

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

AUDIT REPORT

JUNE 30, 2014

BIGGS UNIFIED SCHOOL DISTRICT

JUNE 30, 2014

TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report	1
Management's Discussion and Analysis (Unaudited)	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet - Governmental Funds	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	21
Statement of Net Position - Fiduciary Funds	22
Statement of Changes in Net Position - Fiduciary Funds	23
Notes to the Basic Financial Statements	24
<u>SUPPLEMENTARY INFORMATION SECTION</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	47
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Deferred Maintenance Fund	48
Combining Statements:	
Combining Balance Sheet - Non-Major Governmental Funds	49
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds	50

BIGGS UNIFIED SCHOOL DISTRICT

JUNE 30, 2014

TABLE OF CONTENTS (CONCLUDED)

	<u>Page</u>
<u>SUPPLEMENTARY INFORMATION SECTION (CONCLUDED)</u>	
Schedule of Funding Progress	51
Organization/Board of Trustees/Administration	52
Schedule of Average Daily Attendance	53
Schedule of Instructional Time	54
Schedule of Expenditures of Federal Awards	55
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements	56
Schedule of Financial Trends and Analysis	57
Notes to Supplementary Information	58
<u>OTHER INDEPENDENT AUDITOR'S REPORTS SECTION</u>	
Independent Auditor's Report on State Compliance	61
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	65
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by OMB <i>Circular A-133</i>	67
<u>FINDINGS AND QUESTIONED COSTS SECTION</u>	
Schedule of Findings and Questioned Costs:	
Section I - Summary of Auditor's Results	69
Section II - Financial Statement Findings	70
Section III - Federal Award Findings and Questioned Costs	71
Section IV - State Award Findings and Questioned Costs	72
Status of Prior Year Recommendations	74

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, 2014, 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 audit opinions.

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 position, revenues, and expenses of the discretely presented component unit are not reported. The amounts by which this departure would affect the assets, liabilities, net position, revenues and expenses has not been determined in accordance with accounting principles generally accepted in the United States of America.

Adverse Opinion on Discretely Presented Component Unit

In our opinion, because of the significance of the matter described 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, 2014, or the changes in financial position thereof for the year then ended.

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 Biggs Unified School District, as of June 30, 2014, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14, the budgetary comparison information on pages 47 and 48, and the schedule of funding progress on page 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Matters (Concluded)

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 combining non-major governmental fund financial statements, statistical section, and supplementary schedules listed in the table of contents, including the Schedule of Expenditures of Federal Awards, which is presented as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining non-major governmental fund financial statements, statistical section, and supplementary schedules listed in the table of contents, including the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major governmental fund financial statements, statistical section, and supplementary schedules listed in the table of contents, including the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2014 on our consideration of Biggs Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 5, 2014

**BIGGS UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

(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, 2014. 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 16 and 17, 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 18 through 21, 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

- Fiscal year 2013-14 is the first year the District has received funding that is based on the new Local Control Funding Formula (LCFF).
- The overall financial status of the District improved slightly during the course of the year as net position increased 4.8%.
- On the Statement of Activities, total current year revenues exceeded total current year expenses by \$175,639.
- On the Statement of Revenues, Expenditures, and Changes in Fund Balances, total current year expenditures and other financing uses exceeded current year revenues and other financing sources by \$113,346.
- Capital assets, net of depreciation, decreased \$38,531 due to the current year addition of \$132,156 of new capital assets and improvements, and the current year recognition of \$170,687 of depreciation expense.
- Total long-term liabilities decreased \$327,516 due primarily to the District's decreased obligation for lease revenue notes.
- The District's P-2 average daily attendance did not change from the prior year.
- During fiscal year 2013-14, the District's General Fund produced an operating surplus of \$359,766, and reported a \$147,097 increase in its available reserves.
- The District maintains sufficient reserves for a district its size. It meets the state required minimum reserve for economic uncertainty of 4% of general fund expenditures, transfers out, and other uses (total outgo). During fiscal year 2013-14, General Fund expenditures and other financing uses totaled \$6,065,692. At June 30, 2014, the District has available reserves of \$930,989 in the General Fund, which represents a reserve of 15.35%.

**BIGGS UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

(PREPARED BY DISTRICT MANAGEMENT)

THE FINANCIAL REPORT

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

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

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

Reporting the District as a Whole

The District as a whole is reported in the Government-wide statements and uses accounting methods similar to those used by companies in the private sector. All of the District's assets and liabilities are included in the Statement of Net 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.

**BIGGS UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

(PREPARED BY DISTRICT MANAGEMENT)

THE FINANCIAL REPORT (CONCLUDED)

Reporting the District as a Whole (Concluded)

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

Governmental Activities:

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

Business-type Activities:

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

Reporting the District's Most Significant Funds

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

Governmental Funds:

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

Proprietary Funds:

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

Fiduciary Funds:

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

**BIGGS UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

(PREPARED BY DISTRICT MANAGEMENT)

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

GOVERNMENTAL ACTIVITIES

The District's net position increased from \$3,677,980 at June 30, 2013, up to \$3,853,619 at June 30, 2014, an increase of 4.8%.

<u>Comparative Statement of Net Position</u>		
	Governmental Activities	
	2013	2014
<u>Assets</u>		
Deposits and Investments	\$ 2,009,873	\$ 2,072,527
Receivables	529,473	365,112
Store Inventory	12,070	8,924
Prepaid Expenses *	7,820	6,696
Capital Assets, net	2,752,421	2,713,890
Total Assets *	5,311,657	5,167,149
<u>Liabilities</u>		
Current	759,728	343,137
Long-term	873,949	970,393
Total Liabilities	1,633,677	1,313,530
<u>Net Assets</u>		
Net Investment in Capital Assets *	2,680,975	2,649,675
Restricted	29,974	396,076
Unrestricted	967,031	807,868
Total Net Position *	\$ 3,677,980	\$ 3,853,619

* Prior year balances have been adjusted to reflect the restatement discussed in Note 16.

Table includes financial data of the combined governmental funds.

**BIGGS UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

(PREPARED BY DISTRICT MANAGEMENT)

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

GOVERNMENTAL ACTIVITIES (CONTINUED)

The District's total current year revenues exceeded total current year expenses by \$175,639.

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2014</u>
<u>Program Revenues</u>		
Charges for Services	\$ 25,665	\$ 12,814
Operating Grants & Contributions	913,915	945,952
<u>General Revenues</u>		
Taxes Levied	1,892,186	1,930,053
Federal & State Aid	2,474,956	2,845,983
Interest & Investment Earnings	(9,817)	30,318
Transfers	41,030	42,280
Miscellaneous	355,651	462,303
Total Revenues	<u>5,693,586</u>	<u>6,269,703</u>
<u>Expenses</u>		
Instruction	3,147,986	3,207,695
Instruction-Related Services	516,479	538,048
Pupil Services	676,516	747,054
General Administration	523,061	551,095
Plant Services	794,100	796,208
Ancillary Services	58,803	93,021
Community Services	29,792	31,579
Interest on Long-Term Debt	7,662	11,550
Other Outgo	134,345	117,814
Total Expenses	<u>5,888,744</u>	<u>6,094,064</u>
Change in Net Position	<u>\$ (195,158)</u>	<u>\$ 175,639</u>

Table includes financial data of the combined governmental funds.

**BIGGS UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

(PREPARED BY DISTRICT MANAGEMENT)

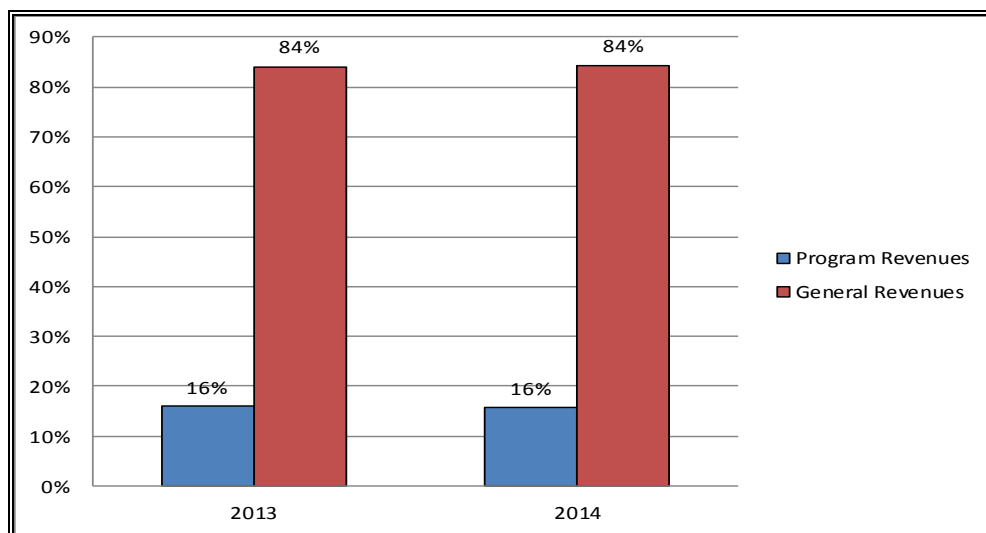
FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

GOVERNMENTAL ACTIVITIES (CONTINUED)

<u>Comparative Schedule of Costs of Services</u>				
	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>
Instruction	\$ 3,147,986	\$ 3,207,695	\$ 2,731,726	\$ 2,704,401
Instruction-Related Services	516,479	538,048	496,251	532,827
Pupil Services	676,516	747,054	273,970	456,191
General Administration	523,061	551,095	473,132	510,081
Plant Services	794,100	796,208	790,474	741,661
Ancillary Services	58,803	93,021	56,803	80,021
Community Services	29,792	31,579	29,792	31,579
Interest on Long-Term Debt	7,662	11,550	7,662	11,550
Other Outgo	134,345	117,814	89,354	66,987
Totals	<u>\$ 5,888,744</u>	<u>\$ 6,094,064</u>	<u>\$ 4,949,164</u>	<u>\$ 5,135,298</u>

Table includes financial data of the combined governmental funds.

The table above presents the cost of major District activities. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The \$5,135,298 net cost represents the financial burden that was placed on the District's general revenues for providing the services listed.



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

**BIGGS UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

(PREPARED BY DISTRICT MANAGEMENT)

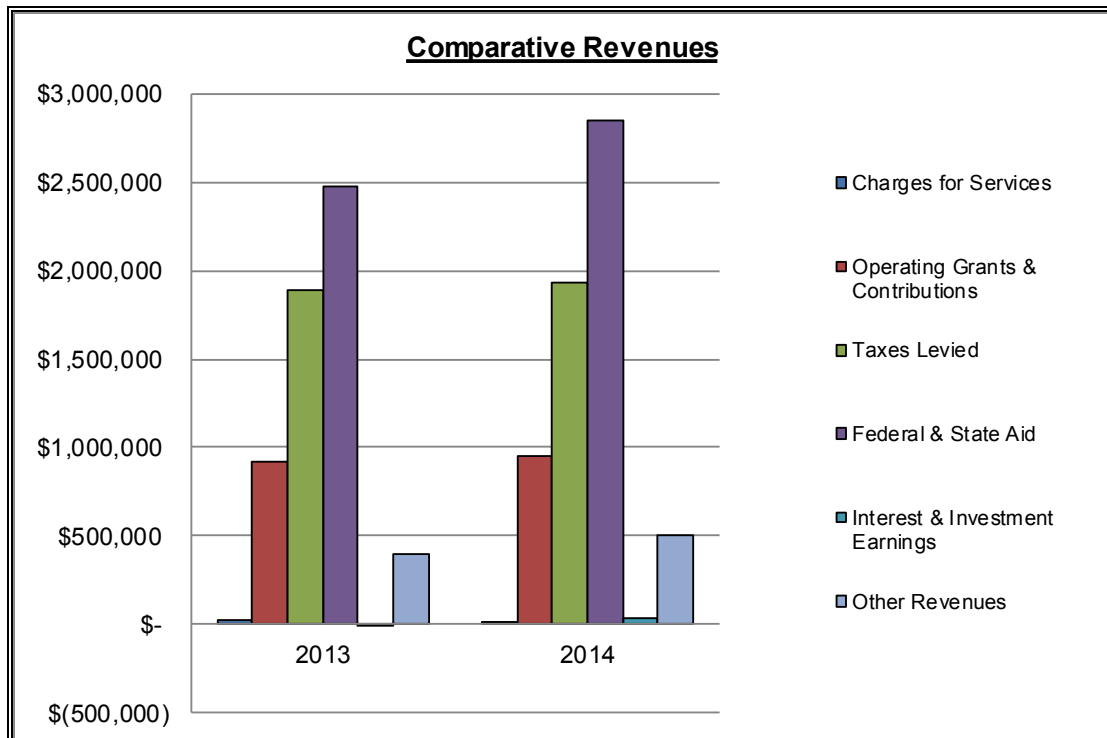
FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

GOVERNMENTAL ACTIVITIES (CONTINUED)

Summary of Revenues For Governmental Functions

	FYE 2013 Amount	Percent of Total	FYE 2014 Amount	Percent of Total
<u>Program Revenues</u>				
Charges for Services	\$ 25,665	0.45%	\$ 12,814	0.20%
Operating Grants & Contributions	913,915	16.05%	945,952	15.09%
<u>General Revenues</u>				
Taxes Levied	1,892,186	33.23%	1,930,053	30.78%
Federal & State Aid	2,474,956	43.47%	2,845,983	45.39%
Interest & Investment Earnings	(9,817)	-0.17%	30,318	0.48%
Other Revenues	396,681	6.97%	504,583	8.05%
Total Revenues	\$ 5,693,586	100.00%	\$ 6,269,703	100.00%

Table includes financial data of the combined governmental funds.



**BIGGS UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

(PREPARED BY DISTRICT MANAGEMENT)

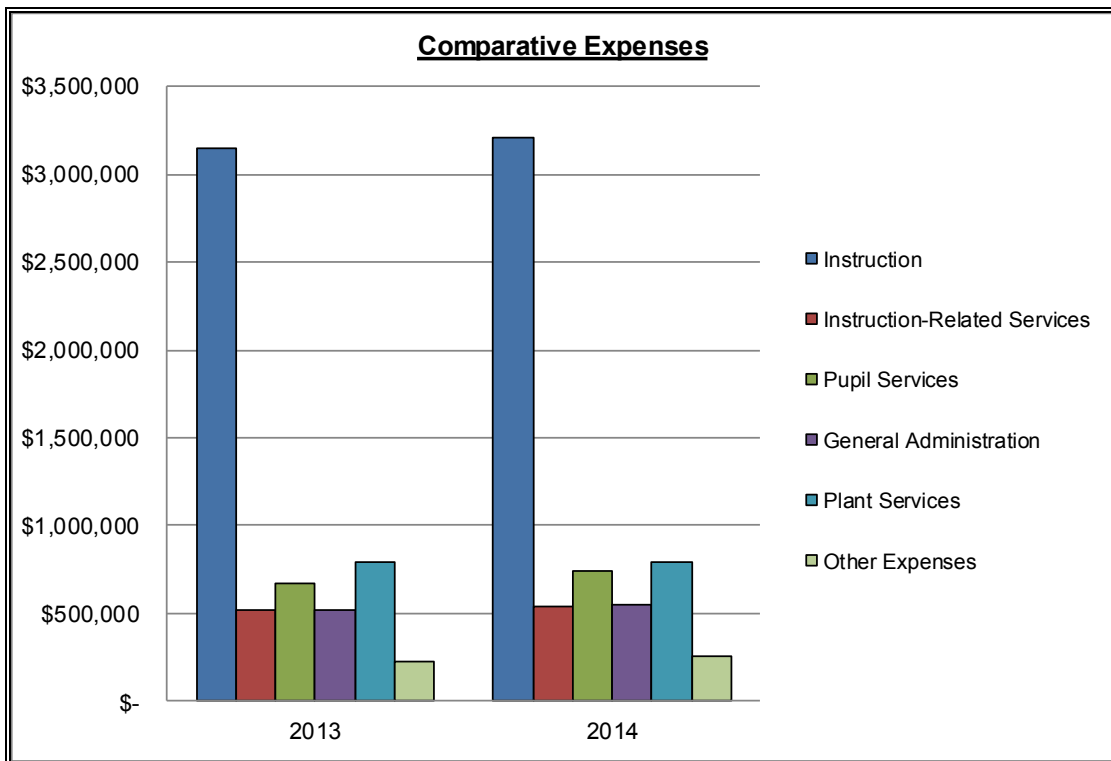
FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

GOVERNMENTAL ACTIVITIES (CONTINUED)

Schedule of Expenses For Governmental Functions

<u>Expenses</u>	FYE 2013 Amount	Percent of Total	FYE 2014 Amount	Percent of Total
Instruction	\$ 3,147,986	53.46%	\$ 3,207,695	52.64%
Instruction-Related Services	516,479	8.77%	538,048	8.83%
Pupil Services	676,516	11.49%	747,054	12.26%
General Administration	523,061	8.88%	551,095	9.04%
Plant Services	794,100	13.49%	796,208	13.07%
Other Expenses	230,602	3.92%	253,964	4.17%
Total Expenses	\$ 5,888,744	100.00%	\$ 6,094,064	100.00%

Table includes financial data of the combined governmental funds.



**BIGGS UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

(PREPARED BY DISTRICT MANAGEMENT)

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

GOVERNMENTAL ACTIVITIES (CONTINUED)

<u>Comparative Schedule of Capital Assets</u>		
	Governmental Activities	
	2013	2014
Land	\$ 283,366	\$ 283,366
Sites and Improvements	337,539	382,232
Buildings and Improvements	4,423,794	4,382,203
Furniture and Equipment	999,421	1,070,449
Work-in-Progress	572,721	583,456
Subtotals	6,616,841	6,701,706
Less: Accumulated Depreciation	(3,864,420)	(3,987,816)
Capital Assets, net	<u>\$ 2,752,421</u>	<u>\$ 2,713,890</u>

Capital assets, net of depreciation, decreased \$38,531 due to the current year addition of \$132,156 of new capital assets and improvements, and the current year recognition of \$170,687 of depreciation expense.

<u>Comparative Schedule of Long-Term Liabilities</u>		
	Governmental Activities	
	2013	2014
Compensated Absences	\$ 25,284	\$ 22,646
Lease Revenue Notes	420,000	0
Early Retirement Incentives	71,446	64,215
Other Postemployment Benefits	827,644	929,997
Totals	<u>\$ 1,344,374</u>	<u>\$ 1,016,858</u>

Total long-term liabilities decreased \$327,516 due primarily to the District's decreased obligation for lease revenue notes.

**BIGGS UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

(PREPARED BY DISTRICT MANAGEMENT)

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

GOVERNMENTAL ACTIVITIES (CONCLUDED)

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

FINANCIAL ANALYSIS OF DISTRICT'S FUNDS

<u>Comparative Schedule of Fund Balances</u>			
	Fund Balances June 30, 2013	Fund Balances June 30, 2014	Increase (Decrease)
General	\$ 1,567,541	\$ 1,927,307	\$ 359,766
Deferred Maintenance	557,638	0	(557,638)
Cafeteria	0	0	0
Capital Facilities	144,603	229,280	84,677
Capital Projects - Special Reserve	151	0	(151)
	\$ 2,269,933	\$ 2,156,587	\$ (113,346)

The fund balance of the General Fund increased \$359,766, while the combined fund balances of all other District governmental funds decreased \$473,112.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. Over the course of the year, the District revises its budget based on updated financial information. The original budget, approved at the end of June for July 1, is based on May Revise figures and updated 45 days after the State approves its final budget. In addition, the District revises its budget at First and Second Interim to reflect the most current financial information available at that point in time. The original budget presented on page 47 includes only new revenues for fiscal year 2013-14.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

On November 4, 2014, the voters of the State of California elected to approve Proposition 2 (State Budget: Budget Stabilization Account. Legislative Constitutional Amendment). The measure will alter the existing requirements for the Budget Stabilization Account (BSA) that was originally established with Proposition 58, passed in 2004. Proposition 2 is set to create a distinct budget stabilization fund known as the "Proposition 98 Reserve" or Public School System Stabilization Account (PSSSA). Proposition 2 also includes a provision that will limit the amount that many school districts may hold in reserves in future years. At this time, the fiscal impact of Proposition 2 is not immediately clear, since the ultimate impact will largely depend on how it is implemented at the state and local levels moving forward.

**BIGGS UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

(PREPARED BY DISTRICT MANAGEMENT)

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

Fiscal year 2014-15 will be the second year of the projected eight year phase-in period for the new Local Control Funding Formula (LCFF). Although more information regarding the new funding and accountability standards was released during the past year, it is very likely that there will be additional modifications in the future. As a result, school district budgets 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.

BASIC FINANCIAL STATEMENTS

BIGGS UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities
<u>Assets</u>	
Deposits and Investments (Note 2)	\$ 2,072,527
Receivables (Note 4)	365,112
Stores Inventory (Note 11)	8,924
Prepaid Expenses (Note 11)	6,696
Capital Assets: (Note 6)	
Land	283,366
Sites and Improvements	382,232
Buildings and Improvements	4,382,203
Furniture and Equipment	1,070,449
Work-in-Progress	583,456
Less: Accumulated Depreciation	(3,987,816)
Total Assets	5,167,149
<u>Liabilities</u>	
Accounts Payable and Other Current Liabilities	296,672
Long-Term Liabilities:	
<i>Portion Due or Payable Within One Year:</i>	
Compensated Absences	22,646
Early Retirement Incentives	23,819
<i>Portion Due or Payable After One Year:</i>	
Early Retirement Incentives (Note 7)	40,396
Other Post Employment Benefits (Note 8)	929,997
Total Liabilities	1,313,530
<u>Net Position</u>	
Net Investment in Capital Assets	2,649,675
Restricted:	
For Capital Projects	229,280
For Educational Programs	159,048
For Other Purposes	7,748
Unrestricted	807,868
Total Net Position	\$ 3,853,619

**BIGGS UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<u>Governmental Activities</u>					
Instruction	\$ 3,207,695		\$ 503,294		\$ (2,704,401)
Instruction-Related Services:					
Supervision of Instruction	12,936		5,221		(7,715)
Instructional Library and Technology	38,269				(38,269)
School Site Administration	486,843				(486,843)
Pupil Services:					
Home-to-School Transportation	305,872				(305,872)
Food Services	325,382	\$ 12,262	262,940		(50,180)
Other Pupil Services	115,800		15,661		(100,139)
General Administration:					
Data Processing Services	20,851				(20,851)
Other General Administration	530,244	552	40,462		(489,230)
Plant Services	796,208		54,547		(741,661)
Ancillary Services	93,021		13,000		(80,021)
Community Services	31,579				(31,579)
Interest on Long-Term Debt	11,550				(11,550)
Other Outgo	117,814		50,827		(66,987)
Total Governmental Activities	\$ 6,094,064	\$ 12,814	\$ 945,952	\$ 0	(5,135,298)
<u>General Revenues</u>					
Taxes Levied for General Purposes					1,930,053
Federal and State Aid - Unrestricted					2,845,983
Interest and Investment Earnings					30,318
Transfers from Other Agencies					42,280
Miscellaneous					462,303
Total General Revenues					5,310,937
Change in Net Position					175,639
Net Position - July 1, 2013 (As Restated - Note 16)					3,677,980
Net Position - June 30, 2014					\$ 3,853,619

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**BIGGS UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014**

	<u>General</u>	<u>Deferred Maintenance</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>				
Deposits and Investments (Note 2)	\$ 1,798,117	\$ 115,242	\$ 159,168	\$ 2,072,527
Receivables (Note 4)	335,073		30,039	365,112
Due from Other Funds (Note 5)	121,162		51,380	172,542
Stores Inventory (Note 11)			8,924	8,924
Prepaid Expenditures (Note 11)	5,748		948	6,696
Total Assets	<u>\$ 2,260,100</u>	<u>\$ 115,242</u>	<u>\$ 250,459</u>	<u>\$ 2,625,801</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts Payable	\$ 281,413	\$ 8,700	\$ 6,559	\$ 296,672
Due to Other Funds (Note 5)	51,380	106,542	14,620	172,542
Total Liabilities	<u>332,793</u>	<u>115,242</u>	<u>21,179</u>	<u>469,214</u>
Fund Balances: (Note 10)				
Nonspendable	7,748		12,511	20,259
Restricted	159,048		229,280	388,328
Assigned	829,522			829,522
Unassigned	930,989		(12,511)	918,478
Total Fund Balances	<u>1,927,307</u>	<u>0</u>	<u>229,280</u>	<u>2,156,587</u>
Total Liabilities and Fund Balances	<u>\$ 2,260,100</u>	<u>\$ 115,242</u>	<u>\$ 250,459</u>	<u>\$ 2,625,801</u>

**BIGGS UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF POSITION
JUNE 30, 2014**

Total Fund Balances - Governmental Funds \$ 2,156,587

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

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

Capital Assets	\$ 6,701,706	
Accumulated Depreciation	(3,987,816)	
		2,713,890

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

Compensated Absences	\$ 22,646	
Early Retirement Incentives	64,215	
Other Post Employment Benefits	929,997	
		(1,016,858)

Total Net Position - Governmental Activities \$ 3,853,619

**BIGGS UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>General</u>	<u>Deferred Maintenance</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>				
LCFF Sources:				
State Apportionment / Transfers	\$ 2,752,098			\$ 2,752,098
Local Taxes	1,930,053			1,930,053
Total LCFF Sources	4,682,151			4,682,151
Federal Revenue	321,436		\$ 254,734	576,170
State Revenue	438,778		21,112	459,890
Local Revenue	444,849	\$ 3,492	103,151	551,492
Total Revenues	<u>5,887,214</u>	<u>3,492</u>	<u>378,997</u>	<u>6,269,703</u>
<u>Expenditures</u>				
Instruction	3,079,663			3,079,663
Supervision of Instruction	12,936			12,936
Instructional Library and Technology	38,269			38,269
School Site Administration	486,843			486,843
Home-To-School Transportation	285,819			285,819
Food Services			323,955	323,955
Other Pupil Services	114,775			114,775
Data Processing Services	11,759			11,759
Other General Administration	510,861		14,620	525,481
Plant Services	768,760	10,303	6,699	785,762
Facilities Acquisition and Construction	31,088	12,735		43,823
Ancillary Services	93,021			93,021
Community Services	31,579			31,579
Debt Service:				
Principal Retirement	420,000			420,000
Interest and Issuance Costs	11,550			11,550
Other Outgo	117,814			117,814
Total Expenditures	<u>6,014,737</u>	<u>23,038</u>	<u>345,274</u>	<u>6,383,049</u>
Excess of Revenues Over (Under) Expenditures	<u>(127,523)</u>	<u>(19,546)</u>	<u>33,723</u>	<u>(113,346)</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	538,244		50,955	589,199
Operating Transfers Out	(50,955)	(538,092)	(152)	(589,199)
Total Other Financing Sources (Uses)	<u>487,289</u>	<u>(538,092)</u>	<u>50,803</u>	<u>0</u>
Net Change in Fund Balances	359,766	(557,638)	84,526	(113,346)
Fund Balances - July 1, 2013	1,567,541	557,638	144,754	2,269,933
Fund Balances - June 30, 2014	<u>\$ 1,927,307</u>	<u>\$ 0</u>	<u>\$ 229,280</u>	<u>\$ 2,156,587</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**BIGGS UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Net Change in Fund Balances - Governmental Funds \$ (113,346)

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

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

Capital Outlays	\$ 132,156	
Depreciation Expense	<u>(170,687)</u>	
		(38,531)

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

2,638

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

(102,353)

Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt was:

Lease Revenue Bonds	\$ 420,000	
Early Retirement Incentives	<u>7,231</u>	
		<u>427,231</u>

Change in Net Position of Governmental Activities \$ 175,639

**BIGGS UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014**

	Private-Purpose Trust		Total Fiduciary Funds
	Scholarship Funds	Agency Funds	
<u>Assets</u>			
Deposits and Investments (Note 2)	\$ 191,580	\$ 101,169	\$ 292,749
Receivables	162		162
Total Assets	<u>191,742</u>	<u>101,169</u>	<u>292,911</u>
<u>Liabilities</u>			
Accounts Payable	1,500		1,500
Due to Student Groups		101,169	101,169
Total Liabilities	<u>1,500</u>	<u>101,169</u>	<u>102,669</u>
<u>Net Position</u>			
Restricted	<u>190,242</u>	<u>0</u>	<u>190,242</u>
Total Net Position	<u>\$ 190,242</u>	<u>\$ 0</u>	<u>\$ 190,242</u>

**BIGGS UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Private-Purpose Trust
	Scholarship Funds
<u>Additions</u>	
Interest	\$ 8,806
Total Additions	8,806
<u>Deductions</u>	
Scholarships Awarded	10,440
Total Deductions	10,440
Change in Net Position	(1,634)
<u>Net Position</u>	
Net Position - July 1, 2013	191,876
Net Position - June 30, 2014	\$ 190,242

BIGGS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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.

BIGGS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Continued)

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, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Financial Reporting Entity, or the respective changes in its financial position.

BIGGS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Concluded)

The District has determined that the cost of including audited financial data, of its legally separate component unit, in the financial statements of the District, far exceeds the benefits to be received by including such data. In addition, since the District's various oversight agencies do not require such data to be included, the District has elected to omit such data from its financial statements.

B. Implementation of New Accounting Pronouncements

In March of 2012, the Governmental Accounting Standard Board (GASB) issued GASB Statement No. 65 (GASB 65), Items Previously Reported as Assets and Liabilities, with required implementation for the District during the year ended June 30, 2014. The objective of GASB 65 is to improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The effect of implementing GASB 65 resulted in a restatement of the beginning net position balance to write-off unamortized debt issuance costs. The effect of the restatement on these financial statements is presented in Note 16.

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 type activities columns, has been removed from these statements.

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

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

BIGGS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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. 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.

BIGGS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting (Concluded)

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 deferred revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as deferred revenue.

Expenses/Expenditures:

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

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.

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

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

BIGGS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Fund Accounting (Concluded)

Major Governmental Funds:

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

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

Non-major Governmental Funds:

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

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

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

Fiduciary Funds:

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

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

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.

These budgets are revised by the District's Governing Board and Superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budget is presented for the General Fund and Deferred Maintenance Fund as required supplementary information on pages 47 and 48.

BIGGS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Budgets and Budgetary Accounting (Concluded)

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

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

I. Assets, Liabilities and Equity

1. Deposits and Investments

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

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

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

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

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

BIGGS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Assets, Liabilities and Equity (Continued)

2. Stores Inventory and Prepaid Expenses

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

Reported inventories are equally offset by a reserve, which indicates that these amounts are not available for appropriation.

Prepaid expenses reflect payments made in the current fiscal year for expenses related to future periods.

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

3. Capital Assets

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

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

4. 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.

BIGGS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Assets, Liabilities and Equity (Continued)

5. Compensated Absences

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

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

6. Long-term Liabilities

In the government-wide financial statements, long-term obligations are reported as long-term liabilities in the Statement of Net Position. Bond premiums and discounts as well as refunding costs, when applicable, are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond premiums, discounts, or refunding.

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

7. Fund Balance Classification

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

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

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

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

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

BIGGS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

I. Assets, Liabilities and Equity (Concluded)

7. Fund Balance Classification (Concluded)

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

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

8. 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 base, supplemental and concentration grants as the new general purpose entitlement to replace most existing funding streams, including the State aid portion of the revenue limit and most State categorical programs from prior years. District funding under the LCFF is generally provided by a mix of State aid and local property taxes.

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.

BIGGS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

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

	<u>Governmental Activities</u>	<u>Fiduciary Activities</u>
Cash on Hand and in Banks		\$ 196,319
Cash in Revolving Fund	\$ 4,639	
County Pool Investments	<u>2,067,888</u>	<u>96,430</u>
Total Deposits and Investments	<u>\$ 2,072,527</u>	<u>\$ 292,749</u>

Cash on Hand and in Banks

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

Cash in Revolving Fund

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

County Pool Investments

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

General Authorization

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

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

BIGGS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

General Authorization (Concluded)

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

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

Segmented Time Distribution

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

Governmental Activities:

Investment Type	Carrying Value	Fair Value	Less Than 1 Year	More Than 1 Year
County Pool Investments	\$ 2,067,888	\$ 2,066,821	\$ 631,678	\$ 1,436,210

Fiduciary Activities:

Investment Type	Carrying Value	Fair Value	Less Than 1 Year	More Than 1 Year
County Pool Investments	\$ 96,430	\$ 96,380	\$ 29,456	\$ 66,974

BIGGS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk

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

Governmental Activities:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Rating as of Year End</u>		
			<u>AAA</u>	<u>Aa</u>	<u>Unrated</u>
County Pool Investments	\$ 2,067,888	\$ 2,066,821			\$ 2,067,888

Fiduciary Activities:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Rating as of Year End</u>		
			<u>AAA</u>	<u>Aa</u>	<u>Unrated</u>
County Pool Investments	\$ 96,430	\$ 96,380			\$ 96,430

Concentration of Credit Risk

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

Custodial Credit Risk - Investments

This is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The District does not have a policy limiting the amount of securities that can be held by counterparties. As of June 30, 2014, the District does not have any investments that are held by counterparties.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies.

BIGGS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 2 - DEPOSITS AND INVESTMENTS (CONCLUDED)

Custodial Credit Risk - Deposits (Concluded)

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, 2014, the District does not have a bank balance that is exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Derivative Investments

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

NOTE 3 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The excess of expenditures over appropriations as of June 30, 2014, were as follows:

<u>Funds</u>	<u>Expenditures</u>
General Fund:	
Certificated Salaries	\$ 55,718

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

NOTE 4 - RECEIVABLES

Receivables at June 30, 2014 consist of the following:

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Activities</u>	<u>Fiduciary Activities</u>
Federal Government	\$ 72,042	\$ 27,417	\$ 99,459	
State Government	134,715	2,236	136,951	
Local Government	31,180		31,180	
Interest	4,220	386	4,606	
Miscellaneous	92,916		92,916	\$ 162
Totals	<u>\$ 335,073</u>	<u>\$ 30,039</u>	<u>\$ 365,112</u>	<u>\$ 162</u>

BIGGS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 5 - INTERFUND ACTIVITIES

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

A. Due From/Due To Other Funds

Individual fund interfund receivable and payable balances at June 30, 2014 are as follows:

<u>Funds</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ 121,162	\$ 51,380
Deferred Maintenance		106,542
Cafeteria	<u>51,380</u>	<u>14,620</u>
Totals	<u>\$ 172,542</u>	<u>\$ 172,542</u>

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

B. Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. Interfund transfers for fiscal year 2013-14 were as follows:

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 538,244	\$ 50,955
Deferred Maintenance		538,092
Cafeteria	50,955	
Capital Projects - Special Reserve		<u>152</u>
Totals	<u>\$ 589,199</u>	<u>\$ 589,199</u>

Transfer of \$538,092 from Deferred Maintenance Fund to General Fund to provide resources to pay-off the lease revenue notes and transfer remaining balance to close fund.

Transfer of \$50,955 from General Fund to Cafeteria Fund to supplement child nutrition program.

Transfer of \$152 from Capital Projects - Special Reserve Fund to General Fund to close the fund.

BIGGS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2014, is presented below:

	Balances <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>June 30, 2014</u>
Land	\$ 283,366			\$ 283,366
Sites and Improvements	337,539	\$ 44,693		382,232
Buildings and Improvements	4,423,794	5,700	\$ 47,291	4,382,203
Furniture and Equipment	999,421	71,028		1,070,449
Work-in-Progress	<u>572,721</u>	<u>61,128</u>	<u>50,393</u>	<u>583,456</u>
Totals at Historical Cost	<u>6,616,841</u>	<u>182,549</u>	<u>97,684</u>	<u>6,701,706</u>
Less Accumulated Depreciation for:				
Sites and Improvements	195,171	18,177		213,348
Buildings and Improvements	2,947,548	108,102	47,291	3,008,359
Furniture and Equipment	<u>721,701</u>	<u>44,408</u>		<u>766,109</u>
Total Accumulated Depreciation	<u>3,864,420</u>	<u>170,687</u>	<u>47,291</u>	<u>3,987,816</u>
Governmental Activities				
Capital Assets, net	<u>\$ 2,752,421</u>	<u>\$ 11,862</u>	<u>\$ 50,393</u>	<u>\$ 2,713,890</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 114,946
Home-To-School Transportation	20,053
Food Services	6,662
Other Pupil Services	1,025
Data Processing Services	9,092
Other General Administration	4,763
Plant Services	<u>14,146</u>
Total	<u>\$ 170,687</u>

NOTE 7 - EARLY RETIREMENT INCENTIVES

In addition to the other post employment benefits described in Note 8 below, the District has negotiated early retirement incentive agreements with certain individuals, which provide retiree health benefits that are above and beyond the benefits described in Note 8. As of June 30, 2014, there were nine individuals receiving benefits under these additional agreements.

BIGGS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 7 - EARLY RETIREMENT INCENTIVES (CONCLUDED)

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

<u>Year Ended</u> <u>June 30</u>	<u>Early Retirement</u> <u>Incentives</u>
2015	\$ 23,819
2016	10,198
2017	10,198
2018	0
2019	0
2020-24	8,000
2025-29	<u>12,000</u>
Total	<u>\$ 64,215</u>

NOTE 8 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

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

Plan Description:

Certificated employees may retire with District-paid medical, dental, and vision benefits after the later of age 55 and 15 years of District service credit. Benefits are paid for 7 years plus one additional year for each 5 years of service credit in excess of 15, to a maximum of 10 years of District-paid benefits. The annual District contribution during retirement is subject to a cap of 100% of the cost of insurance premiums at the time of retirement. In applying the 100% rule, each coverage (i.e., medical, dental and vision) is capped separately and then summed to determine the total District contribution.

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

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

BIGGS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 8 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

The District had 15 retired employees receiving benefits and 50 active employees, as of July 1, 2013, the effective date of the triennial OPEB valuation. For the District, OPEB benefits are administered by District personnel. No separate financial statements are issued.

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

Annual OPEB Cost and Net OPEB Obligation: The following table shows the components of the District's Annual OPEB Cost for the fiscal year ended June 30, 2014, the amount actually contributed to the plan, and changes in the District's Net OPEB Obligation that resulted in a Net OPEB Obligation of \$929,997 for the year ended June 30, 2014.

Annual required contribution (ARC)	\$	317,295
Interest on Net OPEB Obligation		33,106
Adjustment to ARC		<u>(47,863)</u>
Annual OPEB cost (expense)		302,538
Contributions for the fiscal year		<u>(200,185)</u>
Increase in Net OPEB Obligation		102,353
Net OPEB Obligation - June 30, 2013		<u>827,644</u>
Net OPEB Obligation - June 30, 2014	\$	<u><u>929,997</u></u>

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2014	\$ 302,538	66.17%	\$ 929,997
June 30, 2013	383,557	50.62%	827,644
June 30, 2012	358,219	43.91%	638,252

BIGGS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 8 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONCLUDED)

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

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

In the July 1, 2013, actuarial valuation, the liabilities were computed using the projected unit credit cost method and the District's unfunded actuarial accrued liability is being amortized using the level dollar method over 30 years. The valuation utilized a 4% discount rate and a 4% expected long-term rate of return on District assets. The valuation assumes an initial medical rate increase of 8% which grades down to an ultimate rate of 5% after four years. Dental premiums are assumed to increase by 4% per year.

NOTE 9 - LONG-TERM LIABILITES

A schedule of changes in long-term liabilities for the year ended June 30, 2014, is shown below:

	Balances			Balances		Due within
	July 1, 2013	Additions	Deductions	June 30, 2014	One Year	
Compensated Absences	\$ 25,284	\$ 22,646	\$ 25,284	\$ 22,646	\$ 22,646	
Lease Revenue Notes	420,000		420,000	0		
Early Retirement Incentives	71,446		7,231	64,215	23,819	
Other Post Employment Benefits	827,644	302,538	200,185	929,997		
Totals	<u>\$ 1,344,374</u>	<u>\$ 325,184</u>	<u>\$ 652,700</u>	<u>\$ 1,016,858</u>	<u>\$ 46,465</u>	

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

BIGGS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 10 - FUND BALANCES

The District's fund balances at June 30, 2014 consisted of the following:

	General <u>Fund</u>	Non-Major Governmental <u>Funds</u>	<u>Totals</u>
Nonspendable	\$ 7,748	\$ 12,511	\$ 20,259
Restricted	159,048	229,280	388,328
Assigned	829,522		829,522
Unassigned:			
Economic Uncertainties	300,737		300,737
Other	630,252	(12,511)	617,741
Total Fund Balances	<u>\$ 1,927,307</u>	<u>\$ 229,280</u>	<u>\$ 2,156,587</u>

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 \$113,063 to CalSTRS (5.204% of creditable compensation subject to CalSTRS).

NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS

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

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

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

BIGGS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS (CONCLUDED)

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

Funding Policy

Active plan members are required to contribute 8.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2013-14 was 8.25% of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalSTRS for the fiscal years ended June 30, 2014, 2013, and 2012, were \$173,084, \$165,883, and \$169,818, respectively, and equal 100% of the required contributions for each year.

B. California Public Employees' Retirement System (CalPERS)

Plan Description

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

Funding Policy

Active plan members are required to contribute 7.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2013-14 was 11.442%. The contribution requirements of the plan members are established by State statute. The District's contributions to CalPERS for the fiscal years ended June 30, 2014, 2013, and 2012, were \$116,983, \$112,942, and \$108,646, respectively, and equal 100% of the required contributions for each year.

C. Social Security

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

BIGGS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 13 - 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 2013-14, 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 14 - 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 15 - 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 16 - RESTATEMENT OF NET POSITION

In accordance with the provisions of GASB 65, the beginning net position balance has been restated to reflect the write-off of unamortized debt issuance costs. The effect of the restatement on the current year financial statements is as follows:

	<u>Statement of Activities</u>
Net Position - July 1, 2013 (as originally stated)	\$ 3,693,230
Overstatement of Unamortized Debt Issuance Cost	<u>(15,250)</u>
Net Position - July 1, 2013 (as restated)	<u>\$ 3,677,980</u>

BIGGS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 17 - 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 5, 2014, 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.

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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<u>Revenues</u>				
LCFF Sources:				
State Apportionment / Transfers	\$ 1,893,127	\$ 2,955,167	\$ 2,752,098	\$ (203,069)
Local Sources	1,767,263	1,831,768	1,930,053	98,285
Total LCFF Sources	3,660,390	4,786,935	4,682,151	(104,784)
Federal Revenue	244,420	342,241	321,436	(20,805)
Other State Revenue	1,012,705	433,809	438,778	4,969
Other Local Revenue	292,230	391,978	444,849	52,871
Total Revenues	5,209,745	5,954,963	5,887,214	(67,749)
<u>Expenditures</u>				
Certificated Salaries	2,065,855	2,116,898	2,172,616	(55,718)
Classified Salaries	1,048,233	1,118,260	1,077,738	40,522
Employee Benefits	1,161,394	1,098,854	1,074,689	24,165
Books and Supplies	331,854	523,232	386,353	136,879
Services and Other				
Operating Expenditures	591,804	782,338	658,111	124,227
Capital Outlay	3,841	114,029	110,486	3,543
Debt Service:				
Principal Retirement	420,000	420,000	420,000	
Interest and Fiscal Charges	11,550	11,550	11,550	
Other Expenditures	165,152	125,979	103,194	22,785
Total Expenditures	5,799,683	6,311,140	6,014,737	296,403
Excess of Revenues (Under) Expenditures	(589,938)	(356,177)	(127,523)	228,654
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	431,550	503,451	538,244	34,793
Operating Transfers Out	(26,337)	(48,556)	(50,955)	(2,399)
Total Other Financing Sources (Uses)	405,213	454,895	487,289	32,394
Net Change in Fund Balances	(184,725)	98,718	359,766	\$ 261,048
Fund Balances - July 1, 2013	1,567,541	1,567,541	1,567,541	
Fund Balances - June 30, 2014	\$ 1,382,816	\$ 1,666,259	\$ 1,927,307	

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

BIGGS UNIFIED SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - DEFERRED MAINTENANCE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<u>Revenues</u>				
Other State Revenue	\$ 42,082			
Other Local Revenue			\$ 3,492	\$ 3,492
Total Revenues	<u>42,082</u>		<u>3,492</u>	<u>3,492</u>
<u>Expenditures</u>				
Books and Supplies	11,000	\$ 7,298	396	6,902
Services and Other				
Operating Expenditures	28,000	30,500	6,207	24,293
Capital Outlay		16,540	16,435	105
Total Expenditures	<u>39,000</u>	<u>54,338</u>	<u>23,038</u>	<u>31,300</u>
Excess of Revenues Over (Under) Expenditures	3,082	(54,338)	(19,546)	34,792
<u>Other Financing (Uses)</u>				
Operating Transfers Out	(431,550)	(503,299)	(538,092)	(34,793)
Net Change in Fund Balances	(428,468)	(557,637)	(557,638)	<u>\$ (1)</u>
Fund Balances - July 1, 2013	<u>557,638</u>	<u>557,638</u>	<u>557,638</u>	
Fund Balances - June 30, 2014	<u>\$ 129,170</u>	<u>\$ 1</u>	<u>\$ 0</u>	

**BIGGS UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014**

	<u>Cafeteria</u>	<u>Capital Facilities</u>	<u>Capital Projects - Special Reserve</u>	<u>Total Non-Major Governmental Funds</u>
<u>Assets</u>				
Deposits and Investments	\$ (69,726)	\$ 228,894		\$ 159,168
Receivables	29,653	386		30,039
Due from Other Funds	51,380			51,380
Stores Inventory	8,924			8,924
Prepaid Expenditures	948			948
Total Assets	<u>\$ 21,179</u>	<u>\$ 229,280</u>	<u>\$ 0</u>	<u>\$ 250,459</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts Payable	\$ 6,559			\$ 6,559
Due to Other Funds	14,620			14,620
Total Liabilities	<u>21,179</u>			<u>21,179</u>
Fund Balances:				
Nonspendable	12,511			12,511
Restricted		\$ 229,280		229,280
Unassigned	(12,511)			(12,511)
Total Fund Balances	<u>0</u>	<u>229,280</u>		<u>229,280</u>
Total Liabilities and Fund Balances	<u>\$ 21,179</u>	<u>\$ 229,280</u>	<u>\$ 0</u>	<u>\$ 250,459</u>

**BIGGS UNIFIED SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Cafeteria</u>	<u>Capital Facilities</u>	<u>Capital Projects - Special Reserve</u>	<u>Total Non-Major Governmental Funds</u>
<u>Revenues</u>				
Federal Revenue	\$ 254,734			\$ 254,734
State Revenue	21,112			21,112
Local Revenue	11,774	\$ 91,376	\$ 1	103,151
Total Revenues	<u>287,620</u>	<u>91,376</u>	<u>1</u>	<u>378,997</u>
<u>Expenditures</u>				
Food Services	323,955			323,955
Other General Administration	14,620			14,620
Plant Services		6,699		6,699
Total Expenditures	<u>338,575</u>	<u>6,699</u>	<u>0</u>	<u>345,274</u>
Excess of Revenues Over (Under) Expenditures	<u>(50,955)</u>	<u>84,677</u>	<u>1</u>	<u>33,723</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	50,955			50,955
Operating Transfers Out			(152)	(152)
Total Other Financing Sources (Uses)	<u>50,955</u>	<u>0</u>	<u>(152)</u>	<u>50,803</u>
Net Change in Fund Balances		84,677	(151)	84,526
Fund Balances - July 1, 2013	<u>0</u>	<u>144,603</u>	<u>151</u>	<u>144,754</u>
Fund Balances - June 30, 2014	<u>\$ 0</u>	<u>\$ 229,280</u>	<u>\$ 0</u>	<u>\$ 229,280</u>

BIGGS UNIFIED SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

<u>Actuarial Valuation Date</u>	<u>Value of Assets</u>	<u>Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Percentage of Covered Payroll</u>
7/1/13	\$ 0	\$ 2,832,661	\$ 2,832,661	0%	\$ 2,780,176	101.89%
7/1/10	0	3,159,505	3,159,505	0%	3,043,921	103.80%
7/1/07	0	2,652,956	2,652,956	0%	3,365,997	78.82%

BIGGS UNIFIED SCHOOL DISTRICT
ORGANIZATION/BOARD OF TRUSTEES/ADMINISTRATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

ORGANIZATION

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

BOARD OF TRUSTEES

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Terri Lattemore	President	November 2014
Kari Wheeler	Vice President	November 2016
Dennis Slusser	Clerk	November 2014
Robin Clark	Member	November 2016
Kathryn Sheppard	Member	November 2014

ADMINISTRATION

Doug Kaelin
Superintendent

Pamela Ragan
Financial Officer

BIGGS UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	P-2 Report				Total
	TK / K - 3	4 - 6	7 - 8	9 - 12	
Regular	140.38	149.91	82.15	138.74	511.18
Community Day School			0.16	7.71	7.87
Totals	140.38	149.91	82.31	146.45	519.05

	Annual Report				Total
	TK / K - 3	4 - 6	7 - 8	9 - 12	
Regular	141.31	151.44	82.07	139.26	514.08
Community Day School			0.25	7.59	7.84
Totals	141.31	151.44	82.32	146.85	521.92

BIGGS UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

<u>Grade Level</u>	<u>Minutes Required</u>	<u>Adjusted Minutes Required</u>	<u>2013-14 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Number of Days Multitrack Calendar</u>	<u>Status</u>
Kindergarten	36,000	35,000	56,010	180	N/A	In Compliance
Grade 1	50,400	49,000	51,570	180	N/A	In Compliance
Grade 2	50,400	49,000	51,570	180	N/A	In Compliance
Grade 3	50,400	49,000	51,570	180	N/A	In Compliance
Grade 4	54,000	52,500	54,360	180	N/A	In Compliance
Grade 5	54,000	52,500	54,360	180	N/A	In Compliance
Grade 6	54,000	52,500	54,360	180	N/A	In Compliance
Grade 7	54,000	52,500	65,850	180	N/A	In Compliance
Grade 8	54,000	52,500	65,850	180	N/A	In Compliance
Grade 9	64,800	63,000	64,835	180	N/A	In Compliance
Grade 10	64,800	63,000	64,835	180	N/A	In Compliance
Grade 11	64,800	63,000	64,835	180	N/A	In Compliance
Grade 12	64,800	63,000	64,835	180	N/A	In Compliance

BIGGS UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

<u>Program Name</u>	<u>Federal Catalog Number</u>	<u>Pass-Through Identification Number</u>	<u>Federal Program Expenditures</u>
U.S. Department of Agriculture: Passed through California Department of Education (CDE): <i>Child Nutrition Cluster:</i>			
National School Lunch	10.555	13524	\$ 137,621
School Needy Breakfast	10.553	13526	117,113
 Passed through Butte County Office of Education (BCOE):			
Forest Reserve	10.665	10044	1,408
 U.S. Department of Education: Passed through CDE:			
NCLB: Title I - Basic Grant Low-Income & Neglected	84.010	14329	151,478
NCLB: Title II - Improving Teacher Quality	84.367	14341	33,081
NCLB: Title III - Limited English Proficiency	84.365	14346	9,813
Carl D. Perkins Career and Technical Education	84.048	14894	5,629
Passed through BCOE:			
NCLB: Title I - Migrant Education	84.011	14326	5,299
Passed through Butte County SELPA: <i>Special Education Cluster:</i>			
IDEA Part B Basic Local Assistance	84.027	13379	57,732
 U.S. Department of Health and Human Services: Passed through Gridley Unified:			
Drug Free Communities Support Program	93.267	10060	13,000
 Received Direct:			
Rural Educational Achievement Program	84.358A	n/a	<u>43,996</u>
 Total			<u><u>\$ 576,170</u></u>

SEE NOTES TO SUPPLEMENTARY INFORMATION

BIGGS UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
WITH AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	General Fund	Special Revenue- Special Reserve Fund	Special Reserve for Postemployment Benefits Fund
June 30, 2014 Annual Financial and Budget Report Fund Balances	\$ 1,327,052	\$ 380,373	\$ 219,882
Reclassifications Increasing (Decreasing) Fund Balances:			
Reclassification of Fund Balances	<u>600,255</u>	<u>(380,373)</u>	<u>(219,882)</u>
June 30, 2014 Audited Financial Statements Fund Balances	<u>\$ 1,927,307</u>	<u>\$ 0</u>	<u>\$ 0</u>

Auditor's Comments

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

The audited financial statements of all other funds were in agreement with the Annual Financial and Budget Report for the fiscal year ended June 30, 2014.

BIGGS UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	GENERAL FUND			
	(Budget)* 2014-15	2013-14	2012-13	2011-12
Revenues and Other Financial Sources	\$ 5,408,617	\$ 6,425,458	\$ 5,224,147	\$ 5,370,017
Expenditures	5,833,159	6,014,737	5,177,719	5,523,850
Other Uses and Transfers Out	22,698	50,955	32,415	0
Total Outgo	5,855,857	6,065,692	5,210,134	5,523,850
Change in Fund Balance	(447,240)	359,766	14,013	(153,833)
Ending Fund Balance	\$ 1,480,067	\$ 1,927,307	\$ 1,567,541	\$ 1,553,528
Available Reserves	\$ 1,167,399	\$ 930,989	\$ 783,892	\$ 782,339
Reserve for Economic Uncertainties **	\$ 291,427	\$ 300,737	\$ 258,886	\$ 276,192
Available Reserves as a Percentage of Total Outgo	19.9%	15.35%	15.05%	14.2%
Average Daily Attendance at P-2	527	519	519	497
Total Long-Term Liabilities	\$ 970,393	\$ 1,016,858	\$ 1,344,374	\$ 1,173,812

* Amounts reported for the 20114-15 budget are presented for analytical purposes only and have not been audited.

** Reported balances are a component of available reserves.

The fund balance of the General Fund increased \$373,779 (24.1%) over the past two years. The fiscal year 2014-15 budget projects a decrease of \$447,240 (23.2%). For a district this size, the state recommends available reserves of at least 4% of total general fund expenditures, transfers out, and other uses (total outgo).

The District produced operating surplus of \$14,013 and \$359,766 during fiscal years 2012-13 and 2013-14, respectively, and incurred an operating deficit of \$153,833 during fiscal year 2011-12.

Average daily attendance has increased 22 ADA over the past two years. The District projects an increase of 8 ADA during fiscal year 2014-15.

Total long-term liabilities decreased \$156,954 over the past two years, due primarily to the District's decreased obligation for lease revenue notes.

BIGGS UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES

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

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

B. Combining Statements

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

C. Schedule of Funding Progress

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

D. Schedule of Average Daily Attendance

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

E. 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 or exceed 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.

F. Schedule of Expenditures of Federal Awards

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

BIGGS UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES (CONCLUDED)

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

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

H. Schedule of Financial Trends and Analysis

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

OTHER INDEPENDENT AUDITOR'S REPORTS SECTION

STEPHEN ROATCH ACCOUNTANCY CORPORATION

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
Biggs Unified School District
Biggs, California

We have audited Biggs Unified School District's compliance with the types of compliance requirements described in the *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2013-14* for the fiscal year ended June 30, 2014.

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 *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2013-14*, 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 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:

<u>Description</u>	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
Attendance Accounting:		
Attendance Reporting	6	Yes
Teacher Certification and Misassignments	3	Yes
Kindergarten Continuance	3	Yes
Independent Study	23	No (see below)
Continuation Education	10	Not Applicable

<u>Description</u>	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
Instructional Time for School Districts	10	Yes
Instructional Materials General Requirements	8	Yes
Ratios of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive	4	Not Applicable
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Juvenile Court Schools	8	Not Applicable
Local Control Funding Formula Certification	1	Yes
California Clean Energy Jobs Act	3	Yes
After School Education and Safety Program:		
General Requirements	4	Not Applicable
After School	5	Not Applicable
Before School	6	Not Applicable
Education Protection Account Funds	1	Yes
Common Core Implementation Funds	3	Yes
Unduplicated Local Control Funding Formula Pupil Counts	3	Yes
Contemporaneous Records of Attendance For Charter Schools	8	Not Applicable
Mode of Instruction for Charter Schools	1	Not Applicable
Nonclassroom-Based Instruction/ Independent Study for Charter Schools	15	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction for Charter Schools	3	Not Applicable
Annual Instructional Minutes - Classroom Based For Charter Schools	4	Not Applicable
Charter School Facility Grant Program	1	Not Applicable

We did not perform tests for the independent study program because the ADA 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, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2013-14* and which are described in the accompanying Schedule of Findings and Questioned Costs, as noted in **Finding 14-2**. Our opinion on state compliance on the programs previously identified is not modified with respect to these matters.

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

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 *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2013-14*. Accordingly, this report is not suitable for any other purpose.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 5, 2014

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

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

Board of Trustees
Biggs Unified School District
Biggs, California

We have audited, 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, 2014, 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 5, 2014 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.

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. 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.

Internal Control Over Financial Reporting (Concluded)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency, as noted in **Finding 14-1**.

Compliance and Other Matters

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

District's Response to Finding

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

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 5, 2014

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

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

Board of Trustees
Biggs Unified School District
Biggs, California

Report on Compliance for Each Major Federal Program

We have audited Biggs Unified School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Biggs Unified School District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, Biggs Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 5, 2014

FINDINGS AND QUESTIONED COSTS SECTION

BIGGS UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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? _____ Yes X No

Significant deficiencies identified not considered
to be material weaknesses? _____ None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weaknesses identified? _____ Yes X No

Reportable conditions identified not considered
to be material weaknesses? _____ None reported

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

Any audit findings disclosed that are required to be
reported in accordance with Circular A-133,
Section .510(a) _____ Yes X No

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? _____ Yes X No

State Awards

Internal control over state programs:

Material weaknesses identified? _____ Yes X No

Significant deficiencies identified not considered
to be material weaknesses? _____ None reported

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

BIGGS UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

SECTION II - FINANCIAL STATEMENT FINDINGS

14 - 1 / 30000

SIGNIFICANT DEFICIENCY

MEAL COUNTS

Criteria: To be eligible for federal and state reimbursement, meals reported on the cafeteria claims for reimbursement must be supported by accurate meal counts and accounting records indicating the number of meals served by category and type.

Condition: The meal count information that was reported to the state was not independently verified prior to being submitted. As a result, we noted several meal count errors that were not detected or corrected prior to being reported to the state on the monthly cafeteria claims for reimbursement. In addition, the supporting documentation for the meal counts was not maintained in an auditable manner.

Questioned Costs: \$371.

Context: The fiscal impact of the errors that were noted in our testing is not considered material to the program.

Effect: Claims for reimbursement that are not independently verified for accuracy and completeness prior to being submitted to the state, or that are not supported by documentation that is not maintained in an auditable manner, are more likely to contain errors that may impact the amount of funding received by the District.

Cause: The District has not established appropriate procedures to ensure that the reported meal counts are independently verified prior to being submitted to the state, and supported by documentation that is maintained in an auditable manner.

Recommendation: The District should establish appropriate procedures to ensure that the reported meal counts are independently verified prior to being submitted to the state, and supported by documentation that is maintained in an auditable manner. (Due to the insignificance of the amount of questioned costs, no meal count revisions are deemed necessary.)

District Response: The new meal tracking software installed in 13/14 did not function properly for months and required several visits from the software vendor to correct the issue. The data was hand processed during the down months and hand keyed when the system was functioning. Some of the auditable data was misplaced and therefore could not be verified by the auditors. The district is implementing an additional verification of eligible students for free or reduced meals and using the report suggested by the auditors to complete a cursory review of numbers of students eligible compared to number of meals claimed.

BIGGS UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no matters to report for the fiscal year ended June 30, 2014.

BIGGS UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

14 - 2 / 40000

SIGNIFICANT DEFICIENCY

UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS

Criteria: Education Code Section 60900 requires the District to report certain pupil information to the Superintendent of Public Instruction on an annual basis using the California Longitudinal Pupil Achievement Data System (CALPADS). The information required to be reported includes pupil classifications related to free and reduced-price meal eligibility and English learner status, both of which are used in determining the amount of supplemental grant and concentration grant funding earned by agencies under the Local Control Funding Formula (LCFF). Accordingly, all of the information reported on the CALPADS "1.18 - FRPM/English Learner/Foster Youth - Student List" report, as of the Census Day (October 2), should agree to the relevant supporting documentation maintained by the District.

Condition: The District improperly reported certain students as being eligible to receive free or reduced price meals on CALPADS based on the students' prior year free and reduced price meal status, even though no free or reduced-price application or alternative income form was available as of the Census Day, which was beyond the 30 day free or reduced-price eligibility window.

Context: The disallowed pupil counts were limited to the pupils who had not submitted a free or reduced-price meal application or alternative income form by the Census Day, per the District's own records.

Effect: The unduplicated FRPM/EL eligible pupil counts certified by the District was overstated by 22 pupils.

Questioned Costs: \$14,462. (\$4,132 of supplemental grant funding + \$10,330 of concentration grant funding)

Questioned costs were determined by multiplying the statewide gap funding rate by the revised funding gap that resulted from recalculating supplementary grant and concentration grant funding using the audit determined unduplicated LCFF pupil counts. The allocation of questioned cost between supplemental grant funding and concentration grant funding was made in direct proportion to the calculated change in supplementary grant and concentration grant funding prior to adjustment.

BIGGS UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (CONCLUDED)

Questioned Cost: A summary of certified pupil counts, audit adjustments, and adjusted pupil counts is presented for the Biggs Unified School District, as follows:

	Total Enrollment	Total Unduplicated Eligible Free/ Reduced Meal Counts	EL Funding Eligible	Unduplicated FRPM/EL Eligible Count
<u>Certified Pupil Counts:</u>				
Biggs Elementary	343	265	54	268
Biggs High	142	97	16	100
Biggs Community Day	8	1	2	3
Richvale Elementary	31	17	3	17
Totals	524	380	75	388
<u>Audit Adjustments:</u>				
Biggs Elementary	0	(8)	0	(8)
Biggs High	0	(15)	0	(11)
Biggs Community Day	0	0	0	0
Richvale Elementary	0	(3)	0	(3)
Totals	0	(26)	0	(22)
<u>Adjusted Pupil Counts:</u>				
Biggs Elementary	343	257	54	260
Biggs High	142	82	16	89
Biggs Community Day	8	1	2	3
Richvale Elementary	31	14	3	14
Totals	524	354	75	366

Cause: The District has not establish appropriate procedures to ensure that all of the pupil information reported on the CALPADS "1.18 - FRPM/English Learner/Foster Youth - Student List" report is properly supported by appropriate documentation.

Recommendation: The District should establish procedures to ensure that all of the pupil information reported on the CALPADS "1.18 - FRPM/English Learner/Foster Youth - Student List" report is properly supported by appropriate documentation.

District Response: This issue was not isolated to Biggs Unified School District. The CALPADS data had errors at several other Butte County schools, which then leads to believe it was statewide. The state is continuing to work on the CALPADS data extraction issues. The district is double checking by manual count all Free/Reduced, EL and Foster students on a per student basis for 14/15 to ensure the numbers are correct. CALPADS is still not extracting the data correctly as of First Interim reporting for 14/15.

BIGGS UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

<u>Recommendations</u>	<u>Current Status</u>	Explanation If Not Fully Implemented
<u>FINANCIAL STATEMENTS</u>		
13 - 1 / 30000		
SIGNIFICANT DEFICIENCY		
<u>STUDENT BODY - CASH RECEIPTS</u>		
The District should enforce student body procedures that require cash receipts to be counted and summarized on cash deposit summary sheets that are signed by the individuals who collect and count the cash, prior to it being submitted to the student body account clerk for deposit.	Implemented	