



Tim Taylor

Superintendent
ttaylor@bcoe.org

Mary Sakuma

Deputy
Superintendent
msakuma@bcoe.org

Lisa A. Anderson, CMA

Senior Director,
Fiscal Services
(530) 532-5617
landerso@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>

An Equal Opportunity
Employer

January 4, 2017

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

Subject: 2016-17 First Interim Budget

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 2016-17. 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 based on the Local Control Funding Formula (LCFF) and are reasonable. Funding for the current year and future years are based on 2016-17 ADA estimates and show a slight increase from prior year P-2. ADA has gone up significantly due to increased attendance created by the completion of a local subdivision in 2015. Federal revenues are reduced with the removal of MAA while state revenues have decreased with the change in funding of the one-time Mandated Cost funding. 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 First Interim 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 \$930K in June 2017.

There are a few areas of concern. The first is that the MYP indicates that even with the increase in projected ADA, there is budgeted deficit spending of \$450k in 2016-17 and another \$608K in the two out years. BCOE recommends that the district continue to monitor this area of the budget. The second concern is the district's loss of Necessary Small School (NSS) funding. With the adoption of the new LCFF formula, the rules that governed NSS's were altered. One of the changes (increasing from 5 miles to 10 miles the distance the school could be from another public agency) resulted in the District no longer being able to use the NSS funding formula on their NSS Elementary school. Due to action at the state level, the Necessary Small High school was given a new timeline that expires in 2016-17. If the high school

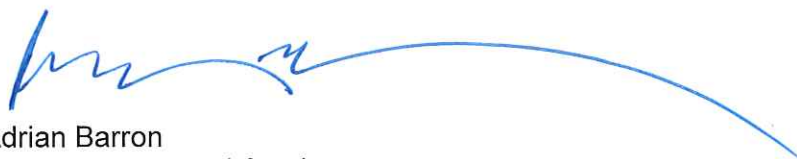
"WHERE STUDENTS COME FIRST"

January 4, 2017
2016-17 First Interim
Page Two

NSS change is not amended, it will result in an estimated yearly reduction of more than \$250,000. Due to the fact that the district can use the best of current or prior year ADA, the financial impact of this change will not take effect until the 2018-19 school year. The district is working with a consultant to petition the state to eliminate the changes so as to allow the high school to maintain its NSS status.

Based on our review, the First Interim 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,



Adrian Barron
Director of External Services
LEA Services

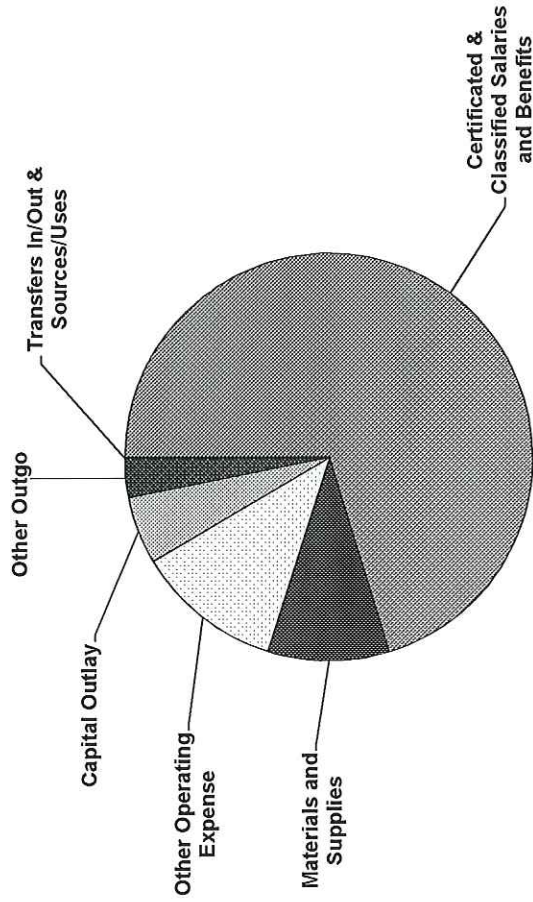
ts
FS-1617-035

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 Superintendent
Lisa Anderson, Senior Director of Fiscal Services

Attachment

	AB 1200 Data Analysis - General Fund											
	2014-15 Actuals			2015-16 Unaudited Actuals			2016-17 First Interim			Total		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Biggs Unified												
Revenues												
State Aid	2,827,239		2,827,239	3,250,733		3,250,733	3,522,464		3,522,464	0		0
State Aid - Prior Year	(23,632)		(23,632)	(10,987)		(10,987)	0		0	0		0
Charter Aid (Included in State Aid)			0			0						
Local Taxes	1,953,614		1,953,614	2,278,538		2,278,538	2,308,255		2,308,255	0		0
PERS Income(ended 12/13)			0			0						
Charter In-Lieu Taxes	(3,787)		(3,787)	(11,414)		(11,414)	(11,593)		(11,593)	0		0
Total LCOFF Revenue	4,753,434	0	4,753,434	5,506,870	0	5,506,870	5,819,126	0	5,819,126	0	0	0
Federal Revenue	20,383	275,507	295,889	22,745	337,794	360,540	1,360	464,981	466,341	666,683	239,066	905,749
Other State	135,016	324,546	459,562	489,047	466,423	955,470	427,617	239,066	666,683	305,023	0	305,023
Other Local	503,280	20,426	523,705	267,896	0	267,896	6,553,126	704,047	7,257,173			
Total Revenues	5,412,113	620,478	6,032,591	6,286,558	804,217	7,090,775	12,408,641	1,037,782	13,446,423	2,408,641	278,260	2,686,902
Expenditures												
Certificated Salaries	1,991,692	174,297	2,165,989	2,281,552	235,614	2,517,166	2,408,641	286,736	2,695,377	1,037,782	278,260	1,316,042
Classified Salaries	907,919	160,243	1,068,162	936,883	207,358	1,144,241	1,037,782	278,260	1,316,042	1,314,426	167,220	1,481,646
Employee Benefits	1,033,329	227,068	1,260,397	1,080,322	274,003	1,354,325	4,760,849	732,216	5,493,065	623,162	131,433	754,595
Total Salaries & Benefits	3,932,940	561,608	4,494,547	4,298,758	716,974	5,015,732	7,388,866	1,159,824	8,548,690	400,650	239,000	639,650
Books and Supplies	318,503	137,990	456,493	481,903	117,606	599,509	623,162	131,433	754,595	738,866	166,504	905,370
Other Operating Expense	603,657	38,467	642,123	678,038	22,883	700,921	738,866	166,504	905,370	400,650	15,000	415,650
Capital Outlay	27,629	27,629	55,258	143,527	52,774	196,301	400,650	15,000	415,650	0	239,000	239,000
Other Outgo	(48,655)	149,089	100,434	0	207,631	207,631	(67,660)	51,740	(15,920)	6,455,967	1,335,893	7,791,860
Direct support/Indirect Costs	(48,655)	35,390	(13,265)	(55,189)	41,956	(13,233)	6,455,967	1,335,893	7,791,860	97,259	(631,846)	(534,587)
Total Expenditures	4,834,073	922,543	5,756,616	5,547,037	1,159,824	6,706,861	97,259	(631,846)	(534,587)	25,985	0	25,985
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources and Uses	578,040	(302,065)	275,975	739,521	(355,607)	383,914	97,259	(631,846)	(534,587)	25,985	0	25,985
Transfers In			0			0			0			0
Transfers Out	95,000		95,000	608,375		608,375	608,375		608,375	0		0
Other Sources			0			0			0			0
Other Uses	(195,362)	195,362	0	(412,958)	412,958	0	(522,152)	522,152	0	(522,152)	522,152	0
Contributions to Rest. Program	(195,362)	195,362	0	(412,958)	412,958	0	(522,152)	522,152	0	(522,152)	522,152	0
Total Transfers and Other Uses	(290,362)	195,362	(95,000)	(1,021,333)	412,958	(608,375)	(548,137)	522,152	(25,985)	7,004,004	813,741	7,817,745
Total Outgo	5,124,435	727,181	5,851,616	6,568,370	746,866	7,315,236	7,004,004	813,741	7,817,745	(450,878)	(109,694)	(560,572)
Net Inc.(Dec.) to Fund Balance	287,678	(106,703)	180,975	(281,811)	57,351	(224,461)	(450,878)	(109,694)	(560,572)	1,173,871	109,695	1,283,566
Beginning Balance	1,168,004	159,048	1,327,053	1,455,682	52,345	1,508,027	1,173,871	109,695	1,283,566	(4)	(1)	(2)
Audit Adjustments/Restatements	0	(1)	(1)	0	0	0	(4)	(1)	(2)	1,173,870	109,694	1,283,564
Adjusted Beginning Balance	1,168,004	159,047	1,327,052	1,455,682	52,345	1,508,027	1,173,870	109,694	1,283,564	722,992	0	722,992
Ending Balance	1,455,682	52,345	1,508,027	1,455,682	52,345	1,508,027	722,992	0	722,992	0	0	0
For Economic Uncertainties	76,724	0	76,724	76,724	0	76,724	0	0	0	722,992	0	722,992
Other Available Reserves	1,378,958	(0)	1,378,958	1,097,147	0	1,097,147	722,992	0	722,992	0	0	0
Dedicated reserves	0	52,345	52,345	1,097,147	0	1,097,147	0	0	0	591,687	0	591,687
Other Funds	383,805	383,805	767,610	587,688	587,688	1,175,376	591,687	0	591,687			
Required Reserves - 4%	234,065		234,065	587,688		587,688						
Reserves as a %			31.44%			24.08%						16.82%

Where is the money spent?

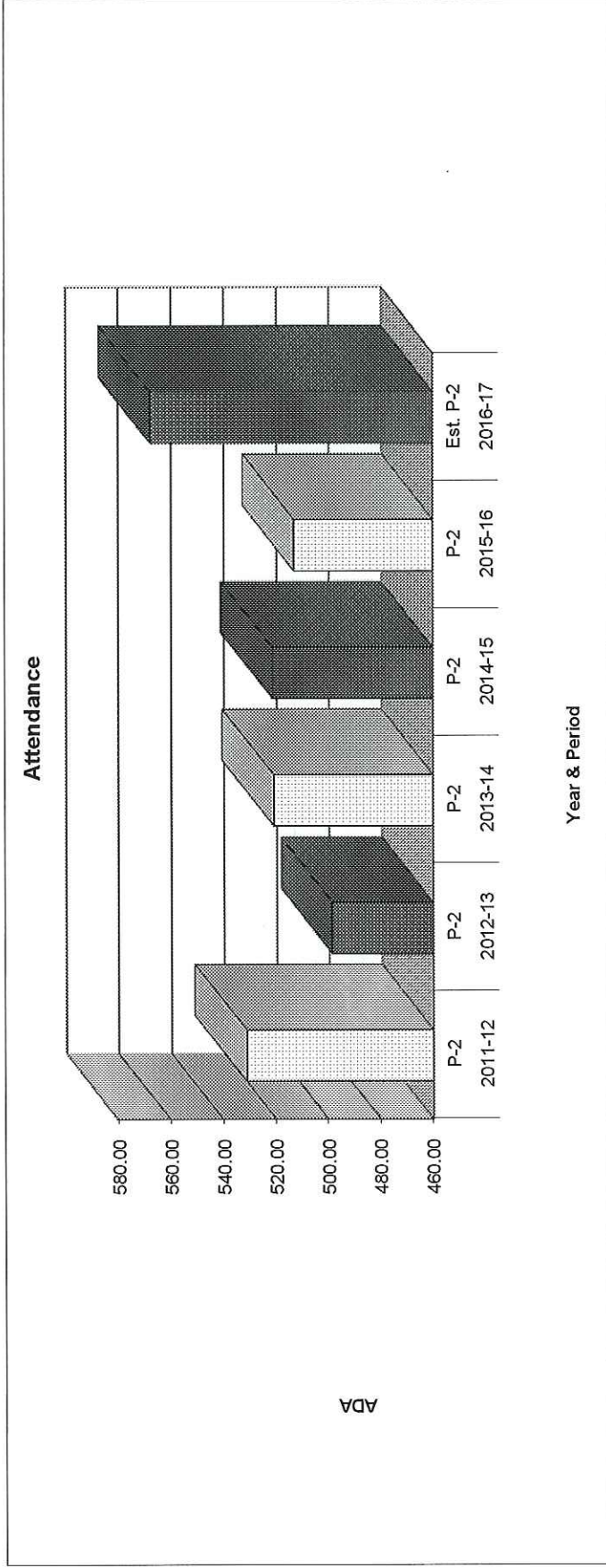


2016-17 First Interim Budget

Certificated/Classified Salaries and Benefits	5,493,065	70.26%
Materials and Supplies	754,595	9.65%
Other Operating Expense	905,370	11.58%
Capital Outlay	415,650	5.32%
Other Outgo	239,000	3.06%
Transfers In/Out & Sources/Uses	10,065	0.13%
Total	7,817,745	100.00%

P-2 ADA (Does not include charter school)

Year	ADA
2011-12 P-2	531.09
2012-13 P-2	498.50
2013-14 P-2	520.70
2014-15 P-2	521.16
2015-16 P-2	512.99
2016-17 Est. P-2	567.43



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

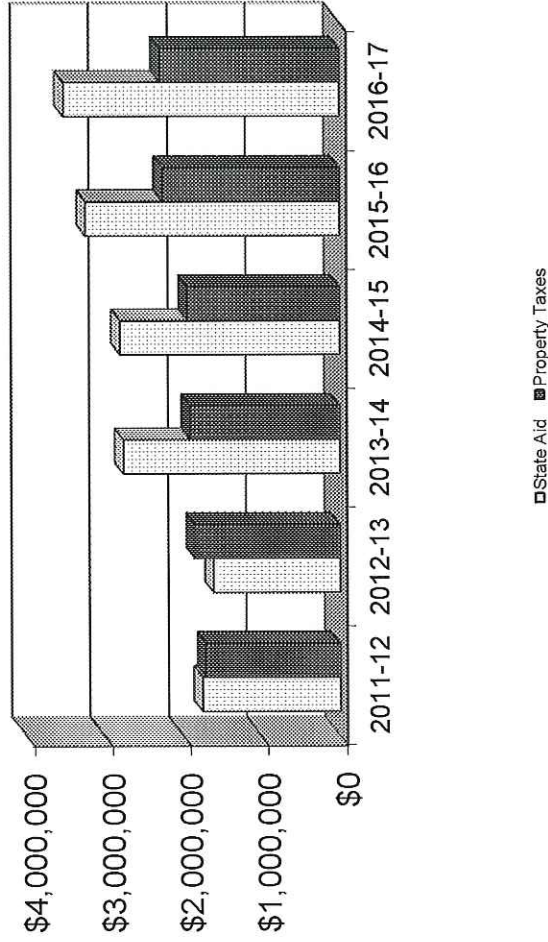
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
State Aid	1,761,618	1,617,675	2,766,721	2,803,607	3,239,746	3,522,464
Property Taxes	1,719,990	1,858,353	1,915,430	1,949,827	2,267,124	2,296,662
Total	3,481,608	3,476,028	4,682,151	4,753,434	5,506,870	5,819,126

Percentages
 State Aid 51%
 Property Taxes 49%

Unaudited Actuals
 2015-16 59%
 2016-17 61%

Actuals
 2014-15 41%
 2015-16 41%
 2016-17 39%

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.

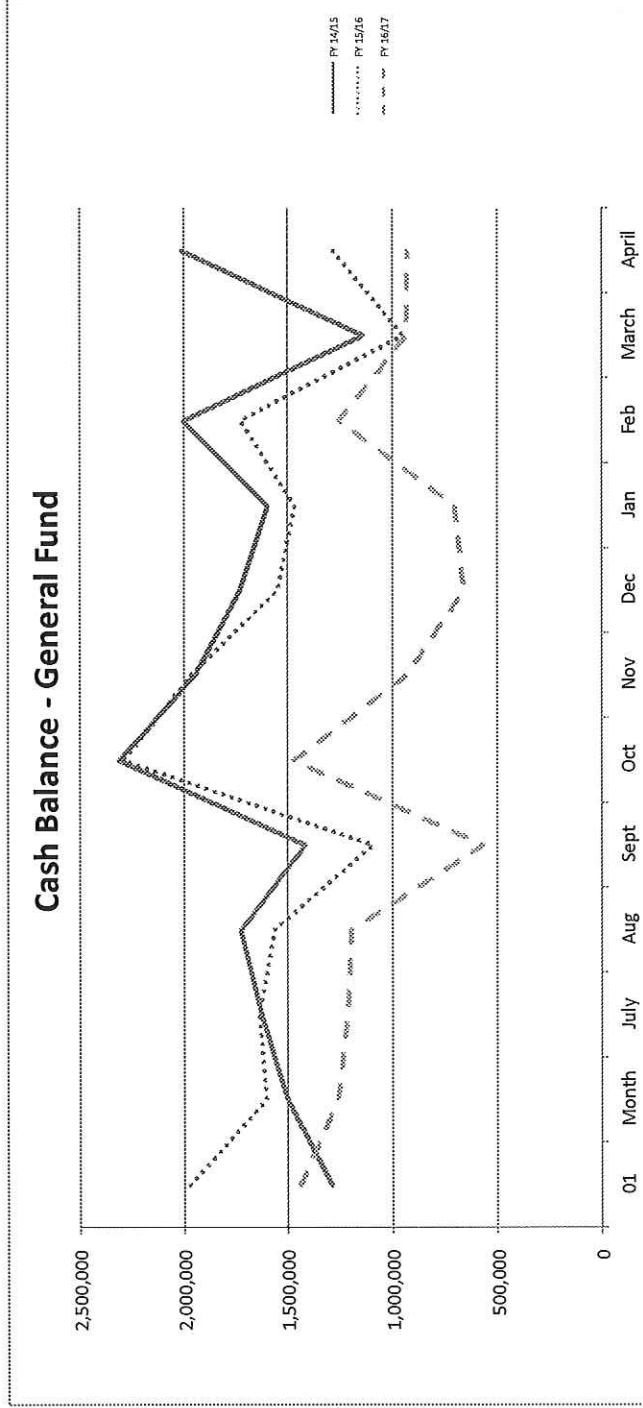
Cash Balance - General Fund

Actuals through May 2016, June 2016 and 16-17 estimated

Fund 3520

01

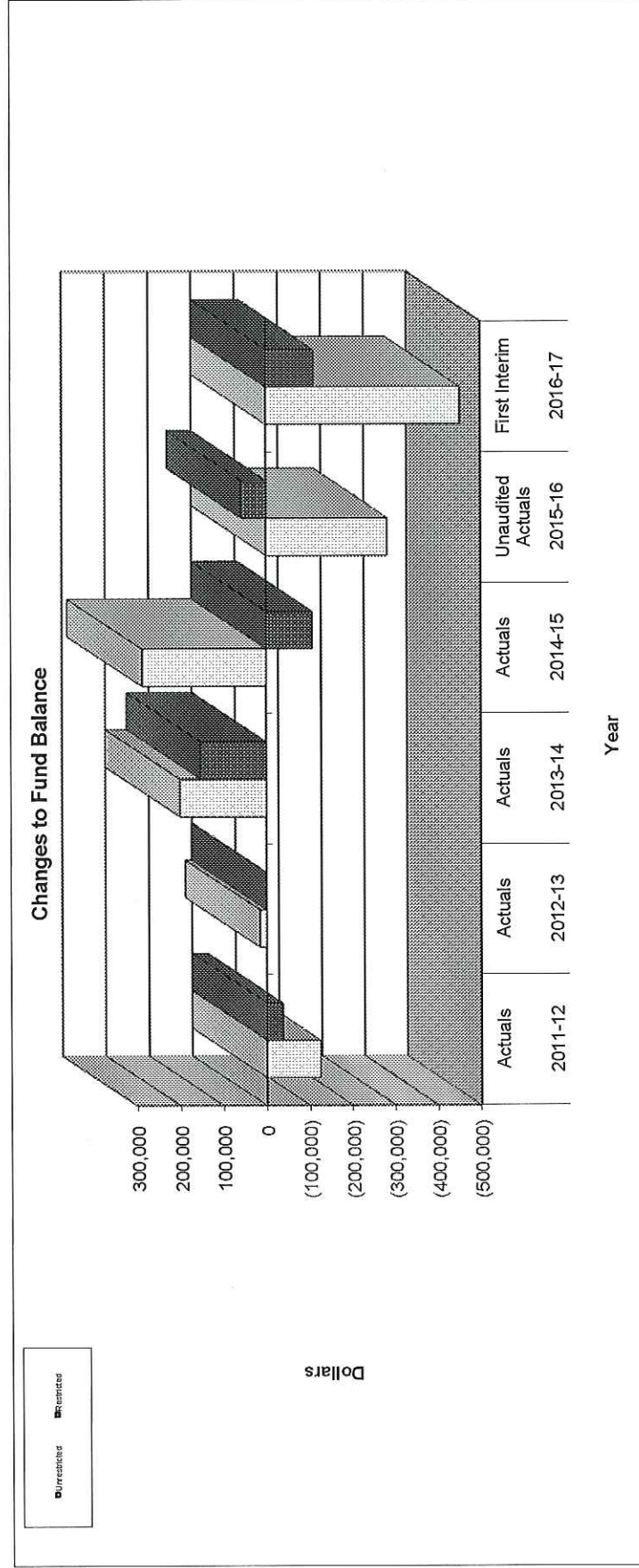
Month	FY 14/15	FY 15/16	FY 16/17
July	1,291,158	1,972,185	1,442,516
Aug	1,499,974	1,603,764	1,261,987
Sept	1,624,196	1,636,793	1,217,326
Oct	1,725,286	1,564,281	1,197,696
Nov	1,417,727	1,095,982	565,919 est
Dec	2,311,302	2,290,155	1,472,482 est
Jan	1,950,597	1,969,855	935,118 est
Feb	1,733,617	1,549,843	659,138 est
March	1,596,207	1,465,729	700,946 est
April	2,002,857	1,725,324	1,256,253 est
May	1,141,703	949,976	934,413 est
June	2,007,019	1,283,566	930,550 est



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

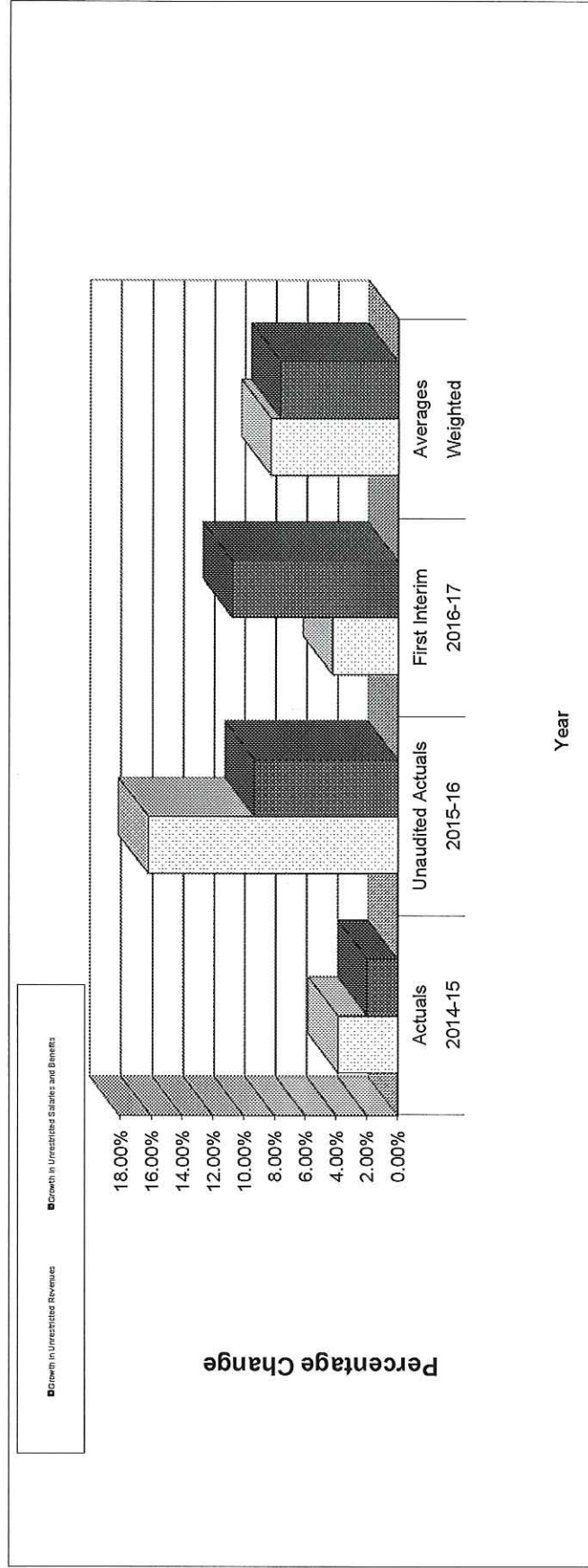
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Unrestricted	Actuals (123,178)	Actuals 15,864	Actuals 200,270	Actuals 287,678	Unaudited Actuals (281,811)	First Interim (450,878)
Restricted	(36,200)	1,426	151,455	(106,703)	57,351	(109,694)



Growth of Unrestricted Revenues vs. Unrestricted Salaries and Benefits

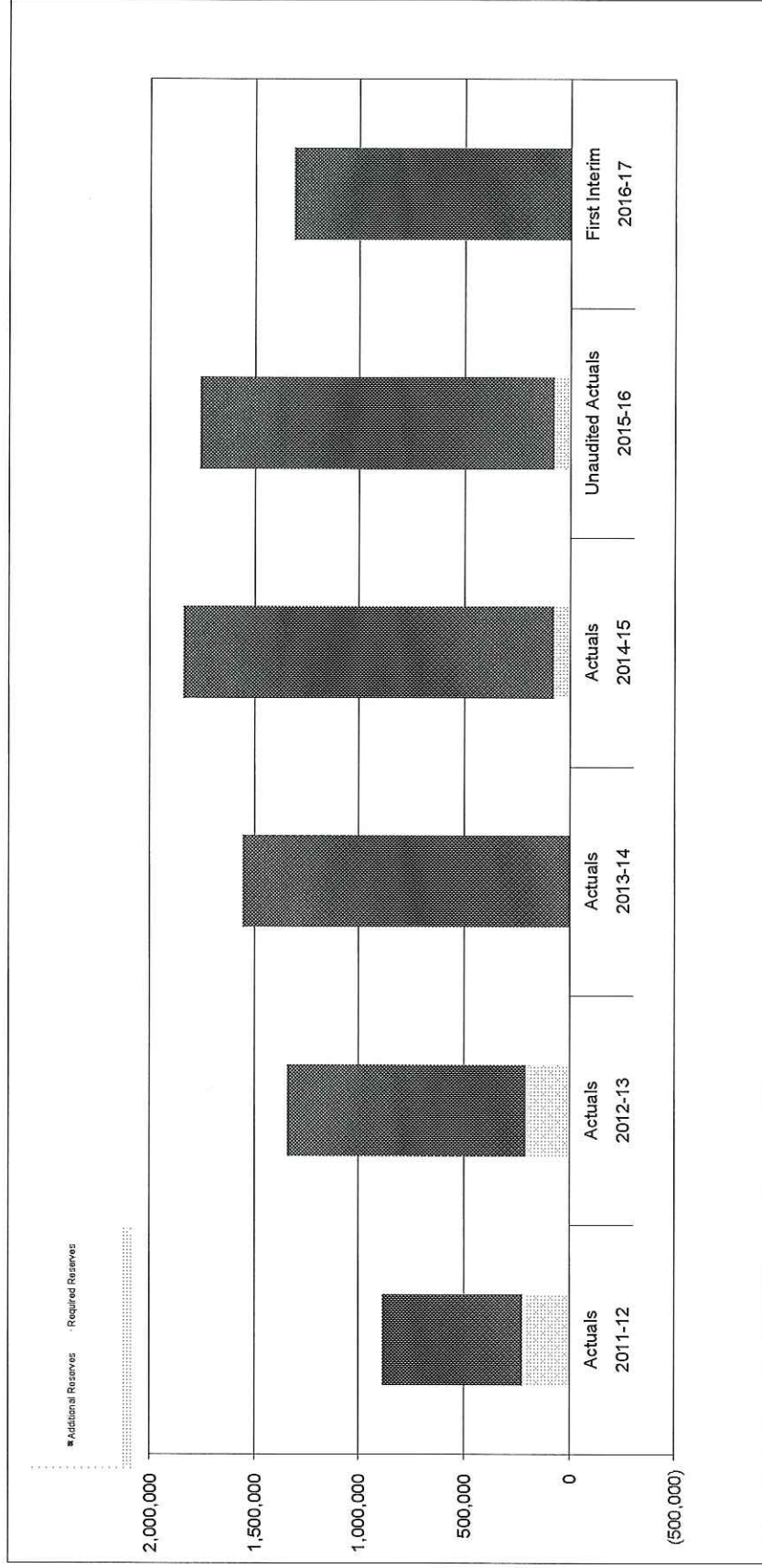
2013-14	2014-15	2015-16	2016-17	Weighted
Actuals	Actuals	Unaudited Actuals	First Interim	Averages
5,210,228	5,412,113	6,286,558	6,553,126	1,042,403
3,856,814	3,932,940	4,298,758	4,760,849	1,107,494
	3.87%	16.16%	4.24%	8.24%
	1.97%	9.30%	10.75%	7.61%

Unrestricted Revenues
 Unrestricted Salaries and Benefits
 Growth in Revenues between years
 Growth in Salaries/Benefits between years



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	0
Additional Reserves	662,547	1,134,613	1,555,881	1,762,763	1,684,834	1,314,678
Total	883,501	1,343,019	1,548,378	1,839,487	1,761,558	1,314,678



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.