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September 15, 2015

Mrs. Kari Wheeler, Board President

Biggs Unified School District

300 B Street

Biggs, CA 95917

Subject: 2015-16 Original Budget

Dear Mrs. Wheeler:

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 2015-16. 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 the Local Control Funding Formula (LCFF) and are reasonable. Funding for the current year is based on estimates for 2015-16. These are slightly higher than prior year P-2 ADA and are carried forward over the next two years. Federal revenues are reduced when appropriate and state revenues include the removal of one time Common Core funds. Salaries and benefits reflect step and column cost increases for each fiscal year. Biggs Unified is able to meet the minimum reserve requirement for the current and subsequent fiscal years. The District met the new requirement of holding the required public hearing on its reserve levels, including justification for carrying higher than minimum reserves.

We note that the submitted MYP shows a projected decrease in fund balance in each of the next three years. Although this amount is greatly reduced in years two and three, the total three year deficit is over \$280K. It appears that the district is working towards a balanced budget as the LCFF implementation comes to an end.

A Cash Flow Projection and assumptions are included with the Original Budget. Major assumptions provided are reasonable. The Governor has made elimination of cash deferrals a priority and at the time of this letter, 100% of all funds due should be received in the year they were intended. Even with this good news, cash preservation should be a focus for the administration as the state still has the ability to defer payments to local education agencies if the need arises. BCOE notes a projected General Fund cash balance of \$665K in June 2016.

*"WHERE CHILDREN COME FIRST"*

September 15, 2015  
2015-16 Original Budget  
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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) 532-5716.

Sincerely,



Adrian C. Barron  
Financial Analyst, LEA Services

ts  
FS-1516-010

cc: Doug Kaelin, Superintendent, Biggs Unified School District  
Pam Ragan, Financial Officer, Biggs Unified School District  
Tim Taylor, Butte County Superintendent of Schools  
Tad Alexander, Assistant Superintendent of Administrative Services  
Lisa Anderson, Director of Fiscal Services

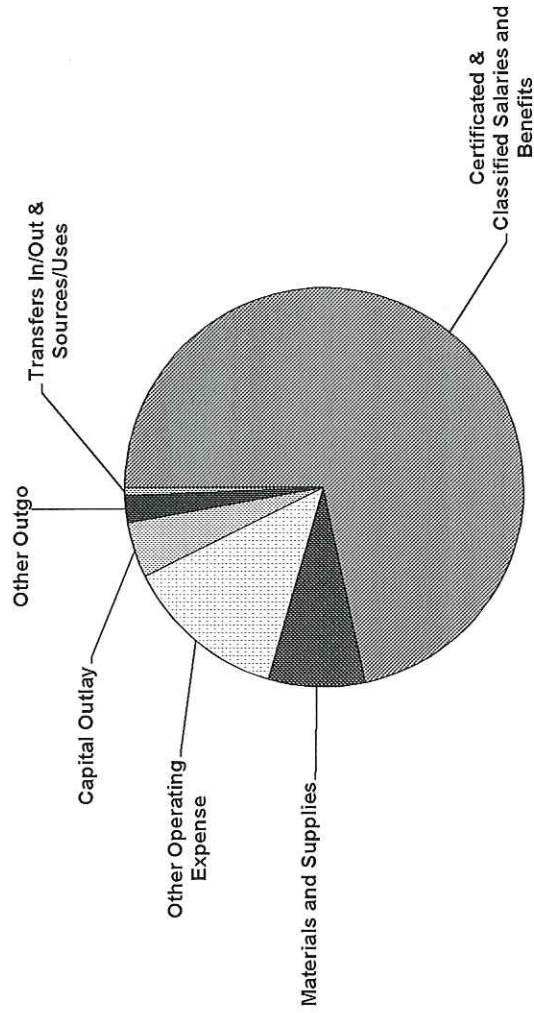
Attachment



**AB 1200 Data Analysis - General Fund**

	2013-14 Unaudited Actuals			2014-15 Estimated Actuals			2015-16 Original Budget		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
<b>Biggs Unified</b>									
<b>Revenues</b>									
State Aid	2,766,721	0	2,766,721	2,837,633	0	2,837,633	3,266,729		3,266,729
State Aid - Prior Year		0	0	(80,028)	0	(80,028)	0		0
Charter Aid (Included in State Aid)		0	0		0	0	0		0
Local Taxes	1,930,053	0	1,930,053	1,965,229	0	1,965,229	1,965,229		1,965,229
PERS Income(ended 12/13)		0	0		0	0			0
Charter In-Lieu Taxes	(14,623)	0	(14,623)	(10,254)	0	(10,254)	(15,171)		(15,171)
<b>Total LCFF Revenue</b>	<b>4,682,151</b>	<b>0</b>	<b>4,682,151</b>	<b>4,712,580</b>	<b>0</b>	<b>4,712,580</b>	<b>5,216,787</b>	<b>0</b>	<b>5,216,787</b>
<b>Expenditures</b>									
Federal Revenue	6,707	314,730	321,436	18,845	357,692	376,537	5,360	427,499	432,859
Other State	87,179	351,600	438,778	190,199	186,423	376,622	463,361	185,305	648,666
Other Local	434,192	2,615	436,808	471,021	15,150	486,171	283,468	0	283,468
<b>Total Revenues</b>	<b>5,210,228</b>	<b>668,944</b>	<b>5,879,173</b>	<b>5,392,645</b>	<b>559,265</b>	<b>5,951,910</b>	<b>5,968,976</b>	<b>612,804</b>	<b>6,581,780</b>
Certificated Salaries	1,970,384	202,233	2,172,616	2,001,663	172,984	2,174,647	2,233,539	248,976	2,482,515
Classified Salaries	908,450	169,289	1,077,738	917,438	160,531	1,077,969	957,885	204,327	1,162,212
Employee Benefits	977,981	96,708	1,074,689	1,022,864	97,144	1,120,008	1,122,938	143,469	1,266,407
<b>Total Salaries &amp; Benefits</b>	<b>3,856,814</b>	<b>468,230</b>	<b>4,325,044</b>	<b>3,941,965</b>	<b>430,659</b>	<b>4,372,624</b>	<b>4,314,362</b>	<b>596,772</b>	<b>4,911,134</b>
Books and Supplies	319,018	67,335	386,353	393,771	150,070	543,841	463,343	78,188	541,531
Other Operating Expense	617,890	40,222	658,111	696,910	100,418	797,328	733,176	170,586	903,762
Capital Outlay	110,486	0	110,486	93,120	0	93,120	304,729	0	304,729
Other Outgo	431,550	117,814	549,364	0	160,999	160,999	0	150,000	150,000
Direct support/Indirect Costs	(51,016)	36,396	(14,620)	(57,993)	42,073	(15,920)	(64,106)	48,186	(15,920)
<b>Total Expenditures</b>	<b>5,284,742</b>	<b>729,996</b>	<b>6,014,737</b>	<b>5,067,773</b>	<b>884,219</b>	<b>5,951,992</b>	<b>5,751,504</b>	<b>1,043,732</b>	<b>6,795,236</b>
<b>Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources and Uses</b>	<b>(74,513)</b>	<b>(61,051)</b>	<b>(135,564)</b>	<b>324,872</b>	<b>(324,954)</b>	<b>(82)</b>	<b>217,472</b>	<b>(430,928)</b>	<b>(213,456)</b>
Transfers In	538,244	0	538,244	0	0	0	0		0
Transfers Out	50,955	0	50,955	46,632	0	46,632	61,267		61,267
Other Sources	0	0	0	0	0	0	0		0
Other Uses	0	0	0	0	0	0	0		0
<b>Contributions to Rest. Program</b>	<b>(212,506)</b>	<b>212,506</b>	<b>0</b>	<b>(218,252)</b>	<b>218,252</b>	<b>0</b>	<b>(378,583)</b>	<b>378,583</b>	<b>0</b>
<b>Total Transfers and Other Uses</b>	<b>274,783</b>	<b>212,506</b>	<b>487,289</b>	<b>(264,884)</b>	<b>218,252</b>	<b>(46,632)</b>	<b>(439,850)</b>	<b>378,583</b>	<b>(61,267)</b>
<b>Total Outgo</b>	<b>5,009,958</b>	<b>517,490</b>	<b>5,527,448</b>	<b>5,332,657</b>	<b>665,967</b>	<b>5,998,624</b>	<b>6,191,354</b>	<b>665,149</b>	<b>6,856,503</b>
<b>Net Inc.(Dec.) to Fund Balance</b>	<b>200,270</b>	<b>151,455</b>	<b>351,725</b>	<b>59,988</b>	<b>(106,702)</b>	<b>(46,714)</b>	<b>(222,378)</b>	<b>(52,345)</b>	<b>(274,723)</b>
Beginning Balance	967,733	7,593	975,326	1,168,004	159,048	1,327,053	1,227,992	52,345	1,280,338
<b>Audit Adjustments/Restatements</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>(1)</b>	<b>(1)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Adjusted Beginning Balance</b>	<b>967,734</b>	<b>7,594</b>	<b>975,328</b>	<b>1,168,004</b>	<b>159,047</b>	<b>1,327,052</b>	<b>1,227,992</b>	<b>52,345</b>	<b>1,280,338</b>
<b>Ending Balance</b>	<b>1,168,004</b>	<b>159,048</b>	<b>1,327,053</b>	<b>1,227,992</b>	<b>52,345</b>	<b>1,280,338</b>	<b>1,005,615</b>	<b>0</b>	<b>1,005,615</b>
For Economic Uncertainties	(7,503)	0	(7,503)	0	0	0	0	0	0
Other Available Reserves	1,175,508	0	1,175,508	1,227,992	0	1,227,993	1,005,615	0	1,005,615
Dedicated reserves	0	159,048	159,048	0	52,345	52,345	387,809	0	387,809
Other Funds	380,373	380,373	380,373	384,609	384,609	384,609	387,809		387,809
<b>Required Reserves - 4%</b>			<b>242,628</b>			<b>239,945</b>			<b>274,260</b>
<b>Reserves as a %</b>			<b>28.01%</b>			<b>26.88%</b>			<b>20.32%</b>

# Where is the money spent?



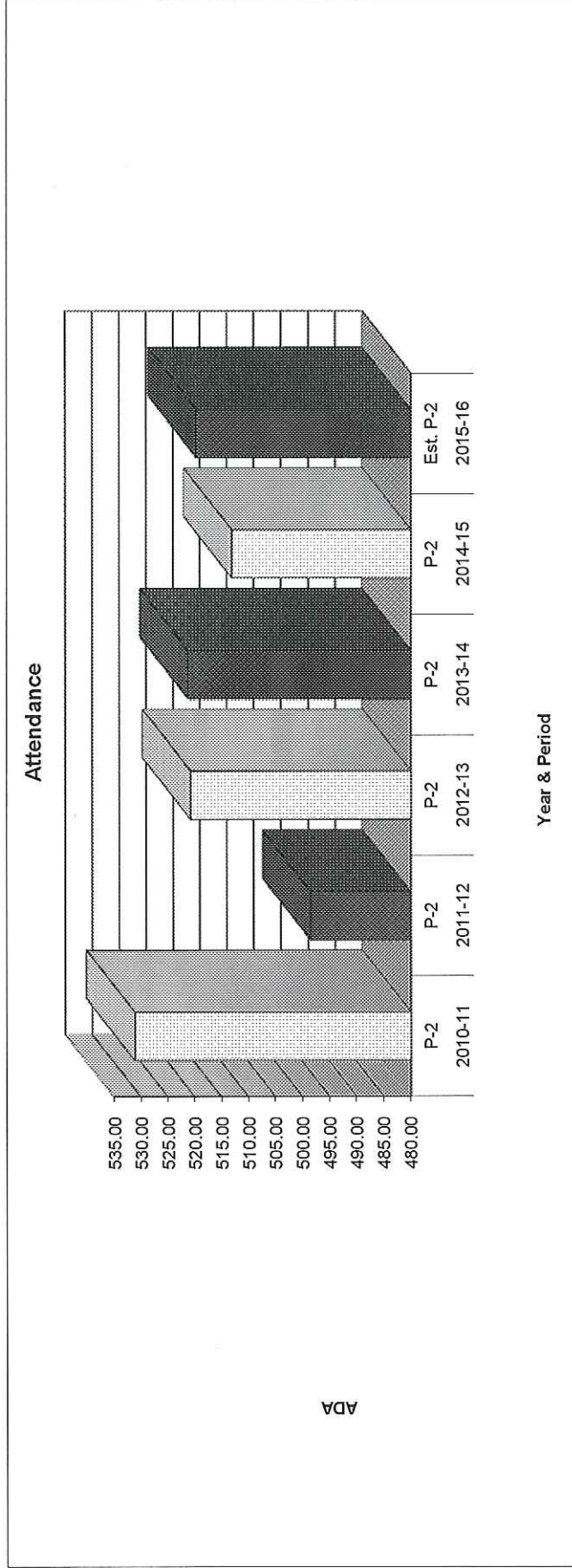
## 2015-16 Original Budget

Certified/Classified Salaries and Benefits	4,911,134	71.63%
Materials and Supplies	803,762	13.18%
Other Operating Expense	541,531	7.90%
Capital Outlay	304,729	4.44%
Other Outgo	150,000	2.19%
Transfers In/Out & Sources/Uses	45,347	0.66%
<b>Total</b>	<b>6,856,503</b>	<b>100.00%</b>



**P-2 ADA (Does not include charter school)**

Year	ADA
2010-11 P-2	531.09
2011-12 P-2	498.50
2012-13 P-2	520.70
2013-14 P-2	521.16
2014-15 P-2	512.99
2015-16 Est. P-2	519.62



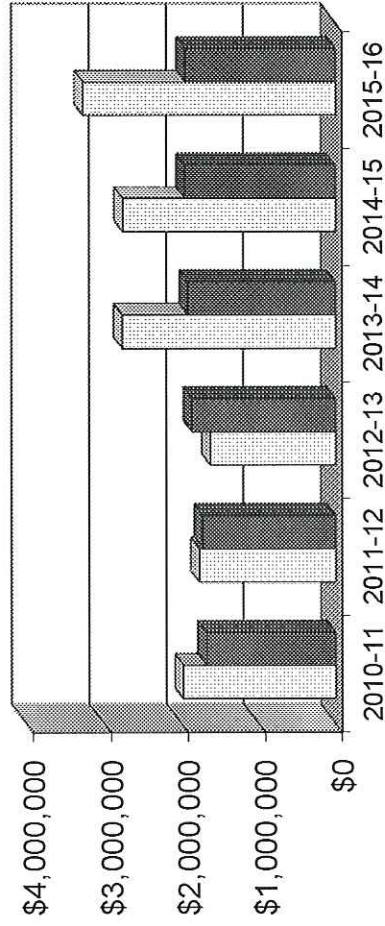
ADA is the driving force of district funding. A pattern of declining ADA needs to be addressed and followed with declining expenditures. A pattern of increasing ADA allows for increased expenditures.

## LCFF Revenue Funding

	2010-11 Actuals	2011-12 Actuals	2012-13 Actuals	2013-14 Unaudited Actuals	2014-15 Estimated Actuals	2015-16 Original
State Aid	1,972,822	1,761,618	1,617,675	2,766,721	2,757,605	3,266,729
Property Taxes	1,670,273	1,719,990	1,858,353	1,915,430	1,954,975	1,950,058
Total	3,643,095	3,481,608	3,476,028	4,682,151	4,712,580	5,216,787

Percentages						
State Aid	54%	51%	47%	59%	59%	63%
Property Taxes	46%	49%	53%	41%	41%	37%

## LCFF Revenue Funding

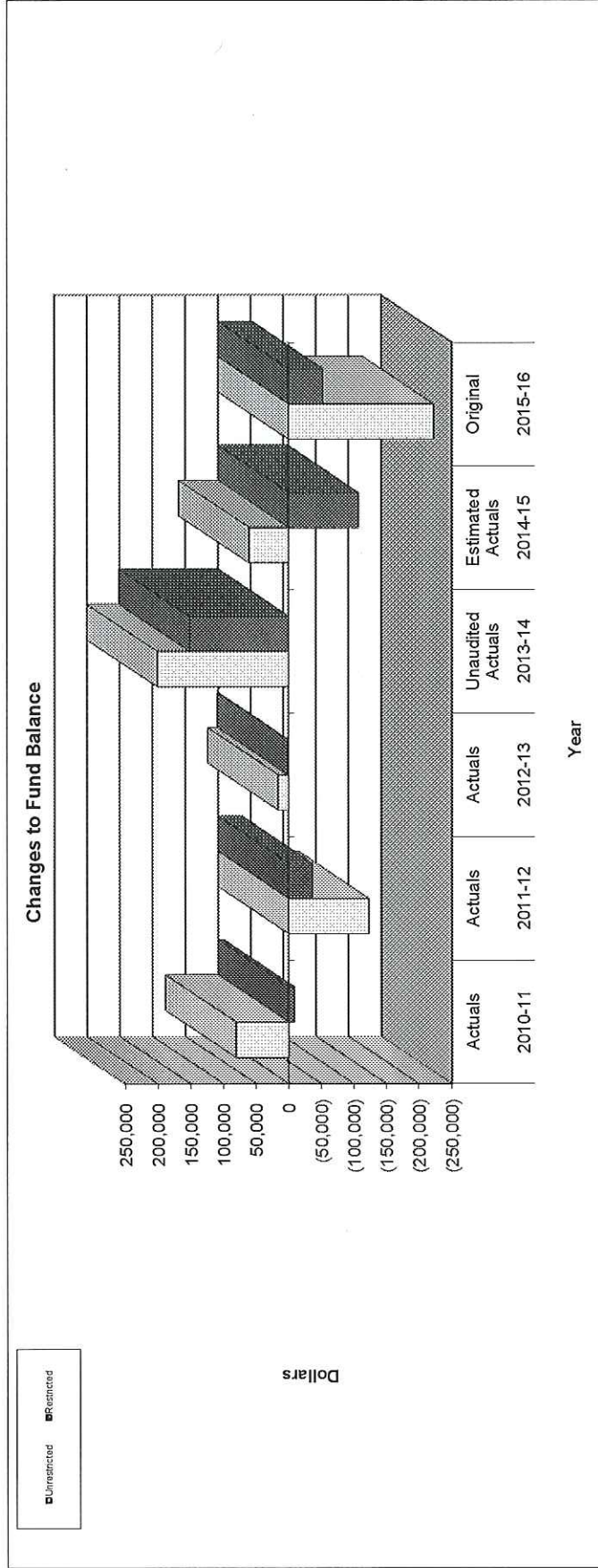


□ State Aid ■ Property Taxes

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

	2010-11 Actuals	2011-12 Actuals	2012-13 Actuals	2013-14 Unaudited Actuals	2014-15 Estimated Actuals	2015-16 Original
Unrestricted	80,829	(123,178)	15,864	200,270	59,988	(222,378)
Restricted	(8,267)	(36,200)	1,426	151,455	(106,702)	(52,345)

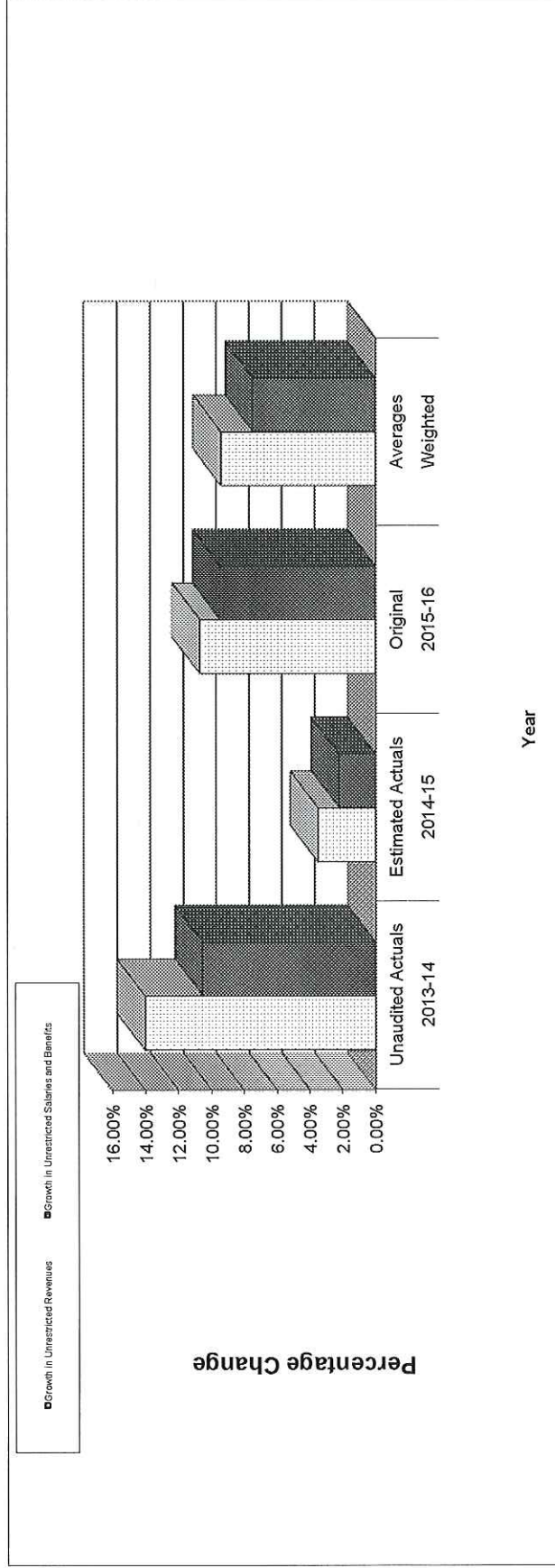




### Growth of Unrestricted Revenues vs. Unrestricted Salaries and Benefits

	2012-13 Actuals	2013-14 Unaudited Actuals	2014-15 Estimated Actuals	2015-16 Original	Weighted Averages
Unrestricted Revenues	4,569,888	5,210,228	5,392,645	5,968,976	
Unrestricted Salaries and Benefits	3,489,763	3,856,814	3,941,965	4,314,362	
Growth in Revenues between years		14.01%	3.50%	10.69%	9.39%
Growth in Salaries/Benefits between years		10.52%	2.21%	9.45%	7.43%

0.722798

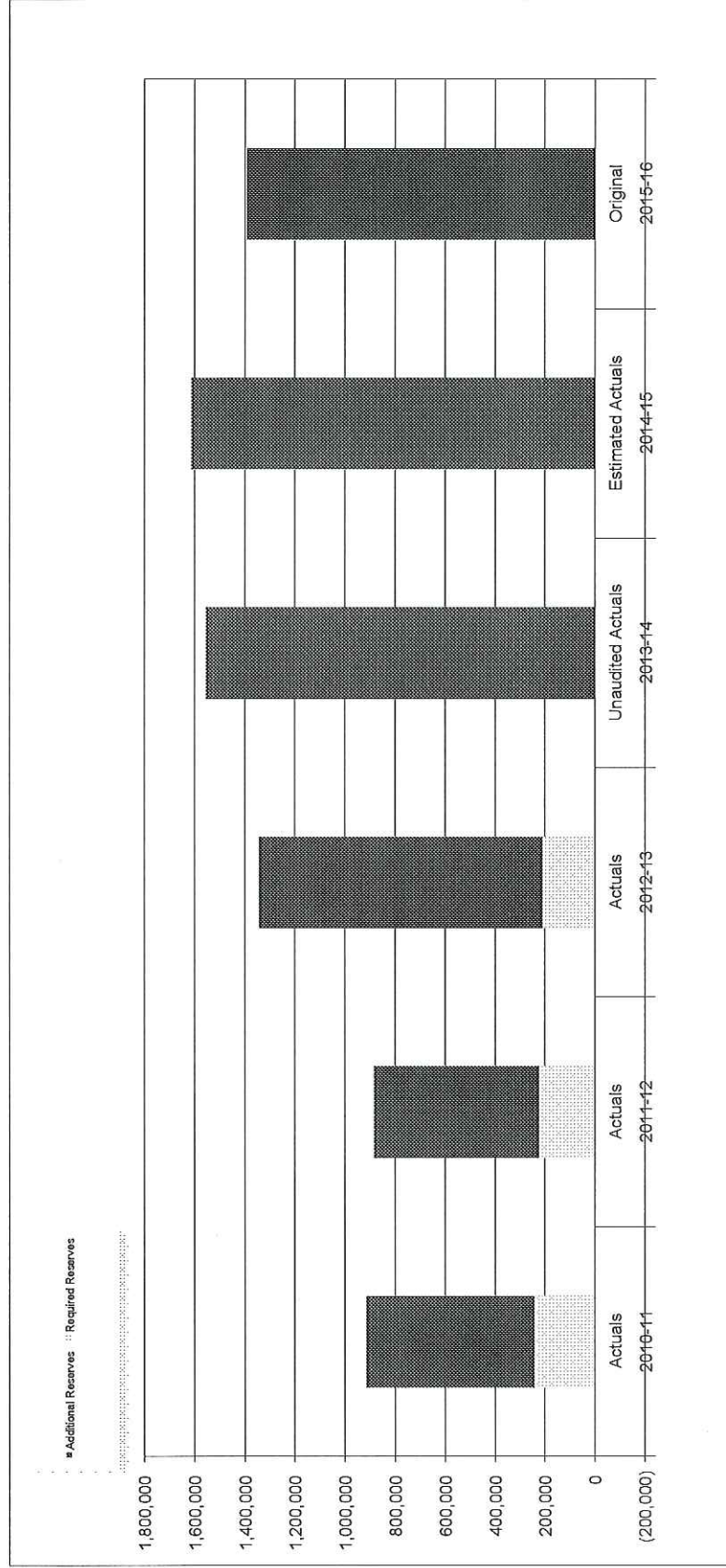


Unrestricted Salaries and Benefits should not grow faster than Unrestricted revenues unless the District Board conscientiously changes the priorities of the district.



### Reserves Above Requirement

	2010-11 Actuals	2011-12 Actuals	2012-13 Actuals	2013-14 Unaudited Actuals	2014-15 Estimated Actuals	2015-16 Original
Required Reserves	240,015	220,954	208,405	(7,503)	0	0
Additional Reserves	675,010	662,547	1,134,613	1,555,881	1,612,602	1,393,424
<b>Total</b>	<b>915,026</b>	<b>883,501</b>	<b>1,343,019</b>	<b>1,548,378</b>	<b>1,612,602</b>	<b>1,393,424</b>



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.