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Employer

August 8, 2014

Mr. Terry Lattemore, Board President
Biggs Unified School District
300 B Street
Biggs, CA 95917

Subject: 2014-15 Original Budget

Dear Mr. Lattemore:

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 2014-15. 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 2014-15, which are slightly higher than prior year P-2 ADA. Future years ADA are basically flat. 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.

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, there is only one remaining planned deferral in June of 2015. 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 \$700k in June 2015.

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An area of concern is projected unrestricted deficit spending in the current and future years caused by the uncertainty of the Necessary Small School (NSS) funding. This is an issue that is difficult to fully address at the current time as the district is waiting for a final decision from CDE. Assuming that the NSS funding ends, the district has stated that they are prepared to make the changes needed to reduce spending and balance the budget. If, on the other hand, they continue to be funded under the NSS model at some locations, their fund balance is estimated to grow slightly in two of the next three years.

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-1415-017

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

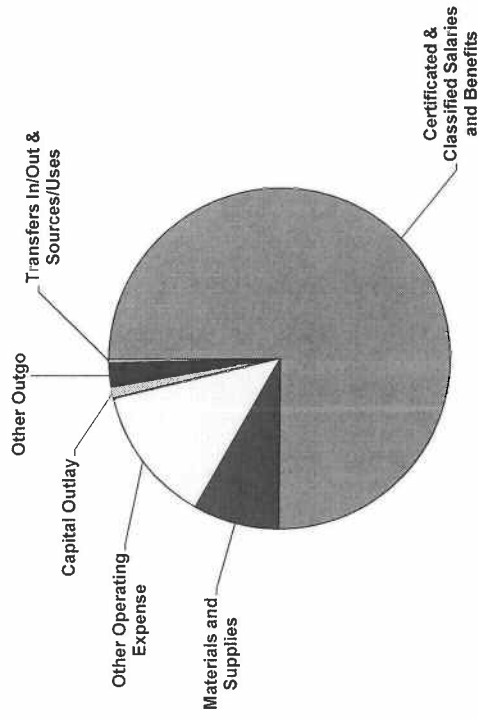
AB 1200 Data Analysis - General Fund

	2012-13 Actuals			2013-14 Estimated Actuals			2014-15 Original		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	Biggs Unified								
Revenues									
State Aid	1,617,607	0	1,617,607	2,853,694	0	2,853,694	2,643,069	0	2,643,069
State Aid - Prior Year	68	0	68	0	0	0	0	0	0
Charter Aid (Included in State Aid)	0	0	0	0	0	0	0	0	0
Local Taxes	1,892,186	0	1,892,186	1,831,768	0	1,831,768	1,858,565	0	1,858,565
PERS Income(ended 12/13)	7,693	0	7,693	(22,993)	0	(22,993)	(17,261)	0	(17,261)
Charter In-Lieu Taxes	(33,833)	0	(33,833)	4,662,469	0	4,662,469	4,484,373	0	4,484,373
Total LCFF Revenue	3,483,721	0	3,483,721	4,662,469	0	4,662,469	4,484,373	0	4,484,373
Expenditures									
Federal Revenue	6,489	247,985	254,474	5,360	334,681	340,041	5,360	286,934	292,294
Other State	682,153	395,464	1,077,617	88,936	344,873	433,809	89,516	170,828	260,344
Other Local	397,525	2,535	400,061	360,888		360,888	367,766		367,766
Total Revenues	4,569,888	645,985	5,215,873	5,117,653	679,554	5,797,207	4,947,015	457,762	5,404,777
Expenditures									
Certificated Salaries	1,897,734	223,735	2,121,468	1,928,431	203,531	2,131,962	1,989,870	205,988	2,195,858
Classified Salaries	677,118	320,082	997,199	913,923	168,651	1,082,574	880,529	160,997	1,041,526
Employee Benefits	914,912	159,257	1,074,169	977,713	98,769	1,076,482	1,068,248	104,450	1,172,698
Total Salaries & Benefits	3,489,763	703,074	4,192,837	3,820,067	470,951	4,291,018	3,938,647	471,435	4,410,082
Books and Supplies	202,934	99,420	302,354	386,398	154,398	540,796	362,641	113,934	476,575
Other Operating Expense	515,585	45,130	560,715	593,508	129,040	722,548	650,223	115,731	765,954
Capital Outlay	6,985	0	6,985	79,729		79,729	58,641		58,641
Other Outgo	7,662	119,095	126,756	431,550	172,827	604,377	137,827	137,827	137,827
Direct support/indirect Costs	(63,774)	51,846	(11,928)	(53,580)	38,732	(14,848)	(51,726)	35,806	(15,920)
Total Expenditures	4,159,154	1,018,564	5,177,719	5,257,672	965,948	6,223,620	4,958,426	874,733	5,833,159
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources and Uses	410,734	(372,580)	38,154	(140,019)	(286,394)	(426,413)	(11,411)	(416,971)	(428,382)
Transfers In	11,550	0	11,550	503,451	0	503,451	22,698	0	22,698
Transfers Out	32,415	0	32,415	29,658	0	29,658	0	0	0
Other Sources	0	0	0	0	0	0	0	0	0
Other Uses	0	0	0	0	0	0	0	0	0
Contributions to Rest. Program	(374,005)	374,005	0	(278,802)	278,802	0	(257,424)	257,424	0
Total Transfers and Other Uses	(394,870)	374,005	(20,865)	194,991	278,802	473,793	(280,122)	257,424	(22,698)
Total Outgo	4,554,024	644,559	5,198,583	5,062,681	687,146	5,749,827	5,238,548	617,309	5,855,857
Net Inc.(Dec.) to Fund Balance	15,864	1,426	17,289	54,972	(7,592)	47,380	(291,533)	(159,547)	(451,080)
Beginning Balance	951,870	6,167	958,037	967,733	7,593	975,326	1,022,706	(0)	1,022,705
Audit Adjustments/Restatements	0	0	0	1	(1)	0	1	1	1
Adjusted Beginning Balance	951,870	6,167	958,037	967,734	7,592	975,326	1,022,706	1	1,022,706
Ending Balance	967,733	7,593	975,326	1,022,706	(0)	1,022,706	731,173	(159,547)	571,626
For Economic Uncertainties	208,405	0	208,405	0	0	0	0	0	0
Other Available Reserves	759,328	0	759,328	1,022,706	0	1,022,706	666,646	0	666,646
Dedicated reserves	0	7,593	7,593	0	(0)	0	64,527	(159,547)	(95,019)
Other Funds	375,285	375,285	375,285	377,665	377,665	377,665	380,045	380,045	380,045
Required Reserves - 4%	208,405	208,405	208,405	377,665	377,665	377,665	380,045	380,045	380,045
Reserves as a %	25.83%	25.83%	25.83%	24.36%	24.36%	24.36%	17.87%	17.87%	17.87%

Where is the money spent?

Certificated & Classific	4,410,082
Materials and Supplies	476,575
Other Operating Expense	765,954
Capital Outlay	58,641
Other Outgo	137,827
Transfers In/Out & So	22,698

Where is the money spent?

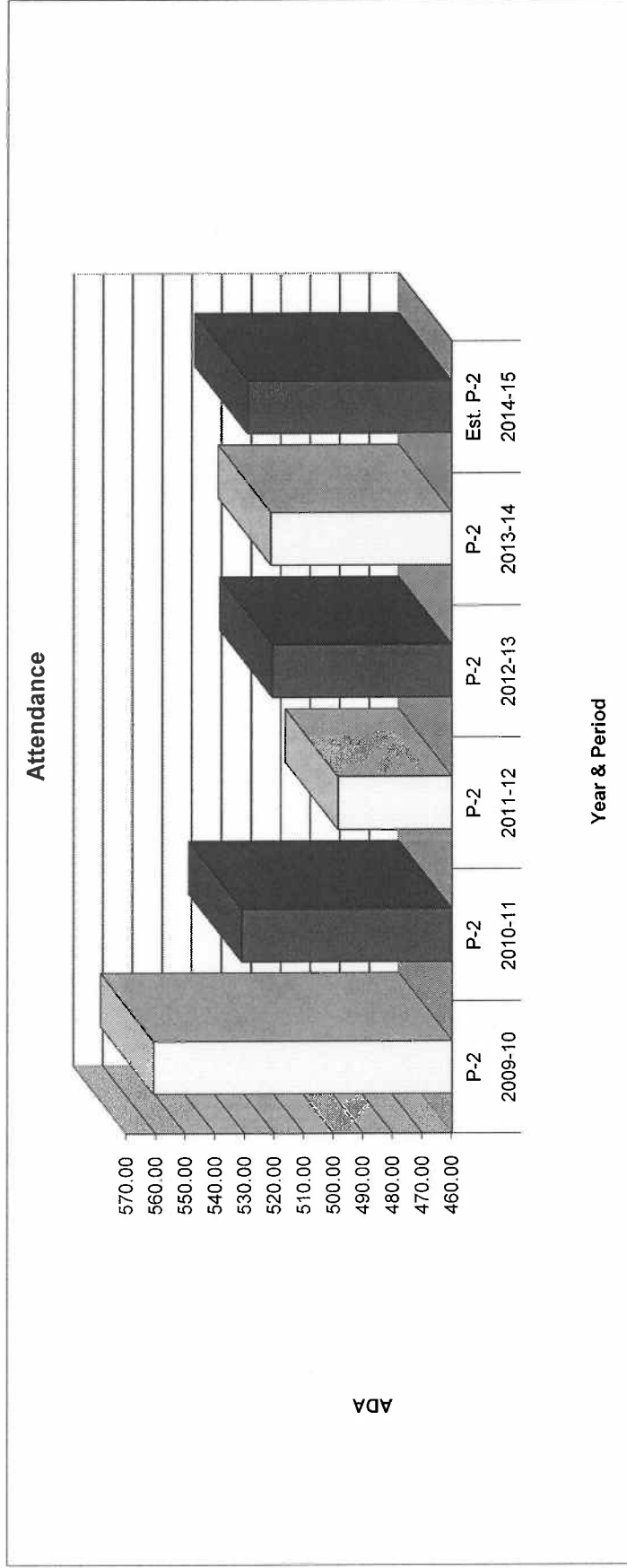


2014-15 Original Budget

Certificated/Classified Salaries and Benefits	4,410,082	75.11%
Materials and Supplies	476,575	8.12%
Other Operating Expense	765,954	13.04%
Capital Outlay	58,641	1.00%
Other Outgo	137,827	2.35%
Transfers In/Out & Sources/Uses	22,698	0.39%
Total	5,871,777	100.00%

P-2 ADA (Does not include charter school)

Year	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
P-2 ADA	560.80	531.09	498.50	520.70	521.16	529.11
		P-2	P-2	P-2	P-2	Est. P-2



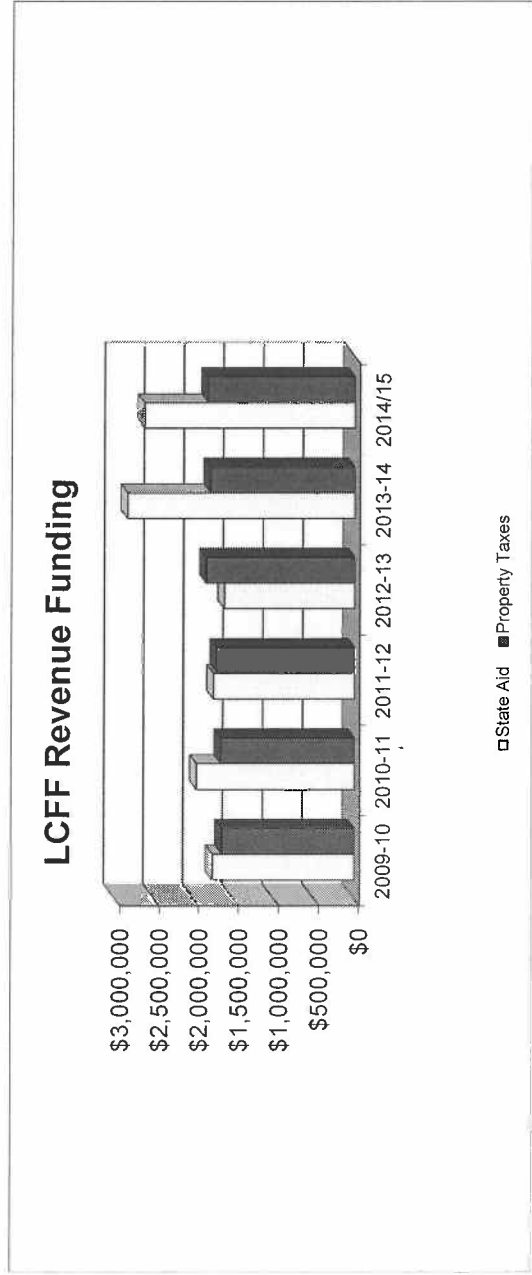
ADA is the driving force of district funding. A pattern of declining ADA needs to be addressed and followed with declining expenditures. A pattern of increasing ADA allows for increased expenditures.

LCFF Revenue Funding

	2009-10 Actuals	2010-11 Actuals	2011-12 Actuals	2012-13 Actuals	2013-14 Est Actuals	2014-15 Original
State Aid	1,772,520	1,972,822	1,761,618	1,625,368	2,853,694	2,643,069
Property Taxes	1,656,084	1,670,273	1,719,990	1,858,353	1,808,775	1,841,304
Total	3,428,604	3,643,095	3,481,608	3,483,721	4,662,469	4,484,373

This line includes in-lieu taxes

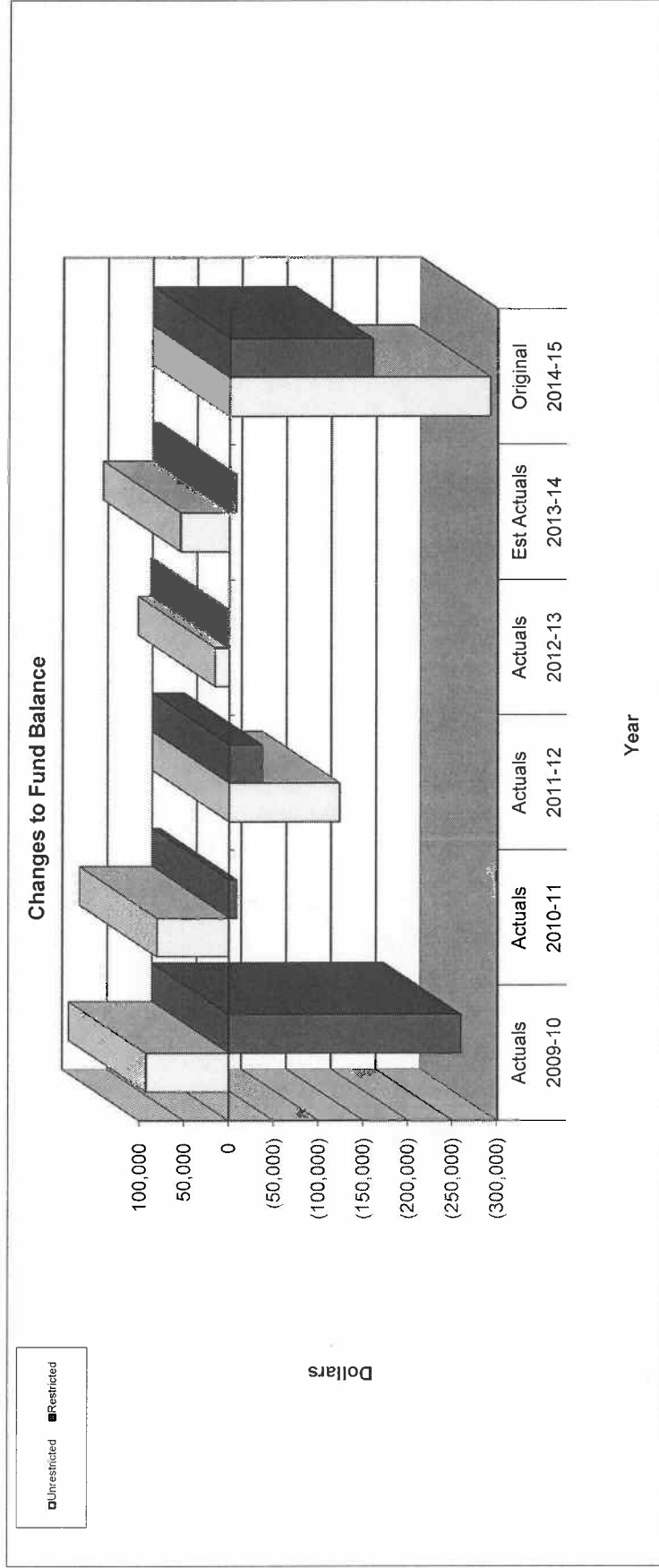
Percentages	
State Aid	52%
Property Taxes	48%
State Aid	51%
Property Taxes	49%
State Aid	61%
Property Taxes	39%
State Aid	59%
Property Taxes	41%



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

	2009-10 Actuals	2010-11 Actuals	2011-12 Actuals	2012-13 Actuals	2013-14 Est Actuals	2014-15 Original
Unrestricted	92,651	80,829	(123,178)	15,864	54,972	(291,533)
Restricted	(259,021)	(8,267)	(36,200)	1,426	(7,592)	(159,547)



Growth of Unrestricted Revenues vs. Unrestricted Salaries and Benefits

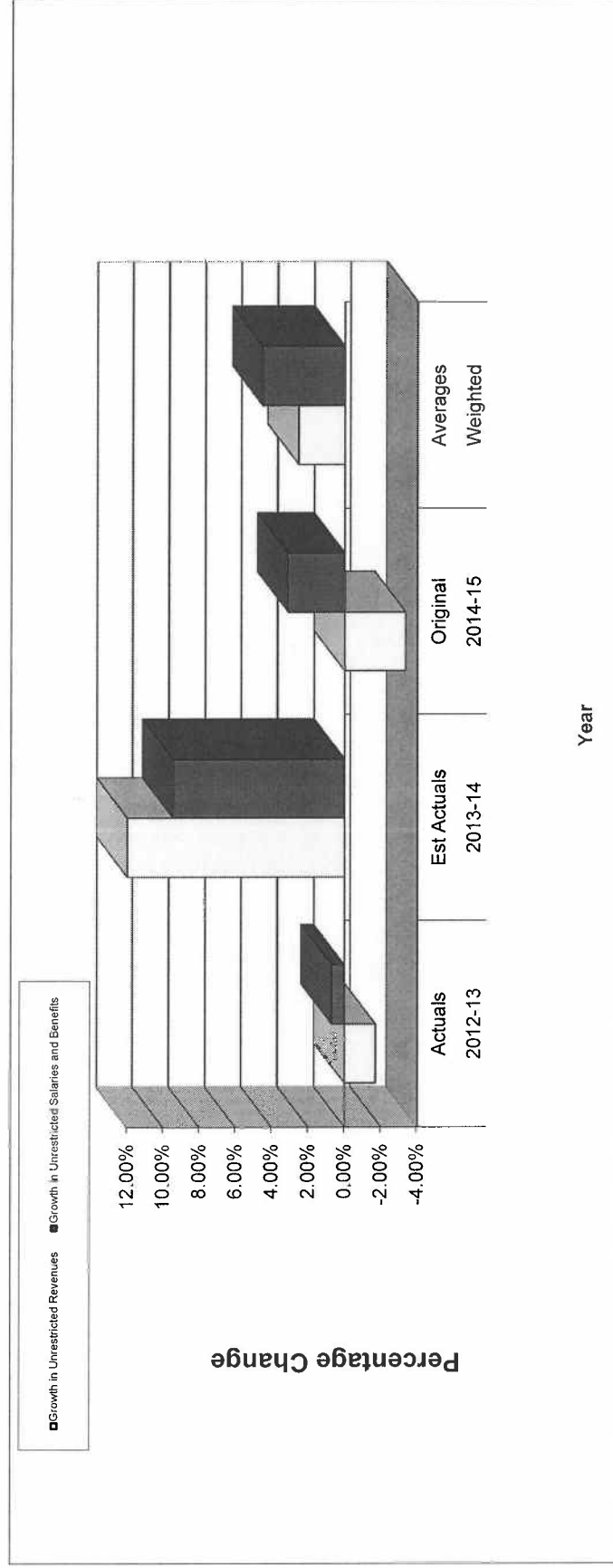
2011-12 Actuals	2012-13 Actuals	2013-14 Est Actuals	2014-15 Original	Weighted Averages
4,648,463	4,569,888	5,117,653	4,947,015	
3,465,388	3,489,763	3,820,067	3,938,647	0.796166
	-1.69%	11.99%	-3.33%	2.54%
	0.70%	9.46%	3.10%	4.52%

Unrestricted Revenues

Unrestricted Salaries and Benefits

Growth in Revenues between years

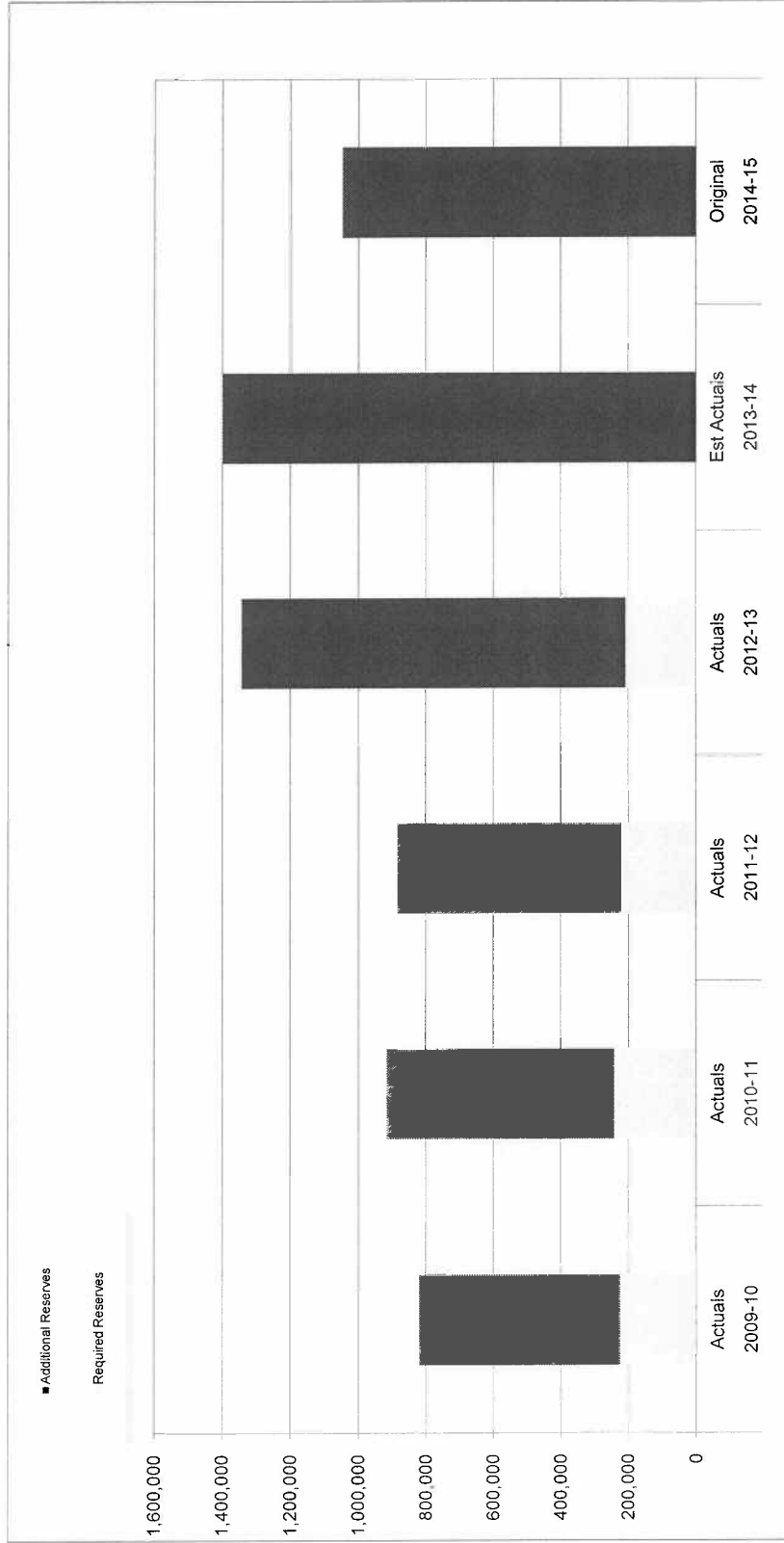
Growth in Salaries/Benefits between years



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

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Required Reserves	223,762	240,015	220,954	208,405	0	0
Additional Reserves	596,090	675,010	662,547	1,134,613	1,400,372	1,046,691
Total	819,851	915,026	883,501	1,343,019	1,400,372	1,046,691



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.