1,319,609	1,495,848
Construction-in-Progress	589,113	708,564
Subtotals	7,690,568	7,988,689
Less: Accumulated Depreciation	(4,469,100)	(4,672,278)
Capital Assets, net	$ 3,221,468	$ 3,316,411

Net capital assets increased $94,943 due to the current year addition of $298,121 of new capital assets and improvements, and the current year recognition of $203,178 of depreciation expense.

Comparative Schedule of Long-Term Liabilities

	Governmental Activities	
	2017	2018
Compensated Absences	$ 25,930	$ 29,131
Early Retirement Incentives	20,000	20,000
Total OPEB Liability *	2,468,345	2,461,544
Net Pension Liabilities	5,719,213	6,755,123
Totals	$ 8,233,488	$ 9,265,798

** Prior year balances have been adjusted to reflect the restatement discussed in Note 15.*

Total long-term liabilities increased $1,032,310 due primarily to the current year increase in the District's net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans.

FINANCIAL ANALYSIS OF DISTRICT'S FUNDS

The fund balance of the General Fund increased $28,530 and the combined fund balances of all other District governmental funds increased $33,791.

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.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

The LCFF creates funding targets based on student characteristics and provides greater flexibility to use these funds to improve student outcomes. For school districts, the LCFF funding targets consist of grade span-specific base grants plus supplemental and concentration grants that are calculated based on student demographic factors. District funding under the LCFF is generally provided by a mix of State aid and local property taxes.

Accordingly, the District's budget should continue to be managed with a great degree of conservatism over the next few 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 POSITION
JUNE 30, 2018

	Governmental Activities
Assets	
Deposits and Investments (Note 2)	$ 3,334,629
Receivables (Note 3)	226,789
Stores Inventory (Note 1I)	2,823
Capital Assets, Not Depreciated (Note 5)	991,930
Capital Assets, Net of Accumulated Depreciation	2,324,481
Total Assets	6,880,652
Deferred Outflows of Resources	
Pension Deferrals (Note 8)	2,087,078
Liabilities	
Accounts Payable and Other Current Liabilities	450,085
Unearned Revenue (Note 1I)	137,399
Long-Term Liabilities:	
Portion Due or Payable Within One Year:	
Compensated Absences (Note 1I)	29,131
Portion Due or Payable After One Year:	
Early Retirement Incentives (Note 6)	20,000
Total OPEB Liability (Note 7)	2,461,544
Net Pension Liabilities (Note 8)	6,755,123
Total Liabilities	9,853,282
Deferred Inflows of Resources	
OPEB Deferrals (Note 7)	69,813
Pension Deferrals (Note 8)	250,790
Total Deferred Inflows of Resources	320,603
Net Position	
Net Investment in Capital Assets	3,316,411
Restricted:	
For Capital Projects	361,241
For Educational Programs	27,458
For Other Purposes	25,593
Unrestricted (Deficit)	(4,936,858)
Total Net Position (Deficit)	$ (1,206,155)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

BIGGS UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Functions	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**
Governmental Activities					
Instruction	$ 4,657,853		$ 730,766		$ (3,927,087)
Instruction-Related Services:					
Supervision of Instruction	88,318		8,175		(80,143)
Instructional Library and Technology	38,788				(38,788)
School Site Administration	481,437		17,361		(464,076)
Pupil Services:					
Home-to-School Transportation	262,906				(262,906)
Food Services	369,005	$ 11,574	262,475		(94,956)
Other Pupil Services	238,668		24,712		(213,956)
General Administration:					
Data Processing Services	98,863				(98,863)
Other General Administration	768,391	442	56,407		(711,542)
Plant Services	768,235		60,845		(707,390)
Ancillary Services	46,080		1,052		(45,028)
Community Services	43,769				(43,769)
Other Outgo	184,135		41,276		(142,859)
Total Governmental Activities	$ 8,046,448	$ 12,016	$ 1,203,069	$ 0	(6,831,363)
General Revenues					
Taxes Levied for General Purposes					2,484,986
Federal and State Aid - Unrestricted					3,761,973
Interest and Investment Earnings					39,934
Miscellaneous					335,611
Total General Revenues					6,622,504
Change in Net Position					(208,859)
Net Position (Deficit) - July 1, 2017 (As Restated - Note 15)					(997,296)
Net Position - June 30, 2018					$ (1,206,155)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

BIGGS UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General	Cafeteria	Capital Facilities	Total Governmental Funds
Assets				
Deposits and Investments (Note 2)	$ 2,936,087	$ 38,686	$ 359,856	$ 3,334,629
Receivables (Note 3)	224,358	1,046	1,385	226,789
Due from Other Funds (Note 4)	13,359			13,359
Stores Inventory (Note 1I)		2,823		2,823
Total Assets	$ 3,173,804	$ 42,555	$ 361,241	$ 3,577,600
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	$ 444,482	$ 5,603		$ 450,085
Due to Other Funds (Note 4)		13,359		13,359
Unearned Revenue (Note 1I)	137,399			137,399
Total Liabilities	581,881	18,962		600,843
Fund Balances: (Note 10)				
Nonspendable	2,000	3,935		5,935
Restricted	27,458	19,658	$ 361,241	408,357
Assigned	1,124,079			1,124,079
Unassigned	1,438,386			1,438,386
Total Fund Balances	2,591,923	23,593	361,241	2,976,757
Total Liabilities and Fund Balances	$ 3,173,804	$ 42,555	$ 361,241	$ 3,577,600

BIGGS UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2018

Total Fund Balances - Governmental Funds		$ 2,976,757
Amounts reported for governmental activities in the statement of net position are different from amounts reported in governmental funds due to the following:		
Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation. Capital assets and accumulated depreciation are:		
Capital Assets	$ 7,988,689	
Accumulated Depreciation	(4,672,278)	
Net		3,316,411
Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported. The net of deferred outflows and inflows was:		1,836,288
Deferred outflows and inflows of resources related to other post employment benefits (OPEB): In governmental funds, deferred outflows and inflows of resources related to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources related to OPEB are reported. The net of deferred outflows and inflows was:		(69,813)
Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities reported at the end of the period are:		
Compensated Absences	29,131	
Early Retirement Incentives	20,000	
Total OPEB Liability	2,461,544	
Net Pension Liabilities	6,755,123	
Total		(9,265,798)
Total Net Position - Governmental Activities		$ (1,206,155)

BIGGS UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General	Cafeteria	Capital Facilities	Total Governmental Funds
Revenues				
LCFF Sources:				
State Apportionment / Transfers	$ 3,438,082			$ 3,438,082
Local Taxes	2,466,320			2,466,320
Total LCFF Sources	5,904,402			5,904,402
Federal Revenue	356,082	$ 236,053		592,135
State Revenue	907,551	41,671		949,222
Local Revenue	346,067	11,742	$ 34,021	391,830
Total Revenues	7,514,102	289,466	34,021	7,837,589
Expenditures				
Current:				
Instruction	4,304,665			4,304,665
Supervision of Instruction	84,377			84,377
Instructional Library and Technology	37,774			37,774
School Site Administration	451,823			451,823
Home-To-School Transportation	255,552			255,552
Food Services		359,133		359,133
Other Pupil Services	221,321			221,321
Data Processing Services	96,279			96,279
Other General Administration	717,064	13,359		730,423
Plant Services	742,336		4,689	747,025
Facilities Acquisition and Construction	198,973	7,500		206,473
Ancillary Services	52,519			52,519
Community Services	43,769			43,769
Other Outgo	184,135			184,135
Total Expenditures	7,390,587	379,992	4,689	7,775,268
Excess of Revenues Over (Under) Expenditures	123,515	(90,526)	29,332	62,321
Other Financing Sources (Uses)				
Operating Transfers In		94,985		94,985
Operating Transfers Out	(94,985)			(94,985)
Total Other Financing Sources (Uses)	(94,985)	94,985	0	0
Net Change in Fund Balances	28,530	4,459	29,332	62,321
Fund Balances - July 1, 2017	2,563,393	19,134	331,909	2,914,436
Fund Balances - June 30, 2018	$ 2,591,923	$ 23,593	$ 361,241	$ 2,976,757

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

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, 2018

Net Change in Fund Balances - Governmental Funds		$ 62,321
Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds due to the following:		
Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:		
Capital Outlays	$ 298,121	
Depreciation Expense	(203,178)	
Net		94,943
Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statements of activities, compensated absences are measured by the amounts earned during the fiscal year. The difference between amounts paid and amounts earned was:		(3,201)
Other post employment benefits (OPEB): In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was:		(63,012)
Pensions: In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pensions costs are recognized on the accrual basis. This year, the difference between accrual basis pension costs and actual employer contributions was:		(299,910)
Change in Net Position of Governmental Activities		$ (208,859)

BIGGS UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	Private-Purpose Trust					
	Scholarship Funds		Agency Funds		Total Fiduciary Funds	
Assets						
Deposits and Investments (Note 2)	$	666,683	$	75,932	$	742,615
Receivables - Interest		573				573
Total Assets		667,256		75,932		743,188
Liabilities						
Due to Student Groups				75,932		75,932
Net Position						
Restricted		667,256		0		667,256
Total Net Position	$	667,256	$	0	$	667,256

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

BIGGS UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Private-Purpose Trust
	Scholarship Funds
Additions	
Change in Fair Market Value of Investments	$ 15,936
Interest	3,462
Total Additions	19,398
Deductions	
Contract Services	4,715
Change in Net Position	14,683
Net Position	
Net Position - July 1, 2017	652,573
Net Position - June 30, 2018	$ 667,256

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

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 financial reporting entity consists of the following:

- The primary government
- Organizations for which the primary government is financially accountable
- Other organizations for which the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, the organization should be included as a component unit.

The nucleus of a financial reporting entity is usually a primary government. Governmental Accounting Standards Board (GASB) Statement No. 61 (GASB 61), *The Financial Reporting Entity: Omnibus*, 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 is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens 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.

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. An organization has a financial benefit or burden relationship with the primary government if, for example, any one of these conditions exists:

- 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 61 also requires certain organizations to be included as component units if the nature and significance of their relationship with the primary government are such that excluding them would cause the financial reporting entity's financial statements to be misleading.

Based on the GASB 61 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), a non-profit, public benefit corporation, 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 the financial position of the discretely presented component unit of the District, as of June 30, 2018, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Implementation of New Accounting Pronouncements

In June 2015, the Governmental Accounting Standard Board (GASB) issued GASB Statement No. 75 (GASB 75), Accounting and *Financial Reporting for Postemployment Benefits Other Than Pensions*, with required implementation for the District during the fiscal year ended June 30, 2018. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces the requirements of GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* as amended. The effect on beginning net position that resulted from the implementation of GASB 75 is presented in Note 15.

C. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District and its component units, when applicable. The effect of interfund activity within the governmental activities column has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (Concluded)

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.

D. 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.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting (Concluded)

Revenues - Exchange and Non-exchange Transactions (Concluded):

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.

Unearned Revenue:

Unearned 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 unearned 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 unearned.

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. 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.

E. 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.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Fund Accounting (Concluded)

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 funds and fiduciary funds as follows:

Major Governmental Funds:

General Fund is the general operating fund of the District.

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).

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. For financial reporting purposes, the financial activities and balances of the Nannie Grace Caldwell and Hilda H. Seely Trust Under Will investment accounts, which are both managed and held by Wells Fargo Bank N. A., for the benefit of the Biggs Unified School District, have been included in the District's Private Purpose Trust Fund. The accounts have been included due to the fact that certain members of the District's Board of Trustees are also members on the "Caldwell-Pitts, McKasson, Doty & Thomas Scholarship Fund Board" that have the ability to access the net income and principal of the account, as long as the funds are distributed to eligible recipients in the form of Caldwell-Pitts, McKasson, Doty & Thomas Scholarships.

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.

F. 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.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Budgets and Budgetary Accounting (Concluded)

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 Cafeteria Fund as required supplementary information on pages 57 and 58.

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.

G. 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.

H. 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 all other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated at June 30.

I. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund 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.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)

2. Stores Inventory

Inventory is recorded using the purchase method in that the cost (handling charge for state surplus food) is recorded as an expenditure at the time individual inventory items are purchased. Inventory is valued at average cost and consists of expendable supplies held for consumption. Reported inventory is equally offset by a reserve, which indicates that these amounts are not available for appropriation.

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:

Asset Class	Years
Sites and Improvements	10-20
Buildings and Improvements	20-50
Furniture and Equipment	5-20

4. Deferred Outflows/Inflows of Resources

In addition to assets, the District will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

5. Unearned Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent that cash received on specific projects and programs exceeds qualified expenditures.

6. Compensated Absences

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)

6. Compensated Absences (Concluded)

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.

7. Other Post Employment Benefits (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined on the same basis as they are reported by the District. For this purpose, the District recognizes benefit payments when due and payable in accordance with the benefit terms.

8. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS), and additions to/deductions from the CalSTRS' and CalPERS' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

9. 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 Position. In fund financial statements, the face amount of the obligation is reported as other financing sources in the year issued.

10. Fund Balances

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 allowable classifications used in the governmental fund financial statements are as follows:

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)

10. Fund Balances (Concluded)

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 8% 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.

11. Local Control Funding Formula (LCFF)/Property Tax

As part of the 2013-14 State Budget Act, the formula for determining the level of funding per student changed from the "revenue limit" formula to the "Local Control Funding Formula" (LCFF). The LCFF creates funding targets based on student characteristics and provides greater flexibility to use these funds to improve student outcomes. For school districts, the LCFF funding targets consist of grade span-specific base grants plus supplemental and concentration grants that are calculated based on student demographic factors. District funding under the LCFF is generally provided by a mix of State aid and local property taxes.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

I. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Concluded)

11. Local Control Funding Formula (LCFF)/Property Tax (Concluded)

The County of Butte is responsible for assessing, collecting and apportioning property taxes to the District. 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. 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 LCFF sources by the District. The California Department of Education reduces the District's LCFF entitlement by the District's local property tax revenue. Any balance remaining is paid from the State General Fund, and is known as LCFF State Aid.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2018, consist of the following:

	Governmental Activities	Fiduciary Activities
Cash on Hand and in Banks		$ 168,686
Cash in Revolving Fund	$ 3,112	
Investments		423,780
County Pool Investments	3,331,517	150,149
Totals	$ 3,334,629	$ 742,615

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 Funds

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

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

Investments consists of a variety of assets held in the Nannie Grace Caldwell and Hilda H. Seely, Trust Under Will investment accounts, which are managed and held by Wells Fargo Bank N. A. Since the financial institution trustee is responsible for making all investment decisions for both accounts, these financial statements do not include any information regarding the individual investments held within each account.

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). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorization

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

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term 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

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk

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

Weighted Average Maturity

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

Governmental Activities:

Investment Type	Carrying Value	Fair Value	Weighted Average Days to Maturity
County Pool Investments	$ 3,331,517	$ 3,294,204	708

Fiduciary Activities:

Investment Type	Carrying Value	Fair Value	Weighted Average Days to Maturity
County Pool Investments	$ 150,149	$ 148,467	708

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. Investments in the County Treasury are not required to be rated.

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 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, 2018, the District's bank balance was not exposed to custodial credit risk.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONCLUDED)

Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specific term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Butte County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

The District's fair value measurements are as follows at June 30, 2018:

Governmental Activities:

Investment Type	Fair Value	Uncategorized
County Pool Investments	$ 3,294,204	$ 3,294,204

Fiduciary Activities:

Investment Type	Fair Value	Uncategorized
County Pool Investments	$ 148,467	$ 148,467

All assets have been valued using a market approach, with quoted market prices.

NOTE 3 - RECEIVABLES

Accounts receivables at June 30, 2018 consist of the following:

	General Fund	Cafeteria Fund	Capital Facilities Fund	Totals
Federal Government	$ 26,290	$ 971		$ 27,261
State Government	31,657	75		31,732
Local Government	72,150			72,150
Interest	11,868		$ 1,385	13,253
Miscellaneous	82,393			82,393
Totals	$ 224,358	$ 1,046	$ 1,385	$ 226,789

NOTE 4 - 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

Balances at June 30, 2018 are as follows:

Cafeteria Fund due to General Fund for indirect costs	$ 13,359

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 2017-18 were as follows:

Funds	Transfers In	Transfers Out
General		$ 94,985
Cafeteria	$ 94,985	
Totals	$ 94,985	$ 94,985

Transfer of $94,985 from the General Fund to the Cafeteria Fund to supplement the child nutrition program.

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2018, is presented below:

	Balances July 1, 2017	Additions	Deletions	Balances June 30, 2018
Capital Assets Not Being Depreciated:				
Land	$ 283,366			$ 283,366
Construction-in-Progress	589,113	$ 119,451		708,564
Total Capital Assets Not Being Depreciated	872,479	119,451	$ 0	991,930
Capital Assets Being Depreciated:				
Sites and Improvements	777,553	2,431		779,984
Buildings and Improvements	4,720,927			4,720,927
Furniture and Equipment	1,319,609	176,239		1,495,848
Total Capital Assets Being Depreciated	6,818,089	178,670	0	6,996,759
Less Accumulated Depreciation:				
Sites and Improvements	292,842	38,064		330,906
Buildings and Improvements	3,243,151	85,287		3,328,438
Furniture and Equipment	933,107	79,827		1,012,934
Total Accumulated Depreciation	4,469,100	203,178	0	4,672,278
Total Capital Assets Being Depreciated, Net	2,348,989	(24,508)	0	2,324,481
Governmental Activities Capital Assets, Net	$ 3,221,468	$ 94,943	$ 0	$ 3,316,411

Depreciation expense was charged to governmental activities as follows:

Instruction	$ 121,760
Instruction-Related Services	15,908
Pupil Services	22,758
General Administration	22,670
Plant Services	20,082
Total	$ 203,178

NOTE 6 - EARLY RETIREMENT INCENTIVES

In addition to the other post employment benefits described in Note 7, 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 7. As of June 30, 2018, there was one individual receiving benefits under these additional agreements. Future estimated payments required to provide these benefits are as follows:

NOTE 6 - EARLY RETIREMENT INCENTIVES (CONCLUDED)

Year Ended June 30	Early Retirement Incentives
2019-2022	$ 0
2023	4,000
2024-2028	16,000
Total	$ 20,000

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

The District's defined benefit plan, Biggs Unified School District's Other Post Employment Benefits Plan (Plan), is a single-employer defined benefit health care plan administered by the District.

Plan Description/Benefits Provided

Certificated employees hired prior to January 1, 2013 retire with District Paid medical, dental and vision benefits after 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 years, to a maximum of 10 years of District-paid benefits or until Medicare eligible, whichever comes first. The annual District contribution during retirement is limited to the annual health benefit cap at time of retirement plus 10%. Certificated employees hired on or after January 1, 2013 become eligible for retiree health benefits after age 55 and 20 years of District service, and benefits are paid for the lesser of 7 years or until age 65. The annual District contribution for employees hired on or after January 1, 2013 is limited to 100% of the annual health cap at time of retirement.

Classified, Confidential, and Classified Management employees may retire with District-paid medical benefits after age 50 and 10 years of continuous service (55 and 15 years for Classified employee hired on or after January 1, 2014). 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. District contributions are capped at $15,000 per year for employees who retire on or before June 30, 2015, and $12,000 per year for employees who retire after June 30, 2015.

Classified employees hired on or after January 1, 2014 and Confidential employees hired on or after January 2013 are subject to a cap of $8,400 regardless of date of retirement.

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.

Plan benefits and contribution requirements for both the employee and the District are established by labor agreements. All contracts with District employees may be renegotiated at various times in the future, and thus, benefits and costs are subject to change.

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Employees covered by benefit terms

The number of employees covered by the benefit terms of the Plan as of July 1, 2017 are as follows:

Inactive employees currently receiving benefit payments	17
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	59
Total number of participants	76

Total OPEB Liability

The District's total OPEB liability of $2,461,544 was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2017. Standard actuarial update procedures were used to roll forward to the measurement date from the actuarial valuation.

Actuarial Assumptions

The total OPEB liability was determined using a financial reporting actuarial valuation as of July 1, 2017, which used the following actuarial methods and assumptions:

Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Inflation	3.00%
Salary Increases	3.00%
Discount Rate	3.13%
Health care cost trend rates	5.2% per year for 2017 and 5% for 2018 and later years

The discount rate is based on the Municipal Bond 20-year High Grade Rate Index.

Pre-retirement mortality rates were based on the *RP-2014 Employee Mortality Table for Males or Females,* as appropriate, without projection.

Post-retirement mortality rates were based on the *RP-2014 Health Annuitant Mortality Table for Males or Females,* as appropriate, without projection.

Retirement and termination assumptions used were based on a review of plan experience and best estimate of future plan experience.

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2017	$ 2,468,345
Changes for the year:	
Service cost	148,082
Interest on total OPEB liability	74,964
Changes in assumptions or other inputs	(82,061)
Benefit payments (includes implicit subsidy)	(147,786)
Net change	(6,801)
Balance at June 30, 2018	$ 2,461,544

There were no changes in benefit terms since the July 1, 2017 valuation.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate

The following table presents the District's total OPEB liability as of the measurement date, calculated using the current discount rate of 3.62%, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.62%) or one percentage point higher (4.62%) than the current rate:

	Discount Rate 1% Decrease 2.62%	Discount Rate Current Rate 3.62%	Discount Rate 1% Increase 4.62%
District's total OPEB liability	$ 2,632,681	$ 2,461,544	$ 2,304,418

Sensitivity of the District's Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following table presents the District's total OPEB liability as of the measurement date, calculated using the current health care cost trend rate of 5.20%, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (4.20%) or one percentage point higher (6.20%) than the current rate:

	Health Care Cost Trend Rate 1% Decrease 4.20% decreasing to 4.0%	Health Care Cost Trend Rate Current Rate 5.20% decreasing to 5.0%	Health Care Cost Trend Rate 1% Increase 6.20% decreasing to 6.0%
District's total OPEB liability	$ 2,288,463	$ 2,461,544	$ 2,658,965

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONCLUDED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of $63,012. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions or other inputs		$ 69,813
Totals	$ 0	$ 69,813

Other amounts reported as deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Year Ended June 30	
2019	$ (12,248)
2020	(12,248)
2021	(12,248)
2022	(12,248)
2023	(12,248)
Thereafter	(8,573)

NOTE 8 - RETIREMENT PLANS

Qualified employees are covered under retirement plans maintained by agencies of the State of California. Certificated employees are eligible to participate under the multiple-employer, cost-sharing defined benefit plan administered by the California State Teachers' Retirement System (CalSTRS) and classified employees are eligible to participate under the multiple-employer, cost-sharing defined benefit plan administered by the California Public Employees' Retirement System (CalPERS).

The District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources and pension expenses in the accompanying government-wide financial statements, as follows:

NOTE 8 - RETIREMENT PLANS (CONTINUED)

Pension Plan	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 4,401,308	$ 1,334,033	$ 191,921	$ 685,233
CalPERS	2,353,815	753,045	58,869	428,329
Totals	$ 6,755,123	$ 2,087,078	$ 250,790	$ 1,113,562

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The California State Teachers Retirement System (CalSTRS) provides pension benefits, including disability and survivor benefits, to California full-time and part-time public school teachers and certain other employees of the public school system. The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established the plan and CalSTRS as the administrator. The terms of the plan may be amended through legislation. CalSTRS issues publicly available reports that include a full description of the pension plan that can be found on the CalSTRS website.

Benefits Provided

The State Teachers' Retirement Plan (STRP) is a multiple-employer, cost-sharing defined benefit plan. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs and to defray reasonable expenses for administering the STRP. Although CalSTRS is the administrator of the STRP, the State of California is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

The STRP Defined Benefit Program has two benefit formulas:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform services that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform services that could be creditable to CalSTRS.

The Defined Benefit Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to their survivors or beneficiaries upon the death of eligible members. There are several differences between the two benefit formulas and some of the differences are noted below.

CalSTRS 2% at 60

CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0% of final compensation multiplied by the number of years of credited service.

NOTE 8 - RETIREMENT PLANS (CONTINUED)

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

Benefits Provided - CalSTRS 2% at 60 (Concluded)

Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to a maximum of 2.4% at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2% to the age factor, up to the 2.4% maximum.

CalSTRS calculates retirement benefits based on one-year final compensation for members with 25 or more years of credited service, or for classroom teachers with fewer than 25 years of credited service if the employer entered into, extended, renewed, or amended an agreement prior to January 1, 2014, to elect to pay the additional benefit cost for all of its classroom teachers. One year final compensation means a member's highest average annual compensation earnable for 12 consecutive months based on the creditable compensation that a member could earn in a school year while employed on a full-time basis. For most members with fewer than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months based on the creditable compensation that a member could earn in a school year while employed on a full-time basis.

CalSTRS 2% at 62

CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0% of final compensation multiplied by the number of years of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4% at age 65 or older.

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for 36 consecutive months based on the creditable compensation that a member could earn in a school year while employed on a full-time basis.

Contributions

Required member, employer and state contribution rates are set by the California Legislature and Governor and are detailed in the Teachers' Retirement Law. A summary of statutory contribution rates and other sources of contributions to the Defined Benefit Program are as follows:

Members: Pursuant to Chapter 47, Statutes of 2014 (AB 1469), CalSTRS member contribution rates were as follows: Under CalSTRS 2% at 60, the member contribution rate was 10.25% of applicable member earnings for fiscal year 2017-18. Under CalSTRS 2% at 62, the member contribution rate was 9.205% of applicable member earnings for fiscal year 2017-18.

NOTE 8 - RETIREMENT PLANS (CONTINUED)

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

Contributions (Concluded)

Employers: Pursuant to Chapter 47, Statutes of 2014 (AB 1469), the employer contribution rate was 14.43% of applicable member earnings for fiscal year 2017-18. The District contributed $404,983 to the plan for the fiscal year ended June 30, 2018.

State: The contribution was 2.017% of the members' creditable earnings from the fiscal year ending in the prior calendar year. Also, as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specified in Education Code Section 22955.1(b). The additional state contribution for the fiscal year ended June 30, 2018 was 4.811%. Including a 2.50% contribution for SBMA funding, the total state appropriation to the defined benefit program was 9.328% for the fiscal year ended June 30, 2018.

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability associated with the District was as follows:

District's proportionate share of the net pension liability	$ 4,401,308
State's proportionate share of the net pension liability associated with the District	2,603,777
Total net pension liability attributed to District	$ 7,005,085

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers and the State. The District's proportionate share of the net pension liability as of June 30, 2017 and June 30, 2016 was as follows:

Proportion - June 30, 2017	0.0048%
Proportion - June 30, 2016	0.0047%
Change - Increase (Decrease)	0.0001%

For the fiscal year ended June 30, 2018, the District recognized pension expense of $685,233, which includes $211,750 of support provided by the State. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 8 - RETIREMENT PLANS (CONTINUED)

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

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Concluded)

	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to the measurement date	$ 404,983	
Differences between expected and actual experience	16,278	$ 76,443
Changes of assumptions	815,376	
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	97,396	3,335
Net differences between projected and actual earnings on plan investments		112,143
Totals	$ 1,334,033	$ 191,921

The deferred outflows of resources related to District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2019	$ 52,444
2020	216,201
2021	153,256
2022	39,160
2023	133,615
2024	142,453

Differences between expected and actual experience, changes of assumptions, and changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of June 30, 2017. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

NOTE 8 - RETIREMENT PLANS (CONTINUED)

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

Actuarial Methods and Assumptions

The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. In determining the total pension liability, the financial reporting actuarial valuation used the following methods and assumptions [1,2]:

Valuation Date	June 30, 2016
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return [3]	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB (Annually) Maintain 85% purchasing power level for DB

[1] For the purpose of determining the total pension liability, the assumptions used in the June 30, 2016, financial reporting actuarial valuation, were applied to all periods prior to July 1, 2017. The assumptions applied to those periods on and after July 1, 2017 are reflected in the table above.

[2] The assumptions for investment rate of return, inflation, and wage growth used in the June 30, 2016, financial reporting actuarial valuation were 7.60%, 3.00% and 3.75%, respectively.

[3] Net of investment expenses, but gross of administrative expenses.

CalSTRS uses a generational mortality assumption, which involves the use of a base morality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases of life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries. The CalSTRS July 1, 2010 - June 30, 2015 Experience Analysis, adopted by the board in February 2017, is available on the CalSTRS website for more information regarding the mortality assumptions.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance - PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2017, are summarized in the following table:

NOTE 8 - RETIREMENT PLANS (CONTINUED)

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

Actuarial Methods and Assumptions (Concluded)

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return*
Global Equity	47%	6.30%
Fixed Income	12%	0.30%
Real Estate	13%	5.20%
Private Equity	13%	9.30%
Absolute Return / Risk Mitigating Strategies	9%	2.90%
Inflation Sensitive	4%	3.80%
Cash / Liquidity	2%	-1.00%
Total	100%	

* 20-year average

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates as previously described. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10%) and assuming that contributions and benefit payments occur midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following table presents the District's proportionate share of the net pension liability as of the measurement date, calculated using the current discount rate of 7.10%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.10%) or one percentage point higher (8.10%) than the current rate:

	Discount Rate 1% Decrease 6.10%	Discount Rate Current Rate 7.10%	Discount Rate 1% Increase 8.10%
District's proportionate share of the net pension liability	$ 6,462,517	$ 4,401,308	$ 2,728,497

NOTE 8 - RETIREMENT PLANS (CONTINUED)

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

Pension Plan's Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

B. California Public Employees' Retirement System (CalPERS)

Plan Description, Benefits Provided, and Employees Covered

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 the CalPERS. All employees who work at least half time or are appointed to a job that will last at least six months and one day are eligible for CalPERS. Benefits vest after five years. Employees are eligible to retire at or after age 50 having attained five years of credited service and are entitled to an annual retirement benefit, payable monthly for life. Employees hired after January 1, 2013 with five years of credit service must be at least age 52 to retire.

The Plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Active plan members who entered into the plan prior to January 1, 2013 are required to contribute 7.0% of their salary, and new members entering into the plan on or after January 1, 2013 are required to contribute the higher of 50% of the total normal cost rate for their defined benefit plan or 6.0% of their salary. The District's contractually required contribution rate for the fiscal year ended June 30, 2018 was 15.531% of annual payroll. The District's contribution to CalPERS for the fiscal year ended June 30, 2018 was $196,919.

NOTE 8 - RETIREMENT PLANS (CONTINUED)

B. California Public Employees' Retirement System (CalPERS) (Continued)

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

As of June 30, 2018, the District reported a liability of $2,353,815 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability as of June 30, 2017 and June 30, 2016 was as follows:

Proportion - June 30, 2017	0.0099%
Proportion - June 30, 2016	0.0096%
Change - Increase (Decrease)	0.0003%

For the fiscal year ended June 30, 2018, the District recognized pension expense of $428,329. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to the measurement date	$ 196,919	
Differences between expected and actual experience	86,695	
Changes of assumptions	343,812	$ 30,307
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	47,215	28,562
Net differences between projected and actual earnings on plan investments	78,404	
Totals	$ 753,045	$ 58,869

The deferred outflows of resources related to District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

NOTE 8 - RETIREMENT PLANS (CONTINUED)

B. California Public Employees' Retirement System (CalPERS) (Continued)

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Concluded)

Year Ended June 30	
2019	$ 144,156
2020	226,618
2021	171,072
2022	(44,589)

Differences between expected and actual experience, changes in assumptions, and changes in employer's proportion and differences in employer's contributions and employer's proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of June 30, 2017. Differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuations were determined using the following actuarial methods and assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Wage Growth	Varies
Investment Rate of Return	7.15%
Post Retirement Benefit Increase (1)	

(1) Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

Mortality rate table used was developed based on CalPERS specific data. The table includes 20 years of projected on-going mortality improvements using Scale BB published by the Society of Actuaries.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

NOTE 8 - RETIREMENT PLANS (CONTINUED)

B. California Public Employees' Retirement System (CalPERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. Projections of expected benefit payments and contributions at the statutorily required member and employer rates were performed to determine if the assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11 + years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects long-term expected real rates of return by asset class. The rates of return were calculated using the capital market assumptions applied to determine the discount rate. These geometric rates of return are net of administrative and investment expenses.

Asset Class	Assumed Asset Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.0%	4.90%	5.38%
Fixed Income	19.0%	0.80%	2.27%
Inflation Assets	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
Total	100%		

(a) An expected inflation of 2.5% used for this period

(b) An expected inflation of 3.0% used for this period

NOTE 8 - RETIREMENT PLANS (CONCLUDED)

B. California Public Employees' Retirement System (CalPERS) (Concluded)

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.15%) or 1 percentage point higher (8.15%) than the current rate:

	Discount Rate 1% Decrease 6.15%	Discount Rate Current Rate 7.15%	Discount Rate 1% Increase 8.15%
District's proportionate share of the net pension liability	$ 3,463,217	$ 2,353,815	$ 1,433,474

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

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. Both the District and participating employees were required to contribute 6.2% of an employee's gross earnings, up to the annual limit.

NOTE 9 - LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2018, is shown below:

	Balances July 1, 2017	Additions	Deductions	Balances June 30, 2018	Due within One Year
Compensated Absences	$ 25,930	$ 29,131	$ 25,930	$ 29,131	$ 29,131
Early Retirement Incentives	20,000			20,000	
Total OPEB Liability *	2,468,345	140,985	147,786	2,461,544	
Net Pension Liabilities	5,719,213	1,035,910		6,755,123	
Totals *	$ 8,233,488	$ 1,206,026	$ 173,716	$ 9,265,798	$ 29,131

* *Prior year balances have been adjusted to reflect the restatement discussed in Note 15.*

All of the long-term liabilities presented above are primarily obligations of the General Fund.

NOTE 10 - FUND BALANCES

The fund balances as of June 30, 2018 are as follows:

	General Fund	Cafeteria Fund	Capital Facilities Fund	Totals
Nonspendable:				
Revolving Cash	$ 2,000	$ 1,112		$ 3,112
Stores Inventory		2,823		2,823
Total Nonspendable	2,000	3,935		5,935
Restricted:				
Categorical Programs	27,458			27,458
Food Service		19,658		19,658
Capital Projects			$ 361,241	361,241
Total Restricted	27,458	19,658	361,241	408,357
Assigned:				
Bleacher Insurance	170,000			170,000
Textbooks Adoption	100,000			100,000
PERS & STRS Increases	172,568			172,568
OPEB	500,911			500,911
Other Assignments	180,600			180,600
Total Assigned	1,124,079			1,124,079
Unassigned:				
Reserve for Economic Uncertainties	601,587			601,587
Remaining Unassigned Balance	836,799			836,799
Total Unassigned	1,438,386			1,438,386
Totals	$ 2,591,923	$ 23,593	$ 361,241	$ 2,976,757

NOTE 11 - 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 $211,750 to CalSTRS. These contributions are recorded in the General Fund as revenue and expenditures. The District is not legally responsible for these contributions.

NOTE 12 - 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 2017-18, 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 13 - 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 14 - 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.

NOTE 15 - RESTATEMENT OF NET POSITION

During fiscal year 2017-18, the District implemented Governmental Accounting Standards Board Statement No. 75 (GASB 75), as discussed in Note 1B. As a result, the beginning net position of the District has been restated to reflect the District's total OPEB liability under GASB 75, which supersedes guidance under GASB 45. In accordance with GASB 75, the beginning net position restatement does not reflect any other adjustments related to deferred inflows or outflows of resources related to OPEBs, which result from differences between expected and actual experience or changes in assumptions or other inputs, as the information required to determine such amounts was not available during the first year implementation.

NOTE 15 - RESTATEMENT OF NET POSITION (CONCLUDED)

The effects of the restatement on the current year financial statements are as follows:

	Statement of Activities
Net Position - July 1, 2017 (as originally stated)	$ 209,595
Overstatement of Other Post Employment Benefits Liability	1,261,454
Understatement of Total OPEB Liability	(2,468,345)
Net Restatement	(1,206,891)
Net Position (Deficit) - July 1, 2017 (as restated)	$ (997,296)

NOTE 16 - SUBSEQUENT EVENTS

The District's management has evaluated events or transactions that occurred for possible recognition or disclosure in the financial statements from the balance sheet date through December 7, 2018, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that require disclosure in or adjustment to the current year financial statements.

REQUIRED 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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
LCFF Sources:				
State Apportionment / Transfers	$ 3,546,408	$ 3,402,573	$ 3,438,082	$ 35,509
Local Sources	2,315,816	2,470,772	2,466,320	(4,452)
Total LCFF Sources	5,862,224	5,873,345	5,904,402	31,057
Federal Revenue	380,992	418,948	356,082	(62,866)
Other State Revenue	470,346	930,822	907,551	(23,271)
Other Local Revenue	214,355	300,705	346,067	45,362
Total Revenues	6,927,917	7,523,820	7,514,102	(9,718)
Expenditures				
Current:				
Certificated Salaries	2,760,350	2,848,499	2,806,200	42,299
Classified Salaries	1,350,357	1,368,114	1,309,425	58,689
Employee Benefits	1,551,567	1,773,040	1,710,708	62,332
Books and Supplies	576,434	620,060	458,662	161,398
Services and Other Operating Expenditures	797,337	807,227	646,124	161,103
Capital Outlay	130,500	382,136	288,692	93,444
Other Expenditures	154,482	114,526	170,776	(56,250)
Total Expenditures	7,321,027	7,913,602	7,390,587	523,015
Excess of Revenues Over (Under) Expenditures	(393,110)	(389,782)	123,515	513,297
Other Financing (Uses)				
Operating Transfers Out	(93,330)	(81,421)	(94,985)	(13,564)
Net Change in Fund Balances	(486,440)	(471,203)	28,530	$ 499,733
Fund Balances - July 1, 2017	2,563,393	2,563,393	2,563,393	
Fund Balances - June 30, 2018	$ 2,076,953	$ 2,092,190	$ 2,591,923	

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

BIGGS UNIFIED SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CAFETERIA FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Federal Revenue	$ 225,725	$ 225,725	$ 236,053	$ 10,328
Other State Revenue	41,940	37,825	41,671	3,846
Other Local Revenue	10,600	10,600	11,742	1,142
Total Revenues	278,265	274,150	289,466	15,316
Expenditures				
Current:				
Classified Salaries	132,222	121,222	117,982	3,240
Employee Benefits	49,913	43,038	38,971	4,067
Food and Supplies	164,206	179,806	196,724	(16,918)
Services and Other Operating Expenditures	9,334	7,219	5,456	1,763
Capital Outlay		7,500	7,500	
Other Expenditures	15,920	15,920	13,359	2,561
Total Expenditures	371,595	374,705	379,992	(5,287)
Excess of Revenues (Under) Expenditures	(93,330)	(100,555)	(90,526)	10,029
Other Financing Sources				
Operating Transfers In	93,330	81,421	94,985	13,564
Net Change in Fund Balances		(19,134)	4,459	$ 23,593
Fund Balances - July 1, 2017	19,134	19,134	19,134	
Fund Balances - June 30, 2018	$ 19,134	$ 0	$ 23,593	

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS *

JUNE 30, 2018

		2018
Total OPEB Liability		
Service Cost	$	148,082
Interest on Total OPEB Liability		74,964
Changes in Assumptions or Other Inputs		(82,061)
Benefit Payments		(147,786)
Net Change in Total OPEB Liability		(6,801)
Total OPEB Liability - Beginning		2,468,345
Total OPEB Liability - Ending	$	2,461,544
Covered-employee Payroll	$	3,644,096
District's Total OPEB Liability as Percentage of Covered-employee Payroll		67.55%

* This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

BIGGS UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS *

JUNE 30, 2018

Year Ended June 30	District's Proportion of the NPL	District's Proportionate Share of the NPL	State's Proportionate Share of the NPL Associated to District	Total NPL Attributed to District	District's Covered Payroll	District's Proportionate Share of the NPL as a % of Covered Payroll	Plan Fiduciary Net Position As a % of Total Pension Liability
2018	0.0048%	$ 4,401,308	$ 2,603,777	$ 7,005,085	$ 2,522,345	174.49%	69.46%
2017	0.0047%	3,826,274	2,178,230	6,004,504	2,357,670	162.29%	70.04%
2016	0.0047%	3,195,863	1,690,259	4,886,122	2,203,300	145.05%	74.02%
2015	0.0046%	2,660,107	1,606,287	4,266,394	2,027,515	131.20%	76.52%

* The amounts presented for each fiscal year were determined based on a measurement date that was one year prior to the year-end date. This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

BIGGS UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS *

JUNE 30, 2018

Year Ended June 30	District's Proportion of the NPL	District's Proportionate Share of the NPL	District's Covered Payroll	District's Proportionate Share of the NPL as a % of Covered Payroll	Plan Fiduciary Net Position As a % of Total Pension Liability
2018	0.0099%	$ 2,353,815	$ 1,257,330	187.21%	71.87%
2017	0.0096%	1,892,939	1,149,852	164.62%	73.90%
2016	0.0100%	1,467,131	1,101,928	133.14%	79.43%
2015	0.0096%	1,090,732	1,008,591	108.14%	83.38%

* The amounts presented for each fiscal year were determined based on a measurement date that was one year prior to the year-end date. This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

BIGGS UNIFIED SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - CALSTRS *

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Year Ended June 30	Actuarially Determined Contributions	Contributions In Relation to Contractually Required Contributions	Contribution Deficiency/ (Excess)	District's Covered Payroll	Contributions As a % of Covered Payroll
2018	$ 404,983	$ 404,983	$ -	$ 2,806,535	14.43%
2017	322,471	322,471	-	2,563,362	12.58%
2016	260,310	260,310	-	2,426,002	10.73%
2015	183,796	183,796	-	2,069,775	8.88%

* This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

BIGGS UNIFIED SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - CALPERS *

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Year Ended June 30	Actuarially Determined Contributions	Contributions In Relation to Contractually Required Contributions	Contribution Deficiency/ (Excess)	District's Covered Payroll	Contributions As a % of Covered Payroll
2018	$ 196,919	$ 196,919	$ -	$ 1,267,909	15.531%
2017	174,519	174,519	-	1,256,617	13.888%
2016	135,564	135,564	-	1,144,290	11.847%
2015	130,423	130,423	-	1,108,003	11.771%

* This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

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. The basis of budgeting is the same as Generally Accepted Accounting Principles (GAAP).

Excess of expenditures over appropriations as of June 30, 2018 were as follows:

General Fund	Excess Expenditures
Other Expenditures	$ 56,250
Cafeteria Fund	
Food and Supplies	16,918

The District incurred unanticipated expenditures in excess of appropriations in the above expenditure classifications for which the budgets were not revised.

B. Schedule of Changes in Total OPEB Liability and Related Ratios

In accordance with Governmental Accounting Standards Board Statement No. 75 (GASB 75), the District is required to present a 10-year schedule including certain information for each OPEB plan. The information required to be presented includes certain components that make up the changes in the total OPEB liability, the total OPEB liability, the covered-employee payroll, and the total OPEB liability as a percentage of the District's covered-employee payroll.

C. Schedule of the Proportionate Share of the Net Pension Liability

In accordance with Governmental Accounting Standards Board Statement No. 68, the District is required to present separately for each cost-sharing pension plan through which pensions are provided a 10-year schedule presenting certain information. The information required to be presented includes the District's proportion and proportionate share of the collective net pension liability, the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability associated with the District, if applicable, the District's covered payroll, the District's proportionate share of the collective net pension liability as a percentage of the District's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

NOTE 1 - <u>PURPOSE OF STATEMENTS AND SCHEDULES (CONCLUDED)</u>

D. <u>Schedule of Contributions</u>

In accordance with Governmental Accounting Standards Board Statement No. 68, the District is required to present separately for each cost-sharing pension plan through which pensions are provided a 10-year schedule presenting certain information. The information required to be presented includes the statutorily or contracted required District contribution, the amount of contributions recognized by the pension plan in relation to the required District contribution, the difference between the required District contribution and the amount recognized by the pension plan, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation of the District as a percentage of the District's covered payroll.

NOTE 2 - <u>OTHER POST EMPLOYMENT BENEFITS (OPEB)</u>

A. <u>Trust Assets</u>

The District has no assets accumulated in a trust that meet the criteria of GASB 75 to pay related benefits.

B. <u>Benefit Terms</u>

There were no changes in benefit terms since the July 1, 2017 valuation.

C. <u>Changes in Assumptions or Other Inputs</u>

During fiscal year 2017-18, the discount rate changed from 3.13% to 3.62%.

NOTE 3 - <u>SUMMARY OF CHANGES FOR CALSTRS AND CALPERS</u>

A. <u>Benefit Changes</u>

There were no changes to benefit terms since the previous valuation for either the State Teachers' Retirement Plan (CalSTRS) or the Public Employer's Retirement Fund B (CalPERS).

B. <u>Changes in Assumptions</u>

During fiscal year 2016-17, CalSTRS completed an experience study for the period starting July 1, 2010, and ending on June 30, 2015. CalSTRS changed its mortality assumptions based on this experience study, which was adopted by the board in February 2017. As a result of the study, CalSTRS also changed the following assumptions used in determining the NPL as follows:

NOTE 3 - SUMMARY OF CHANGES FOR CALSTRS AND CALPERS (CONCLUDED)

B. Changes in Assumptions (Concluded)

Assumption	As of June 30, 2017	As of June 30, 2016
Consumer Price Inflation	2.75%	3.00%
Investment Rate of Return	7.10%	7.60%
Wage Growth	3.50%	3.75%

During fiscal year 2016-17, CalPERS changed the financial reporting discount rate from 7.65% to 7.15%.

SUPPLEMENTARY INFORMATION SECTION

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 and one high school.

BOARD OF TRUSTEES

Name	Office	Term Expires
Dennis Slusser	President	November 2018
America Navarro	Vice President	November 2018
Megan Wilkinson	Clerk	November 2020
Kathryn Sheppard	Member	November 2018
Jennifer Meyer	Member	November 2018

ADMINISTRATION

Doug Kaelin
Superintendent

Pamela Ragan
Financial Officer

BIGGS UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	P-2 Report				
	TK / K - 3	**4 - 6**	**7 - 8**	**9 - 12**	**Totals**
Regular	187.80	115.10	79.97	203.05	585.92

	Annual Report				
	TK / K - 3	**4 - 6**	**7 - 8**	**9 - 12**	**Totals**
Regular	189.24	114.75	80.34	202.26	586.59

BIGGS UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Grade Level	Minutes Required	2017-18 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	57,900	180	N/A	In Compliance
Grade 1	50,400	53,460	180	N/A	In Compliance
Grade 2	50,400	53,460	180	N/A	In Compliance
Grade 3	50,400	53,460	180	N/A	In Compliance
Grade 4	54,000	55,140	180	N/A	In Compliance
Grade 5	54,000	55,140	180	N/A	In Compliance
Grade 6	54,000	55,140	180	N/A	In Compliance
Grade 7	54,000	67,590	180	N/A	In Compliance
Grade 8	54,000	67,590	180	N/A	In Compliance
Grade 9	64,800	64,844	180	N/A	In Compliance
Grade 10	64,800	64,844	180	N/A	In Compliance
Grade 11	64,800	64,844	180	N/A	In Compliance
Grade 12	64,800	64,844	180	N/A	In Compliance

BIGGS UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
WITH AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue - Special Reserve Fund	Special Reserve Fund for Postemployment Benefits
June 30, 2018 Annual Financial and Budget Report Fund Balances	$ 1,489,425	$ 601,587	$ 500,911
Reclassifications Increasing (Decreasing) Fund Balances:			
Reclassifications of Fund Balances	1,102,498	(601,587)	(500,911)
June 30, 2018 Audited Financial Statements Fund Balances	$ 2,591,923	$ 0	$ 0

The reclassification of fund balance above was required as a result of the definition of special revenue funds prescribed by GASB 54.

Auditor's Comments

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, 2018.

BIGGS UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	GENERAL FUND			
	(Budget) 2018-19	2017-18	2016-17	2015-16
Revenues and Other Financial Sources	$ 7,583,532	$ 7,514,102	$ 7,936,697	$ 7,097,128
Expenditures	7,925,511	7,390,587	7,692,909	6,706,861
Other Uses and Transfers Out	88,835	94,985	40,985	143,375
Total Outgo	8,014,346	7,485,572	7,733,894	6,850,236
Change in Fund Balance	(430,814)	28,530	202,803	246,892
Ending Fund Balance	$ 2,161,109	$ 2,591,923	$ 2,563,393	$ 2,360,590
Available Reserves	$ 1,625,741	$ 1,438,386	$ 979,896	$ 1,206,556
Reserve for Economic Uncertainties *	$ 607,587	$ 601,587	$ 620,433	$ 587,688
Available Reserves as a Percentage of Total Outgo	20.3%	19.22%	12.67%	17.61%
Average Daily Attendance at P-2	586	586	576	564
Total Long-Term Liabilities	$ 9,236,667	$ 9,265,798	$ 8,233,488 **	$ 5,911,210

* Reported balances are a component of available reserves.

** The amount reported for fiscal year 2016-17 has been adjusted to reflect the restatement discussed in Note 15 of these financial statements.

The fund balance of the General Fund increased $231,333 (9.8%) over the past two years. The fiscal year 2018-19 budget projects a decrease of $430,814 (16.6%). 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 operating surpluses in each of the past three fiscal years.

Average daily attendance (ADA) increased 22 ADA over the past two years. The District projects no change in ADA during fiscal year 2018-19.

Total long-term liabilities increased $3,354,588 over the past two years due primarily to the increase in the District's other post employment benefits and net pension liabilities.

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES

A. 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 spans and in different programs.

B. Schedule of Instructional Time

The District participated in the Longer Day incentive funding program for the current fiscal year, but the District did not meet its LCFF target funding. This schedule presents information on the instructional days provided and the amount of instructional time offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code.

C. 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.

D. 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 *2017-18 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* that could have a direct and material effect on each of the District's state programs identified on the following page for the fiscal year ended June 30, 2018.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2017-18 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting*, 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 types of compliance requirements referred to above that could have a direct and material effect on the District's state programs 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 connection with the audit referred to above, we selected and tested transactions and records to determine Biggs Unified School District's compliance with state laws and regulations applicable to the following items:

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Board of Trustees
Biggs Unified School District
Page Two

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No (see below)
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
School Districts, County Offices of Education, and Charter Schools:	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

We did not perform procedures for the independent study program because the average daily attendance claimed by the District does not exceed the threshold that requires testing.

Opinion on State Compliance

In our opinion, Biggs Unified School District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *2017-18 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* and which are described in the accompanying Schedule of Findings and Questioned Costs, as noted in **Findings 2018-005** and **2018-006**. Our opinion on state compliance on the programs previously identified is not modified with respect to these matters.

The District's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the *2017-18 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 7, 2018

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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Biggs Unified School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 7, 2018 that included an unmodified opinion on the governmental activities, each major fund and the aggregate remaining fund information and an adverse opinion on the discretely presented component unit. The report on the financial statements included an adverse opinion on the discretely presented component unit 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.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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Internal Control Over Financial Reporting (Concluded)

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses, as noted in **Findings 2018-001** and **2018-002**.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies, as noted in **Findings 2018-003** and **2018-004**.

Compliance and Other Matters

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

District's Responses to Findings

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 7, 2018

FINDINGS AND QUESTIONED COSTS SECTION

BIGGS UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified with Adverse Opinion on Discretely Presented Component Unit	
Internal control over financial reporting:		
Material weaknesses identified?	X Yes	___ No
Significant deficiencies identified not considered to be material weaknesses?	X Yes	___ None reported
Noncompliance material to financial statements noted?	___ Yes	X No

State Awards

Any audit findings required to be reported in accordance with the *2017-18 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting?*	X Yes	___ No
Type of auditor's report issued on compliance for state programs:	Unmodified	

SECTION II - FINANCIAL STATEMENT FINDINGS

2018 - 001 / 30000

MATERIAL WEAKNESS

CAFETERIA CASH RECEIPTS

Criteria: Receipts from daily cafeteria sales should be supported by appropriate documentation that provides an audit trail of how the deposited amounts were calculated.

Condition: Total cash receipts collected and deposited did not agree to the supporting documentation.

Questioned Cost: None.

Context: The condition occurred throughout fiscal year 2017-18.

Effect: There is an inadequate audit trail between cash receipts collected and the amounts deposited. As a result, errors or irregularities may occur and not be detected in a timely manner.

Cause: The District did not reconcile cash receipts collected to the amounts subsequently deposited. In addition, the process of collecting and depositing cash receipts for the cafeteria program is too cumbersome, prone to errors, and difficult to audit.

Recommendation: The District should investigate alternative procedures for collecting and depositing cash receipts related to the cafeteria program, to ensure that all deposited amounts are supported by documentation that agrees to the deposited amounts, and that the audit trail for deposits is easy to follow.

District Response: The receipts from daily sales are being reconciled at the sites, initialed and then sent to the Food Service Supervisor for verification. Bank deposits are compiled by Food Service Supervisor and verified by the Financial Officer prior to deposit.

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018 - 002 / 30000

MATERIAL WEAKNESS

CAFETERIA FORMS

Criteria: All forms used to keep track of daily cafeteria sales, should be printed, signed by the site-level preparer, and retained for audit purposes.

Condition: Daily local cafeteria sales were not supported by computer generated reports from the cafeteria computer system, which should be signed by the site-level preparer that recorded the information.

Questioned Costs: None.

Context: This condition existed throughout fiscal year 2017-18.

Effect: It is difficult to determine the propriety or reasonableness of daily local cafeteria sales if the related source documents are not printed, signed by the site-level preparer, and retained for audit purposes.

Cause: The District was unaware of the importance of printing and retaining signed computer-generated cafeteria reports to support daily local cafeteria sales at school sites.

Recommendation: The District should establish appropriate procedures to ensure that all forms used to keep track of the daily cafeteria sales, are printed, signed by the site-level preparer, and retained for audit purposes.

District Response: The daily sales forms are being printed monthly, signed and retained for audit purposes.

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018 - 003 / 30000

SIGNIFICANT DEFICIENCY

STUDENT BODY - CASH DISBURSEMENTS

Criteria: The District is responsible for the general oversight of the student body activities. In this capacity, the District should ensure that the appropriate internal controls are in place to:

- Safeguard the organization's assets
- Promote success of fund-raising ventures
- Promote reliable financial information
- Reduce the risk of fraud and abuse

Conditions:

1. Reimbursements to employees and parents were made for goods delivered directly to the employees' and parents' residences.
2. Student body funds were used for staff appreciation.

Questioned Cost: $229.09 spent on staff appreciation.

Context:

1. The condition was noted in four of fourteen disbursements tested.
2. The condition was noted in one of fourteen disbursements tested.

Effect: Internal controls for student body disbursements do not adequately safeguard the organization's assets and reduce the risk of fraud and abuse.

Cause: Established student body internal control procedures were not followed.

Recommendation: Training should be provided to all individuals responsible for maintaining or supervising student body accounts. The District should also remind employees and volunteers / parents that the District's student body accounting procedures should be followed.

District Response: District Administration has made all employees involved in ASB aware that no reimbursements will be made for deliveries that do not come directly to the district. Staff were also reminded that ASB funds may not be used for staff appreciation.

SECTION II - FINANCIAL STATEMENT FINDINGS (CONCLUDED)

2018 - 004 / 30000

SIGNIFICANT DEFICIENCY

CAFETERIA REVOLVING FUND

Criteria: The check register balance of the revolving account should be reconciled to the bank statement balance on a monthly basis.

Condition: During our review of the revolving account, we noted that bank reconciliations were not performed on a monthly basis.

Questioned Costs: None.

Context: The condition existed throughout fiscal year 2017-18.

Effect: The check register may not reflect the actual balance available in the revolving account. As a result, errors or irregularities may occur and not be detected in a timely manner.

Cause: The District has not established procedures, which require the check register balance of the revolving account to be reconciled to the bank statement balance on a monthly basis.

Recommendation: The District should establish procedures that require the check register balance of the revolving account to be reconciled to the bank statement balance on a monthly basis.

District Response: The Financial Officer will work with the Food Service Supervisor to ensure all monthly transactions are noted in the Cafeteria Bank Reconciliation sheet for the revolving fund.

SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS

2018 - 005 / 40000

UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS

Criteria: Education Code Section 42238.02(b)(2) requires a school district or charter school to annually submit its enrolled free and reduced-price meal eligibility, foster youth, and English learner pupil-level records for enrolled pupils to the Superintendent using the California Longitudinal Pupil Achievement Data System (CALPADS). Education Code Section 42238.02(b)(3)(B) states that the Controller shall include instructions necessary to enforce paragraph (2) in the audit required by Education Code Section 14502.1 and that the instructions shall include, but are not necessarily limited to, procedures for determining if the English learner, foster youth, and free or reduced-price meal eligible pupil counts are consistent with the school district's or charter school's English learner, foster youth, and free or reduced-price meal eligible pupil records.

Conditions:

1. The District reported 6 students on the CALPADS "1.18 - FRPM/English Learner/Foster Youth - Student List" report, indicated as a "No" under the "Direct Certification" column, that were only identified as English learners (EL) under the "ELAS Designation" column, in error.

2. The District reported 12 students on the CALPADS "1.18 - FRPM/English Learner/Foster Youth - Student List" report, indicated as a "No" under the "Direct Certification" column, that were only free or reduced priced meal eligible (FRPM) identified under the "NSLP Program" column, with no supporting documentation, such as a Free and Reduced Price Meal eligibility application under a federal nutrition program or an alternative household income data collection form that indicates the students were eligible for the designations.

Context:

1. The condition was noted for all schools as of the Census Day for fiscal year 2017-18. We reviewed 100% of the non-directly certified students only identified as English learners (EL) under the "ELAS Designation" column.

2. The condition was noted in 4 of 30 students reported as only eligible for free and reduced priced meals on the CALPADS "1.18 - FRPM/English Learner/Foster Youth - Student List" report. The pupil counts reported as audit adjustment were computed by multiplying the 13.3% error rate by the 56 total remaining non-directly certified number of pupils reported on the CALPADS "1.18 - FRPM/English Learner/Foster Youth - Student List" report.

SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (CONTINUED)

Questioned Costs: A summary of certified enrollment, unduplicated pupil counts, pupil count adjustments, and audited unduplicated pupil counts is presented for the District's schools, as follows:

	Total Enrollment	Unduplicated Eligible Free/ Reduced Meal Counts	EL Funding Eligible	Total Unduplicated FRPM/EL Eligible Count
Certified Pupil Counts:				
Biggs Elementary	373	255	59	263
Biggs High	218	126	21	131
Richvale Elementary	38	12	1	12
Totals	629	393	81	406
Audit Adjustments:				
Biggs Elementary		(7)	(2)	(9)
Biggs High		(4)	(4)	(8)
Richvale Elementary		(1)		(1)
Totals	0	(12)	(6)	(18)
Adjusted Pupil Counts:				
Biggs Elementary	373	248	57	254
Biggs High	218	122	17	123
Richvale Elementary	38	11	1	11
Totals	629	381	75	388

Estimated at $8,611 based on the FCMAT created LCFF calculation worksheet.

Effect: The District overstated the certified unduplicated local control funding formula pupil counts to the California Department of Education (CDE).

Causes:

1. The District did not review the EL designations of students reported on the CALPADS "1.18 - FRPM/English Learner/Foster Youth - Student List" report, to ensure accuracy and completeness.

2. The District did not reconcile the Free and Reduced Price Meal eligibility applications on hand as of October 31, 2017 to the counts reported on the CALPADS "1.18 - FRPM/English Learner/Foster Youth - Student List" report, to ensure accuracy and completeness.

Recommendation: The District should establish procedures to ensure that counts reported on the CALPADS "1.18 - FRPM/English Learner/Foster Youth - Student List" report are supported by appropriate documentation.

SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (CONCLUDED)

District Response: Verification of all students who are not direct certified is being done at site level for EL and Homeless, and Free and Reduced applications are being verified by the Food Service Supervisor. The CalPads Coordinator then verifies all non-direct certified pupils and requires sites and Food Service Supervisor to confirm status with back-up documentation. The Financial Officer reviews the CalPads 1.17 and 1.18 reports for reasonableness and confirms with CalPads Coordinator that the information has been quantified with back-up.

SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS (CONCLUDED)

2018 - 006 / 40000

WILLIAMS UNIFORM COMPLAINT PROCEDURES

Criteria:	Education Code Section 35186 created a procedure for the filing of complaints concerning deficiencies related to instructional materials, conditions of facilities that are not maintained in a clean or safe manner or in good repair, and teacher vacancy or misassignment. The school district shall report summarized data on the nature and resolution of all complaints on a quarterly basis to the county superintendent of schools and the governing board of the district. The summaries shall be publicly reported on a quarterly basis at a regularly scheduled meeting of the governing board of the district. The report shall include the number of complaints by general subject areas with the number of resolved and unresolved complaints. The complaints and written responses shall be available as public records.
Condition:	The District did not prepare and report summarized data on the nature and resolution of all complaints in a consistent basis during the 2017-18 fiscal year. During fiscal year 2017-18, only one quarterly report was presented to the District's Governing Board.
Questioned Costs:	None.
Context:	Quarterly reports on Williams Uniform Complaints for fiscal year 2017-18.
Effect:	The District is not in compliance with the requirements of Education Code Section 35186.
Cause:	The District did not follow the requirements of Education Code Section 35186.
Recommendation:	The District should prepare and report summarized data on the nature and resolution of all complaints on a quarterly basis to the District's Governing Board.
District Response:	The Williams reports will be listed quarterly on the Board agenda under reports to ensure the information is reported timely.

BIGGS UNIFIED SCHOOL DISTRICT

STATUS OF PRIOR YEAR RECOMMENDATIONS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Recommendations	Current Status	Explanation If Not Fully Implemented
FINANCIAL STATEMENTS		
2017 - 001 / 30000		
CAFETERIA FUND ENCROACHMENT		
The District should continue to investigate program changes that will help to increase program participation and allow the Cafeteria Fund to operate closer to a break-even basis. In addition, the District should streamline the process to make sure that all students who are eligible for free or reduced-price meals are properly identified, classified and claimed for reimbursement, as soon as possible. The District should also compare the number of meals produced, per the production reports, to number of meals claimed on the meal reimbursement claims, to ensure that all meals served are properly claimed for reimbursement.	Not Implemented	Comment Not Repeated The District will implement as time and resources allow.
2017 - 002 / 30000		
CHILD NUTRITION - REIMBURSEMENT CLAIMS		
The District should establish procedures to ensure that the monthly reimbursement claims are submitted to the Business Manager for review prior to being transmitted to the California Department of Education.	Implemented	