

# BUTTE COUNTY

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### Board of Education

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August 12, 2013

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

Subject: 2013-14 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 2013-14. 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 revenue limit funding formula and do not take into account the passage of AB97 (budget trailer bill) or the adoption of the Local Control Funding Formula (LCFF). Due to the funding changes presented in the state budget, Biggs Unified will need to update and post their amended budget within 45 days of the budget passing (by August 12, 2013).

The assumptions used to build the Original Budget and Multi-Year Projection (MYP) are based on the "Revenue Limit" funding formula and are reasonable. Prior year P-2 ADA is used for current year revenue limit funding, while 2014-15 and 2015-16 reflect a small loss in ADA. Federal and state revenues are flat in subsequent years. 2013-14 includes a one-time Transfer In of \$431,550 from the Deferred Maintenance Fund for lease revenue. This transfer represents approximately 75% of the fund balance. Salaries and benefits reflect step and column cost increases for each year. Expenditures in subsequent years for operational costs are flat. 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. Cash preservation should be a focus for the administration, given the ability of the state to defer payments to local education agencies. BCOE notes a projected General Fund cash shortfall of (\$87,785) in May 2013 and (\$125,514) in June 2013. The Special Reserve for Non-Capital Outlay Fund will offset the negative cash balance.

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An area of concern is projected unrestricted deficit spending in the current and future years. Based on the information presented, a Transfer In would be needed in 2015-16 from the Special Reserve for Non Capital Outlay Fund (Fund 17) in order to meet the minimum reserve requirement. Although it is difficult in the current economic environment to eliminate deficit spending, BCOE recommends that the district continue to monitor this area of the budget.

The district used a conservative approach for Original Budget and the MYP. The uncertainty of school funding levels in the near future will remain until all the groundwork is laid for the implementation of the LCFF. The expectation is that the district's situation will improve with the new funding formula.

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

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FS-1314-012

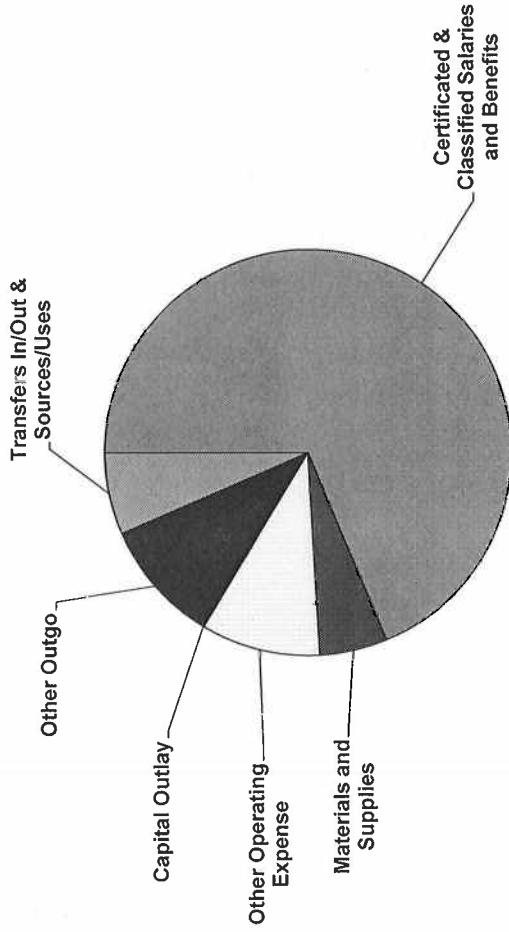
cc: Doug Kaelin, Superintendent, Biggs Unified School District  
Pam Ragan, Financial Officer, Biggs Unified School District  
Tim Taylor, Butte County Superintendent of Schools  
Lisa Anderson, Director of Fiscal Services

Attachment

**AB 1200 Data Analysis - General Fund**

	2011-12 Actuals			2012-13 Estimated Actuals			2013-14 Original Budget		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
<b>Biggs Unified</b>									
<b>Revenues</b>									
State Aid	1,761,618	0	1,761,618	1,748,784	0	1,748,784	1,924,782	0	1,924,782
State Aid - Prior Year	0	0	0	0	0	0	0	0	0
Charter Aid	0	0	0	0	0	0	0	0	0
Local Taxes	1,725,187	0	1,725,187	1,759,356	0	1,759,356	1,759,356	0	1,759,356
PERS Income	11,862		11,862	7,907		7,907	7,907		7,907
Charter In-Lieu Taxes	(5,197)	0	(5,197)	(31,655)	0	(31,655)	(31,655)	0	(31,655)
<b>Total Revenue Limit</b>	<b>3,493,470</b>	<b>0</b>	<b>3,493,470</b>	<b>3,484,392</b>	<b>0</b>	<b>3,484,392</b>	<b>3,660,390</b>	<b>0</b>	<b>3,660,390</b>
<b>Federal Revenue</b>	<b>35,410</b>	<b>286,824</b>	<b>322,234</b>	<b>18,193</b>	<b>275,425</b>	<b>293,618</b>	<b>5,360</b>	<b>239,060</b>	<b>244,420</b>
<b>Other State</b>	<b>749,457</b>	<b>403,861</b>	<b>1,153,318</b>	<b>604,858</b>	<b>380,352</b>	<b>985,210</b>	<b>615,296</b>	<b>397,409</b>	<b>1,012,705</b>
<b>Other Local</b>	<b>370,126</b>	<b>2,673</b>	<b>372,799</b>	<b>322,267</b>	<b>2,535</b>	<b>324,802</b>	<b>286,515</b>	<b>0</b>	<b>286,515</b>
<b>Total Revenues</b>	<b>4,648,463</b>	<b>693,358</b>	<b>5,341,821</b>	<b>4,429,710</b>	<b>658,312</b>	<b>5,088,022</b>	<b>4,567,561</b>	<b>636,469</b>	<b>5,204,030</b>
<b>Expenditures</b>									
Certificated Salaries	1,812,675	264,398	2,077,073	1,900,884	221,664	2,122,548	1,849,974	215,881	2,065,855
Classified Salaries	715,752	308,961	1,024,713	697,450	327,415	1,024,865	711,687	336,546	1,048,233
Employee Benefits	936,961	176,464	1,113,425	903,294	165,043	1,068,337	984,071	177,323	1,161,394
<b>Total Salaries &amp; Benefits</b>	<b>3,465,388</b>	<b>749,823</b>	<b>4,215,211</b>	<b>3,501,628</b>	<b>714,122</b>	<b>4,215,750</b>	<b>3,545,732</b>	<b>729,750</b>	<b>4,275,482</b>
Books and Supplies	189,693	142,305	331,998	242,064	109,096	351,160	237,704	94,150	331,854
Other Operating Expense	565,973	31,518	597,491	561,811	68,965	630,776	562,143	29,661	591,804
Capital Outlay	157,269	0	157,269	1,900	0	1,900	3,841	0	3,841
Other Outgo	11,550	220,070	231,620	11,550	202,456	214,006	431,550	180,000	611,550
Direct support/Indirect Costs	(66,301)	56,562	(9,739)	(62,657)	51,583	(11,074)	(60,795)	45,947	(14,848)
<b>Total Expenditures</b>	<b>4,323,572</b>	<b>1,200,278</b>	<b>5,523,850</b>	<b>4,256,296</b>	<b>1,146,222</b>	<b>5,402,518</b>	<b>4,720,175</b>	<b>1,079,508</b>	<b>5,799,683</b>
<b>Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources and Uses</b>	<b>324,891</b>	<b>(506,920)</b>	<b>(182,029)</b>	<b>173,414</b>	<b>(487,910)</b>	<b>(314,496)</b>	<b>(152,614)</b>	<b>(443,039)</b>	<b>(595,653)</b>
Transfers In	22,651	0	22,651	11,550	0	11,550	431,550	0	431,550
Transfers Out	0	0	0	41,728	0	41,728	26,337	0	26,337
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	(470,720)	470,720	0	(481,743)	481,743	0	(443,039)	443,039	0
<b>Total Transfers and Other Uses</b>	<b>(448,069)</b>	<b>470,720</b>	<b>22,651</b>	<b>(511,921)</b>	<b>481,743</b>	<b>(30,178)</b>	<b>(37,826)</b>	<b>443,039</b>	<b>405,213</b>
<b>Total Outgo</b>	<b>4,771,641</b>	<b>729,558</b>	<b>5,501,199</b>	<b>4,768,217</b>	<b>664,479</b>	<b>5,432,696</b>	<b>4,758,001</b>	<b>636,469</b>	<b>5,394,470</b>
<b>Net Inc.(Dec.) to Fund Balance</b>	<b>(123,178)</b>	<b>(36,200)</b>	<b>(159,378)</b>	<b>(338,507)</b>	<b>(6,167)</b>	<b>(344,674)</b>	<b>(190,440)</b>	<b>0</b>	<b>(190,440)</b>
Beginning Balance	1,075,048	42,367	1,117,415	951,870	6,167	958,037	613,363	(0)	613,363
<b>Audit Adjustments/Restatements</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Adjusted Beginning Balance</b>	<b>1,075,048</b>	<b>42,367</b>	<b>1,117,415</b>	<b>951,870</b>	<b>6,167</b>	<b>958,037</b>	<b>613,363</b>	<b>(0)</b>	<b>613,363</b>
<b>Ending Balance</b>	<b>951,870</b>	<b>6,167</b>	<b>958,037</b>	<b>613,363</b>	<b>(0)</b>	<b>613,363</b>	<b>422,923</b>	<b>(0)</b>	<b>422,923</b>
For Economic Uncertainties	220,954	0	220,954	217,770	0	217,770	233,041	0	233,041
Other Available Reserves	285,193	0	285,193	395,593	0	395,593	189,882	0	189,882
Dedicated reserves	445,723	6,167	451,890	0	(0)	(0)	0	(0)	(0)
<b>Other Funds</b>	<b>377,354</b>	<b>377,354</b>	<b>377,354</b>	<b>380,853</b>	<b>380,853</b>	<b>380,853</b>	<b>384,474</b>	<b>384,474</b>	<b>384,474</b>
<b>Required Reserves - 4%</b>	<b>220,954</b>	<b>220,954</b>	<b>220,954</b>	<b>217,770</b>	<b>217,770</b>	<b>217,770</b>	<b>233,041</b>	<b>233,041</b>	<b>233,041</b>
<b>Reserves as a %</b>	<b>16.06%</b>	<b>16.06%</b>	<b>16.06%</b>	<b>18.30%</b>	<b>18.30%</b>	<b>18.30%</b>	<b>14.97%</b>	<b>14.97%</b>	<b>14.97%</b>

# Where is the money spent?

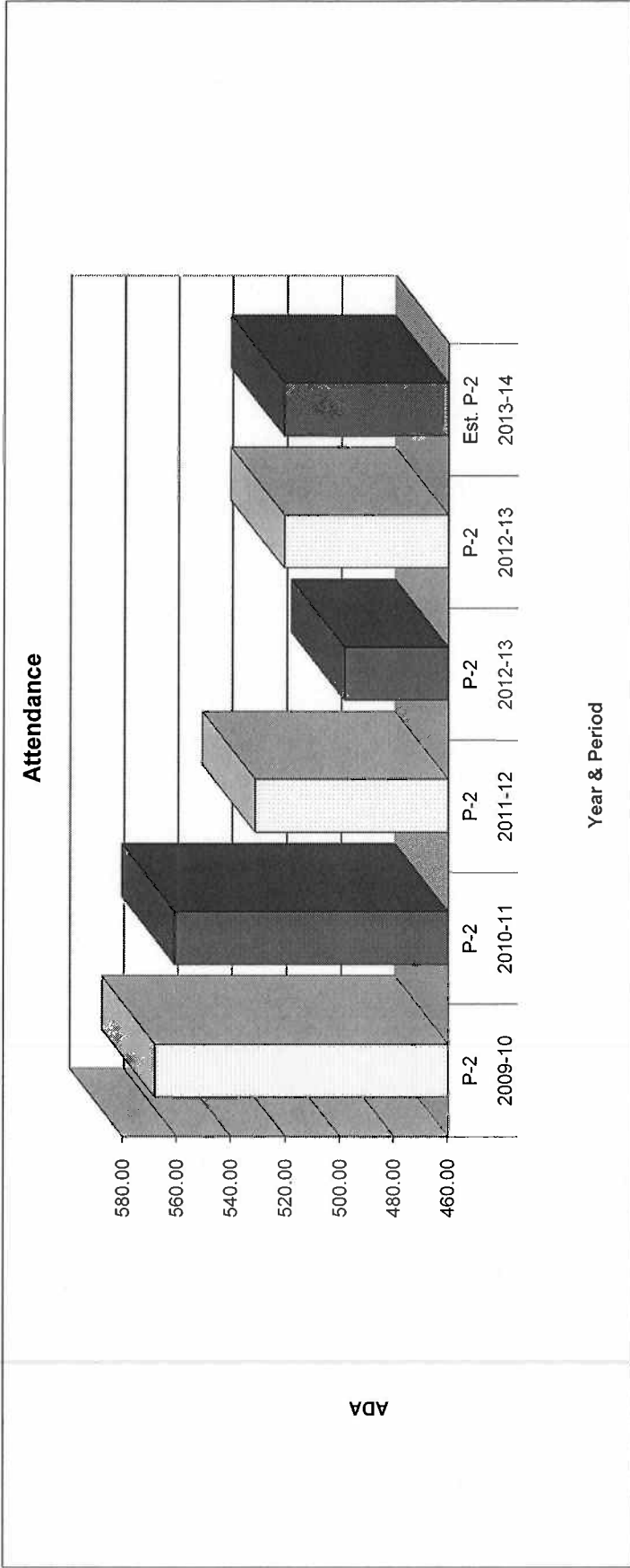


## 2013-14 Original Budget

Certificated/Classified Salaries and Benefits	4,275,482	79.04%
Materials and Supplies	331,854	6.13%
Other Operating Expense	591,804	10.94%
Capital Outlay	3,841	0.07%
Other Outgo	611,550	11.31%
Transfers In/Out & Sources/Uses	(405,213)	-7.49%
<b>Total</b>	<b>5,409,318</b>	<b>100.00%</b>

**P-2 ADA (Does not include charter school)**

Year	ADA
2009-10 P-2	568.16
2010-11 P-2	560.80
2011-12 P-2	531.09
2012-13 P-2	498.50
2012-13 P-2	520.70
2013-14 Est. P-2	520.70

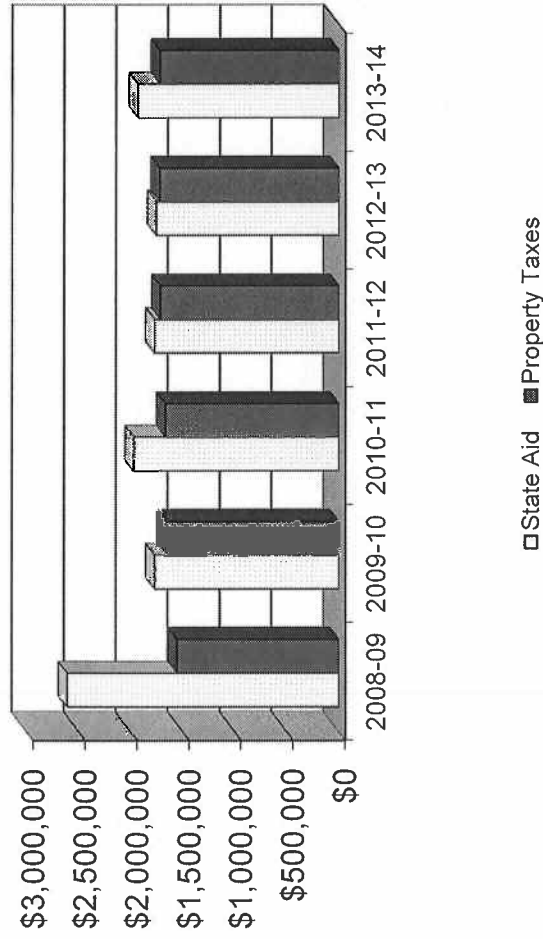


ADA is the driving force of district funding. A pattern of declining ADA needs to be addressed and followed with declining expenditures. A pattern of increasing ADA allows for increased expenditures.

## Revenue Limit Funding

	2009-10 Actuals	2010-11 Actuals	2011-12 Actuals	2012-13 Actuals	2012-13 Estimated Actuals	2013-14 Original
State Aid	2,612,732	1,772,520	1,972,822	1,773,480	1,756,691	1,932,689
Property Taxes	1,558,252	1,656,084	1,670,273	1,719,990	1,727,701	1,727,701
<b>Total</b>	<b>4,170,984</b>	<b>3,428,604</b>	<b>3,643,095</b>	<b>3,493,470</b>	<b>3,484,392</b>	<b>3,660,390</b>
<b>Percentages</b>						
State Aid	63%	52%	54%	51%	50%	53%
Property Taxes	37%	48%	46%	49%	50%	47%

## Revenue Limit 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**

	2009-10	2010-11	2011-12	2012-13	2012-13	2013-14
	Actuals	Actuals	Actuals	Actuals	Estimated Actuals	Original
Unrestricted	(71,529)	92,651	80,829	(123,178)	(338,507)	(190,440)
Restricted	(151,640)	(259,021)	(8,267)	(36,200)	(6,167)	0

