

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

**AUDIT REPORT**

**JUNE 30, 2019**

**BIGGS UNIFIED SCHOOL DISTRICT**

**JUNE 30, 2019**

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**BIGGS UNIFIED SCHOOL DISTRICT**

**JUNE 30, 2019**

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## FINANCIAL SECTION

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

**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Biggs Unified School District  
Biggs, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Biggs Unified School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

Basis for Adverse Opinion on Discretely Presented Component Unit

The financial statements referred to above do not include financial data for the District's legally separate component unit. Accounting principles generally accepted in the United States of America require financial data for the component unit to be reported with the financial data of the District's primary government unless the District also issues financial statements for the financial reporting entity that include the financial data for its component unit. The District has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net assets, revenues, and expenses of the discretely presented component unit are not reported.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on Discretely Presented Component Unit" paragraph, the financial statements referred to above do not present fairly the financial position of the discretely presented component unit of the District, as of June 30, 2019, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Biggs Unified School District, as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

*Required Supplementary Information*

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

Other Matters (Concluded)

*Other Information*

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2019 on our consideration of the Biggs Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Biggs Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Biggs Unified School District's internal control over financial reporting and compliance.

*Stephen Roatch Accountancy Corporation*

STEPHEN ROATCH ACCOUNTANCY CORPORATION  
Certified Public Accountants

December 10, 2019

**BIGGS UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

(PREPARED BY DISTRICT MANAGEMENT)

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This section of Biggs Unified School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2019. Please read it in conjunction with the Independent Auditor's Report presented on pages 1 through 3, and the District's financial statements, which immediately follow this section.

**USING THIS ANNUAL REPORT**

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

**FINANCIAL HIGHLIGHTS**

- The District's overall financial status declined during the 2018-19 fiscal year.
- On the Statement of Activities, total current year expenses exceeded total current year revenues by \$156,808.
- Net capital assets increased \$1,056,806 due to the current year addition of \$1,266,635 of new capital assets and improvements, and the current year recognition of \$209,829 of depreciation expense.
- Total long-term liabilities increased \$3,127,753 due primarily to the new \$2,500,000 capital lease and the current year increase in the District's net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans.
- The District's P-2 average daily attendance (ADA) decreased 8 ADA from the prior fiscal year.
- The District's General Fund produced an operating surplus of \$447,288 during fiscal year 2018-19.
- 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 2018-19, General Fund expenditures and other financing uses totaled \$7,557,263. At June 30, 2019, the District had available reserves of \$1,500,259 in the General Fund, which represents a reserve of 19.85%.

**BIGGS UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

(PREPARED BY DISTRICT MANAGEMENT)

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**THE FINANCIAL REPORT**

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

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.
- Individual parts of the District, which are reported as fund financial statements comprise the remaining statements.
  - ❖ Basic services funding is described in the governmental funds statements. These statements include short-term financing and identify the balance remaining for future spending.
  - ❖ 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, 2019**

(PREPARED BY DISTRICT MANAGEMENT)

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**THE FINANCIAL REPORT (CONCLUDED)**

Reporting the District as a Whole (Concluded)

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

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

Reporting the District's Most Significant Funds

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

*Governmental Funds:*

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

*Fiduciary Funds:*

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

**BIGGS UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

(PREPARED BY DISTRICT MANAGEMENT)

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

The District's deficit net position increased from a balance of \$1,206,155 at June 30, 2018 to a balance of \$1,362,963 at June 30, 2019.

<b><u>Comparative Statement of Net Position</u></b>		
	Governmental Activities	
	2018	2019
<u>Assets</u>		
Deposits and Investments	\$ 3,334,629	\$ 6,136,264
Receivables	226,789	177,293
Store Inventories	2,823	2,126
Capital Assets, net	3,316,411	4,373,217
Total Assets	<u>6,880,652</u>	<u>10,688,900</u>
<u>Deferred Outflows of Resources</u>		
OPEB Deferrals		72,635
Pension Deferrals	2,087,078	2,123,431
Total Deferred Outflows of Resources	<u>2,087,078</u>	<u>2,196,066</u>
<u>Liabilities</u>		
Current	616,615	1,577,125
Long-term	9,236,667	12,318,385
Total Liabilities	<u>9,853,282</u>	<u>13,895,510</u>
<u>Deferred Inflows of Resources</u>		
OPEB Deferrals		57,565
Pension Deferrals	320,603	294,854
Total Deferred Inflows of Resources	<u>320,603</u>	<u>352,419</u>
<u>Net Position</u>		
Net Investment in Capital Assets	3,316,411	1,873,217
Restricted	414,292	462,241
Unrestricted (Deficit)	<u>(4,936,858)</u>	<u>(3,698,421)</u>
Total Net Position (Deficit)	<u>\$ (1,206,155)</u>	<u>\$ (1,362,963)</u>

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

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

**BIGGS UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

(PREPARED BY DISTRICT MANAGEMENT)

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

The District's financial status declined during the course of the year as total net position decreased \$156,808.

<b><u>Comparative Statement of Changes in Net Position</u></b>		
	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2019</u>
<u>Program Revenues</u>		
Charges for Services	\$ 12,016	\$ 13,782
Operating Grants & Contributions	1,203,069	1,771,267
<u>General Revenues</u>		
Taxes Levied	2,484,986	2,412,470
Federal & State Aid	3,761,973	3,850,559
Interest & Investment Earnings	39,934	61,512
Miscellaneous	335,611	189,534
<b>Total Revenues</b>	<b><u>7,837,589</u></b>	<b><u>8,299,124</u></b>
<u>Expenses</u>		
Instruction	4,657,853	4,729,920
Instruction-Related Services	608,543	556,559
Pupil Services	870,579	978,219
General Administration	867,254	960,202
Plant Services	768,235	906,924
Ancillary Services	46,080	55,190
Community Services	43,769	44,179
Interest on Long-Term Debt	0	25,278
Other Outgo	184,135	199,461
<b>Total Expenses</b>	<b><u>8,046,448</u></b>	<b><u>8,455,932</u></b>
<b>Changes in Net Position</b>	<b><u>\$ (208,859)</u></b>	<b><u>\$ (156,808)</u></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, 2019**

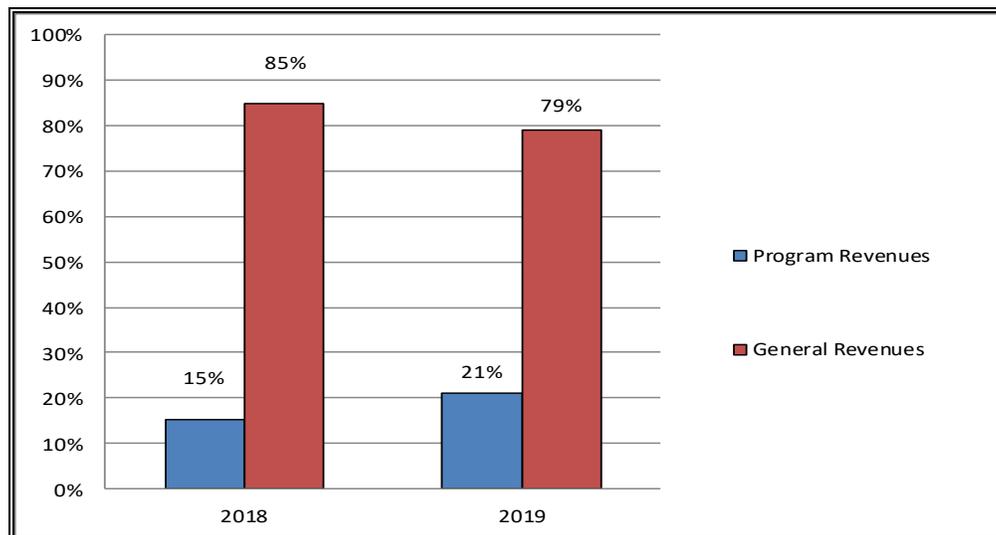
(PREPARED BY DISTRICT MANAGEMENT)

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

	Total Cost of Services		Net Cost of Services	
	2018	2019	2018	2019
Instruction	\$ 4,657,853	\$ 4,729,920	\$ 3,927,087	\$ 3,618,597
Instruction-Related Services	608,543	556,559	583,007	492,533
Pupil Services	870,579	978,219	571,818	620,142
General Administration	867,254	960,202	810,405	862,675
Plant Services	768,235	906,924	707,390	797,527
Other Expenses	273,984	324,108	231,656	279,409
<b>Totals</b>	<b>\$ 8,046,448</b>	<b>\$ 8,455,932</b>	<b>\$ 6,831,363</b>	<b>\$ 6,670,883</b>

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

The table above presents the cost of major District activities. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The \$6,670,883 net cost represents the financial burden that was placed on the District's general revenues for providing the services listed.



For fiscal year 2018-19, program revenues financed 21% of the total cost of providing the services listed above, while the remaining 79% 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, 2019**

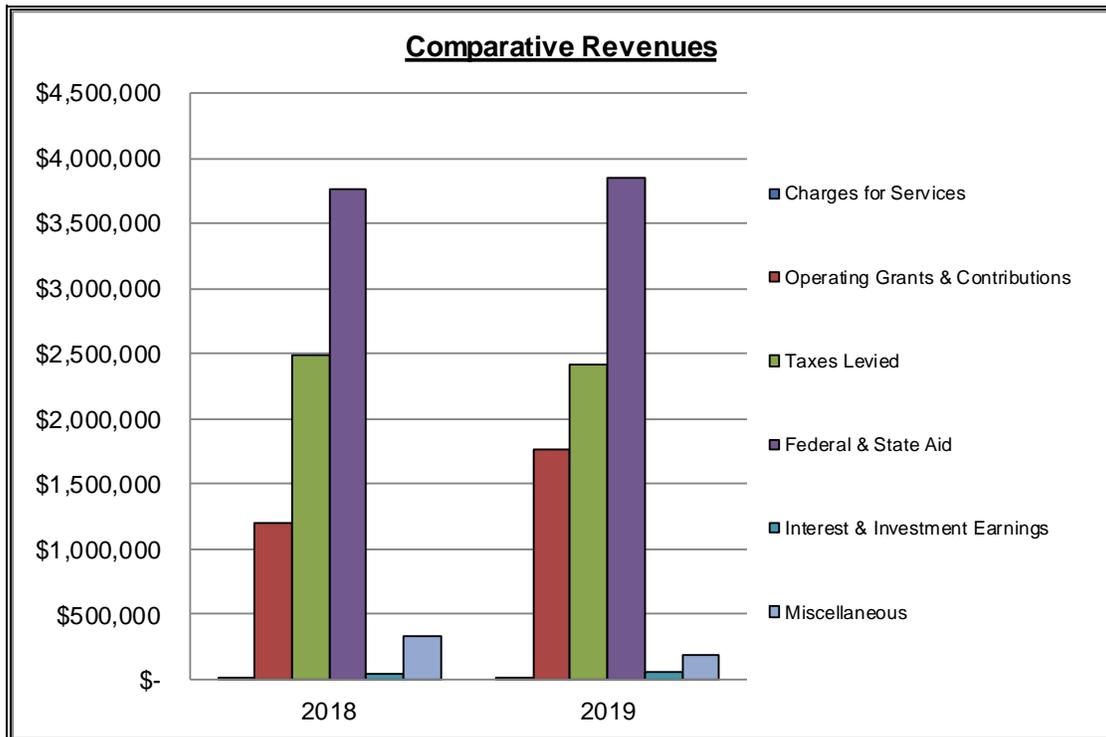
(PREPARED BY DISTRICT MANAGEMENT)

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

**Schedule of Revenues For Governmental Functions**

	<u>FYE 2018 Amount</u>	<u>Percent of Total</u>	<u>FYE 2019 Amount</u>	<u>Percent of Total</u>
<u>Program Revenues</u>				
Charges for Services	\$ 12,016	0.15%	\$ 13,782	0.17%
Operating Grants & Contributions	1,203,069	15.35%	1,771,267	21.34%
<u>General Revenues</u>				
Taxes Levied	2,484,986	31.71%	2,412,470	29.07%
Federal & State Aid	3,761,973	48.00%	3,850,559	46.40%
Interest & Investment Earnings	39,934	0.51%	61,512	0.74%
Miscellaneous	335,611	4.28%	189,534	2.28%
<b>Total Revenues</b>	<b>\$ 7,837,589</b>	<b>100.00%</b>	<b>\$ 8,299,124</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, 2019**

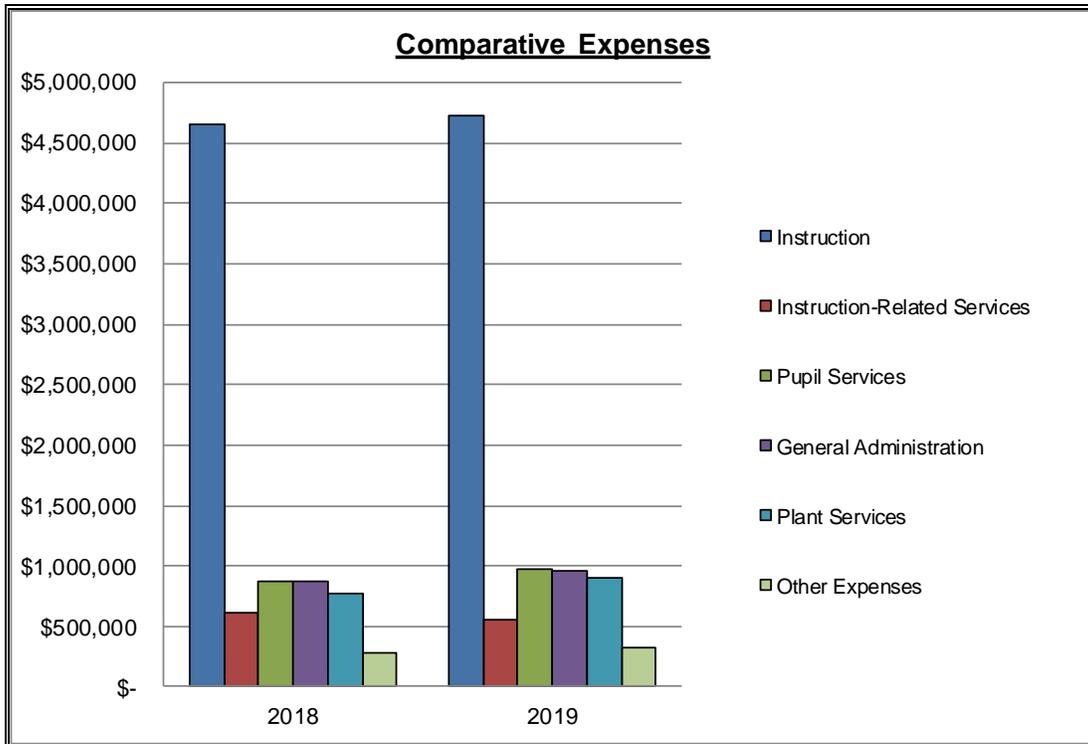
(PREPARED BY DISTRICT MANAGEMENT)

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

**Schedule of Expenses For Governmental Functions**

	<u>FYE 2018 Amount</u>	<u>Percent of Total</u>	<u>FYE 2019 Amount</u>	<u>Percent of Total</u>
<u>Expenses</u>				
Instruction	\$ 4,657,853	57.89%	\$ 4,729,920	55.94%
Instruction-Related Services	608,543	7.56%	556,559	6.58%
Pupil Services	870,579	10.82%	978,219	11.57%
General Administration	867,254	10.78%	960,202	11.36%
Plant Services	768,235	9.55%	906,924	10.73%
Other Expenses	273,984	3.41%	324,108	3.83%
Total Expenses	<u>\$ 8,046,448</u>	<u>100.00%</u>	<u>\$ 8,455,932</u>	<u>100.00%</u>

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



**BIGGS UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

(PREPARED BY DISTRICT MANAGEMENT)

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

	Governmental Activities	
	2018	2019
	2018	2019
Land	\$ 283,366	\$ 283,366
Sites and Improvements	779,984	802,127
Buildings and Improvements	4,720,927	4,737,927
Furniture and Equipment	1,495,848	1,612,071
Construction-in-Progress	708,564	1,819,833
Subtotals	7,988,689	9,255,324
Less: Accumulated Depreciation	(4,672,278)	(4,882,107)
Capital Assets, net	<u>\$ 3,316,411</u>	<u>\$ 4,373,217</u>

Net capital assets increased \$1,056,806 due to the current year addition of \$1,266,635 of new capital assets and improvements, and the current year recognition of \$209,829 of depreciation expense.

	Governmental Activities	
	2018	2019
	2018	2019
Compensated Absences	\$ 29,131	\$ 32,166
Capital Lease	0	2,500,000
Early Retirement Incentives	20,000	20,000
Total OPEB Liability	2,461,544	2,620,247
Net Pension Liabilities	6,755,123	7,221,138
Totals	<u>\$ 9,265,798</u>	<u>\$ 12,393,551</u>

Total long-term liabilities increased \$3,127,753 due primarily to the new \$2,500,000 capital lease and the current year increase in the District's net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans. The notes to the financial statements are an integral part of the financial presentation and contain more detailed information as to interest, principal, retirement amounts, and future debt retirement dates.

**BIGGS UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

(PREPARED BY DISTRICT MANAGEMENT)

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**FINANCIAL ANALYSIS OF DISTRICT'S FUNDS**

The fund balance of the General Fund increased \$447,288 and the combined fund balances of all other District governmental funds increased \$1,414,957, due primarily to capital lease proceeds received but unspent at June 30, 2019.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

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

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

The LCFF implementation reached full funding in 2018/19. This will create smaller increases to State revenue since there will no longer be GAP funding. The increases moving forward will be driven by COLA only. LCFF funding consists of grade span specific base grants plus supplemental and concentration grants that are calculated based on student demographic factors.

Accordingly, the District's budget should continue to be managed with a great degree of conservatism over the next few years. The District has an excellent track record in meeting this challenge in what has proven to be a cycle of lean years and prosperous years for education finances.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

**BIGGS UNIFIED SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

	<b>Governmental Activities</b>
<b><u>Assets</u></b>	
Deposits and Investments (Note 2)	\$ 6,136,264
Receivables (Note 3)	177,293
Stores Inventory (Note 1H)	2,126
Capital Assets, Not Depreciated (Note 5)	2,103,199
Capital Assets, Net of Accumulated Depreciation	2,270,018
Total Assets	10,688,900
<b><u>Deferred Outflows of Resources</u></b>	
OPEB Deferrals (Note 8)	72,635
Pension Deferrals (Note 9)	2,123,431
Total Deferred Outflows of Resources	2,196,066
<b><u>Liabilities</u></b>	
Accounts Payable and Other Current Liabilities	1,418,547
Accrued Interest Payable	25,278
Unearned Revenue (Note 1H)	58,134
Long-Term Liabilities:	
<i>Portion Due or Payable Within One Year:</i>	
Compensated Absences (Note 1H)	32,166
Capital Lease (Note 6)	43,000
<i>Portion Due or Payable After One Year:</i>	
Capital Lease (Note 6)	2,457,000
Early Retirement Incentives (Note 7)	20,000
Total OPEB Liability (Note 8)	2,620,247
Net Pension Liabilities (Note 9)	7,221,138
Total Liabilities	13,895,510
<b><u>Deferred Inflows of Resources</u></b>	
OPEB Deferrals (Note 8)	57,565
Pension Deferrals (Note 9)	294,854
Total Deferred Inflows of Resources	352,419
<b><u>Net Position</u></b>	
Net Investment in Capital Assets	1,873,217
Restricted:	
For Capital Projects	343,218
For Debt Service (Deficit)	(25,278)
For Educational Programs	114,058
For Other Purposes	30,243
Unrestricted (Deficit)	(3,698,421)
Total Net Position (Deficit)	\$ (1,362,963)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**BIGGS UNIFIED SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<b>Functions</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>
<b><u>Governmental Activities</u></b>					
Instruction	\$ 4,729,920		\$ 1,111,323		\$ (3,618,597)
Instruction-Related Services:					
Supervision of Instruction	69,945		30,266		(39,679)
Instructional Library and Technology	37,565		1,398		(36,167)
School Site Administration	449,049		32,362		(416,687)
Pupil Services:					
Home-to-School Transportation	304,537		7,520		(297,017)
Food Services	390,269	\$ 13,280	248,656		(128,333)
Other Pupil Services	283,413		88,621		(194,792)
General Administration:					
Data Processing Services	74,216				(74,216)
Other General Administration	885,986	502	97,025		(788,459)
Plant Services	906,924		109,397		(797,527)
Ancillary Services	55,190		1,118		(54,072)
Community Services	44,179		251		(43,928)
Interest on Long-Term Debt	25,278				(25,278)
Other Outgo	199,461		43,330		(156,131)
<b>Total Governmental Activities</b>	<b>\$ 8,455,932</b>	<b>\$ 13,782</b>	<b>\$ 1,771,267</b>	<b>\$ 0</b>	<b>(6,670,883)</b>
<b><u>General Revenues</u></b>					
Taxes Levied for General Purposes					2,412,470
Federal and State Aid - Unrestricted					3,850,559
Interest and Investment Earnings					61,512
Miscellaneous					189,534
<b>Total General Revenues</b>					<b>6,514,075</b>
Change in Net Position					(156,808)
Net Position (Deficit) - July 1, 2018					(1,206,155)
Net Position (Deficit) - June 30, 2019					<b>\$ (1,362,963)</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**BIGGS UNIFIED SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019**

	<u>General</u>	<u>Capital Projects - Special Reserve</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>Assets</u></b>				
Deposits and Investments (Note 2)	\$ 3,474,964	\$ 2,226,724	\$ 434,576	\$ 6,136,264
Receivables (Note 3)	143,885		33,408	177,293
Due from Other Funds (Note 4)	13,263		7,957	21,220
Stores Inventory (Note 1H)			2,126	2,126
<b>Total Assets</b>	<b><u>\$ 3,632,112</u></b>	<b><u>\$ 2,226,724</u></b>	<b><u>\$ 478,067</u></b>	<b><u>\$ 6,336,903</u></b>
<b><u>Liabilities and Fund Balances</u></b>				
Liabilities:				
Accounts Payable	\$ 526,810	\$ 867,547	\$ 24,190	\$ 1,418,547
Due to Other Funds (Note 4)	7,957		13,263	21,220
Unearned Revenue (Note 1H)	58,134			58,134
<b>Total Liabilities</b>	<b><u>592,901</u></b>	<b><u>867,547</u></b>	<b><u>37,453</u></b>	<b><u>1,497,901</u></b>
Fund Balances: (Note 11)				
Nonspendable	2,000		2,521	4,521
Restricted	114,058		368,940	482,998
Assigned	1,422,894	1,359,177	69,153	2,851,224
Unassigned	1,500,259			1,500,259
<b>Total Fund Balances</b>	<b><u>3,039,211</u></b>	<b><u>1,359,177</u></b>	<b><u>440,614</u></b>	<b><u>4,839,002</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 3,632,112</u></b>	<b><u>\$ 2,226,724</u></b>	<b><u>\$ 478,067</u></b>	<b><u>\$ 6,336,903</u></b>

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 NET POSITION**  
**JUNE 30, 2019**

**Total Fund Balances - Governmental Funds** \$ 4,839,002

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

Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation. Capital assets and accumulated depreciation are:

Capital Assets	\$ 9,255,324	
Accumulated Depreciation	(4,882,107)	
Net		4,373,217

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

1,828,577

Deferred outflows and inflows of resources related to other post employment benefits (OPEB): In governmental funds, deferred outflows and inflows of resources related to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources related to OPEB are reported. The net of deferred outflows and inflows was:

15,070

Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities reported at the end of the period are:

Compensated Absences	32,166	
Capital Lease	2,500,000	
Early Retirement Incentives	20,000	
Total OPEB Liability	2,620,247	
Net Pension Liabilities	7,221,138	
Total		(12,393,551)

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statements of activities, it is recognized in the period that it is incurred. The additional liability for unmaturing interest owed at the end of the period was:

(25,278)

**Total Net Position (Deficit) - Governmental Activities** \$ (1,362,963)

**BIGGS UNIFIED SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>General</u>	<u>Capital Projects - Special Reserve</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>Revenues</u></b>				
LCFF Sources:				
State Apportionment / Transfers	\$ 3,601,042			\$ 3,601,042
Local Taxes	2,396,970			2,396,970
Total LCFF Sources	5,998,012			5,998,012
Federal Revenue	498,143		\$ 233,996	732,139
State Revenue	1,196,487		24,208	1,220,695
Local Revenue	311,909	\$ 317	36,052	348,278
Total Revenues	8,004,551	317	294,256	8,299,124
<b><u>Expenditures</u></b>				
Current:				
Instruction	4,312,776			4,312,776
Supervision of Instruction	66,879			66,879
Instructional Library and Technology	33,500			33,500
School Site Administration	405,673			405,673
Home-To-School Transportation	275,494			275,494
Food Services			358,022	358,022
Other Pupil Services	259,029			259,029
Data Processing Services	72,301			72,301
Other General Administration	787,460		13,263	800,723
Plant Services	770,195		40,305	810,500
Facilities Acquisition and Construction	200,822	1,043,705		1,244,527
Ancillary Services	54,512			54,512
Community Services	43,482			43,482
Other Outgo	102,026			102,026
Debt Service:				
Interest and Issuance Costs		97,435		97,435
Total Expenditures	7,384,149	1,141,140	411,590	8,936,879
Excess of Revenues Over (Under) Expenditures	620,402	(1,140,823)	(117,334)	(637,755)
<b><u>Other Financing Sources (Uses)</u></b>				
Operating Transfers In			173,114	173,114
Operating Transfers Out	(173,114)			(173,114)
Other Sources		2,500,000		2,500,000
Total Other Financing Sources (Uses)	(173,114)	2,500,000	173,114	2,500,000
Net Change in Fund Balances	447,288	1,359,177	55,780	1,862,245
Fund Balances - July 1, 2018	2,591,923	0	384,834	2,976,757
Fund Balances - June 30, 2019	\$ 3,039,211	\$ 1,359,177	\$ 440,614	\$ 4,839,002

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, 2019**

**Net Change in Fund Balances - Governmental Funds** \$ 1,862,245

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

Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Capital Outlays	\$	1,266,635	
Depreciation Expense		(209,829)	
Net		1,056,806	1,056,806

Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statements of activities, compensated absences are measured by the amounts earned during the fiscal year. The difference between amounts paid and amounts earned was: (3,035)

Other post employment benefits (OPEB): In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was: (73,820)

Debt proceeds: In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt were: (2,500,000)

Pensions: In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pensions costs are recognized on the accrual basis. This year, the difference between accrual basis pension costs and actual employer contributions was: (473,726)

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, interest expense is recognized in the period that it is incurred. Unmatured interest owed at the end of the period, less matured interest paid during the period but owed from the prior period, was: (25,278)

**Change in Net Position of Governmental Activities** \$ (156,808)

**BIGGS UNIFIED SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2019**

	<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)	\$ 670,027	\$ 90,739	\$ 760,766
Receivables - Interest	703		703
Total Assets	<u>670,730</u>	<u>90,739</u>	<u>761,469</u>
<b><u>Liabilities</u></b>			
Due to Student Groups		90,739	90,739
<b><u>Net Position</u></b>			
Restricted	<u>670,730</u>	<u>0</u>	<u>670,730</u>
Total Net Position	<u>\$ 670,730</u>	<u>\$ 0</u>	<u>\$ 670,730</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**BIGGS UNIFIED SCHOOL DISTRICT  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Private-Purpose Trust
	Scholarship Funds
<b><u>Additions</u></b>	
Change in Fair Market Value of Investments	\$ 8,668
Interest	2,821
Total Additions	11,489
<b><u>Deductions</u></b>	
Scholarships Awarded	8,015
Change in Net Position	3,474
<b><u>Net Position</u></b>	
Net Position - July 1, 2018	667,256
Net Position - June 30, 2019	\$ 670,730

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial Reporting Entity**

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

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

The 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, 2019**

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

**A. Financial Reporting Entity (Concluded)**

An organization can provide a financial benefit to, or impose a financial burden on, a primary government in a variety of ways. 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, 2019, 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, 2019**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation

Government-wide Financial Statements:

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

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

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

Fund Financial Statements:

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

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

Fiduciary funds are reported using the economic resources measurement focus.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions:

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

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

Unearned Revenue:

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

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Concluded)

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.

D. Fund Accounting

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

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

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

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

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

Major Governmental Funds:

*General Fund* is the general operating fund of the District.

*Capital Projects - Special Reserve Fund* was established to account for the capital lease proceeds and expenditures to repair the stadium damaged by fire at Biggs High School.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting (Concluded)

Non-Major Governmental Funds:

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

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

*County School Facilities Fund* is used primarily to account separately for state apportionments provided for construction of school facilities (Education Code Sections 17009.5 and 17070.10-17076.10).

Fiduciary Funds:

*Private-Purpose Trust Funds* are used to account for assets held by the District as trustee pursuant to formal agreements with donors and under which neither principal nor income may be used for purposes that support the District's own programs. The Foundation Private-Purpose Trust Fund is used to account separately for gifts or bequests that provide scholarships to students of the District. For financial reporting purposes, the financial activities and balances of the Nannie Grace Caldwell and Hilda H. Seely Trust Under Will investment accounts, which are both managed and held by Wells Fargo Bank N. A., for the benefit of the Biggs Unified School District, have been included in the District's Private Purpose Trust Fund. The accounts have been included due to the fact that certain members of the District's Board of Trustees are also members on the "Caldwell-Pitts, McKasson, Doty & Thomas Scholarship Fund Board" that have the ability to access the net income and principal of the account, as long as the funds are distributed to eligible recipients in the form of Caldwell-Pitts, McKasson, Doty & Thomas Scholarships.

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

E. Budgets and Budgetary Accounting

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

These budgets are revised by the District's Governing Board and Superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budget is presented for the General Fund as required supplementary information on page 57.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. 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.

F. Use of Estimates

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

G. Encumbrances

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

H. 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, 2019**

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

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

2. Stores Inventory

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

3. Capital Assets

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

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

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

5. Unearned Revenue

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

6. Compensated Absences

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

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. Compensated Absences (Concluded)

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

7. Other Post Employment Benefits (OPEB)

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

8. Pensions

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

9. Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as long-term liabilities in the Statement of Net Position. In fund financial statements, the face amount of the obligation is reported as other financing sources in the year issued.

10. Fund Balances

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

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. Fund Balances (Concluded)

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

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

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

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

*Unassigned Fund Balance* consists of excess funds that have not been classified in the previous four categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls. The District's minimum fund balance policy requires a reserve for economic uncertainties of no less than 8% of total General Fund expenditures and other financing uses.

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

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

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

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

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

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

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

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

**NOTE 2 - DEPOSITS AND INVESTMENTS**

Deposits and investments as of June 30, 2019, consist of the following:

	<u>Governmental Activities</u>	<u>Fiduciary Activities</u>
Cash on Hand and in Banks		\$ 183,663
Cash in Revolving Funds	\$ 2,395	
Investments		403,778
County Pool Investments	<u>6,133,869</u>	<u>173,325</u>
Totals	<u>\$ 6,136,264</u>	<u>\$ 760,766</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 Funds**

Cash in revolving funds 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, 2019**

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

Investments

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

County Pool Investments

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

General Authorization

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

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

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

Interest Rate Risk

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

Weighted Average Maturity

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

Governmental Activities:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Weighted Average Days to Maturity</u>
County Pool Investments	\$ 6,133,869	\$ 6,159,631	669

Fiduciary Activities:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Weighted Average Days to Maturity</u>
County Pool Investments	\$ 173,325	\$ 174,053	669

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investments in the County Treasury are not required to be rated.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2019, the District's bank balance was not exposed to custodial credit risk.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

Fair Value Measurements

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

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

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

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

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

The District's fair value measurements are as follows at June 30, 2019:

Governmental Activities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Uncategorized</u>
County Pool Investments	\$ 6,159,631	\$ 6,159,631

Fiduciary Activities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Uncategorized</u>
County Pool Investments	\$ 174,053	\$ 174,053

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

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 3 - RECEIVABLES**

Accounts receivables at June 30, 2019 consist of the following:

	General Fund	Non-Major Governmental Funds	Totals
Federal Government	\$ 48,808	\$ 29,396	\$ 78,204
State Government	20,410	2,128	22,538
Local Government	20,424		20,424
Interest	13,471	1,884	15,355
Miscellaneous	40,772		40,772
Totals	\$ 143,885	\$ 33,408	\$ 177,293

**NOTE 4 - INTERFUND ACTIVITIES**

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

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

Balances at June 30, 2019 are as follows:

General Fund due to Cafeteria Fund for check deposited in wrong fund	\$ 7,957
Cafeteria Fund due to General Fund for indirect costs	13,263
Total	\$ 21,220

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 2018-19 were as follows:

General Fund transfer to Cafeteria Fund to supplement the child nutrition program	\$ 104,365
General Fund transfer to County School Facilities Fund to move financial hardship funding balance	68,749
Total	\$ 173,114

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 - CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the year ended June 30, 2019, is presented below:

	Balances July 1, 2018	Additions	Deletions	Balances June 30, 2019
Capital Assets Not Being Depreciated:				
Land	\$ 283,366			\$ 283,366
Construction-in-Progress	708,564	\$ 1,111,269		1,819,833
<b>Total Capital Assets Not Being Depreciated</b>	<b>991,930</b>	<b>1,111,269</b>	<b>\$ 0</b>	<b>2,103,199</b>
Capital Assets Being Depreciated:				
Sites and Improvements	779,984	22,143		802,127
Buildings and Improvements	4,720,927	17,000		4,737,927
Furniture and Equipment	1,495,848	116,223		1,612,071
<b>Total Capital Assets Being Depreciated</b>	<b>6,996,759</b>	<b>155,366</b>	<b>0</b>	<b>7,152,125</b>
Less Accumulated Depreciation:				
Sites and Improvements	330,906	39,172		370,078
Buildings and Improvements	3,328,438	86,137		3,414,575
Furniture and Equipment	1,012,934	84,520		1,097,454
<b>Total Accumulated Depreciation</b>	<b>4,672,278</b>	<b>209,829</b>	<b>0</b>	<b>4,882,107</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>2,324,481</b>	<b>(54,463)</b>	<b>0</b>	<b>2,270,018</b>
<b>Capital Assets, Net</b>	<b>\$ 3,316,411</b>	<b>\$ 1,056,806</b>	<b>\$ 0</b>	<b>\$ 4,373,217</b>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 122,049
Instruction-Related Services	14,361
Pupil Services	25,241
General Administration	24,776
Plant Services	23,402
<b>Total</b>	<b>\$ 209,829</b>

**NOTE 6 - CAPITAL LEASE**

On March 1, 2019, the District entered into a capital lease agreement to repair the stadium damaged by fire at Biggs High School for \$2,500,000 at an effective interest rate of 4.00%. The lease is secured by the Biggs High School site. There is no acceleration clause in the agreement.

Future minimum lease payments under this agreement are as follows:

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 6 - CAPITAL LEASE (CONCLUDED)**

<u>Year Ended June 30</u>	<u>Lease Payments</u>
2020	\$ 143,555
2021	186,400
2022	186,800
2023	185,060
2024	185,220
2025-2029	928,600
2030-2034	929,540
2035-2039	<u>929,580</u>
Total payments	3,674,755
Less amounts representing interest	<u>(1,174,755)</u>
Present value of net minimum lease payments	<u>\$ 2,500,000</u>

The District will receive no sublease revenues or pay any contingent rentals for this leased asset.

**NOTE 7 - EARLY RETIREMENT INCENTIVES**

In addition to the other 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, 2019, there is one individual 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>
2020-2022	\$ 0
2023	4,000
2024	4,000
2025-2029	<u>12,000</u>
Total	<u>\$ 20,000</u>

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

The District's defined benefit plan, Biggs Unified School District's Other Post Employment Benefits Plan (Plan), is a single-employer defined benefit health care plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue a stand-alone financial report.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

*Plan Description/Benefits Provided*

Certificated employees hired prior to January 1, 2013 retire with District Paid medical, dental and vision benefits after age 55 and 15 years of District service credit. Benefits are paid for 7 years plus one additional year for each 5 years of service credit in excess of 15 years, to a maximum of 10 years of District-paid benefits or until Medicare eligible, whichever comes first. The annual District contribution during retirement is limited to the annual health benefit cap at time of retirement plus 10%. Certificated employees hired on or after January 1, 2013 become eligible for retiree health benefits after age 55 and 20 years of District service, and benefits are paid for the lesser of 7 years or until age 65. The annual District contribution for employees hired on or after January 1, 2013 is limited to 100% of the annual health cap at time of retirement.

Classified, Confidential, and Classified Management employees may retire with District-paid medical benefits after age 50 and 10 years of continuous service (55 and 15 years for Classified employee hired on or after January 1, 2014). Benefits are paid for the lesser of 5 years or until age 65 (Medicare eligibility age). If the retiree dies before the end of the prescribed benefit period, the surviving spouse will be entitled to any unused benefits. District contributions are capped at \$15,000 per year for employees who retire on or before June 30, 2015, and \$12,000 per year for employees who retire after June 30, 2015.

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

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

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

*Employees covered by benefit terms*

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

Inactive employees currently receiving benefit payments	17
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	59
Total number of participants	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100%;">76</div>

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

Total OPEB Liability

The District's total OPEB liability of \$2,620,247 was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2017. Standard actuarial update procedures were used to roll forward to the measurement date from the actuarial valuation.

Actuarial Assumptions

The total OPEB liability was determined using the following actuarial methods, assumptions, and other inputs, applied to all periods unless otherwise specified:

Measurement Date	July 1, 2018 to June 30, 2019
Actuarial Cost Method	Entry Age Normal
Inflation	3.00%
Salary Increases	3.00%
Discount Rate	3.62% for June 30, 2018 3.13% for June 30, 2019
Health care cost trend rates	5% for 2019 and later years

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

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

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

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

Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at July 1, 2018	<u>\$ 2,461,544</u>
Changes for the year:	
Service cost	141,295
Interest on total OPEB liability	86,361
Changes in assumptions or other inputs	84,164
Benefit payments (includes implicit subsidy)	<u>(153,117)</u>
Net change	<u>158,703</u>
Balance at June 30, 2019	<u><u>\$ 2,620,247</u></u>

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

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

The following table presents the District's total OPEB liability as of the measurement date, calculated using the current discount rate of 3.13%, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.13%) or one percentage point higher (4.13%) than the current rate:

	Discount Rate 1% Decrease 2.13%	Discount Rate Current Rate 3.13%	Discount Rate 1% Increase 4.13%
District's total OPEB liability	\$ 2,803,270	\$ 2,620,247	\$ 2,452,211

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

The following table presents the District's total OPEB liability as of the measurement date, calculated using the current health care cost trend rate of 5.00%, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (4.00%) or one percentage point higher (6.00%) than the current rate:

	Health Care Cost Trend Rate 1% Decrease 4.00%	Health Care Cost Trend Rate Current Rate 5.00%	Health Care Cost Trend Rate 1% Increase 6.00%
District's total OPEB liability	\$ 2,413,502	\$ 2,620,247	\$ 2,858,075

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$227,656. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions or other inputs	\$ 72,635	\$ 57,565
Totals	\$ 72,635	\$ 57,565

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Concluded)*

Amounts reported as deferred outflows are amortized over 7.3 years, and amounts reported as deferred inflows are amortized over 6.7 years and will be recognized in OPEB expense as follows:

Year Ended June 30	
2020	\$ (719)
2021	(719)
2022	(719)
2023	(719)
2024	2,955
Thereafter	14,991

**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).

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

<u>Pension Plan</u>	<u>Net Pension Liabilities</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalSTRS	\$ 4,657,441	\$ 1,413,758	\$ 245,683	\$ 1,078,152
CalPERS	2,563,697	709,673	49,171	567,263
Totals	<u>\$ 7,221,138</u>	<u>\$ 2,123,431</u>	<u>\$ 294,854</u>	<u>\$ 1,645,415</u>

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

*Plan Description*

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

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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NOTE 9 - RETIREMENT PLANS (CONTINUED)

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

Benefits Provided

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

The STRP Defined Benefit Program has two benefit formulas:

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

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

CalSTRS 2% at 60

CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0% of final compensation multiplied by the number of years of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to a maximum of 2.4% at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2% to the age factor, up to the 2.4% maximum.

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

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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NOTE 9 - RETIREMENT PLANS (CONTINUED)

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

Benefits Provided (Concluded)

CalSTRS 2% at 62

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

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

Contributions

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

Members: Pursuant to AB 1469, the CalSTRS member contribution rates were as follows: Under CalSTRS 2% at 60, the member contribution rate was 10.25% of applicable member earnings for fiscal year 2018-19. Under CalSTRS 2% at 62, the member contribution rate was 10.205% of applicable member earnings for fiscal year 2018-19.

Employers: Pursuant to AB 1469, the employer contribution rate was 16.28% of applicable member earnings for fiscal year 2018-19. The District contributed \$423,246 to the plan for the fiscal year ended June 30, 2019.

State: The contribution was 2.017% of the members' creditable earnings from the fiscal year ending in the prior calendar year. Also, as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specified in Education Code Section 22955.1(b). The additional state contribution for the fiscal year ended June 30, 2019 was 5.311%. Including a 2.50% contribution for SBMA funding, the total state appropriation to the defined benefit program was 9.828% for the fiscal year ended June 30, 2019.

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

At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability associated with the District was as follows:

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 9 - RETIREMENT PLANS (CONTINUED)

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

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

District's proportionate share of the net pension liability	\$ 4,657,441
State's proportionate share of the net pension liability associated with the District	<u>2,666,603</u>
Total net pension liability attributed to District	<u>\$ 7,324,044</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers and the State. The District's proportionate share of the net pension liability as of June 30, 2018 and June 30, 2017 was as follows:

Proportion - June 30, 2018	0.0051%
Proportion - June 30, 2017	<u>0.0048%</u>
Change - Increase (Decrease)	<u>0.0003%</u>

For the fiscal year ended June 30, 2019, the District recognized pension expense of \$1,078,152, which includes \$424,736 of support provided by the State. At June 30, 2019, 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	\$ 423,246	
Differences between expected and actual experience	13,565	\$ 63,461
Changes of assumptions	679,480	
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	297,467	2,668
Net differences between projected and actual earnings on plan investments		<u>179,554</u>
Totals	<u>\$ 1,413,758</u>	<u>\$ 245,683</u>

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 9 - RETIREMENT PLANS (CONTINUED)

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

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

The deferred outflows of resources related to District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2020	\$ 213,036
2021	150,091
2022	35,995
2023	130,450
2024	178,855
2025	36,402

Differences between expected and actual experience, changes of assumptions, and changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of June 30, 2018. 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.

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, 2017, and rolling forward the total pension liability to June 30, 2018. In determining the total pension liability, the financial reporting actuarial valuation used the following methods and assumptions:

Valuation Date	June 30, 2017
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return <sup>1</sup>	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB (Annually) Maintain 85% purchasing power level for DB

<sup>1</sup> Net of investment expenses, but gross of administrative expenses.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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NOTE 9 - RETIREMENT PLANS (CONTINUED)

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

Actuarial Methods and Assumptions (Concluded)

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases of life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

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

Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2018, 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%	6.30%
Fixed Income	12%	0.30%
Real Estate	13%	5.20%
Private Equity	13%	9.30%
Risk Mitigating Strategies	9%	2.90%
Inflation Sensitive	4%	3.80%
Cash / Liquidity	2%	-1.00%
Total	<u>100%</u>	

\* 20-year average

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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NOTE 9 - RETIREMENT PLANS (CONTINUED)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers are made at statutory contribution rates as previously described. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10%) and assuming that contributions, 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 table presents the District's proportionate share of the net pension liability as of the measurement date, calculated using the current discount rate of 7.10%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.10%) or one percentage point higher (8.10%) than the current rate:

	Discount Rate 1% Decrease 6.10%	Discount Rate Current Rate 7.10%	Discount Rate 1% Increase 8.10%
District's proportionate share of the net pension liability	\$ 6,822,606	\$ 4,657,441	\$ 2,862,309

Pension Plan's Fiduciary Net Position

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

B. California Public Employees' Retirement System (CalPERS)

Plan Description, Benefits Provided, and Employees Covered

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

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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NOTE 9 - RETIREMENT PLANS (CONTINUED)

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

Plan Description, Benefits Provided, and Employees Covered (Concluded)

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

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Active plan members who entered into the plan prior to January 1, 2013 are required to contribute 7.0% of their salary, and new members entering into the plan on or after January 1, 2013 are required to contribute the higher of 50% of the total normal cost rate for their defined benefit plan or 7.0% of their salary. The District's contractually required contribution rate for the fiscal year ended June 30, 2019 was 18.062% of annual payroll. The District's contribution to CalPERS for the fiscal year ended June 30, 2019 was \$236,742.

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

As of June 30, 2019, the District reported a liability of \$2,563,697 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability as of June 30, 2018 and June 30, 2017 was as follows:

Proportion - June 30, 2018	0.0096%
Proportion - June 30, 2017	0.0099%
Change - Increase (Decrease)	-0.0003%

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 9 - RETIREMENT PLANS (CONTINUED)

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

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

For the fiscal year ended June 30, 2019, the District recognized pension expense of \$567,263, which includes \$86,965 of support provided by the State. At June 30, 2019, 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	\$ 236,742	
Differences between expected and actual experience	169,427	
Changes of assumptions	261,665	
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	22,576	\$ 49,171
Net differences between projected and actual earnings on plan investments	<u>19,263</u>	
Totals	<u>\$ 709,673</u>	<u>\$ 49,171</u>

The deferred outflows of resources related to District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2020. 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>	
2020	\$ 255,215
2021	199,669
2022	(15,992)
2023	(15,132)

Differences between expected and actual experience, changes in assumptions, and changes in employer's proportion and differences in employer's contributions and employer's proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of June 30, 2018. The net difference between projected and actual earnings on pension plan investments is amortized over a 5-year period on a straight-line basis.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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NOTE 9 - RETIREMENT PLANS (CONTINUED)

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

Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuations were determined using the following actuarial methods and assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Wage Growth	Varies
Investment Rate of Return	7.15%
Post Retirement Benefit Increase (1)	

(1) 2.00% until Purchasing Power Protection Allowance Floor  
on Purchasing Power applies, 2.50% thereafter

Mortality rate table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016.

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study from 1997 to 2015. 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 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments were applied to all periods of projected benefit payments to determine the total pension liability.

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

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 9 - RETIREMENT PLANS (CONTINUED)

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

Discount Rate (Concluded)

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. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11 + years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects expected real rates of return by asset class. The rates of return were calculated using the capital market assumptions applied to determine the discount rate.

<u>Asset Class</u> <sup>1</sup>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1 - 10</u> <sup>2</sup>	<u>Real Return Years 11+</u> <sup>3</sup>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	<u>100%</u>		

(1) In the CalPERS CAFR, fixed income is included in global debt securities; liquidity is included in short-term investments; inflation assets are included in both global equity securities and global debt securities.

(2) An expected inflation of 2.00% used for this period.

(3) An expected inflation of 2.92% 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 calculated using the discount rate of 7.15%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.15%) or 1 percentage point higher (8.15%) than the current rate:

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

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

	Discount Rate 1% Decrease 6.15%	Discount Rate Current Rate 7.15%	Discount Rate 1% Increase 8.15%
District's proportionate share of the net pension liability	\$ 3,732,620	\$ 2,563,697	\$ 1,593,908

*Pension Plan Fiduciary Net Position*

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

**C. Social Security**

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

**NOTE 10 - LONG-TERM LIABILITIES**

A schedule of changes in long-term liabilities for the year ended June 30, 2019, is shown below:

	Balances July 1, 2018	Additions	Deductions	Balances June 30, 2019	Due within One Year
Long-Term Debt:					
Capital Lease		\$ 2,500,000		\$ 2,500,000	\$ 43,000
Early Retirement Incentives	\$ 20,000			20,000	
Other Long-Term Liabilities:					
Compensated Absences	29,131	32,166	\$ 29,131	32,166	32,166
Total OPEB Liability	2,461,544	311,820	153,117	2,620,247	
Net Pension Liabilities	6,755,123	466,015		7,221,138	
Totals	\$ 9,265,798	\$ 3,310,001	\$ 182,248	\$ 12,393,551	\$ 75,166

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

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 11 - FUND BALANCES**

The fund balances as of June 30, 2019 are as follows:

	General Fund	Capital Projects - Special Reserve Fund	Non-Major Governmental Funds	Totals
Nonspendable:				
Revolving Cash	\$ 2,000		\$ 395	\$ 2,395
Stores Inventory			2,126	2,126
Total Nonspendable	<u>2,000</u>		<u>2,521</u>	<u>4,521</u>
Restricted:				
Categorical Programs	114,058			114,058
Food Service			25,722	25,722
Capital Projects			343,218	343,218
Total Restricted	<u>114,058</u>		<u>368,940</u>	<u>482,998</u>
Assigned:				
Bleacher Insurance	97,000			97,000
Textbook Adoptions	150,000			150,000
OPEB	509,894			509,894
Capital Projects		\$ 1,359,177	69,153	1,428,330
Other Assignments	666,000			666,000
Total Assigned	<u>1,422,894</u>	<u>1,359,177</u>	<u>69,153</u>	<u>2,851,224</u>
Unassigned:				
Reserve for Economic Uncertainties	667,375			667,375
Remaining Unassigned Balance	832,884			832,884
Total Unassigned	<u>1,500,259</u>			<u>1,500,259</u>
Totals	<u>\$ 3,039,211</u>	<u>\$ 1,359,177</u>	<u>\$ 440,614</u>	<u>\$ 4,839,002</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 State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) for K-12 Education. These payments consist of state general fund contributions of \$424,736 to CalSTRS and \$86,965 to CalPERS. These contributions are recorded in the General Fund and Cafeteria Fund as revenues and expenditures. The District is not legally responsible for these contributions.

**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 2018-19, 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, 2019**

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**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.

**C. Construction Commitments**

As of June 30, 2019, the District has the following commitments with respect to unfinished capital projects:

<u>Capital Projects</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Biggs High School Stadium Projects	\$ 737,573	October 2019

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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NOTE 16 - SUBSEQUENT EVENTS

The District's management has evaluated events or transactions that occurred for possible recognition or disclosure in the financial statements from the balance sheet date through December 10, 2019, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that require disclosure in or adjustment to the current year financial statements.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

**BIGGS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<b><u>Revenues</u></b>				
LCFF Sources:				
State Apportionment / Transfers	\$ 3,474,884	\$ 3,789,096	\$ 3,601,042	\$ (188,054)
Local Sources	2,466,813	2,263,423	2,396,970	133,547
Total LCFF Sources	5,941,697	6,052,519	5,998,012	(54,507)
Federal Revenue	453,401	584,284	498,143	(86,141)
Other State Revenue	964,655	1,584,002	1,196,487	(387,515)
Other Local Revenue	223,779	325,645	311,909	(13,736)
Total Revenues	7,583,532	8,546,450	8,004,551	(541,899)
<b><u>Expenditures</u></b>				
Current:				
Certificated Salaries	2,793,491	2,907,487	2,718,149	189,338
Classified Salaries	1,333,774	1,349,497	1,307,766	41,731
Employee Benefits	1,792,571	2,100,952	1,984,405	116,547
Books and Supplies	603,540	521,745	416,684	105,061
Services and Other				
Operating Expenditures	857,290	794,612	639,432	155,180
Capital Outlay	370,656	779,684	228,950	550,734
Other Expenditures	174,189	173,437	88,763	84,674
Total Expenditures	7,925,511	8,627,414	7,384,149	1,243,265
Excess of Revenues Over (Under) Expenditures	(341,979)	(80,964)	620,402	701,366
<b><u>Other Financing (Uses)</u></b>				
Operating Transfers Out	(88,835)	(173,114)	(173,114)	
Net Change in Fund Balances	(430,814)	(254,078)	447,288	\$ 701,366
Fund Balances - July 1, 2018	2,591,923	2,591,923	2,591,923	
Fund Balances - June 30, 2019	\$ 2,161,109	\$ 2,337,845	\$ 3,039,211	

**BIGGS UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS \***

**JUNE 30, 2019**

	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>		
Service Cost	\$ 141,295	\$ 148,082
Interest on Total OPEB Liability	86,361	74,964
Changes in Assumptions or Other Inputs	84,164	(82,061)
Benefit Payments (Includes Implicit Rate)	<u>(153,117)</u>	<u>(147,786)</u>
<b>Net Change in Total OPEB Liability</b>	158,703	(6,801)
<b>Total OPEB Liability - Beginning</b>	<u>2,461,544</u>	<u>2,468,345</u>
<b>Total OPEB Liability - Ending</b>	<u><u>\$ 2,620,247</u></u>	<u><u>\$ 2,461,544</u></u>
<b>Covered-employee Payroll</b>	\$ 4,166,051	\$ 3,644,096
<b>District's Total OPEB Liability as Percentage of Covered-employee Payroll</b>	62.90%	67.55%

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

**BIGGS UNIFIED SCHOOL DISTRICT**

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

**JUNE 30, 2019**

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<u>Year Ended June 30</u>	<u>District's Proportion of the NPL</u>	<u>District's Proportionate Share of the NPL</u>	<u>State's Proportionate Share of the NPL Associated to District</u>	<u>Total NPL Attributed to District</u>	<u>District's Covered Payroll</u>	<u>District's Proportionate Share of the NPL as a % of Covered Payroll</u>	<u>Plan Fiduciary Net Position As a % of Total Pension Liability</u>
2019	0.0051%	\$ 4,657,441	\$ 2,666,603	\$ 7,324,044	\$ 2,697,533	172.66%	70.99%
2018	0.0048%	4,401,308	2,603,777	7,005,085	2,522,345	174.49%	69.46%
2017	0.0047%	3,826,274	2,178,230	6,004,504	2,357,670	162.29%	70.04%
2016	0.0047%	3,195,863	1,690,259	4,886,122	2,203,300	145.05%	74.02%
2015	0.0046%	2,660,107	1,606,287	4,266,394	2,027,515	131.20%	76.52%

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

**BIGGS UNIFIED SCHOOL DISTRICT**

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

**JUNE 30, 2019**

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Year Ended June 30	District's Proportion of the NPL	District's Proportionate Share of the NPL	District's Covered Payroll	District's Proportionate Share of the NPL as a % of Covered Payroll	Plan Fiduciary Net Position As a % of Total Pension Liability
2019	0.0096%	\$ 2,563,697	\$ 1,268,231	202.15%	70.85%
2018	0.0099%	2,353,815	1,257,330	187.21%	71.87%
2017	0.0096%	1,892,939	1,149,852	164.62%	73.90%
2016	0.0100%	1,467,131	1,101,928	133.14%	79.43%
2015	0.0096%	1,090,732	1,008,591	108.14%	83.38%

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

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**BIGGS UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF CONTRIBUTIONS - CALSTRS \***

**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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<u>Year Ended June 30</u>	<u>Actuarially Determined Contributions</u>	<u>Contributions In Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency/ (Excess)</u>	<u>District's Covered Payroll</u>	<u>Contributions As a % of Covered Payroll</u>
2019	\$ 423,246	\$ 423,246	\$ 0	\$ 2,599,791	16.28%
2018	404,983	404,983	0	2,806,535	14.43%
2017	322,471	322,471	0	2,563,362	12.58%
2016	260,310	260,310	0	2,426,002	10.73%
2015	183,796	183,796	0	2,069,775	8.88%

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

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**BIGGS UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF CONTRIBUTIONS - CALPERS \***

**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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<u>Year Ended June 30</u>	<u>Actuarially Determined Contributions</u>	<u>Contributions In Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency/ (Excess)</u>	<u>District's Covered Payroll</u>	<u>Contributions As a % of Covered Payroll</u>
2019	\$ 236,742	\$ 236,742	\$ 0	\$ 1,310,719	18.062%
2018	196,919	196,919	0	1,267,909	15.531%
2017	174,519	174,519	0	1,256,617	13.888%
2016	135,564	135,564	0	1,144,290	11.847%
2015	130,423	130,423	0	1,108,003	11.771%

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

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, the District is required to present a Schedule of Revenues, Expenditures, and Changes in Fund Balance budgetary comparison for the General Fund and each Major Special Revenue Fund that has an adopted budget. This schedule presents the original adopted budget, final adopted budget, and the actual revenues and expenditures of each of these funds by object. The basis of budgeting is the same as Generally Accepted Accounting Principles (GAAP). There were no excess of expenditures over appropriations in the General Fund as of June 30, 2019.

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

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

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

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

**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 payroll, and the amount of contributions recognized by the pension plan in relation of the District as a percentage of the District's covered payroll.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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NOTE 2 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

A. Trust Assets

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

B. Benefit Terms

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

C. Changes in Assumptions or Other Inputs

The discount rate changed from 3.62% at June 30, 2018 to 3.13% at June 30, 2019.

NOTE 3 - SUMMARY OF CHANGES FOR CALSTRS AND CALPERS

A. Benefit Changes

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

B. Changes in Assumptions

During fiscal year 2017-18, demographic assumptions and inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions December 2017.

As a result of the study, CalPERS changed the following assumption used in determining the NPL as follows:

<u>Assumption</u>	<u>As of June 30, 2018</u>	<u>As of June 30, 2017</u>
Inflation	2.50%	2.75%

There were no changes in assumptions since the previous valuation for CalSTRS.

SUPPLEMENTARY INFORMATION SECTION

**BIGGS UNIFIED SCHOOL DISTRICT**  
**ORGANIZATION/BOARD OF TRUSTEES/ADMINISTRATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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ORGANIZATION

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

BOARD OF TRUSTEES

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Dennis Slusser	President	November 2022
M. America Navarro	Vice President	November 2022
Megan Wilkinson	Clerk	November 2020
Kathryn Sheppard	Member	November 2022
Jonna Phillips	Member	November 2020

ADMINISTRATION

Doug Kaelin  
Superintendent

Pamela Ragan  
Financial Officer

**BIGGS UNIFIED SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2019**

	<u>Cafeteria</u>	<u>Capital Facilities</u>	<u>County School Facilities</u>	<u>Total Non-Major Governmental Funds</u>
<b><u>Assets</u></b>				
Deposits and Investments	\$ (54)	\$ 365,775	\$ 68,855	\$ 434,576
Receivables	31,524	1,586	298	33,408
Due from Other Funds	7,957			7,957
Stores Inventory	2,126			2,126
Total Assets	<u>\$ 41,553</u>	<u>\$ 367,361</u>	<u>\$ 69,153</u>	<u>\$ 478,067</u>
<b><u>Liabilities and Fund Balances</u></b>				
Liabilities:				
Accounts Payable	\$ 47	\$ 24,143		\$ 24,190
Due to Other Funds	13,263			13,263
Total Liabilities	<u>13,310</u>	<u>24,143</u>		<u>37,453</u>
Fund Balances:				
Nonspendable	2,521			2,521
Restricted	25,722	343,218		368,940
Assigned			\$ 69,153	69,153
Total Fund Balances	<u>28,243</u>	<u>343,218</u>	<u>69,153</u>	<u>440,614</u>
Total Liabilities and Fund Balances	<u>\$ 41,553</u>	<u>\$ 367,361</u>	<u>\$ 69,153</u>	<u>\$ 478,067</u>

SEE NOTES TO SUPPLEMENTARY INFORMATION

**BIGGS UNIFIED SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Cafeteria</u>	<u>Capital Facilities</u>	<u>County School Facilities</u>	<u>Total Non-Major Governmental Funds</u>
<b><u>Revenues</u></b>				
Federal Revenue	\$ 233,996			\$ 233,996
State Revenue	24,208			24,208
Local Revenue	13,366	\$ 22,282	\$ 404	36,052
Total Revenues	<u>271,570</u>	<u>22,282</u>	<u>404</u>	<u>294,256</u>
<b><u>Expenditures</u></b>				
Current:				
Food Services	358,022			358,022
Other General Administration	13,263			13,263
Plant Services		40,305		40,305
Total Expenditures	<u>371,285</u>	<u>40,305</u>	<u>0</u>	<u>411,590</u>
Excess of Revenues Over (Under) Expenditures	(99,715)	(18,023)	404	(117,334)
<b><u>Other Financing Sources</u></b>				
Operating Transfers In	104,365		68,749	173,114
Net Change in Fund Balances	4,650	(18,023)	69,153	55,780
Fund Balances - July 1, 2018	<u>23,593</u>	<u>361,241</u>	<u>0</u>	<u>384,834</u>
Fund Balances - June 30, 2019	<u>\$ 28,243</u>	<u>\$ 343,218</u>	<u>\$ 69,153</u>	<u>\$ 440,614</u>

SEE NOTES TO SUPPLEMENTARY INFORMATION

**BIGGS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF AVERAGE DAILY ATTENDANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

		<b>P-2 Report - As Originally Reported</b>				
		<b>TK / K - 3</b>	<b>4 - 6</b>	<b>7 - 8</b>	<b>9 - 12</b>	<b>Total</b>
Regular		<u>186.08</u>	<u>105.89</u>	<u>82.01</u>	<u>206.88</u>	<u>580.86</u>

		<b>Audited P-2 Report</b>				
		<b>TK / K - 3</b>	<b>4 - 6</b>	<b>7 - 8</b>	<b>9 - 12</b>	<b>Total</b>
Regular		<u>186.08</u>	<u>105.89</u>	<u>82.01</u>	<u>203.87</u>	<u>577.85</u>

		<b>Annual Report - As Originally Reported</b>				
		<b>TK / K - 3</b>	<b>4 - 6</b>	<b>7 - 8</b>	<b>9 - 12</b>	<b>Total</b>
Regular		<u>187.48</u>	<u>104.40</u>	<u>83.40</u>	<u>204.95</u>	<u>580.23</u>

		<b>Audited Annual Report</b>				
		<b>TK / K - 3</b>	<b>4 - 6</b>	<b>7 - 8</b>	<b>9 - 12</b>	<b>Total</b>
Regular		<u>187.48</u>	<u>104.40</u>	<u>83.40</u>	<u>203.13</u>	<u>578.41</u>

**BIGGS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF INSTRUCTIONAL TIME**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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<u>Grade Level</u>	<u>Minutes Required</u>	<u>2018-19 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Number of Days Multitrack Calendar</u>	<u>Status</u>
Kindergarten	36,000	58,830	180	N/A	In Compliance
Grade 1	50,400	54,390	180	N/A	In Compliance
Grade 2	50,400	54,390	180	N/A	In Compliance
Grade 3	50,400	54,390	180	N/A	In Compliance
Grade 4	54,000	55,230	180	N/A	In Compliance
Grade 5	54,000	55,230	180	N/A	In Compliance
Grade 6	54,000	55,230	180	N/A	In Compliance
Grade 7	54,000	67,490	180	N/A	In Compliance
Grade 8	54,000	67,490	180	N/A	In Compliance
Grade 9	64,800	65,949	180	N/A	In Compliance
Grade 10	64,800	65,949	180	N/A	In Compliance
Grade 11	64,800	65,949	180	N/A	In Compliance
Grade 12	64,800	65,949	180	N/A	In Compliance

**BIGGS UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT  
WITH AUDITED FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	General Fund	Special Revenue - Special Reserve Fund	Special Reserve Fund for Postemployment Benefits
June 30, 2019 Annual Financial and Budget Report Fund Balances	\$ 1,916,942	\$ 612,375	\$ 509,894
Reclassifications Increasing (Decreasing) Fund Balances:			
Reclassifications of Fund Balances	<u>1,122,269</u>	<u>(612,375)</u>	<u>(509,894)</u>
June 30, 2019 Audited Financial Statements Fund Balances	<u>\$ 3,039,211</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

Auditor's Comments

The audited financial statements of all other funds were in agreement with the Annual Financial and Budget Report for the fiscal year ended June 30, 2019.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	GENERAL FUND			
	(Budget) 2019-20	2018-19	2017-18	2016-17
Revenues and Other Financial Sources	\$ 8,225,563	\$ 8,004,551	\$ 7,514,102	\$ 7,936,697
Expenditures	8,323,339	7,384,149	7,390,587	7,692,909
Other Uses and Transfers Out	113,973	173,114	94,985	40,985
Total Outgo	8,437,312	7,557,263	7,485,572	7,733,894
Change in Fund Balance	(211,749)	447,288	28,530	202,803
Ending Fund Balance	\$ 2,827,462	\$ 3,039,211	\$ 2,591,923	\$ 2,563,393
Available Reserves	\$ 1,315,633	\$ 1,500,259	\$ 1,438,386	\$ 979,896
Reserve for Economic Uncertainties *	\$ 622,375	\$ 667,375	\$ 601,587	\$ 620,433
Available Reserves as a Percentage of Total Outgo	15.6%	19.85%	19.22%	12.67%
Average Daily Attendance at P-2	578	578	586	576
Total Long-Term Liabilities	\$ 12,318,385	\$ 12,393,551	\$ 9,265,798	\$ 8,233,488

\* Reported balances are a component of available reserves.

The fund balance of the General Fund increased \$475,818 (18.6%) over the past two years. The fiscal year 2019-20 budget projects a decrease of \$211,749 (7%). For a district this size, the state recommends available reserves of at least 4% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District produced operating surpluses in each of the past three fiscal years.

Average daily attendance (ADA) increased 2 ADA over the past two years. The District projects no change in ADA during fiscal year 2019-20.

Total long-term liabilities increased \$4,160,063 over the past two years due primarily to the increase in the District's total OPEB liability, net pension liabilities, and the new \$2,500,000 capital lease during fiscal year 2018-19.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**NOTES TO SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**A. Schedule of Average Daily Attendance**

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

**B. Schedule of Instructional Time**

The District participated in the Longer Day incentive funding program for the current fiscal year and 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.

**C. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements**

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

**D. Schedule of Financial Trends and Analysis**

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

OTHER INDEPENDENT AUDITOR'S REPORTS SECTION

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

**INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE**

Board of Trustees  
Biggs Unified School District  
Biggs, California

**Report on State Compliance**

We have audited Biggs Unified School District's compliance with the types of compliance requirements described in the *2018-19 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* that could have a direct and material effect on each of the District's state programs identified on the following page for the fiscal year ended June 30, 2019.

**Management's Responsibility**

Management is responsible for compliance with the requirements of state laws and regulations 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 *2018-19 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting (Audit Guide)*, prescribed in the *California Code of Regulations*, Title 5, section 19810 and following. Those standards and the Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the District's state programs occurred. An audit includes examining, on a test basis, evidence about Biggs Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with state laws and regulations. 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>
<b>Local Education Agencies Other Than Charter Schools:</b>	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No (see below)
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
<b>School Districts, County Offices of Education, and Charter Schools:</b>	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
<b>Charter Schools:</b>	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

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

Opinion on State Compliance

In our opinion, Biggs Unified School District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *2018-19 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* and which are described in the accompanying Schedule of Findings and Questioned Costs, as noted in **Findings 2019-008, 2019-009, and 2019-010**. Our opinion on state compliance on the programs previously identified is not modified with respect to these matters.

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

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the *2018-19 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

*Stephen Roatch Accountancy Corporation*

STEPHEN ROATCH ACCOUNTANCY CORPORATION  
Certified Public Accountants

December 10, 2019



**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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 10, 2019 that included an unmodified opinion on the governmental activities, each major fund and the aggregate remaining fund information and an adverse opinion on the discretely presented component unit. The report on the financial statements included an adverse opinion on the discretely presented component unit because the financial statements do not include financial data for the District's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for the component unit to be reported with the financial data of the District's primary government unless the District also issues financial statements for the financial reporting entity that include the financial data for its component unit. The District has not issued such reporting entity financial statements.

**Internal Control over Financial Reporting**

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

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

### Internal Control Over Financial Reporting (Concluded)

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses, as noted in **Findings 2019-001** and **2019-002**.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies, as noted in **Findings 2019-003, 2019-004, 2019-005, 2019-006, and 2019-007**.

### Compliance and Other Matters

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

### District's Responses to Findings

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

### Purpose of this Report

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

*Stephen Roatch Accountancy Corporation*

STEPHEN ROATCH ACCOUNTANCY CORPORATION  
Certified Public Accountants

December 10, 2019

## FINDINGS AND QUESTIONED COSTS SECTION

**BIGGS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**Financial Statements**

Type of auditor's report issued: Unmodified with Adverse Opinion on  
Discretely Presented Component Unit

Internal control over financial reporting:

Material weaknesses identified?   X   Yes        No

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

Noncompliance material to financial statements noted?        Yes   X   No

**State Awards**

Any audit findings required to be reported in accordance  
with the *2018-19 Guide for Annual Audits of K-12 Local  
Educational Agencies and State Compliance Reporting?*   X   Yes        No

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

**BIGGS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

**2019 - 001 / 30000**

**MATERIAL WEAKNESS**

**CAFETERIA CASH RECEIPTS**

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

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

Questioned Cost: None.

Context: The condition occurred throughout fiscal year 2018-19.

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

Cause: The District did not implement the prior year recommendation.

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

District Response: The receipts from daily sales will be reconciled against the system generated reports for sales and the Food Service Supervisor will verify deposits and daily reports match. Bank deposits are compiled by the Food Service Supervisor and verified by the Financial Officer prior to deposit.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**2019 - 002 / 30000**

**MATERIAL WEAKNESS**

**CAFETERIA FORMS**

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

Condition: Daily local cafeteria sales were not supported by cafeteria system generated reports signed by the site-level preparer, who recorded the information.

Questioned Costs: None.

Context: This condition existed throughout fiscal year 2018-19.

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

Cause: The District did not implement the prior year recommendation.

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

District Response: The Food Service Supervisor has been informed that the daily sales forms are to be printed daily, signed and retained for audit purposes.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**2019 - 003 / 30000**

**SIGNIFICANT DEFICIENCY**

PAYROLL

Criteria: All districts should establish appropriate accounting controls to ensure that payroll transactions are performed in a complete and accurate manner. In addition, appropriate accounting controls should be designed to detect and correct payroll errors in a timely manner.

Condition: The District did not set up the vacation pay correctly in the payroll system for 10 month classified employees.

Questioned Costs: None. The District underpaid twenty-three employees \$1,794.10 in fiscal year 2018-19. The District reimbursed the affected employees on the June 2019 payroll.

Context: The condition appears to be isolated to certain 10 month classified employees.

Effect: When appropriate accounting controls are not in place, accounting errors and/or improprieties are more likely to occur and not be detected in a timely manner.

Cause: Vacation pay was set up in the payroll system to be paid over 11 months instead of 10 months.

Recommendation: The District should establish procedures to ensure that all pay rates, vacation benefits, and any other amount used to compute employee payroll are reviewed on an annual basis to ensure that employees are being paid accurately.

District Response: This error occurred because of the change in school calendar. The calendar year was 11 months for the past three years and was changed for 18/19 only to be 10 months. The District implemented Escape in 17/18 and the vacation pay out set up was completed by BCOE and Escape staff to match the then 11-month cycle. The calculation error was not noticed until the audit. The District business and payroll staff does not have access to the setup module in Escape for these types of changes. BCOE staff created another set-up for a 10-month calendar. I would suggest District Administration refrain from bouncing back and forth between 10 and 11-month calendars as this requires a complete adjustment to all the payroll modules in Escape. The vacation payout errors were corrected and paid prior to June 30, 2019.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**2019 - 004 / 30000**

**SIGNIFICANT DEFICIENCY**

**PAYROLL CLEARING ACCOUNTS**

**Criteria:** An appropriate system of internal control over financial reporting requires that payroll related clearing accounts used to facilitate the payment of items such as health and welfare benefits, taxes, and insurance, should be reconciled on a periodic basis, to ensure that all related liability and expenditure balances are properly reported.

**Condition:** Payroll related clearing accounts were not reconciled on a routine basis and were not reconciled as of June 30, 2019.

**Questioned Costs:** None.

**Context:** The balances in the payroll clearing accounts do not appear to be materially misstated at June 30, 2019.

**Effect:** The District does not have procedures in place to ensure that the payroll related clearing accounts are functioning as intended, and to confirm that the related liabilities and expenditure balances are properly reported.

**Cause:** The District does not have appropriate procedures in place to ensure that payroll related clearing accounts are reconciled on a monthly basis.

**Recommendation:** The District should establish appropriate procedures to ensure that payroll related clearing accounts are reconciled on a monthly basis and that the reconciliations are retained for audit purposes. Errors detected during the reconciliation process, should be investigated and resolved in a timely manner to ensure that the related liability and expenditure balances are properly reported.

**District Response:** Due to the Escape implementation, the reconciling accounts are held in Fund 76. The major reconciliation error was related to how the system was tracking retiree benefits for expenditures and receipts from retirees. The Financial Officer contacted BCOE to correct the tracking and will work with BCOE staff to ensure the reconciliation is completed timely and accurately.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**2019 - 005 / 30000**

**SIGNIFICANT DEFICIENCY**

**STUDENT BODY - FINANCIAL STATEMENTS**

Criteria: Each year, districts are required to present summary financial information of its student body accounts in the annual financial statements. Accordingly, districts should have an effective system of internal control over financial reporting that requires each school to submit annual financial statements to the business office, for each student body account under their control, which can then be combined for financial reporting purposes and included in the district's financial statements.

Condition: Annual student body financial statements are not routinely prepared and submitted to the business office for all student body accounts.

Questioned Costs: None.

Context: The condition occurred for both student body accounts in fiscal year 2018-19.

Effect: The process for determining the amounts to be presented in the annual financial statements for the student body is time consuming and prone to errors.

Cause: The District has not adequately enforced student body procedures, which require student body account clerks to submit annual financial statements to the business office.

Recommendation: The District should actively enforce student body procedures, which require student body account clerks to submit annual financial statements to the business office, which correspond to the fiscal year of the District. In addition, business office personnel should review the financial statements, prior to the arrival of the auditors, to ensure the financial statements include the financial activities of each student body account for the entire fiscal year and confirm the June 30 balances are properly reconciled and supported by the appropriate financial institution statements.

District Response: ASB staff and management at both sites were scheduled for an ASB workshop on December 3, 2019. The Financial Officer submits the auditor's file request to each site prior to year-end visit. The site management should enforce the requirement for staff to complete and submit documents timely to the business office for the audit. Business office will review the documents submitted prior to the auditor's arrival.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**2019 - 006 / 30000**

**SIGNIFICANT DEFICIENCY**

**STUDENT BODY - BANK RECONCILIATIONS**

Criteria: All bank accounts should be reconciled on a monthly basis.

Condition: Bank reconciliations were not performed on a monthly basis. The Biggs High School student body bank account was not reconciled for several months prior to and including the statement for June 2019.

Questioned Costs: None.

Context: The condition was noted at Biggs High School during the 2018-19 fiscal year.

Effect: The bank account check register did not always reflect the actual balance available in the student body account. As a result, errors and improprieties may occur and not be detected in a timely manner if bank reconciliations are not performed on a routine basis.

Cause: The District has not established procedures, which require all student body bank account check registers to be maintained on a current basis, and to be reconciled to the bank statements on a monthly basis.

Recommendation: The District should develop policies and procedures that require the bank accounts to be reconciled on a monthly basis and the check register to be maintained on a current basis. The District business office should review the monthly bank reconciliations.

District Response: ASB bank accounts are required to be reconciled monthly and sent to the Financial Officer for review and signature.

The ASB Clerk at Biggs High left in March 2019 and was not replaced. The reconciliations were not completed for March through June 2019. The reconciliations have been corrected and management has been reminded of the requirement to ensure reconciliations are completed accurately on a monthly basis.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**2019 - 007 / 30000**

**SIGNIFICANT DEFICIENCY**

**STUDENT BODY - CASH BOXES**

Criteria: The amount of cash maintained on hand, for cash boxes used at student body related events, should be supported by a schedule or ledger that reconciles to the amount of cash maintained in all cash boxes.

Condition: The District does not maintain a schedule or ledger that supports the amount of cash maintained in the cash boxes. The petty cash on hand used for student body related events was discovered missing by the student body bookkeeper, but since a log was not maintained, the District is not sure how much is missing.

Questioned Costs: Estimated between \$1,200 - \$1,250.

Context: The condition was noted at Biggs High School.

Effect: There is no way to determine the propriety or completeness of cash maintained in cash boxes. As a result, errors or improprieties may occur and not be detected in a timely manner.

Cause: The District has not considered the recommended internal control procedure to be necessary in the past.

Recommendation: The amount of cash maintained on hand for cash boxes should be supported by a schedule or ledger that reconciles to the amount in all cash boxes.

District Response: A cash reconciliation ledger will be implemented to record all transactions of cash in and out and signed by the ASB clerk and Principal.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**2019 - 008 / 10000**

**ATTENDANCE**

**Criteria:** In accordance with Education Code Section 46000, attendance in all schools and classes shall be recorded and kept according to regulations prescribed by the State Board of Education.

**Condition:** The “all day” absence code to record student attendance, whenever a student was absent for the entire day, was not consistently used by the attendance clerk.

**Questioned Costs:** Average daily attendance (ADA), reported on the P-2 and Annual attendance reports was overstated by the following amounts:

<u>Line</u>	<u>Program</u>	<u>P-2</u>	<u>Annual</u>
A-1	Grades 9-12	3.01	1.82

The fiscal impact from the questioned ADA is estimated at \$5,950 based on the FCMAT created LCFF calculation worksheet.

**Context:** The errors were noted during the review of supporting documents for the P-2 and Annual attendance reports for Biggs High School.

**Effect:** The District overstated ADA reported to the State in fiscal year 2018-19.

**Cause:** The attendance clerk was not aware that an “all day” absence code needed to be input in the attendance software program to record the absence of students absent for the entire school day.

**Recommendations:** The District should establish formal procedures and documentation requirements to ensure that the use of “all day” absence code is consistently used by the attendance secretary to record the absence of students for the entire day. In addition, the District should revise the P-2 and Annual attendance reports to reflect the audited numbers on page 68 of this report.

**District Response:** There was a new attendance clerk at Biggs High in 2018/19. The employee was not familiar with the “all day” absence code selection within the AERIES attendance software. All attendance clerks receive AERIES training annually to ensure they are properly trained. The attendance errors were corrected.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**2019 - 009 / 40000**

**COMPREHENSIVE SCHOOL SAFETY PLAN**

**Criteria:** In accordance with Education Code Section 32281, each school is required to adopt a comprehensive school safety plan. Per Education Code Section 32286, each school is required to adopt its comprehensive school safety plan by March 1, 2000, and shall review and update its plan by March 1, every year thereafter.

**Condition:** The District did not review and update its plan by March 1, 2019.

**Questioned Costs:** None. This noncompliance has no fiscal impact.

**Context:** The District's comprehensive school safety plan was not reviewed and approved during the 2018-19 fiscal year.

**Effect:** The District did not comply with the requirements of Education Code Section 32286.

**Cause:** The District has not established procedures to ensure that its comprehensive school safety plan is reviewed and updated by March 1.

**Recommendation:** The District should establish procedures to ensure that its comprehensive school safety plan is reviewed and updated by March 1 in accordance with Education Code Section 32286.

**District Response:** Administration and site management were reminded of the requirement. The Comprehensive School Safety Plan is now uploaded into DTS where reminders will be sent out annually for the need to update by March 1.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**2019 - 010 / 70000**

INSTRUCTIONAL MATERIALS

<u>Criteria:</u>	In accordance with the requirements of Education Code Section 60119(b), the governing board shall provide 10 days' notice of the public hearing or hearings set forth in subdivision (a). The notice shall contain the time, place, and purpose of the hearing and shall be posted in three public places within the school district.
<u>Condition:</u>	The required public hearing notice was not posted ten (10) days prior to the public hearing as required by Education Code Section 60119(b).
<u>Questioned Costs:</u>	None. This noncompliance has no fiscal impact.
<u>Context:</u>	The District posted the public hearing notice eight (8) days prior to the public hearing.
<u>Effect:</u>	The District did not comply with the requirements of Education Code Section 60119(b).
<u>Cause:</u>	The District did not have appropriate procedures in place to ensure that the required public hearing notice was posted at least ten (10) days prior to the public hearing.
<u>Recommendation:</u>	The District should establish procedures to ensure that it complies with the public hearing notice posting requirements of Education Code Section 60119(b).
<u>District Response:</u>	The District is aware of the 10-day notice requirement. It was an oversight on the posting date. The 19/20 notice was posted timely.

**BIGGS UNIFIED SCHOOL DISTRICT**  
**STATUS OF PRIOR YEAR RECOMMENDATIONS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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<u>Recommendations</u>	<u>Current Status</u>	<u>Explanation If Not Fully Implemented</u>
<b><u>FINANCIAL STATEMENTS</u></b>		
<b>2018 - 001 / 30000</b>		
<b><u>CAFETERIA CASH RECEIPTS</u></b>		
The District should investigate alternative procedures for collecting and depositing cash receipts related to the cafeteria program, to ensure that all deposited amounts are supported by documentation that agrees to the deposited amounts, and that the audit trail for deposits is easy to follow.	Not Implemented	Comment Repeated See <b>Finding 2019-001</b>
<b>2018 - 002 / 30000</b>		
<b><u>CAFETERIA FORMS</u></b>		
The District should establish appropriate procedures to ensure that all forms used to keep track of the daily cafeteria sales, are printed, signed by the site-level preparer, and retained for audit purposes.	Partially Implemented	Comment Repeated See <b>Finding 2019-002</b>
<b>2018 - 003 / 30000</b>		
<b><u>STUDENT BODY - CASH DISBURSEMENTS</u></b>		
Training should be provided to all individuals responsible for maintaining or supervising student body accounts. The District should also remind employees and volunteers / parents that the District's student body accounting procedures should be followed.	Implemented	

**BIGGS UNIFIED SCHOOL DISTRICT**  
**STATUS OF PRIOR YEAR RECOMMENDATIONS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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<u>Recommendations</u>	<u>Current Status</u>	<u>Explanation If Not Fully Implemented</u>
<b><u>FINANCIAL STATEMENTS (CONCLUDED)</u></b>		
<b>2018 - 004 / 30000</b>		
<u>CAFETERIA REVOLVING FUND</u>		
The District should establish procedures that require the check register balance of the revolving account to be reconciled to the bank statement balance on a monthly basis.	Implemented	
<b><u>STATE AWARDS</u></b>		
<b>2018 - 005 / 40000</b>		
<u>UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS</u>		
The District should establish procedures to ensure that counts reported on the CALPADS "1.18 - FRPM/English Learner/Foster Youth - Student List" report are supported by appropriate documentation.	Implemented	
<b>2018 - 006 / 40000</b>		
<u>WILLIAMS UNIFORM COMPLAINT PROCEDURES</u>		
The District should prepare and report summarized data on the nature and resolution of all complaints on a quarterly basis to the District's Governing Board.	Implemented	