

BUTTE COUNTY

OFFICE OF
EDUCATION

DON McNELIS
SUPERINTENDENT

January 11, 2012

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

Subject: First Interim Budget

Administrative Services

1859 Bird Street
Oroville, CA 95965
(530) 532-5727
Fax (530) 532-5759
www.bcoe.org

Dear Mrs. Sheppard:

In accordance with Education Code Section 42131, the Butte County Office of Education (BCOE) has reviewed the First Interim Budget report of the Biggs Unified School District (BUSD) for fiscal year 2011-12. BCOE concurs with the district's positive certification indicating financial obligations will be met in the current and subsequent two fiscal years.

The assumptions used to build the First Interim Budget and Multi-Year Projection (MYP) are reasonable. Flexibility provisions are included and other revenues and expenditures have been adjusted for carryover and current staffing needs. Because the board adopted a budget and MYP that does not include any "trigger" reductions, a second MYP and cash flow projection with the estimated reductions were included with the budget package as information only, and include a one-time \$13 per ADA revenue limit cut and a 50% one-time cut in transportation funding. Although BUSD is projecting unrestricted deficit spending in the current and subsequent years, the minimum reserve requirement is met each year.

An area of concern is unrestricted deficit spending. 2013-14 is projected to need a transfer in from the Special Reserve for Non-Capital Outlay Fund to maintain a positive fund balance. The district will need to develop a plan to address the level of unrestricted deficit spending.

A Cash Flow Projection and assumptions are included with the First Interim Budget. Major assumptions provided are reasonable. Due to the importance of cash flow management, a new graph depicting the recent trend of the General Fund cash balance has been included for your information. BCOE notes a projected General Fund cash balance of \$161,532 ("trigger" reductions included) in June 2012.

The Governor released his proposal for the 2012-13 State Budget on January 5th. Midyear trigger reductions will become a reality next year if the Governor's ballot initiative to increase taxes is voted down in November. Home-to School Transportation is proposed to be eliminated and no funding is provided for Transitional Kindergarten. Funding formulas are proposed to change for certain categorical programs and a zero COLA is planned. Continued state revenue uncertainty makes it necessary to prudently manage district finances.

Kevin J. Bultema
Assistant Superintendent
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Lisa A. Anderson, CMA
Director, Fiscal Services
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Board of Education

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Jeannine MacKay
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Pat Matthews Spear
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Mike Walsh*

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2011-12 First Interim Budget
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BCOE thanks the board for their leadership. Educating students continues to be a priority at Biggs Unified Elementary School District. The attached analysis is provided for your information. If you would like additional information or analysis, please contact me at 532-5617.

Sincerely,



Lisa A. Anderson
Director, Fiscal Services

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FS-1112-032

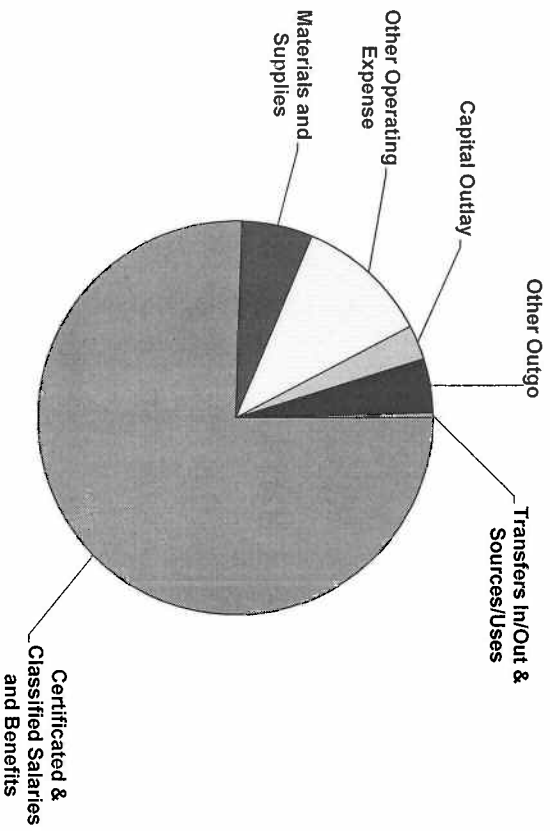
cc: Doug Kaelin, Superintendent, Biggs Unified School District
Pam Ragan, Financial Officer, Biggs Unified School District
Don McNelis, Butte County Superintendent of Schools
Kevin Bultema, Assistant Superintendent of Administrative Services
Adrian Barron, Financial Analyst

Attachments

AB 1200 Data Analysis - General Fund

	2009-10 Actuals			2010-11 Unaudited Actuals			2011-12 First Interim		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Biggs Unified									
Revenues									
State Aid	1,871,066		1,871,066	1,969,838	0	1,969,838	1,855,228	0	1,855,228
State Aid - Prior Year	(98,546)		(98,546)	2,984		2,984	0		0
Charter Aid			0	0		0	0		0
Local Taxes	1,673,309		1,673,309	1,682,283	0	1,682,283	1,652,098	0	1,652,098
PERS Income	22,348		22,348	13,809		13,809	10,605		10,605
Charter In-Lieu	(17,225)	0	(17,225)	(12,010)	0	(12,010)	(12,350)	0	(12,350)
Total Revenue Limit	3,450,952	0	3,450,952	3,656,904	0	3,656,904	3,505,581	0	3,505,581
Federal Revenue	197,039	442,132	639,172	48,077	374,951	423,028	44,490	293,726	338,216
Other State	674,203	412,180	1,086,383	864,235	423,304	1,287,539	711,787	381,664	1,093,451
Other Local	251,162	0	251,162	285,360	108	285,468	237,546	2,672	240,218
Total Revenues	4,573,357	854,312	5,427,669	4,854,577	798,363	5,652,940	4,499,404	678,062	5,177,466
Expenditures									
Certificated Salaries	1,782,932	549,607	2,332,539	1,805,530	362,562	2,168,092	1,815,194	270,291	2,085,485
Classified Salaries	750,999	311,818	1,062,817	714,655	301,026	1,015,681	717,976	320,500	1,038,476
Employee Benefits	881,640	261,983	1,143,624	888,000	195,869	1,083,869	964,162	188,951	1,153,113
Total Salaries & Benefits	3,415,571	1,123,409	4,538,980	3,378,185	859,457	4,237,642	3,497,332	779,743	4,277,075
Books and Supplies	200,687	107,156	307,843	159,397	102,972	262,369	191,540	135,704	327,244
Other Operating Expense	504,793	36,874	541,667	609,872	68,196	678,068	580,556	45,006	625,562
Capital Outlay	0	17,808	17,808	407,016	25,091	432,107	160,821	0	160,821
Other Outgo	0	165,575	165,575	11,101	182,506	193,607	11,550	241,558	253,108
Direct support/Indirect Costs	(64,187)	51,718	(12,469)	(58,839)	46,882	(11,957)	(68,339)	57,265	(11,074)
Total Expenditures	4,056,865	1,502,539	5,559,404	4,506,732	1,285,105	5,791,837	4,373,460	1,259,276	5,632,736
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources and Uses	516,491	(648,227)	(131,735)	347,845	(486,742)	(138,897)	125,944	(581,214)	(455,270)
Transfers In	0	0	0	0		0	22,651		22,651
Transfers Out	34,634	0	34,634	195,941		195,941			0
Other Sources			0	420,000		420,000			0
Other Uses	(389,206)	389,206	0	(478,475)	478,475	0	(538,850)	538,850	0
Contributions to Rest. Program	(423,840)	389,206	(34,634)	(267,016)	478,475	211,459	(516,199)	538,850	22,651
Total Transfers and Other Uses	4,480,705	1,113,333	5,594,038	4,773,748	806,630	5,580,378	4,889,659	720,426	5,610,085
Net Inc.(Dec.) to Fund Balance	92,651	(259,021)	(166,369)	80,829	(8,267)	72,562	(390,255)	(42,364)	(432,619)
Beginning Balance	808,718	216,052	1,024,770	901,369	50,634	952,003	1,075,048	42,367	1,117,415
Audit Adjustments/Restatements	0	93,601	93,601	92,849	0	92,849	0	0	0
Adjusted Beginning Balance	808,718	309,653	1,118,371	994,218	50,634	1,044,852	1,075,048	42,367	1,117,415
Ending Balance	901,369	50,632	952,002	1,075,048	42,367	1,117,414	684,792	3	684,796
For Economic Uncertainties	223,762		223,762	240,015	0	240,015	382,441	0	382,441
Other Available Reserves	226,232		226,232	301,169	0	301,169	302,351	0	302,351
Dedicated reserves	451,376	50,632	502,008	533,863	42,367	576,230	0	3	3
Other Funds	369,858		369,858	373,841		373,841	381,841		381,841
Required Reserves - 4%			223,762			240,015			225,309
Reserves as a %			14.66%			16.40%			19.01%

Where is the money spent?

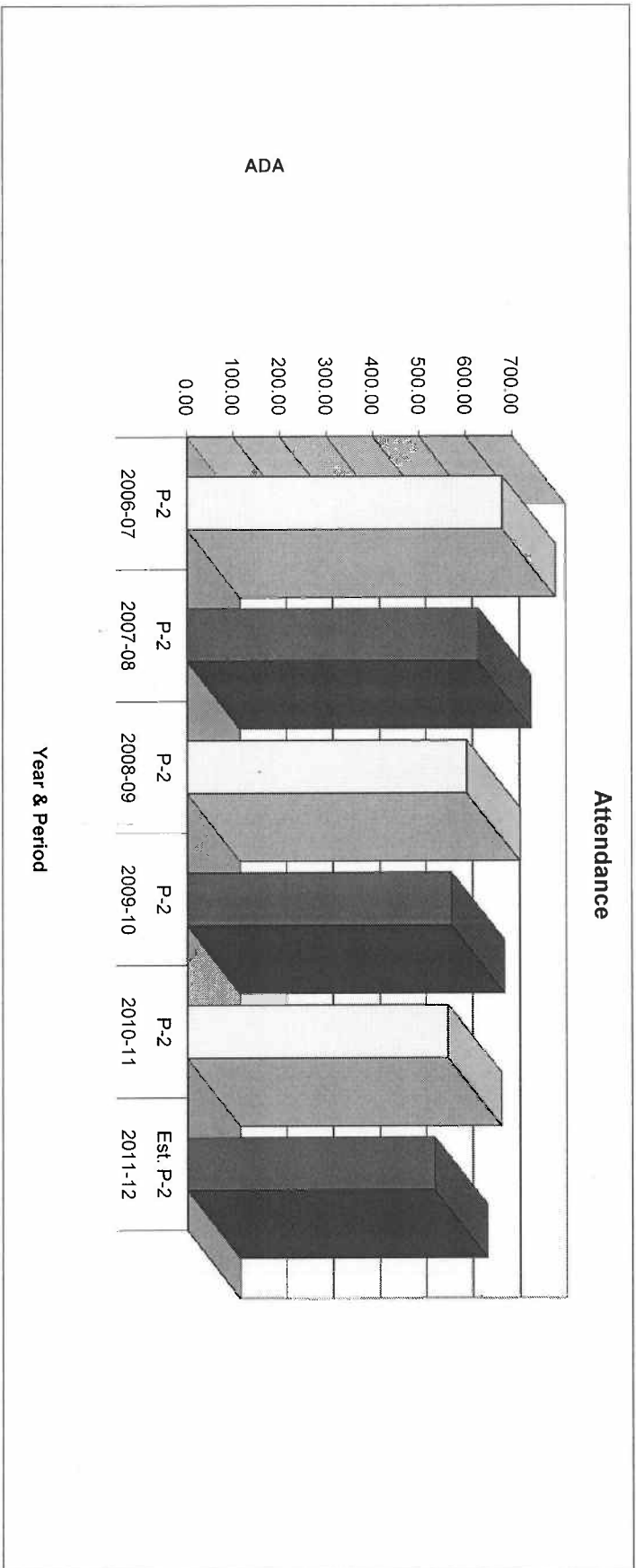


2011-12 First Interim Budget

Category	Amount	Percentage
Certificated/Classified Salaries and Benefits	4,277,075	76.09%
Materials and Supplies	327,244	5.82%
Other Operating Expense	625,562	11.13%
Capital Outlay	160,821	2.86%
Other Outgo	253,108	4.50%
Transfers In/Out & Sources/Uses	(22,651)	-0.40%
Total	5,621,159	100.00%

P-2 ADA (Does not include charter school)

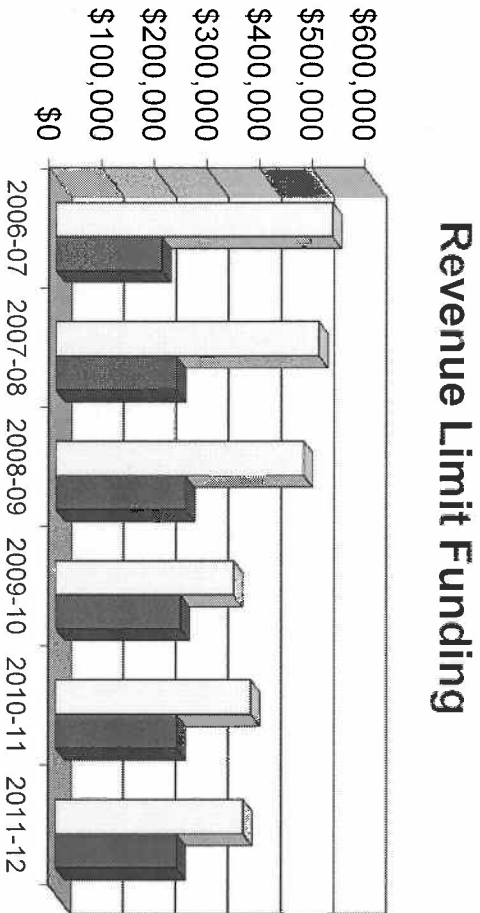
2006-07 P-2	2007-08 P-2	2008-09 P-2	2009-10 P-2	2010-11 P-2	2011-12 Est. P-2
677.79	626.29	601.19	568.16	560.80	531.09



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.

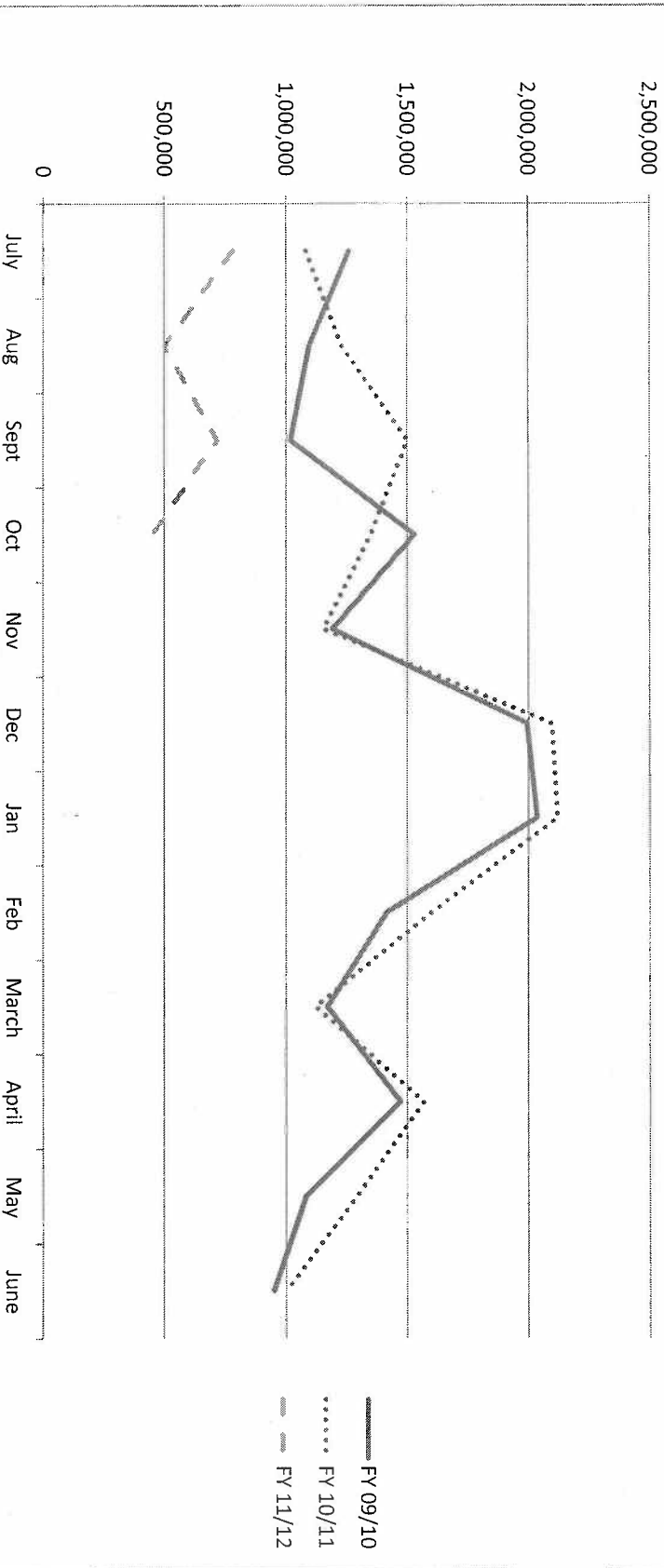
Revenue Limit Funding

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
State Aid	3,646,158	3,190,560	2,612,732	1,794,868	1,986,631	1,865,833
Property Taxes	1,286,792	1,181,921	1,558,252	1,656,084	1,670,273	1,639,748
Total	4,932,951	4,372,481	4,170,984	3,450,952	3,656,904	3,505,581
Percentages						
State Aid	74%	73%	63%	52%	54%	53%
Property Taxes	26%	27%	37%	48%	46%	47%



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.

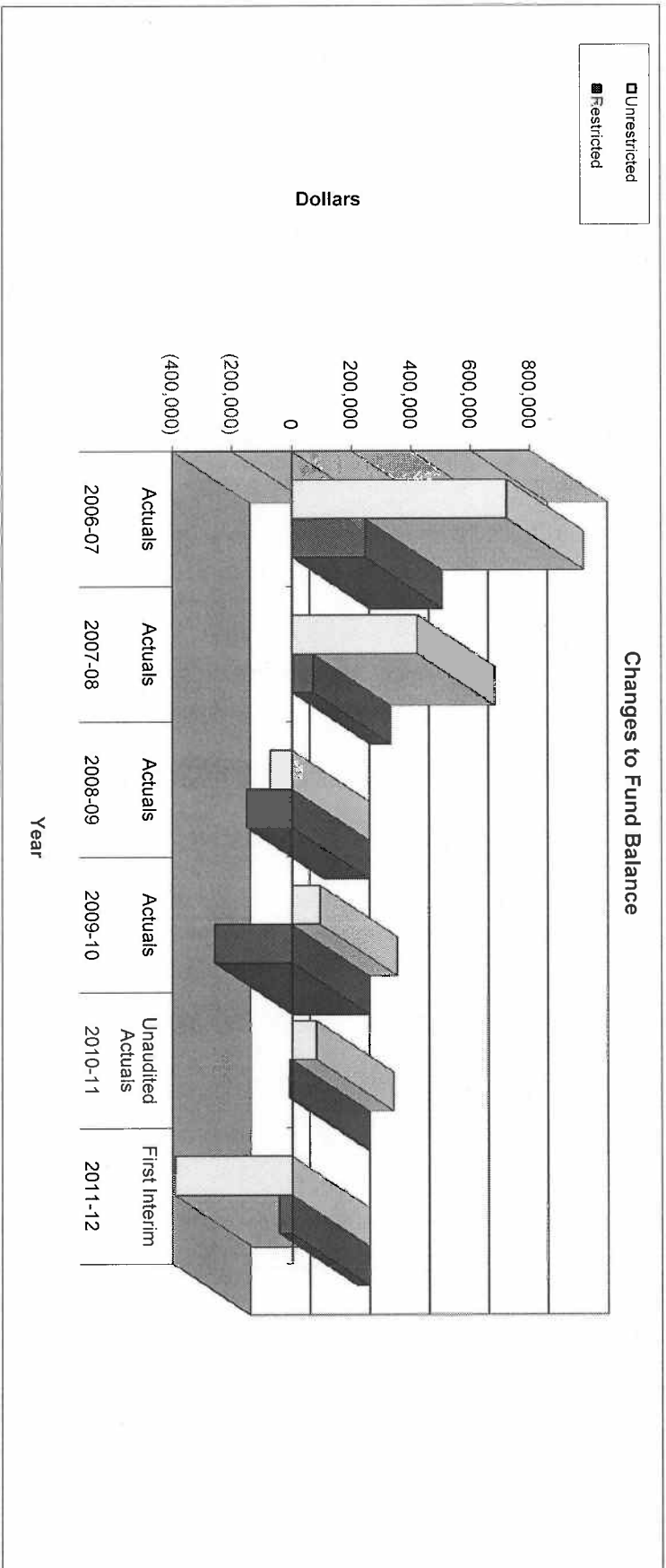
Cash Balance - General Fund



Each month reflects the actual cash balance for the General Fund at the Butte County Treasurer. The current fiscal year First Interim Budget Report will include actuals through October and the Second Interim Budget Report will include actuals through January.

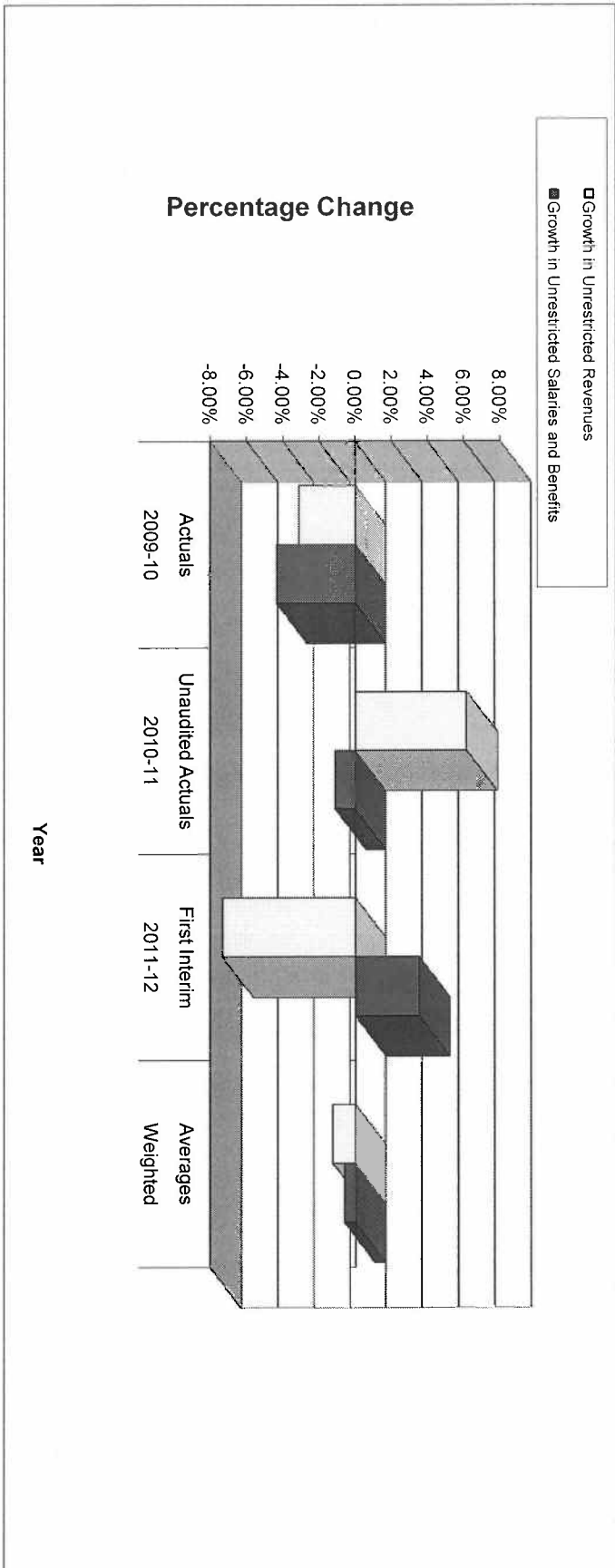
Changes to Fund Balance

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Unrestricted	720,623	419,535	(71,529)	92,651	80,829	(390,255)
Restricted	245,349	71,730	(151,640)	(259,021)	(8,267)	(42,364)



Growth of Unrestricted Revenues vs. Unrestricted Salaries and Benefits

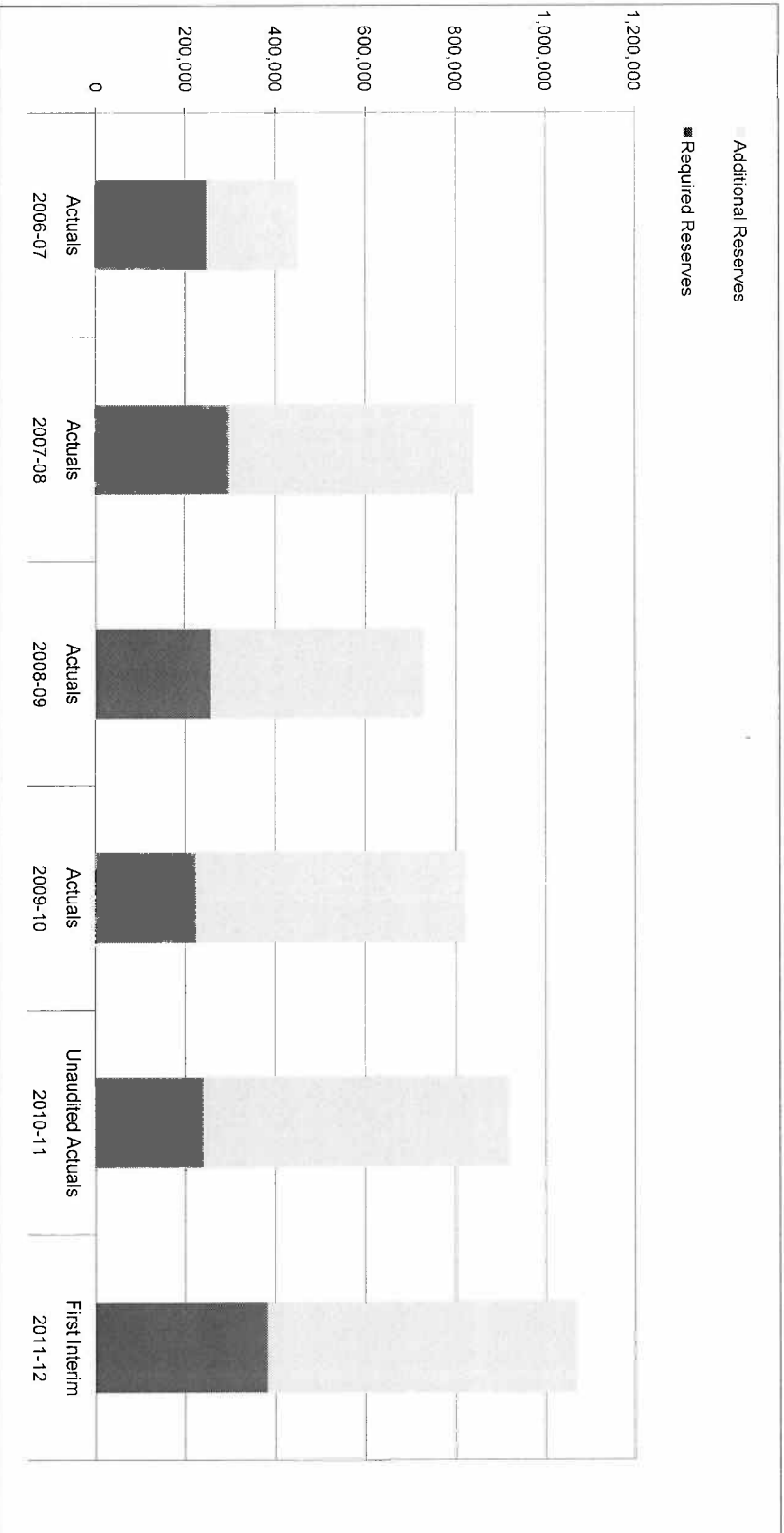
	2008-09	2009-10	2010-11	2011-12	Weighted
Unrestricted Revenues	4,719,563	4,573,357	4,854,577	4,499,404	
Unrestricted Salaries and Benefits	3,570,871	3,415,571	3,378,185	3,497,332	
Growth in Revenues between years		-3.10%	6.15%	-7.32%	-1.24%
Growth in Salaries/Benefits between years		-4.35%	-1.09%	3.53%	-0.60%



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

	2006-07 Actuals	2007-08 Actuals	2008-09 Actuals	2009-10 Actuals	2010-11 Unaudited Actuals	2011-12 First Interim
Required Reserves	247,284	298,448	256,450	223,762	240,015	382,441
Additional Reserves	200,245	542,143	473,672	596,090	675,010	684,192
Total	447,529	840,591	730,122	819,851	915,026	1,066,633



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.