

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

**DON McNELIS**  
SUPERINTENDENT

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Roger Steel  
Betty Vassar  
Mike Walsh*

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Employer

April 16, 2012

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 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 Second Interim Budget reflect the loss of \$13 per Average Daily Attendance (ADA) for revenue limit and the increase in the deficit factor for the loss of transportation revenue. These reductions were enacted as a result of a shortfall in revenue at the state level. Flexibility provisions are included and other revenues and expenditures have been adjusted for carryover and current staffing needs.

Assumptions used for the Multi-Year Projection (MYP) reflect the Governor's tax initiative approved by voters in November, 2012. ADA is projected to decrease in future years consistent with historical trend. The district assumes an on-going loss in Necessary Small School (NSS) funding related to dropping a tier due to decreased ADA. The district also projects an ongoing loss of revenue and corresponding expenditures with the removal of the Tire Derived Product (TDP) Bark Grant in the amount of \$136,000.

We note projected unrestricted deficit spending in excess of \$340,000 for fiscal years 2012-13 and 2013-14. It is difficult to reduce deficit spending when revenues continue to decrease. BUSD is able to meet the minimum reserve requirement of 4% each year, although the Special Reserve for Non-Capital Outlay Fund must be utilized in 2013-14 to meet this requirement.

A Cash Flow Projection and assumptions are included with the Second Interim Budget. Major assumptions provided are reasonable. BCOE notes a projected General Fund cash balance of \$922,602 in June, 2012.

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2011-12 Second Interim Budget  
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A major premise of the Governor's 2012-13 Budget is the passage of the tax initiative in November. This level of uncertainty and the timing of the election make it very difficult for local education agencies to plan for the next budget year. BUSD has chosen to project voter approval of this tax initiative. If the tax initiative is not approved the district's plan to address trigger cuts to education funding is to utilize reserves in other funds.

BCOE thanks the board for their leadership. Educating students continues to be a priority at Biggs Unified School District. The attached analysis is provided for your information. If you would like additional information or analysis, please contact me at (530)532-5617.

Sincerely,



Lisa A. Anderson  
Director, Fiscal Services

tp  
FS-1112-063

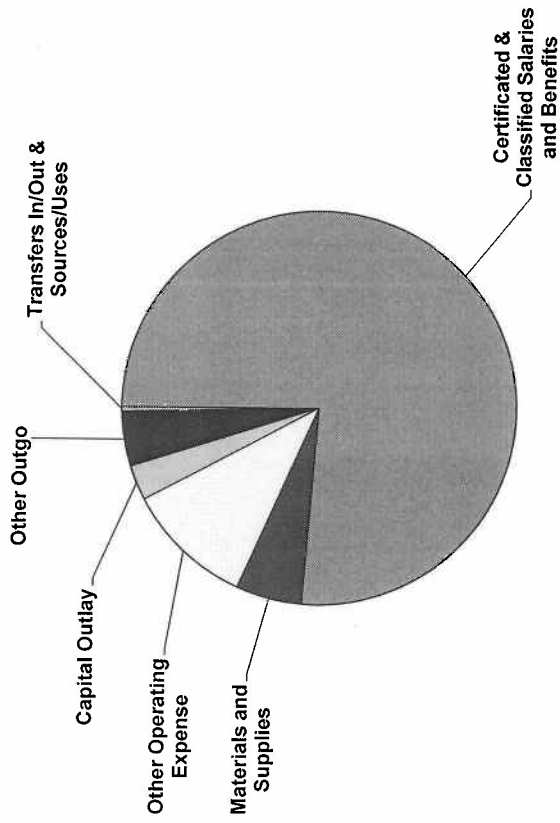
cc: Doug Kaelin, Superintendent, Biggs Unified School District  
Pam Ragan, Financial Officer, Biggs Unified School District  
Don McNelis, Butte County Superintendent of Schools  
Kevin Bultema, Assistant Superintendent of Administrative Services  
Adrian Barron, Financial Analyst

Attachments

**AB 1200 Data Analysis - General Fund**

Biggs Unified	2009-10 Actuals			2010-11 Actuals			2011-12 Second Interim		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
<b>Revenues</b>									
State Aid	1,871,066		1,871,066	1,969,838	0	1,969,838	1,813,547	0	1,813,547
State Aid - Prior Year	(98,546)		(98,546)	2,984		2,984	0		0
Charter Aid	0		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)	(3,296)	0	(3,296)
<b>Total Revenue Limit</b>	<b>3,450,952</b>	<b>0</b>	<b>3,450,952</b>	<b>3,656,904</b>	<b>0</b>	<b>3,656,904</b>	<b>3,472,954</b>	<b>0</b>	<b>3,472,954</b>
Federal Revenue	197,039	442,132	639,172	48,077	374,951	423,028	33,575	292,660	326,235
Other State	674,203	412,180	1,086,383	864,235	423,304	1,287,539	711,790	388,066	1,099,856
Other Local	251,162	0	251,162	285,360	108	285,468	300,247	2,672	302,919
<b>Total Revenues</b>	<b>4,573,357</b>	<b>854,312</b>	<b>5,427,669</b>	<b>4,854,577</b>	<b>798,363</b>	<b>5,652,940</b>	<b>4,518,566</b>	<b>683,398</b>	<b>5,201,964</b>
<b>Expenditures</b>									
Certificated Salaries	1,782,932	549,607	2,332,539	1,805,530	362,562	2,168,092	1,807,849	261,642	2,069,491
Classified Salaries	750,999	311,818	1,062,817	714,655	301,026	1,015,681	714,197	323,983	1,038,180
Employee Benefits	881,640	261,983	1,143,624	858,000	195,869	1,053,869	954,687	183,640	1,138,327
<b>Total Salaries &amp; Benefits</b>	<b>3,415,571</b>	<b>1,123,409</b>	<b>4,538,980</b>	<b>3,378,185</b>	<b>859,457</b>	<b>4,237,642</b>	<b>3,476,733</b>	<b>769,265</b>	<b>4,245,998</b>
Books and Supplies	200,687	107,156	307,843	159,397	102,972	262,369	163,075	139,072	302,147
Other Operating Expense	504,793	36,874	541,667	609,872	68,196	678,068	543,586	42,760	586,346
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	11,560	238,935	250,485
Direct support/Indirect Costs	(64,187)	51,718	(12,469)	(58,839)	46,882	(11,957)	(68,330)	57,256	(11,074)
<b>Total Expenditures</b>	<b>4,056,865</b>	<b>1,502,539</b>	<b>5,559,404</b>	<b>4,506,732</b>	<b>1,285,105</b>	<b>5,791,837</b>	<b>4,287,435</b>	<b>1,247,288</b>	<b>5,534,723</b>
<b>Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources and Uses</b>	<b>516,491</b>	<b>(648,227)</b>	<b>(131,735)</b>	<b>347,845</b>	<b>(486,742)</b>	<b>(138,897)</b>	<b>231,131</b>	<b>(563,890)</b>	<b>(332,759)</b>
Transfers In	0	0	0	0		0	22,651		22,651
Transfers Out	34,634	0	34,634	195,941		195,941	0		0
Other Sources	0		0	420,000		420,000	0		0
Other Uses	0		0	12600		12,600	0		0
Contributions to Rest. Program	(389,206)	389,206	0	(478,475)	478,475	0	(521,524)	521,524	0
<b>Total Transfers and Other Uses</b>	<b>(423,840)</b>	<b>389,206</b>	<b>(34,634)</b>	<b>(267,016)</b>	<b>478,475</b>	<b>211,459</b>	<b>(498,873)</b>	<b>521,524</b>	<b>22,651</b>
<b>Total Outgo</b>	<b>4,480,705</b>	<b>1,113,333</b>	<b>5,594,038</b>	<b>4,773,748</b>	<b>806,630</b>	<b>5,580,378</b>	<b>4,786,308</b>	<b>725,764</b>	<b>5,512,072</b>
<b>Net Inc.(Dec.) to Fund Balance</b>	<b>92,651</b>	<b>(259,021)</b>	<b>(166,369)</b>	<b>80,829</b>	<b>(8,267)</b>	<b>72,562</b>	<b>(267,742)</b>	<b>(42,366)</b>	<b>(310,108)</b>
<b>Beginning Balance</b>	<b>808,718</b>	<b>216,052</b>	<b>1,024,770</b>	<b>901,369</b>	<b>50,634</b>	<b>952,003</b>	<b>1,075,048</b>	<b>42,367</b>	<b>1,117,415</b>
<b>Audit Adjustments/Restatements</b>	<b>0</b>	<b>93,601</b>	<b>93,601</b>	<b>92,849</b>	<b>0</b>	<b>92,849</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Adjusted Beginning Balance</b>	<b>808,718</b>	<b>309,653</b>	<b>1,118,371</b>	<b>994,218</b>	<b>50,634</b>	<b>1,044,852</b>	<b>1,075,048</b>	<b>42,367</b>	<b>1,117,415</b>
<b>Ending Balance</b>	<b>901,369</b>	<b>50,632</b>	<b>952,002</b>	<b>1,075,048</b>	<b>42,367</b>	<b>1,117,414</b>	<b>807,306</b>	<b>1</b>	<b>807,307</b>
<b>For Economic Uncertainties</b>	<b>223,762</b>		<b>223,762</b>	<b>240,015</b>	<b>0</b>	<b>240,015</b>	<b>378,521</b>	<b>0</b>	<b>378,521</b>
<b>Other Available Reserves</b>	<b>226,232</b>		<b>226,232</b>	<b>301,169</b>	<b>0</b>	<b>301,169</b>	<b>428,785</b>	<b>0</b>	<b>428,785</b>
<b>Dedicated reserves</b>	<b>451,376</b>	<b>50,632</b>	<b>502,008</b>	<b>533,863</b>	<b>42,367</b>	<b>576,230</b>	<b>0</b>	<b>1</b>	<b>1</b>
<b>Other Funds</b>	<b>369,858</b>		<b>369,858</b>	<b>373,841</b>		<b>373,841</b>	<b>381,841</b>		<b>381,841</b>
<b>Required Reserves - 4%</b>	<b>223,762</b>		<b>223,762</b>			<b>240,015</b>			<b>221,389</b>
<b>Reserves as a %</b>			<b>14.66%</b>			<b>16.40%</b>			<b>21.57%</b>

# Where is the money spent?

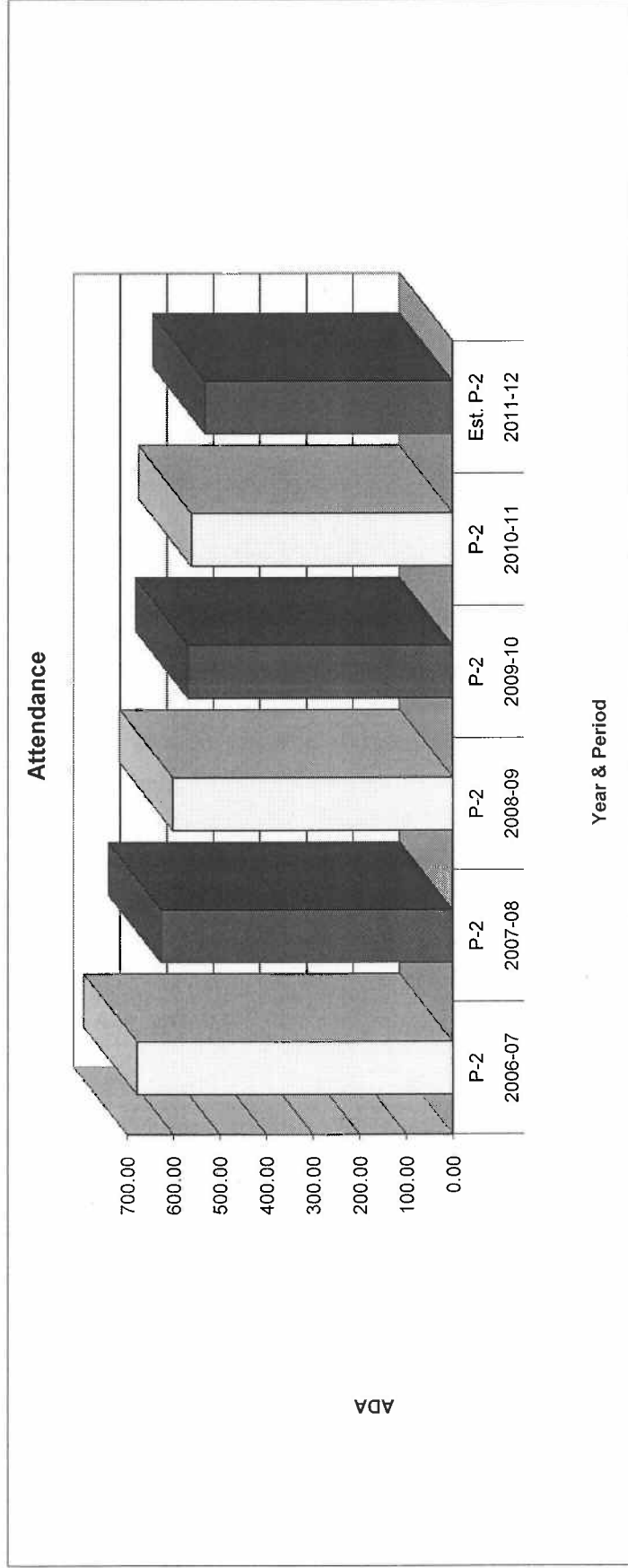


## 2011-12 Second Interim Budget

Certified/Classified Salaries and Benefits	4,245,998	76.88%
Materials and Supplies	302,147	5.47%
Other Operating Expense	586,346	10.62%
Capital Outlay	160,821	2.91%
Other Outgo	250,485	4.54%
Transfers In/Out & Sources/Uses	(22,651)	-0.41%
<b>Total</b>	<b>5,523,146</b>	<b>100.00%</b>

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

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

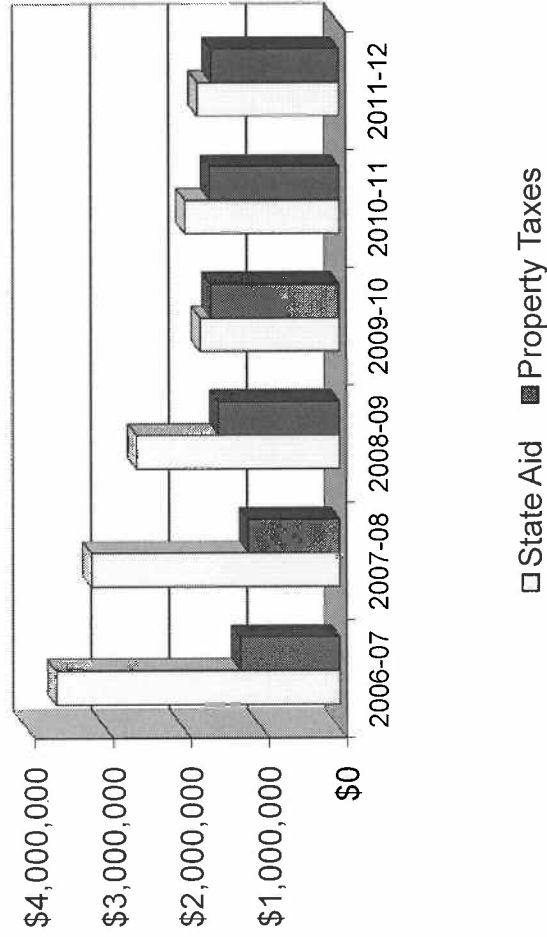
## Revenue Limit Funding

	2006-07 Actuals	2007-08 Actuals	2008-09 Actuals	2009-10 Actuals	2010-11 Actuals	2011-12 Second Interim
State Aid	3,646,158	3,190,560	2,612,732	1,794,868	1,986,631	1,824,152
Property Taxes	1,286,792	1,181,921	1,558,252	1,656,084	1,670,273	1,648,802
Total	4,932,951	4,372,481	4,170,984	3,450,952	3,656,904	3,472,954

### Percentages

State Aid	74%	73%	63%	52%	54%	53%
Property Taxes	26%	27%	37%	48%	46%	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.

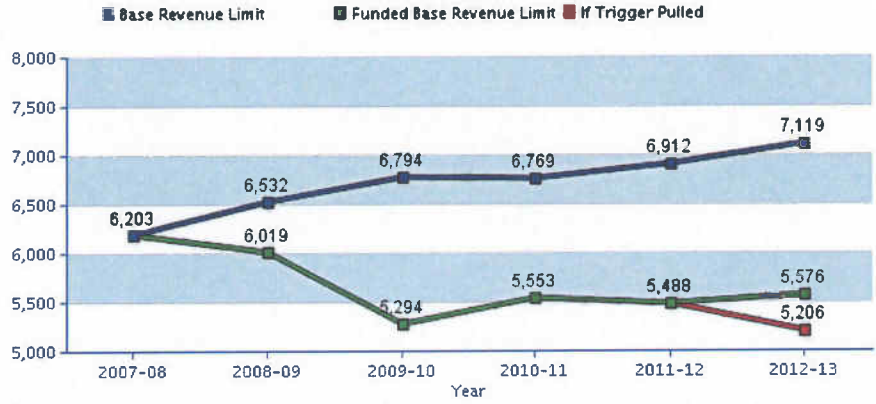
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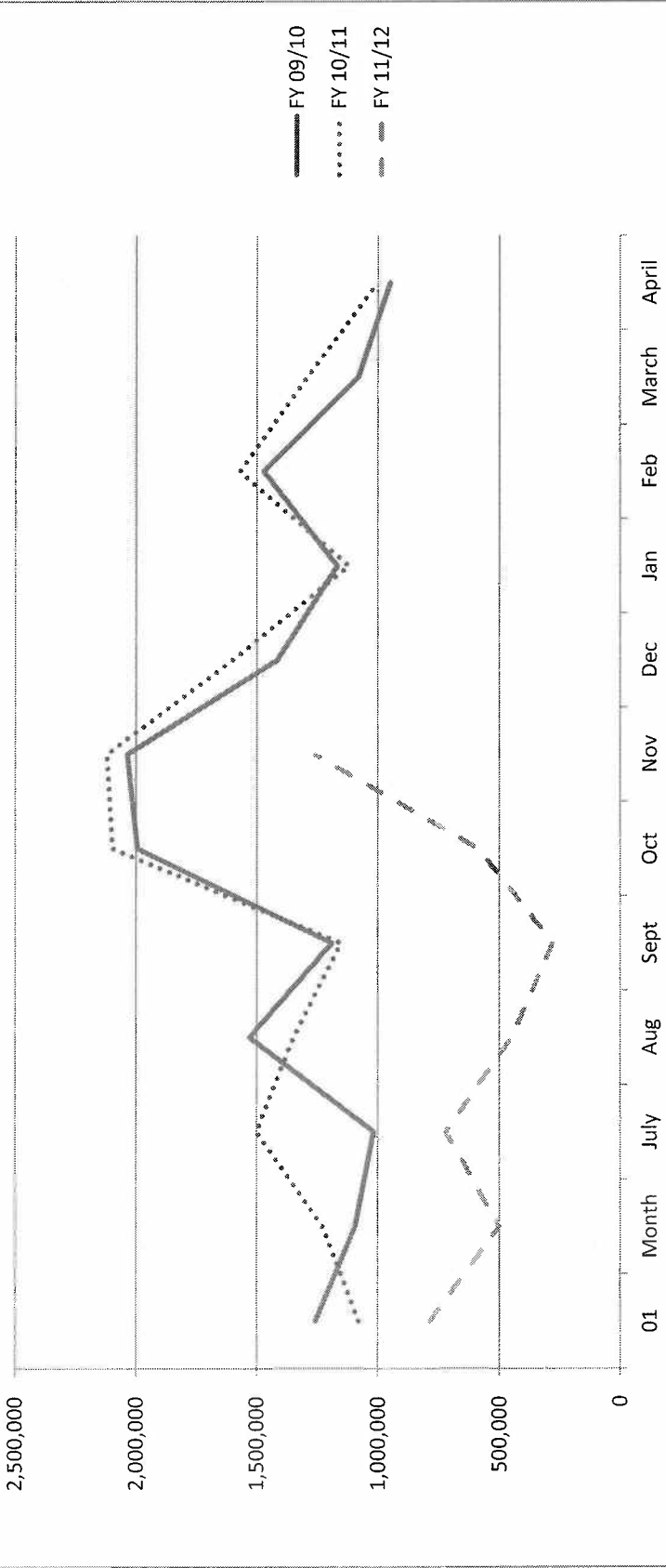
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### Base Revenue Limit Calculator

Base Revenue Limit History



## 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.



