

**BUTTE
COUNTY**
**OFFICE OF
EDUCATION**

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SUPERINTENDENT

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April 11, 2011

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

Subject: Second Interim Budget

Dear Mrs. Sheppard:

In accordance with Education Code Section 42131, the Butte County Office of Education (BCOE) has reviewed the Second Interim Budget Report of the Biggs Unified School District (BUSD) for fiscal year 2010-11. BCOE concurs with the district's positive certification indicating financial obligations will be met in the current and subsequent two fiscal years.

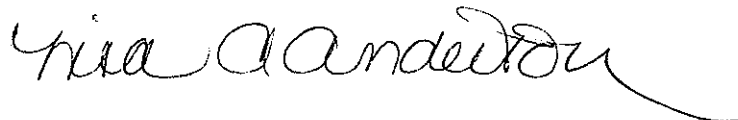
The assumptions used by administration to build the Second Interim Budget and Multi-Year Projection (MYP) are based on the \$349 per ADA ongoing cuts (Cost of Living Adjustment Calculation and Termination of Tax Extensions), continued flexibility provisions and expenditure reductions. These assumptions follow BCOE's recommendations per letters dated January 21 and February 17, 2011. Although BUSD is projecting deficit spending in the current and subsequent years, the minimum reserve requirement is met each year.

A Cash Flow Projection and assumptions are included with the Second Interim Budget. Major assumptions provided are reasonable.

There is a lot of uncertainty regarding the 2011-12 state budget. It is unlikely the tax extensions will make it on the June ballot and additional cuts may be made to Proposition 98 in order to balance the state budget. BCOE will continue to share information as it becomes available.

BCOE thanks the board and staff for proactively managing the district finances. Educating students continues to be a priority at Biggs Unified School District.

Sincerely,



Lisa A. Anderson
Director, Fiscal Services

"WHERE CHILDREN COME FIRST"

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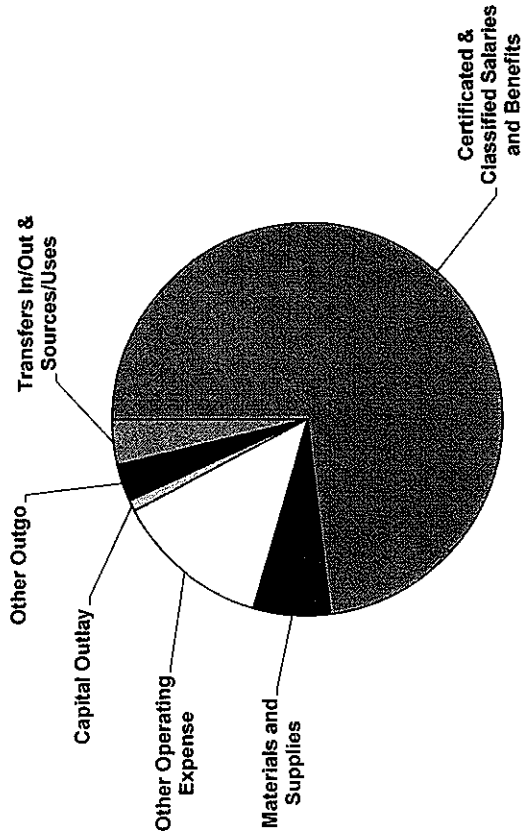
cc: Doug Kaelin, Superintendent, Biggs Unified School District
Pam Ragan, Financial Officer, Biggs Unified School District
Don McNelis, Butte County Superintendent of Schools
Kevin Bultema, Assistant Superintendent of Administrative Services
Adrian Barron, Financial Analyst

Attachment

AB 1200 Data Analysis - General Fund

Biggs Unified	2008-09 Actuals			2009-10 Unaudited Actuals			2010-11 Second Interim		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Revenues									
State Aid	2,477,511		2,477,511	1,871,066		1,871,066	2,022,252	0	2,022,252
State Aid - Prior Year	21,962		21,962	(98,546)		(98,546)	0	0	0
Charter Aid			0			0	0	0	0
Local Taxes	1,670,906		1,670,906	1,673,309		1,673,309	1,624,116	0	1,624,116
PERS Income			0			0	15,262		15,262
Charter In-Lieu	(112,654)	113,259	605	5,123	0	5,123	(12,928)	0	(12,928)
Total Revenue Limit	4,057,725	113,259	4,170,984	3,450,952	0	3,450,952	3,648,702	0	3,648,702
Federal Revenue	9,375	463,555	472,930	197,039	442,132	639,172	44,866	388,729	433,585
Other State	318,958	891,715	1,210,673	674,203	412,180	1,086,383	801,622	411,301	1,212,923
Other Local	333,507	0	333,507	251,162	0	251,162	218,126	0	218,126
Total Revenues	4,719,563	1,468,529	6,188,093	4,573,357	854,312	5,427,669	4,713,306	800,030	5,513,336
Expenditures									
Certificated Salaries	1,919,323	483,313	2,402,636	1,782,932	549,607	2,332,539	1,851,424	324,846	2,176,269
Classified Salaries	759,668	314,574	1,074,242	750,999	311,818	1,062,817	711,712	305,240	1,016,953
Employee Benefits	891,880	278,096	1,169,976	881,640	261,983	1,143,624	909,027	206,341	1,115,368
Total Salaries & Benefits	3,570,871	1,075,983	4,646,854	3,415,571	1,123,409	4,538,980	3,472,163	836,427	4,308,590
Books and Supplies	221,869	238,518	460,386	200,687	107,156	307,843	251,888	124,850	376,738
Other Operating Expense	512,378	189,443	701,821	504,793	36,874	541,667	663,948	93,996	757,944
Capital Outlay	43,540	0	43,540	0	17,808	17,808	52,000	0	52,000
Other Outgo	3,563	175,715	179,279	0	165,575	165,575	0	181,519	181,519
Direct support/Indirect Costs	(70,482)	57,246	(13,236)	(64,187)	51,718	(12,469)	(62,925)	51,851	(11,074)
Total Expenditures	4,281,739	1,736,906	6,018,644	4,056,865	1,502,539	5,559,404	4,377,074	1,288,643	5,665,717
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources and Uses	437,825	(268,376)	169,448	516,491	(648,227)	(131,735)	336,232	(488,613)	(152,381)
Transfers In	0	0	0	0	0	0	0	0	0
Transfers Out	392,617	0	392,617	34,634	0	34,634	218,735	0	218,735
Other Sources			0			0			0
Other Uses			0			0			0
Contributions to Rest. Program	(116,737)	116,737	0	(389,206)	389,206	0	(490,241)	490,241	0
Total Transfers and Other Uses	(509,354)	116,737	(392,617)	(423,840)	389,206	(34,634)	(708,976)	490,241	(218,735)
Total Outgo	4,791,092	1,620,169	6,411,261	4,480,705	1,113,333	5,594,038	5,086,050	798,402	5,884,452
Net Inc.(Dec.) to Fund Balance	(71,529)	(151,640)	(223,168)	92,651	(259,021)	(166,369)	(372,744)	1,628	(371,116)
Beginning Balance	867,064	380,876	1,247,940	808,718	216,052	1,024,770	901,369	50,633	952,002
Audit Adjustments/Restatements	13,183	(13,183)	0	0	93,601	93,601	92,849	0	92,849
Adjusted Beginning Balance	880,247	367,693	1,247,940	808,718	309,653	1,118,371	994,218	50,633	1,044,851
Ending Balance	808,718	216,053	1,024,772	901,369	50,632	952,002	621,474	52,261	673,735
For Economic Uncertainties	256,450		256,450	223,762		223,762	235,378	0	235,378
Other Available Reserves	112,547		112,547	226,232		226,232	386,096	0	386,096
Dedicated reserves	439,721	216,053	655,774	451,376	50,632	502,008	0	52,261	52,261
Other Funds	361,125		361,125	369,858		369,858	377,858		377,858
Required Reserves - 4%			256,450			223,762			235,378
Reserves as a %			11.39%			14.66%			16.98%

Where is the money spent?

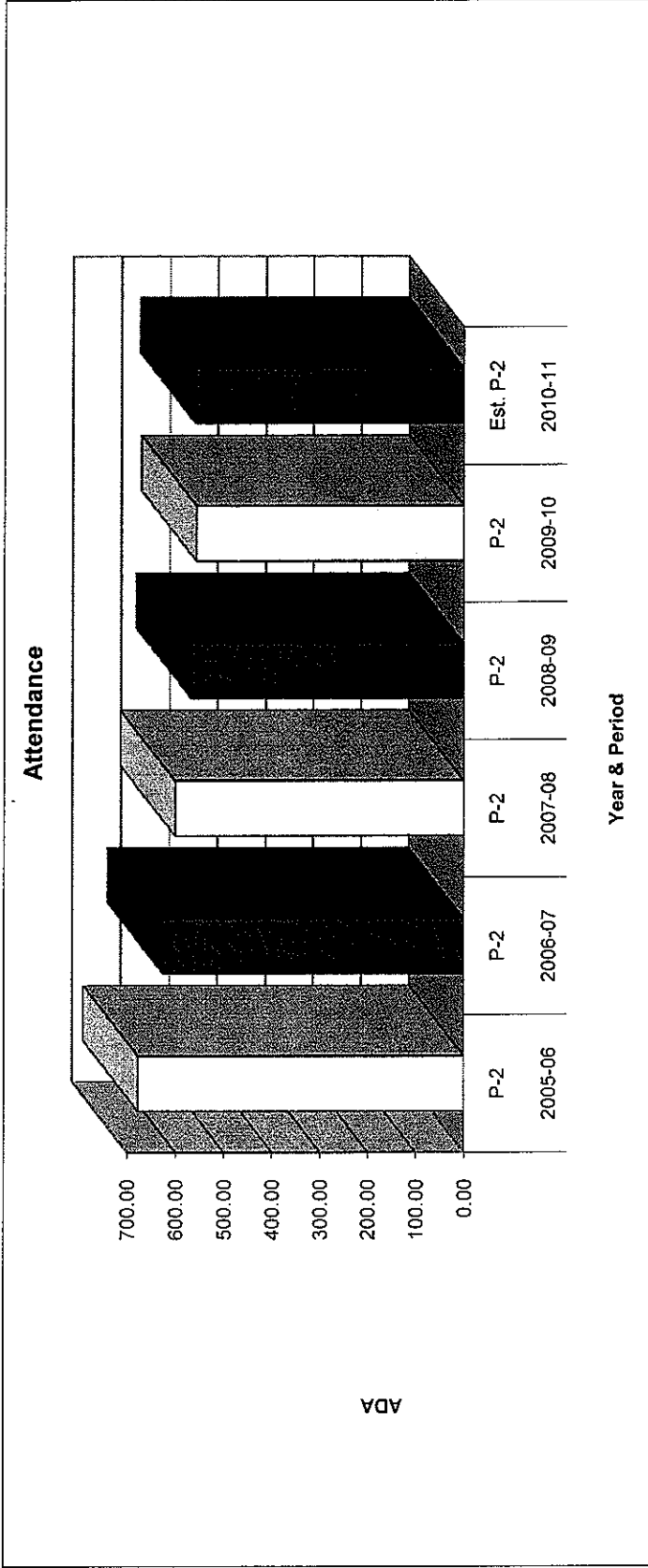


2010-11 Second Interim Budget

Certificated/Classified Salaries and Benefits	4,308,590	73.08%
Materials and Supplies	376,738	6.39%
Other Operating Expense	757,944	12.86%
Capital Outlay	52,000	0.88%
Other Outgo	181,519	3.08%
Transfers In/Out & Sources/Uses	218,735	3.71%
Total	5,895,526	100.00%

P-2 ADA (Does not include charter school)

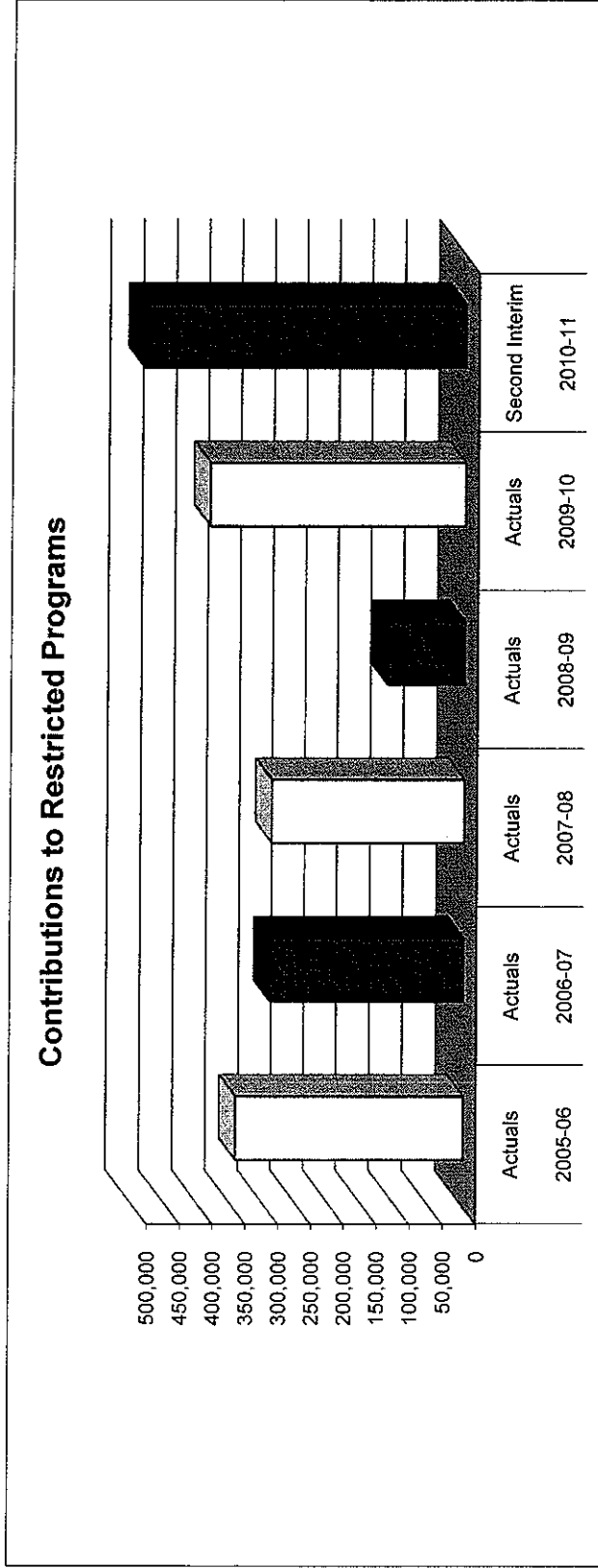
Year	ADA	Year	ADA	Year	ADA	Year	ADA	Year	ADA
2005-06	677.79	2006-07	626.29	2007-08	601.19	2008-09	568.16	2009-10	558.19
P-2		P-2		P-2		P-2		P-2	
									2010-11
									Est. P-2
									560.80



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.

Contributions to Restricted Programs

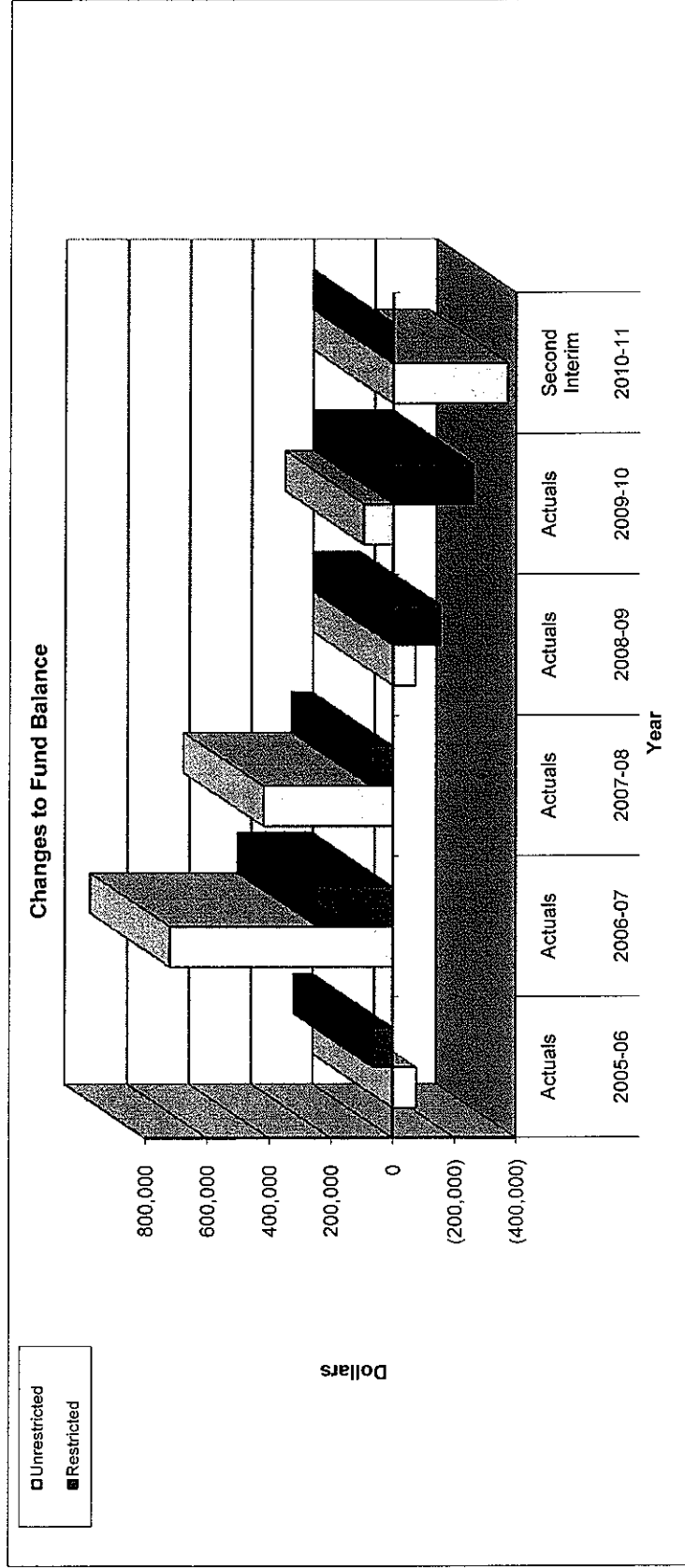
2005-06 Actuals	2006-07 Actuals	2007-08 Actuals	2008-09 Actuals	2009-10 Actuals	2010-11 Second Interim
346,668	295,033	293,317	116,737	389,206	490,241



Contributions to Restricted programs drain the Unrestricted side of the budget. Unfortunately, Special Education and Transportation almost always need contributions. However, other restricted programs should strive to be self supporting.

Changes to Fund Balance

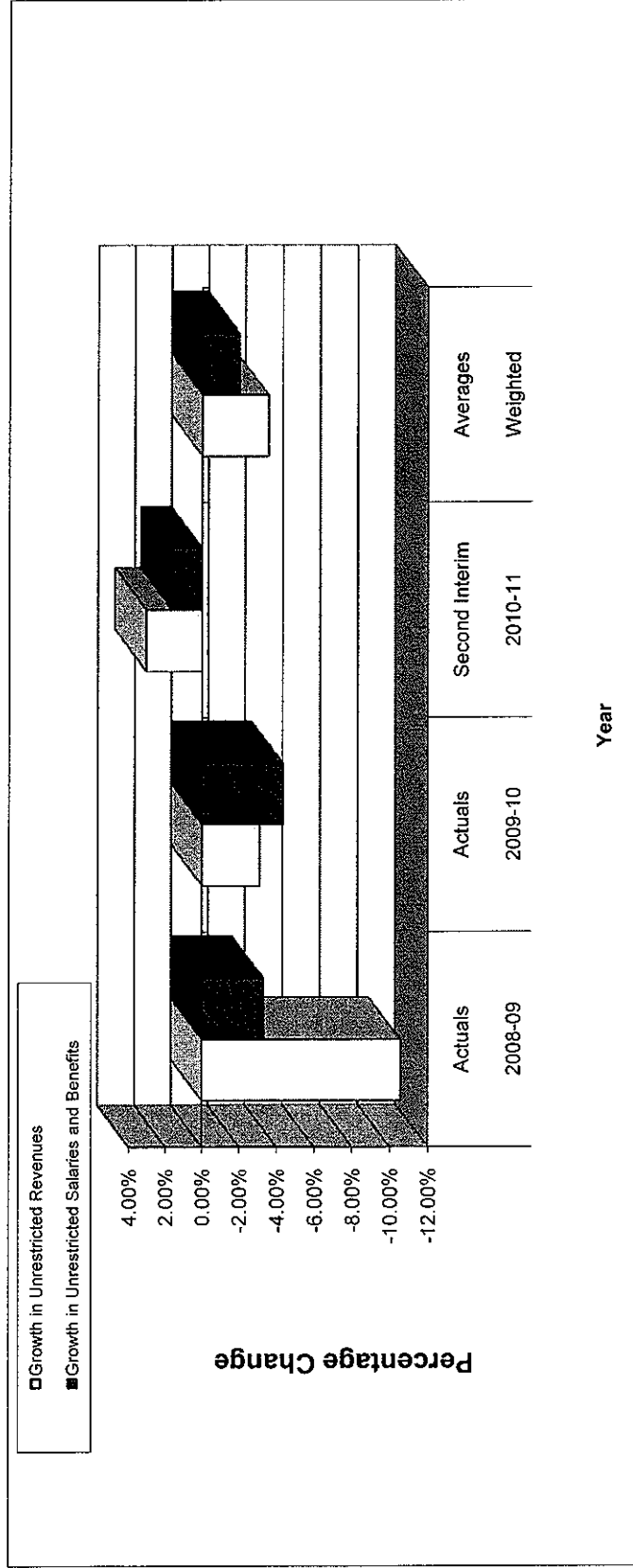
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Unrestricted	(76,615)	720,623	419,535	(71,529)	92,651	(372,744)
Restricted	61,743	245,349	71,730	(151,640)	(259,021)	1,628



Growth of Unrestricted Revenues vs. Unrestricted Salaries and Benefits

	2007-08 Actuals	2008-09 Actuals	2009-10 Actuals	2010-11 Second Interim	Weighted Averages
Unrestricted Revenues	5,277,402	4,719,563	4,573,357	4,713,306	
Unrestricted Salaries and Benefits	3,693,600	3,570,871	3,415,571	3,472,163	
Growth in Revenues between years		-10.57%	-3.10%	3.06%	-3.54%
Growth in Salaries/Benefits between years		-3.32%	-4.35%	1.66%	-2.00%

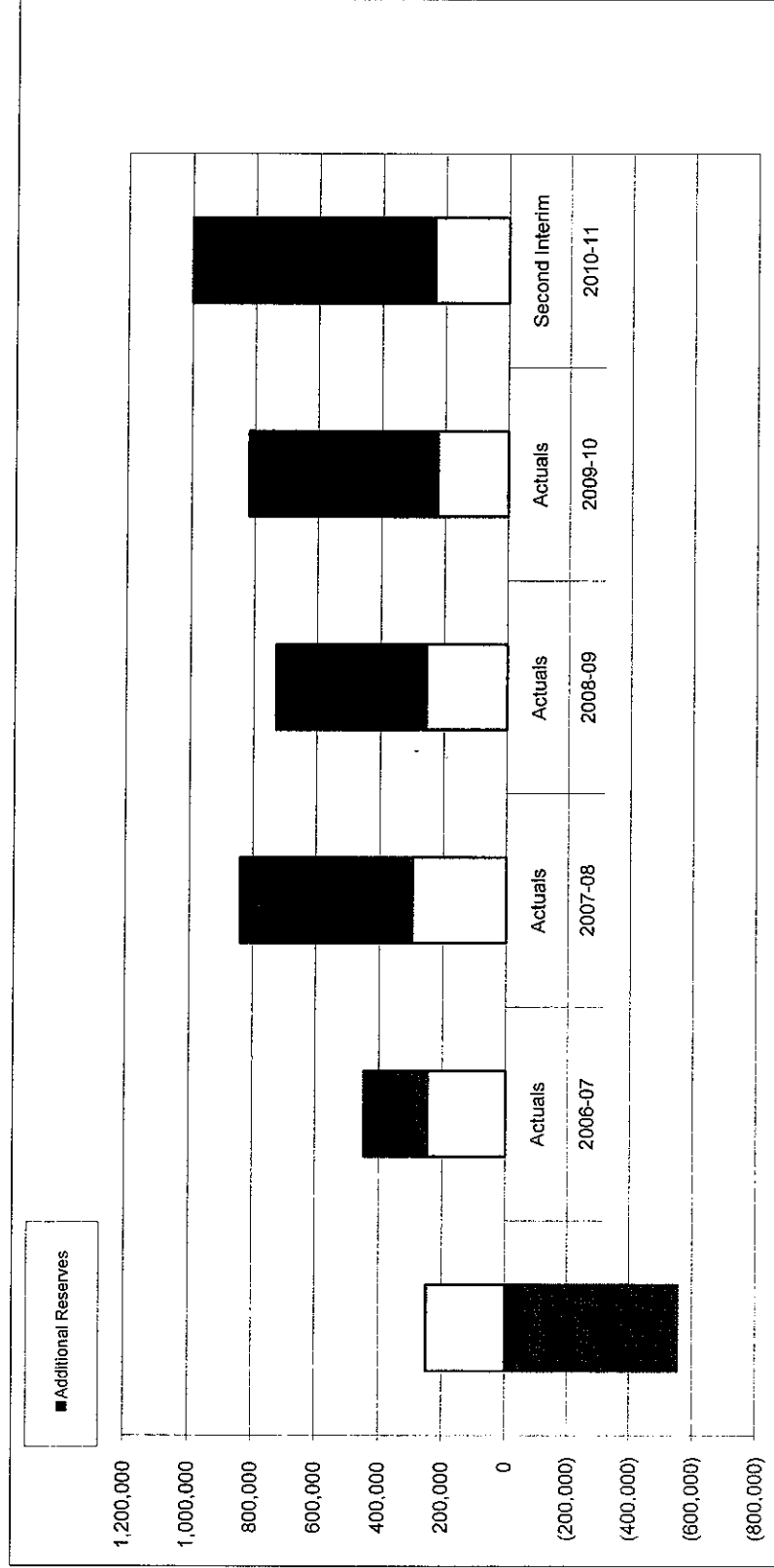
Unrestricted Revenues
 Unrestricted Salaries and Benefits
 Growth in Revenues between years
 Growth in Salaries/Benefits between years



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

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Required Reserves	249,831	247,284	298,448	256,450	223,762	235,378
Additional Reserves	(552,740)	200,245	542,143	473,672	596,090	763,954
Total	(302,909)	447,529	840,591	730,122	819,851	999,332



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.