

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

AUDIT REPORT

JUNE 30, 2020

BIGGS UNIFIED SCHOOL DISTRICT

JUNE 30, 2020

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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, 2020, 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, 2020, 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, 2020, 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2021 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

April 27, 2021

**BIGGS UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

(PREPARED BY DISTRICT MANAGEMENT)

This section of Biggs Unified School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2020. 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

- During March 2020, District schools were closed for the remainder of the 2019-20 school year to address health concerns related to the Covid-19 outbreak.
- The District's financial status improved during the course of the year, as total net position increased \$1,592,596.
- Net capital assets increased \$1,633,170 due to the current year addition of \$1,928,047 of new capital assets and improvements, and the current year recognition of \$294,877 of depreciation expense.
- Total long-term liabilities decreased \$2,153,420 due primarily to the payments made on the capital lease.
- The District's P-2 average daily attendance (ADA) decreased 13 ADA or 2.2% from the prior fiscal year.
- The District's General Fund produced an operating surplus of \$225,945 during fiscal year 2019-20.
- 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 2019-20, General Fund expenditures and other financing uses totaled \$7,874,254. At June 30, 2020, the District had available reserves of \$2,549,618 in the General Fund, which represents a reserve of 32.4%.

**BIGGS UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

(PREPARED BY DISTRICT MANAGEMENT)

THE FINANCIAL REPORT

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

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.
- Individual parts of the District, which are reported as fund financial statements comprise the remaining statements.
 - ❖ Basic services funding is described in the governmental funds statements. These statements include short-term financing and identify the balance remaining for future spending.
 - ❖ 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, 2020**

(PREPARED BY DISTRICT MANAGEMENT)

THE FINANCIAL REPORT (CONCLUDED)

Reporting the District as a Whole (Concluded)

In the Statement of Net Position and the Statement of Activities 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, 2020**

(PREPARED BY DISTRICT MANAGEMENT)

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The District's net position increased from a deficit balance of \$1,362,963 at June 30, 2019 to a positive balance of \$229,633 at June 30, 2020.

	Governmental Activities	
	2019	2020
<u>Comparative Statement of Net Position</u>		
<u>Assets</u>		
Deposits and Investments	\$ 6,136,264	\$ 3,304,606
Receivables	177,293	955,610
Store Inventories	2,126	845
Capital Assets, net	4,373,217	6,006,387
Total Assets	<u>10,688,900</u>	<u>10,267,448</u>
<u>Deferred Outflows of Resources</u>		
OPEB Deferrals	72,635	235,187
Pension Deferrals	2,123,431	1,872,377
Total Deferred Outflows of Resources	<u>2,196,066</u>	<u>2,107,564</u>
<u>Liabilities</u>		
Current	1,577,125	1,006,125
Long-term	12,318,385	10,184,222
Total Liabilities	<u>13,895,510</u>	<u>11,190,347</u>
<u>Deferred Inflows of Resources</u>		
OPEB Deferrals	57,565	329,631
Pension Deferrals	294,854	625,401
Total Deferred Inflows of Resources	<u>352,419</u>	<u>955,032</u>
<u>Net Position</u>		
Net Investment in Capital Assets	1,873,217	5,457,475
Restricted	462,241	151,287
Unrestricted (Deficit)	<u>(3,698,421)</u>	<u>(5,379,129)</u>
Total Net Position (Deficit)	<u>\$ (1,362,963)</u>	<u>\$ 229,633</u>
<i>Table includes financial data of the combined governmental funds.</i>		

The unrestricted deficit balance is 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, 2020**

(PREPARED BY DISTRICT MANAGEMENT)

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

The District's financial status improved during the course of the year as total net position increased \$1,592,596.

<u>Comparative Statement of Changes in Net Position</u>		
	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2020</u>
<u>Program Revenues</u>		
Charges for Services	\$ 13,782	\$ 123,058
Operating Grants & Contributions	1,771,267	1,467,075
<u>General Revenues</u>		
Taxes Levied	2,412,470	2,588,330
Federal & State Aid	3,850,559	3,847,781
Interest & Investment Earnings	61,512	71,287
Miscellaneous	189,534	168,242
Total Revenues	<u>8,299,124</u>	<u>8,265,773</u>
<u>Expenses</u>		
Instruction	4,729,920	4,555,653
Instruction-Related Services	556,559	552,377
Pupil Services	978,219	1,079,119
General Administration	960,202	1,053,336
Plant Services	906,924	973,368
Ancillary Services	55,190	56,610
Community Services	44,179	38,015
Interest on Long-Term Debt	25,278	80,734
Other Outgo	199,461	200,581
Total Expenses	<u>8,455,932</u>	<u>8,589,793</u>
Changes in Net Position before Special Item	(156,808)	(324,020)
Special Item	<u>0</u>	<u>1,916,616</u>
Changes in Net Position	<u>\$ (156,808)</u>	<u>\$ 1,592,596</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, 2020**

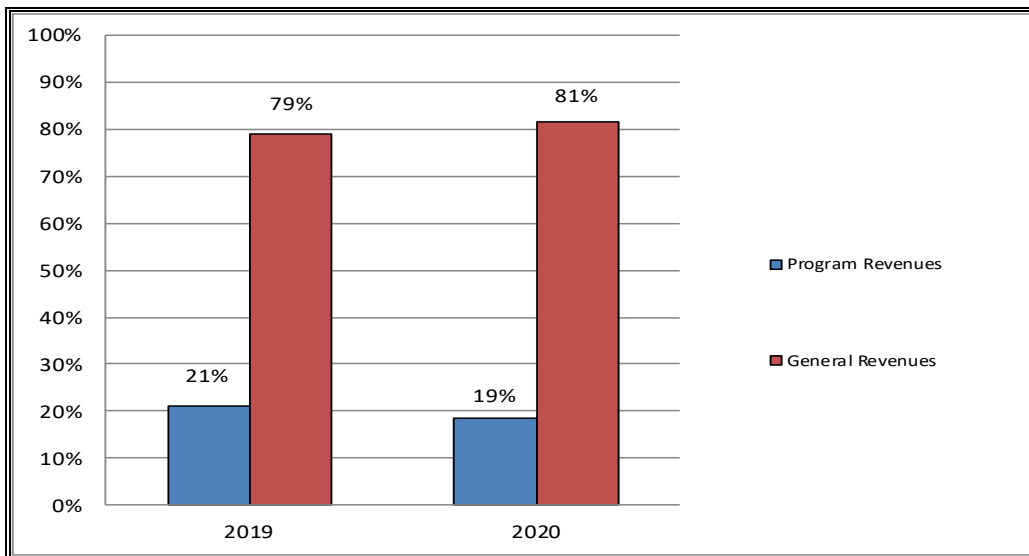
(PREPARED BY DISTRICT MANAGEMENT)

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

	Total Cost of Services		Net Cost of Services	
	2019	2020	2019	2020
Instruction	\$ 4,729,920	\$ 4,555,653	\$ 3,618,597	\$ 3,643,384
Instruction-Related Services	556,559	552,377	492,533	520,382
Pupil Services	978,219	1,079,119	620,142	674,099
General Administration	960,202	1,053,336	862,675	959,958
Plant Services	906,924	973,368	797,527	898,927
Other Expenses	324,108	375,940	279,409	302,910
Totals	\$ 8,455,932	\$ 8,589,793	\$ 6,670,883	\$ 6,999,660

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 \$6,999,660 net cost represents the financial burden that was placed on the District's general revenues for providing the services listed.



For fiscal year 2019-20, program revenues financed 19% of the total cost of providing the services listed above, while the remaining 81% 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, 2020**

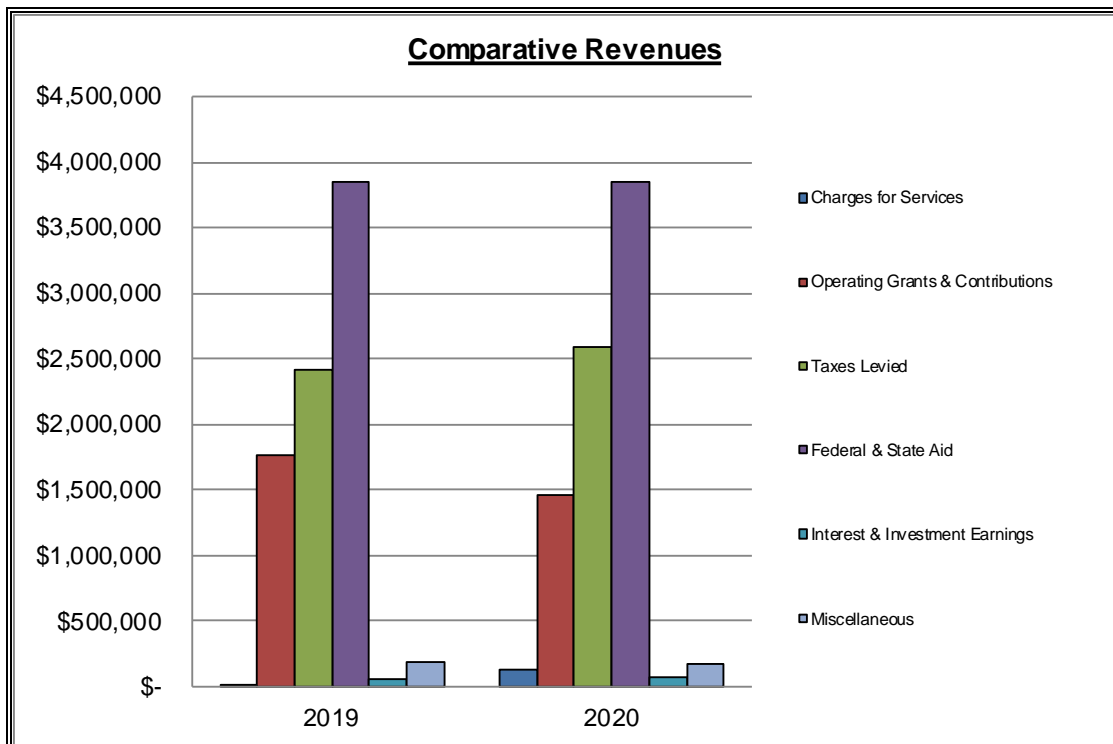
(PREPARED BY DISTRICT MANAGEMENT)

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

Schedule of Revenues For Governmental Functions

	<u>FYE 2019 Amount</u>	<u>Percent of Total</u>	<u>FYE 2020 Amount</u>	<u>Percent of Total</u>
<u>Program Revenues</u>				
Charges for Services	\$ 13,782	0.17%	\$ 123,058	1.49%
Operating Grants & Contributions	1,771,267	21.34%	1,467,075	17.75%
<u>General Revenues</u>				
Taxes Levied	2,412,470	29.07%	2,588,330	31.31%
Federal & State Aid	3,850,559	46.40%	3,847,781	46.55%
Interest & Investment Earnings	61,512	0.74%	71,287	0.86%
Miscellaneous	189,534	2.28%	168,242	2.04%
Total Revenues	\$ 8,299,124	100.00%	\$ 8,265,773	100.00%

Table includes financial data of the combined governmental funds.



**BIGGS UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

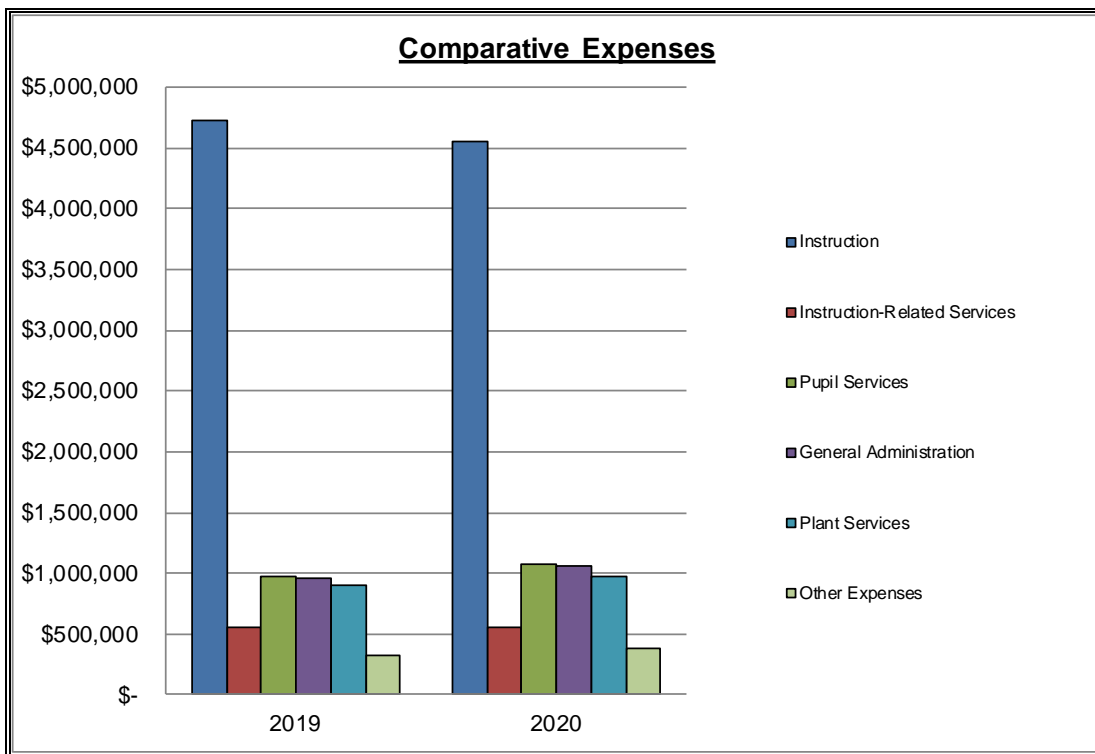
(PREPARED BY DISTRICT MANAGEMENT)

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

Schedule of Expenses For Governmental Functions

<u>Expenses</u>	<u>FYE 2019 Amount</u>	<u>Percent of Total</u>	<u>FYE 2020 Amount</u>	<u>Percent of Total</u>
Instruction	\$ 4,729,920	55.94%	\$ 4,555,653	53.04%
Instruction-Related Services	556,559	6.58%	552,377	6.43%
Pupil Services	978,219	11.57%	1,079,119	12.56%
General Administration	960,202	11.36%	1,053,336	12.26%
Plant Services	906,924	10.73%	973,368	11.33%
Other Expenses	324,108	3.83%	375,940	4.38%
Total Expenses	\$ 8,455,932	100.00%	\$ 8,589,793	100.00%

Table includes financial data of the combined governmental funds.



**BIGGS UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

(PREPARED BY DISTRICT MANAGEMENT)

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

	Governmental Activities	
	2019	2020
	2019	2020
Land	\$ 283,366	\$ 283,366
Sites and Improvements	802,127	2,258,620
Buildings and Improvements	4,737,927	6,894,150
Furniture and Equipment	1,612,071	1,747,235
Construction-in-Progress	1,819,833	0
Subtotals	9,255,324	11,183,371
Less: Accumulated Depreciation	(4,882,107)	(5,176,984)
Capital Assets, net	<u>\$ 4,373,217</u>	<u>\$ 6,006,387</u>

Net capital assets increased \$1,633,170 due to the current year addition of \$1,928,047 of new capital assets and improvements, and the current year recognition of \$294,877 of depreciation expense.

	Governmental Activities	
	2019	2020
	2019	2020
Compensated Absences	\$ 32,166	\$ 36,175
Capital Lease	2,500,000	548,912
Early Retirement Incentives	20,000	20,000
Total OPEB Liability	2,620,247	2,618,829
Net Pension Liabilities	7,221,138	7,016,215
Totals	<u>\$ 12,393,551</u>	<u>\$ 10,240,131</u>

The capital lease represents 5.4% of the District's total long-term liabilities, total OPEB liability represent 25.6%, and the net pension liabilities represent 68.5%. The District has satisfied all debt service requirements on its bonded debt and continues to maintain an excellent credit rating on its debt issue. 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, 2020**

(PREPARED BY DISTRICT MANAGEMENT)

FINANCIAL ANALYSIS OF DISTRICT'S FUNDS

The fund balance of the General Fund increased \$225,945 and the combined fund balances of all other District governmental funds decreased \$1,748,646 due primarily to expending capital lease proceeds received in the prior fiscal year.

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 District will continue to be impacted by the on-going health concerns associated with Covid-19. Since the virus is still very contagious, the District has already modified most of its operational procedures as most aspects of its operations were directly affected by Covid-19. However, due to the unknown nature of the virus and the everchanging guidance provided by the California Department of Education, further procedural modifications will likely be necessary. In addition, State and Local economies have also been severely impacted by Covid-19, which may adversely affect future school funding and student enrollment.

Accordingly, based on the above factors, 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, 2020

	Governmental Activities
<u>Assets</u>	
Deposits and Investments (Note 2)	\$ 3,304,606
Receivables (Note 3)	955,610
Stores Inventory (Note 1H)	845
Capital Assets, Not Depreciated (Note 5)	283,366
Capital Assets, Net of Accumulated Depreciation	5,723,021
Total Assets	10,267,448
<u>Deferred Outflows of Resources</u>	
OPEB Deferrals (Note 8)	235,187
Pension Deferrals (Note 9)	1,872,377
Total Deferred Outflows of Resources	2,107,564
<u>Liabilities</u>	
Accounts Payable and Other Current Liabilities	874,485
Accrued Interest Payable	5,456
Unearned Revenue (Note 1H)	70,275
Long-Term Liabilities:	
<i>Portion Due or Payable Within One Year:</i>	
Compensated Absences (Note 1H)	36,175
Capital Lease (Note 6)	19,734
<i>Portion Due or Payable After One Year:</i>	
Capital Lease (Note 6)	529,178
Early Retirement Incentives (Note 7)	20,000
Total OPEB Liability (Note 8)	2,618,829
Net Pension Liabilities (Note 9)	7,016,215
Total Liabilities	11,190,347
<u>Deferred Inflows of Resources</u>	
OPEB Deferrals (Note 8)	329,631
Pension Deferrals (Note 9)	625,401
Total Deferred Inflows of Resources	955,032
<u>Net Position</u>	
Net Investment in Capital Assets	5,457,475
Restricted:	
For Capital Projects	386
For Debt Service (Deficit)	(5,312)
For Educational Programs	103,034
For Other Purposes	53,179
Unrestricted (Deficit)	(5,379,129)
Total Net Position	\$ 229,633

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

BIGGS UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Functions	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
<u>Governmental Activities</u>					
Instruction	\$ 4,555,653		\$ 912,269		\$ (3,643,384)
Instruction-Related Services:					
Supervision of Instruction	36,888		8,834		(28,054)
Instructional Library and Technology	27,738				(27,738)
School Site Administration	487,751		23,161		(464,590)
Pupil Services:					
Home-to-School Transportation	317,476				(317,476)
Food Services	403,188	\$ 59,007	212,802		(131,379)
Other Pupil Services	358,455		133,211		(225,244)
General Administration:					
Data Processing Services	69,377				(69,377)
Other General Administration	983,959	2,808	90,570		(890,581)
Plant Services	973,368	61,243	13,198		(898,927)
Ancillary Services	56,610		1,024		(55,586)
Community Services	38,015				(38,015)
Interest on Long-Term Debt	80,734				(80,734)
Other Outgo	200,581		72,006		(128,575)
Total Governmental Activities	\$ 8,589,793	\$ 123,058	\$ 1,467,075	\$ 0	(6,999,660)
<u>General Revenues</u>					
Taxes Levied for General Purposes					2,588,330
Federal and State Aid - Unrestricted					3,847,781
Interest and Investment Earnings					71,287
Miscellaneous					168,242
Total General Revenues					6,675,640
<u>Special Item</u>					
Fire Insurance Proceeds					1,916,616
Change in Net Position					1,592,596
Net Position (Deficit) - July 1, 2019					(1,362,963)
Net Position - June 30, 2020					\$ 229,633

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**BIGGS UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020**

	<u>General</u>	<u>Capital Projects - Special Reserve</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>				
Deposits and Investments (Note 2)	\$ 3,199,768	\$ 12,863	\$ 91,975	\$ 3,304,606
Receivables (Note 3)	895,795		59,815	955,610
Due from Other Funds (Note 4)	17,486		7,957	25,443
Stores Inventory (Note 1H)			845	845
Total Assets	<u>\$ 4,113,049</u>	<u>\$ 12,863</u>	<u>\$ 160,592</u>	<u>\$ 4,286,504</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts Payable	\$ 769,661	\$ 12,886	\$ 91,938	\$ 874,485
Due to Other Funds (Note 4)	7,957		17,486	25,443
Unearned Revenue (Note 1H)	70,275			70,275
Total Liabilities	<u>847,893</u>	<u>12,886</u>	<u>109,424</u>	<u>970,203</u>
Fund Balances: (Note 11)				
Nonspendable	2,000		1,240	3,240
Restricted	103,034		50,348	153,382
Assigned	610,504		144	610,648
Unassigned (Deficit)	2,549,618	(23)	(564)	2,549,031
Total Fund Balances (Deficit)	<u>3,265,156</u>	<u>(23)</u>	<u>51,168</u>	<u>3,316,301</u>
Total Liabilities and Fund Balances	<u>\$ 4,113,049</u>	<u>\$ 12,863</u>	<u>\$ 160,592</u>	<u>\$ 4,286,504</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

BIGGS UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2020

Total Fund Balances - Governmental Funds \$ 3,316,301

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	\$ 11,183,371	
Accumulated Depreciation	(5,176,984)	
Net		6,006,387

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:

1,246,976

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:

(94,444)

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	36,175	
Capital Lease	548,912	
Early Retirement Incentives	20,000	
Total OPEB Liability	2,618,829	
Net Pension Liabilities	7,016,215	
Total		(10,240,131)

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:

(5,456)

Total Net Position - Governmental Activities \$ 229,633

**BIGGS UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>General</u>	<u>Capital Projects - Special Reserve</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>				
LCFF Sources:				
State Apportionment / Transfers	\$ 3,597,039			\$ 3,597,039
Local Taxes	2,583,839			2,583,839
Total LCFF Sources	6,180,878			6,180,878
Federal Revenue	594,629		\$ 215,237	809,866
State Revenue	604,365		16,084	620,449
Local Revenue	513,189	\$ 15,462	125,929	654,580
Total Revenues	7,893,061	15,462	357,250	8,265,773
<u>Expenditures</u>				
Current:				
Instruction	4,153,290			4,153,290
Supervision of Instruction	86,740			86,740
Instructional Library and Technology	24,246			24,246
School Site Administration	443,580			443,580
Home-To-School Transportation	330,972			330,972
Food Services			367,477	367,477
Other Pupil Services	325,355			325,355
Data Processing Services	66,886			66,886
Other General Administration	866,359		17,486	883,845
Plant Services	788,925		61,241	850,166
Facilities Acquisition and Construction	217,291	1,193,380	415,691	1,826,362
Ancillary Services	56,388			56,388
Community Services	37,558			37,558
Other Outgo	200,581			200,581
Debt Service: Principal Retirement		1,794,062	157,026	1,951,088
Debt Service: Interest and Issuance Costs		100,556		100,556
Total Expenditures	7,598,171	3,087,998	1,018,921	11,705,090
Excess of Revenues Over (Under) Expenditures	294,890	(3,072,536)	(661,671)	(3,439,317)
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In		3,858	272,225	276,083
Operating Transfers Out	(276,083)			(276,083)
Other Sources	207,138	1,709,478		1,916,616
Total Other Financing Sources (Uses)	(68,945)	1,713,336	272,225	1,916,616
Net Change in Fund Balances	225,945	(1,359,200)	(389,446)	(1,522,701)
Fund Balances - July 1, 2019	3,039,211	1,359,177	440,614	4,839,002
Fund Balances (Deficit) - June 30, 2020	\$ 3,265,156	\$ (23)	\$ 51,168	\$ 3,316,301

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, 2020

Net Change in Fund Balances - Governmental Funds \$ (1,522,701)

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	\$ 1,928,047	
Depreciation Expense	(294,877)	
Net	1,633,170	1,633,170

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: (4,009)

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: (108,096)

Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt was: 1,951,088

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: (376,678)

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: 19,822

Change in Net Position of Governmental Activities \$ 1,592,596

**BIGGS UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020**

	Private-Purpose Trust		Total Fiduciary Funds
	Scholarship Funds	Agency Funds	
<u>Assets</u>			
Deposits and Investments (Note 2)	\$ 673,539	\$ 106,791	\$ 780,330
Total Assets	673,539	106,791	780,330
<u>Liabilities</u>			
Due to Student Groups		106,791	106,791
<u>Net Position</u>			
Restricted	673,539	0	673,539
Total Net Position	\$ 673,539	\$ 0	\$ 673,539

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, 2020**

	Private-Purpose Trust
	Scholarship Funds
<u>Additions</u>	
Interest	\$ 9,473
Total Additions	9,473
<u>Deductions</u>	
Scholarships Awarded	6,664
Total Deductions	6,664
Change in Net Position	2,809
<u>Net Position</u>	
Net Position - July 1, 2019	670,730
Net Position - June 30, 2020	\$ 673,539

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, 2020

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, 2020

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, 2020, 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, 2020

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, 2020

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, 2020

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.

Debt Service Funds - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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, 2020

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.

Debt Service Fund is used to account for the accumulation of resources for, and the payment of capital lease debt principal, interest, and related costs.

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020, consist of the following:

	<u>Governmental Activities</u>	<u>Fiduciary Activities</u>
Cash on Hand and in Banks		\$ 199,791
Cash in Revolving Funds	\$ 2,395	
Investments		391,776
County Pool Investments	<u>3,302,211</u>	<u>188,763</u>
Totals	<u>\$ 3,304,606</u>	<u>\$ 780,330</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, 2020

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, 2020

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	\$ 3,302,211	\$ 3,370,535	620

Fiduciary Activities:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Weighted Average Days to Maturity</u>
County Pool Investments	\$ 188,763	\$ 192,669	620

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, 2020, 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, 2020

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, 2020:

Governmental Activities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Uncategorized</u>
County Pool Investments	\$ 3,370,535	\$ 3,370,535

Fiduciary Activities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Uncategorized</u>
County Pool Investments	\$ 192,669	\$ 192,669

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, 2020

NOTE 3 - RECEIVABLES

Accounts receivables at June 30, 2020 consist of the following:

	General Fund	Non-Major Governmental Funds	Totals
Federal Government	\$ 81,321		\$ 81,321
State Government	733,689		733,689
Local Government	16,413	\$ 59,815	76,228
Miscellaneous	64,372		64,372
Totals	\$ 895,795	\$ 59,815	\$ 955,610

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, 2020 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	17,486
Total	\$ 25,443

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 2019-20 were as follows:

General Fund transfer to Cafeteria Fund to supplement the child nutrition program	\$ 115,199
General Fund transfer to Debt Service Fund for capital lease payment	157,026
General Fund transfer to Capital Projects - Special Reserve Fund to zero out the fund balance	3,858
Total	\$ 276,083

BIGGS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2020, is presented below:

	Balances July 1, 2019	Additions	Deletions	Balances June 30, 2020
Capital Assets Not Being Depreciated:				
Land	\$ 283,366			\$ 283,366
Construction-in-Progress	1,819,833		\$ 1,819,833	0
Total Capital Assets Not Being Depreciated	2,103,199	\$ 0	1,819,833	283,366
Capital Assets Being Depreciated:				
Sites and Improvements	802,127	1,456,493		2,258,620
Buildings and Improvements	4,737,927	2,156,223		6,894,150
Furniture and Equipment	1,612,071	135,164		1,747,235
Total Capital Assets Being Depreciated	7,152,125	3,747,880	0	10,900,005
Less Accumulated Depreciation:				
Sites and Improvements	370,078	75,584		445,662
Buildings and Improvements	3,414,575	129,263		3,543,838
Furniture and Equipment	1,097,454	90,030		1,187,484
Total Accumulated Depreciation	4,882,107	294,877	0	5,176,984
Total Capital Assets Being Depreciated, Net	2,270,018	3,453,003	0	5,723,021
Capital Assets, Net	\$ 4,373,217	\$ 3,453,003	\$ 1,819,833	\$ 6,006,387

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 163,548
Instruction-Related Services	19,830
Pupil Services	38,740
General Administration	37,815
Plant Services	34,944
Total	\$ 294,877

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, 2020

NOTE 6 - CAPITAL LEASE (CONCLUDED)

Year Ended June 30	Lease Payments
2021	\$ 41,723
2022	41,723
2023	41,723
2024	41,722
2025	41,723
2026-2030	208,615
2031-2035	208,616
2036-2040	166,893
Total payments	792,738
Less amounts representing interest	(243,826)
Present value of net minimum lease payments	\$ 548,912

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, 2020, there is one individual receiving benefits under these additional agreements. Future estimated payments required to provide these benefits are as follows:

Year Ended June 30	Early Retirement Incentives
2021-22	\$ 0
2023	4,000
2024	4,000
2025	4,000
2026-2030	8,000
Total	\$ 20,000

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, 2020

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, 2019 are as follows:

Inactive employees currently receiving benefit payments	9
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	61
Total number of participants	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 50px;"></div> 70

BIGGS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

Total OPEB Liability

The District's total OPEB liability of \$2,618,829 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2019. 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, 2019 to June 30, 2020
Actuarial Cost Method	Entry Age Normal
Inflation	3.00%
Salary Increases	3.00%
Discount Rate	3.13% for June 30, 2019 2.45% for June 30, 2020
Health care cost trend rates	5.90% for 2020; 5.80% for 2021; 5.70% for 2022; and decreasing 0.1% per year to an ultimate rate of 5.0% for 2029 and later years

The discount rate is based on the Fidelity GO AA 20 years Municipal Index. Pre-retirement mortality rates for active employees were based on the CalSTRS Experience Analysis (2015-2018) and CalPERS Experience Study (1997-2015). Post-retirement mortality rates for retired members and beneficiaries were based on the CalSTRS Experience Analysis (2015-2018) and CalPERS Experience Study (1997-2015). Actuarial assumptions used were based on a review of plan experience during the period July 1, 2017 to June 30, 2019.

Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at July 1, 2019	<u>\$ 2,620,247</u>
Changes for the year:	
Service cost	154,227
Interest on total OPEB liability	77,432
Differences between expected and actual experience	(318,986)
Changes in assumptions or other inputs	195,310
Benefit payments (includes implicit subsidy)	<u>(109,401)</u>
Net change	<u>(1,418)</u>
Balance at June 30, 2020	<u><u>\$ 2,618,829</u></u>

There were no changes in benefit terms since the July 1, 2019 valuation.

BIGGS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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 2.45%, 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 (1.45%) or one percentage point higher (3.45%) than the current rate:

	Discount Rate 1% Decrease 1.45%	Discount Rate Current Rate 2.45%	Discount Rate 1% Increase 3.45%
District's total OPEB liability	\$ 2,811,876	\$ 2,618,829	\$ 2,440,812

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 5.90%, 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 (4.90%) or one percentage point higher (6.90%) than the current rate:

	Health Care Cost Trend Rate 1% Decrease 4.90%	Health Care Cost Trend Rate Current Rate 5.90%	Health Care Cost Trend Rate 1% Increase 6.90%
District's total OPEB liability	\$ 2,398,394	\$ 2,618,829	\$ 2,878,891

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$231,659. At June 30, 2020, 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
Differences between expected and actual experience		\$ 284,314
Changes in assumptions or other inputs	\$ 235,187	45,317
Totals	<u>\$ 235,187</u>	<u>\$ 329,631</u>

BIGGS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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 and 9.2 years, respectively, and amounts reported as deferred inflows are amortized over 6.7 and 9.2 years respectively, and will be recognized in OPEB expense as follows:

Year Ended June 30	
2021	\$ (14,162)
2022	(14,162)
2023	(14,162)
2024	(10,488)
2025	(1,914)
Thereafter	(39,556)

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	\$ 4,257,170	\$ 1,246,213	\$ 548,658	\$ 848,034
CalPERS	2,759,045	626,164	76,743	583,555
Totals	<u>\$ 7,016,215</u>	<u>\$ 1,872,377</u>	<u>\$ 625,401</u>	<u>\$ 1,431,589</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, 2020

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. CalSTRS also uses plan assets to defray reasonable expenses for administering the STRP. Although CalSTRS is the administrator of the STRP, the State of California is the sponsor 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.

Membership is mandatory for all employees meeting certain statutory requirements and optional for all other employees performing creditable services activities. 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, 2020

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. Current contribution rates were established with the enactment of AB 1469 in 2014 (the CalSTRS Funding Plan). A summary of statutory contribution rates and other sources of contributions to the Defined Benefit Program are as follows:

Members: 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 2019-20. Under CalSTRS 2% at 62, the member contribution rate was 10.205% of applicable member earnings for fiscal year 2019-20.

Employers: The employer contribution rate was 17.10% of applicable member earnings for fiscal year 2019-20. This rate reflects the 1.03% reduction of the employer contribution rate for fiscal year 2019-20 pursuant to SB 90. The District contributed \$453,820 to the plan for the fiscal year ended June 30, 2020.

State: The base contribution of 2.017% is calculated based on creditable compensation from two fiscal years prior. The additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specified in subdivision (b) of Education Code Section 22955.1. The additional state contribution for the fiscal year ended June 30, 2020 was 5.811%. Including a 2.50% contribution for SBMA funding, the total state contribution to the defined benefit program was 10.328% for the fiscal year ended June 30, 2020. This rate does not include the \$2.2 billion supplemental state contribution on behalf of employers pursuant to SB 90.

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, 2020, 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, 2020

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	\$ 4,257,170
State's proportionate share of the net pension liability associated with the District	<u>2,322,571</u>
Total net pension liability attributed to District	<u>\$ 6,579,741</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. 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, 2019 and June 30, 2018 was as follows:

Proportion - June 30, 2019	0.0047%
Proportion - June 30, 2018	<u>0.0051%</u>
Change - Increase (Decrease)	<u>-0.0004%</u>

For the fiscal year ended June 30, 2020, the District recognized pension expense of \$848,034, which includes \$323,965 of support provided by the State. At June 30, 2020, 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	\$ 453,820	
Differences between expected and actual experience	10,852	\$ 120,334
Changes of assumptions	543,584	
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	237,957	254,505
Net differences between projected and actual earnings on plan investments		<u>173,819</u>
Totals	<u>\$ 1,246,213</u>	<u>\$ 548,658</u>

BIGGS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2021. 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	
2021	\$ 105,337
2022	(8,759)
2023	85,696
2024	134,101
2025	(18,119)
2026	(54,521)

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 of the expected remaining service lives of all active and inactive plan members. The average expected remaining service life for STRP members based on the financial reporting actuarial valuation as of June 30, 2018, is 7 years. 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, 2018, and rolling forward the total pension liability to June 30, 2019. In determining the total pension liability, the financial reporting actuarial valuation used the following methods and assumptions:

Valuation Date	June 30, 2018
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return ¹	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB (Annually) Maintain 85% purchasing power level for DB

¹ 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, 2020

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 investment 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) 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 independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions.

Best estimates of expected 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2019, are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Global Equity	47%	4.80%
Fixed Income	12%	1.30%
Real Estate	13%	3.60%
Private Equity	13%	6.30%
Risk Mitigating Strategies	9%	1.80%
Inflation Sensitive	4%	3.30%
Cash / Liquidity	2%	-0.40%
Total	<u>100%</u>	

* 20-year average

BIGGS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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	\$ 6,339,279	\$ 4,257,170	\$ 2,530,706

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, 2020

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, 2020 was 19.721% of annual payroll. The District's contribution to CalPERS for the fiscal year ended June 30, 2020 was \$277,126.

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, 2020, the District reported a liability of \$2,759,045 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 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, 2019 and June 30, 2018 was as follows:

Proportion - June 30, 2019	0.0095%
Proportion - June 30, 2018	0.0096%
Change - Increase (Decrease)	-0.0001%

BIGGS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2020, the District recognized pension expense of \$583,555. At June 30, 2020, 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	\$ 277,126	
Differences between expected and actual experience	201,508	
Changes of assumptions	136,242	
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	11,288	\$ 47,836
Net differences between projected and actual earnings on plan investments		<u>28,907</u>
Totals	<u>\$ 626,164</u>	<u>\$ 76,743</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, 2021. 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>	
2021	\$ 231,835
2022	16,174
2023	17,034
2024	7,252

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 4.1 years as of June 30, 2019. 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, 2020

NOTE 9 - RETIREMENT PLANS (CONTINUED)

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

Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuations were determined using the following actuarial methods and assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
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, 2018 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 was 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, 2020

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 ¹</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1 - 10 ²</u>	<u>Real Return Years 11+ ³</u>
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, 2020

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	\$ 3,976,981	\$ 2,759,045	\$ 1,748,682

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, 2020, is shown below:

	Balances July 1, 2019	Additions	Deductions	Balances June 30, 2020	Due within One Year
Long-Term Debt:					
Capital Lease	\$ 2,500,000		\$ 1,951,088	\$ 548,912	\$ 19,734
Early Retirement Incentives	20,000			20,000	
Other Long-Term Liabilities:					
Compensated Absences	32,166	\$ 36,175	32,166	36,175	36,175
Total OPEB Liability	2,620,247	107,983	109,401	2,618,829	
Net Pension Liabilities	7,221,138	(204,923)		7,016,215	
Totals	\$ 12,393,551	\$ (60,765)	\$ 2,092,655	\$ 10,240,131	\$ 55,909

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, 2020

NOTE 11 - FUND BALANCES

The fund balances as of June 30, 2020 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			845	845
Total Nonspendable	<u>2,000</u>		<u>1,240</u>	<u>3,240</u>
Restricted:				
Categorical Programs	103,034			103,034
Food Service			49,939	49,939
Capital Projects			409	409
Total Restricted	<u>103,034</u>		<u>50,348</u>	<u>153,382</u>
Assigned:				
OPEB	518,034			518,034
Debt Service			144	144
Other Assignments	92,470			92,470
Total Assigned	<u>610,504</u>		<u>144</u>	<u>610,648</u>
Unassigned:				
Reserve for Economic Uncertainties	622,150			622,150
Unassigned Balance (Deficit)	1,927,468	\$ (23)	(564)	1,926,881
Total Unassigned (Deficit)	<u>2,549,618</u>	<u>(23)</u>	<u>(564)</u>	<u>2,549,031</u>
Totals	<u>\$ 3,265,156</u>	<u>\$ (23)</u>	<u>\$ 51,168</u>	<u>\$ 3,316,301</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) for K-12 Education. These payments consist of state general fund contributions of \$323,965 to CalSTRS. These contributions are recorded in the General 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 2019-20, 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, 2020

NOTE 14 - JOINT VENTURES

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

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

The JPAs are audited on an annual basis. Audited financial statements can be obtained by contacting each JPA's management.

NOTE 15 - COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards and Grants

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

B. Litigation

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

NOTE 16 - GLOBAL PANDEMIC

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus includes restriction on travel, quarantine in certain areas, and forced closure for certain type of public spaces and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on local education agencies throughout the United States, especially those located in California. While it is unknown how long these conditions will last and what the complete financial effect will be on local education agencies, to date, the District has not experienced any significant negative financial impact. However, due to the existence of significant economic impacts at the Federal, State, and Local government levels, it is reasonably possible that the District will be vulnerable to the risk of a near-term severe impact from the coronavirus.

BIGGS UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 17 - SUBSEQUENT EVENTS

The District's management has evaluated events or transactions that occurred for possible recognition or disclosure in the financial statements from the balance sheet date through April 27, 2021, 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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<u>Revenues</u>				
LCFF Sources:				
State Apportionment / Transfers	\$ 3,935,837	\$ 3,728,305	\$ 3,597,039	\$ (131,266)
Local Sources	2,262,954	2,430,047	2,583,839	153,792
Total LCFF Sources	6,198,791	6,158,352	6,180,878	22,526
Federal Revenue	536,127	566,902	594,629	27,727
Other State Revenue	1,257,692	1,121,531	604,365	(517,166)
Other Local Revenue	232,953	316,074	513,189	197,115
Total Revenues	8,225,563	8,162,859	7,893,061	(269,798)
<u>Expenditures</u>				
Current:				
Certificated Salaries	2,891,268	3,017,577	2,909,538	108,039
Classified Salaries	1,416,245	1,427,320	1,336,955	90,365
Employee Benefits	1,920,648	1,983,113	1,886,563	96,550
Books and Supplies	598,134	601,953	239,220	362,733
Services and Other				
Operating Expenditures	746,342	1,005,171	886,299	118,872
Capital Outlay	602,604	607,334	156,501	450,833
Other Expenditures	148,098	237,657	183,095	54,562
Total Expenditures	8,323,339	8,880,125	7,598,171	1,281,954
Excess of Revenues Over (Under) Expenditures	(97,776)	(717,266)	294,890	1,012,156
<u>Other Financing Sources (Uses)</u>				
Operating Transfers Out	(113,973)	(270,998)	(276,083)	(5,085)
Other Sources			207,138	207,138
Total Other Financing Sources (Uses)	(113,973)	(270,998)	(68,945)	202,053
Net Change in Fund Balances	(211,749)	(988,264)	225,945	\$ 1,214,209
Fund Balances - July 1, 2019	3,039,211	3,039,211	3,039,211	
Fund Balances - June 30, 2020	\$ 2,827,462	\$ 2,050,947	\$ 3,265,156	

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

BIGGS UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS *

JUNE 30, 2020

	2020	2019	2018
Total OPEB Liability			
Service Cost	\$ 154,227	\$ 141,295	\$ 148,082
Interest on Total OPEB Liability	77,432	86,361	74,964
Differences Between Expected and Actual Experience	(318,986)		
Changes in Assumptions or Other Inputs	195,310	84,164	(82,061)
Benefit Payments (Includes Implicit Rate)	<u>(109,401)</u>	<u>(153,117)</u>	<u>(147,786)</u>
Net Change in Total OPEB Liability	(1,418)	158,703	(6,801)
Total OPEB Liability - Beginning	<u>2,620,247</u>	<u>2,461,544</u>	<u>2,468,345</u>
Total OPEB Liability - Ending	<u><u>\$ 2,618,829</u></u>	<u><u>\$ 2,620,247</u></u>	<u><u>\$ 2,461,544</u></u>
Covered-employee Payroll	\$ 3,907,493	\$ 4,166,051	\$ 3,644,096
District's Total OPEB Liability as Percentage of Covered-employee Payroll	67.02%	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, 2020

<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>
2020	0.0047%	\$ 4,257,170	\$ 2,322,571	\$ 6,579,741	\$ 2,533,612	168.03%	72.56%
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, 2020

<u>Year Ended June 30</u>	<u>District's Proportion of the NPL</u>	<u>District's Proportionate Share of the NPL</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>
2020	0.0095%	\$ 2,759,045	\$ 1,311,256	210.41%	70.05%
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.

BIGGS UNIFIED SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - CALSTRS *

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<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>
2020	\$ 453,820	\$ 453,820	\$ 0	\$ 2,653,918	17.10%
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.

BIGGS UNIFIED SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - CALPERS *

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<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>
2020	\$ 277,126	\$ 277,126	\$ 0	\$ 1,405,233	19.721%
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, 2020

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, 2020.

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, 2020

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 prior measurement date.

C. Changes in Assumptions or Other Inputs

The discount rate changed from 3.13% at June 30, 2019 to 2.45% at June 30, 2020.

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

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

SUPPLEMENTARY INFORMATION SECTION

BIGGS UNIFIED SCHOOL DISTRICT
ORGANIZATION/BOARD OF TRUSTEES/ADMINISTRATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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>
Jonna Phillips	President	November 2020
M. America Navarro	Vice President	November 2022
Dennis Slusser	Clerk	November 2022
Kathryn Sheppard	Member	November 2022
Linda Brown	Member	November 2020

ADMINISTRATION

Doug Kaelin
Superintendent

Karen Peters
Chief Business Official

**BIGGS UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020**

	Cafeteria	Debt Service	Capital Facilities	County School Facilities	Total Non-Major Governmental Funds
<u>Assets</u>					
Deposits and Investments	\$ 187	\$ 144	\$ 91,235	\$ 409	\$ 91,975
Receivables	59,815				59,815
Due from Other Funds	7,957				7,957
Stores Inventory	845				845
Total Assets	\$ 68,804	\$ 144	\$ 91,235	\$ 409	\$ 160,592
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts Payable	\$ 139		\$ 91,799		\$ 91,938
Due to Other Funds	17,486				17,486
Total Liabilities	17,625		91,799		109,424
Fund Balances:					
Nonspendable	1,240				1,240
Restricted	49,939			\$ 409	50,348
Assigned		\$ 144			144
Unassigned (Deficit)			(564)		(564)
Total Fund Balances (Deficit)	51,179	144	(564)	409	51,168
Total Liabilities and Fund Balances	\$ 68,804	\$ 144	\$ 91,235	\$ 409	\$ 160,592

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, 2020**

	<u>Cafeteria</u>	<u>Debt Service</u>	<u>Capital Facilities</u>	<u>County School Facilities</u>	<u>Total Non-Major Governmental Funds</u>
<u>Revenues</u>					
Federal Revenue	\$ 215,237				\$ 215,237
State Revenue	16,084				16,084
Local Revenue	61,379	\$ 144	\$ 64,401	\$ 5	125,929
Total Revenues	<u>292,700</u>	<u>144</u>	<u>64,401</u>	<u>5</u>	<u>357,250</u>
<u>Expenditures</u>					
Current:					
Food Services	367,477				367,477
Other General Administration	17,486				17,486
Plant Services			61,241		61,241
Facilities Acquisition and Construction			346,942	68,749	415,691
Debt Service:					
Principal Retirement		157,026			157,026
Total Expenditures	<u>384,963</u>	<u>157,026</u>	<u>408,183</u>	<u>68,749</u>	<u>1,018,921</u>
Excess of Revenues (Under) Expenditures	(92,263)	(156,882)	(343,782)	(68,744)	(661,671)
<u>Other Financing Sources</u>					
Operating Transfers In	115,199	157,026			272,225
Net Change in Fund Balances	22,936	144	(343,782)	(68,744)	(389,446)
Fund Balances - July 1, 2019	28,243	0	343,218	69,153	440,614
Fund Balances (Deficit) - June 30, 2020	<u>\$ 51,179</u>	<u>\$ 144</u>	<u>\$ (564)</u>	<u>\$ 409</u>	<u>\$ 51,168</u>

SEE NOTES TO SUPPLEMENTARY INFORMATION

BIGGS UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	P-2 Report - As Originally Reported				
	TK / K - 3	4 - 6	7 - 8	9 - 12	Total
Regular	<u>186.17</u>	<u>116.06</u>	<u>78.93</u>	<u>181.54</u>	<u>562.70</u>

	Audited P-2 Report				
	TK / K - 3	4 - 6	7 - 8	9 - 12	Total
Regular	<u>187.65</u>	<u>116.51</u>	<u>79.32</u>	<u>181.54</u>	<u>565.02</u>

	Annual Report - As Originally Reported				
	TK / K - 3	4 - 6	7 - 8	9 - 12	Total
Regular	<u>186.17</u>	<u>116.06</u>	<u>78.93</u>	<u>181.54</u>	<u>562.70</u>

	Audited Annual Report				
	TK / K - 3	4 - 6	7 - 8	9 - 12	Total
Regular	<u>187.65</u>	<u>116.51</u>	<u>79.32</u>	<u>181.54</u>	<u>565.02</u>

BIGGS UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<u>Grade Level</u>	<u>Minutes Required</u>	<u>2019-20 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	66,660	180	N/A	In Compliance
Grade 8	54,000	66,660	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
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identification Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture:				
Passed Through Butte County Office of Education:				
Forest Reserve	10.665	10044		<u>\$ 1,147</u>
Passed Through California Department of Education (CDE):				
<i>Child Nutrition Cluster:</i>				
National School Lunch	10.555	13524		124,353
School Needy Breakfast	10.553	13526		81,551
USDA Food Commodities	10.555	*		9,333
Subtotal Child Nutrition Cluster				<u>215,237</u>
Total U.S. Department of Agriculture				<u>216,384</u>
U.S. Department of Education:				
Passed Through CDE:				
Emergency Impact Aid for Displaced Children	84.938	15432		38,250
Title I Part A Basic Grant Low-Income & Neglected	84.010	14329		373,810
Title II Part A Supporting Effective Instruction	84.367	14341		34,119
Title IV, Part A Student Support & Academic Enrichment	84.424	15391		27,183
Carl D. Perkins Career and Technical Education	84.048	14894		7,997
Title V, Part B Rural & Low Income	84.358	14356		27,971
Passed Through Butte County SELPA:				
IDEA Part B Basic Local Assistance	84.027	13379		<u>70,191</u>
Total U.S. Department of Education				<u>579,521</u>
U.S. Department of Health and Human Services:				
<i>Medicaid Cluster:</i>				
Passed Through Glenn County Office of Education:				
Medi-Cal Administrative Activities	93.778	10060		<u>13,961</u>
Total U.S. Department of Health and Human Services				<u>13,961</u>
Totals			<u>\$ 0</u>	<u>\$ 809,866</u>

* Pass-Through Identification Number is not available or not applicable

**BIGGS UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
WITH AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	General Fund	Special Revenue - Special Reserve Fund	Special Reserve Fund for Postemployment Benefits	Cafeteria Fund	Capital Facilities Fund	Foundation Trust Fund
June 30, 2020 Annual Financial and Budget Report Fund Balances	\$2,081,053	\$ 622,150	\$ 518,034	\$ 43,222	\$ 71,246	\$ 666,840
Differences with balances per the General Ledger:						
Understatement of Cash in County Treasury	66,972					
Understatement of Accounts Receivable	3,187					
Understatement of Accounts Payable	<u>(70,159)</u>					
Balance per the General Ledger	<u>2,081,053</u>					
Reclassifications and Adjustments Increasing (Decreasing) Fund Balances:						
Understatement of Due From Other Funds				7,957		
Understatement of Due to Other Funds	(7,957)					
Overstatement of Employee Benefits Expenses	51,876					
Understatement of Capital Outlay Expenses					(71,810)	
Understatement of Interest Income						6,699
Reclassifications of Fund Balances	<u>1,140,184</u>	<u>(622,150)</u>	<u>(518,034)</u>			
Net Reclassifications and Adjustments Increasing (Decreasing) Fund Balances	<u>1,184,103</u>	<u>(622,150)</u>	<u>(518,034)</u>	<u>7,957</u>	<u>(71,810)</u>	<u>6,699</u>
June 30, 2020 Audited Financial Statements Fund Balances (Deficit)	<u>\$3,265,156</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 51,179</u>	<u>\$ (564)</u>	<u>\$ 673,539</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, 2020.

BIGGS UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	GENERAL FUND			
	(Budget) 2020-21	2019-20	2018-19	2017-18
Revenues and Other Financial Sources	\$ 8,123,254	\$ 8,100,199	\$ 8,004,551	\$ 7,514,102
Expenditures	7,521,503	7,598,171	7,384,149	7,390,587
Other Uses and Transfers Out	245,628	276,083	173,114	94,985
Total Outgo	7,767,131	7,874,254	7,557,263	7,485,572
Change in Fund Balance	356,123	225,945	447,288	28,530
Ending Fund Balance	\$ 3,621,279	\$ 3,265,156	\$ 3,039,211	\$ 2,591,923
Available Reserves	\$ 2,582,400	\$ 2,549,618	\$ 1,500,259	\$ 1,438,386
Reserve for Economic Uncertainties *	\$ 622,150	\$ 622,150	\$ 667,375	\$ 601,587
Available Reserves as a Percentage of Total Outgo	33.2%	32.4%	19.9%	19.2%
Average Daily Attendance at P-2	565	565	578	586
Total Long-Term Liabilities	\$ 10,184,222	\$ 10,240,131	\$ 12,393,551	\$ 9,265,798

* Reported balances are a component of available reserves.

The fund balance of the General Fund increased \$673,233 (26%) over the past two years. The fiscal year 2020-21 budget projects an increase of \$356,123. 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) decreased 21 ADA over the past two years. The District projects no change in ADA during fiscal year 2020-21.

Total long-term liabilities increased \$974,333 over the past two years.

BIGGS UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES

A. Combining Statements

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

B. Schedule of Average Daily Attendance

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

C. Schedule of Instructional Time

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. The District submitted the Covid-19 School Closure Certification on June 25, 2020 and reported 46 total number of instructional days school closed due to Covid-19.

D. Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rates

The District has elected to not use the 10 percent de minimis cost rate as allowed under the Uniform Guidance.

BIGGS UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES (CONCLUDED)

E. 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.

F. 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 *2019-20 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, 2020.

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 *2019-20 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>
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No (see below)
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

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

Opinion on State Compliance

In our opinion, Biggs Unified School District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *2019-20 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 2020-009, 2020-010, 2020-011, and 2020-012**. 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 *2019-20 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

April 27, 2021

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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 27, 2021 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 2020-001, 2020-002, and 2020-003**.

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 2020-004, 2020-005, 2020-006, 2020-007, and 2020-008**.

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

April 27, 2021

STEPHEN ROATCH ACCOUNTANCY CORPORATION

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Biggs Unified School District
Biggs, California

Report on Compliance for Each Major Federal Program

We have audited the Biggs Unified School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Biggs Unified School District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Biggs Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Biggs Unified School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Biggs Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

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

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

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

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

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

April 27, 2021

FINDINGS AND QUESTIONED COSTS SECTION

BIGGS UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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?	<u> X </u> Yes	<u> </u> No
Significant deficiencies identified not considered to be material weaknesses?	<u> X </u> Yes	<u> </u> None reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

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

<u>CFDA Numbers</u>	<u>Federal Program</u>
84.010	Title I, Part A

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes X No

State Awards

Any audit findings required to be reported in accordance with the *2019-20 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, 2020

SECTION II - FINANCIAL STATEMENT FINDINGS

2020 - 001 / 30000

MATERIAL WEAKNESS

FINANCIAL REPORTING

Criteria: Education Code Section 42100 requires the governing board of each district to approve, on a form prescribed by the Superintendent of Public Instruction, an annual statement of all receipts and expenditures of the district for the preceding fiscal year. Accordingly, information reported on the Standard Account Code Structure (SACS) financial reports should reflect the final general ledger balances.

Condition: The SACS financial reports approved by the Governing Board on September 16, 2020 did not reflect the general ledger balances as of June 30, 2020. Entries were made to the general ledger after the SACS financial reports were approved by the Governing Board and the SACS data file was submitted to the Butte County Office of Education.

Questioned Cost: See audit adjustments made on page 71.

Context: The condition is limited to the General Fund and Capital Facilities Fund.

Effect: Governing Board approved SACS financial reports for fiscal year 2019-20 were not accurate and did not reflect the final audited general ledger balances.

Cause: The District continued to make journal entries into their financial software system (Escape) after SACS financial reports were filed with the Butte County Office of Education.

Recommendation: The SACS financial reports approved by the Governing Board and subsequently submitted to the Butte County Office of Education should agree to the balances per the general ledger. No entries should be made to the District's general ledger after the SACS financial reports are approved by the Governing Board.

District Response: It has been noted and is understood that no transactions made in the future will be entered into Escape for a particular fiscal year after data has been uploaded to SACS and submitted to the County Office.

BIGGS UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2020 - 002 / 30000

MATERIAL WEAKNESS

CASH IN COUNTY

Criteria: Cash balances maintained in the County Treasury should be reconciled to the District's accounting records on a monthly basis, to ensure that all revenues and expenditures are properly recorded. Revised reconciliations should be prepared if entries to cash are posted after the initial reconciliations are completed.

Condition: Cash balances maintained in the County Treasury are reconciled to the District's accounting records on a monthly basis by the Butte County Office of Education. However, after the reconciliations were completed by the County Office for June 2020, the District continued to make entries to the cash account, and the original reconciliations did not agree to the final cash balances.

Questioned Cost: None.

Context: The condition is limited to the General Fund and Capital Facilities Fund.

Effects: Cash balances on the Governing Board approved SACS financial reports for fiscal year 2019-20 were not accurate and did not reflect the final audited general ledger balances.

Cause: The District continued to make journal entries into their financial software system (Escape) after SACS financial reports were filed with the Butte County Office of Education.

Recommendation: The SACS financial reports approved by the Governing Board and subsequently submitted to the Butte County Office of Education should agree to the balances per the general ledger. No entries should be made to the District's general ledger after the SACS financial reports are approved by the Governing Board. The Butte County Office of Education should be informed of any changes to the cash balances so they can prepare updated reconciliations.

District Response: It has been noted and is understood that no transactions made in the future will be entered into Escape for a particular fiscal year after data has been uploaded to SACS and submitted to the County Office.

BIGGS UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2020 - 003 / 30000

MATERIAL WEAKNESS

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, 2020.

Questioned Costs: None.

Context: The adjustments that were made to ensure that the financial statements were fairly stated are presented on page 71 of this report. This is a repeat finding from the prior fiscal year.

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: Reconciliation procedures have been put into place to ensure monthly reconciliation of Fund 76 and cleared appropriately. Retiree benefits and payments will be processed outside of Fund 76 as they are considered Accounts Receivable.

BIGGS UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2020 - 004 / 30000

SIGNIFICANT DEFICIENCY

FINANCIAL REPORTING - UNAUDITED ACTUALS

<u>Criteria:</u>	Each year, districts are responsible for preparing complete and accurate financial information, which is reported to the California Department of Education in the form of the "Unaudited Actuals" Financial Report. In addition, each year the governing board certifies that the report was prepared in accordance with Education Code Section 41010, and approves the report as the official submission of financial information that will be used as the basis for the district's annual financial statements. Accordingly, districts should have an effective system of internal control over financial reporting that will ensure that the information contained in the report is free of material misstatement.
<u>Condition:</u>	The District's "Unaudited Actuals" included misstatements that we consider to be material to their annual financial statements. Accordingly, it appears that internal control over financial reporting was inadequate in the areas where audit adjustments were required.
<u>Questioned Costs:</u>	None.
<u>Context:</u>	The adjustments that were made to ensure that the financial statements were fairly stated are presented on page 71 of this report.
<u>Effect:</u>	When an effective system of internal control over financial reporting is not in place, there is a reasonable possibility that material misstatements of the District's financial statements will not be prevented, or detected and corrected on a timely basis.
<u>Cause:</u>	The District did not have effective procedures in place to ensure that the "Unaudited Actuals" were free of material misstatements.
<u>Recommendation:</u>	The District should develop a more comprehensive financial reporting checklist, to be used by staff during the year-end closing process, to prevent misstatements from occurring in the future.
<u>District Response:</u>	The district will perform a more complete review of Unaudited Actuals before submitted to the county office. Additional controls will be in place to reduce/eliminate future misstatements.

BIGGS UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2020 - 005 / 30000

SIGNIFICANT DEFICIENCY

CAFETERIA REVOLVING FUND

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

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

Questioned Costs: None.

Context: The condition existed throughout fiscal year 2019-20.

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

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

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

District Response: The CBO will work with the Food Services Supervisor to put processes in place to ensure monthly cash reconciliations are being performed and exceptions are identified and corrected.

BIGGS UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2020 - 006 / 30000

SIGNIFICANT DEFICIENCY

CASH DISBURSEMENTS

Criteria: Payments should be supported by original invoices and receipts.

Condition: Supporting documentation could not be located for three payments.

Questioned Cost: None.

Context: The condition was noted in 3 of 40 transactions tested.

Effect: Payments may be issued for goods or services that have not been received or performed.

Cause: The invoice packages were misfiled and could not be located.

Recommendation: All payments should be supported by original invoices or receipts. Payment should not be processed or issued without proper supporting documentation.

District Response: Accounts Payable transactions will be more thoroughly reviewed to ensure that all appropriate documentation meets the requirements for supporting documentation.

BIGGS UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2020 - 007 / 30000

SIGNIFICANT DEFICIENCY

CASH RECEIPTS

Criteria: Deposits should be supported by appropriate documentation, which identifies the source, purpose, amount, and date of receipt, of all cash receipts received by the District Office.

Condition: Supporting documentation for developer fees collected was not maintained.

Questioned Costs: None.

Context: The condition was noted in 1 of 41 deposit line items tested.

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

Cause: The District's copies of the school fee certification forms were not copied or were misfiled and could not be located.

Recommendation: Copies of remittances, checks, and school fee certification forms should be retained as support for all deposit items.

District Response: All deposits will be more closely reviewed to ensure appropriate supporting documentation is included as the deposit backup.

BIGGS UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SECTION II - FINANCIAL STATEMENT FINDINGS (CONCLUDED)

2020 - 008 / 30000

SIGNIFICANT DEFICIENCY

STUDENT BODY - CASH DISBURSEMENTS

Criteria: Student body funds should be used to pay for goods or services that promote the general welfare, morale, and educational experience of the student body.

Condition: Student body funds were used to purchase gift cards to Target.

Questioned Costs: \$40.

Context: The condition was noted at Biggs Elementary.

Effect: Student body funds were expended for goods generally considered to be unallowable student body expenses.

Cause: The District did not have appropriate procedures in place to ensure that student body funds are only used to pay for allowable goods that promote the general welfare, morale, and educational experience of the student body.

Recommendation: The District should establish appropriate procedures to ensure that student body funds are only used to pay for allowable goods or services that promote the general welfare, morale, and educational experience of the student body, in accordance with the guidelines contained within the Associated Student Body Accounting Manual, Fraud Prevention Guide.

District Response: All administration and staff associated with ASB, will be trained in allowable student body purchases.

BIGGS UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no matters to report for the fiscal year ended June 30, 2020.

BIGGS UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2020 - 009 / 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: One attendance code was incorrectly setup in the computerized attendance system at Biggs and Richvale elementary schools.

Questioned Costs: None. The ADA reported on the P-2 and Annual attendance reports were understated by the following amounts:

<u>Regular ADA</u>	<u>P-2</u>
TK/K-3	1.48
Grades 4-6	<u>.84</u>
Total	<u><u>2.32</u></u>

Context: The error was noted during the review of supporting documents for the P-2 attendance report.

Effect: The District understated total ADA reported to the State for the P-2 and Annual attendance reporting periods.

Cause: There was no attendance accounting procedures requiring a second employee to verify that attendance codes were properly entered into the system.

Recommendation: The District should establish attendance accounting procedures to ensure that attendance codes are reviewed to ensure apportionment is credited in accordance with state regulations. 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: The district will put into place appropriate controls and secondary review process for Attendance Accounting. In addition, the District will revise the P-2 report to reflect the audited ADA on page 68.

BIGGS UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

2020 - 010 / 40000

UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS

<u>Criteria:</u>	Education Code Section 42238.02(b)(2) requires a school district or charter school to annually submit its enrolled free and reduced-price meal eligibility, foster youth, and English learner pupil-level records for enrolled pupils to the Superintendent using the California Longitudinal Pupil Achievement Data System (CALPADS). Education Code Section 42238.02(b)(3)(B) states that the Controller shall include instructions necessary to enforce paragraph (2) in the audit required by Education Code Section 14502.1 and that the instructions shall include, but are not necessarily limited to, procedures for determining if the English learner, foster youth, and free or reduced-price meal eligible pupil counts are consistent with the school district's or charter school's English learner, foster youth, and free or reduced-price meal eligible pupil records.
<u>Condition:</u>	The District reported 8 students on the CALPADS "1.18 - FRPM/English Learner/Foster Youth - Student List" report, indicated as a "No" under the "Direct Certification" column, that were only identified as English learners (EL) under the "ELAS Designation" column, in error.
<u>Context:</u>	The condition was noted for all schools as of the Census Day for fiscal year 2019-20. We reviewed 100% of the non-direct certified students only identified as English learners (EL) under the "ELAS Designation" column.
<u>Effect:</u>	The District overstated the certified unduplicated local control funding formula pupil counts to the California Department of Education (CDE).
<u>Questioned Costs:</u>	A summary of certified enrollment, unduplicated pupil counts, pupil count adjustments, and audited unduplicated pupil counts is presented for the District's schools, as follows:

BIGGS UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (CONCLUDED)

Questioned Costs
(Concluded):

	Total Enrollment	Unduplicated Eligible Free/ Reduced Meal Counts	EL Funding Eligible	Total Unduplicated FRPM/EL Eligible Count
<u>Certified Pupil Counts:</u>				
Biggs Elementary	376	241	43	247
Biggs High	196	124	12	126
Richvale Elementary	33	11	3	11
Totals	605	376	58	384
<u>Audit Adjustments:</u>				
Biggs Elementary			(6)	(6)
Biggs High			(2)	(2)
Richvale Elementary				
Totals	0	0	(8)	(8)
<u>Adjusted Pupil Counts:</u>				
Biggs Elementary	376	241	37	241
Biggs High	196	124	10	124
Richvale Elementary	33	11	3	11
Totals	605	376	50	376

Estimated at \$15,326 based on the FCMAT created LCFF calculation worksheet.

Cause: The District did not administer the English Language Proficiency Assessments for California (ELPAC) during the 2018-19 fiscal year.

Recommendation: The District should establish procedures to ensure that counts reported on the CALPADS "1.18 - FRPM/English Learner/Foster Youth - Student List" report are supported by appropriate documentation. In addition, the District should post the audit adjustments contained in the schedule above into the apportionment software to ensure that the audit determined enrollment and unduplicated pupil counts are properly reflected.

District Response: The district will put into place appropriate controls and secondary review process for Pupil Count Reporting and made necessary adjustments. Verification of all students who are not direct certified is being done at the site level. For EL, Homeless, and Free and Reduced applications are being verified by the Food Services Supervisor. The CALPADS coordinator will confirm status with backup documentation.

BIGGS UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

Reported in the 2018-19 audit as Finding 2019 - 009

2020 - 011 / 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, 2020.

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

Context: The comprehensive school safety plan was reviewed and approved on March 4, 2020.

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 will be reminded of this requirement.

BIGGS UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

2020 - 012 / 40000

CALIFORNIA CLEAN ENERGY JOBS ACT

<u>Criteria:</u>	In accordance with Public Resources Code 26240(b), as a condition of receiving funds from the Job Creation Fund, not sooner than one year but no later than 15 months after an entity completes its first eligible project with a grant, loan, or other assistance from the Job Creation Fund, the entity shall submit a report of its project expenditures to the Citizens Oversight Board.
<u>Condition:</u>	The expenditures reported on the Final Project Completion Report submitted to the California Energy Commission (CEC) using the online system did not agree to the expenditures recorded on the District's general ledger.
<u>Questioned Costs:</u>	\$19,846. (This amount represents Proposition 39 project funding received by the District that was unspent as of June 30, 2020.)
<u>Context:</u>	The District completed all approved Proposition 39 projects in May 2017 and submitted the Final Project Completion Report in November 2018.
<u>Effect:</u>	The District reported more Proposition 39 expenditures than were actually incurred by the District.
<u>Cause:</u>	The District did not verify that the expenditures reported to the CEC agreed to the actual expenditures incurred.
<u>Recommendation:</u>	The District should contact the California Department of Education to determine if any unspent Proposition 39 program funds need to be returned.
<u>District Response:</u>	The District will contact the California Department of Education regarding the unspent Propositions 39 funds to determine if unspent funds need to be returned and the mechanism to do so.

BIGGS UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<u>Recommendations</u>	<u>Current Status</u>	<u>Explanation If Not Fully Implemented</u>
<u>FINANCIAL STATEMENTS</u>		
2019 - 001 / 30000		
<u>CAFETERIA CASH RECEIPTS</u>		
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.	Implemented	
2019 - 002 / 30000		
<u>CAFETERIA FORMS</u>		
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.	Implemented	
2019 - 003 / 30000		
<u>PAYROLL</u>		
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.	Implemented	
2019 - 004 / 30000		
<u>PAYROLL CLEARING ACCOUNTS</u>		
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.	Not Implemented	Comment Repeated (See 2020 - 003)

BIGGS UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<u>Recommendations</u>	<u>Current Status</u>	<u>Explanation If Not Fully Implemented</u>
<u>FINANCIAL STATEMENTS (CONCLUDED)</u>		
2019 - 005 / 30000		
<u>STUDENT BODY - FINANCIAL STATEMENTS</u>		
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.	Implemented	
2019 - 006 / 30000		
<u>STUDENT BODY - BANK RECONCILIATIONS</u>		
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.	Implemented	
2019 - 007 / 30000		
<u>STUDENT BODY - CASH BOXES</u>		
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.	Implemented	

BIGGS UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<u>Recommendations</u>	<u>Current Status</u>	<u>Explanation If Not Fully Implemented</u>
<u>STATE AWARDS</u>		
2019 - 008 / 10000		
<u>ATTENDANCE</u>		
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.	Implemented	
2019 - 009 / 40000		
<u>COMPREHENSIVE SCHOOL SAFETY PLAN</u>		
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.	Not Implemented	Comment Repeated (See 2020 - 011)
2019 - 010 / 70000		
<u>INSTRUCTIONAL MATERIALS</u>		
The District should establish procedures to ensure that it complies with the public hearing notice posting requirements of Education Code Section 60119(b).	Implemented	