

# BUTTE COUNTY

## OFFICE OF EDUCATION

**Tim Taylor**  
Superintendent  
ttaylor@bcoe.org

### Administrative Services

1859 Bird Street  
Oroville, CA 95965  
(530) 532-5720  
Fax (530) 532-5759  
www.bcoe.org

Kevin J. Bultema  
Assistant Superintendent  
kbultema@bcoe.org

Lisa A. Anderson, CMA  
Director, Fiscal Services  
530-532-5617  
landerso@bcoe.org

### Board of Education

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August 15, 2012

Mrs. Kathryn Sheppard, Board President  
Biggs Unified School District  
300 B Street  
Biggs, CA 95917

Subject: 2012-13 Original Budget

Dear Mrs. Sheppard:

In accordance with Education Code Section 42127, the Butte County Office of Education (BCOE) has reviewed the Original Budget Report of the Biggs Unified School District (BUSD) for fiscal year 2012-13. The Education Code requires the county superintendent approve, conditionally approve or disapprove the budget for each school district after completing the following:

1. Examine the projected budget; determine whether it complies with the standards and criteria established by the state.
2. Identify any technical corrections needed to bring the budget into compliance with the standards and criteria established by the state.
3. Determine whether the adopted budget will allow the district to meet its financial obligations during the current and subsequent fiscal years.

The assumptions used to build the Original Budget and Multi-Year Projection (MYP) are based on "Taxes Fail" and are reasonable. Revenue limit funding reflects an ongoing \$441 per ADA revenue limit cut and the current deficit factor. Prior year P-2 ADA is used for current year revenue limit funding, while 2013-14 reflects a small loss in ADA and 2014-15 is flat. Federal and state revenues are flat in subsequent years. 2013-14 includes transfers in totaling \$593,000 from the Special Reserve for Non-Capital Outlay Fund and the Other Post Employment Benefits Funds. These transfers represent 100% of fund balances. Salaries and benefits reflect step and column cost increases for each year. Expenditures are reduced in subsequent years for operations costs and certificated staffing due to declining enrollment. 2014-15 also includes \$281,252 of reductions related to negotiable items, which BCOE allowed only in Year 3. Biggs Unified is able to meet the minimum reserve requirement for the current and subsequent fiscal years.

A Cash Flow Projection and assumptions are included with the Original Budget. Major assumptions provided are reasonable. Cash preservation should be a focus for the administration, given the ability of the state to defer payments to local education agencies. BCOE notes a projected General Fund cash shortfall of (\$95,598) in June 2013. The Special Reserve for Non-Capital Outlay Fund will offset the negative cash balance.

August 15, 2012  
2012-13 Original Budget  
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An area of concern is projected unrestricted deficit spending in the current and future years. Although the MYP indicates a surplus of \$117,300 in 2013-14, the transfers in from the Special Reserve for Non-Capital Outlay Fund and the Other Post Employment Benefits Fund of \$593,000 indicates a higher level of deficit spending is occurring. Although it is difficult in the current economic environment to eliminate deficit spending, BCOE recommends that the district continue to monitor this area of the budget.

The district chose to use a conservative approach for Original Budget and the MYP. The uncertainty of school funding for the near future will remain until results are known from the November election. If the "Taxes Fail" scenario materializes, the district will be better prepared to handle funding reductions.

Based on our review, the Original Budget is approved as adopted. The attached analysis is provided for your information. If you would like additional information or analysis, please contact me at (530) 532-5617.

Sincerely,



Lisa A. Anderson  
Director, Fiscal Services

tp  
FS-1213-012

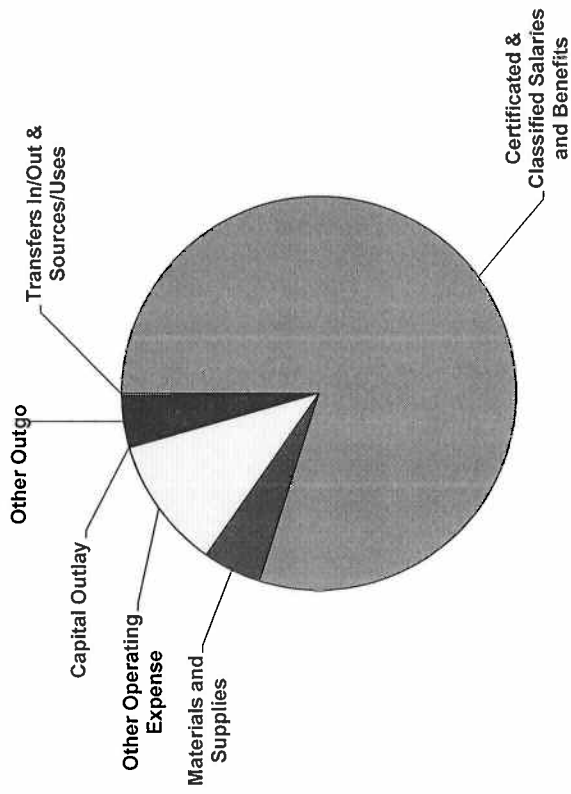
cc: Doug Kaelin, Superintendent, Biggs Unified School District  
Pam Ragan, Financial Officer, Biggs Unified School District  
Tim Taylor, Butte County Superintendent of Schools  
Kevin Bultema, Assistant Superintendent of Administrative Services  
Adrian Barron, Financial Analyst

Attachment

**AB 1200 Data Analysis - General Fund**

Biggs Unified	2010-11 Actuals			2011-12 Estimated Actuals			2012-13 Original Budget		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
<b>Revenues</b>									
State Aid	1,969,838	0	1,969,838	1,813,547	0	1,813,547	1,557,271	0	1,557,271
State Aid - Prior Year	2,984		2,984	0		0	0		0
Charter Aid	0		0	0		0	0		0
Local Taxes	1,682,283	0	1,682,283	1,652,098	0	1,652,098	1,649,728	0	1,649,728
PERS Income	13,809		13,809	10,605		10,605	8,106		8,106
Charter In-Lieu	(12,010)	0	(12,010)	(3,296)	0	(3,296)	(5,305)	0	(5,305)
<b>Total Revenue Limit</b>	<b>3,656,904</b>	<b>0</b>	<b>3,656,904</b>	<b>3,472,954</b>	<b>0</b>	<b>3,472,954</b>	<b>3,209,800</b>	<b>0</b>	<b>3,209,800</b>
Federal Revenue	48,077	374,951	423,028	33,634	294,661	328,295	31,501	218,978	250,479
Other State	864,235	423,304	1,287,539	711,790	388,066	1,099,856	616,391	406,755	1,023,146
Other Local	285,360	108	285,468	307,683	2,672	310,355	280,967	0	280,967
<b>Total Revenues</b>	<b>4,854,577</b>	<b>798,363</b>	<b>5,652,940</b>	<b>4,526,061</b>	<b>685,399</b>	<b>5,211,460</b>	<b>4,138,659</b>	<b>625,733</b>	<b>4,764,392</b>
<b>Expenditures</b>									
Certificated Salaries	1,805,530	362,562	2,168,092	1,799,021	263,644	2,062,665	1,882,409	212,858	2,095,267
Classified Salaries	714,655	301,026	1,015,681	703,712	314,410	1,018,122	725,202	349,289	1,074,491
Employee Benefits	858,000	195,869	1,053,869	939,575	183,640	1,123,215	992,188	179,124	1,171,312
<b>Total Salaries &amp; Benefits</b>	<b>3,378,185</b>	<b>859,457</b>	<b>4,237,642</b>	<b>3,442,308</b>	<b>761,693</b>	<b>4,204,001</b>	<b>3,599,799</b>	<b>741,271</b>	<b>4,341,070</b>
Books and Supplies	159,397	102,972	262,369	172,209	141,399	313,608	176,818	85,126	261,944
Other Operating Expense	609,872	68,196	678,068	527,404	50,005	577,409	536,775	52,399	589,174
Capital Outlay	407,016	25,091	432,107	160,821	0	160,821	5,000	0	5,000
Other Outgo	11,101	182,506	193,607	11,550	238,935	250,485	11,550	215,000	226,550
Direct support/indirect Costs	(58,839)	46,882	(11,957)	(68,330)	57,256	(11,074)	(61,460)	50,386	(11,074)
<b>Total Expenditures</b>	<b>4,506,732</b>	<b>1,285,105</b>	<b>5,791,837</b>	<b>4,245,962</b>	<b>1,249,288</b>	<b>5,495,250</b>	<b>4,268,482</b>	<b>1,144,182</b>	<b>5,412,664</b>
<b>Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources and Uses</b>	<b>347,845</b>	<b>(486,742)</b>	<b>(138,897)</b>	<b>280,099</b>	<b>(563,889)</b>	<b>(283,790)</b>	<b>(129,823)</b>	<b>(518,449)</b>	<b>(648,272)</b>
Transfers In	0		0	22,651		22,651	11,550		11,550
Transfers Out	195,941		195,941	0		0	0		0
Other Sources	420,000		420,000	0		0	0		0
Other Uses	12600		12,600	0		0	0		0
Contributions to Rest. Program	(478,475)	478,475	0	(521,524)	521,524	0	(518,449)	518,449	0
<b>Total Transfers and Other Uses</b>	<b>(267,016)</b>	<b>478,475</b>	<b>211,459</b>	<b>(498,873)</b>	<b>521,524</b>	<b>22,651</b>	<b>(506,899)</b>	<b>518,449</b>	<b>11,550</b>
<b>Total Outgo</b>	<b>4,773,748</b>	<b>806,630</b>	<b>5,580,378</b>	<b>4,744,835</b>	<b>727,764</b>	<b>5,472,599</b>	<b>4,775,381</b>	<b>625,733</b>	<b>5,401,114</b>
<b>Net Inc.(Dec.) to Fund Balance</b>	<b>80,829</b>	<b>(8,267)</b>	<b>72,562</b>	<b>(218,774)</b>	<b>(42,365)</b>	<b>(261,139)</b>	<b>(636,722)</b>	<b>0</b>	<b>(636,722)</b>
Beginning Balance	901,369	50,634	952,003	1,075,048	42,367	1,117,415	856,274	2	856,275
Audit Adjustments/Restatements	92,849	0	92,849	0	0	0	0	0	0
Adjusted Beginning Balance	994,218	50,634	1,044,852	1,075,048	42,367	1,117,415	856,274	2	856,275
Ending Balance	1,075,048	42,367	1,117,414	856,274	2	856,275	219,552	2	219,553
For Economic Uncertainties	240,015	0	240,015	219,810	0	219,810	216,507	0	216,507
Other Available Reserves	301,169	0	301,169	636,464	0	636,464	3,045	0	3,045
Dedicated reserves	533,863	42,367	576,230	0	2	2	0	2	2
Other Funds	373,841		373,841	381,841		381,841	389,841		389,841
<b>Required Reserves - 4%</b>			<b>240,015</b>			<b>219,810</b>			<b>216,507</b>
<b>Reserves as a %</b>			<b>16.40%</b>			<b>22.62%</b>			<b>11.28%</b>

# Where is the money spent?



## 2012-13 Original Budget

Certificated/Classified Salaries and Benefits	4,341,070	80.21%
Materials and Supplies	261,944	4.84%
Other Operating Expense	589,174	10.89%
Capital Outlay	5,000	0.09%
Other Outgo	226,550	4.19%
Transfers In/Out & Sources/Uses	(11,550)	-0.21%
<b>Total</b>	<b>5,412,188</b>	<b>100.00%</b>

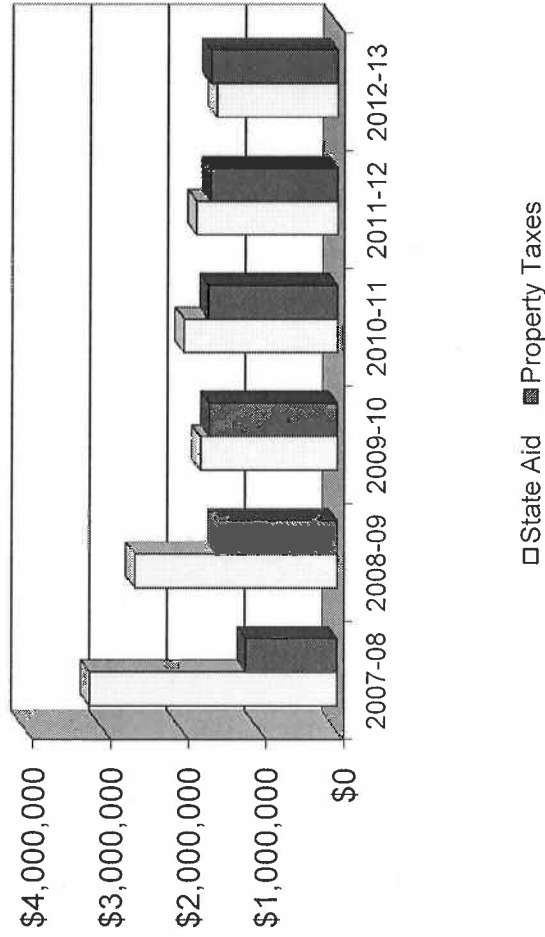


## Revenue Limit Funding

	2007-08 Actuals	2008-09 Actuals	2009-10 Actuals	2010-11 Actuals	2011-12 Est Actuals	2012-13 Original Budget
State Aid	3,190,560	2,612,732	1,772,520	1,986,631	1,824,152	1,565,377
Property Taxes	1,181,921	1,558,252	1,656,084	1,670,273	1,648,802	1,644,423
Total	4,372,481	4,170,984	3,428,604	3,656,904	3,472,954	3,209,800

Percentages	
State Aid	73%
Property Taxes	27%
State Aid	54%
Property Taxes	46%
State Aid	49%
Property Taxes	51%

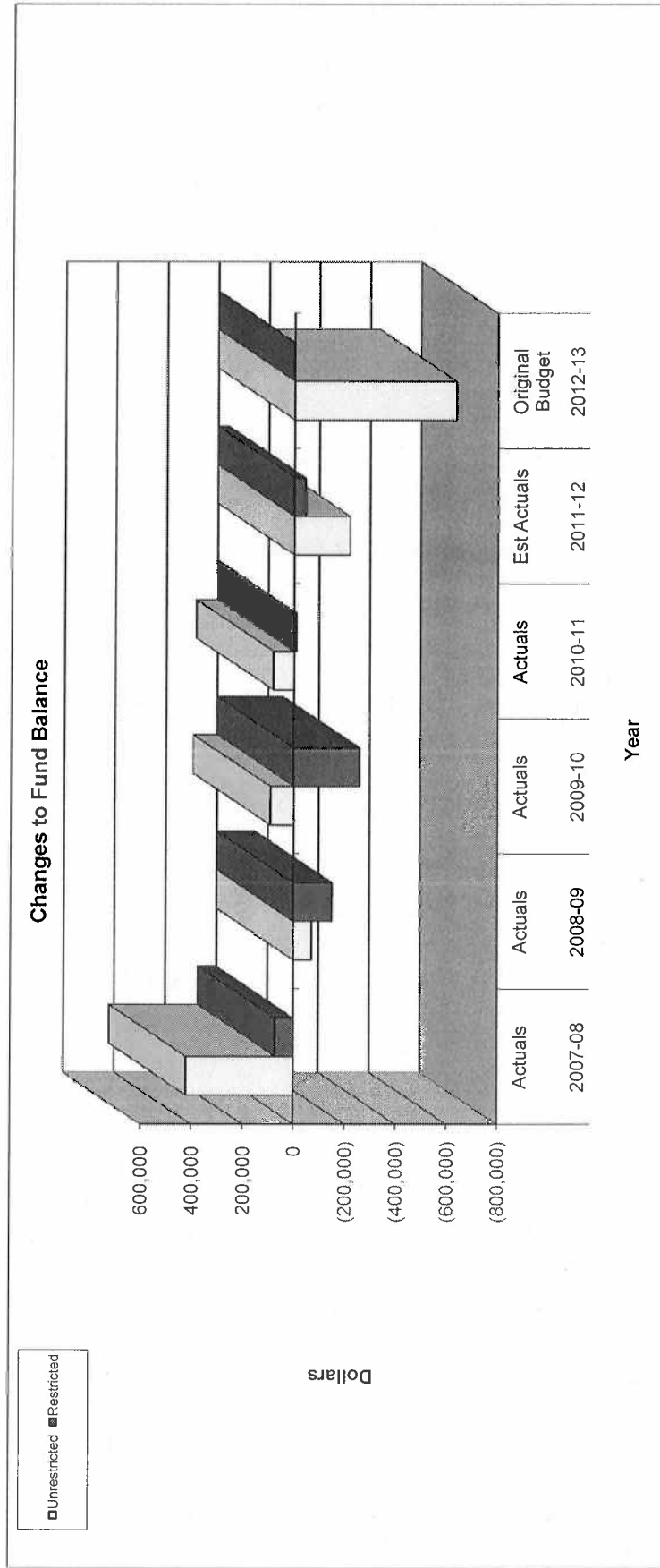
## Revenue Limit Funding



This graph illustrates the relationship between state aid and property taxes. A district with a higher state aid percentage will experience more volatility in the General Fund cash flow, due to the Principal Apportionment deferrals imposed by the State of California.

**Changes to Fund Balance**

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Unrestricted	Actuals 419,535	Actuals (71,529)	Actuals 92,651	Actuals 80,829	Est Actuals (218,774)	Original Budget (636,722)
Restricted	71,730	(151,640)	(259,021)	(8,267)	(42,365)	0



## Growth of Unrestricted Revenues vs. Unrestricted Salaries and Benefits

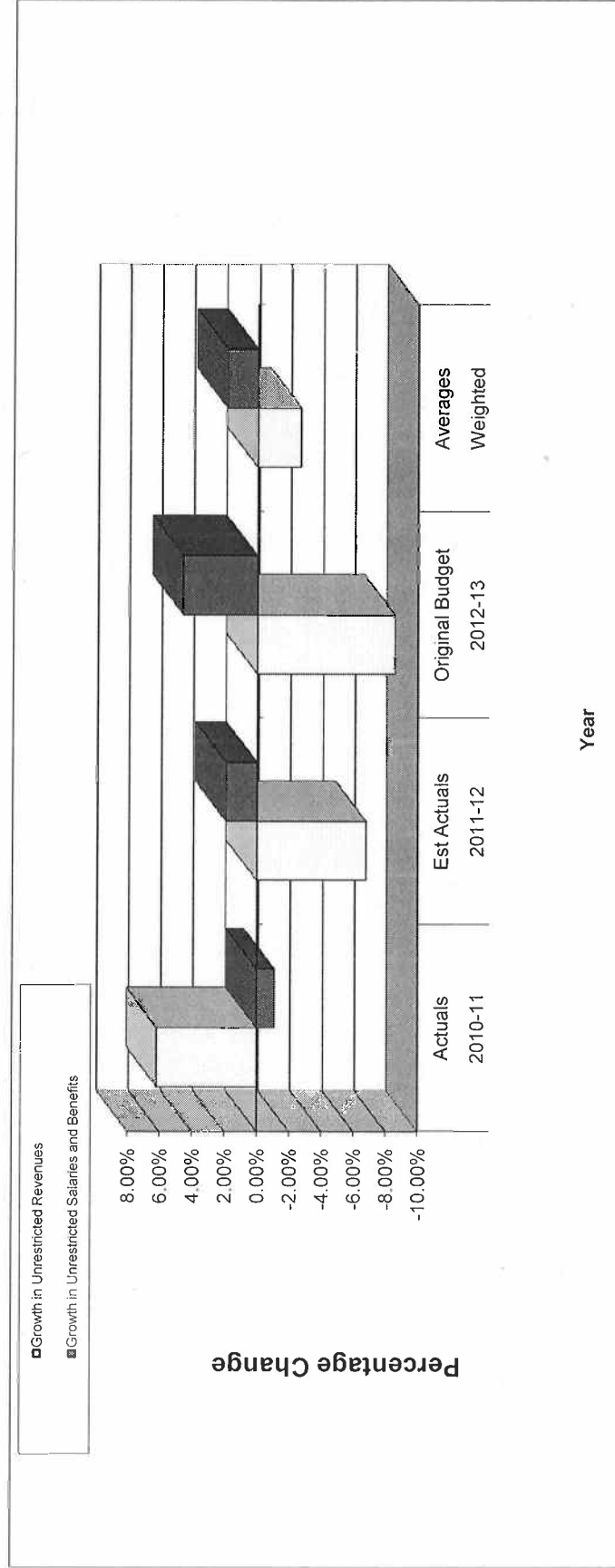
	2009-10 Actuals	2010-11 Actuals	2011-12 Est Actuals	2012-13 Original Budget	Weighted Averages
Unrestricted Revenues	4,573,357	4,854,577	4,526,061	4,138,659	
Unrestricted Salaries and Benefits	3,415,571	3,378,185	3,442,308	3,599,799	
Growth in Revenues between years		6.15%	-6.77%	-8.56%	-2.68%
Growth in Salaries/Benefits between years		-1.09%	1.90%	4.58%	1.85%

Unrestricted Revenues

Unrestricted Salaries and Benefits

Growth in Revenues between years

Growth in Salaries/Benefits between years

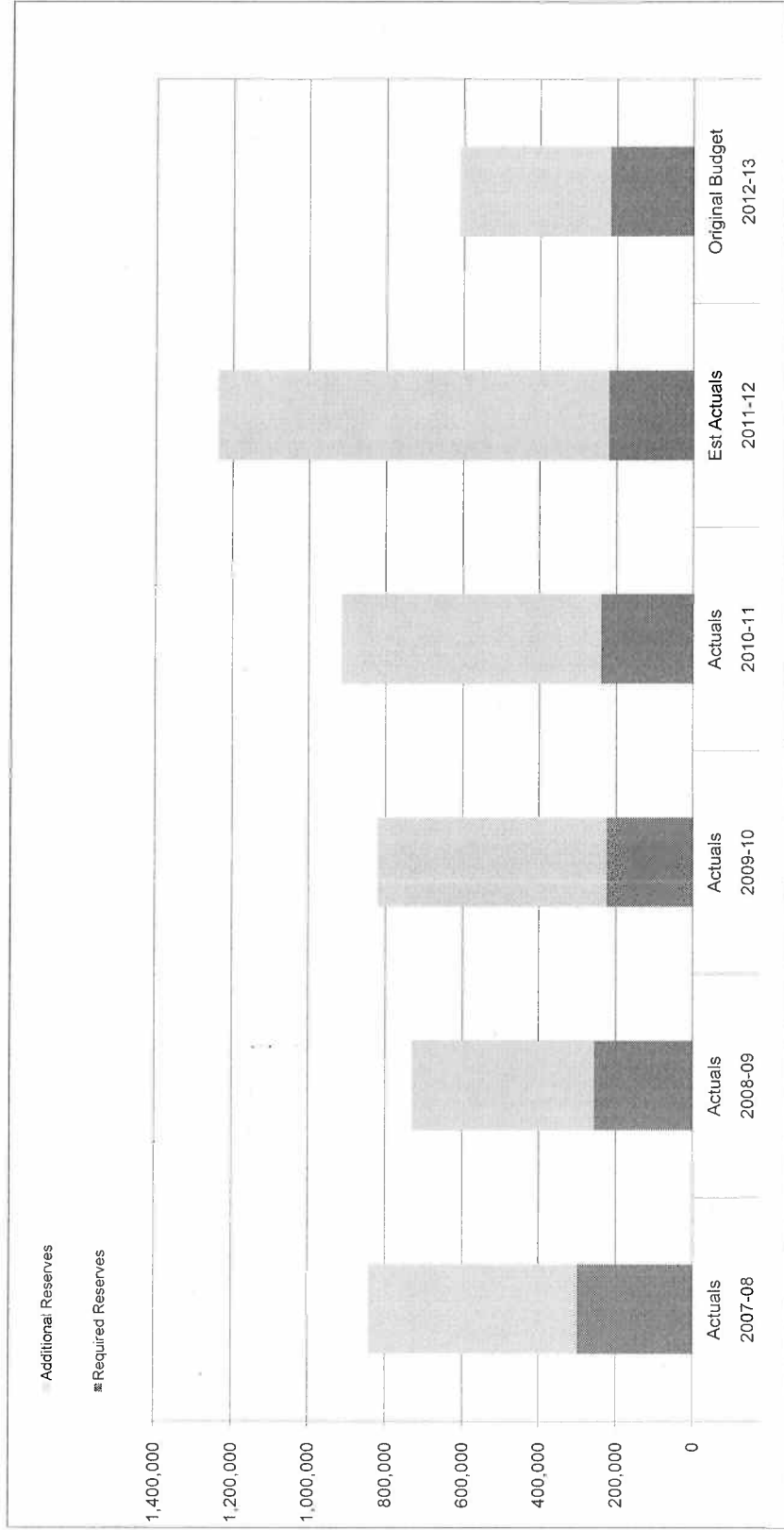


Unrestricted Salaries and Benefits should not grow faster than Unrestricted revenues unless the District Board conscientiously changes the priorities of the district.



### Reserves Above Requirement

	2007-08 Actuals	2008-09 Actuals	2009-10 Actuals	2010-11 Actuals	2011-12 Est Actuals	2012-13 Original Budget
Required Reserves	298,448	256,450	223,762	240,015	219,810	216,507
Additional Reserves	542,143	473,672	596,090	675,010	1,018,305	392,886
Total	840,591	730,122	819,851	915,026	1,238,115	609,393



The State of California has established minimum Fund Balance reserve levels for School Districts. This reserve is for Economic Uncertainties. It is usually designated in the Fund Balance of the District, or may be kept in several Special Reserve Funds. This graph represents additional reserves above the minimum level that is required by the State of California.