

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

**AUDIT REPORT**

**JUNE 30, 2015**



# BIGGS UNIFIED SCHOOL DISTRICT

JUNE 30, 2015

---

## 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	57
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Deferred Maintenance Fund	58
Schedule of Funding Progress	59
Schedule of the Proportionate Share of the Net Pension Liability - CalSTRS	60
Schedule of the Proportionate Share of the Net Pension Liability - CalPERS	61

**BIGGS UNIFIED SCHOOL DISTRICT**

**JUNE 30, 2015**

---

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>
<u>SUPPLEMENTARY INFORMATION SECTION (CONTINUED)</u>	
Schedule of Contributions - CalSTRS	62
Schedule of Contributions - CalPERS	63
Organization/Board of Trustees/Administration	64
Schedule of Average Daily Attendance	65
Schedule of Instructional Time	66
Schedule of Expenditures of Federal Awards	67
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements	68
Schedule of Financial Trends and Analysis	69
Notes to Supplementary Information	70
<u>OTHER INDEPENDENT AUDITOR'S REPORTS SECTION</u>	
Independent Auditor's Report on State Compliance	73
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>	77
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>	79
<u>FINDINGS AND QUESTIONED COSTS SECTION</u>	
Schedule of Findings and Questioned Costs:	
Section I - Summary of Auditor's Results	81
Section II - Financial Statement Findings	82
Section III - Federal Award Findings and Questioned Costs	86
Section IV - State Award Findings and Questioned Costs	87
Status of Prior Year Recommendations	89

## 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, 2015, 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, 2015, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Biggs Unified School District, as of June 30, 2015, 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 management's discussion and analysis on pages 4 through 14, the budgetary comparison information on pages 57 and 58, the schedule of funding progress on page 59, the schedules of proportionate share of the net pension liability on pages 60 and 61, and the schedules of contributions on pages 62 and 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. 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 Biggs Unified School District's basic financial statements. The supplementary schedules and information 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 supplementary schedules and information 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 supplementary schedules and information 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 January 15, 2016 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

January 15, 2016

**BIGGS UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

(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, 2015. 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 2014-15 is the first year the District has been required to record a liability in the financial statements to reflect the District's proportionate share of the net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans. (See Note 16)
- Fiscal year 2014-15 is the second year the District has received funding that is based on the new Local Control Funding Formula (LCFF).
- The District's financial status improved during the course of the year as total net position increased \$183,875.
- Net capital assets decreased \$74,201 due to the current year addition of \$79,600 of new capital assets and improvements, and the current year recognition of \$153,801 of depreciation expense.
- Total long-term liabilities decreased \$904,514 due primarily to the current year reduction of District's proportionate share of the net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans.
- The District's P-2 average daily attendance (ADA) decreased 6 ADA from the prior fiscal year.
- During fiscal year 2014-15, the District's General Fund produced an operating surplus of \$186,391, and reported a \$311,117 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 total General Fund expenditures, transfers out, and other uses (total outgo). During fiscal year 2014-15, General Fund expenditures and other financing uses totaled \$5,851,616. At June 30, 2015, the District has available reserves of \$1,242,106 in the General Fund, which represents a reserve of 21.23%.

**BIGGS UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

(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, 2015**

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

*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, 2015**

(PREPARED BY DISTRICT MANAGEMENT)

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

GOVERNMENTAL ACTIVITIES

<b><u>Comparative Statement of Net Position</u></b>		
	Governmental Activities	
	2014	2015
<b><u>Assets</u></b>		
Deposits and Investments	\$ 2,072,527	\$ 2,202,604
Receivables	365,112	434,018
Store Inventory	8,924	6,826
Prepaid Expenses	6,696	0
Capital Assets, net	2,713,890	2,639,689
<b>Total Assets</b>	<b>5,167,149</b>	<b>5,283,137</b>
<b><u>Deferred Outflows of Resources</u></b>		
Pension Deferrals *	281,969	446,097
<b><u>Liabilities</u></b>		
Current	343,137	303,595
Long-term *	5,706,438	4,812,405
<b>Total Liabilities *</b>	<b>6,049,575</b>	<b>5,116,000</b>
<b><u>Deferred Inflows of Resources</u></b>		
Pension Deferrals - CalSTRS	0	1,029,816
<b><u>Net Position</u></b>		
Net Investment in Capital Assets	2,649,675	2,639,689
Restricted	396,076	316,484
Unrestricted (Deficit) *	(3,646,208)	(3,372,755)
<b>Total Net Position (Deficit)*</b>	<b>\$ (600,457)</b>	<b>\$ (416,582)</b>
<i>Table includes financial data of the combined governmental funds.</i>		
<i>* The amounts presented for fiscal year 2013-14 have been adjusted to reflect the restatement discussed in Note 16 of these financial statements</i>		

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

**BIGGS UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

(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 \$183,875.

<b><u>Comparative Statement of Changes in Net Position</u></b>		
	Governmental Activities	
	2014	2015
<b><u>Program Revenues</u></b>		
Charges for Services	\$ 12,814	\$ 18,148
Operating Grants & Contributions	945,952	855,406
<b><u>General Revenues</u></b>		
Taxes Levied	1,930,053	1,953,614
Federal & State Aid	2,845,983	2,955,219
Interest & Investment Earnings	30,318	20,992
Transfers	42,280	12,720
Miscellaneous	462,303	546,186
Total Revenues	<u>6,269,703</u>	<u>6,362,285</u>
<b><u>Expenses</u></b>		
Instruction	3,207,695	3,345,279
Instruction-Related Services	538,048	536,463
Pupil Services	747,054	638,885
General Administration	551,095	591,535
Plant Services	796,208	831,644
Ancillary Services	93,021	48,475
Community Services	31,579	37,040
Interest on Long-Term Debt	11,550	0
Other Outgo	117,814	149,089
Total Expenses	<u>6,094,064</u>	<u>6,178,410</u>
Change in Net Position	175,639	183,875
Net Position, Beginning *	<u>(776,096)</u>	<u>(600,457)</u>
Net Position, Ending *	<u>\$ (600,457)</u>	<u>\$ (416,582)</u>

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

*\* The amounts presented for fiscal year 2013-14 have been adjusted to reflect the restatement discussed in Note 16 of these financial statements*

**BIGGS UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

(PREPARED BY DISTRICT MANAGEMENT)

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

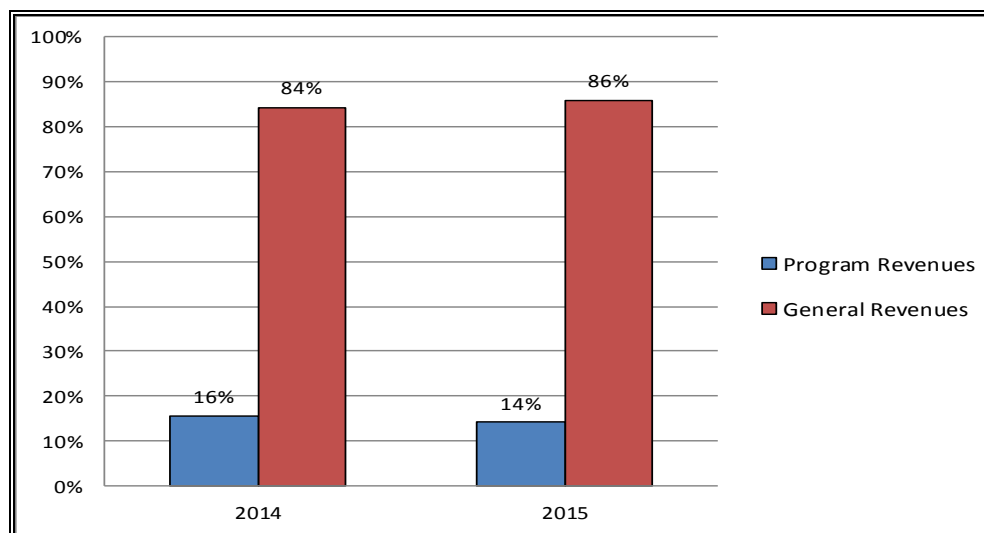
**GOVERNMENTAL ACTIVITIES (CONTINUED)**

**Comparative Schedule of Costs of Services**

	Total Cost of Services		Net Cost of Services	
	2014	2015	2014	2015
Instruction	\$ 3,207,695	\$ 3,345,279	\$ 2,704,401	\$ 2,851,057
Instruction-Related Services	538,048	536,463	532,827	518,952
Pupil Services	747,054	638,885	456,191	393,472
General Administration	551,095	591,535	510,081	549,172
Plant Services	796,208	831,644	741,661	829,247
Ancillary Services	93,021	48,475	80,021	47,990
Community Services	31,579	37,040	31,579	37,040
Interest on Long-Term Debt	11,550	0	11,550	0
Other Outgo	117,814	149,089	66,987	77,926
Totals	<u>\$ 6,094,064</u>	<u>\$ 6,178,410</u>	<u>\$ 5,135,298</u>	<u>\$ 5,304,856</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 \$5,304,856 net cost represents the financial burden that was placed on the District's general revenues for providing the services listed.



Program revenues financed 14% of the total cost of providing the services listed above, while the remaining 86% 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, 2015**

(PREPARED BY DISTRICT MANAGEMENT)

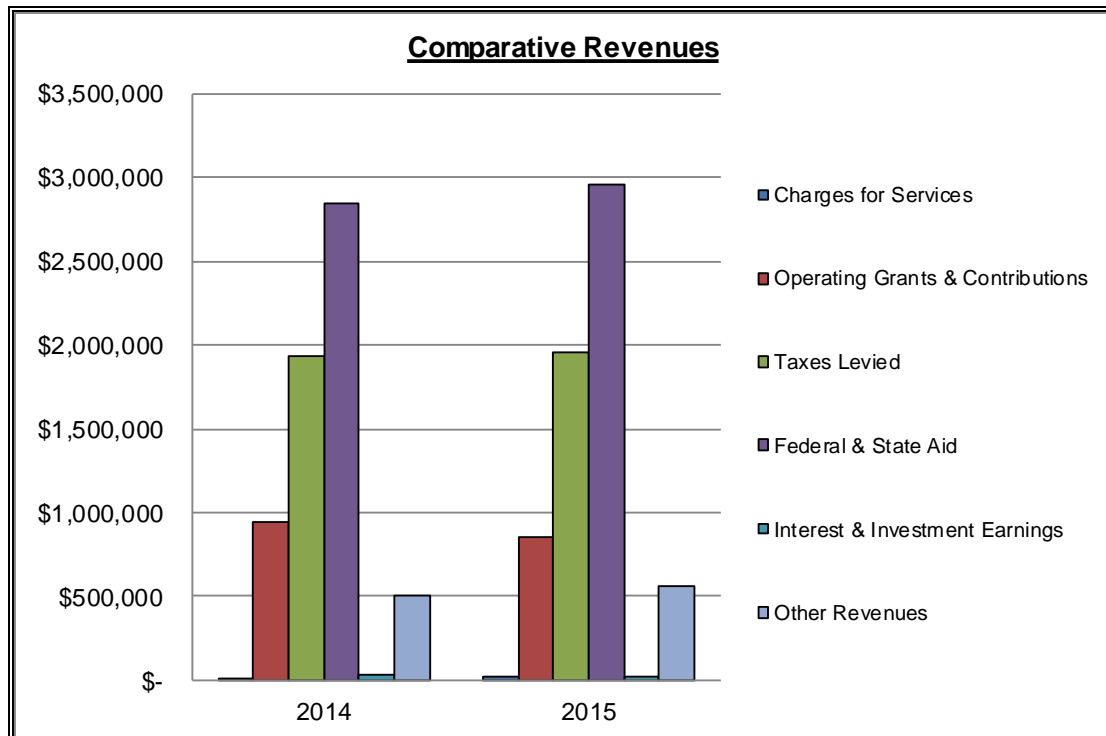
**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)**

**GOVERNMENTAL ACTIVITIES (CONTINUED)**

**Summary of Revenues For Governmental Functions**

	FYE 2014 Amount	Percent of Total	FYE 2015 Amount	Percent of Total
<b><u>Program Revenues</u></b>				
Charges for Services	\$ 12,814	0.20%	\$ 18,148	0.29%
Operating Grants & Contributions	945,952	15.09%	855,406	13.44%
<b><u>General Revenues</u></b>				
Taxes Levied	1,930,053	30.78%	1,953,614	30.71%
Federal & State Aid	2,845,983	45.39%	2,955,219	46.45%
Interest & Investment Earnings	30,318	0.48%	20,992	0.33%
Other Revenues	504,583	8.05%	558,906	8.78%
<b>Total Revenues</b>	<b>\$ 6,269,703</b>	<b>100.00%</b>	<b>\$ 6,362,285</b>	<b>100.00%</b>

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





**BIGGS UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

(PREPARED BY DISTRICT MANAGEMENT)

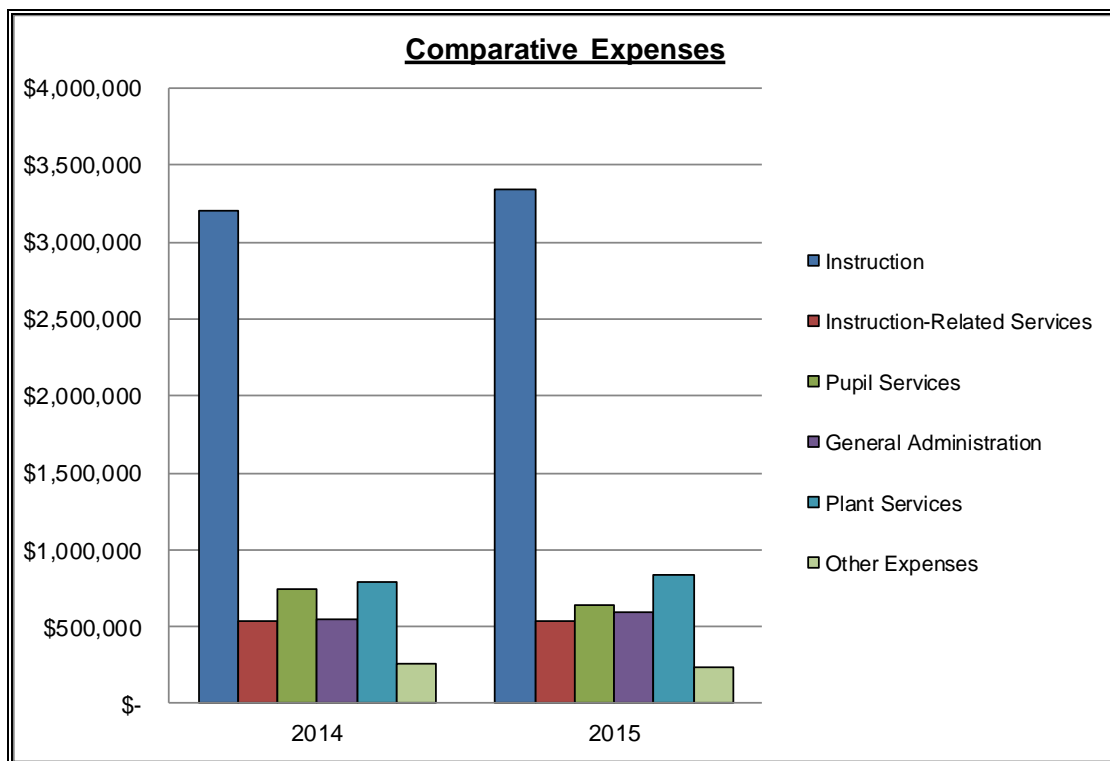
**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)**

**GOVERNMENTAL ACTIVITIES (CONTINUED)**

**Schedule of Expenses For Governmental Functions**

	FYE 2014 Amount	Percent of Total	FYE 2015 Amount	Percent of Total
<b>Expenses</b>				
Instruction	\$ 3,207,695	52.64%	\$ 3,345,279	54.14%
Instruction-Related Services	538,048	8.83%	536,463	8.68%
Pupil Services	747,054	12.26%	638,885	10.34%
General Administration	551,095	9.04%	591,535	9.57%
Plant Services	796,208	13.07%	831,644	13.46%
Other Expenses	253,964	4.17%	234,604	3.80%
<b>Total Expenses</b>	<b>\$ 6,094,064</b>	<b>100.00%</b>	<b>\$ 6,178,410</b>	<b>100.00%</b>

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



**BIGGS UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

(PREPARED BY DISTRICT MANAGEMENT)

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

GOVERNMENTAL ACTIVITIES (CONCLUDED)

<b><u>Comparative Schedule of Capital Assets</u></b>		
	Governmental Activities	
	2014	2015
Land	\$ 283,366	\$ 283,366
Sites and Improvements	382,232	434,204
Buildings and Improvements	4,382,203	4,382,203
Furniture and Equipment	1,070,449	1,096,390
Work-in-Progress	583,456	585,143
Subtotals	6,701,706	6,781,306
Less: Accumulated Depreciation	(3,987,816)	(4,141,617)
Capital Assets, net	<u>\$ 2,713,890</u>	<u>\$ 2,639,689</u>

Net capital assets decreased \$74,201 due to the current year addition of \$79,600 of new capital assets and improvements, and the current year recognition of \$153,801 of depreciation expense.

<b><u>Comparative Schedule of Long-Term Liabilities</u></b>		
	Governmental Activities	
	2014	2015
Compensated Absences	\$ 22,646	\$ 25,786
Early Retirement Incentives	64,215	40,396
Other Postemployment Benefits	929,997	1,031,368
Net Pension Liability - CalSTRS *	3,251,879	2,660,107
Net Pension Liability - CalPERS *	1,484,166	1,090,732
Totals *	<u>\$ 5,752,903</u>	<u>\$ 4,848,389</u>

*\* The amounts presented for fiscal year 2013-14 have been adjusted to reflect the restatement discussed in Note 16 of these financial statements*

Total long-term liabilities decreased \$904,514 due primarily to the current year reduction of District's proportionate share of the net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans.

**BIGGS UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

(PREPARED BY DISTRICT MANAGEMENT)

**FINANCIAL ANALYSIS OF DISTRICT'S FUNDS**

<b><u>Comparative Schedule of Fund Balances</u></b>			
	Fund Balances June 30, 2014	Fund Balances June 30, 2015	Increase (Decrease)
General	\$ 1,927,307	\$ 2,113,698	\$ 186,391
Cafeteria	0	19,676	19,676
Capital Facilities	229,280	242,463	13,183
Totals	<u>\$ 2,156,587</u>	<u>\$ 2,375,837</u>	<u>\$ 219,250</u>

The fund balance of the General Fund increased \$186,391, and the combined fund balances of all other District governmental funds increased \$32,859.

**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 Revised 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 57 includes only new revenues for fiscal year 2014-15.

**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.

Fiscal year 2014-15 will be the third 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.

**BIGGS UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

(PREPARED BY DISTRICT MANAGEMENT)

---

**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, 2015**

	<b>Governmental Activities</b>
<b><u>Assets</u></b>	
Deposits and Investments (Note 2)	\$ 2,202,604
Receivables (Note 4)	434,018
Stores Inventory (Note 1I)	6,826
Capital Assets (Note 6)	
Land	283,366
Sites and Improvements	434,204
Buildings and Improvements	4,382,203
Furniture and Equipment	1,096,390
Work-in-Progress	585,143
Less: Accumulated Depreciation	(4,141,617)
Total Assets	<u>5,283,137</u>
<b><u>Deferred Outflows of Resources</u></b>	
Pension Deferrals - CalSTRS (Note 1I)	315,674
Pension Deferrals - CalPERS	130,423
Total Deferred Outflows of Resources	<u>446,097</u>
<b><u>Liabilities</u></b>	
Accounts Payable and Other Current Liabilities	245,766
Unearned Revenue (Note 1I)	21,845
Long-Term Liabilities:	
<i>Portion Due or Payable Within One Year:</i>	
Compensated Absences	25,786
Early Retirement Incentives	10,198
<i>Portion Due or Payable After One Year:</i>	
Early Retirement Incentives (Note 7)	30,198
Other Post Employment Benefits (Note 8)	1,031,368
Net Pension Liability - CalSTRS (Note 9A)	2,660,107
Net Pension Liability - CalPERS (Note 9B)	1,090,732
Total Liabilities	<u>5,116,000</u>
<b><u>Deferred Inflows of Resources</u></b>	
Pension Deferrals - CalSTRS (Note 1I)	655,028
Pension Deferrals - CalPERS	374,788
Total Deferred Inflows of Resources	<u>1,029,816</u>
<b><u>Net Position</u></b>	
Net Investment in Capital Assets	2,639,689
Restricted:	
For Capital Projects	242,463
For Educational Programs	52,345
For Other Purposes	21,676
Unrestricted (Deficit)	(3,372,755)
Total Net Position (Deficit)	<u><u>\$ (416,582)</u></u>

**BIGGS UNIFIED SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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
<b><u>Governmental Activities</u></b>					
Instruction	\$ 3,345,279		\$ 494,222		\$ (2,851,057)
Instruction-Related Services:					
Supervision of Instruction	12,714		4,867		(7,847)
Instructional Library and Technology	35,417				(35,417)
School Site Administration	488,332		12,644		(475,688)
Pupil Services:					
Home-to-School Transportation	265,690				(265,690)
Food Services	316,144	\$ 17,410	223,069		(75,665)
Other Pupil Services	57,051		4,934		(52,117)
General Administration:					
Data Processing Services	38,412				(38,412)
Other General Administration	553,123	738	41,625		(510,760)
Plant Services	831,644		2,397		(829,247)
Ancillary Services	48,475		485		(47,990)
Community Services	37,040				(37,040)
Other Outgo	149,089		71,163		(77,926)
Total Governmental Activities	<u>\$ 6,178,410</u>	<u>\$ 18,148</u>	<u>\$ 855,406</u>	<u>\$ 0</u>	<u>(5,304,856)</u>
<b><u>General Revenues</u></b>					
Taxes Levied for General Purposes					1,953,614
Federal and State Aid - Unrestricted					2,955,219
Interest and Investment Earnings					20,992
Transfers from Other Agencies					12,720
Miscellaneous					546,186
Total General Revenues					<u>5,488,731</u>
Change in Net Position					183,875
Net Position (Deficit) - July 1, 2014					<u>(600,457)</u>
(As Restated - Note 16)					
Net Position (Deficit) - June 30, 2015					<u>\$ (416,582)</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**BIGGS UNIFIED SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2015**

	<u>General</u>	<u>Cafeteria</u>	<u>Capital Facilities</u>	<u>Total Governmental Funds</u>
<b><u>Assets</u></b>				
Deposits and Investments (Note 2)	\$ 1,950,751	\$ 9,390	\$ 242,463	\$ 2,202,604
Receivables (Note 4)	408,727	25,291		434,018
Due from Other Funds (Note 5)	13,265	998		14,263
Stores Inventory (Note 11)		6,827		6,827
Total Assets	<u>\$ 2,372,743</u>	<u>\$ 42,506</u>	<u>\$ 242,463</u>	<u>\$ 2,657,712</u>
<b><u>Liabilities and Fund Balances</u></b>				
Liabilities:				
Accounts Payable	\$ 236,201	\$ 9,565		\$ 245,766
Due to Other Funds (Note 5)	998	13,265		14,263
Unearned Revenue (Note 11)	21,846			21,846
Total Liabilities	<u>259,045</u>	<u>22,830</u>		<u>281,875</u>
Fund Balances: (Note 11)				
Nonspendable	2,000	9,466		11,466
Restricted	52,345	10,210	242,463	305,018
Assigned	817,247			817,247
Unassigned	1,242,106			1,242,106
Total Fund Balances	<u>2,113,698</u>	<u>19,676</u>	<u>242,463</u>	<u>2,375,837</u>
Total Liabilities and Fund Balances	<u>\$ 2,372,743</u>	<u>\$ 42,506</u>	<u>\$ 242,463</u>	<u>\$ 2,657,712</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS



**BIGGS UNIFIED SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE**  
**STATEMENT OF POSITION**  
**JUNE 30, 2015**

---

<b>Total Fund Balances - Governmental Funds</b>	<b>\$</b>	<b>2,375,837</b>
---	-----------	------------------

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 exceed accumulated depreciation was:

Capital Assets	\$ 6,781,306	
Accumulated Depreciation	<u>(4,141,617)</u>	
		2,639,689

Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported. Net deferred outflows and inflows are:

(583,719)

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	\$ 25,786	
Early Retirement Incentives	40,396	
Other Post Employment Benefits	1,031,368	
Net Pension Liability - CalSTRS	2,660,107	
Net Pension Liability - CalPERS	<u>1,090,732</u>	
		<u>(4,848,389)</u>

<b>Total Net Position (Deficit) - Governmental Activities</b>	<b>\$</b>	<b><u>(416,582)</u></b>
---	-----------	-------------------------

**BIGGS UNIFIED SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>General</u>	<u>Cafeteria</u>	<u>Capital Facilities</u>	<u>Total Governmental Funds</u>
<b><u>Revenues</u></b>				
LCFF Sources:				
State Apportionment / Transfers	\$ 2,799,820			\$ 2,799,820
Local Taxes	1,953,614			1,953,614
Total LCFF Sources	4,753,434			4,753,434
Federal Revenue	295,889	\$ 215,291		511,180
State Revenue	459,562	17,842		477,404
Local Revenue	529,122	17,546	\$ 73,599	620,267
Total Revenues	6,038,007	250,679	73,599	6,362,285
<b><u>Expenditures</u></b>				
Current:				
Instruction	3,284,390			3,284,390
Supervision of Instruction	13,147			13,147
Instructional Library and Technology	36,155			36,155
School Site Administration	500,672			500,672
Home-To-School Transportation	246,926			246,926
Food Services		312,738		312,738
Other Pupil Services	58,432			58,432
Data Processing Services	29,320			29,320
Other General Administration	543,179	13,265		556,444
Plant Services	781,787		60,416	842,203
Facilities Acquisition and Construction	27,629			27,629
Ancillary Services	48,850			48,850
Community Services	37,040			37,040
Other Outgo	149,089			149,089
Total Expenditures	5,756,616	326,003	60,416	6,143,035
Excess of Revenues Over (Under) Expenditures	281,391	(75,324)	13,183	219,250
<b><u>Other Financing Sources (Uses)</u></b>				
Operating Transfers In		95,000		95,000
Operating Transfers Out	(95,000)			(95,000)
Total Other Financing Sources (Uses)	(95,000)	95,000	0	0
Net Change in Fund Balances	186,391	19,676	13,183	219,250
Fund Balances - July 1, 2014	1,927,307	0	229,280	2,156,587
Fund Balances - June 30, 2015	\$ 2,113,698	\$ 19,676	\$ 242,463	\$ 2,375,837

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, 2015**

---

<b>Net Change in Fund Balances - Governmental Funds</b>	<b>\$</b>	<b>219,250</b>
---	-----------	----------------

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	\$	79,600	
Depreciation Expense		<u>(153,801)</u>	
			(74,201)

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:

(3,140)

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:

(101,371)

Early Retirement Incentives: In governmental funds, early retirement incentives are recognized when employer contributions are made. In the statement of activities, early retirement incentive costs are recognized on the accrual basis. This year, the difference between early retirement incentive costs and actual employer contributions was:

23,819

Pensions: In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:

119,518

<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>183,875</u></b>
--	-----------	-----------------------

**BIGGS UNIFIED SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2015**

	<b>Private-Purpose Trust</b>		<b>Total Fiduciary Funds</b>
	<b>Scholarship Funds</b>	<b>Agency Funds</b>	
<b><u>Assets</u></b>			
Deposits and Investments (Note 2)	\$ 205,886	\$ 98,264	\$ 304,150
Total Assets	205,886	98,264	304,150
<b><u>Liabilities</u></b>			
Accounts Payable	150		150
Due to Student Groups		98,264	98,264
Total Liabilities	150	98,264	98,414
<b><u>Net Position</u></b>			
Restricted	205,736	0	205,736
Total Net Position	\$ 205,736	\$ 0	\$ 205,736

**BIGGS UNIFIED SCHOOL DISTRICT  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<b>Private-Purpose Trust</b>
	<b>Scholarship Funds</b>
<b><u>Additions</u></b>	
Gifts and Contributions	\$ 1,400
Interest	19,284
Total Additions	20,684
<b><u>Deductions</u></b>	
Contract Services	5,190
Total Deductions	5,190
Change in Net Position	15,494
<b><u>Net Position</u></b>	
Net Position - July 1, 2014	190,242
Net Position - June 30, 2015	\$ 205,736

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

---

**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, 2015**

---

**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 the financial position of the discretely presented component unit of the District, as of June 30, 2015, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

---

**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, 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 June 2012, the Governmental Accounting Standard Board (GASB) issued GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions*, with required implementation for the District during the year ended June 30, 2015. The primary objective of GASB 68 is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regards to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

In November 2013, the Governmental Accounting Standard Board (GASB) issued GASB Statement No. 71 (GASB 71), *Pension Transition for Contributions Made Subsequent to the Measurement Date*, with required implementation for the District during the year ended June 30, 2015. The objective of this statement is to address an issue regarding application of the transition provisions of GASB 68. This issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this statement are required to be applied simultaneously with the provisions of GASB 68.

The effect on beginning net position that resulted from implementing GASB 68 and GASB 71 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.



**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

---

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Presentation (Concluded)**

*Government-wide Financial Statements (Concluded):*

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

*Fund Financial Statements:*

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

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

Fiduciary funds are reported using the economic resources measurement focus.

**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.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

---

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Basis of Accounting (Concluded)**

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.

**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.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

---

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Fund Accounting (Concluded)

*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 funds and fiduciary funds as follows:

Major Governmental Funds:

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

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

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

Fiduciary Funds:

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

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

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

---

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

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

1. Deposits and Investments

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

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

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

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

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

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

---

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District has one item that qualifies for reporting in this category. This item is employer contributions made to the pension plans subsequent to the measurement date of the net pension liability, which will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District has one item that meets this criterion for reporting in this category. This item is the net difference between projected and actual earnings on pension plan investments, which will be recognized in pension expense over a closed period of five years.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

---

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

5. Unearned Revenue

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

6. Compensated Absences

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

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

7. Pensions

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

8. 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.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

---

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. 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.

*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.

10. 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.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

---

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)**

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

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

The County of Butte is responsible for assessing, collecting and apportioning property taxes to the District. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding January 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (January 1), and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternative method of distribution prescribed by Section 4705 of the *California Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll, approximately October 1 of each year.

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local LCFF sources by the District. The California Department of Education reduces the District's LCFF entitlement by the District's local property tax revenue. Any balance remaining is paid from the State General Fund, and is known as LCFF State Aid.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

Summary of Deposits and Investments

Deposits and investments as of June 30, 2015, consist of the following:

	<u>Governmental Activities</u>	<u>Fiduciary Activities</u>
Cash on Hand and in Banks		\$ 192,159
Cash in Revolving Fund	\$ 4,639	
County Pool Investments	<u>2,197,965</u>	<u>111,991</u>
Total Deposits and Investments	<u>\$ 2,202,604</u>	<u>\$ 304,150</u>

Cash on Hand and in Banks

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

Cash in Revolving Fund

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



**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

**County Pool Investments**

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

**General Authorization**

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

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

**Interest Rate Risk**

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

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

**Segmented Time Distribution**

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

**Governmental Activities:**

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>More Than 1 Year</u>
County Pool Investments	\$ 2,197,965	\$ 2,197,368	\$ 480,437	\$ 1,717,528

**Fiduciary Activities:**

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>More Than 1 Year</u>
County Pool Investments	\$ 111,991	\$ 111,961	\$ 24,479	\$ 87,512

**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	\$ 2,197,965	\$ 2,197,368			\$ 2,197,965

**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	\$ 111,991	\$ 111,961			\$ 111,991

**Concentration of Credit Risk**

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

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

---

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

**Custodial Credit Risk - Deposits**

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

California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2015, 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.

**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, 2015, the District does not have any investments that are held by counterparties.

**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, 2015, were as follows:

<u>Funds</u>	<u>Expenditures</u>
General Fund:	
Employee Benefits	\$ 7,981

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

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 - RECEIVABLES**

Receivables at June 30, 2015 consist of the following:

	<u>General Fund</u>	<u>Cafeteria Funds</u>	<u>Totals</u>
Federal Government	\$ 38,625	\$ 23,160	\$ 61,785
State Government	226,048	1,929	227,977
Local Governments	29,532		29,532
Miscellaneous	114,522	202	114,724
Totals	<u>\$ 408,727</u>	<u>\$ 25,291</u>	<u>\$ 434,018</u>

**NOTE 5 - INTERFUND ACTIVITIES**

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

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

Individual fund interfund receivable and payable balances at June 30, 2015 are as follows:

<u>Funds</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ 13,265	\$ 998
Cafeteria	<u>998</u>	<u>13,265</u>
Totals	<u>\$ 14,263</u>	<u>\$ 14,263</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 2014-15 were as follows:

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General		\$ 95,000
Cafeteria	<u>\$ 95,000</u>	<u></u>
Totals	<u>\$ 95,000</u>	<u>\$ 95,000</u>

Transfer of \$95,000 from General Fund to Cafeteria Fund to supplement child nutrition program.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 6 - CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the year ended June 30, 2015, is presented below:

	Balances <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>June 30, 2015</u>
Land	\$ 283,366			\$ 283,366
Sites and Improvements	382,232	\$ 51,972		434,204
Buildings and Improvements	4,382,203			4,382,203
Furniture and Equipment	1,070,449	25,941		1,096,390
Work-in-Progress	583,456	1,687		585,143
Totals at Historical Cost	<u>6,701,706</u>	<u>79,600</u>	<u>\$ 0</u>	<u>6,781,306</u>
Less Accumulated Depreciation for:				
Sites and Improvements	213,348	20,776		234,124
Buildings and Improvements	3,008,359	86,204		3,094,563
Furniture and Equipment	766,109	46,821		812,930
Total Accumulated Depreciation	<u>3,987,816</u>	<u>153,801</u>	<u>0</u>	<u>4,141,617</u>
Governmental Activities				
Capital Assets, net	<u>\$ 2,713,890</u>	<u>\$ (74,201)</u>	<u>\$ 0</u>	<u>\$ 2,639,689</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 95,648
Pupil Services	28,630
General Administration	13,855
Plant Services	<u>15,668</u>
Total	<u>\$ 153,801</u>

**NOTE 7 - EARLY RETIREMENT INCENTIVES**

In addition to the post employment benefits described in Note 8, 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, 2015, there were nine individuals receiving benefits under these additional agreements.

Future estimated payments required to provide these benefits are as follows:

<u>Year Ended June 30</u>	<u>Early Retirement Incentives</u>
2016	10,198
2017	10,198
2018	0
2019	0
2020	0
2021-25	12,000
2026-30	<u>8,000</u>
Total	<u>\$ 40,396</u>

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

---

**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.

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, 2015, the amount actually contributed to the plan, and changes in the District's Net OPEB Obligation that resulted in a Net OPEB Obligation of \$1,031,368 for the year ended June 30, 2015.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

**Annual OPEB Cost and Net OPEB Obligation (Concluded):**

Annual required contribution (ARC)	\$ 317,295
Interest on Net OPEB Obligation	37,200
Adjustment to ARC	<u>(53,782)</u>
Annual OPEB cost (expense)	300,713
Contributions for the fiscal year	<u>(199,342)</u>
Increase in Net OPEB Obligation	101,371
Net OPEB Obligation - June 30, 2014	<u>929,997</u>
Net OPEB Obligation - June 30, 2015	<u><u>\$ 1,031,368</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, 2015	\$ 300,713	66.29%	\$1,031,368
June 30, 2014	302,538	66.17%	929,997
June 30, 2013	383,557	50.62%	827,644

**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.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

---

**NOTE 9 - RETIREMENT PLANS**

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

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

**Plan Descriptions, Benefits Provided and Employees Covered**

The California State Teachers Retirement System (CalSTRS) administers a defined benefit plan, the State Teachers' Retirement Plan, which provides pension benefits to California full-time and part-time public school teachers and certain other employees of the public school system. The State Teachers' Retirement Plan (STRP) is a multiple-employer, cost-sharing defined benefit plan comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs and to defray reasonable expenses for administering the STRP. The Teachers' Retirement Board (board) has exclusive control over the administration of the retirement system plans and the investment of funds. Although CalSTRS is the administrator of the STRP, the State of California is the sponsor of the STRP and obligor of the trust.

In addition, the state is both an employer and nonemployer contributing entity of the STRP. CalSTRS issues a stand-alone comprehensive annual financial report available to the public that can be found on the CalSTRS website

**Defined Benefit Program:**

The Defined Benefit Program has two benefit formulas: (1) CalSTRS 2% at 60 with members first hired on or before December 31, 2012, to perform services that could be creditable to CalSTRS and (2) CalSTRS 2% at 62 with members first hired on or after January 1, 2013, to perform services that could be creditable to CalSTRS. Members are eligible for normal retirement at age 60 (CalSTRS 2% at 60) or age 62 (CalSTRS 2% at 62), with a minimum of five years of credited service. After earning five years of credited service, members become fully vested in retirement benefits. There is a postretirement annual benefit adjustment increase of 2.0 percent per year on a simple basis and this benefit is vested for members who pay the higher contribution rates enacted in AB 1469, or retired in 2014. The Defined Benefit Program provides retirement benefits based on a members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. The Teachers' Retirement Law (Education Code Section 22000 et. seq.), as enacted and amended by the California Legislature, established the plan and CalSTRS as the administrator. The benefit terms of the plan may be amended through legislation.



**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

---

**NOTE 9 - RETIREMENT PLANS (CONTINUED)**

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

**Plan Descriptions, Benefits Provided and Employees Covered (Concluded)**

**Defined Benefit Program (Concluded):**

Purchasing power protection is provided to members of the Defined Benefit Program through the Purchasing Power Protection Program. Quarterly annual distributions to retired and disabled members and beneficiaries restore purchasing power up to 85% of the initial monthly allowance. Funding for this program is from School Lands Revenue and the Supplemental Benefit Maintenance Account.

**Defined Benefit Supplement Program:**

The Defined Benefit Supplement Program, established pursuant to Chapter 74, Statutes of 2000 (AB 1509), is a defined benefit pension program that operates within the STRP. All members of the Defined Benefit Program who make contributions to CalSTRS on creditable compensation earned on and after January 1, 2001, have an account under the Defined Benefit Supplement Program and are eligible to receive a Defined Benefit Supplement benefit based on the amount of funds contributed to the Defined Benefit Supplement account. Membership in the Defined Benefit Supplement Program is mandatory. Interest is credited to the nominal DBS Program accounts at the minimum guaranteed annual rate established by the board prior to each plan year, which was 3% for the fiscal year ended June 30, 2014. The board may credit additional earning to members' nominal accounts if actual investment earnings exceed the minimum guaranteed annual rate and meet the criteria set out in board policy.

**Cash Balance Benefit Program:**

The Cash Balance Benefit Program, established under Chapter 592, Statutes of 1995 (AB 1298), and subsequently merged into the STRP by Chapter 1048, Statutes of 1998 (SB 2085), is a defined benefit pension program. The Cash Balance Benefit Program is designed for employees of California's public schools who are hired to perform creditable service for less than 50% of the full-time equivalent for the position. Participation in the Cash Balance Benefit Program is optional; a school district or county office of education may elect to offer the Cash Balance Benefit Program. The District has not elected to offer this program.

**STRP Replacement Benefits Program:**

The STRP Replacement Benefits Program is an excess benefits arrangement for Defined Benefit Program members that is administered as a qualified excess benefit arrangement through a separate pension program apart from the other three STRP programs and is established in accordance with Internal Revenue Code (IRC) Section 415(m). IRC Section 415(b) imposes a dollar limit on the annual retirement benefits an individual may receive from a qualified defined benefit pension plan. The limit for individual CalSTRS members varies based on the age at which they retire. In 2014, the federal dollar limit for retirees is \$210,000, without considering the member's retirement age. Under CalSTRS 2% at 62, members will not receive any benefits in excess of the IRC Section 415(b) limit.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

---

**NOTE 9 - RETIREMENT PLANS (CONTINUED)**

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

**Contributions**

**Defined Benefit Program:**

Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law (Education Code Section 22000 et seq.) Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method. The statutory contribution rates and other sources of contributions to the Defined Benefit Program are as follows:

**Members:** Under CalSTRS 2% at 60, the member contribution rate was 8.0% of applicable member earnings. Under CalSTRS 2% at 62, members contribute 50% of the normal cost of their retirement plan, which resulted in a contribution rate of 8.0% of applicable member earnings. In general, member contributions cannot increase unless members are provided with some type of "comparable advantage" in exchange for such increases. Under previous law, the Legislature could reduce or eliminate the 2% annual benefit adjustment increase to retirement benefits. As a result of AB 1469, effective July 1, 2014, the Legislature cannot reduce the 2% annual benefit adjustment for members who retire on or after January 1, 2014, and in exchange for this "comparable advantage," the member contribution rates have been increased by an amount that covers the portion of the 2% annual benefit adjustment.

**Employers:** The required contribution rate was 8.25% of applicable member earnings. In accordance with AB 1469, employer contributions will increase from 8.25% to a total of 19.1% of applicable member earnings phased in over the next seven years, beginning in fiscal year 2014-15. The contribution rate for fiscal year 2014-15 was 8.88%.

**State:** The required contribution was 2.017% of the members' creditable earnings from the fiscal year ending in the prior calendar year. In addition, beginning October 1, 1998, a statutory contribution rate of 0.524%, adjustable annually in 0.25% increments up to a maximum of 1.505%, of the creditable earnings from the fiscal year ending in the prior calendar year per Education Code Section 22955(b). This contribution is reduced to zero if there is no unfunded actuarial obligation and no normal cost deficit for benefits in place as of July 1, 1990. Based on the actuarial valuation, as of June 30, 2012 there was no normal cost deficit, but there was an unfunded obligation for benefits in place as of July 1, 1990. As a result, the state was required to make quarterly payments beginning in October 1, 2013, at an additional contribution rate of 1.024%.

The amount of District contributions to CalSTRS for the fiscal year ended June 30, 2015, was 8.88% of applicable member earnings in the fiscal year. The District's contribution to CalSTRS for the fiscal year ended June 30, 2015 was \$183,796.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

---

**NOTE 9 - RETIREMENT PLANS (CONTINUED)**

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

**Contributions (Concluded)**

**Defined Benefit Supplement Program**

Beginning July 1, 2002, for creditable service in excess of one year credit within one fiscal year, member contributions of 2% and employer contributions of 8% are credited to the members nominal Defined Benefit Supplement Program account (up to the compensation cap). Contributions for compensation as a result of retirement incentives or limited-term enhancements are credited to the members' Defined Benefit Supplement Program accounts for CalSTRS 2% at 60 members.

**Cash Balance Benefit Program**

The District does not participate in this program.

**STRP Replacement Benefits Program**

The program is funded as needed. Contributions that would otherwise be credited to the Defined Benefit Program each month are instead credited to the Replacement Benefits Program to fund monthly program costs. Monthly employer contributions are received and paid to members in amounts equivalent to the benefits not paid as a result of IRC Section 415(b), subject to withholding for any applicable income or employment taxes.

**Actuarial Methods and Assumptions**

The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2013
Experience Study	July 1, 2006 through June 30, 2010
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return <sup>1</sup>	7.60%
Consumer Price Inflation	3.00%
Wage Growth	3.75%
Post-retirement Benefit Increases	2.00% simple for DB Not applicable for DBS/CBB

<sup>1</sup> Net of investment expenses, but gross of administrative expenses. CalSTRS uses a 7.5% assumed investment rate of return for funding purposes, which is net of administrative expenses.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 9 - RETIREMENT PLANS (CONTINUED)**

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

**Actuarial Methods and Assumptions (Concluded)**

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience. RP2000 series tables are an industry standard set of mortality rates published by the Society of Actuaries. Refer to CalSTRS July 1, 2006 - June 30, 2010 Experience Analysis available on CalSTRS website for more information.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance - PCA) as an input to the process.

Based on the model from CalSTRS consulting actuary's (Milliman) investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation by PCA is based on board policy for target asset allocation in effect February 2, 2012, the date the current experience study was approved by the board. Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Global Equity	47%	4.50%
Private Equity	12%	6.20%
Real Estate	15%	4.35%
Inflation Sensitive	5%	3.20%
Fixed Income	20%	0.20%
Cash / Liquidity	1%	0.00%
Total	<u>100%</u>	

\* 10-year geometric average

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

---

**NOTE 9 - RETIREMENT PLANS (CONTINUED)**

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

**Discount Rate**

The discount rate used to measure the total pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60%) and assuming that contributions, benefit payments, and administrative expenses occur midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.60%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.60%) or one percentage point higher (8.60%) than the current rate:

	<u>1% Decrease</u> <u>6.60%</u>	<u>Current Rate</u> <u>7.60%</u>	<u>1% Increase</u> <u>8.60%</u>
District's proportionate share of the net pension liability	\$ 4,146,411	\$ 2,660,107	\$ 1,420,799

**Pension Plan's Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the comprehensive annual financial report issued by CalSTRS available on their website. The pension plan's fiduciary net position has been determined on the same basis used by the pension plan. CalSTRS maintains its accounting records using the accrual basis of accounting. It recognizes member contributions in the period in which the contributions are earned. CalSTRS recognizes employer and state contributions when earned and the employer or state has made a formal commitment to provide the contributions.

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

The State of California is considered to be a nonemployer contributing entity of the STRP. The state's proportionate share of the collective net pension liability used in the proportionate share calculation was 37.65% for the year ended June 30, 2014. The District's proportionate share of the STRP net pension liability and deferred items was calculated by multiplying the District's proportionate share of contributions for employers and nonemployer contributing entity by the aggregate amounts reported by CalSTRS as of June 30, 2014

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 9 - RETIREMENT PLANS (CONTINUED)**

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

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

As of June 30, 2015, the District reported a liability of \$2,660,107 for its proportionate share of the net pension liability. The District's proportionate share of the net pension liability as of June 30, 2013 and June 30, 2014 was as follows:

	<u>CalSTRS</u>
Proportion - June 30, 2013	0.0046%
Proportion - June 30, 2014	<u>0.0046%</u>
Change - Increase (Decrease)	<u><u>0.0000%</u></u>

For the fiscal year ended June 30, 2015, the District recognized pension expense of \$229,635. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
District contributions subsequent to measurement date	\$ 183,796	
District's Proportionate share of State On-Behalf payments subsequent to measurement date	131,878	
Net difference between projected and actual earnings on plan investments *		\$ 655,028
Totals	<u><u>\$ 315,674</u></u>	<u><u>\$ 655,028</u></u>

\* Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

\$183,796 reported as deferred outflows of resources were related to District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016. The District also recognized revenue in the amount of \$131,878 for their proportionate support provided by the state as on-behalf payments subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	
2016	\$ 163,757
2017	163,757
2018	163,757
2019	163,757

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

---

NOTE 9 - RETIREMENT PLANS (CONTINUED)

B. California Public Employees' Retirement System (CalPERS)

Plan Description, Benefits Provided, and Employees Covered

The District contributes to the Employers Schools Pool Plan (the Plan) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan administered by the CalPERS. All employees who work at least half time or are appointed to a job that will last at least six months and one day are eligible for CalPERS. Benefits vest after five years. Employees are eligible to retire at or after age 50 having attained five years of credited service and are entitled to an annual retirement benefit, payable monthly for life. Employees hired after January 1, 2013 with five years of credit service must be at least age 52 to retire. The Plan provides retirement, disability, and disability benefits, and annual cost-of-living adjustments to plan members and beneficiaries.

Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process.

The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Active plan members who entered into the plan prior to January 1, 2013 are required to contribute 7.0% of their salary, and new members entering into the plan on or after January 1, 2013 shall pay the higher of fifty percent of normal costs or 6.0% of their salary. The District's contractually required contribution rate for the fiscal year ended June 30, 2015 was 11.771% of annual payroll. The District's contribution to CalPERS for the fiscal year ended June 30, 2015 was \$130,423.

Pension Liabilities, Pension Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2015, the District reported a liability of \$1,090,732 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 9 - RETIREMENT PLANS (CONTINUED)**

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

**Pension Liabilities, Pension Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Concluded)**

The District's proportionate share of the net pension liability as of June 30, 2013 and June 30, 2014 was as follows:

	<u>CalPERS</u>
Proportion - June 30, 2013	0.0096%
Proportion - June 30, 2014	<u>0.0096%</u>
Change - Increase (Decrease)	<u><u>0.0000%</u></u>

For the fiscal year ended June 30, 2015, the District recognized pension expense of \$96,944. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
District contributions subsequent to the measurement date	\$ 130,423	
Net difference between projected and actual earnings on pension plan investments		<u>\$ 374,788</u>
Totals	<u><u>\$ 130,423</u></u>	<u><u>\$ 374,788</u></u>

\$130,423 reported as deferred outflows of resources related to District contributions subsequent to the measurement date will be recognized as a reduction of the net position liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	
2016	\$ 93,697
2017	93,697
2018	93,697
2019	93,697



**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

---

**NOTE 9 - RETIREMENT PLANS (CONTINUED)**

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

**Actuarial Assumptions**

The total pension liability in the June 30, 2013 actuarial valuations were determined using the following actuarial methods and assumptions:

	<u>CalPERS</u>
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases (1)	
Investment Rate of Return (2)	7.50%
Post Retirement Benefit Increase (3)	

(1) Varies by entry age and service

(2) Net of pension plan investment and administrative expenses, includes inflation

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

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

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS' website.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.50%. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Pool. The results of the crossover testing for the Pool are presented in a detailed report that can be obtained at CalPERS's website.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

---

**NOTE 9 - RETIREMENT PLANS (CONTINUED)**

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

**Discount Rate (Continued)**

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. For the Pool, this difference was deemed immaterial.

CalPERS is scheduled to review all actuarial assumptions as part of its regular asset liability management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund.

The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 9 - RETIREMENT PLANS (CONCLUDED)**

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

**Discount Rate (Concluded)**

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100%		

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

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

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

The following presents the District's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.50%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	Discount Rate -1% 6.50%	Current Discount Rate 7.5%	Discount Rate +1% 8.50%
District's proportionate share of the net pension liability	\$ 1,913,393	\$ 1,090,732	\$ 403,316

**Pension Plan Fiduciary Net Position**

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

**C. Social Security**

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use Social Security as its alternative plan. Contributions made by the District and participating employees vest immediately. 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, 2015**

**NOTE 10 - LONG-TERM LIABILITIES**

A schedule of changes in long-term liabilities for the year ended June 30, 2015, is shown below:

	Balances			Balances	Due within
	July 1, 2014	Additions	Deductions	June 30, 2015	One Year
Compensated Absences	\$ 22,646	\$ 25,786	\$ 22,646	\$ 25,786	\$ 25,786
Early Retirement Incentives	64,215		23,819	40,396	
Other Post Employment Benefits	929,997	300,713	199,342	1,031,368	10,198
Net Pension Liability - CalSTRS *	3,251,879		591,772	2,660,107	
Net Pension Liability - CalPERS *	1,484,166		393,434	1,090,732	
Totals *	<u>\$ 5,752,903</u>	<u>\$ 326,499</u>	<u>\$ 1,231,013</u>	<u>\$ 4,848,389</u>	<u>\$ 35,984</u>

\* The July, 1, 2014 balances have been adjusted to reflect the restatement discussed in Note 16 of these financial statements.

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

**NOTE 11 - FUND BALANCES**

The District's fund balances at June 30, 2015 consisted of the following:

	General Fund	Cafeteria Fund	Capital Facilities Fund	Totals
Nonspendable	\$ 2,000	\$ 9,466		\$ 11,466
Restricted	52,345	10,210	\$ 242,463	305,018
Assigned	817,247			817,247
Unassigned:				
Economic Uncertainties	460,529			460,529
Other	781,577			781,577
Total Fund Balances	<u>\$ 2,113,698</u>	<u>\$ 19,676</u>	<u>\$ 242,463</u>	<u>\$ 2,375,837</u>

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

The District was the recipient of on-behalf payments made by the State of California to the California State Teachers' Retirement System (CalSTRS) for K-12 education. These payments consist of state general fund contributions of \$131,878 to CalSTRS (5.678848% of creditable compensation subject to CalSTRS).

**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 2014-15, 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.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

---

**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**

During fiscal year 2014-15, the District implemented Governmental Accounting Standards Board Statement No. 68 (GASB 68) and Statement No. 71 (GASB 71), as discussed in Note 1B. As a result, the beginning net position of the District has been restated to reflect the District's proportionate share of the net pension liability related to its participation in the CalSTRS and CalPERS pension plans, and the deferral of the District's proportionate share of prior year contributions made to CalSTRS and CalPERS, which were previously reported as a component of pension expense in the prior fiscal year.

(In accordance with GASB 71, the beginning net position restatement does not reflect any other adjustments related to deferred inflows or outflows of resources related to pensions, which result from differences between expected and actual, projected and actual earnings on investments, or changes in assumptions, as the information required to determine such amounts was not available during the first year implementation of GASB 68.)

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

---

**NOTE 16 - RESTATEMENT OF NET POSITION (CONCLUDED)**

The effect of the restatement on the current year financial statements is as follows:

	<u>Statement of</u> <u>Activities</u>
Net Position - July 1, 2014 (as originally stated)	\$ 3,853,619
Understatement of Net Pension Liability - CalSTRS	(3,251,879)
Understatement of Net Pension Liability - CalPERS	(1,484,166)
Understatement of Deferred Outflow of Resources - CalSTRS	166,379
Understatement of Deferred Outflow of Resources - CalPERS	<u>115,590</u>
Net Restatement	<u>(4,454,076)</u>
Net Position - July 1, 2014 (as restated)	<u><u>\$ (600,457)</u></u>

**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 January 15, 2016, 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, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
<b><u>Revenues</u></b>				
LCFF Sources:				
State Apportionment / Transfers	\$ 2,625,808	\$ 2,747,352	\$ 2,799,820	\$ 52,468
Local Sources	1,858,565	1,965,228	1,953,614	(11,614)
Total LCFF Sources	4,484,373	4,712,580	4,753,434	40,854
Federal Revenue	292,294	378,051	295,889	(82,162)
Other State Revenue	260,344	376,622	459,562	82,940
Other Local Revenue	371,606	625,376	529,122	(96,254)
Total Revenues	5,408,617	6,092,629	6,038,007	(54,622)
<b><u>Expenditures</u></b>				
Certificated Salaries	2,195,858	2,178,376	2,165,989	12,387
Classified Salaries	1,041,526	1,078,989	1,068,162	10,827
Employee Benefits	1,172,698	1,252,416	1,260,397	(7,981)
Books and Supplies	476,575	534,039	456,492	77,547
Services and Other				
Operating Expenditures	765,954	870,348	642,123	228,225
Capital Outlay	58,641	93,120	27,629	65,491
Other Expenditures	121,907	145,079	135,824	9,255
Total Expenditures	5,833,159	6,152,367	5,756,616	395,751
Excess of Revenues Over (Under) Expenditures	(424,542)	(59,738)	281,391	341,129
<b><u>Other Financing (Uses)</u></b>				
Operating Transfers Out	(22,698)	(46,632)	(95,000)	(48,368)
Net Change in Fund Balances	(447,240)	(106,370)	186,391	\$ 292,761
Fund Balances - July 1, 2014	1,927,307	1,927,307	1,927,307	
Fund Balances - June 30, 2015	\$ 1,480,067	\$ 1,820,937	\$ 2,113,698	

**BIGGS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - CAFETERIA FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
<b><u>Revenues</u></b>				
Federal Revenue	246,600	254,600	215,291	(39,309)
Other State Revenue	21,500	21,500	17,842	(3,658)
Other Local Revenue	11,700	12,550	17,546	4,996
Total Revenues	279,800	288,650	250,679	(37,971)
<b><u>Expenditures</u></b>				
Classified Salaries	104,584	125,620	122,430	3,190
Employee Benefits	38,194	42,137	41,925	212
Food and Supplies	142,000	149,300	146,108	3,192
Services and Other Operating Expenditures	1,800	2,305	2,275	30
Other Expenditures	15,920	15,920	13,265	2,655
Total Expenditures	302,498	335,282	326,003	9,279
Excess of Revenues (Under) Expenditures	(22,698)	(46,632)	(75,324)	(28,692)
<b><u>Other Financing Sources</u></b>				
Operating Transfers In	22,698	46,632	95,000	48,368
Net Change in Fund Balances	0	0	19,676	\$ 19,676
Fund Balances - July 1, 2014	0	0	0	
Fund Balances - June 30, 2015	\$ 0	\$ 0	\$ 19,676	

**BIGGS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FUNDING PROGRESS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

---

<b>Actuarial Valuation Date</b>	<b>Value of Assets</b>	<b>Accrued Liability (AAL)</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>Percentage of Covered Payroll</b>
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%

SEE NOTES TO SUPPLEMENTARY INFORMATION

**BIGGS UNIFIED SCHOOL DISTRICT**

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

**JUNE 30, 2015**

<b><u>CalSTRS</u></b>	<b><u>6/30/14 *</u></b>
District's proportion of the collective net pension liability	0.0046%
District's proportionate share of the collective net pension liability	\$ 2,660,107
Portion of state's total proportionate share of the collective net pension liability associated with the District	<u>63,640</u>
Total collective net pension liability attributed to District	<u><u>\$ 2,723,747</u></u>
District's covered-employee payroll	\$ 2,027,515
District's proportionate share of the collective net pension liability as a percentage of covered-employee payroll	131.20%
Plan fiduciary net position as a percentage of the total pension liability	76.52%

\* The information presented above is determined as of the measurement date of the collective net pension liability. This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. In the future, additional years will be added to this schedule as information becomes available until 10-years are presented.

SEE NOTES TO SUPPLEMENTARY INFORMATION

**BIGGS UNIFIED SCHOOL DISTRICT**

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

**JUNE 30, 2015**

---

<b><u>CalPERS</u></b>	<b><u>6/30/14 *</u></b>
District's proportion of the collective net pension liability	0.0096%
District's proportionate share of the collective net pension liability	\$ 1,090,732
District's covered-employee payroll	\$ 1,008,591
District's proportionate share of the collective net pension liability as a percentage of covered-employee payroll	108.14%
Plan fiduciary net position as a percentage of the total pension liability	83.38%

\* The information presented above is determined as of the measurement date of the collective net pension liability. This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. In the future, additional years will be added to this schedule as information becomes available until 10-years are presented.

SEE NOTES TO SUPPLEMENTARY INFORMATION

**BIGGS UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF CONTRIBUTIONS - CALSTRS**

**JUNE 30, 2015**

<b><u>CalSTRS</u></b>	<b><u>6/30/14 *</u></b>
Statutorily required District contributions (actuarially determined)	\$ 183,796
Contributions recognized by pension plan in relation to the statutorily required District contributions	<u>183,796</u>
Contribution deficiency (excess)	<u>\$ 0</u>
District's covered-employee payroll	\$ 2,069,775
Contributions recognized by pension plan in relation to statutorily required District contribution as a percentage of covered-employee payroll	8.880%

**Methods and Assumptions Used to Determine Contribution Rates**

The following actuarial methods and assumptions were used to determine the actuarially determined contribution for the STRP presented above:

Valuation Date	June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll basis
Amortization Period	Open
Remaining Amortization Period	30 years
Asset Valuation Method	Expected value with 33% adjustment to market value
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Interest on Accounts	4.50%
Wage Growth	3.75%
Consumer Price Inflation	3.00%
Post-retirement Benefit Increases	2.00% simple

**Changes in Benefit Terms**

The California Public Employees' Pension Reform Act of 2013 (PEPRA) resulted in a new benefit formula. CalSTRS 2% at 62, for members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. Significant changes compared to CalSTRS 2% at 60 benefit formula include raising the normal retirement age from 60 to 62 and placing a limit on creditable compensation to 120 percent of the Social Security wage base, annually adjusted for changes to the Consumer Price Index.

**Changes of Assumptions**

There were no changes in major assumptions from the June 30, 2012, actuarial valuation.

\* This information is determined as of June 30, 2014, reflecting the most recent information available from the pension plan. This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. In the future, additional years will be added to this schedule as information becomes available until 10-years are presented.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF CONTRIBUTIONS - CALPERS**  
**JUNE 30, 2015**

<b><u>CalPERS</u></b>	<b><u>6/30/14 *</u></b>
Contractually required District contribution (actuarially determined)	\$ 130,423
Contributions recognized by pension plan in relation to the contractually required District contributions	<u>130,423</u>
Contribution deficiency (excess)	<u>\$ 0</u>
District's covered-employee payroll	\$ 1,108,003
Contributions recognized by pension plan in relation to contractually required District contribution as a percentage of covered-employee payroll	11.771%

**Methods and Assumptions Used to Determine Contribution Rates**

Valuation Date	June 30, 2013
Funding Method	Individual Entry Age Normal Cost
Amortization Method	Level Percentage of Payroll
Remaining Amortization Period	Varies
Asset Valuation Method	Expected Value of Assets Smoothing Technique
Inflation	2.75%
Salary Increases	5.06% Average, Including Inflation of 3.00%
Investment Rate of Return	7.50%, net of Administrative Expenses
Retirement Age	CalPERS Experience Study
Mortality	CalPERS Experience Study

**Changes in Benefit Terms**

There were no changes to benefit terms that applied to all members of the CalPERS.

**Changes of Assumptions**

There were no changes in assumptions.

\* This information is determined as of June 30, 2014, reflecting the most recent information available from the pension plan. This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. In the future, additional years will be added to this schedule as information becomes available until 10-years are presented.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**ORGANIZATION/BOARD OF TRUSTEES/ADMINISTRATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

---

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>
Kari Wheeler	President	November 2016
Dennis Slusser	Vice President	November 2018
Kathryn Sheppard	Clerk	November 2018
Robin Clark	Member	November 2016
M. America Navarro	Member	November 2018

ADMINISTRATION

Doug Kaelin  
Superintendent

Pamela Ragan  
Financial Officer



**BIGGS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF AVERAGE DAILY ATTENDANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	P-2 Report				
	TK / K - 3	4 - 6	7 - 8	9 - 12	Total
Regular	139.36	129.78	98.65	139.32	507.11
Community Day School			1.37	4.51	5.88
Totals	139.36	129.78	100.02	143.83	512.99

	Annual Report				
	TK / K - 3	4 - 6	7 - 8	9 - 12	Total
Regular	139.56	130.19	98.98	139.42	508.15
Community Day School			1.68	5.03	6.71
Totals	139.56	130.19	100.66	144.45	514.86

**BIGGS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF INSTRUCTIONAL TIME**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

---

<u>Grade Level</u>	<u>Minutes Required</u>	<u>Adjusted Minutes Required</u>	<u>2014-15 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	56,310	180	N/A	In Compliance
Grade 1	50,400	49,000	52,590	180	N/A	In Compliance
Grade 2	50,400	49,000	52,590	180	N/A	In Compliance
Grade 3	50,400	49,000	52,590	180	N/A	In Compliance
Grade 4	54,000	52,500	55,230	180	N/A	In Compliance
Grade 5	54,000	52,500	55,230	180	N/A	In Compliance
Grade 6	54,000	52,500	56,530	180	N/A	In Compliance
Grade 7	54,000	52,500	67,430	180	N/A	In Compliance
Grade 8	54,000	52,500	67,430	180	N/A	In Compliance
Grade 9	64,800	63,000	64,844	180	N/A	In Compliance
Grade 10	64,800	63,000	64,844	180	N/A	In Compliance
Grade 11	64,800	63,000	64,844	180	N/A	In Compliance
Grade 12	64,800	63,000	64,844	180	N/A	In Compliance

SEE NOTES TO SUPPLEMENTARY INFORMATION

## BIGGS UNIFIED SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<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	\$ 136,993
School Needy Breakfast	10.553	13526	78,297
Passed through Butte County Office of Education (BCOE):			
Forest Reserve	10.665	10044	1,515
U.S. Department of Education:			
Passed through CDE:			
NCLB: Title I - Basic Grant Low-Income & Neglected	84.010	14329	152,108
NCLB: Title II - Improving Teacher Quality	84.367	14341	33,073
NCLB: Title III - Limited English Proficient	84.365	14346	7,376
Carl D. Perkins Career and Technical Education	84.048	14894	7,245
Passed through BCOE:			
NCLB: Title I - Migrant Education	84.011	14326	5,382
Passed through Butte County SELPA:			
<i>Special Education Cluster:</i>			
IDEA Part B Basic Local Assistance	84.027	13379	60,112
U.S. Department of Health and Human Services:			
Passed through Gridley Unified:			
Drug Free Communities Support Program	93.267	10060	13,486
Received Direct:			
Rural Educational Achievement Program	84.358A	n/a	15,593
Total			<u>\$ 511,180</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, 2015**

---

	General Fund	Special Revenue- Special Reserve Fund	Special Reserve for Postemployment Benefits Fund
June 30, 2015 Annual Financial and Budget Report Fund Balances	\$ 1,508,027	\$ 383,805	\$ 221,866
Reclassifications Increasing (Decreasing) Fund Balances:			
Reclassification of Fund Balances	<u>605,671</u>	<u>(383,805)</u>	<u>(221,866)</u>
June 30, 2015 Audited Financial Statements Fund Balances	<u>\$ 2,113,698</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, 2015.

**BIGGS UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	GENERAL FUND			
	(Budget)* 2015-16	2014-15	2013-14	2012-13
Revenues and Other Financial Sources	\$ 6,586,780	\$ 6,038,007	\$ 6,425,458	\$ 5,224,147
Expenditures	6,795,236	5,756,616	6,014,737	5,177,719
Other Uses and Transfers Out	61,267	95,000	50,955	32,415
Total Outgo	6,856,503	5,851,616	6,065,692	5,210,134
Change in Fund Balance	(269,723)	186,391	359,766	14,013
Ending Fund Balance	\$ 1,843,975	\$ 2,113,698	\$ 1,927,307	\$ 1,567,541
Available Reserves	\$ 1,618,309	\$ 1,242,106	\$ 930,989	\$ 783,892
Reserve for Economic Uncertainties **	\$ 387,005	\$ 460,529	\$ 300,737	\$ 258,886
Available Reserves as a Percentage of Total Outgo	23.6%	21.23%	15.35%	15.0%
Average Daily Attendance at P-2	520	513	519	519
Total Long-Term Liabilities ***	\$ 4,812,405	\$ 4,848,389	\$ 5,752,903	\$ 1,344,374

\* Amounts reported for the 2015-16 budget are presented for analytical purposes only and have not been audited.

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

\*\*\* The amount reported for fiscal year 2013-14 has been adjusted to reflect the restatement discussed in Note 16 of these financial statements

The fund balance of the General Fund increased \$546,157 (34.8%) over the past two years. The fiscal year 2015-16 budget projects a decrease of \$269,723 (12.8%). For a district this size, the state recommends available reserves of at least 4% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District produced operating surpluses of \$14,013, \$359,766 and \$186,391 during fiscal years 2012-13, 2013-14 and 2014-15, respectively.

Average daily attendance has decreased 6 ADA over the past two years. The District projects an increase of 7 ADA during fiscal year 2015-16.

Total long-term liabilities increased \$3,504,015 over the past two years due to the implementation of Governmental Accounting Standards Board Statement No. 68 (GASB 68), which is discussed in Note 16 of these financial statements.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

---

**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. See Note 3 for any excess of expenditures over appropriations.

**B. 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.

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

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

**D. Schedule of Contributions**

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

**E. 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.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

---

**NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES (CONCLUDED)**

**F. 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.

**G. 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*.

**H. 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.

**I. 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 *2014-15 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* for the fiscal year ended June 30, 2015.

### **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 *2014-15 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting (K-12 Audit Guide)*, 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 Performed</u>
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No (see below)
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Regional Occupational Centers or Programs Maintenance of Effort	Not Applicable
Adult Education Maintenance of Effort	Not Applicable
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	No (see below)
After School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Common Core Implementation Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/ Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

We did not perform procedures for the independent study program because the average daily attendance claimed by the District does not exceed the threshold that requires testing. We did not perform procedures for the California Clean Energy Jobs Act because the District did not have any program expenditures in fiscal year 2014-15.

#### Basis for Qualified Opinion on State Compliance

As describe in the accompanying Schedule of Findings and Questioned Costs, Biggs Unified School District did not comply with the requirements for reporting unduplicated local control funding formula pupil counts, as noted in **Finding 15-004**. Compliance with such requirements is necessary in our opinion, for Biggs Unified School District to comply with the state laws and regulations referred to above.

Opinion on State Compliance

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion on State Compliance paragraph, Biggs Unified School District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2015.

District's Response to Finding

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 responses 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 *2014-15 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* for the fiscal year ended June 30, 2015. Accordingly, this report is not suitable for any other purpose.

*Stephen Roatch Accountancy Corporation*

STEPHEN ROATCH ACCOUNTANCY CORPORATION  
Certified Public Accountants

January 15, 2016



# **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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 15, 2016 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiencies, as noted in **Findings 15-001, 15-002, and 15-003.**

#### 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*, except as noted in **Finding 15-004.**

#### District's Responses to Findings

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

#### Purpose of this Report

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

*Stephen Roatch Accountancy Corporation*

STEPHEN ROATCH ACCOUNTANCY CORPORATION  
Certified Public Accountants

January 15, 2016



**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, 2015. 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, 2015.

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

January 15, 2016

## FINDINGS AND QUESTIONED COSTS SECTION



**BIGGS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

---

**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?   X   Yes        None reported

Noncompliance material to financial statements noted?   X   Yes        No

**Federal Awards**

Internal control over major programs:

Material weaknesses identified?        Yes   X   No

Reportable conditions identified not considered  
to be material weaknesses?        Yes   X   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**

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

**BIGGS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

---

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**15 - 001 / 30000**

**STUDENT BODY - AUTHORIZATION**

<u>Criteria:</u>	Education Code Section 48933 requires that every time student body funds are expended, approval is required by each of the following three persons; an employee or official of the district designated by the governing board, the certificated employee who is the designated advisor of the particular student body organization, and a representative of the student body organization.
<u>Condition:</u>	Student body expenditures are not always authorized in writing by a representative of the student body organization.
<u>Questioned Costs:</u>	\$471. (The sum of the noncompliant transactions included in our sample.)
<u>Context:</u>	This condition was noted in 3 of 13 cash disbursement transactions tested at Biggs High School.
<u>Effect:</u>	The District did not comply with the requirements of Education Code Section 48933.
<u>Cause:</u>	The District has not adequately enforced student body procedures that require all three required signors to formally authorize all student body expenditures in written form.
<u>Recommendation:</u>	The District should actively enforce student body procedures that require all three required signors to formally authorize all student body expenditures in written form.
<u>District Response:</u>	The District has provided the FCMAT Associated Student Body (ASB) Manual to all ASB clerks. Staffing in ASB has changed over the past two years and the District continues to work with new employees on proper procedures. The District will schedule training workshops for all ASB staff and supervisors in 15/16 to assist employees in proper procedures.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

---

**SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**15 - 002 / 30000**

**SIGNIFICANT DEFICIENCY**

**STUDENT BODY - EXTERNAL FUND-RAISING**

<u>Criteria:</u>	In accordance with the Fiscal Crisis & Management Assistance Team (FCMAT) "Associated Student Body Accounting Manual" a student group may organize a fund-raiser to support a charity as long as the event is clearly identified as raising funds to donate to that charity. In addition, all funds collected should be in the form of checks made payable to the charity, and should be picked up or delivered directly to the charity.
<u>Condition:</u>	Fund-raising proceeds that were collected for the benefit of an external charitable organization were improperly processed through the Biggs Elementary School student body account, instead of being delivered directly to the external charity.
<u>Questioned Cost:</u>	\$343. (The amount collected from the fund-raising activity.)
<u>Context:</u>	The condition appears to be limited to Biggs Elementary School.
<u>Effect:</u>	Activities that do not <u>directly</u> promote the general welfare, morale or educational experience of the students, were improperly processed through the student body account.
<u>Cause:</u>	Student body personnel were not fully aware of the appropriate procedure to follow when student groups participate in fund-raising activities related to external charities.
<u>Recommendation:</u>	Student body personnel should be provided with a copy of the FCMAT "Associated Student Body Manual" and be informed of the appropriate procedure to follow when student groups participate in fund-raising activities related to external charities.
<u>District Response:</u>	The District has provided the FCMAT Associated Student Body (ASB) Manual to all ASB clerks. Staffing in ASB has changed over the past two years and the District continues to work with new employees on proper procedures. The District will schedule training workshops for all ASB staff and supervisors in 15/16 to assist employees in proper procedures. The criteria for fund-raising activities related to external charities will be reiterated to ASB and supervisory staff.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

---

**SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**15 - 003 / 30000**

**SIGNIFICANT DEFICIENCY**

**CAFETERIA FUND ENCROACHMENT**

Criteria: The Cafeteria Fund child nutrition program should operate as close to break-even as possible to minimize the encroachment on the General Fund.

Condition: The Cafeteria Fund child nutrition program continues to incur increasing operating deficits, which have resulted in the need for increasingly larger annual contributions from the General Fund. A summary of the operating deficits and annual contributions are as follows:

	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>
Cafeteria Fund Operating Deficits	\$ 75,324	\$ 50,955	\$ 32,415
General Fund Contributions	\$ 95,000	\$ 50,955	\$ 32,415

Questioned Cost: None.

Context: The Cafeteria Fund's annual operating deficits have increased during each of the past four years.

Effect: If program participation is not increased or if program cuts are not made in a timely manner, the current trend of deficit spending in the Cafeteria Fund will likely continue, which may impair the District's ability to maintain adequate reserves in the General Fund in the future.

Cause: Program participation has been decreasing and the District has been unsuccessful in reducing cafeteria program costs down to a level that is consistent with the revenues generated by the program.

Recommendation: The District should continue to investigate program changes that will help to increase program participation and allow the Cafeteria Fund to operate closer to a break-even basis. In addition, the District should streamline the process to make sure that all students who are eligible for free or reduced price meals are properly identified, classified and claimed for reimbursement, as soon as possible. The District should also compare the number of meals produced, per the production reports, to number of meals claimed on the meal reimbursement claims, to ensure that all meals served are properly claimed for reimbursement.



**BIGGS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

---

**SECTION II - FINANCIAL STATEMENT FINDINGS (CONCLUDED)**

**CAFETERIA FUND ENCROACHMENT**

**District Response:**

The District has implemented additional oversight to the Cafeteria reporting of Federal meal reimbursement reporting over the last two years. We have worked through new meal tracking software issues and believe the numbers are correct. The expenses are in line and have not increased unreasonably over the past two years. However, 14-15 did show a significant decrease in participation so we will be looking into ways to ensure all eligible students are participating and all parents of eligible students are aware of the benefit.

We have implemented additional checks between E-trition, AERIES and CALPADS to verify the numbers are correct at each level. Production sheets will be kept with meal reimbursement reports.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

---

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

There are no matters to report for the fiscal year ended June 30, 2015.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

**15 - 004 / 40000**

**UNDUPLICATED LOCAL CONTROL FUNDING FORMULA (LCFF) PUPIL COUNTS**

**Criteria:** Education Code Section 42238.02(b)(2) requires a school district to annually submit its free and reduced price eligibility, foster youth, and English learner pupil-level records for enrolled pupils to the Superintendent of Public Instruction using the California Longitudinal Pupil Achievement Data System (CALPADS). The information provided is used in determining the amount of supplemental grant and concentration grant funding earned by agencies under the new Local Control Funding Formula. Accordingly, all information reported on the CALPADS "1.18 - FRPM / English Learner / Foster Youth - Student List" report, as of the specified Census Day, should agree to the supporting documentation maintained by the district.

**Condition:** The District did not upload the correct enrollment and unduplicated pupil count information of each school site, into CALPADS, by the required due date, and the error was not detected until after the District could no longer submit changes to the State. As a result, the total enrollment reported by the District was understated by 10 pupils, and the total unduplicated pupil count was understated by 225 pupils.

**Questioned Costs:** None. (LCFF funding for the District was understated by \$149,377)

A summary of certified enrollment, unduplicated pupil counts, audit adjustments, and audited unduplicated pupil counts for each District school is as follows.

	Total Enrollment	Total Unduplicated Eligible Free/ Reduced Meal Counts	EL Funding Eligible	Unduplicated FRPM/EL Eligible Count
<b><u>Certified Pupil Counts:</u></b>				
Biggs Community Day	6	0	1	1
Biggs High	147	36	18	47
Biggs Elementary	356	67	56	114
Richvale Elementary	33	5	3	7
Totals	542	108	78	169
<b><u>Audit Adjustments:</u></b>				
Biggs Community Day	2	1	0	1
Biggs High	0	59	(1)	51
Biggs Elementary	10	201	3	165
Richvale Elementary	(2)	10	(1)	8
Totals	10	271	1	225
<b><u>Adjusted Pupil Counts:</u></b>				
Biggs Community Day	8	1	1	2
Biggs High	147	95	17	98
Biggs Elementary	366	268	59	279
Richvale Elementary	31	15	2	15
Totals	552	379	79	394

**BIGGS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

---

**SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS (CONCLUDED)**

UNDULICATED LOCAL CONTROL FUNDING FORMULA (LCFF) PUPIL COUNTS (CONCLUDED)

Questioned Costs  
(Concluded):

The funding understatement was determined by multiplying the statewide gap funding rate (.3016016166) by the difference between the original computed funding gap and the revised funding gap that results from recalculating the supplemental grant and concentration grant using the audit determined enrollment counts and unduplicated pupil counts presented in the above schedule.

Context:

All schools were included in our sample population for purposes of determining the accuracy and completeness of the audit determined enrollment and unduplicated pupil counts.

Effect:

The District did not report information correctly in CALPADS and did not claim all of the funding that it was qualified to receive.

Cause:

The District has experienced technical difficulties while transferring information from its child nutrition system and student information into CALPADS, which has prevented it from reporting complete and accurate information to the State by the required due date and revision cut-off date.

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 uploaded to CALPADS by the required due date, and verified for accuracy and completeness while corrections may still be uploaded to CALPADS. In addition, the District should work with the Butte County Office of Education to ensure that the audit adjustments related to enrollment and unduplicated pupil counts are properly recorded in the apportionment software.

District Response:

The District has implemented procedures for verifying the information in CALPADS is reported correctly and timely to allow for changes if needed. There is a three step verification beginning with Free and Reduced eligible counts in E-trition, the uploading of that information into AERIES and verification and then finally into CALPADS 1.18 and verified. The Financial Officer and Superintendent were part of the verification of this process for 15/16 and we believe the errors between AERIES and CALPADS have been resolved. The CALPADS fall reporting was submitted and matched all reports as verified. We continue to monitor this process closely to ensure the District receives all funding due in current year.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**STATUS OF PRIOR YEAR RECOMMENDATIONS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

---

<u>Recommendations</u>	<u>Current Status</u>	Explanation If Not Fully Implemented
<b><u>FINANCIAL STATEMENTS</u></b>		
<b>14 - 1 / 30000</b>		
<b>SIGNIFICANT DEFICIENCY</b>		
<b><u>MEAL COUNTS</u></b>		
The District should establish 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.	Implemented	
<b><u>STATE AWARDS</u></b>		
<b>14 - 2 / 40000</b>		
<b>SIGNIFICANT DEFICIENCY</b>		
<b><u>UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS</u></b>		
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.	Implemented	

