

SISKIYOU UNION HIGH SCHOOL DISTRICT

COUNTY OF SISKIYOU
MOUNT SHASTA, CALIFORNIA

ANNUAL FINANCIAL REPORT
JUNE 30, 2018

ROBERTSON & ASSOCIATES, CPAs
A Professional Corporation

**SISKIYOU UNION HIGH SCHOOL DISTRICT
ORGANIZATION
JUNE 30, 2018**

The Siskiyou Union High School District (District) was established on November 15, 1892 and comprises an area located in Siskiyou County. There were no changes in the boundaries of the District during the current year. The District currently operates four high schools. The District also maintains two continuation high schools and two community day schools.

BOARD OF TRUSTEES

<u>Name</u>	<u>Area</u>	<u>Office</u>	<u>Term Expires</u>
Mr. Greg Gunkel	2	President	December, 2020
Mr. John Hines	2	Clerk	December, 2018
Ms. Lori Harch	2	Trustee	December, 2018
Ms. Margaret DeBortoli	4	Trustee	December, 2018
Mr. Sunny Greene	1	Trustee	December, 2020
Ms. Kerri King	3	Trustee	December, 2018
Mr. Darin Quigley	1	Trustee	December, 2020

<u>Area</u>	<u>Location</u>
1	Weed, CA 96094
2	Mount Shasta, CA 96067
3	Happy Camp, CA 96039
4	McCloud, CA 96057

ADMINISTRATION

<u>Name</u>	<u>Office</u>	<u>Tenure</u>
Mr. Mike Matheson	Superintendent / Principal	11 Years
Ms. Jessica Bowman	Assistant Superintendent/Principal	2 Years
Mr. Satyendra Shah	Assistant Superintendent/Principal	1 Year
Ms. Casey Chambers	Interim Principal	0 Year
Ms. Sarah Applegate	Chief Business Official	8 Years
Ms. Bonnie Rodgers	Administrative Coordinator	6 Years

ADDRESS OF DISTRICT OFFICE

624 Everitt Memorial Highway
Mount Shasta, CA 96067

SISKIYOU UNION HIGH SCHOOL DISTRICT
JUNE 30, 2018

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Title Page	
Organization	
Table of Contents	
INDEPENDENT AUDITOR'S REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 15
FINANCIAL SECTION	
Basic Financial Statements	
Government-Wide	
Statement of Net Position	16
Statement of Activities	17
Governmental Funds	
Balance Sheet	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	19 - 20
Statement of Revenues, Expenditures and Changes in Fund Balances	21
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	22
Notes to Financial Statements	23 - 55

SISKIYOU UNION HIGH SCHOOL DISTRICT
JUNE 30, 2018

TABLE OF CONTENTS

	<u>Page</u>
REQUIRED SUPPLEMENTARY INFORMATION SECTION	
Budgetary Comparison Schedule - General Fund	56
Schedule of the Local Government's Proportionate Share of the Net Pension Liability	57
Schedule of Contributions - Pension	58
Schedule of Changes in the Net OPEB Liability and Related Ratios	59
Schedule of Contributions - OPEB	60
Notes to Required Supplementary Information	61 - 62
SUPPLEMENTARY INFORMATION SECTION	
Other Governmental Funds Financial Statements	
Combining Balance Sheet	63
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	64
Schedule of Average Daily Attendance	65
Schedule of Instructional Time	66
Schedule of Financial Trends and Analysis	67
Reconciliation of Annual Financial and Budget Report (SACS) with Audited Financial Statements	68
Notes to Supplementary Information	69
OTHER INDEPENDENT AUDITOR'S REPORTS	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	70 - 71
Independent Auditor's Report on State Compliance	72 - 73
FINDINGS AND RESPONSES SECTION	
Findings and Responses	74 - 75
Summary Schedule of Prior Audit Findings	76

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Siskiyou Union High School District
Mount Shasta, 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 Siskiyou Union High School District (District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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 controls 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; and the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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 Siskiyou Union High School District, as of June 30, 2018, and the respective changes in financial position the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

During fiscal year ended June 30, 2018, the District adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result of the implementation of these standards, the District reported a restatement for the change in accounting principle (see Note 9). Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information schedules as listed in the aforementioned table of contents 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Robertson & Associates, CPAs

Lakeport, California
February 25, 2019

**Siskiyou Union High School District
Management's Discussion and Analysis
June 30, 2018**

INTRODUCTION

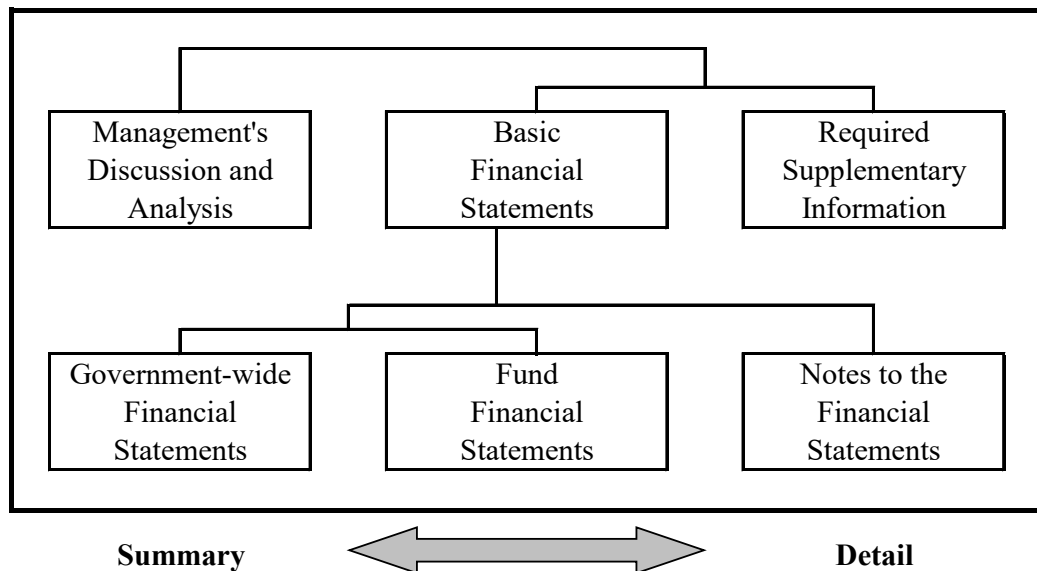
Our discussion and analysis of Siskiyou Union High School District (District's) financial performance provides an overview of the District's financial activities for the year ended June 30, 2018. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- ❑ Total net position was \$4,978,480 at June 30, 2018. This was an increase of \$71,050 over the prior year's restated net position. The June 30, 2017 long-term liabilities, deferred outflows of resources and net position have been restated in accordance with GASB 75 in the amount of \$598,724 (decrease to net position).
- ❑ Overall revenues, were \$9,799,272, overall expenses were \$9,728,222.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financials Section



This annual report consists of three parts – Management’s Discussion and Analysis (this section), the basic financial statements, and required supplementary information. 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 financial statements**, which comprise the first two statements, provide both short-term and long-term information about the District’s overall financial position.
- ❑ **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
 - **Governmental fund** statements tell how general government services were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required and other supplementary information that further explain and support the financial statements.

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the District’s net position and how they have changed. Net position, the difference between assets and liabilities, is one way to measure the District’s financial health or position.

- Over time, increases or decreases in the District’s net position are an indicator of whether its financial health is improving or deteriorating, respectively. The net position of the District has increased by 1% in the past year.
- To assess the overall health of the District, one needs to consider additional non-financial factors such as changes in enrollment, changes in the property tax base, and changes in program funding by the Federal and State governments, and condition of facilities. The District’s average daily attendance has decreased by 1.42 ADA in the past year.

The government-wide statements of the District include all governmental activities. All of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Revenue limit funding and federal and state grants finance most of these activities.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant governmental funds, not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular programs.

- Some funds are required to be established by State law and by bond covenants.
- The governing board establishes other funds to control and manage money for particular purposes or to show that the District is meeting legal responsibilities for using certain revenues.

The District has one type of funds:

- Governmental funds – All of the District's basic services are included in governmental funds, which generally focus on: (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds' statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources than previously to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information following the governmental funds' statements that explains the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's combined net position was \$4,978,480 at June 30, 2018.

	Governmental Activities		
	2018	2017	Net Change
ASSETS			
Cash and Equivalents	\$ 5,896,713	\$ 6,528,189	\$ (631,476)
Investments	887,634	880,718	6,916
Other Current Assets	729,864	634,902	94,962
Capital Assets, Net of Accumulated Depreciation	16,331,624	16,203,497	128,127
TOTAL ASSETS	\$ 23,845,835	\$ 24,247,306	\$ (401,471)
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflow of Resources - Pensions	\$ 2,344,005	\$ 1,431,874	\$ 912,131
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 2,344,005	\$ 1,431,874	\$ 912,131
LIABILITIES			
Current Liabilities	\$ 974,165	\$ 1,109,641	\$ (135,476)
Long-Term Liabilities	18,514,491	17,640,979	873,512
TOTAL LIABILITIES	\$ 19,488,656	\$ 18,750,620	\$ 738,036
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources Pensions	\$ 1,659,397	\$ 2,021,130	\$ (361,733)
Deferred Inflow of Resources - OPEB	63,307	-	63,307
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 1,722,704	\$ 2,021,130	\$ (298,426)
NET POSITION			
Invested in Capital Assets, Net of Related Debt	\$ 6,150,723	\$ 7,672,558	\$ (1,521,836)
Restricted	2,916,426	3,090,079	(173,653)
Unrestricted	(4,088,669)	(5,855,207)	1,766,539
TOTAL NET POSITION	\$ 4,978,480	\$ 4,907,430	\$ 71,050
The June 30, 2017 long-term liabilities, deferred outflows of resources and net position have been restated in accordance with GASB 75.			
The June 30, 2017 components of net position have been changed to conform with the June 30, 2018 presentation.			

Changes in Net Position

	Governmental Activities		
	2018	2017	Net Change
REVENUES			
Program Revenues:			
Charges for Services	\$ 705,960	\$ 640,292	\$ 65,668
Operating Grants and Contributions	1,083,221	1,287,573	(204,352)
General Revenues:			
Property Taxes	3,954,375	4,410,085	(455,710)
Unrestricted Federal and State Aid	2,822,501	3,228,433	(405,932)
Miscellaneous and Other Local	1,233,215	649,562	583,653
TOTAL REVENUES	9,799,272	10,215,945	(416,673)
EXPENSES			
Instruction	4,761,803	5,939,465	(1,177,662)
Instruction-Related Services	1,041,333	1,173,659	(132,326)
Pupil Services	619,600	774,787	(155,187)
General Administration	554,825	590,245	(35,420)
Plant Services	1,438,932	1,471,399	(32,467)
Ancillary Services	544,222	635,975	(91,753)
Transfers Between Agencies	196,626	179,608	17,018
Interest on Long-Term Debt	570,881	568,543	2,338
Other Outgo	-	598,723	(598,723)
TOTAL EXPENSES	9,728,222	11,932,404	(2,204,182)
INCREASE (DECREASE) IN NET POSITION	71,050	(1,716,459)	1,787,509
NET POSITION - BEGINNING	4,907,430	6,623,889	(1,716,459)
NET POSITION - ENDING	\$ 4,978,480	\$ 4,907,430	\$ 71,050

Governmental Activities

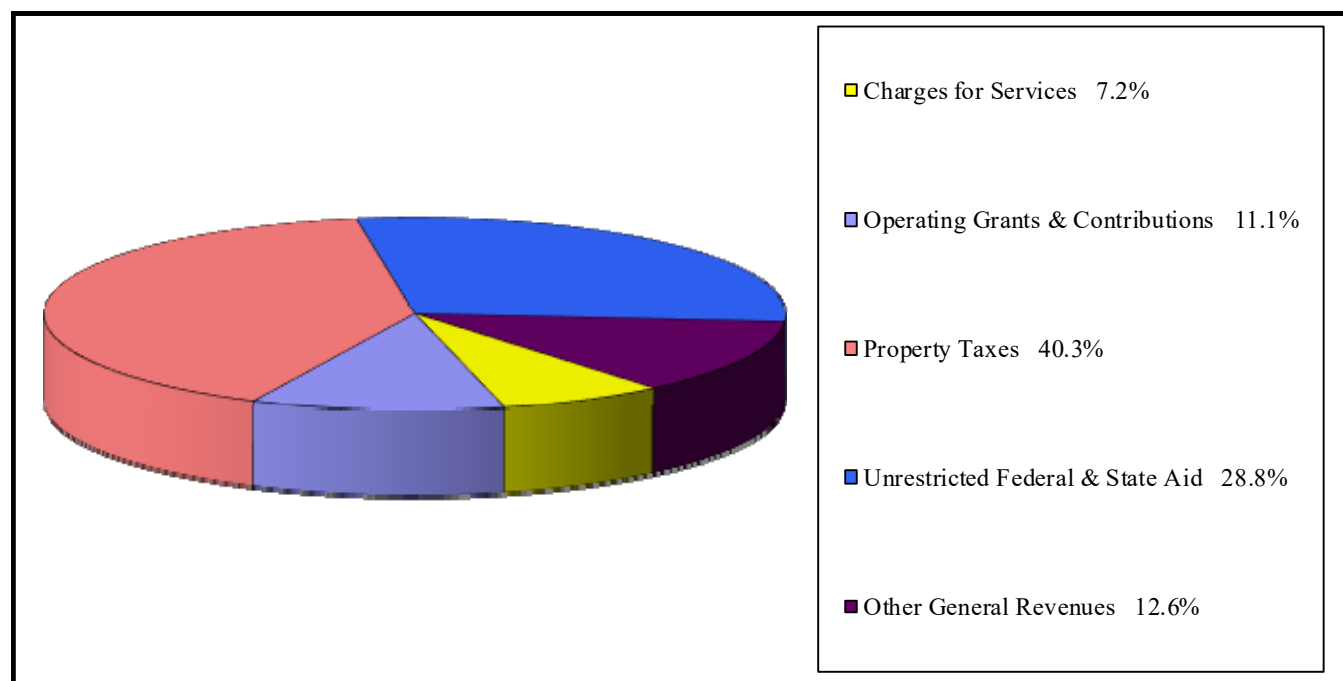
Net cost is total cost less fees generated by the related activity. The net cost reflects amounts funded by charges for services, operating grants and capital grants and contributions.

Net Cost of Services

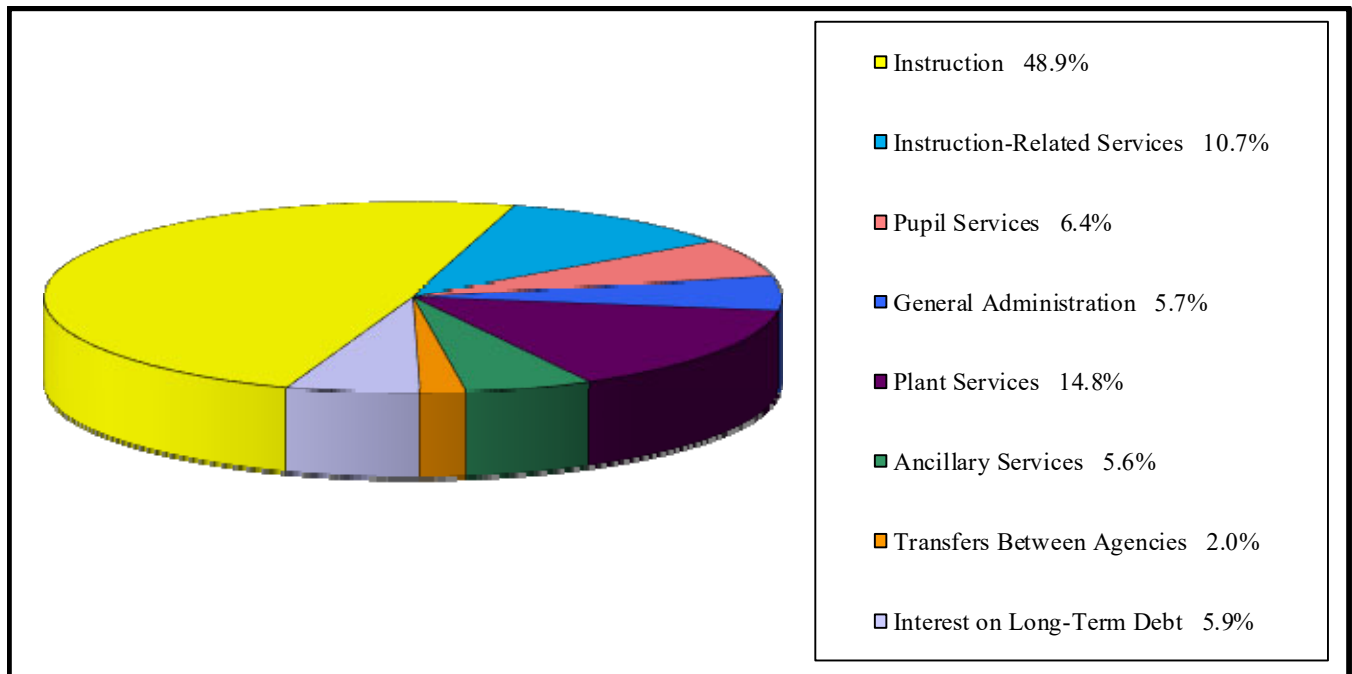
	Net Cost of Services		Net Change
	2018	2017	
NET COST OF SERVICES			
Instruction	\$ 3,715,211	\$ 4,758,915	\$ (1,043,704)
Instruction-Related Services	994,611	1,101,094	(106,483)
Pupil Services	441,124	639,236	(198,112)
General Administration	547,931	583,503	(35,572)
Plant Services	1,416,063	1,343,879	72,184
Facility Acquisition and Construction	(212,748)	(112,279)	(100,469)
Ancillary Services	269,342	343,317	(73,975)
Transfers Between Agencies	196,626	179,608	17,018
Interest on Long-Term Debt	570,881	568,543	2,338
Other Outgo	-	598,723	(598,723)
TOTAL NET COSTS OF SERVICES	\$ 7,939,041	\$ 10,004,539	\$ (2,065,498)

Net costs of services have been restated for the year ended June 30, 2017.

2017/2018 Summary of Revenues for Governmental Activities



2017/2018 Summary of Expenses for Governmental Activities



Fund Balance Comparison

The District currently maintains the following funds:

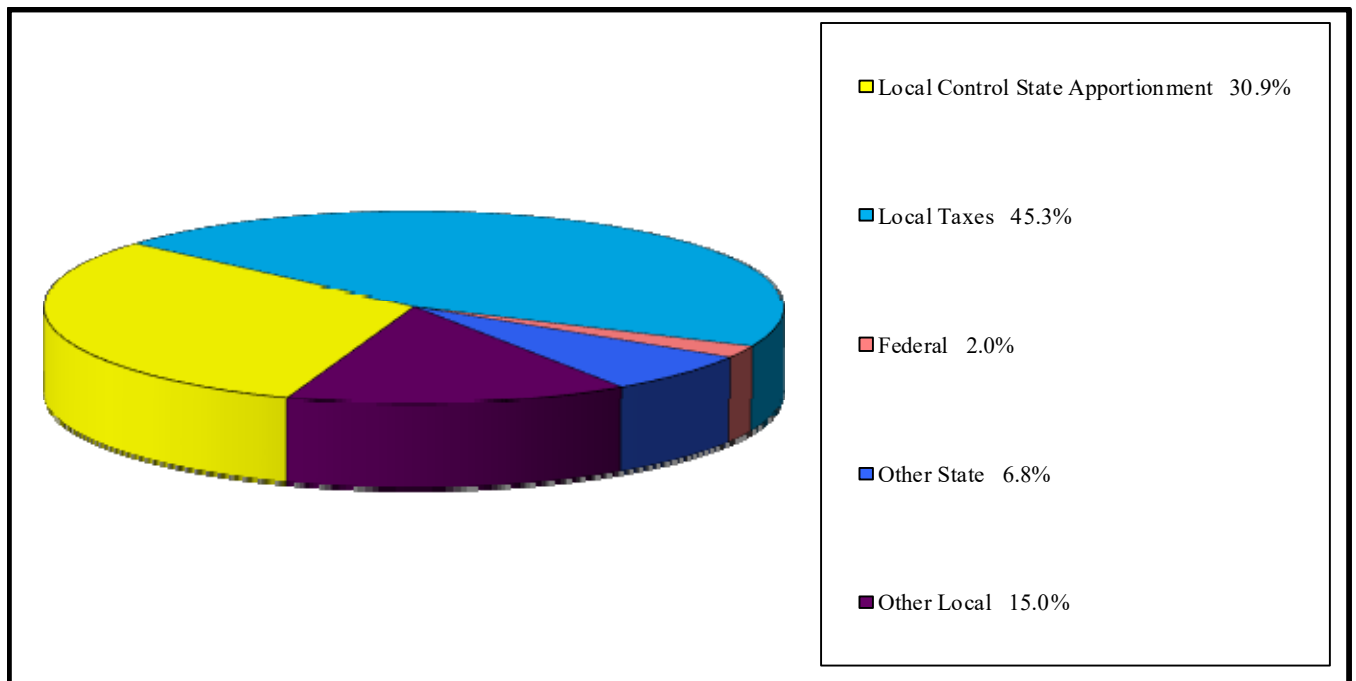
FUNDS	Ending Fund Balance		Net Change
	2018	2017	
Governmental:			
General	\$ 3,665,059	\$ 3,912,770	\$ (247,711)
Adult Education	45,922	130,373	(84,451)
Cafeteria Special Revenue	-	-	-
Deferred Maintenance	615,933	662,667	(46,734)
Capital Facilities	594,249	520,944	73,305
County School Facilities	36,552	36,049	503
Special Reserve Fund for Capital Outlay Projects	507,739	647,772	(140,033)
Bond Interest and Redemption	1,020,368	963,038	57,330
Total Governmental	6,485,822	6,873,613	(387,791)
TOTAL FUNDS	\$ 6,485,822	\$ 6,873,613	\$ (387,791)

General Fund

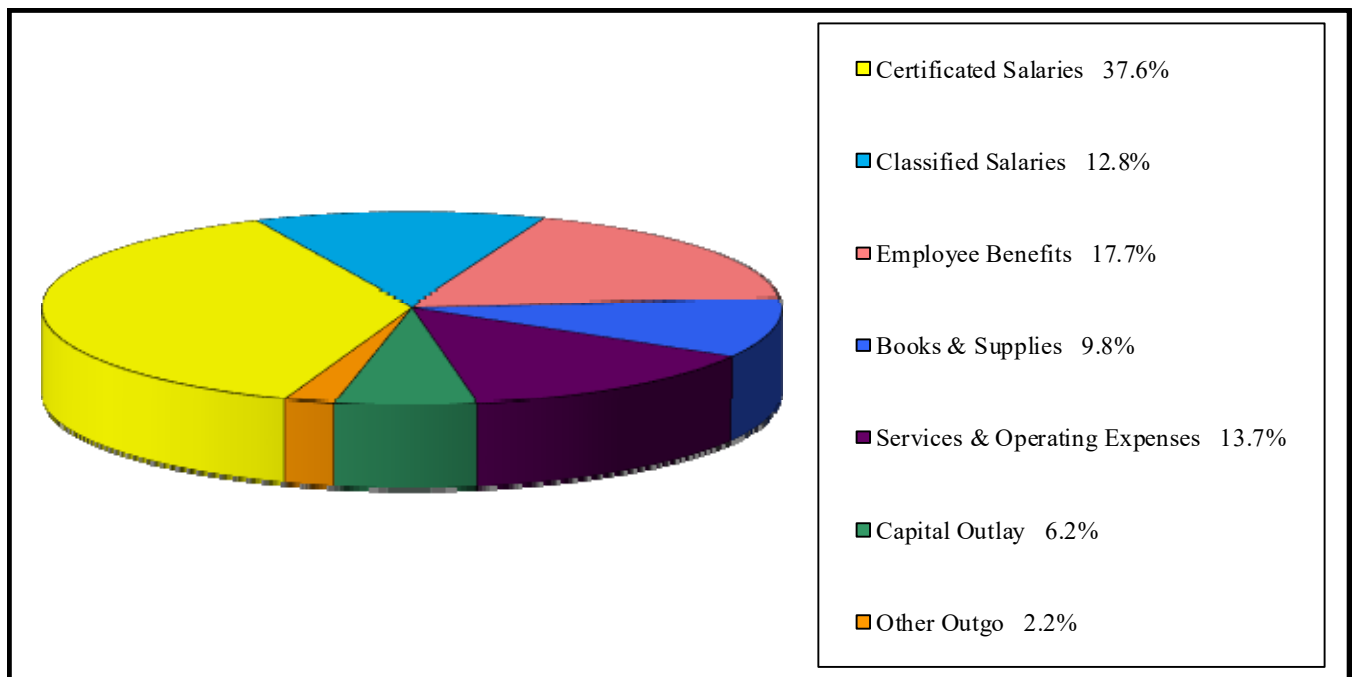
The General Fund balance decrease is due to reducing of restricted programs (Prop 39 Clean Energy, Educator Effectiveness, and College Readiness BG). Revenues for these programs were received in prior years for expenses to be spent over a 3-year timeframe.

The following charts graphically depict revenues and expenditures, both by major object as well as by function.

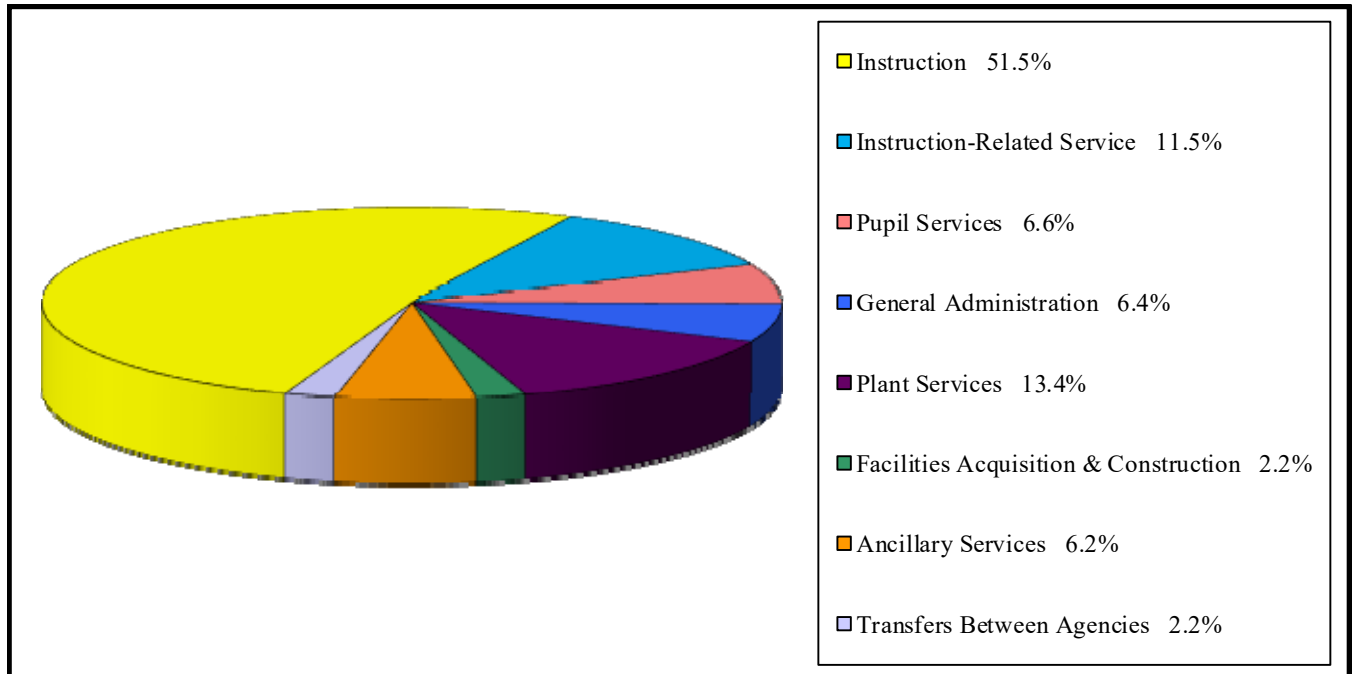
2017/2018 General Fund Revenues



2017/2018 General Fund Expenditures by Object



2017/2018 General Fund Expenditures by Function



Other Governmental Funds

Other governmental funds had the following activity and changes for the year ended June 30, 2018:

The Adult Education Fund decrease is due to expansion of program with salary and benefits, supply purchases, and site improvements.

The Cafeteria Special Revenue Fund has no ending fund balance due to encroachment from the general fund for operations of nutrition programs. Revenues received in this fund are from Federal, State, and Local nutrition served to students. As well as Interfund Transfers from the General Fund. Expenses include salary & benefits, food & supplies, and contract services with elementary schools.

The Deferred Maintenance Fund decrease is due to site facility projects and deductible on insurance repair claim. Funding for this fund is from the District LCFF funding and insurance repair reimbursements.

The Capital Facilities Fund increased from developer fees collected less facility consultant fees.

The County School Facilities Fund increase is from interest earned.

The Special Reserve Fund for Capital Outlay Projects decreased for transfer to General Fund for negotiated compensation settlement.

The Bond Interest and Redemption Fund increase is due to increased property taxes collected at the county.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2018, the District had \$16,331,624 invested, net of accumulated depreciation, in capital assets. Current year depreciation expense is \$549,800. Increases to Land and Building Improvements consist of the completion of the Prop 39 Districtwide LED Lighting Retro-Fit, Happy Camp High School Welding/Wood Shop Remodel, and District Office Remodel. The Mt. Shasta High School Press Box is still in progress. The District Equipment Assets increased for the purchases of a Fleet Van and Mt. Shasta High School CTE Laser System.

	Governmental Activities		
	2018	2017	Net Change
CAPITAL ASSETS			
Land	\$ 73,459	\$ 73,459	\$ -
Construction In Progress	98,835	163,524	(64,689)
Land Improvements	4,343,406	4,236,111	107,295
Buildings And Improvements	21,196,623	20,753,800	442,823
Equipment	1,732,685	1,568,370	164,315
Accumulated Depreciation	(11,113,384)	(10,591,767)	(521,617)
NET CAPITAL ASSETS	\$ 16,331,624	\$ 16,203,497	\$ 128,127

Long-Term Debt

At June 30, 2018, the District had \$18,514,491 in long-term debt. The Long-Term Debt associated with the Bond decreased by \$45,931. The net pension liability for CalSTRS and CalPERS increased by \$951,176. As a result of GASB 68, the District is required to reflect pension liabilities. The net OPEB obligation decrease by \$74,590. This is also a reflection of the implementation of GASB 75. The OPEB liability is the difference between the actual required contribution and the actual payment made. The calculation is based on the future obligation of the District to pay for retiree health insurance as defined in the existing contract between the district and our employment groups. Finally, the compensated absences decreased by \$4,155. Compensated absences represent the value of vacation balances carried by employees into the following fiscal year.

	Governmental Activities		
	2018	2017	Net Change
LONG-TERM DEBT			
General Obligation Bonds Payable	\$ 10,338,368	\$ 10,374,122	\$ (35,754)
Premium on issuance	232,718	242,895	(10,177)
Net Pension Liability	7,287,170	6,335,994	951,176
Net OPEB Liability	646,842	674,420	(27,578)
Compensated Absences	9,393	13,548	(4,155)
TOTAL LONG-TERM DEBT	\$ 18,514,491	\$ 17,640,979	\$ 873,512
The June 30, 2017 net OPEB liability has been restated.			

GENERAL FUND BUDGETARY HIGHLIGHTS

The difference in the original versus final budget amounts and actual versus budget amounts is primarily due to the following:

- ❑ CCPT Grant expenses are paid by the District then submitted for reimbursement which comes in as local revenue. Both revenue and expenses are budgeted during each budget reporting period.
- ❑ CalSTRS and CalPERS employer contribution rates.
- ❑ Allocations for site budgets didn't get fully spent within the budgeted expenses.

Over the course of the year, the District revises its annual budget to reflect unexpected changes in revenues and expenditures. The final amendment to the budget was approved November 14, 2018. A schedule of the District's General Fund original and final budget amounts compared with actual revenues and expenditures is provided with the basic financial statements in the audited financial report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health:

- ❑ Declining property values have not allowed the District to obtain the remaining \$3,000,769 of General Obligation Bond, Election of 2008.
- ❑ CalSTRS and CalPERS employer contribution rates.
- ❑ LCFF is fully funded with only continued changes to COLA for increase to revenues.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact Sarah Applegate, 624 Everitt Memorial Highway, Mount Shasta, CA 96067, phone 530-926-3006.

FINANCIAL SECTION

SISKIYOU UNION HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Governmental Activities</u>
ASSETS	
Cash and equivalents	\$ 5,896,713
Investments	887,634
Accounts receivable	569,189
Other current assets	160,675
Capital assets:	
Non-depreciable	172,294
Depreciable, net of accumulated depreciation	<u>16,159,330</u>
Total Assets	<u><u>\$ 23,845,835</u></u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - Pensions	<u>\$ 2,344,005</u>
Total Deferred Outflows of Resources	<u><u>\$ 2,344,005</u></u>
LIABILITIES	
Accounts payable	\$ 528,273
Interest payable	106,451
Unearned revenue	339,441
Long-term debt:	
Due within one year	370,671
Due after one year	<u>18,143,820</u>
Total Liabilities	<u><u>\$ 19,488,656</u></u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - Pensions	\$ 1,659,397
Deferred inflows of resources - OPEB	<u>63,307</u>
Total Deferred Inflows of Resources	<u><u>\$ 1,722,704</u></u>
NET POSITION	
Net Investment in capital assets	\$ 6,150,723
Restricted for:	
Capital projects	630,801
Debt service	1,020,368
Educational programs	473,285
Other purposes (expendable)	791,972
Unrestricted	<u>(4,088,669)</u>
Total Net Position	<u><u>\$ 4,978,480</u></u>

The accompanying notes are an integral part of these financial statements.

SISKIYOU UNION HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Change in Net Position
				Governmental Activities
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 4,761,803	\$ 468,927	\$ 577,665	\$ (3,715,211)
Instruction-related services:				
Supervision of instruction	8,797	-	-	(8,797)
Instructional library, media and technology	143,590	52	-	(143,538)
School site administration	888,946	27,560	19,110	(842,276)
Pupil services:				
Home-to-school transportation	(30,814)	-	-	30,814
Food services	150,348	4,254	55,948	(90,146)
All other pupil services	500,066	26,621	91,653	(381,792)
General administration:				
Data processing	39,692	-	-	(39,692)
All other general administration	515,133	-	6,894	(508,239)
Plant services	1,438,932	11,285	11,584	(1,416,063)
Facility acquisition and construction	-	167,261	45,487	212,748
Ancillary services	544,222	-	274,880	(269,342)
Transfers between agencies	196,626	-	-	(196,626)
Interest on long-term debt	570,881	-	-	(570,881)
Total Governmental Activities	<u>\$ 9,728,222</u>	<u>\$ 705,960</u>	<u>\$ 1,083,221</u>	<u>(7,939,041)</u>
GENERAL REVENUES				
Taxes and subventions:				
Property taxes levied for general purposes				3,954,375
Federal and state aid not restricted to specific purposes				2,822,501
Interest and investment earnings				88,480
Interagency revenues				86,410
Miscellaneous				1,058,325
Total General Revenues				<u>8,010,091</u>
Change in Net Position				71,050
Net Position - Beginning - Restated				<u>4,907,430</u>
Net Position - Ending				<u>\$ 4,978,480</u>

The accompanying notes are an integral part of these financial statements.

SISKIYOU UNION HIGH SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018

	General Fund	Bond Interest and Redemption Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and equivalents	\$ 3,118,597	\$ 1,016,919	\$ 1,761,197	\$ 5,896,713
Investments	887,634	-	-	887,634
Accounts receivable	489,800	3,449	75,940	569,189
Due from other funds	-	-	65	65
Total Assets	<u>\$ 4,496,031</u>	<u>\$ 1,020,368</u>	<u>\$ 1,837,202</u>	<u>\$ 7,353,601</u>
LIABILITIES				
Accounts payable	\$ 491,466	\$ -	\$ 36,807	\$ 528,273
Due to other funds	65	-	-	65
Unearned Revenue	339,441	-	-	339,441
Total Liabilities	<u>830,972</u>	<u>-</u>	<u>36,807</u>	<u>867,779</u>
FUND BALANCES				
Non spendable				
Cash in revolving fund	3,500	-	-	3,500
Restricted	427,363	-	638,309	1,065,672
Committed				
Other commitments	2,722,043	-	1,160,224	3,882,267
Assigned				
Other assignments	-	1,020,368	1,862	1,022,230
Unassigned				
Reserve for economic uncertainties	354,638	-	-	354,638
Unassigned amount	157,515	-	-	157,515
Total Fund Balance	<u>3,665,059</u>	<u>1,020,368</u>	<u>1,800,395</u>	<u>6,485,822</u>
Total Liabilities and Fund Balance	<u>\$ 4,496,031</u>	<u>\$ 1,020,368</u>	<u>\$ 1,837,202</u>	<u>\$ 7,353,601</u>

The accompanying notes are an integral part of these financial statements.

SISKIYOU UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Detail</u>	<u>Total</u>
Total fund balances - governmental funds		\$ 6,485,822
<p>Amounts reported for governmental activities in the Statement of Net Position differ from amounts reported in governmental funds as follows:</p>		
<p>Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>		
Historical cost of capital assets	\$ 27,445,008	
Accumulated depreciation	<u>(11,113,384)</u>	
		16,331,624
<p>Debt issue costs are recorded as expenditures in the governmental funds, in the period they are incurred. In the government-wide statements, debt issue costs are amortized over the life of the debt. The unamortized debt issue costs included in deferred charges on the Statement of Net Position.</p>		
		160,675
<p>Interest on long-term debt is not reported in the governmental funds until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liabilities for the unmatured interest owing at the end of the period are included on the Statement of Net Position.</p>		
		(106,451)
<p>Contributions to pension plans made subsequent to the measurement date are reported as expenditures in governmental funds, however, these contributions are reported as deferred outflows of resources in the statement of net position.</p>		
		833,522
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities, net of unamortized premiums, discounts, and deferred charges, are included in the Statement of Net Position.</p>		
General obligation bonds payable	(10,338,368)	
Premium on issuance	(232,718)	
Net pension liability	(7,287,170)	
Net OPEB liability	(646,842)	
Compensated absences	<u>(9,393)</u>	
		(18,514,491)

The accompanying notes are an integral part of these financial statements.

SISKIYOU UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

(Continued)	<u>Detail</u>	<u>Total</u>
The District's share of net OPEB differences between actual and expected experience are reported in the statement of net position as deferred inflows of resources relating to OPEB.		(63,307)
The District's share of net differences between actual and expected experience are reported in the statement of net position as deferred outflows of resources relating to pensions.		82,412
The District's share of changes in assumptions are reported in the statement of net position as deferred outflows of resources related to pensions.		924,451
The District's Change in employer's proportion and difference between the employer's contributions and the employer's proportionate share contributions are reported in the statement of net position as deferred inflows of resources relating to pensions.		(425,262)
The District's share of net differences between projected and actual earnings on plan investments are reported in the statement of net position as deferred inflows and deferred outflows of resources relating to pensions.		<u>(730,515)</u>
Total net position, governmental activities		<u>\$ 4,978,480</u>

The accompanying notes are an integral part of these financial statements.

SISKIYOU UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Bond Interest and Redemption Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Local control sources:				
State apportionments	\$ 2,639,985	\$ -	\$ -	\$ 2,639,985
Local sources	3,874,375	-	80,000	3,954,375
Federal	174,336	-	51,763	226,099
Other state	581,816	-	8,367	590,183
Other local	1,284,722	667,811	436,097	2,388,630
Total Revenues	8,555,234	667,811	576,227	9,799,272
EXPENDITURES				
Instruction	4,591,122	-	74,926	4,666,048
Instruction related services:				
Supervision of instruction	8,797	-	-	8,797
Instructional library, media, and technology	153,761	-	100	153,861
School site administration	857,508	-	53,591	911,099
Pupil services:				
Home-to-school transportation	111,379	-	-	111,379
Food services	3,404	-	110,266	113,670
All other pupil services	468,596	-	54,203	522,799
General administration:				
Data processing	41,292	-	-	41,292
All other general administration	528,165	-	3,600	531,765
Plant services	1,194,756	-	293,686	1,488,442
Facility acquisition and construction	192,537	-	89,330	281,867
Ancillary services	548,937	-	-	548,937
Transfers between agencies	196,626	-	-	196,626
Principal on long-term debt	-	355,000	-	355,000
Interest on long-term debt	-	255,481	-	255,481
Total Expenditures	8,896,880	610,481	679,702	10,187,063
Excess (deficiency) of revenues over (under) expenditures	(341,646)	57,330	(103,475)	(387,791)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	149,000	-	55,065	204,065
Operating transfers out	(55,065)	-	(149,000)	(204,065)
Total Other Financing Sources (Uses)	93,935	-	(93,935)	-
Excess of revenues and other financing sources over (under) expenditures and other financing sources (uses)	(247,711)	57,330	(197,410)	(387,791)
Fund Balance - Beginning	3,912,770	963,038	1,997,805	6,873,613
Fund Balance - Ending	\$ 3,665,059	\$ 1,020,368	\$ 1,800,395	\$ 6,485,822

The accompanying notes are an integral part of these financial statements.

SISKIYOU UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Detail</u>	<u>Total</u>
Total change in fund balances - governmental funds		\$ (387,791)
Amounts reported for governmental activities differ from amounts reported in governmental funds as follows:		
Capital Outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital outlay	\$ 649,744	
Depreciation expense	<u>(521,617)</u>	
		128,127
Bond issuance costs are recorded as an expenditure in the governmental fund financials. In the government-wide financials they are recorded as deferred charges and amortized as interest expense over the life of the bond.		
Interest expense		(6,331)
Accreted interest on capital appreciation bonds is accrued as long-term debt in the government wide financials, increasing interest expense.		
		(319,246)
Repayment of the accreted interest on capital appreciation bonds is reported as an expenditure in Governmental funds. However the repayment reduces the long-term liabilities in the statement of net position.		
		161,780
Debt issued at a premium or at a discount is recognized as an Other Financing Source or Other Financing Use in the period it is incurred in the governmental funds. In the government-wide statements, the premium or discount is amortized as interest over the life of the debt.		
Amortization Expense		10,177
Repayment of the principal of long-term debt is reported as an expenditure in governmental funds. However, the repayment reduces long-term liabilities in the statement of net position.		
General obligation bonds payable		193,221

The accompanying notes are an integral part of these financial statements.

SISKIYOU UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

(Continued)	<u>Detail</u>	<u>Total</u>
Changes in the net OPEB liability, deferred outflows of resources and deferred inflows of resources are reported as OPEB expenses in the statement of activities.		(35,729)
Increases in the liability for compensated absences are not recorded as expenditures in governmental funds because they are not expected to be liquidated with current financial resources. In the statement of activities, compensated absences are recognized as expenses when earned.		
Decreases to compensated absences		4,155
Contributions to pension plans made subsequent to the measurement date are reported as expenditures in governmental funds, however, these contributions are reported as deferred outflows of resources in the statement of net position.		833,522
Changes in the net pension liability, deferred outflows of and deferred inflows of resources are reported as pension expenses in the statement of activities.		(510,834)
Change in net position of governmental activities		<u>\$ 71,050</u>

SISKIYOU UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

The Siskiyou Union High School District (District) is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a seven member Board of Trustees (Board) elected by registered voters of the District, which comprises an area in Siskiyou County. The District was established in 1892 and serves students in grades nine through twelve.

B. Accounting Policies

The District prepares its basic financial statements in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA) and complies with the policies and procedures of the Department of Education's *California School Accounting Manual*.

C. Reporting Entity

The Board is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. The District is therefore a financial reporting entity as defined by the GASB in its Statement No. 14, *The Financial Reporting Entity*, as amended by GASB 39, *Determining Whether Certain Organizations Are Component Units*.

The District has reviewed criteria to determine whether other entities with activities that benefit the District should be included within its financial reporting entity. The criteria include, but are not limited to: whether the District exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), the scope of public service, and a special financing relationship.

The District has determined that no outside entity meets the above criteria, and therefore, no agency has been included as a component unit in the District's general-purpose financial statements. In addition, the District is not aware of any entity that would exercise such oversight responsibility that would result in the District being considered a component unit of that entity.

D. Implemented Changes in Accounting Principles

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

SISKIYOU UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The requirements of these Statement are effective for financial statements for periods beginning after June 15, 2017. The District implemented these Statements to its financial statements for the year ending June 30, 2018, effective July 1, 2017. As a result of this implementation, the District restated beginning net position for governmental activities as noted below in Note 9.

E. Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued pronouncements prior to June 30, 2018, that have effective dates that may impact future financial presentations; however, the impact of the implementation of each of the statements below to the District's financial statements has not been assessed at this time.

Statement No. 83, *Certain Asset Retirement Obligations*

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (ARO's), which is a legally enforceable liability associated with the retirement of a tangible capital asset.

This Statement is effective for periods beginning after June 15, 2018.

Statement No. 84, *Fiduciary Activities*

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement is effective for reporting periods beginning after December 15, 2018.

Statement No. 87, *Leases*

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 88, *Certain Disclosures Related to Debt including Direct Borrowings and Direct Placements*

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

SISKIYOU UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

In June of 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

The District will analyze the impact of these new Statements prior to the effective dates listed above.

The provisions of these Statements generally are required to be applied retroactively for all periods presented. Early application, if allowable, was not adopted.

F. Basis of Presentation

1. 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 nonfiduciary activities of the District and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

SISKIYOU UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 limited 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.

2. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures or expenses, as appropriate.

The emphasis in fund financial statements is on the major funds in the governmental activities categories. Non-major funds by category are summarized in to a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise funds combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements.

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

a. Major Governmental Funds

The *General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

The *Bond Interest and Redemption Fund* is maintained by the County Treasurer and is used to account for both the accumulation of resources from ad valorem tax levies and the interest payments and redemption of principal of the District's general obligation bond issuance as discussed later in the Notes to Financial Statements. *Debt Service Funds* are used to account for the accumulation of resources for, and the debt service payments related to, the District's debt issuances.

b. Non-major Governmental Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The District maintains the following non-major special revenue fund:

The *Adult Education Fund* is used to account for resources committed to adult education programs maintained by the District.

The *Cafeteria Fund* is used to account for revenues and expenditures associated with the District's food service program.

The *Deferred Maintenance Fund* is used for the purpose of major repair or replacement of the District's facilities.

SISKIYOU UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Projects Funds are used to account for the acquisition and construction of all major governmental capital assets. The District maintains the following non-major capital projects funds:

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

The *County School Facilities Fund* is used to account for State apportionments provided from State School Facility Program funding and the expenditures relating to the acquisition, construction, or renovation of approved capital facilities projects.

The *Special Reserve Fund for Capital Outlay Projects* is used to account for the financial resources used for the acquisition or construction of major capital projects.

Debt Service Fund are used to account for the accumulation of resources for, and the debt service payments related to, the District's debt issuances. The District maintains the following non-major debt service fund:

The *Bond Interest and Redemption Fund* is maintained by the County Treasurer and is used to account for both the accumulation of resources from ad valorem tax levies and the interest payments and redemption of principal of the District's general obligation bond issuance as discussed later in the Notes to Financial Statements.

G. Basis of Accounting

Basis of accounting refers to when transactions are recorded in the financial records and reported in the financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

1. 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 collectable within the current period or with 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 aid apportionments, the California Department of Education has defined available as collectible within one year.

SISKIYOU UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-exchange transactions are those 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.

2. 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 unearned revenue.

3. Expenses/Expenditures

Under the accrual basis of accounting, expenses are recognized at the time they are incurred. However, the measurement focus of governmental fund accounting is on decreases in the net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized on governmental fund financial statements.

H. 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 District superintendent during the year to give consideration to unanticipated revenue and expenditures. The original and final revised budgets for the General Fund and Deferred Maintenance Fund are presented as required supplementary information in these financial statements.

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.

SISKIYOU UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Encumbrances

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

J. Assets, Liabilities, and Equity

1. Cash, Equivalents and Investments

The District considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

2. Receivables

Accounts receivable in governmental fund types consist primarily of receivables from federal, state and local governments for various programs.

3. Capital Assets

Capital assets are those purchased or acquired with an original cost of \$20,000 or more for equipment and \$50,000 or more for buildings and 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 and an annual convention over the following estimated useful lives:

Land improvements	20 - 50
Buildings and improvements	25 - 50
Equipment	5 - 20
Vehicles	8 - 20

4. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. The District reports long-term obligations of governmental funds at face value in the government-wide financial statements.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources.

SISKIYOU UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' 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.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following time frames are used:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Measurment Period	July 1, 2016 to June 30, 2017

6. Other Postemployment Benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following time frames are used:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2018
Measurment Period	July 1, 2017 to June 30, 2018

7. Compensated Absences

All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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.

SISKIYOU UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position 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 or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position 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 or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

9. Fund Balance Classifications

The governmental fund financial statements present fund balances based on a classification hierarchy that depicts the extent to which the District is bound by spending constraints imposed on the use of its resources. The classifications used in the governmental fund financial statements are as follows:

a. Nonspendable Fund Balance

The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory and prepaid items. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact.

b. Restricted Fund Balance

The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation. These are the same restrictions used to determine restricted net position as reported in the government-wide statements.

c. Committed Fund Balance

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the highest level of decision-making authority. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board.

d. Assigned Fund Balance

The assigned fund balance classification reflects amounts that the District intends to be used for specific purposes. Assignments may be established either by the Board of Trustees or by a designee of the Board of Trustees, and are subject to neither the restricted nor committed levels of constraint.

SISKIYOU UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the highest level of decision-making authority. The action may be delegated to another body or official.

e. Unassigned Fund Balance and Minimum Fund Balance Policy

In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes.

The Reserve for Economic Uncertainties maintained by the District pursuant to the Criteria and Standards for fiscal solvency adopted by the State Board of Education is a stabilization-like arrangement of the "minimum fund balance policy" type. The Reserve for Economic Uncertainties does not meet the criteria to be reported as either restricted or committed because it is not an externally enforceable legal requirement, and because even where the Reserve for Economic Uncertainties is established by formal action of the District's highest level of decision-making authority, the circumstances in which the Reserve for Economic Uncertainties might be spent are by their nature neither specific nor non-routine. For this reason, the Reserve for Economic Uncertainties is reported as unassigned fund balance.

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. Due to the recently enacted cap on school district reserves of double the state required minimum for economic uncertainties (or 8% for Siskiyou Union High School District), the District has established this would not be sufficient reserves to protect the District from volatility in funding or expenditures, managing cash flow, addressing unexpected costs, and reducing costs of borrowing. The District has identified 4% will be District match, 2% for increase in CalSTRS and CalPERS employer contribution rates, and up to 5% for unanticipated/cash flow.

The District's policy regarding the order in which spendable fund balances are spent when more than one classification is available for a specific purpose is that they are spent in restricted, committed, assigned, and then unassigned order.

10. Local Control Funding Formula / Property Taxes

The District's local control funding formula revenue is received from a combination of local property taxes, state apportionments, and other local sources.

The county is responsible for assessing, collecting, and apportioning property taxes. 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.

SISKIYOU UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 alternate 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 control funding formula sources by the District.

The California Department of Education reduces the District's entitlement by the District local property tax revenue. The balance is paid from the state General Fund, and is known as the State Apportionment.

The District's Base Local Control Funding Formula Revenue is the amount of general-purpose tax revenue, per average daily attendance (ADA), that the District is entitled to by law. This amount is multiplied by the second period ADA to derive the District's total entitlement.

K. Investment Valuation

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: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District does not have any investments that are measured using Level 2 or 3 inputs.

Cash in County Treasury pools are measured at fair value using level 1 inputs. Fair market value adjustments have not been recorded as they are determined immaterial to the District.

L. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual amounts could differ from those estimates.

SISKIYOU UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2. CASH, EQUIVALENTS AND INVESTMENTS

Cash, Equivalents and Investments at June 30, 2018 are classified in the accompanying financial statements as follows:

	<u>Governmental Activities</u>
Cash and Equivalents	
Pooled Funds:	
Cash in county treasury	\$ 5,639,065
Deposits:	
Cash on hand and in banks	254,148
Cash in revolving fund	<u>3,500</u>
Total Cash and Equivalents	<u><u>\$ 5,896,713</u></u>
Investments:	
Local Agency Investment Fund	<u>\$ 887,634</u>
Total Investments	<u><u>\$ 887,634</u></u>

A. Cash in County Treasury

In accordance with *Education Code* 41001, the District maintains substantially all of its cash in the Siskiyou County Treasury (the Treasury). The Treasury pools these funds with those of other districts in the County and invests the cash. The share of each fund in the pooled cash account is separately accounted for and interest earned is apportioned quarterly to funds that are legally required to receive interest based on the relationship of a fund's daily balance to the total of pooled cash and investments.

Participants' equity in the investment pool is determined by the dollar amount of the participant deposits, adjusted for withdrawals and distributed income. This method differs from the fair value method used to value investments in these financial statements in that unrealized gains or losses are not distributed to pool participants.

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

The Treasury is restricted by *Government Code* Section 53635, pursuant to Section 53601, to invest in time deposits; U.S. government securities; state registered warrants, notes or bonds; the State Treasurer's investment pool; bankers' acceptances; commercial paper; negotiable certificates of deposit; and repurchase or reverse repurchase agreements.

B. Investments Authorized by the District's Investment Policy

The table below identifies the investment types authorized for the District by the *California Government Code* Section 53601. This table also identifies certain provisions of the *California Government Code* that address interest rate risk, credit risk, and concentration of credit risk.

SISKIYOU UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2. CASH, EQUIVALENTS AND INVESTMENTS (Continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations	5 years	None	None
U.S. Agency Obligations	5 years	None	None
Bankers Acceptances	180 days	40%	None
Commercial Paper - Pooled Funds	270 days	40% of the agency's money	number rating by an NRSRO
Commercial Paper - Non-Pooled Funds	270 days	25% of the agency's money	number rating by an NRSRO
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements and Securities Lending Agreements	92 days	value of the portfolio	None
Medium-Term Notes	5 years	30%	"A" rating category or its equivalent or better
Mutual Funds\ Money Market Mutual Funds	N/A	20%	Multiple "AA" rating category or its equivalent or better
Mortgage Pass-Through Securities	5 years	20%	its equivalent or better
County Pooled Investment Funds	N/A	None	None
Joint Power Authority Pools	N/A	None	Multiple
Local Agency Investment Funds (LAIF)	N/A	None	None

C. 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 values to changes in market interest rates. As of June 30, 2018, the weighted average maturity of the investments contained in the Treasury investment pool was unavailable.

D. Credit Risk

Generally, 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. The County Treasury investment pool does not have a rating provided by a nationally recognized statistical rating organization.

E. 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 formal policy for custodial credit risk for deposits.

Cash balances in banks and revolving funds are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2018, the District's bank balances were fully insured.

SISKIYOU UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2. CASH, EQUIVALENTS AND INVESTMENTS (Continued)

F. Custodial Credit Risk – Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The *California Government Code* and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments.

NOTE 3. INTERFUND TRANSACTIONS

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/expenses. 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. Transfers among governmental funds are netted as part of the reconciliation to the government wide financial statements.

A. Interfund Receivables/Payables (Due From/Due To)

As of June 30, 2018, interfund receivables and payables were as follows:

<u>Due from</u>	<u>Due to</u>	<u>Amount</u>	<u>Purpose</u>
Cafeteria Fund	General Fund	\$ 65	Cover end of year expenses - payroll and warrants.
Total		<u>\$ 65</u>	

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

B. Interfund Transfers

Permanent reallocations of resources between funds of the reporting District are classified as interfund transfers. As of June 30, 2018, interfund transfers are as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Special Reserve Fund for Capital Outlay Projects	\$ 149,000	Offset of salary increase per negotiation agreement.
Cafeteria Fund	General Fund	50,065	Cover payroll & warrants.
Adult Education Fund	General Fund	<u>5,000</u>	Cover payroll & warrants.
Total		<u>\$ 204,065</u>	

SISKIYOU UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4. CAPITAL ASSETS

The changes in capital assets for the year ended June 30, 2018, are shown below:

	Balance July 1, 2017	Additions	Decreases	Balance June 30, 2018
Capital Assets Not Being Depreciated:				
Land	\$ 73,459	\$ -	\$ -	\$ 73,459
Construction in progress	163,524	42,606	(107,295)	98,835
Total Capital Assets Not Being Depreciated	<u>236,983</u>	<u>42,606</u>	<u>(107,295)</u>	<u>172,294</u>
Capital Assets Being Depreciated:				
Land improvements	4,236,111	107,295	-	4,343,406
Buildings and improvements	20,753,800	442,823	-	21,196,623
Equipment	1,568,370	192,498	(28,183)	1,732,685
Total Capital Assets Being Depreciated	<u>26,558,281</u>	<u>742,616</u>	<u>(28,183)</u>	<u>27,272,714</u>
Less Accumulated Depreciation for:				
Land improvements	(1,197,610)	(75,920)	-	(1,273,530)
Buildings and improvements	(8,307,037)	(365,365)	-	(8,672,402)
Equipment	(1,087,120)	(108,515)	28,183	(1,167,452)
Total Accumulated Depreciation	<u>(10,591,767)</u>	<u>(549,800)</u>	<u>28,183</u>	<u>(11,113,384)</u>
Total Capital Assets Being Depreciated, Net	<u>15,966,514</u>	<u>192,816</u>	<u>-</u>	<u>16,159,330</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 16,203,497</u>	<u>\$ 235,422</u>	<u>\$ (107,295)</u>	<u>\$ 16,331,624</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 437,947
Instruction related services:	
School site administration	11,656
Pupil services:	
Home-to-school transportation	52,459
Food services	38,468
General administration:	
Plant services	<u>9,270</u>
Total Depreciation Expense	<u>\$ 549,800</u>

SISKIYOU UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5. GENERAL OBLIGATION BONDS

On November 4, 2008, the District's registered voters authorized, by more than 55% approval, the District to issue general obligation bonds not to exceed \$12,500,000 in principal amounts; known as the Election of 2008. In April 2009, the District issued Series 2009 of the Election of 2008 in the amounts of \$5,405,000 in current interest bonds and \$594,341 in capital appreciation bonds. On November 18, 2009, the District issued Series 2009B of the Election of 2008 in the amount of \$3,499,889 in capital appreciation bonds. The bonds were sold at a net premium. The proceeds are to be used to finance new construction and additions to modernization of school facilities for the District.

The outstanding bonded debt of District as of June 30, 2018 is as follows:

General Obligation Bonds	Date of Issuance	Interest Rate %	Maturity Date August 1	Amount of Original Issue	Outstanding Principal and Accreted Interest June 30, 2017	Current Year Additions	Accreted Interest Current Year	Redeemed Current Year	Balance June 30, 2018
2009 Current Interest	2009	4.00 - 4.75	2033	\$ 5,405,000	\$ 5,405,000	\$ -	\$ -	\$ -	\$ 5,405,000
2009 Capital Appreciation	2009	10.00 - 12.00	2017	594,341	48,351	-	-	70,870	(22,519)
Accreted Interest					131,101	-	5,548	114,130	22,519
2009B Capital Appreciation	2009	2.55 - 6.82	2049	3,499,889	2,946,488	-	-	122,351	2,824,137
Accreted Interest					1,843,183	-	313,698	47,649	2,109,232
Totals					<u>\$ 10,374,123</u>	<u>\$ -</u>	<u>\$ 319,246</u>	<u>\$ 355,000</u>	<u>\$ 10,338,368</u>

The District's future payments on the bonds are as follows:

For the Year Ended June 30:	Principal and Accreted Interest	Future Interest	Total
2019	\$ 368,792	\$ 256,689	\$ 625,481
2020	379,983	257,698	637,681
2021	390,609	258,672	649,281
2022	400,544	259,537	660,081
2023	420,218	257,613	677,831
2024 - 2027	2,356,260	1,230,239	3,586,499
2028 - 2032	2,951,854	1,009,097	3,960,951
2033 - 2037	1,419,451	2,842,327	4,261,778
2038 - 2042	889,522	3,814,355	4,703,877
2043 - 2047	575,649	4,615,819	5,191,468
2048 - 2050	185,486	2,041,589	2,227,075
Totals	<u>\$ 10,338,368</u>	<u>\$ 16,843,635</u>	<u>\$ 27,182,003</u>

SISKIYOU UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6. PENSION PLANS

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

A. California State Teachers' Retirement System

1. Plan Description and Provisions

The District contributes to CalSTRS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS 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 CalSTRS website.

2. Benefits Provided

The plan provides retirement, disability, and survivor benefits to beneficiaries. Beneficiaries of a retired member who elected an option receive a continuing lifetime benefit upon the member's death.

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	<u>After January 1, 2013</u>	<u>On Or Before December 31, 2012</u>
Hire Date		
Benefit Formula	2% @ age 62	2% @ age 60
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Payable upon retirement	Payable upon retirement
Retirement Age	Age 50 with at least 30 years service or age 55 with at least 5 years service	Age 55 with at least 5 years service
Monthly Benefits as a % of Eligible Compensation	Variable based on age factor 2.0% at age 62 to 2.4% at age 65	Variable based on age factor 2.0% at age 60 to 2.4% maximum
Required Employee Contribution Rates	9.205%	10.250%
Required Employer Contribution Rates	14.43%	14.43%
Required State Contribution Rates	9.328%	9.328%

SISKIYOU UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6. PENSION PLANS (Continued)

3. Contributions

Active plan members are required to contribute 9.21% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Teachers' Retirement Board.

For the year ended June 30, 2018, the contributions recognized as part of pension expense for the Plan were as follows:

Contributions - employer	\$ 418,492
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4. Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per Assembly Bill 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the State Teachers Retirement Plan's (STRP) 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.

SISKIYOU UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6. PENSION PLANS (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance - PCA) as an input to the process. Based on the model from CalSTRS consulting actuary's (Milliman) investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation by PCA is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

	Asset Allocation	Long-Term Expected Real Rate of Return (20-year average)
Global Equity	47.00%	6.30%
Private Equity	13.00%	9.30%
Real Estate	13.00%	5.20%
Inflation Sensitive	4.00%	3.80%
Absolute Return	9.00%	2.90%
Fixed Income	12.00%	0.30%
Liquidity (Cash)	2.00%	-1.00%
Total	100%	

5. On Behalf Payment

The State of California makes contributions to STRS on behalf of the District. Under accounting principles generally accepted in the United States of America, these amounts have been recorded as revenue in the government-wide financial statements. For the year ended June 30, 2018 the District has recorded \$221,202 of State on behalf payments as revenue.

SISKIYOU UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6. PENSION PLANS (Continued)

B. California Public Employees' Retirement System

1. Plan Description and Provisions

The District contributes to the School Employer Pool under the CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. 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.

2. Benefits Provided

The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service.

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

Hire Date	<u>After January 1, 2013</u>	<u>On Or Before December 31, 2012</u>
Benefit Formula	2% @ age 62	2% @ age or 55
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly	Monthly
Retirement Age	Age 52 with at least 5 years service	Age 50 with at least 5 years service
	Variable based on age factor	Variable based on age factor
Monthly Benefits as a % of Eligible Compensation	2.0% at age 62 to 2.4% maximum	2.0% at age 55 to 2.5% maximum
Required Employee Contribution Rates	6.00%	7.00%
Required Employer Contribution Rates	13.89%	13.89%

SISKIYOU UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6. PENSION PLANS (Continued)

3. Contributions

Active plan members are required to contribute 6.00% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration.

For the year ended June 30, 2018, the contributions recognized as part of pension expense for the Plan were as follows:

Contributions - employer	\$ 122,837
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4. Discount Rate

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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.

SISKIYOU UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6. PENSION PLANS (Continued)

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

	Asset Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Entity	47.00%	4.90%	5.38%
Private Equity	12.00%	6.60%	6.63%
Fixed Income	19.00%	0.80%	2.27%
Real Estate	11.00%	2.80%	5.21%
Liquidity	2.00%	-0.40%	-0.90%
Inflation Assets	6.00%	0.60%	1.39%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Total	100%		

(a) an expected inflation of 2.50% used for this period

(b) an expected inflation of 3.00% used for this period

C. Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (STRS or PERS) must be covered by social security or an alternative plan. The District has elected to use Social Security.

SISKIYOU UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6. PENSION PLANS (Continued)

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

1. Pension Liability

As of June 30, 2018, the District reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

CalSTRS	\$ 5,630,409
CalPERS	<u>1,656,761</u>
Total District net pension liability	<u>7,287,170</u>
State's proportionate share of the CalSTRS net pension liability associated with the District	<u>3,330,903</u>
Total	<u><u>\$ 10,618,073</u></u>

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2017, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for each Plan as of June 30, 2016 and 2017 was as follows:

	<u>CalSTRS</u>	<u>CalPERS</u>
District Proportion - June 30, 2016	0.0061%	0.0071%
District Proportion - June 30, 2017	0.0061%	0.0069%
Change - Increase (Decrease)	0.0000%	-0.0002%

SISKIYOU UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6. PENSION PLANS (Continued)

2. Pension Expenses and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2018, the District recognized pension expense of \$510,834. At June 30, 2018, 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>
Pension contributions subsequent to measurement date	\$ 833,522	\$ -
Differences between actual and expected experience	156,086	(73,674)
Changes in assumptions	964,047	(39,596)
Change in employer's proportion and difference between the employer's contributions and the employer's proportionate share contributions	74,881	(500,143)
Net differences between projected and actual earnings on plan investments	315,469	(1,045,984)
Total	<u>\$ 2,344,005</u>	<u>\$ (1,659,397)</u>

The \$833,522 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized as pension expense as follows:

For the Year Ended June 30:

2019	\$ (150,707)
2020	138,983
2021	151,334
2022	(70,299)
2023	(51,759)
Thereafter	<u>(166,466)</u>
Totals	<u>\$ (148,914)</u>

SISKIYOU UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6. PENSION PLANS (Continued)

3. Actuarial Assumptions.

Total pension liabilities were determined by applying update procedures to a financing actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017.

	<u>CalSTRS</u>	<u>CalPERS</u>
Valuation Date	June 30, 2016	June 30, 2016
Measurement Date	June 30, 2017	June 30, 2017
Measurement Period	July 1, 2010 through June 30, 2015	July 1, 2015 to June 30, 2016
Actuarial Cost Method	Individual Entry Age Normal	Individual Entry Age Normal
Actuarial Assumptions:		
Discount Rate	7.10%	7.15%
Inflation Rate	2.75%	2.75%
Payroll Growth	3.50%	Varies by Entry Age and Service
Investment Rate of Return	7.10%	7.50%
Experience Study / Period Upon Which Actualial Experience Survey Assumptions Were Based	2010-2015 (Custom CalSTRS rates) See June 30, 2016 DB Program funding valuation for details	1997-2011 Derived using CalPERS' Membership Data for all Funds
Mortality Rate	2.00% simple for DB (Annually) Maintain 85% purchasing power level DB, Not applicable for DBS/CBB	2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter
Post-retirement Benefit Increases		

SISKIYOU UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6. PENSION PLANS (Continued)

4. Sensitivity of the 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 for each Plan, calculated using the discount rate for each Plan, 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 or 1-percentage point higher than the current rate:

	<u>CalSTRS</u>		<u>CalPERS</u>	
1% Decrease		6.10%		6.15%
Net Pension Liability	\$	8,267,228	\$	2,437,626.59
Current Discount Rate		7.10%		7.15%
Net Pension Liability	\$	5,630,409	\$	1,656,761
1% Increase		8.10%		8.15%
Net Pension Liability	\$	3,490,451.98	\$	1,008,967.91

5. Pension Plan Fiduciary Net Position

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

SISKIYOU UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7. POSTEMPLOYMENT BENEFIT PLAN

A. Plan Description

The Postemployment Benefit Plan (Plan) is a single-employer defined benefit healthcare plan administered by the District.

B. Benefits Provided

The Plan provides medical, dental, and vision insurance benefits to eligible retirees and their spouses. The following table outlines the retiree benefits provided:

	<u>Certificated</u>	<u>Classified</u>	<u>Management</u>
Benefit Types Provided	Medical only	Medical only	Medical only
Duration of Benefits	To age 65	To age 65	To age 65
Required Service	12 Years	15 Years	15 years
Minimum Age	50	55	55
Dependent Coverage	6100.00%	6100.00%	6100.00%
District Contribution %	Yes	Yes	Yes
District Cap	100.00%	100%**	100.00%
	\$596 per month	\$647.14 per month	\$647.14 per month

C. Employees Covered

The following current and former employees were covered by the benefit terms provided under the Plan:

Inactive plan members or beneficiaries currently receiving benefit payments	11
Active plan members	24
Total plan members	<u>35</u>

D. Contribution Information

Employees are not required to contribute to the plan. If the plan were a pre-funded plan, in order to fully fund the plan, the District would be required to contribute an amount actuarially determined in accordance with the parameters of GASB Statement 75. The Actuarially Determined Contribution (ADC) represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. ADC amounts used to calculate the total OPEB liability are derived from the future payment schedule, based on current health care costs and projected health care inflation rates for that participant.

For the year ended June 30, 2018, the District contributed \$63,307 to the plan, consisting entirely of current premiums. Currently, the District is not funding the Plan in an irrevocable trust fund; however the District has committed \$1,155,344 for the Plan in the General Fund.

SISKIYOU UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7. POSTEMPLOYMENT BENEFIT PLAN (Continued)

E. Net OPEB Liability

The District's total OPEB liability (TOL) of \$646,842 was measured as of June 30, 2018, in accordance with GASB Statement 75, based on Entry Age Normal Cost Method. The District's TOL has been determined using an actuarial valuation. Under GASB 75 reporting requirements, the previous OPEB Obligation must be restated to report the total OPEB liability. Therefore, the OPEB liability has been restated using a blended "roll-back" method, based on the previous actuarial evaluation report of future actuarially determined contribution amounts.

The total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Assumptions:

Discount Rate	3.80%
Inflation Rate	2.75%
Salary Increases	2.75%
Investment Rate of Return	3.80%
Healthcare Cost Trend Rate	4.00%
Pre-Retirement Turnover	2009 CalSTRS Termination Rate 2009 CalPERS Termination Rate for School Employees
Mortality Rates	2009 CalSTRS Retirement Plans 2014 CalPERS Active Mortality for Miscellaneous Employees
Retirement Rates	2009 CalSTRS Retirement Rates 2009 CalPERS Retirement Rates for School Employees

F. Investments / Assets / Rate of Return

The Plan is a single-employer unfunded defined benefit plan, and there are no plan assets because the plan is not pre-funded. There are no investments to pre-fund the future OPEB liability, costs are paid at the time they are due, on a "pay-as-you-go" basis. Because there are no investments, there is no Rate of Return on Investments. Therefore, for fiscal year ended June 30, 2018, there are no investments, assets, or rate of return to report relating to OPEB liability, and the Net Fiduciary Position was \$0.

SISKIYOU UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7. POSTEMPLOYMENT BENEFIT PLAN (Continued)

G. Changes in the Net OPEB Liability

In order to determine the beginning Net OPEB Liability, Actuarial used a "roll-back" technique. The following table shows the results of the roll-back. Siskiyou Union High School District restated its June 30, 2017 Net OPEB Liability accordingly.

The changes in the net OPEB liability of the District at June 30, 2018 are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Positon	Net OPEB Liability (Asset)
Roll back balance at June 30, 2017	\$ 674,420	\$ -	\$ 674,420
Changes recognized for the measurement period:			
Service Cost	11,099	-	11,099
Interest on Total OPEB Liability	24,630	-	24,630
Employer Contributions	-	63,307	(63,307)
Employee Contributions	-	-	-
Actual Investment Income	-	-	-
Administrative Expense	-	-	-
Benefit Payments	(63,307)	(63,307)	-
Other	-	-	-
Net Changes	(27,578)	-	(27,578)
Balance June 30, 2018	\$ 646,842	\$ -	\$ 646,842

H. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District if it were calculated using discount rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

	1% Decrease 2.80%	Current Discount Rate 3.80%	1% Increase 4.80%
Net OPEB Liability	\$ 676,970	\$ 646,842	\$ 619,110

I. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

	1% Decrease 3.00%	Valuation Trend 4.00%	1% Increase 5.00%
Net OPEB Liability	\$ 646,842	\$ 646,842	\$ 646,842

SISKIYOU UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10. GENERAL LONG-TERM DEBT – SCHEDULE OF CHANGES

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

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Due within One Year
General obligation bonds payable	\$ 10,374,122	\$ 319,246	\$ 355,000	\$ 10,338,368	\$ 368,792
Premium on issuance	242,895	-	10,177	232,718	-
Net pension liability	6,335,994	951,176	-	7,287,170	-
Net OPEB liability	674,420	-	27,578	646,842	-
Compensated absences	13,548	-	4,155	9,393	1,879
Totals	<u>\$ 17,640,979</u>	<u>\$ 1,270,422</u>	<u>\$ 396,910</u>	<u>\$ 18,514,491</u>	<u>\$ 370,671</u>

The June 30, 2017 net OPEB liability have been restated.

General obligation bonds issued for governmental activity purposes are liquidated by the Bond Interest and Redemption Fund. The net pension liability is liquidated from the funds for which the related employees are compensated. Other postemployment benefit premiums and compensated absences are paid from the General Fund.

NOTE 11. RESTRICTED NET POSITION

The government-wide statement of net position reports \$2,916,426 of restricted net position; of which \$1,020,368 is restricted by enabling legislation.

NOTE 12. ASSOCIATED STUDENT BODY

The activities of the District's Associated Student Body (ASB) are reported within the General Fund as ancillary services and in the restricted ending fund balance. A standalone accounting system is maintained at the school site level and monitored by the District's business office. The high schools operate on an organized basis.

SISKIYOU UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13. JOINT POWERS AGREEMENTS

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the fiscal year ending June 30, 2018, the District participated in several joint powers agreements (JPAs) to manage these risks. There were no significant reductions in coverage during the year. Settled claims have not exceeded coverage in any of the past three years.

The various JPAs and the services they provide the District are as follows:

- Northern California Schools Insurance Group (NCSIG)
- Northeastern Joint Powers Authority (NEJPA)
- Schools Excess Liability Fund (SELF)
- California Valued Trust (CVT)

The JPAs arrange for and provide property, liability, workers' compensation, medical, dental, and vision insurance and excess liability coverage for its members. The relationship between the District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes. Each joint venture is governed by a board consisting of representatives from various member Districts. Each board controls the operations of the JPA, including selection of management, 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 requested and shares surpluses and deficits proportionate to their participation in the JPA. The District's share of year-end assets, liabilities, or fund equity is not calculated by the JPAs. Separately issued financial statements can be requested from each JPA.

NOTE 14. STATE TEACHERS' RETIREMENT SYSTEM EARLY RETIREMENT INCENTIVE PROGRAM

The District did not enter into any early retirement incentive agreements during 2017/2018, pursuant to California Education Code, Sections 22714 and 44929, whereby the service credit to eligible employees is increased by two years.

SISKIYOU UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 15. COMMITMENTS AND CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2018.

B. Litigation

As of June 30, 2018 the District is not currently involved in any litigation.

C. Commitments

As of June 30, 2018 the District had no material commitments outstanding.

NOTE 16. SUBSEQUENT EVENTS

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Management evaluated the activity of the District through February 25, 2019 and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

SISKIYOU UNION HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Favorable (Unfavorable)
REVENUES				
Local control sources:				
State apportionments	\$ 2,825,339	\$ 2,962,820	\$ 2,639,985	\$ (322,835)
Local sources	3,551,219	3,443,485	3,874,375	430,890
Federal	173,029	178,679	174,336	(4,343)
Other state	109,429	423,108	581,816	158,708
Other local	159,285	604,586	1,284,722	680,136
Total Revenues	6,818,301	7,612,678	8,555,234	942,556
EXPENDITURES				
Certificated salaries	3,287,716	3,363,042	3,340,303	22,739
Classified salaries	1,109,245	1,163,832	1,137,376	26,456
Employee benefits	1,477,223	1,788,986	1,575,021	213,965
Books and supplies	659,385	1,270,089	873,058	397,031
Services and other operating expenditures	970,101	1,369,962	1,223,108	146,854
Capital outlay	190,737	585,807	551,388	34,419
Other outgo	187,347	202,835	196,626	6,209
Total Expenditures	7,881,754	9,744,553	8,896,880	847,673
Excess (deficiency) of revenues over expenditures before other financing Sources (uses)	(1,063,453)	(2,131,875)	(341,646)	1,790,229
OTHER FINANCING SOURCES (USES)				
Transfers in	158,999	159,000	149,000	(10,000)
Transfers out	(61,951)	(85,410)	(55,065)	30,345
Total Other Financing Sources (Uses)	97,048	73,590	93,935	20,345
Net Increase (Decrease) in Fund Balance	(966,405)	(2,058,285)	(247,711)	1,810,574
Fund Balance - Beginning	3,912,770	3,912,770	3,912,770	-
Fund Balance - Ending	\$ 2,946,365	\$ 1,854,485	\$ 3,665,059	\$ 1,810,574

See accompanying notes to required supplementary information.

SISKIYOU UNION HIGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2018

	2015	2016	2017	2018
CALSTRS				
District's proportion as percentage of the net pension liability	0.0066%	0.0066%	0.0061%	0.0061%
District's proportionate share of the net pension liability	\$ 3,856,842	\$ 4,443,384	\$ 4,933,740	\$ 5,630,409
State's proportionate share of the net pension liability associated with the District	2,328,951	2,349,850	2,808,691	3,330,903
Total	<u>\$ 6,185,793</u>	<u>\$ 6,793,234</u>	<u>\$ 7,742,431</u>	<u>\$ 8,961,312</u>
District's covered payroll	\$ 1,866,777	\$ 2,105,985	\$ 1,947,188	\$ 2,202,589
District's proportionate share of the net pension liability as a percentage of covered payroll	207%	211%	253%	256%
Plan's fiduciary net position	\$ 190,474,016,000	\$ 191,822,000,000	189,113,000,000	210,289,900,000
Plan fiduciary net position as a percentage of the total pension liability	77%	74%	70%	69%
CALPERS				
District's proportion as percentage of the net pension liability	0.0074%	0.0082%	0.0071%	0.0069%
District's proportionate share of the net pension liability	\$ 840,080	\$ 1,208,688	\$ 1,402,254	\$ 1,656,761.00
District's covered payroll	786,941	899,244	836,851	884,356
District's proportionate share of the net pension liability as a percentage of covered payroll	106.8%	134.4%	167.6%	187.3%
Plan's fiduciary net position	\$ 57,011,696,000	\$ 56,911,065,643	55,912,964,588	60,998,387,000
Plan fiduciary net position as a percentage of the total pension liability	83.5%	79.4%	73.9%	71.9%

See accompanying notes to required supplementary information.

SISKIYOU UNION HIGH SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS - PENSION
FOR THE YEAR ENDED JUNE 30, 2018

	2015	2016	2017	2018
CALSTRS				
Contractually required contribution (actuarially determined)	\$ 240,914	\$ 273,367	\$ 325,796	\$ 405,837
Contributions in relation to the actuarially determined contributions	<u>242,681</u>	<u>273,778</u>	<u>331,022</u>	<u>\$ 418,492</u>
Contribution deficiency (excess)	<u>\$ (1,767)</u>	<u>\$ (411)</u>	<u>\$ (5,226)</u>	<u>\$ (12,655)</u>
Covered Payroll	\$ 1,866,777	\$ 2,105,985	\$ 1,947,188	\$ 2,202,589
Contributions as a percentage of covered payroll*	13%	13%	17%	19%
CALPERS				
Contractually required contribution (actuarially determined)	\$ 89,301	\$ 107,009	\$ 100,913	\$ 122,838
Contributions in relation to the actuarially determined contributions	<u>92,859</u>	<u>107,010</u>	<u>101,259</u>	<u>122,837</u>
Contribution deficiency (excess)	<u>\$ (3,558)</u>	<u>\$ (1)</u>	<u>\$ (346)</u>	<u>\$ 1</u>
Covered Payroll	\$ 786,941	\$ 899,244	\$ 836,851	\$ 884,356
Contributions as a percentage of covered payroll*	11.8%	11.9%	12.1%	13.9%

* Statements 67 and 68 required presentation of covered-employee payroll, which is the payroll of employees that are provided with pensions through the pension plan, and ratios that use the measure in schedules of required supplementary information. Statement No. 82 amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure.

SISKIYOU UNION HIGH SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB
LIABILITY AND RELATED RATIOS
JUNE 30, 2018

Measurement Period	2018
Total OPEB Liability	
Service Cost	\$ 11,099
Interest on Total OPEB Liability	24,630
Actual and expected experience difference	(63,307)
Changes in assumptions	-
Changes in benefit terms	-
Benefit Payments	-
Net Change in Total OPEB liability	(27,578)
Total OPEB liability - beginning	674,420
Total OPEB liability - ending	<u>\$ 646,842</u>
Plan Fiduciary Net Position	
Contribution - employer	\$ 63,307
Net investment income	-
Benefit payments	(63,307)
Administrative expenses	-
Net Change in Total OPEB liability	-
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending	<u>\$ -</u>
Net OPEB Liability	\$ 646,842
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.00%</u>
Covered payroll	<u>\$ 3,086,945</u>
Net OPEB liability as a percentage of covered-employee payroll	<u>20.95%</u>

See accompanying notes to required supplementary information.

SISKIYOU UNION HIGH SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS - OPEB
JUNE 30, 2018

Fiscal Year Ended June 30:	2018
Actuarially Determined Contribution (ADC)	\$ 65,839
Contributions in relation to ADC	63,307
Contribution deficiency (excess)	\$ 2,532
Covered payroll	\$ 3,086,945
Contributions as a percentage of covered payroll	2.05%

See accompanying notes to required supplementary information.

SISKIYOU UNION HIGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1. PURPOSE OF REQUIRED SUPPLEMENTARY INFORMATION

A. Budgetary Comparison Schedule

Budgetary comparison schedules are required to be presented for the General Fund and each major special revenue fund that has a legally adopted budget. The originally adopted and final revised budgets are presented for such funds. The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Trustees to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code.

B. Schedule of the District's Proportionate Share of the Net Pension Liability

The Schedule of the District's Share of the Net Pension Liability presents multi-year trend information which compares, over time, the District's proportionate share of the net pension liability as a percent of covered-employee payroll. This Schedule is intended to show information for 10 years. Additional years will be displayed as they become available. The amounts presented for each fiscal year were determined as of the measurement date of June 30 of the year prior to the fiscal year presented.

1. Changes in Benefits Terms:

a. California State Teachers' Retirement System (CalSTRS)

Effective January 1, 2013, Chapter 296, Statutes of 2012 (AB 340-Furutani), was enacted in 2012. The law, known as the California Public Employees' Pension Reform Act (PEPRA) of 2013, reduces retirement benefits for educators who were hired after 2012. Specifically, for members subject to PEPRA (CalSTRS 2% at 62 members). Significant changes to the law compared to the CalSTRS 2% at 60 benefit formula include rising the normal retirement age from 60 to 62, reducing benefit factors at all ages less than age 65, final compensation is now based on a 36-month period, the definition of credible compensation is reduced, and places a limit on creditable compensation to 120 percent of the Social Security wage base annually adjusted for changes in the Consumer Price Index.

b. California Public Employees' Retirement System (CalPERS)

Public agencies can make changes to their plan provisions, and such changes occur on an ongoing basis. A summary of the plan provisions that were used for a specific plan can be found in the plan's annual valuation report.

2. Changes in Assumptions:

a. CalSTRS

The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. There were no changes in major assumptions.

SISKIYOU UNION HIGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1. PURPOSE OF REQUIRED SUPPLEMENTARY INFORMATION (Continued)

b. CalPERS

In Fiscal Year 2016-17, the financial reporting discount rate for the PERF B was lowered from 7.65 percent to 7.15 percent. In December 2016, the CalPERS Board approved lowering the funding discount rate used in the PERF B from 7.50 percent to 7.00 percent, which is to be phased-in over a three-year period (7.50 percent to 7.375 percent, 7.375 percent to 7.25 percent, and 7.25 percent to 7.00 percent) beginning with the June 30, 2017, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

C. Schedule of the District's Plan Contributions

The Schedule of the District's Plan Contributions presents multi-year trend information which compares, over time, required contributions and actual contributions as a percent of covered-employee payroll. This Schedule is intended to show information for 10 years. Additional years will be displayed as they become available. The amounts presented for each fiscal year were determined as of the measurement date of June 30 of the year prior to the fiscal year presented, as the current year information from the plan was not available. The excess or deficiency of contributions in relation to the actuarially determined contributions has not been recorded as deferred inflows or outflows as they have been determined immaterial.

D. Schedule of Changes in the Net OPEB Liability and Related Ratios

This 10-year schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 75 was applicable. The schedule presents the sources of change in the net OPEB liability, and the components of the net OPEB liability and related ratios, including the OPEB plan's fiduciary net position as a percentage of the total OPEB liability, and the net OPEB liability as a percentage of covered-employee payroll.

E. Schedule of Contributions - OPEB

This schedule presents information on the District's actuarially determined contribution, contributions in relation to the actuarially determined contribution, and any excess or deficiency related to the actuarially determined contribution. In the future, as data becomes available, ten years of information will be presented.

NOTE 2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2018, there were no excess expenditures over appropriations.

SUPPLEMENTARY INFORMATION SECTION

SISKIYOU UNION HIGH SCHOOL DISTRICT
OTHER GOVERNMENTAL FUNDS FINANCIAL STATEMENT
COMBINING BALANCE SHEET
JUNE 30, 2018

	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Other Governmental Funds
ASSETS							
Cash and equivalents	\$ 442	\$ 4,231	\$ 629,614	\$ 585,330	\$ 36,533	\$ 505,047	\$ 1,761,197
Accounts receivable	46,297	9,250	2,480	14,953	158	2,802	75,940
Due from other funds	-	65	-	-	-	-	65
Total Assets	<u>\$ 46,739</u>	<u>\$ 13,546</u>	<u>\$ 632,094</u>	<u>\$ 600,283</u>	<u>\$ 36,691</u>	<u>\$ 507,849</u>	<u>\$ 1,837,202</u>
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts payable	\$ 817	\$ 13,546	\$ 16,161	\$ 6,034	\$ 139	\$ 110	\$ 36,807
Total Liabilities	<u>817</u>	<u>13,546</u>	<u>16,161</u>	<u>6,034</u>	<u>139</u>	<u>110</u>	<u>36,807</u>
Fund Balance:							
Non spendable							
Restricted	44,060	-	-	594,249	-	-	638,309
Committed							
Other commitments	-	-	615,933	-	36,552	507,739	1,160,224
Assigned							
Other assignments	1,862	-	-	-	-	-	1,862
Total Fund Balance	<u>45,922</u>	<u>-</u>	<u>615,933</u>	<u>594,249</u>	<u>36,552</u>	<u>507,739</u>	<u>1,800,395</u>
Total Liabilities and Fund Balance	<u>\$ 46,739</u>	<u>\$ 13,546</u>	<u>\$ 632,094</u>	<u>\$ 600,283</u>	<u>\$ 36,691</u>	<u>\$ 507,849</u>	<u>\$ 1,837,202</u>

See accompanying notes to supplementary information.

**SISKIYOU UNION HIGH SCHOOL DISTRICT
OTHER GOVERNMENTAL FUNDS FINANCIAL STATEMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018**

	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Other Governmental Funds
REVENUES							
Local control sources:							
Local sources	\$ -	\$ -	\$ 80,000	\$ -	\$ -	\$ -	\$ 80,000
Federal	-	51,763	-	-	-	-	51,763
Other state	4,251	4,116	-	-	-	-	8,367
Other local	98,428	4,322	246,972	76,905	503	8,967	436,097
Total Revenues	102,679	60,201	326,972	76,905	503	8,967	576,227
EXPENDITURES							
Certificated salaries	60,812	-	-	-	-	-	60,812
Classified salaries	19,977	30,116	-	-	-	-	50,093
Employee benefits	28,422	18,059	-	-	-	-	46,481
Books and supplies	59,265	14,634	5,147	-	-	-	79,046
Services and other operating expenditures	23,654	47,457	262,711	3,600	-	-	337,422
Capital outlay	-	-	105,848	-	-	-	105,848
Total Expenditures	192,130	110,266	373,706	3,600	-	-	679,702
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	(89,451)	(50,065)	(46,734)	73,305	503	8,967	(103,475)
OTHER FINANCING SOURCES (USES)							
Transfers in	5,000	50,065	-	-	-	-	55,065
Transfers out	-	-	-	-	-	(149,000)	(149,000)
Total Other Financing Sources (Uses)	5,000	50,065	-	-	-	(149,000)	(93,935)
Net Increase (Decrease) in Fund Balance	(84,451)	-	(46,734)	73,305	503	(140,033)	(197,410)
Fund Balance - Beginning	130,373	-	662,667	520,944	36,049	647,772	1,997,805
Fund Balance - Ending	\$ 45,922	\$ -	\$ 615,933	\$ 594,249	\$ 36,552	\$ 507,739	\$ 1,800,395

See accompanying notes to supplementary information.

SISKIYOU UNION HIGH SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Second Period Report</u>		<u>Annual Report</u>	
	<u>Original</u>	<u>Revised</u>	<u>Original</u>	<u>Revised</u>
Grades 9 - 12:				
Regular Average Daily Attendance	<u>509.71</u>	<u>N/A</u>	<u>508.23</u>	<u>N/A</u>
Grades 9 - 12 Totals	<u>509.71</u>	<u>N/A</u>	<u>508.23</u>	<u>N/A</u>
Total ADA	<u>509.71</u>	<u>N/A</u>	<u>508.23</u>	<u>N/A</u>

N/A - There were no audit findings resulted in necessary revisions to attendance.

SISKIYOU UNION HIGH SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2018

Grade Level	Minutes Requirement	2017/2018 Actual Minutes	Number of Days Traditional Calendar ¹	Status
Grade nine	64,800	65,248	180	In Compliance
Grade ten	64,800	65,248	180	In Compliance
Grade eleven	64,800	65,248	180	In Compliance
Grade twelve	64,800	65,248	180	In Compliance

¹ The District did not utilize a multitrack calendar during the 2017/2018 year.

SISKIYOU UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

	(Budgeted) *			
General Fund:	2018/2019	2017/2018	2016/2017	2015/2016
Revenues and Other Financing Sources	\$ 7,533,854	\$ 8,704,234	\$ 9,054,365	\$ 8,728,534
Expenditures	8,020,860	8,896,880	8,940,470	8,243,794
Other Uses and Transfers Out	150,405	55,065	55,376	34,820
Total Outgo	8,171,265	8,951,945	8,995,846	8,278,614
Change in Fund Balance	(637,411)	(247,711)	58,519	449,920
Ending Fund Balance	\$ 3,027,648	\$ 3,665,059	\$ 3,912,770	\$ 3,854,251
Available Reserves ¹	\$ 457,635	\$ 512,153	\$ 359,115	\$ 473,720
Reserve for Economic Uncertainties	\$ 319,738	\$ 354,638	\$ 357,619	\$ 323,930
Unassigned Fund Balance	\$ 137,897	\$ 157,515	\$ 1,496	\$ 149,790
Available Reserves as a percentage of Total Outgo	5.6%	5.7%	4.0%	5.7%
Total Long-Term Debt ²	\$ 18,143,820	\$ 18,514,491	\$ 17,640,979	\$ 16,332,231
Average Daily Attendance at P-2	506	510	511	553

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

The General Fund balance has decreased by \$189,192 over the past two years. The District has incurred an operating deficit in one of the past three years. The 2018/2019 General Fund budget projects a decrease of \$637,411 (-17.4%).

For a District of this size, the state recommends available reserves of at least 4% of total General Fund expenditures, transfers out, and other uses (other outgo).

Total long-term debt has increased by \$2,182,260 over the past two years.

Average daily attendance has decreased by 43 ADA over the past two years. The ADA is anticipated to decrease 4 ADA during the fiscal year 2018/2019.

* The 2018/2019 budget is included for analytical purposes only and has not been subjected to audit.

¹ Available reserves consists of all unassigned fund balances and reserves for economic uncertainty that are contained within the governmental funds. Unassigned fund balances are typically only reported in the General Fund. However, other governmental funds may report negative unassigned fund balances and are included in the reported available reserves.

² Total long-term debt for the year ending June 30, 2017 has been restated.

SISKIYOU UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND
BUDGET REPORT (SACS) WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Special Reserve Fund for Postemployment Benefits *	Pupil Transportation Equipment Fund *
June 30, 2018 Annual Financial and Budget Report (SACS)			
Fund Balance	\$ 2,333,676	\$ 1,155,344	\$ 176,039
Adjustments and Reclassifications:			
Reclassification for financial statement presentation	1,331,383	(1,155,344)	(176,039)
June 30, 2018 Audited Financial Statement Fund Balance	<u>\$ 3,665,059</u>	<u>\$ -</u>	<u>\$ -</u>

* This audit reclassification is made for financial presentation purposes only, pursuant to GASB 54 which, when applied, does not recognize these funds as special revenue fund types. Therefore, the fund balances are consolidated with the General Fund. However, the District is permitted under current State law to account for these funds as a special revenue fund type for interim reporting and budgeting purposes.

	Long-Term Debt
June 30, 2018 Annual Financial and Budget Report (SACS)	
Long-Term Debt	\$ 18,510,337
Adjustments and Reclassifications:	
Long-Term Debt:	
Compensated absences	4,154
June 30, 2018 Audited Financial Statement Balance	<u>\$ 18,514,491</u>

SISKIYOU UNION HIGH SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1. PURPOSE OF SUPPLEMENTARY INFORMATION

A. Other Governmental Funds Financial Statements

These statements provide information on the Siskiyou Union High School District's (District) Governmental non-major funds, by object.

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 the District. 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 amount of instructional time and number of days offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46208. The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day, and has not met its local control funding formula target.

D. Schedule of Financial Trends and Analysis

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

E. Reconciliation of Annual Financial and Budget Report (SACS) with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

F. Schedule of Charter School

This schedule represents a complete listing of all charter schools authorized by the District and indicates whether their financial activities and balances have been included in the District's annual audited financial statements for the year ended June 30, 2018. The District has not authorized any Charter Schools; therefore this schedule has not been included for 2017/2018.

OTHER INDEPENDENT AUDITOR'S REPORTS

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

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Siskiyou Union High School District
Mount Shasta, 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 Siskiyou Union High School District (District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 25, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying findings and responses that we consider to be a significant deficiency, as item 2018-001.

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 Response to Findings

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

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 result of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

 Robinson & Associates, CPAs

Lakeport, California
February 25, 2019

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
Siskiyou Union High School District
Mount Shasta, California

Compliance

We have audited Siskiyou Union High School District (District)'s compliance with the types of compliance requirements described in the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, that could have a material effect on each of the District's state programs for the year ended June 30, 2018.

Management's Responsibility

Compliance with the applicable compliance requirements is the responsibility of the District's management.

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance with the applicable compliance requirements based on our compliance audit.

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 *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct material effect on the programs identified in the below schedule occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In connection with the compliance audit referred to above, we selected and tested transactions and records to determine the District's compliance with the State laws and regulations applicable to the following items:

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Not Applicable
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Not Applicable
Transportation Maintenance of Effort	Yes
Apprenticeship Program	Not Applicable
School Districts, County Office of Education and Charter Schools	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After 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 For Charter Schools	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

The term "Not Applicable" used above is to mean either the District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

Opinion on State Programs

In our opinion, the Siskiyou Union High School District complied, in all material respects, with the compliance requirements referred to above for the year ended June 30, 2018.

Robertson & Associates, CPAs

Lakeport, California
February 25, 2019

FINDINGS AND RESPONSES SECTION

SISKIYOU UNION HIGH SCHOOL DISTRICT
FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018

Financial Statement Findings

2018-001 Associated Student Body Accounting / State Code 30000 Internal Control

Criteria

Various California Education Codes. Fiscal Crisis & Management Assistance Team *Associated Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference*.

Condition

During our review of ASB funds at Weed High School, we noted the following:

1. The high school is filling out PO's after purchasing the items with ASB funds. The actual purchase date is prior to the purchase order date.
2. There were several expenditures that had no verification of receipt of goods.
3. There was one expenditure that was paid late, which incurred late fees.
4. The ASB fund had purchased a book rental / instructional material for a student attending the junior college.
5. The ASB is also collecting funds, and then passing through to the PTO.
6. The ASB fund had purchased and financed a pitching machine for four years, in which the District has only accounted for the expense of the payment.

Effect

Potential misuse of ASB Funds.

Cause

Not familiar with California Education Codes regarding ASB funds.

Questioned Cost

None.

SISKIYOU UNION HIGH SCHOOL DISTRICT
FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018

2018-001 Associated Student Body Accounting / State Code 30000 Internal Control
(Continued)

Recommendation

Good business practices over associated student body funds include the following:

Expenditures are approved in advance and paid only with appropriate documentation. Documentation should include but not be limited to preapproved purchase orders, invoices, packing slips, and student council minutes.

It is recommended that when the ASB bookkeeper is ready to pay bills, usually once a week, the bookkeeper matches the original purchase order to the invoice and the receiving copy of the purchase order. When all three documents are matched, the ASB bookkeeper will prepare a check to pay the invoice.

ASB accounts are not clearing accounts and should not be used as pass-through or clearing accounts. Money should only be deposited into ASB accounts if it is ASB funds (raised or donated to ASB) and will be used for appropriate ASB purposes.

Charges for textbooks and workbooks are prohibited expenses from the ASB funds.

The Fiscal Crisis & Management Assistance Team, *Associated Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference* can be downloaded at no charge from www.fcmat.org or bound copies can be purchased from FCMAT.

District Response and Action Plan

The Chief Business Official will continue to work with site to set good business practices and procedures for handling of associated student body funds. In addition, the site will implement the following:

- Review all current year financial documents for appropriate processing
- Review all procedures to ensure alignment with proper accounting regulations and procedures
- Conduct a weekly meeting with the principal, site accountant, activities director and athletic director to ensure all procedures are being followed and effective communication is in place regarding upcoming events and financial expenses.
- Principal, site accountant, activities director, and athletic director will attend a ASB training in the spring of 2019.

Federal Award Findings and Questioned Costs

There were no findings or questioned costs relative to federal awards or programs.

State Award Findings and Questioned Costs

There were no findings or questioned costs relative to state awards or programs.

SISKIYOU UNION HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

Finding/Recommendation	Current Status	District Explanation, If Not Implemented
<p>2017-001 One the pupils selected for testing lacked sufficient documentation to be classified as Free and Reduced Price Meal (FRPM) eligible.</p> <p>We recommend that the District ensure that all students listed in the CalPADS 1.17 / 1.18 FRPM/English Learners/Foster Youth – Student list Report have supporting documentation to support their CalPADS designation.</p>	Implemented	