



Tim Taylor

Superintendent
ttaylor@bcoe.org

Mary Sakuma

Deputy
Superintendent
msakuma@bcoe.org

Adrian Barron

Director of External
Services
530-532-5716
abarron@bcoe.org

Board of Education

*Amy Christianson
Howard M. Ferguson
Ryne Johnson
Jeannine MacKay
Brenda J. McLaughlin
Roger Steel
Mike Walsh*

Administrative Services

1859 Bird Street
Oroville, CA 95965
(530) 532-5617
Fax (530) 532-5759
<http://www.bcoe.org>

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Employer

September 6, 2016

Mrs. Kari Wheeler, Board President
Biggs Unified School District
300 B Street
Biggs, CA 95917

Subject: 2016-17 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 2016-17. 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 2016-17. 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 Funds for Outstanding Mandated Claims. 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 will abide by the new requirement of holding a public hearing on its reserve levels, including justification for carrying higher than minimum reserves, at its September board meeting.

The County Office notes two areas of concern. The first is that the district is unable to predict if they will lose the Necessary Small School (NSS) funding for their high school. The BCOE was encouraged however, that the district elected to produce an MYP showing both scenarios. The second area of concern is that both versions of the submitted MYP's show a projected decrease in unrestricted fund balance of \$850K over the next three years. It appears that the district is working towards a balanced budget and the MYP does show several reductions to be made if the NSS funding model goes away.

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,

"WHERE STUDENTS COME FIRST"

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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 \$995K in June 2017.

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
Director of External Services, LEA Services

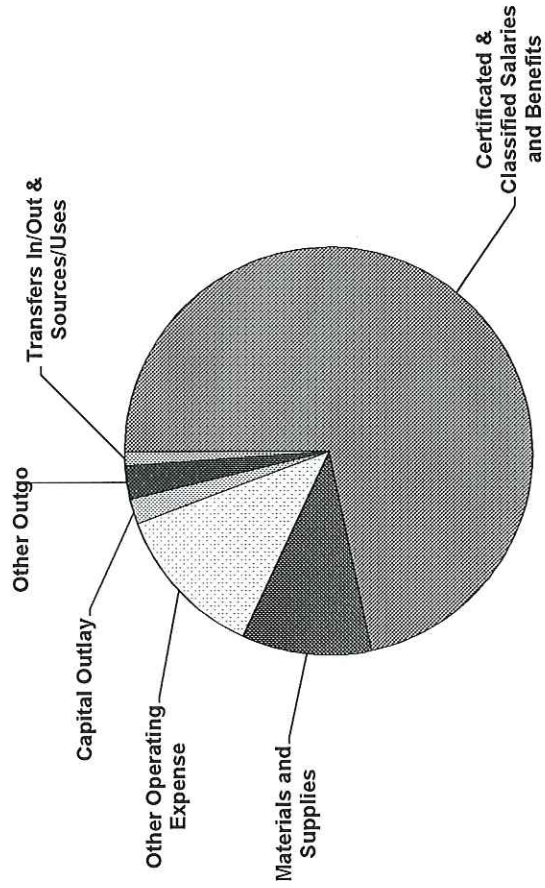
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cc: Doug Kaelin, Superintendent, Biggs Unified School District
Pam Ragan, Financial Officer, Biggs Unified School District
Tim Taylor, Butte County Superintendent of Schools
Mary Sakuma, Deputy Assistant Superintendent
Lisa A. Anderson, Senior Director of Fiscal Services

Attachment

	AB 1200 Data Analysis - General Fund					
	2014-15 Actuals		2015-16 Estimated Actuals		2016-17 Original Budget	
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Biggs Unified						
Revenues						
State Aid	2,827,239		2,827,239	3,208,790		3,208,790
State Aid - Prior Year	(23,632)		(23,632)	0		0
Charter Aid (Included in State Aid)			0	2,334,364		2,334,364
Local Taxes	1,953,614		1,953,614	(9,235)		(9,235)
PERS Income(ended 12/13)	(3,787)		(3,787)	5,533,919		5,533,919
Charter In-Lieu Taxes	4,753,434	0	4,753,434	23,507	447,575	471,082
Total LCFF Revenue	20,383	275,507	295,889	608,695	343,616	952,311
Federal Revenue	135,016	324,546	459,562	268,310	0	268,310
Other State	503,280	20,426	523,705	6,434,431	791,191	7,225,622
Other Local	5,412,113	620,478	6,032,591	2,339,604	247,292	2,586,896
Total Revenues	1,991,692	174,297	2,165,989	952,308	214,491	1,166,799
Expenditures				1,109,943	131,897	1,241,840
Certificated Salaries	3,932,940	561,608	4,494,547	4,401,855	593,680	4,995,535
Classified Salaries	318,503	137,990	456,493	512,076	153,769	665,845
Employee Benefits	603,657	38,467	642,123	744,500	104,317	848,817
Total Salaries & Benefits	27,629	27,629	55,258	442,033	50,000	492,033
Books and Supplies	(48,655)	149,089	100,434	(67,357)	215,000	147,643
Other Operating Expense	4,834,073	922,543	5,756,616	6,033,107	1,168,203	7,201,310
Capital Outlay	578,040	(302,065)	275,975	401,324	(377,012)	24,312
Other Outgo	95,000		95,000	542,064		542,064
Direct support/Indirect Costs	(195,362)	195,362	0	(417,913)	417,913	0
Total Expenditures	(290,362)	195,362	(95,000)	(959,977)	417,913	(542,064)
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources and Uses	5,124,435	727,181	5,851,616	6,993,084	750,290	7,743,374
Transfers In						
Transfers Out						
Other Sources						
Other Uses						
Contributions to Rest. Program						
Total Transfers and Other Uses						
Total Outgo						
Net Inc. (Dec.) to Fund Balance	287,678	(106,703)	180,975	(558,653)	40,901	(517,752)
Beginning Balance	1,168,004	159,048	1,327,053	1,455,682	52,345	1,508,027
Audit Adjustments/Restatements						
Adjusted Beginning Balance	1,168,004	159,048	1,327,052	1,455,682	52,344	1,508,026
Ending Balance	1,455,682	52,345	1,508,027	897,029	93,245	990,274
For Economic Uncertainties	76,724	0	76,724	76,724	0	76,724
Other Available Reserves	1,378,958	(0)	1,378,958	820,305	40,900	861,205
Dedicated reserves	0	52,345	52,345	0	52,345	52,345
Other Funds	383,805		383,805	587,805		587,805
Required Reserves - 4%			234,065			234,065
Reserves as a %			31.44%			19.70%

Where is the money spent?

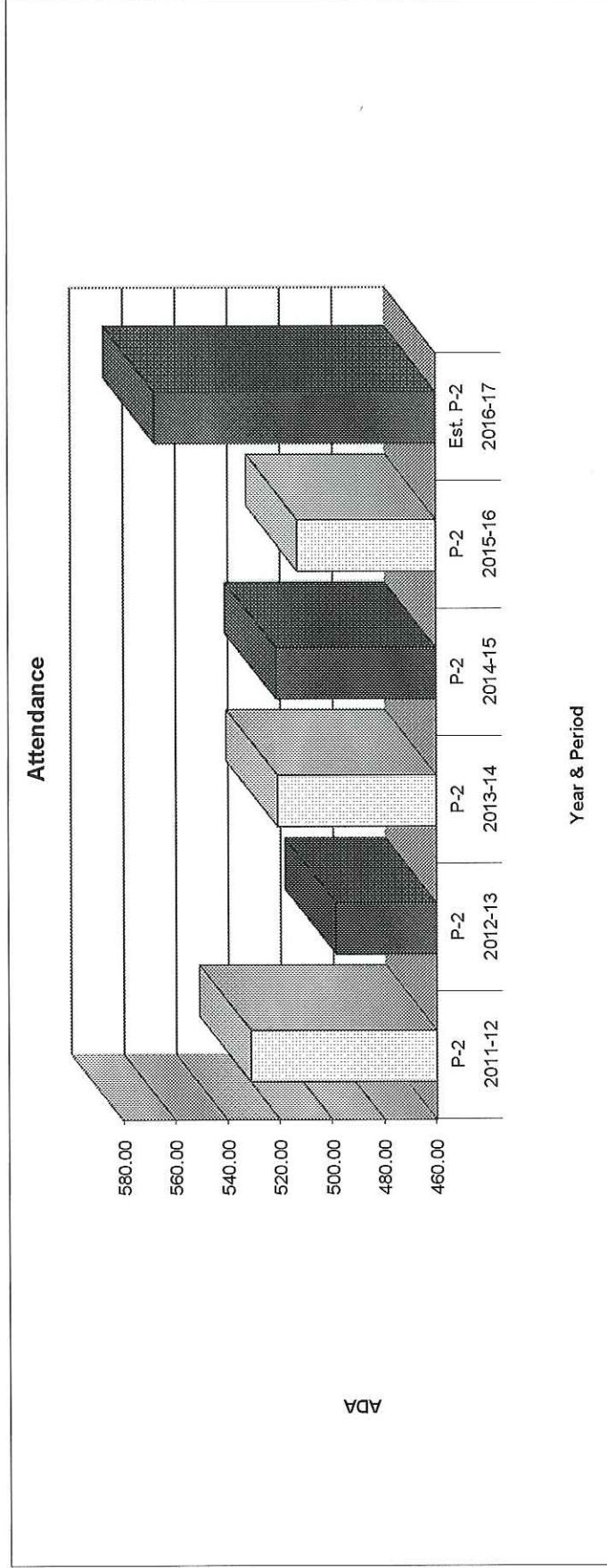


2016-17 Original Budget

Certificated/Classified Salaries and Benefits	5,183,907	71.67%
Materials and Supplies	745,139	10.30%
Other Operating Expense	889,014	12.29%
Capital Outlay	145,500	2.01%
Other Outgo	188,039	2.60%
Transfers In/Out & Sources/Uses	81,559	1.13%
Total	7,233,158	100.00%

P-2 ADA (Does not include charter school)

Year	ADA	Year	ADA	Year	ADA	Year	ADA	Year	ADA
2011-12	531.09	2012-13	498.50	2013-14	520.70	2014-15	521.16	2015-16	512.99
P-2		P-2		P-2		P-2		P-2	
P-2 ADA									567.43
									Est. P-2



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.

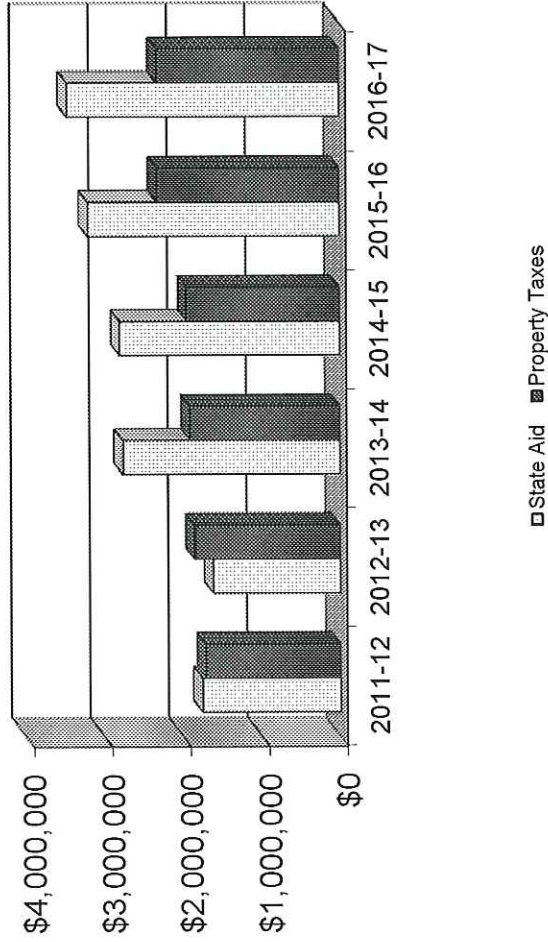
LCFF Revenue Funding

	2011-12 Actuals	2012-13 Actuals	2013-14 Actuals	2014-15 Actuals	2015-16 Est. Actuals	2016-17 Original Budget
State Aid	1,761,618	1,617,675	2,766,721	2,803,607	3,208,790	3,470,421
Property Taxes	1,719,990	1,858,353	1,915,430	1,949,827	2,325,129	2,325,060
Total	3,481,608	3,476,028	4,682,151	4,753,434	5,533,919	5,795,481

Percentages

State Aid	51%	47%	59%	59%	58%	60%
Property Taxes	49%	53%	41%	41%	42%	40%

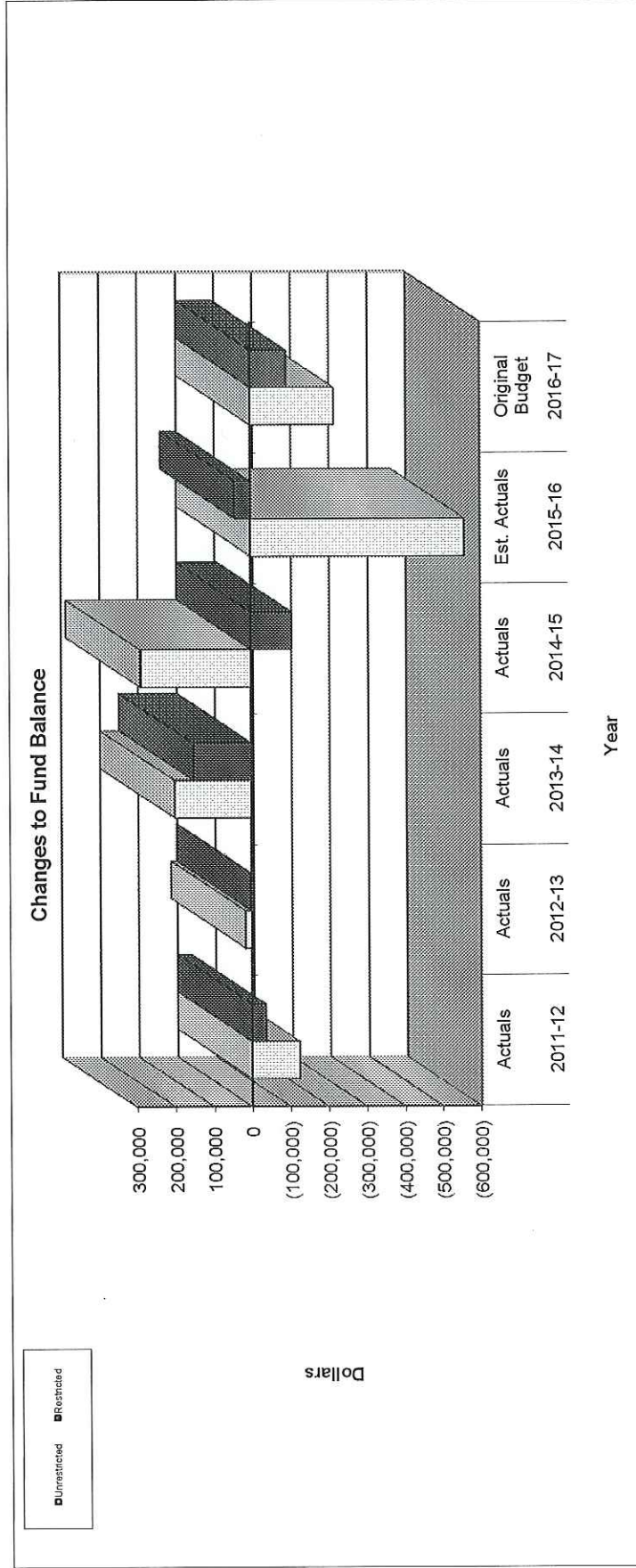
LCFF Revenue Funding



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.

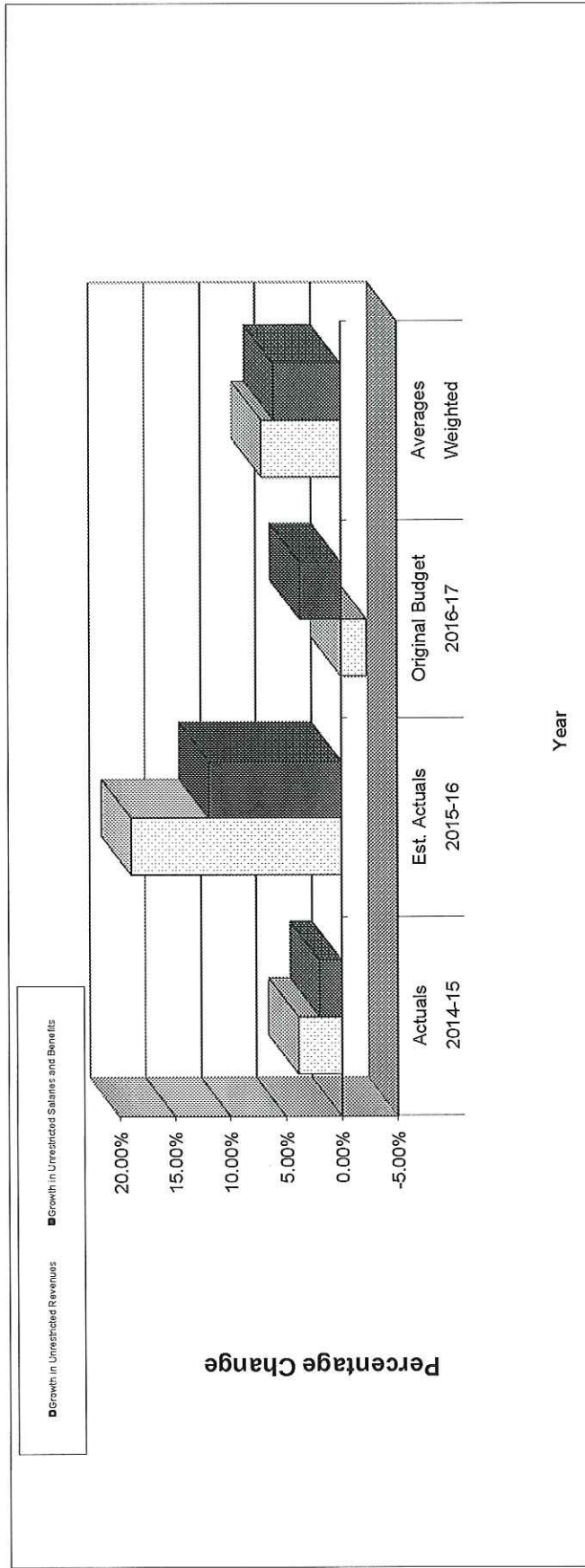
Changes to Fund Balance

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Unrestricted	Actuals (123,178)	Actuals 15,864	Actuals 200,270	Actuals 287,678	Est. Actuals (558,653)	Original Budget (217,967)
Restricted	(36,200)	1,426	151,455	(106,703)	40,901	(93,246)



Growth of Unrestricted Revenues vs. Unrestricted Salaries and Benefits

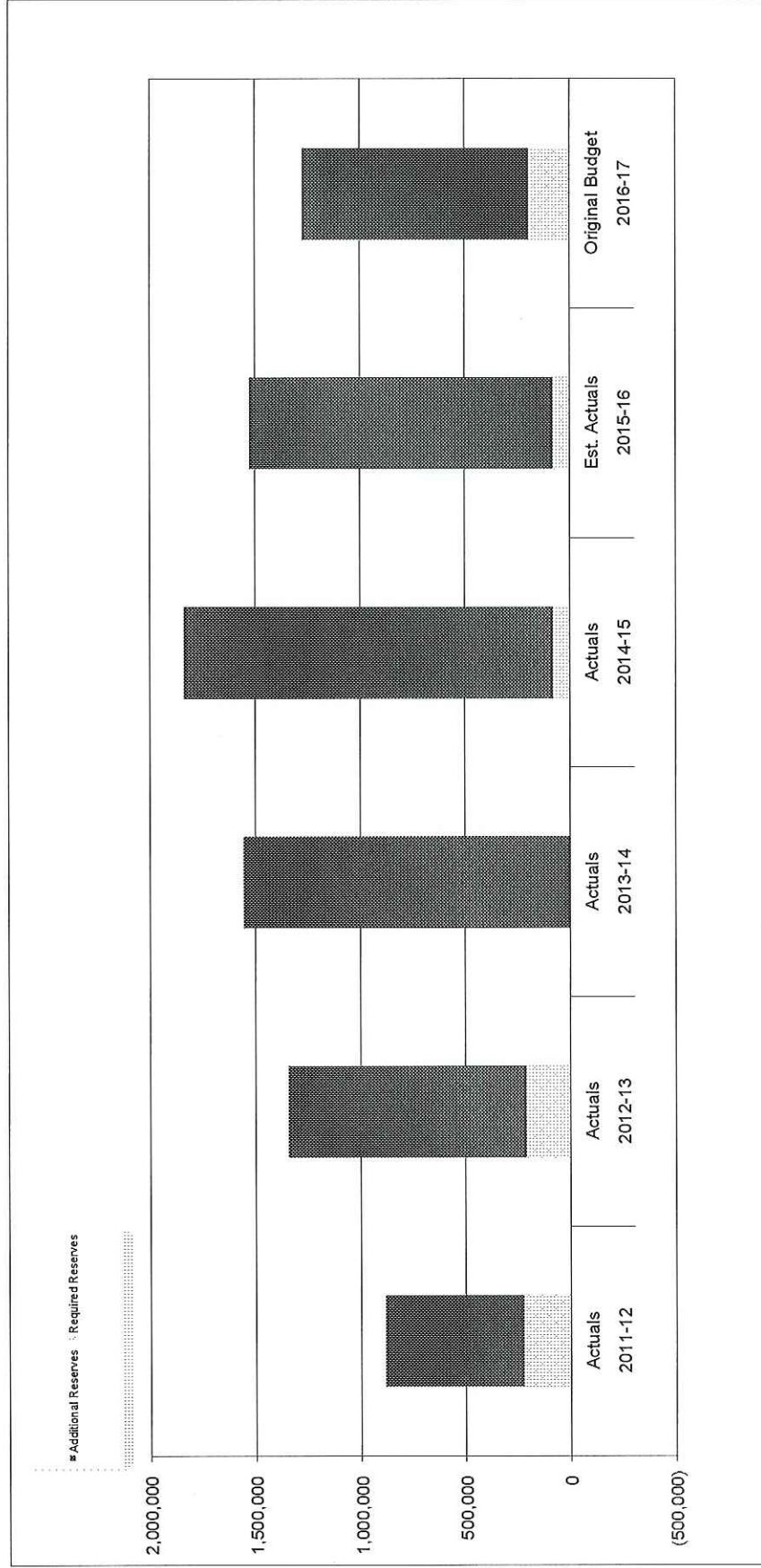
	2013-14 Actuals	2014-15 Actuals	2015-16 Est. Actuals	2016-17 Original Budget	Weighted Averages
Unrestricted Revenues	5,210,228	5,412,113	6,434,431	6,290,026	0.977557
Unrestricted Salaries and Benefits	3,856,814	3,932,940	4,401,855	4,563,878	1.036808
Growth in Revenues between years		3.87%	18.89%	-2.24%	7.08%
Growth in Salaries/Benefits between years		1.97%	11.92%	3.68%	5.97%



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

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Required Reserves	220,954	208,405	(7,503)	76,724	76,724	195,523
Additional Reserves	662,547	1,134,613	1,555,881	1,762,763	1,449,010	1,075,343
Total	883,501	1,343,019	1,548,378	1,839,487	1,525,734	1,270,866



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.