



**Raising Literacy and
Improving Safety**

2019-20

ADOPTED BUDGET

User Friendly Version

SANTEE SCHOOL DISTRICT

2019-20

USER FRIENDLY BUDGET

Board of Education



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SANTEE SCHOOL DISTRICT

2019-20

USER FRIENDLY BUDGET

Table Of Contents

Board President’s Message.....	3
Superintendent’s Message	4
Fiscal Philosophy	5
Budget Assumptions.....	8
Enrollment and ADA Trends.....	9
Fund Accounting	15
Projected Revenues, Expenditures, and Changes To Fund Balance For All District Funds	16
Projected Ending General Fund Balance	19
General Fund Sources Of Money	22
General Fund Uses Of Money	27
Multi-Year Projection.....	34
Long-Term Debt.....	36
Cash Flow	38
Reserves.....	40
6 Keys To Analyzing Fiscal Health.....	42
Reading The Standardized Account Code Structure (SACS) Forms	43
Glossary Of Terms	45

SANTEE SCHOOL DISTRICT

2019-20

USER FRIENDLY BUDGET

Board President's Message



Every year the Santee School District Board of Education adopts the District's annual budget. We consider this to be one of our most important responsibilities. The budget sets direction for educational programs and services which support the District's Vision and Mission. Implementing California State Standards and the Smarter Balanced Assessment (SBAC) system requires dedicated financial resources and significant staff development. Balancing these demands with increased pressures on our budget from added costs requires disciplined decision making and thoughtful foresight.

California uses a funding distribution system, called the Local Control Funding Formula (LCFF), to allocate revenue to Districts. The LCFF requires school districts to develop and adopt a Local Control Accountability Plan (LCAP), which consists of goals to address the State's eight priorities and specific actions designed to increase and/or improve services for students. At the heart of Santee's LCAP is the 1:1 Digital Learning Program. The District now provides every student a digital device to enhance their learning. Providing digital resources of this magnitude requires a significant investment in support staff, infrastructure, professional development, devices, on-line educational resources, and an on-going replacement/refreshment plan. The Board of Education and Administration believe the Digital Learning Initiative is transforming student learning and accelerating improvement in academic achievement for all students.

In addition to determining the optimal allocation of resources to achieve LCAP goals, the Governing Board is ever mindful of its responsibilities to ensure fiscal solvency and flexibility. Over the last three years, and for the foreseeable future, the District faces significant cost escalation pressures from various factors; the most notable being rising employer contribution rates to retirement systems (STRS and PERS). Through prudent planning and continual fiscal oversight, the Board of Education seeks to balance optimal use of resources with maintenance of sufficient reserve levels to cushion the District against unforeseen circumstances and projected fiscal challenges. These endeavors have allowed the District to weather financial turbulence in past years; and will continue to allow the District to appropriately respond to future events.

As always, we sincerely appreciate the help and support of the Santee community in assuring all Santee School District students are well prepared for the future.

Please visit the District web site at www.santeesd.net to obtain the latest information on the District's budget.

Ken Fox
President, Board of Education

SANTEE SCHOOL DISTRICT

2019-20

USER FRIENDLY BUDGET

Superintendent's Message



Santee School District has a long-standing history of providing a high-quality education for all students. The adoption of the annual District budget is a critical action that impacts the strength of the educational program offered and determines the effectiveness of overall District operations and services.

Based on the Santee School District Board of Education's ongoing commitment to students and learning, students are the primary focus when developing the budget for the upcoming school year. The State's funding method for school districts, the Local Control Funding Formula (LCFF), requires every school district to develop and adopt a Local Control Accountability Plan (LCAP). The LCAP contains specific action steps and services designed to improve student learning, along with the costs associated with each action step. The LCAP is adopted in June concurrent with the adoption of the District budget.

Santee School District's LCAP goals, action steps, and services are designed to support the District's vision, mission, belief statements, and Board of Education goals. Beginning in the 2014-15 school year, the Digital Learning Initiative, a comprehensive plan to improve learning through purposeful use of technology, was implemented through the LCAP. As the Board of Education adopts the 2019-20 school year LCAP, students in Santee School District will have benefitted from 1:1 technology for five years. The adoption of this year's LCAP includes the District's second round of new iPads for all students grades kindergarten – grade 8. We believe we are preparing students with the foundational, technological skills necessary for high school, college, and career just as we prepare our students to be readers, writers, mathematicians, and critical thinkers.

In addition to the ongoing availability of updated technology for students, the District's LCAP has also designated funding for ongoing counseling support, Common Core aligned instructional materials, social-emotional learning curriculum, instructional intervention services during the school year and summer months, and professional learning for certificated and classified employees. In review of the District's LCAP, it is evident that the Board of Education is committed to student learning and funding priorities are designated to support student learning needs.

Adoption of the District's budget requires completion of a lengthy document called the Standardized Account Code Structure (SACS) Form, which is submitted to the San Diego County Office of Education and the California State Department of Education for approval. Although this form is the "official budget," it is cumbersome and not very "user-friendly." Therefore, this "user-friendly" version was developed for the Governing Board to share the financial condition of the District with the community and staff. The complete SACS document can be accessed on the District's website at www.santeesd.net/Page/79 and is on file in the Business Office at 9625 Cuyamaca Street, Santee, CA; copies of which are available upon request.

Dr. Kristin Baranski
Superintendent

SANTEE SCHOOL DISTRICT

2019-20

USER FRIENDLY BUDGET

Fiscal Philosophy

The District's philosophy of managing its finances and expending its resources is encapsulated in the charts on the next two pages. The first chart depicts the fact that the District must use its limited funds to purchase the following resources at the best prices:

- ✓ **People** – Quality staff who are appreciated and paid justly and fairly
- ✓ **Places** – Facilities maintained in good repair and working order
- ✓ **Things** - Computers, printers, copiers, pencils, paper, textbooks, office supplies, and instructional supplies
- ✓ **Ideas** - Software, curriculum, and innovative teaching strategies

These resources are then focused on one over-arching goal: **increasing student achievement**. A public school district will never have enough funds to pay for everything wanted and needed. Therefore, the Board of Education gives direction to administration, through the Budget document, as to its funding priorities and where the resources should be focused. At times, because of limited resources, these priorities are developed from a series of choices or trade-offs such as “do we increase salary for our People to attract and retain the best, or do we buy more Things like computers to increase the use of instructional technology?” The Annual Adopted Budget then can be viewed as a tool by which the Board communicates its values and priorities for that year to staff and the community.

The second Fiscal Philosophy Chart depicts the way the District chooses to make the choices that it must regarding its finances. At the center is the Financial Purpose proclaiming that the District is proactive and takes its fiscal responsibility very seriously. To that end, the District's culture reflects certain values that drive decision-making. Specifically, District administration and the Board believe in accurately accounting for every dollar and fully disclosing information to stakeholders as it becomes available through constant monitoring and evaluation of data.

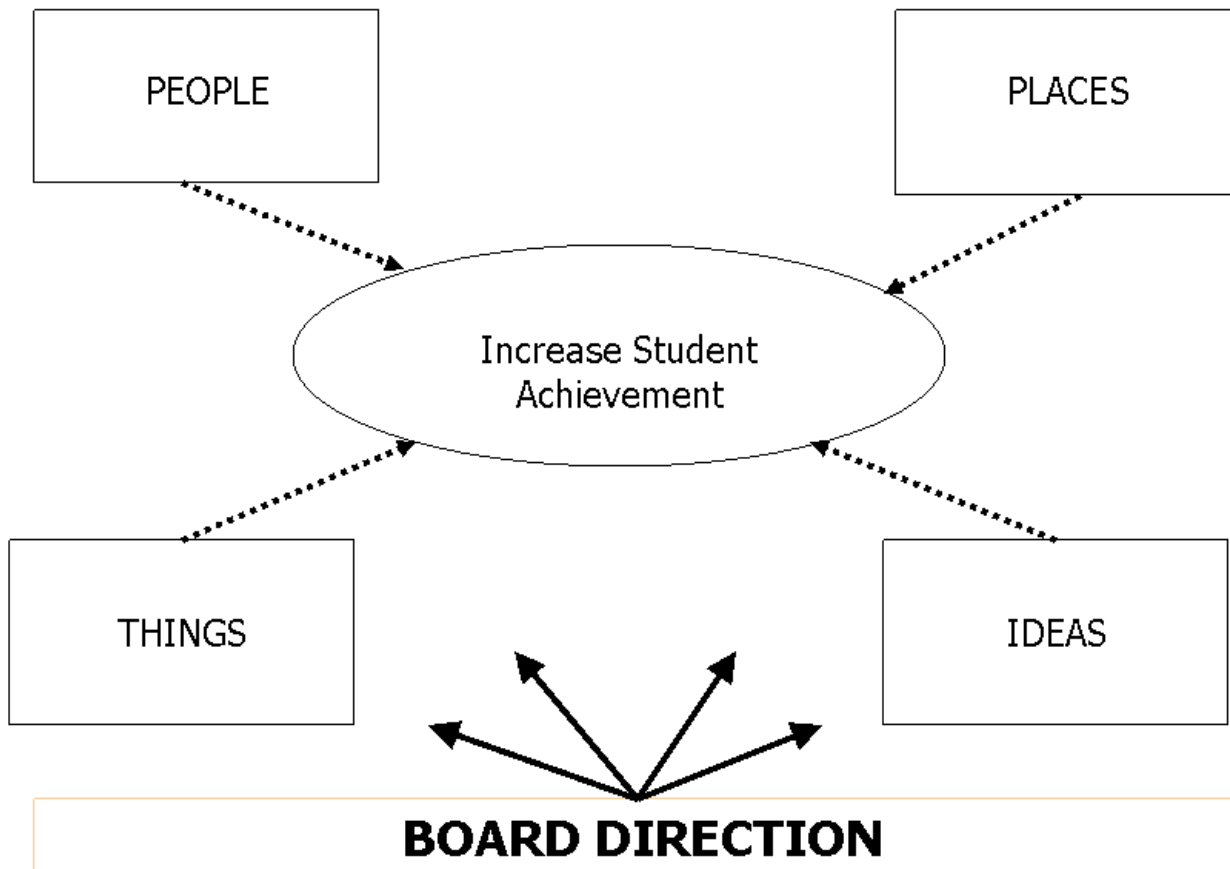
With these values as the foundation, the District then uses certain strategies to manage its finances and promote fiscal health. These strategies are divided into two categories: independent and dependent. The independent strategies are those that do not depend on other strategies for success. In other words, the District can actively **Maximize Revenues**, AND/OR **Control Costs**, AND/OR **Protect Assets** and be successful at any one or all of them. However, to be able to **Create Flexibility** and give the District some choices in spending, **Target Resources** to achieve the District's goals and objectives, and **Remunerate Employees** with fair and just compensation, it must first be successful at doing all of the independent strategies. In other words, the District will find it difficult to have flexibility in spending to target resources and remunerate employees if it doesn't first maximize revenues, control costs, and protect its assets.

SANTEE SCHOOL DISTRICT

2019-20

USER FRIENDLY BUDGET

THE TARGET:

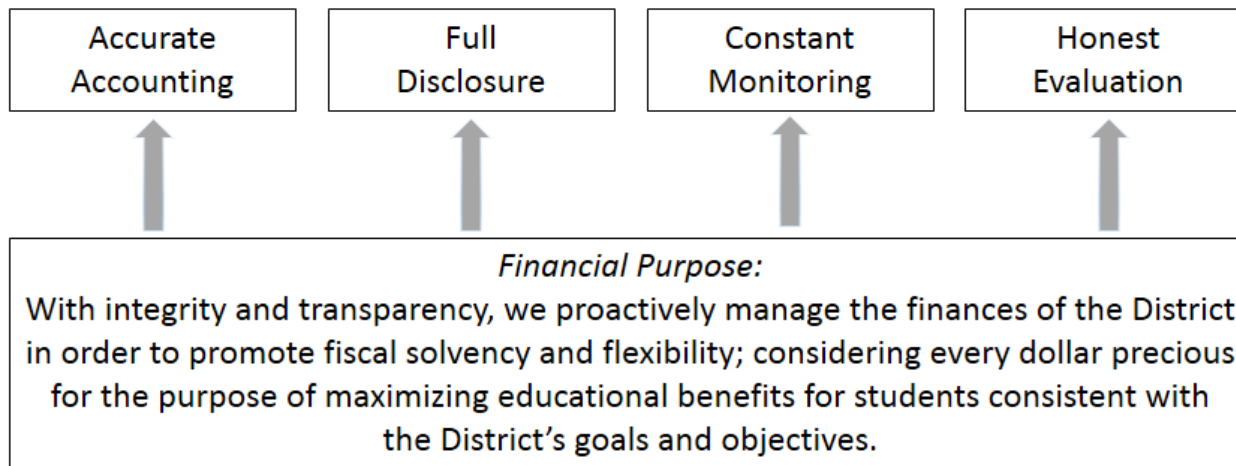


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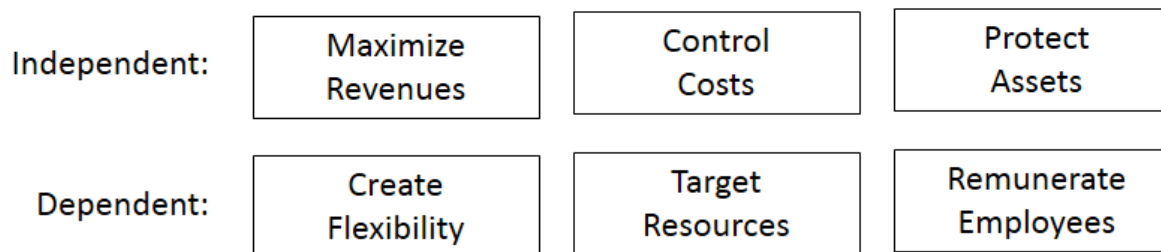
2019-20

USER FRIENDLY BUDGET

-- CORE FISCAL VALUES --



-- STRATEGIES --



SANTEE SCHOOL DISTRICT

2019-20

USER FRIENDLY BUDGET

Budget Assumptions

The District's budget is developed each year using a set of assumptions. These assumptions represent the best-known information at the time of development and reflect the latest projections of funding from the State of California and the Federal Government. 40% or more of the State's General Fund budget goes toward funding for public education so the District's budget is based almost entirely on what is reported at the State level. Preparation and finalization of the District's Adopted Budget is generally completed before the State adopts its budget. Consequently, the District's Adopted Budget is based on the latest report from the State outlining its intentions for the following year; otherwise known as the "May Revise."

While the May Revise generally reflects the final funding levels that will appear in the State's Adopted Budget, some changes do occur. Therefore, the District's Adopted Budget should be viewed as a preliminary snapshot of projected revenues and expenditures for the coming year, which may change when the State's final budget is approved. These changes are made using a series of budget revisions that are taken to the Board for approval throughout the year as more up-to-date information becomes available. The remainder of this User Friendly Budget document contains references to many of the most significant budget assumptions.

SANTEE SCHOOL DISTRICT

2019-20

USER FRIENDLY BUDGET

Enrollment and ADA Trends

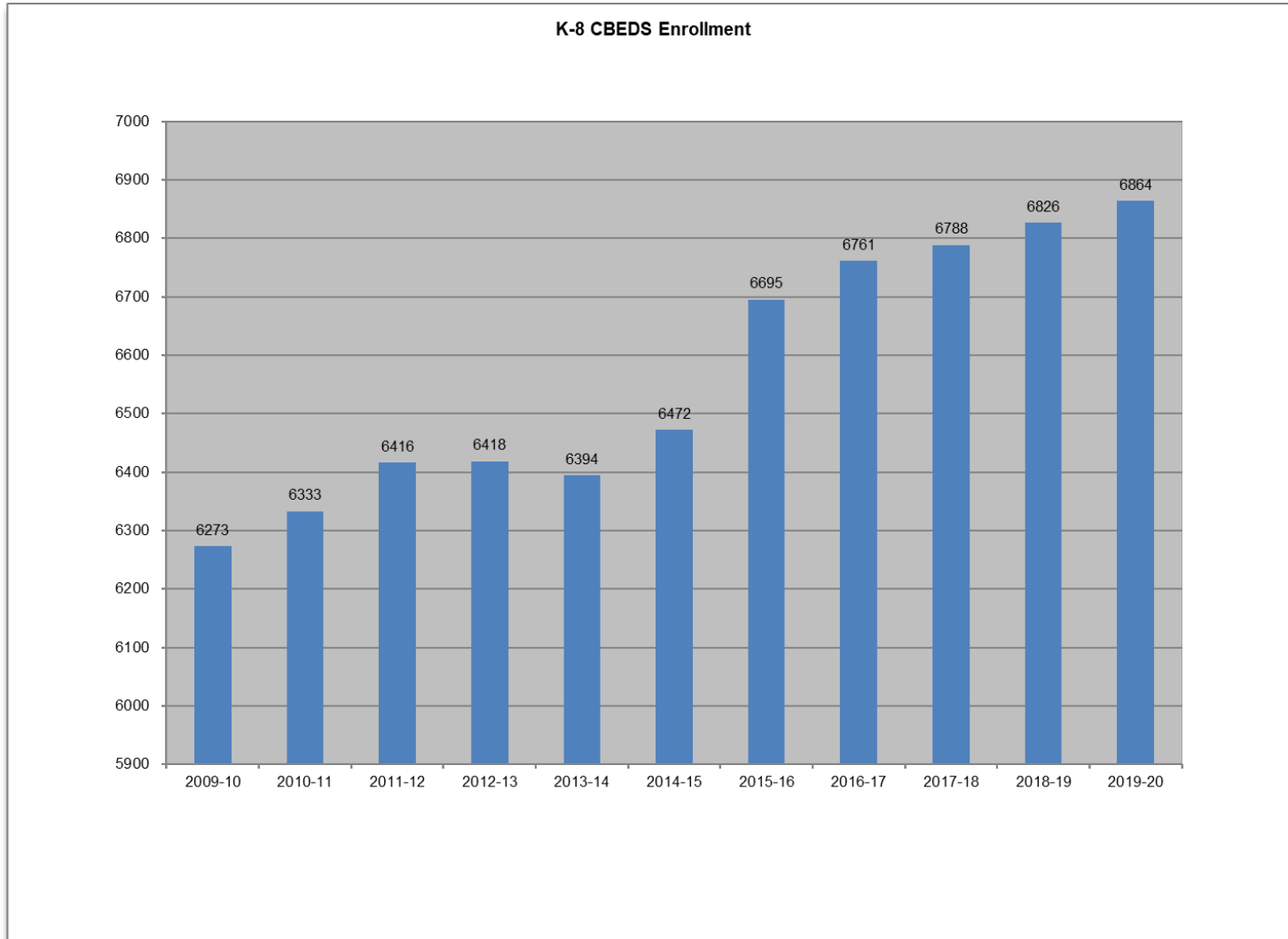
The interplay between the number of students enrolled in the District and the average number that actually attend on any given day can have serious consequences to the District's revenue. Over half of the revenue received in the District pertains directly to the actual attendance of students. Furthermore, the District only receives money for a student's attendance, NOT for their enrollment. Therefore, the District monitors attendance trends and enrollment very closely. The following charts depict some historical trends related to enrollment and ADA (average daily attendance):

- 1) Total Enrollment as of the first week of October (CBEDS day or California Basic Education Data System) for previous years and projections for the budget year and two subsequent years.
- 2) Percentage Change in enrollment from year to year.
- 3) Enrollment by Grade Level for previous years and the projected budget year.
- 4) Enrollment and ADA for previous years and the projected budget year.
- 5) ADA as a percentage of CBEDS Enrollment for previous years and the projected budget year.

SANTEE SCHOOL DISTRICT

2019-20

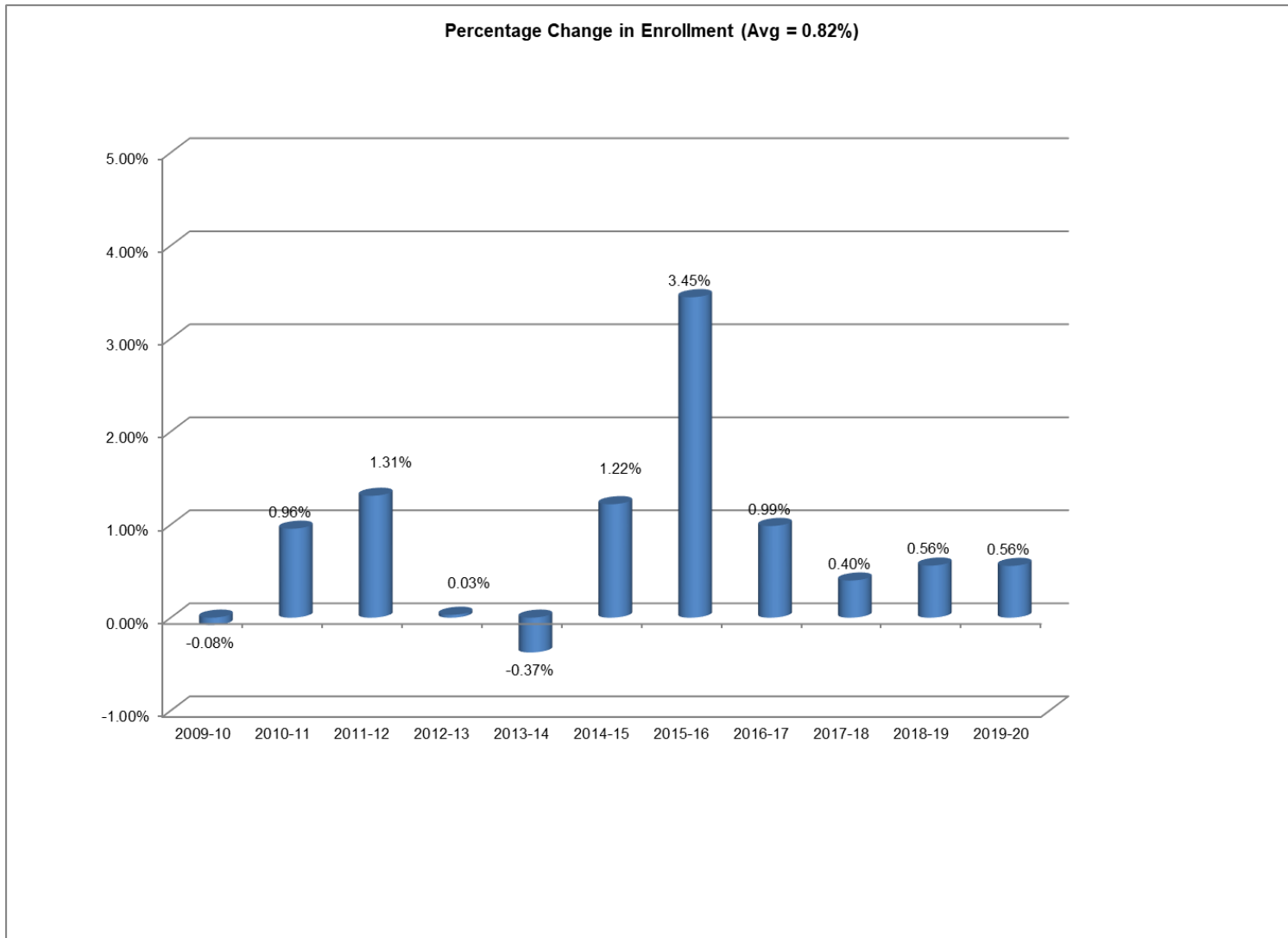
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SANTEE SCHOOL DISTRICT

2019-20

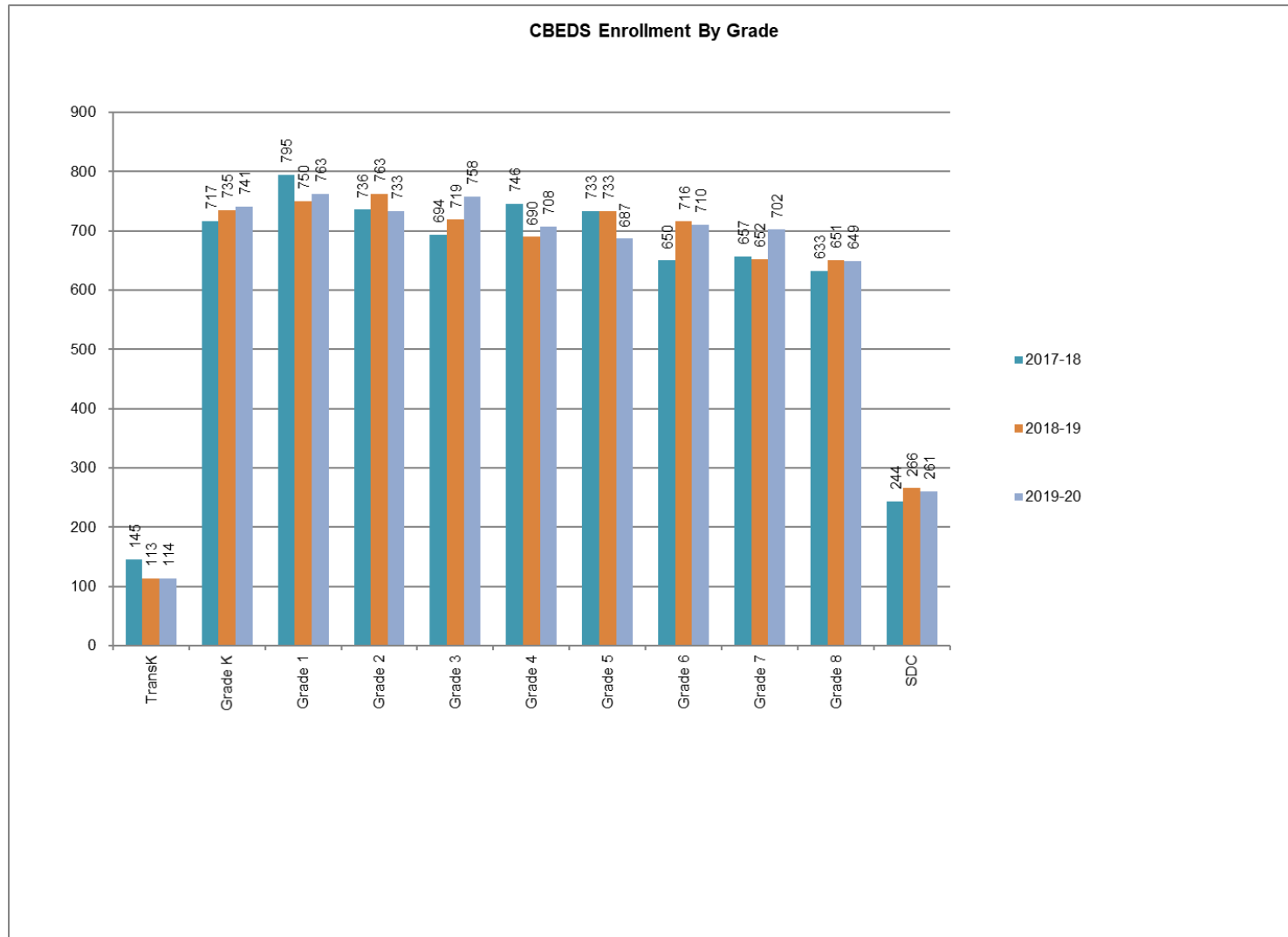
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SANTEE SCHOOL DISTRICT

2019-20

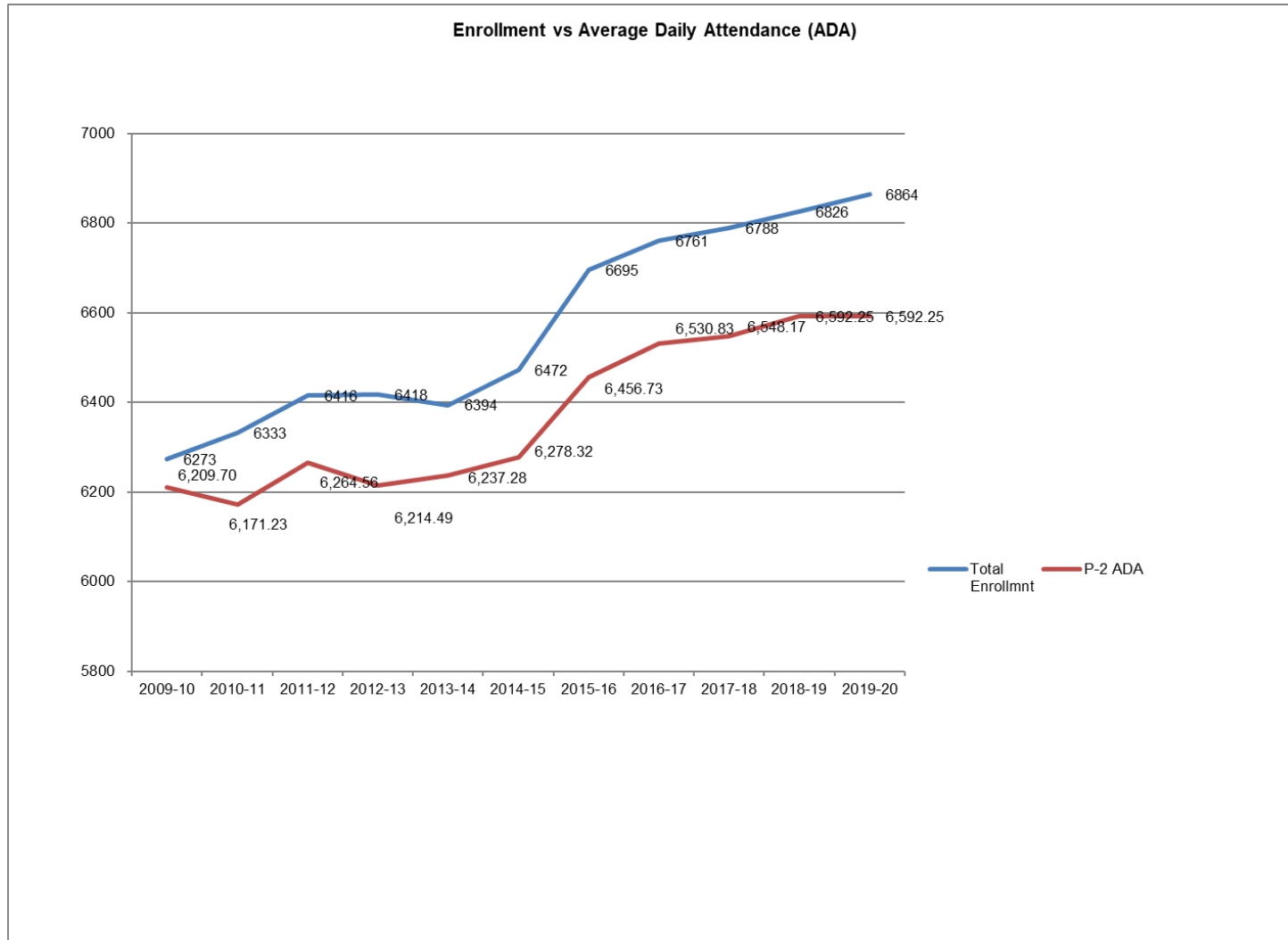
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SANTEE SCHOOL DISTRICT

2019-20

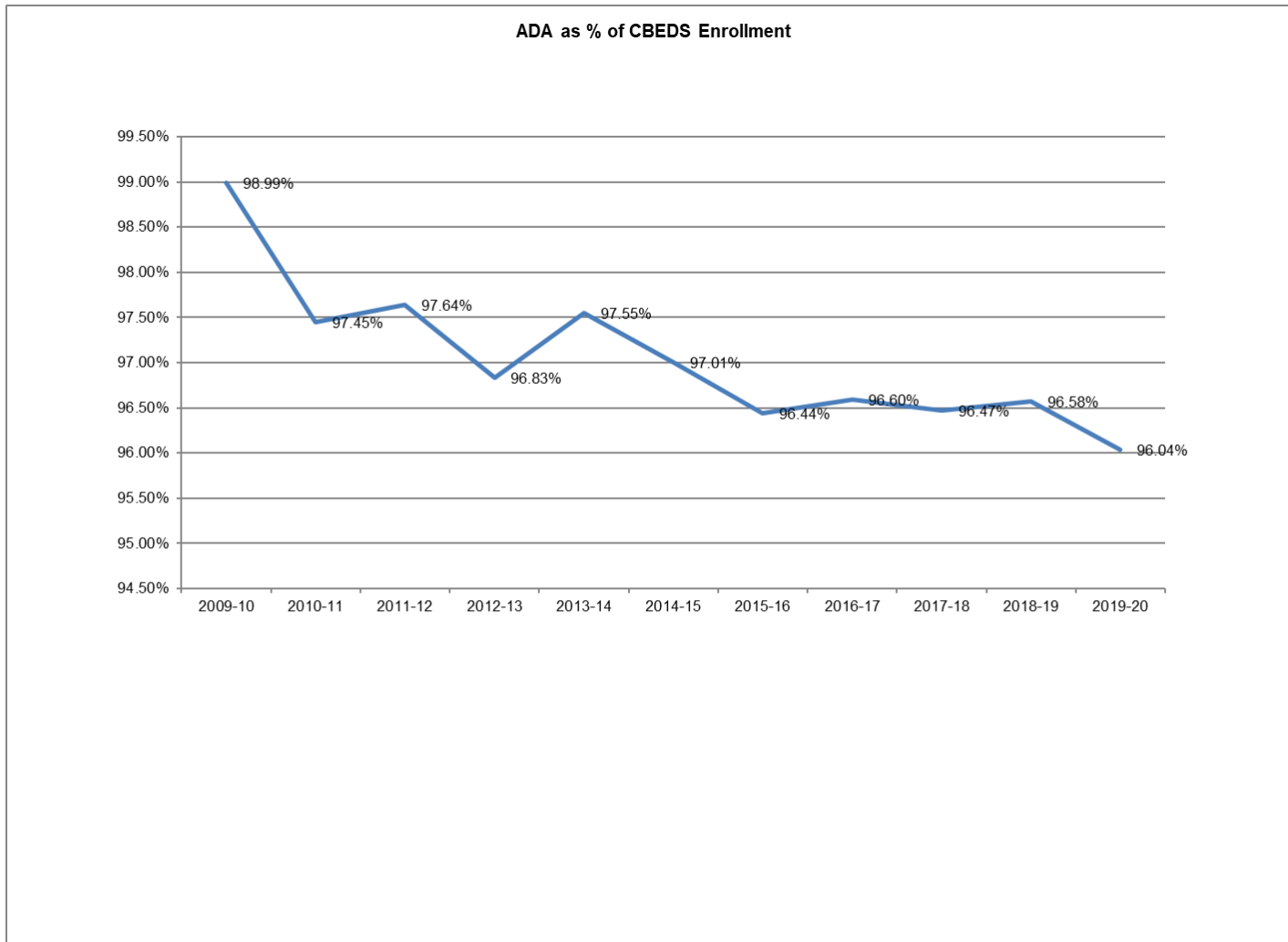
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SANTEE SCHOOL DISTRICT

2019-20

USER FRIENDLY BUDGET



SANTEE SCHOOL DISTRICT

2019-20

USER FRIENDLY BUDGET

Fund Accounting

The District uses Fund Accounting methods, governed by the Governmental Accounting Standards Board (GASB), whereby funds are divided into separate “accounting entities,” each designating a separate and unique purpose for the monies accounted for within the fund. The funds currently maintained by the District and reported in the Adopted Budget are listed below:

Fund Number	Fund Description	Fund Purpose
1	General Fund	Reports the revenues and expenditures associated with the District’s general operations. This fund is sub-divided into Unrestricted and Restricted sources and uses.
12	CDC/State Preschool Fund	Reports the revenues and expenditures associated with the District’s Federal and State funded child development and preschool program.
13	Cafeteria Fund	Reports the revenues and expenditures associated with the District’s Federal and State funded program for feeding students breakfast, lunch, and snacks.
14	Deferred Maintenance Fund	Reports the revenues and expenditures associated with the District’s contribution and the State’s match for performing major repairs and maintenance of facilities.
17	Special Reserve Other Than for Capital Outlay	Reports the revenues and expenditures associated with funds set aside by the Governing Board for economic uncertainties above the 3% required by law.
21	Building Fund	Reports the revenues and expenditures associated with General Obligation Bond proceeds.
25	Capital Facilities Fund	Reports the revenues and expenditures associated with the collection and use of Developer Fees and Former Redevelopment Agency Funds.
35	County School Facilities Fund	Reports the revenues and expenditures associated with monies received from the State School Facility Program for constructing and modernizing schools.
40	Special Reserve for Capital Outlay	Reports the revenues and expenditures associated with the District’s solar initiative, technology reserve, bus replacement reserve, and facility needs set-aside.
63	Enterprise Fund	Reports the revenues and expenditures associated with funds received from participants in the District’s Out of Schooltime Programs (Project SAFE and YALE Preschool).

SANTEE SCHOOL DISTRICT

2019-20

USER FRIENDLY BUDGET

Projected Revenues, Expenditures, and Changes To Fund Balance For All District Funds

The tables on the next two pages are a snapshot of all District funds and the projected income, outgo, and change to the fund balance of each. Income includes funds received from outside sources (such as the Federal or State Government) as well as those received from other funds within the District. Outgo includes expenditures for salaries, benefits, books, equipment, debt service, and transfers to other funds within the District. It also includes indirect/direct costs credited to the Unrestricted General Fund and charged to other funds. This is usually done by calculating a percentage of the total expenditures of a special fund or restricted revenue source (this percentage is determined by the State and changes each year) and transferring these amounts to the Unrestricted General Fund. This essentially reimburses the Unrestricted General Fund (reduces its expenditures) for the administrative overhead costs incurred for the operation of the other funds or restricted revenue sources.

Outgo also includes a line item called “Contributions To Restricted Programs” which represents the amount the Unrestricted General Fund must supplement a Restricted Funding source in order for its revenue to equal its expenditures. Most programs within the District are required to be self-supporting (i.e. to make enough revenue to support their expenditures) but a few are not. These include Special Education and Routine Restricted Maintenance.

SANTEE SCHOOL DISTRICT

2019-20

USER FRIENDLY BUDGET

LN#	Description	General Fund			Child Dev Fund 12	Cafeteria Fund 13	Deferred Maint Fund 14	Special Reserve Fund 17	Special Reserve Fund 40
		Unrest	Rest	Ttl					
1	INCOME:								
2	LCFF Sources	59,597,762	346,073	59,943,835	0	0	0		
3	Federal Revenue	50,000	2,389,769	2,439,769	0	1,620,991	0		31,794
4	Other State Revenue	1,253,257	3,095,384	4,348,641	312,148	116,889	0		
5	Other Local Revenue	248,166	3,819,511	4,067,677	900	725,820	5,834	37,677	55,204
6	Interfund Transfers In	0	0	0	0	0	535,000		1,746,187
7	Other Sources	0	0	0	0	0			
8	Total Income	61,149,185	9,650,737	70,799,922	313,048	2,463,700	540,834	37,677	1,833,185
9	OUTGO:								
10	Certificated Salaries	26,341,231	6,316,904	32,658,135	78,803				
11	Classified Salaries	6,480,878	4,157,688	10,638,566	100,191	936,297	0		0
12	Employee Benefits	10,674,684	6,130,871	16,805,555	64,736	290,003	0		0
13	Books and Supplies	1,688,992	1,128,622	2,817,614	38,845	1,050,448	0		494,287
14	Services, Other Operating Expenses	2,915,429	2,827,690	5,743,119	11,060	77,809	100,000		44,070
15	Capital Outlay	234,908	0	234,908	15,000	115,000	0		1,255,091
16	Other Outgo	942,408	0	942,408	0		0		359,277
17	Transfers of Indirect/Direct Costs	-932,119	810,047	-122,072	13,526	108,546			
18	Interfund Transfers Out	1,746,187	535,000	2,281,187					
19	Other Uses	0	0	0					2
20	Contributions to Restricted Programs	12,210,862	-12,210,862	0	0	0			
21	Total Outgo	62,303,459	9,695,961	71,999,420	322,161	2,578,103	100,000	0	2,152,727
22	Change in Fund Balance	-1,154,274	-45,224	-1,199,498	-9,113	-114,403	440,834	37,677	-319,541
23	Projected Beginning Fund Balance	13,527,737	621,279	14,149,015	39,306	472,827	34,816	3,020,389	4,616,346
24	Projected Ending Fund Balance	12,373,462	576,056	12,949,517	30,193	358,424	475,650	3,058,066	4,296,805
25	Committed Fund Balance	0	0	0			475,650		
26	Non-Spendable Fund Balance	484,719		484,719		66,018			
27	Restricted Fund Balance	0	576,056	576,056	30,193	292,406			4,296,805
28	Assigned Fund Balance	295,037		295,037					
29	Unassigned - Economic Uncertainty	2,159,983	0	2,159,983					
30	Remaining Unassigned	9,433,723	0	9,433,722	0	0	0	3,058,066	0
								Solar:	212,790
								Tech:	2,814,592
								Bus:	889,559
								Fac Need:	379,865

SANTEE SCHOOL DISTRICT

2019-20

USER FRIENDLY BUDGET

LN#	Description	Building Fund 21	Capital Facilities Fund 25	County School Facilities Fund 35	Enterprise Fund 63	Yale	Project SAFE
1	INCOME:						
2	LCFF Sources						
3	Federal Revenue						
4	Other State Revenue						
5	Other Local Revenue	0	448,661	0	3,484,450	972,554	2,511,896
6	Interfund Transfers In	0			0	0	0
7	Other Sources						
8	Total Income	0	448,661	0	3,484,450	972,554	2,511,896
9	OUTGO:						
10	Certificated Salaries				0		0
11	Classified Salaries		83,908		2,175,411	623,650	1,551,761
12	Employee Benefits		29,570		769,932	239,647	530,285
13	Books and Supplies	0	0		260,818	57,366	203,452
14	Services, Other Operating Expenses	0	15,000		262,364	58,543	203,821
15	Capital Outlay	0	2,578,800	0			
16	Other Outgo		398,505				
17	Transfers of Indirect/Direct Costs						
18	Interfund Transfers Out		0		0		0
19	Other Uses				0	0	0
20	Contributions to Restricted Programs						
21	Total Outgo	0	3,105,783	0	3,468,525	979,206	2,489,319
22	Change in Fund Balance	0	-2,657,122	0	15,925	-6,652	22,577
23	Projected Beginning Fund Balance	0	4,709,066	0	1,413,816	478,787	935,029
24	Projected Ending Fund Balance	0	2,051,944	0	1,429,741	472,135	957,606
25	Committed Fund Balance						
26	Non-Spendable Fund Balance						
27	Restricted Fund Balance	0	1,653,439	0	1,429,741	472,135	957,606
28	Assigned Fund Balance		398,505				
29	Unassigned - Economic Uncertainty						
30	Remaining Unassigned	0	0	0	0	0	0
		<i>Dev Fees:</i>	1,177,686				
		<i>Fmr RDA:</i>	401,589				
		<i>Land:</i>	472,669				

SANTEE SCHOOL DISTRICT

2019-20

USER FRIENDLY BUDGET

Projected Ending General Fund Balance

The projected ending fund balance is the accumulation of the differences between revenues and expenditures in previous years, the current year, and the budget year. Since the current year is not closed prior to development of the Adopted Budget, the ending fund balance for the current year is estimated based on the latest financial data and becomes the basis for the beginning fund balance in the budget year. Therefore, this balance is subject to change once the books are closed for the year.

A good indicator of financial health is the percentage of expenditures the District maintains in its ending fund balance. The higher this percentage, the more “cushion” the District has to guard against unexpected fluctuations in revenues or expenditures. Some portions of the ending funding balance must be reserved for specific purposes and are therefore considered non-discretionary. An analysis of Ending Fund Balances and components of it are presented in the following two pages:

1. Total Ending General Fund Balance as a Percentage of Total General Fund Outgo/Expenditures
2. Unrestricted General Fund Balance as a Percentage of Total Unrestricted General Fund Outgo/Expenditures
3. Analysis of Components of General Fund Balances

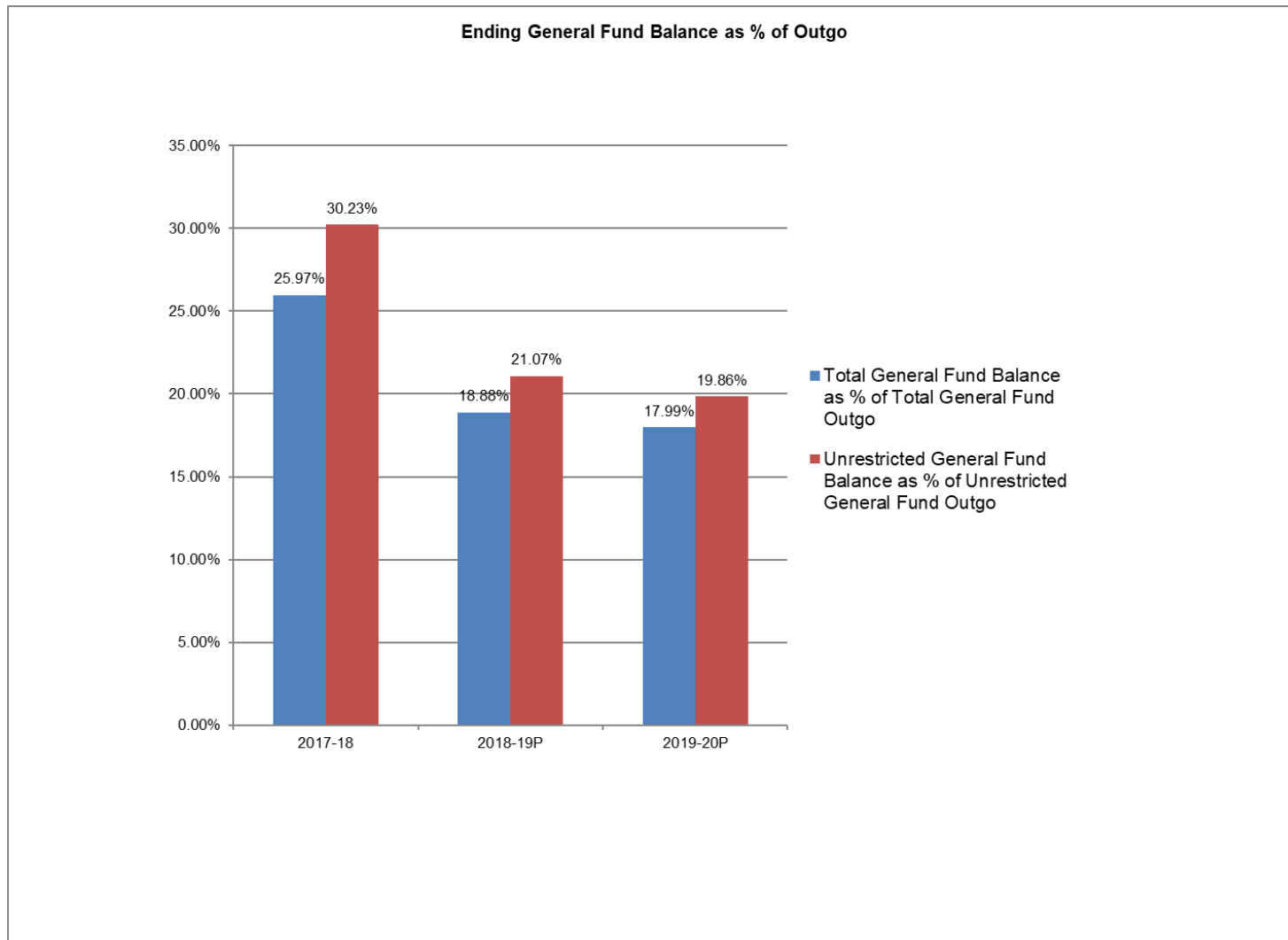
On March 11, 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54 which takes effect for financial statements for fiscal years issued after June 15, 2010. The purpose of this new accounting requirement is to enhance the usefulness of fund balance information by providing clearer classifications. GASB 54 incorporates the following five categories of fund balance:

- **Non-Spendable Fund Balance** - Amounts that are not in a spendable form or are required to be maintained intact. Examples are inventory, pre-paid expenses, and revolving cash fund amounts.
- **Restricted Fund Balance** – Amounts that can be spent only for the specific purposes stipulated by external resource providers (such as grantors), or enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers.
- **Committed Fund Balance** - Amounts subject to internal constraints self-imposed by the District’s highest level of decision making authority. Commitments may be changed or lifted only by the Board of Education taking the same formal action that imposed the constraint originally.
- **Assigned Fund Balance** – Amounts the District intends to use for a specific purpose. Assignments may be established by the governing board or by a designee of the Board. Examples include site carry-overs and accrued vacation.
- **Unassigned Fund Balance** – Amounts representing the residual balance in the General Fund that has not been assigned to other funds and that are not in the other classifications. The Reserve For Economic Uncertainty falls into this classification.

SANTEE SCHOOL DISTRICT

2019-20

USER FRIENDLY BUDGET



SANTEE SCHOOL DISTRICT

2019-20

USER FRIENDLY BUDGET

Components of Ending General Fund Balance and Other Reserves

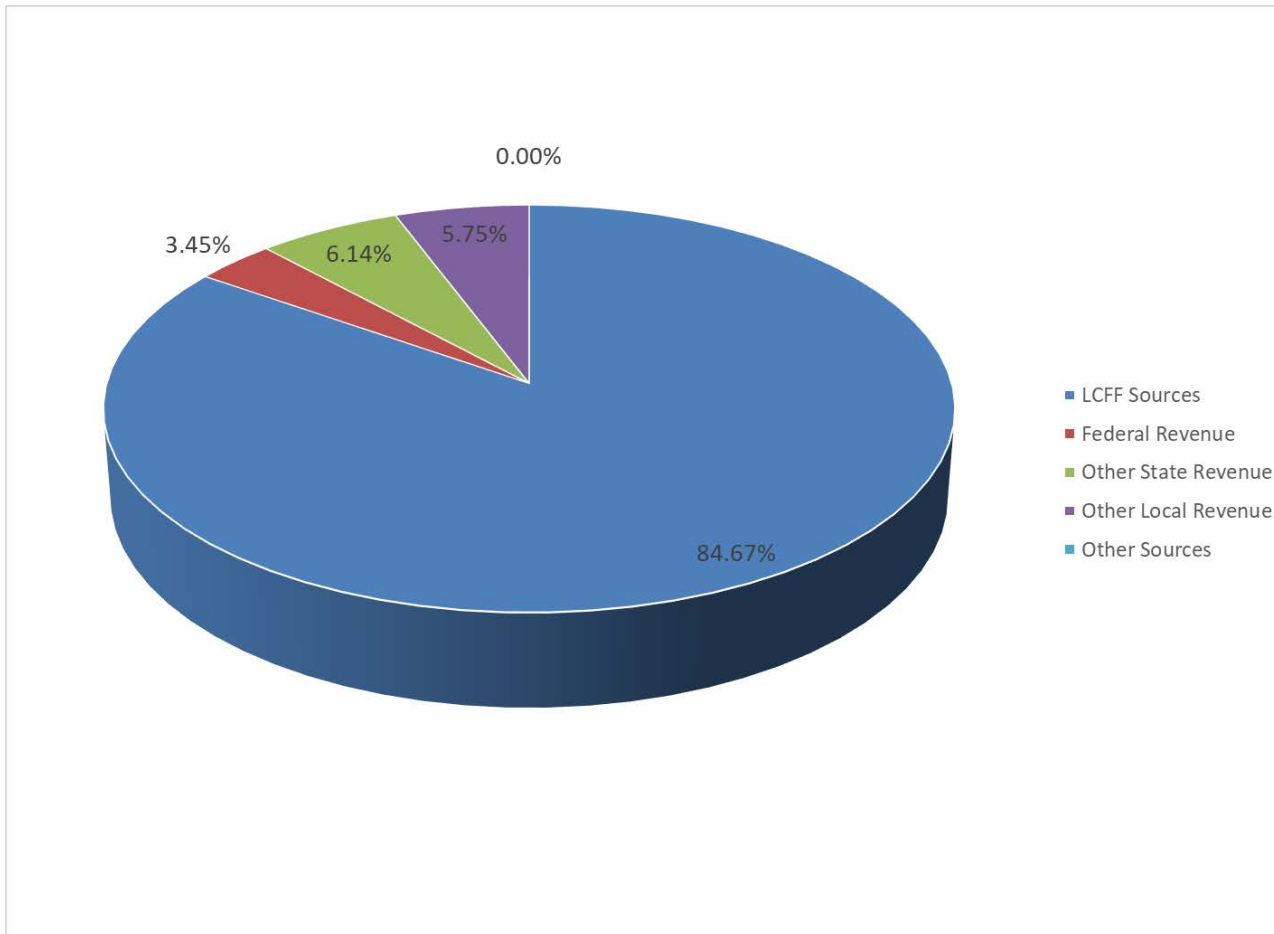
Description	Discretionary?	2019-20P		2018-19P		2017-18	
		% of Outgo	\$ Amt	% of Outgo	\$ Amt	% of Outgo	\$ Amt
Economic Uncertainty Reserve	No	3.00%	2,159,983	3.00%	2,249,328	3.00%	1,956,791
Non-Spendable	No	0.68%	484,719	0.65%	484,719	0.75%	484,719
Committed	No	0.00%	0	0.00%	0	0.00%	0
Restricted/Categorical Carry-Overs	No	0.81%	576,056	0.83%	621,279	0.61%	394,089
Assigned for Vacation Carry-over	No	0.41%	295,037	0.40%	295,037	0.46%	295,037
Assigned for School/Dept Budget Carryovers	No	0.00%	0	0.00%	0	0.66%	429,729
Fund 17 Reserve	Yes	4.25%	3,058,066	4.03%	3,020,389	4.57%	2,976,374
Unassigned/Unappropriated	Yes	13.11%	9,433,723	14.01%	10,498,652	20.51%	13,376,262
Total Fund Balances and Reserves		22.24%	16,007,585	22.90%	17,169,405	30.53%	19,913,001

SANTEE SCHOOL DISTRICT

2019-20

USER FRIENDLY BUDGET

General Fund Sources Of Money



The adjacent chart depicts the relative amounts of the various sources of funds available for use in the General Fund for the budget year. These sources are:

1. **LCFF Sources** – those monies received for the attendance of students through the Local Control Funding Formula. This money is derived from a dollar amount, which is adjusted each year, multiplied by average daily attendance or ADA (the average number of students in attendance on any one day) and is funded by local property taxes and State income taxes, corporate taxes, and sales taxes.
2. **Federal Revenue** – those monies received from the Federal Government.
3. **Other State Revenue** – non-LCFF monies received from the State for other programs commonly referred to as Categorical Programs.
4. **Other Local Revenue** – monies received from local sources other than Property Taxes.
5. **Other Sources** – those monies received from sources other than those listed above.

SANTEE SCHOOL DISTRICT

2019-20

USER FRIENDLY BUDGET

Revenue Categories

The table on the next page depicts the categorization of the various revenues to be received in the General Fund based on their allowed use and their expected duration. Unrestricted revenue sources are those that the District has discretion over using for any expenditure allowed by law. Restricted revenues are those that are designated to be used only for specific purposes or only on a designated population, as stipulated by the grantor or donor. On-going monies are those that can reasonably be expected to continue at about the same level or higher in future years. One-time monies are designated as such for one of four reasons:

- The funds are only given once by the grantor or donor with no obligation or commitment to continue the funding.
- The funds are subject to such volatility that their amount from year to year is relatively uncertain.
- The funding stream is expected to end in the near future.
- The funds are only released as the result of a competitive grant for which an application must be submitted and approved.

In general, it is not financially prudent to use one-time monies to fund on-going expenditures, such as salaries and benefits, unless the positions that are funded by the source will end at the same time the revenue stream ends.

SANTEE SCHOOL DISTRICT

2019-20

USER FRIENDLY BUDGET

Q1: Unrestricted/On-Going Revenue		Q2: Unrestricted/One-Time Revenue		Q3: Restricted/On-Going Revenue		Q4: Restricted/One-Time Revenue	
Description	Amount	Description	Amount	Description	Amount	Description	Amount
State Aid LCFF	42,647,158	Mandated Cost Reimbursement	0	Title I	502,679	Tobacco Use Prevention	34,716
Prop Taxes LCFF	16,950,604	Other Local Revenue	0	IDEA Lcl Ent P194-142	1,359,993	Santee Ready for Life	106,073
M&O PL 81-879	50,000			IDEA Preschl	76,795		
MAA	0			IDEA Preschl Loc Ent	0		
Lottery	1,041,118			IDEA Prschl Staff Dev	581		
STAR Testing	0			Title II Tchr Quality	111,151		
Mandated Cost Block Grant	212,139			Title III Imm Ed	15,440		
Transfer In from Fund 63	0			Title III LEP	67,580		
Other Local Revenue	248,166			Prop 20 Lottery	365,426		
				Special Education From SELPA	3,487,708		
				Special Education Prop Taxes	346,073		
				Special Ed- Low Incidence	13,760		
				Special Ed Prop 98 Mental Health	186,755		
				Special Ed Federal Mental Health	22,477		
				ASES from SDCOE Consortium	318,043		
				ASES Parent Fees	0		
				Medi-CAL Reimbursement	127,000		
				STRS On-Behalf Payments	2,508,487		
Total Quadrant 1 Revenue	61,149,185	Total Quadrant 2 Revenue	0	Total Quadrant 3 Revenue	9,509,948	Total Quadrant 4 Revenue	140,789
		Total Unrestricted Revenue:	61,149,185			Total Restricted Revenue:	9,650,737

SANTEE SCHOOL DISTRICT

2019-20

USER FRIENDLY BUDGET

Local Control Funding Formula

Starting in 2013-14, the State implemented a new funding distribution system for K-12 public education. The previous system used a calculation of the Revenue Limit, which was a school district's major source of Unrestricted revenue stemming from student attendance, and various Categorical Programs, the funding for which was to be spent on specified types of expenditures or populations of students. Over time, according to the Governor, the system became complex, inequitable, and too reliant upon State direction over the use of school district resources. To remedy this situation, the Governor and Legislature combined Revenue Limit funding and most Categorical Programs into one funding stream called the Local Control Funding Formula or LCFF.

The LCFF distributes funds to school districts based on a calculation of Base Grants, which vary by grade span; Supplemental Grants for the unduplicated count of English Language Learners, students qualifying for free or reduced priced meals, or Foster Youth students; and Concentration Grants for school districts with populations of Supplemental students exceeding 55% of total enrollment. For those districts that previously received funding for Transportation and Targeted Instructional Improvement Grants, these amounts became separate add-ons to the LCFF formula.

The LCFF established a target funding level to reach in 2020-21 based on the foregoing calculation and then compares that amount to the amount of funding a school district received in the prior year. The difference is to be funded in annual increments to the extent of additional available State General Funds each year. In 2018-19, the LCFF became fully funded, thereby reaching the target two years ahead of schedule.

Use of LCFF funds is governed by a document called the Local Control Accountability Plan (LCAP). The LCAP is essentially a strategic planning document which links financial resources to a district's goals and objectives. School districts are required to adopt an LCAP once every three years and to update it annually. The LCAP development process involves a significant amount of stakeholder input to help inform decision-making for the formation of Goals and Action Steps to increase or improve services for all students. Supplemental funds from the LCFF are to be targeted to specific sub-groups to demonstrate an increase or improvement of services over and above that provided for all students.

The District's LCAP can be accessed on the home page of its website at www.santeesd.net.

The table on the following page contains the details of the LCFF calculation and estimated funding for the budget year:

SANTEE SCHOOL DISTRICT

2019-20

USER FRIENDLY BUDGET

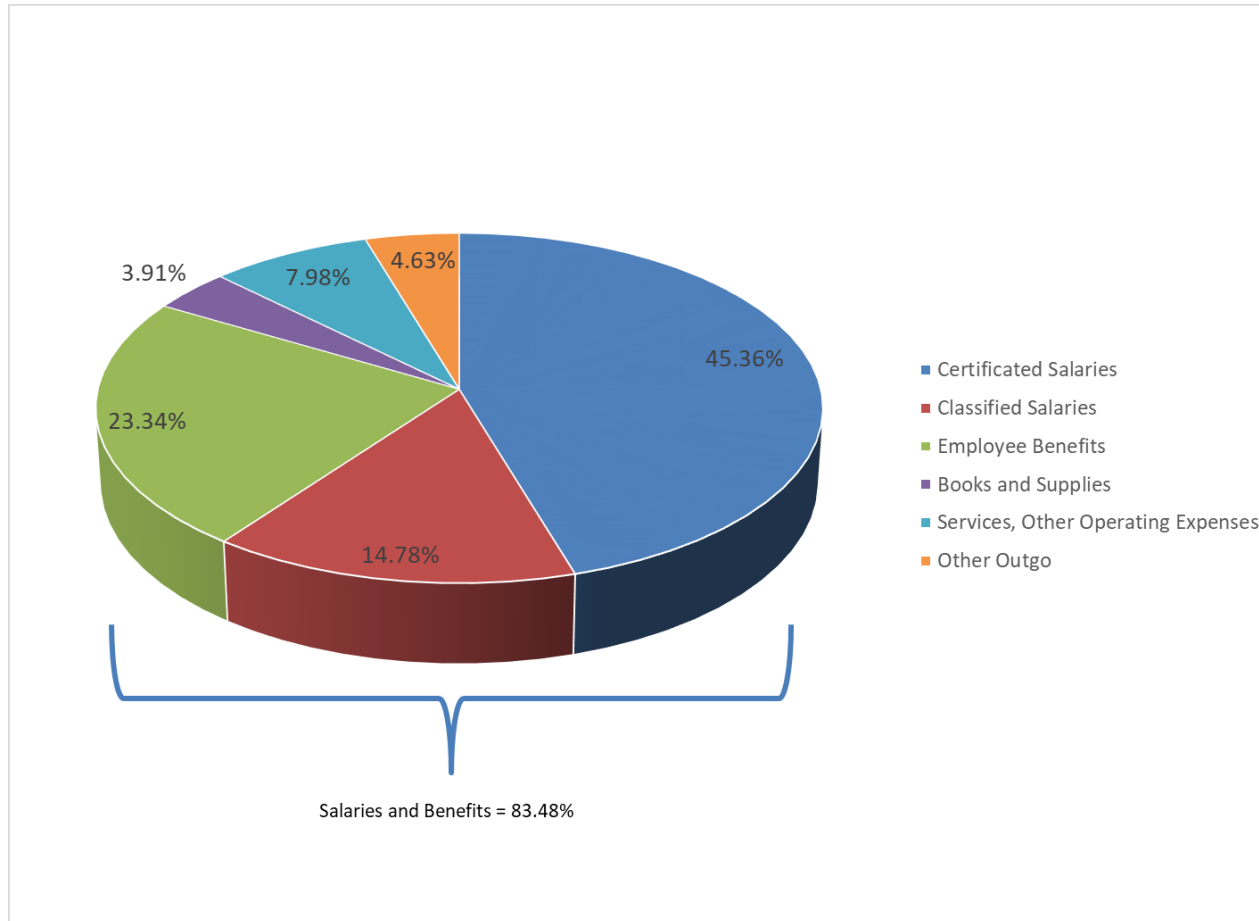
<u>2019-20</u>					
Factor	Component	Grade Spans			Total
		K-3	4-6	7-8	
Base Grant	Prior Year Base Grant	\$7,459.00	\$7,571.00	\$7,796.00	
	COLA	3.26000%	3.26000%	3.26000%	
	Adjusted	\$7,702.00	\$7,818.00	\$8,050.00	
Augmentations	K-3 CSR	\$801.01			10.40%
Supplemental	EL Student Counts CBEDs				651
	F/R Student Counts CBEDs				2,801
	EL not F/R Counts CBEDs				151
	Total Estimated Unduplicated Count for Supplemental				2,952
	Current Year CBEDs Enrollment				6,864
	Estimated % of Population for Supplemental				43.50%
	Supplement to Base Amount per Student	\$1,700.60	\$1,563.60	\$1,610.00	20.00%
	Supplement to Base Weighted for District	\$739.69	\$680.10	\$700.28	
Concentration	Per Student Increase for Concentration Factor	\$4,252.00	\$3,909.00	\$4,025.00	50.00%
	Estimated Supplemental student count over 55% of population				0
Total	Per Student Grant	\$9,242.70	\$8,498.10	\$8,750.28	
ADA	Total	3,094.37	2,157.18	1,340.70	6,592.25
Entitlement Funding	Base Grant	23,832,838	16,864,833	10,792,635	51,490,306
	Supplemental	2,288,860	1,467,089	938,862	4,694,811
	Concentration	0	0	0	0
	K-3 CSR (2020-21 Target = 24:1)	2,478,621			2,478,621
	Sub-Total	28,600,319	18,331,922	11,731,497	58,663,738
Add-Ons	Home to School Transportation				358,105
	TIIG				576,547
	Adjustment				(628)
Total	Total Estimated 2020-21 Target		Per ADA:	\$9,040.58	59,597,762
Current Funding	Prior Year LCFF Funding (Adjusted for ADA changes)		Per ADA:	\$8,839.83	57,731,443
	Difference		Per ADA:		1,866,319
	Adjustment				
100.00%	Estimated 2019-20 LCFF Funding Increase	Check:	Per ADA:		1,866,319
	Estimated 2019-20 Total LCFF Funding			\$9,040.58	59,597,762
	Estimated Change in Total State Funding w/in LCFF			3.23%	1,866,319
	Estimated Change in Per ADA State Funding w/in LCFF			3.23%	1,866,319

SANTEE SCHOOL DISTRICT

2019-20

USER FRIENDLY BUDGET

General Fund Uses Of Money



The adjacent chart depicts the relative amounts of the various uses of funds in the General Fund for the budget year. These uses are:

1. **Certificated Salaries** – payments to employees whose jobs require State certification or credentials.
2. **Classified Salaries** – payments to employees whose jobs do not require State certification or credentials.
3. **Employee Benefits** – payments for benefits required by law or voluntarily provided by the District. This includes contributions to retirement programs, social security and medicare, State unemployment insurance, worker's compensation for work-related injuries, and health and welfare programs.
4. **Books and Supplies** – payments to vendors for the purchase of textbooks, library books, and supplies used for instruction or in offices.
5. **Services, Other Operating Expenses** – payments to vendors for professional or contracted services, utilities, phones, and insurance.
6. **Capital Outlay** – payments to vendors for the purchase of equipment, facilities, or facility upgrades costing \$5,000 or more per item.
7. **Other Outgo** – payments for debt service or transfers to other funds.

SANTEE SCHOOL DISTRICT

2019-20

USER FRIENDLY BUDGET

Certificated Staffing

The table below depicts the projected certificated staffing levels for the budget year:

School	General Education								2018-19 Special Education				2019-20 Special Education				Principals		Vice Principals		Other ³	
	2018-19 TK-8 Gen Ed	2019-20 TK-8 Gen Ed	Buffer	2019-20 Budget					SDC	RSP	SLP	Other ²	SDC	RSP	SLP	Other ²	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20
	TK-8 Gen Ed	Diff		EAK	LA Spec/ IRTs	Other ¹																
Cajon Park	34.00	34.00	1.00	35.00	1.00		1.00		5.00	2.50	2.00	0.00	5.00	2.50	2.00	0.00	1.00	1.00	1.00	1.00		
Carlton Hills	23.00	23.00		23.00	0.00	1.00	1.00		4.00	2.00	3.00	0.00	4.00	2.00	3.00	0.00	1.00	1.00	1.00	1.00		
Carlton Oaks	29.00	29.00	1.00	30.00	1.00		1.00		5.00	3.00	1.00	2.00	5.00	3.00	1.00	2.00	1.00	1.00	1.00	1.00		
Chet Harritt	23.00	23.00		23.00	0.00	1.00	1.00		0.00	1.50	1.00	0.00	1.00	1.50	1.00	0.00	1.00	1.00	1.00	1.00		
Hill Creek	28.00	28.00		28.00	0.00	1.00	1.00	1.00	2.00	2.00	1.00	0.00	2.00	2.00	1.00	0.00	1.00	1.00	1.00	1.00		
Pepper Dr	35.00	35.00	1.00	36.00	1.00		1.00	0.50	1.00	2.50	1.00	0.00	1.00	2.50	1.00	0.00	1.00	1.00	1.00	1.00		
PRIDE	21.00	21.00		21.00	0.00	1.00	1.00		0.00	1.50	1.00	0.00	0.00	1.50	1.00	0.00	1.00	1.00	1.00	1.00		
Rio Seco	34.00	34.00	2.00	36.00	2.00		1.00		5.00	3.00	1.00	0.00	5.00	3.00	1.00	0.00	1.00	1.00	1.00	1.00		
Sycamore Canyon	14.00	14.00		14.00	0.00	1.00	1.00		7.00	1.00	4.00	0.00	7.00	1.50	4.00	0.00	1.00	1.00	0.00	0.00		
Sub-Total	241.00	241.00	5.00	246.00	5.00	5.00	9.00	1.50	29.00	19.00	15.00	2.00	30.00	19.50	15.00	2.00	9.00	9.00	8.00	8.00	0.00	0.00
Superintendent					0.00																1.00	1.00
Santee Success Program	1.00	1.00		1.00	0.00																	
Alternative Education	2.00	1.00		1.00	(1.00)																	
Special Education Centralized					0.00						0.40	11.50		1.00	1.40	10.50					1.00	2.00
Human Resources/Pupil Services					0.00																2.00	2.00
Education Services					0.00			12.00													4.00	4.00
Grand-Total	244.00	243.00	5.00	248.00	4.00	5.00	9.00	13.50	29.00	19.00	15.40	13.50	30.00	20.50	16.40	12.50	9.00	9.00	8.00	8.00	8.00	9.00
District Total Non-Management Certificated FTE:																354.90	District Total Certificated Management FTE:				26.00	
¹ Admin Interns, Demonstration Teachers, Counselors/Social Workers, School Funded IRTs, Curriculum Resource Teachers ² Mobility, VI, APE, Nurse, Psychologists, Program Specialist, Behavioral Specialist ³ Superintendent, Assistant Superintendents, Directors, Coordinators																						

SANTEE SCHOOL DISTRICT

2019-20

USER FRIENDLY BUDGET

Statutory Benefit Rates

Salary and benefit costs are the largest portion of the District's expenditures. In addition to health and welfare benefits, the District is required to contribute to various entities, as a percentage of payroll, for benefits set in law. These are called Statutory Benefits. Below are the projected rates (as a percentage of salary) for the prior year, the budget year, and estimates for the subsequent years of the Multi-Year Projection:

Statutory Benefit	2018-19	2019-20	2020-21	2021-22
STRS (State Teachers Retirement System)	16.28000%	18.13000%	19.10000%	20.10000%
PERS (Public Employees Retirement System)	18.06200%	20.73300%	23.60000%	24.90000%
FICA (Social Security)	6.20000%	6.20000%	6.20000%	6.20000%
ARS (Alternative Retirement System to Social Security)	1.30000%	1.30000%	1.30000%	1.30000%
MEDI (Medicare)	1.45000%	1.45000%	1.45000%	1.45000%
SUI (State Unemployment Insurance)	0.05000%	0.05000%	0.14836%	0.16320%
W/Comp (Workers Compensation Insurance)	2.07900%	2.03000%	2.14000%	2.25000%

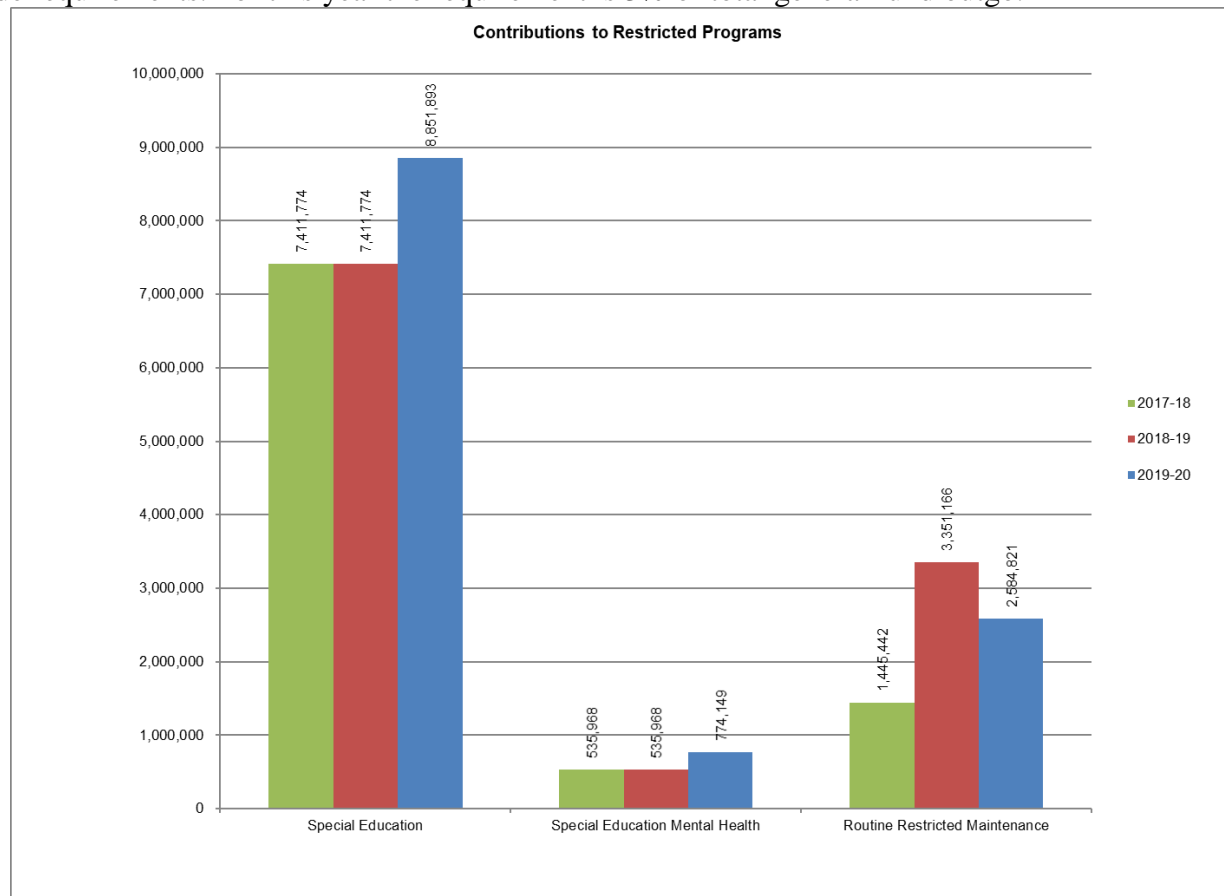
SANTEE SCHOOL DISTRICT

2019-20

USER FRIENDLY BUDGET

Contributions To Restricted Programs By The Unrestricted General Fund

The programs, or restricted funds, that do not receive enough revenue from sources outside of the District to pay all of their expenditures are depicted on the chart below. The difference between revenue received for these programs and total expenditures is paid from the Unrestricted General Fund and is sometimes referred to as “Contributions to Restricted Programs.” In the case of Routine Restricted Maintenance, this contribution amount is set by law with specified set-aside requirements. For this year the requirement is 3% of total general fund outgo.



SANTEE SCHOOL DISTRICT

2019-20

USER FRIENDLY BUDGET

Interfund Transfers

Transfers between funds of the District are transfers of cash in order to accomplish certain purposes. Below are the interfund transfers included in the Adopted Budget and planned for the subsequent two years:

From Fund	To Fund	Purpose	Budget Year Amount	Year+1 Amount	Year+2 Amount
			0	0	0
Total Interfund Transfers In:			0	0	0
Fund 1: General	Fund 40: Capital Outlay	Technology Equipment Replacement Reserve	820,000	820,000	820,000
Fund 1: General	Fund 40: Capital Outlay	Hill Creek Solar Project Debt Service	151,187	157,235	163,524
Fund 1: General	Fund 40: Capital Outlay	Solar Project Inverter Replacement Set-Aside	25,000	25,000	25,000
Fund 1: General	Fund 40: Capital Outlay	Classroom Furniture Replacement Grants		100,000	
Fund 1: General	Fund 40: Capital Outlay	Facilities Needs	750,000	750,000	0
Fund 1: General	Fund 40: Capital Outlay	Bus Replacement	0	0	0
Total Interfund Transfers Out - Unrestricted General Fund:			1,746,187	1,852,235	1,008,524
Fund 1: General RRMA	Fund 14: Deferred Maintenance	Major repair/replacement of building and grounds components	535,000	535,000	535,000

SANTEE SCHOOL DISTRICT

2019-20

USER FRIENDLY BUDGET

School Budget Allocations

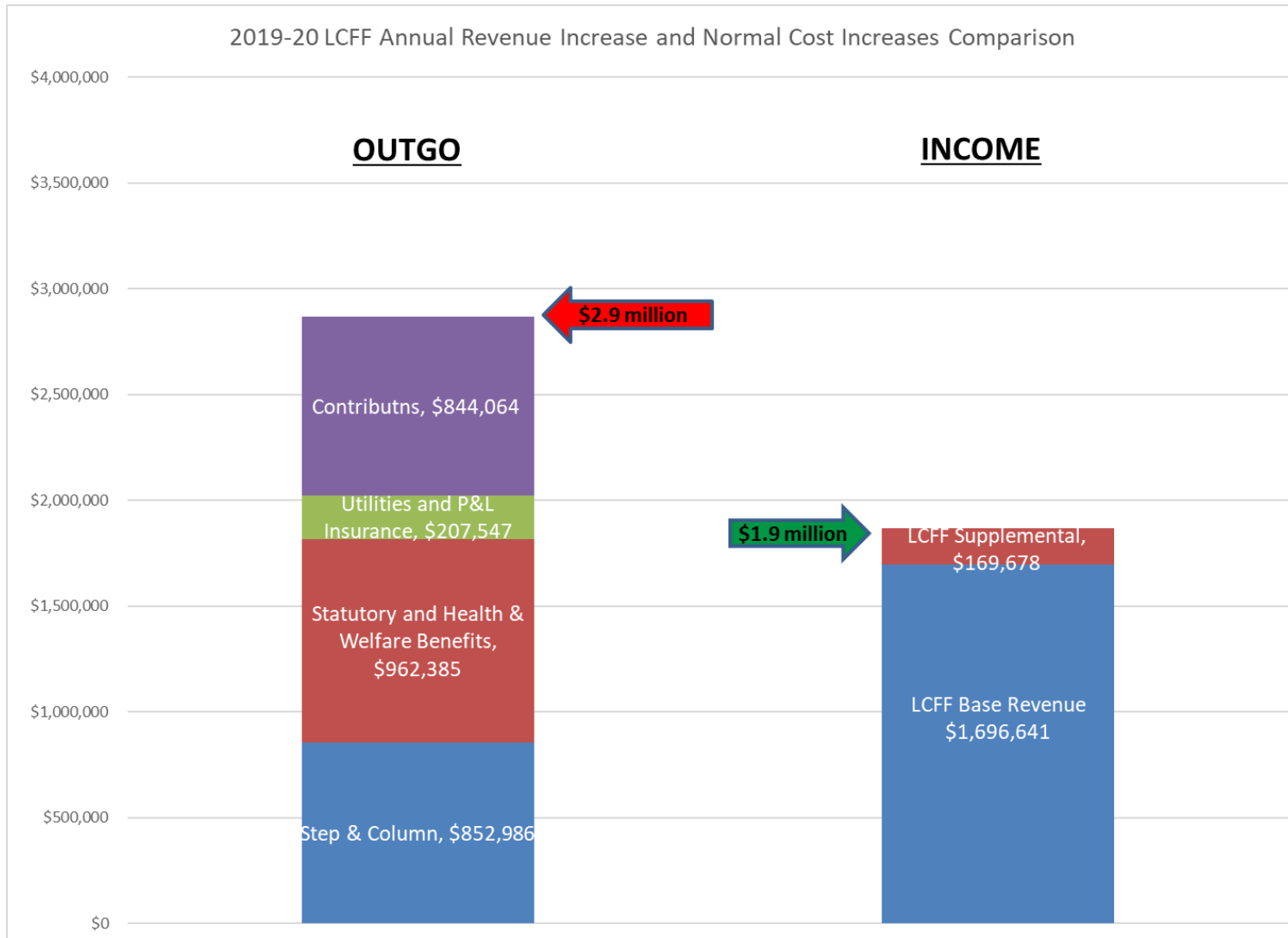
The table below depicts budget allocations to schools from various sources. The LCFF allotment uses a similar calculation as the district level Local Control Funding Formula allocating proportionately more funds to schools with higher populations of low socio-economic, English Learner, and Foster Youth students. Title 1 is a federal program to serve disadvantaged students. Prop 20 Lottery funds can only be used for instructional materials:

School	LCFF	Title 1 3010	Prop 20 Lottery 6300	Total Funding 2019-20
Pepper Drive	55,783	160,992	17,748	234,523
Carlton Hills	32,130	72,345	12,064	116,539
Sycamore Canyon	15,926	0	6,472	22,398
PRIDE Academy	31,309	90,017	10,378	131,704
Cajon Park	48,999	0	18,225	67,224
Chet F Harritt	31,547	87,181	11,588	130,316
Carlton Oaks	38,669	0	15,786	54,456
Rio Seco	48,154	0	18,372	66,525
Hill Creek	37,910	0	13,824	51,735
Total	340,428	410,535	124,457	875,420

SANTEE SCHOOL DISTRICT

2019-20

USER FRIENDLY BUDGET



SANTEE SCHOOL DISTRICT

2019-20

USER FRIENDLY BUDGET

Multi-Year Projection

The District analyzes the effects of its decisions on the budget year and the subsequent two years in order to anticipate adjustments to revenues and expenditures that must be made before the budget year begins. These affects are derived by taking the budget year and projecting revenues and expenditures based on projected COLAs (Cost of Living Allowance), step & column increases for employees (those resulting from employees moving up on the salary schedule), negotiated salary increases, inflation, and other known or anticipated factors. Although this process is fraught with uncertainty, the method used helps the District to understand the ramifications of financial decisions on subsequent years. For example, negotiated salary increases not only affect the year in which the increase is made, it also compounds into future years. These factors must be considered in order to maintain financial health and flexibility.

It is important to note that the Multi-Year Projection is just that, *a projection* based on a set of assumptions known or anticipated at the time the projection is formulated. Therefore, it is not a forecast predicting future outcomes.

In addition to providing a Multi-Year Projection, Interim Reports also require one of three certifications:

- **POSITIVE:** The District CAN meet its financial obligations for the entire Multi-Year Projection period.
- **QUALIFIED:** The District MAY NOT be able to meet its financial obligations for the entire Multi-Year Projection period.
- **NEGATIVE:** The District WILL NOT be able to meet its financial obligations for the entire Multi-Year Projection period absent a State loan and intervention.

Although the District certifies one of the above, the County Office of Education, under Assembly Bill (AB) 1200 requirements, maintains fiscal oversight and may change a district's certification, if they deem it appropriate.

The table on the next page displays the best estimates available of the expected condition of the General Fund for the budget year and two subsequent years based on known factors and assumptions outlined in this User Friendly Budget document.

SANTEE SCHOOL DISTRICT

2019-20

USER FRIENDLY BUDGET

General Fund Multi-Year Projection

#	Item	2018-19		2019-20		2020-21		2021-22		
		Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	
1	Beginning Fund Balance	16,542,538	394,089	\$13,527,737	\$621,279	\$12,373,462	\$576,056	\$9,880,422	\$127,000	
2	Fund Balance Adjustments	(1)		0						
3	Total Income	\$61,205,786	\$10,984,196	\$61,149,185	\$9,650,737	\$62,870,231	\$9,650,737	\$64,556,799	\$9,651,540	
4	Total Outgo	\$64,220,587	\$10,757,007	\$62,303,459	\$9,695,961	\$65,363,272	\$10,099,793	\$65,546,462	\$9,651,540	
5	Change in Fund Balance	(\$3,014,800)	\$227,189	(\$1,154,274)	(\$45,224)	(\$2,493,041)	(\$449,056)	(\$989,664)	\$0	
6	Ending Fund Balance	\$13,527,737	\$621,279	\$12,373,462	\$576,056	\$9,880,422	\$127,000	\$8,890,758	\$127,000	
7	Total Reserves	\$15,768,370		\$14,651,772		\$12,159,765		\$11,168,662		
8	Reserve as % of Expenditures	21.03%		20.35%		16.11%		14.85%		
9				<u>Amount</u>	<u>Value</u>	<u>Amount</u>	<u>Value</u>	<u>Amount</u>	<u>Value</u>	
10				COLA:	3.26%		3.00%		2.80%	
11				Assumed LCFF Rev Increase (w/ ADA changes):	3.23%	\$1,866,319	2.88%	\$1,714,703	2.74%	\$1,680,436
12				Assumed LCFF [Base Only] Rev Increase (w/ ADA changes):	2.94%	\$1,696,641	2.72%	\$1,620,722	2.53%	\$1,554,226
13				*Included Annual Operating Cost Increase Impact to Unr GF:	4.97%	\$2,866,982	3.89%	\$2,320,047	3.57%	\$2,185,957
14	Estimated Structural Surplus/(Deficit)	\$2,800,746		\$416,037		(\$340,041)		(\$989,664)		
15				GAP Funding:	100.00%	A:DOF	100.00%	100.00%		
16				1% Reserve Equivalent:	719,989		754,796		752,098	
17				1% LCFF Increase:	577,314		595,978		613,125	
18				1% Salary Increase Equivalent:	506,476		539,651		544,878	
* Step & column, health benefits, statutory benefits, and inflation for utilities, insurance, and Restricted programs subject to contribution from Unrestricted General Fund										

SANTEE SCHOOL DISTRICT

2019-20

USER FRIENDLY BUDGET

Budget Condition

The District endeavors to continually evaluate the condition of its budget and multi-year projection in order to respond thoughtfully and appropriately to changes in assumptions, preferably before conditions reach a crisis level. The condition of the budget is measured by the interplay of the following three factors to determine a Current State described by one of four colors; each with a set of possible, escalating remedial actions:

1. **Reserve Percentage:** The amount of remaining Unassigned fund balance divided by Total Outgo (17% = 2 months of expenditures [*Optimal*]; 10% = about 1 month of expenditures [*Tolerable*]; 3% [*Insufficient*] (State Required Minimum) = less than 2 weeks of expenditures)
2. **On-Going Income Minus On-Going Outgo:** Positive Result [*Structural Surplus*]; Negative Result [*Structural Deficit*]
3. **Cash Flow:** All obligations met with General Fund cash [*Optimal*]; Internal borrowing needed [*Tolerable*]; External borrowing needed [*Insufficient*]

Current State	Condition	Measure	Operator	Budget Year	Budget Yr+1	Budget Yr+2	Possible Remedial Actions
X	GREEN	Reserve %	AND	>=17%	>=10%	>=10%	Manage budgets with normal/routine methods
		On-Going INCOME minus OUTGO		STRUCTURAL DEFICIT <\$500k	STRUCTURAL DEFICIT <\$1m	STRUCTURAL DEFICIT <\$1.5m	
		Cash Flow		Obligations met w/ General Fund cash	Obligations met w/ General Fund cash		
	YELLOW	Reserve %	AND	<17%			Contain costs; minimize/eliminate discretionary expenditures, where possible; enact MINIMAL impact budget reductions
		On-Going INCOME minus OUTGO		STRUCTURAL DEFICIT >\$0	CONTINUING STRCTRL DEFICIT		
		Cash Flow	OR	Interfund borrowing needed	Interfund borrowing needed		
	ORANGE	Reserve %	AND/OR	<13%	<10%	<7%	Enact MINIMAL to MODERATE impact budget reductions
		On-Going INCOME minus OUTGO		STRUCTURAL DEFICIT >\$0	CONTINUING STRCTRL DEFICIT		
		Cash Flow	OR	External borrowing needed	External borrowing needed		
	RED	Reserve %	AND	<10%			Enact SIGNIFICANT budget reductions
		On-Going INCOME minus OUTGO		STRUCTURAL DEFICIT >\$0			
		Cash Flow					

SANTEE SCHOOL DISTRICT

2019-20

USER FRIENDLY BUDGET

Long-Term Debt

Long-term debt is defined as those financial obligations that will not be paid in one year. These include General Obligation Bonds, Certificates of Participation, leases, and other term loans. The chart below depicts the District's outstanding long-term debt and the amount of funds needed to satisfy principal and interest payments for the budget year:

Description	Beginning Balance	Audit Adjustments	Audit Beg Balance	Increases (Incl Accreted Intrst)	Payments	Principal Decreases	Interest	Other Decreases	Ending Balance
Series A GO Bonds - 5-1-1997	0	0	0	0	0	0	0		0
Series B GO Bonds - 8-20-2008	169,269	0	169,269	20,731	190,000	190,000	0		0
Series C GO Bonds - 8-20-2008	3,771,962	0	3,771,962	0	225,000	225,000	0		3,546,962
Series D GO Bonds - 8-20-2008	6,665,629	0	6,665,629	0	0	0	0		6,665,629
Series E GO Bonds - 5-1-2011	2,817,637	0	2,817,637	0	0	0	0		2,817,637
2015 GO Bond Refunding - 12-16-2015	25,773,409	0	25,773,409	0	1,618,474	1,013,624	604,850		24,759,785
2016 GO Bond Refunding - 2-3-2016	9,793,066	0	9,793,066	0	85,058	85,058	0		9,708,008
2017 GO Bond Refunding - 7-26-17	10,405,000	0	10,405,000	0	547,800	80,000	467,800		10,325,000
Total GO Bonds	59,395,972	0	59,395,972	20,731	2,666,332	1,593,682	1,072,650	0	57,823,021
2008 COPS - 10-7-2008	1,560,587	0	1,560,587	0	147,900	145,000	2,900		1,415,587
CREBs 6-2-10	980,000	0	980,000	0	225,228	150,000	75,228		830,000
2015 COPS Refunding - 12-22-2015	22,500,000	0	22,500,000	0	1,179,163	275,000	904,163		22,225,000
Total COPS	25,040,587	0	25,040,587	0	1,552,291	570,000	982,291	0	24,470,587
Total Property Indebtedness	84,436,559	0	84,436,559	20,731	4,218,623	2,163,682	2,054,941	0	82,293,608
QZAB (Due Nov 2020)	5,000,000	0	5,000,000	0	0	0	0		5,000,000
Retirement Incentives	0	0	0	0	0	0	0		0
Premium on GO Bonds	3,351,345	0	3,351,345	0	0	0	0		3,351,345
Premium on COPS	674,800	0	674,800	0	0	0	0		674,800
Vacation Carry-Over	295,037	0	295,037	0	0	0	0		295,037
2016 Lease for 3 busses - 5 Years	162,002	0	162,002	0	83,720	80,107	3,613		81,895
2017 Lease for 3 busses - 7 Years	245,633	0	245,633	0	54,419	45,797	8,622		199,836
Total Other	9,728,817	0	9,728,817	0	138,139	125,904	12,234	0	9,602,913
Total Long-Term Debt	94,165,376	0	94,165,376	20,731	4,356,761	2,289,586	2,067,175	0	91,896,521

SANTEE SCHOOL DISTRICT

2019-20

USER FRIENDLY BUDGET

Cash Flow

The District projects and monitors the flow of cash into and out of its General Fund in order to ensure that there is an adequate cash balance in any given month to pay its bills when they become due. This task becomes even more crucial when the State defers revenue payments owed to school districts into future months, and in some cases into the subsequent fiscal year. The largest outflow of cash is for payroll expenditures paid at the end of each month and because the timing of cash receipts is often misaligned with cash disbursement schedules, the District must plan ahead and may need to use temporary borrowing mechanisms in months when cash balances are insufficient.

The District has four available methods for short-term cash borrowing:

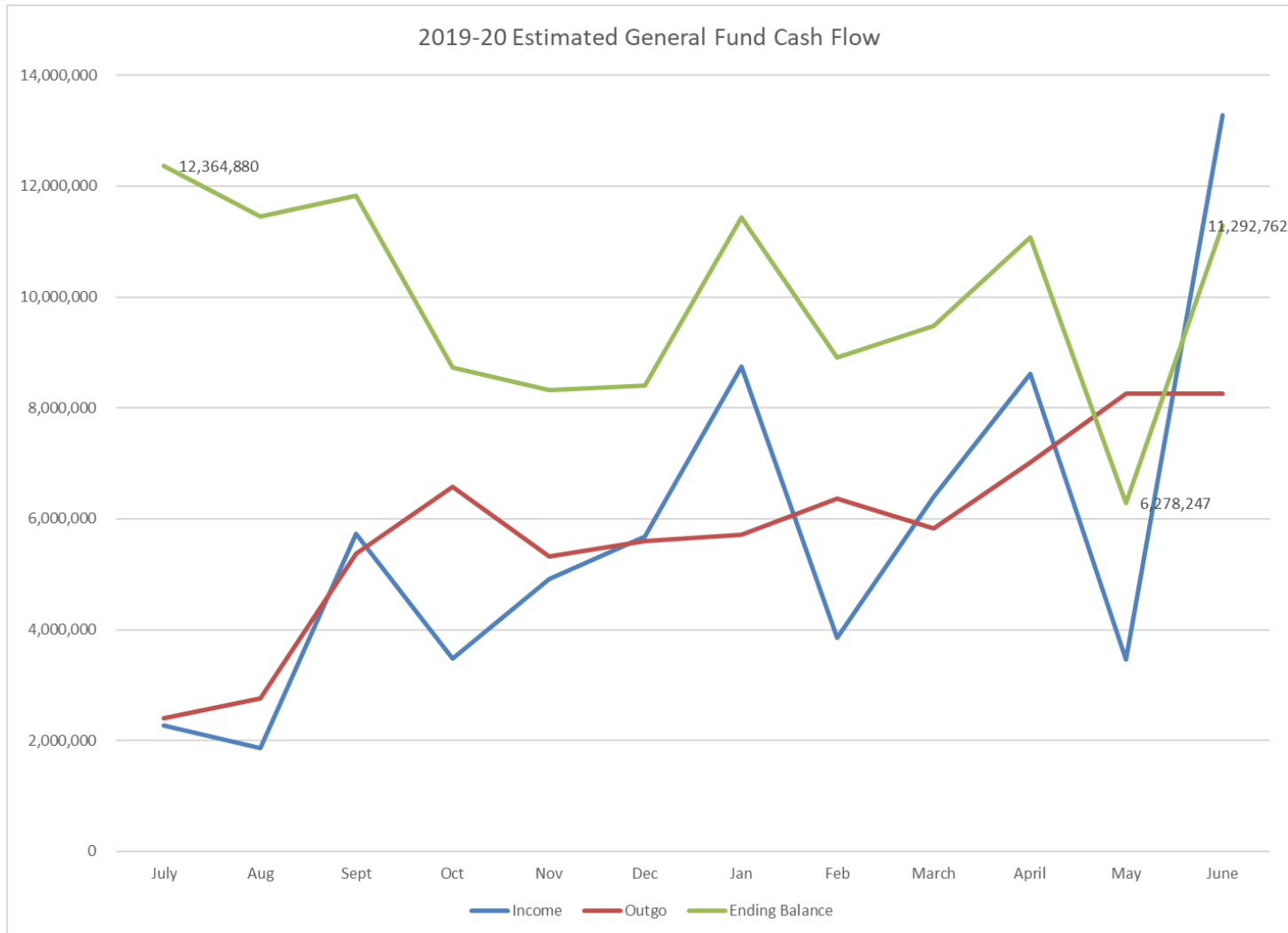
- 1) **Internal Borrowing:** The District can borrow monies from certain of its other funds for temporary transfer into the General Fund. If the transfer occurs 120 or more days from the end of the fiscal year (June 30), then the amount borrowed must be repaid to the lending fund on or before June 30. If the transfer occurs less than 120 days from the end of the fiscal year, then the amount borrowed must be repaid before the end of the subsequent fiscal year. Except for amounts borrowed from General Obligation Bond funds, Internal Borrowing requires no payment of interest.
- 2) **Tax Revenue Anticipation Note (TRAN):** The District can issue a particular type of short-term debt instrument, called a TRANs, at the beginning of a fiscal year under very stringent IRS rules. There are additional costs for issuance and payment of interest. To be considered a tax exempt instrument, the District must re-pay the notes on or before the last day of the same fiscal year in which the notes are issued. In some limited cases, the District can issue TRANs to cross fiscal years but the borrowing costs are much higher.
- 3) **County Office of Education Loan:** The District can borrow from the County Office of Education to the extent that they have available funds. However, since County Offices typically face the same type of revenue restrictions and declines as school districts, it is rare for them to have available cash to lend. There are additional costs for interest.
- 4) **County Treasury Loan:** The District can borrow from the County Treasury to the extent of available funds and typically only up to 85% of expected future tax receipts. Generally, the debt must be repaid before the end of the same fiscal year in which the funds are borrowed. However, in recent years the County Treasury has developed a program for Inter-Year borrowing so that the amount borrowed can be paid back in the subsequent fiscal year. There are additional costs for interest.

The chart on the following page depicts the projected Cash Flows in the General Fund for the budget year:

SANTEE SCHOOL DISTRICT

2019-20

USER FRIENDLY BUDGET



SANTEE SCHOOL DISTRICT

2019-20

USER FRIENDLY BUDGET

Reserves

Current law requires the District to maintain a minimum budget reserve level to cushion against unforeseen circumstances and conditions. This reserve, called the Economic Uncertainty Reserve, is essentially a savings account and is expressed as a percentage of total General Fund outgo. Depending on the size of a District, the required percentage can range from 1% to 5%. Specific required budget reserve percentages are as follows:

<u>Percentage Level</u>	<u>District ADA</u>
Greater of 5% or \$62,000	0 to 300
Greater of 4% or \$62,000	301 to 1,000
3%	1,001 to 30,000
2%	30,001 to 400,000
1%	400,001 and over

The amount of projected budget reserves for the District is shown on page 35 in the Multi-Year Projection. The District expects to meet the minimum required reserve level of 3% for the 3-year Multi-Projection period under current assumptions.

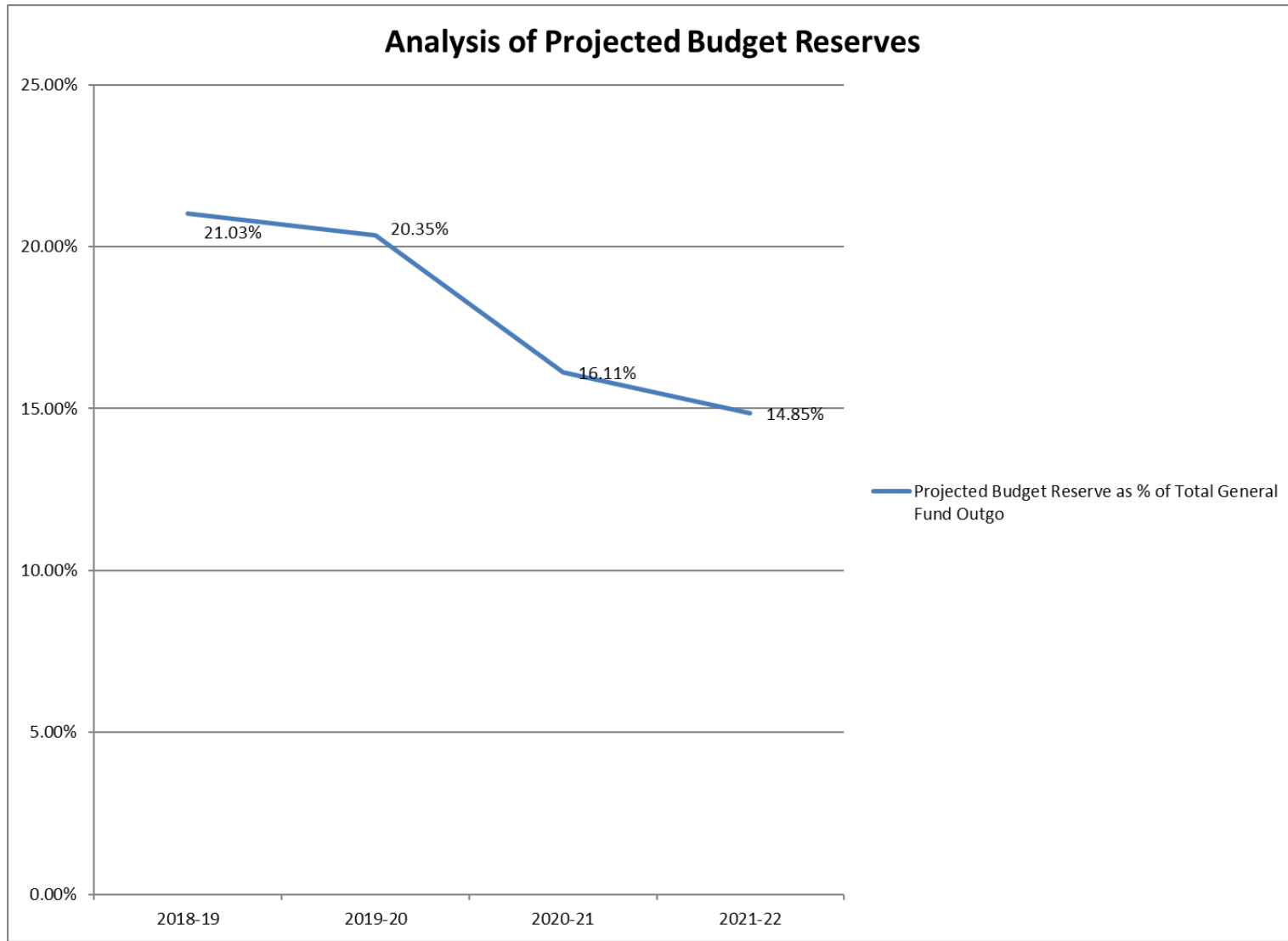
It is important to note that a *budget reserve* is not a *cash reserve* since the calculation incorporates cash and other current assets such as Accounts Receivable. Therefore, it is possible, and in fact likely, that a district could maintain the minimum budget reserve and still run out of cash. This is because a portion of the ending budget reserve in any given year is made up of Accounts Receivable; amounts owed but not yet paid. The amount of cash supporting the budget reserve declines when the State relies on deferrals: a budget balancing technique in which apportionment payments to school districts are deferred to subsequent months and into the subsequent fiscal year. Currently, the State has eliminated all deferrals.

The chart on the next page depicts the projected budget for the prior year and the 3-year period of the Multi-Year projection:

SANTEE SCHOOL DISTRICT

2019-20

USER FRIENDLY BUDGET



SANTEE SCHOOL DISTRICT

2019-20

USER FRIENDLY BUDGET

6 Keys To Analyzing Fiscal Health

- 1. Is there deficit spending (i.e. do expenditures exceed revenues)?** – This can be determined by referencing line 22 of the table on Page 17. If this amount is negative, it reveals deficit spending. If this amount is positive, it reveals surplus spending. Deficit spending can be expected on the Restricted side of the General Fund, since schools and departments often carry-over categorical funding into the next year and combine it with revenue for that year in order to make larger purchases. However, deficit spending on the Unrestricted side can have serious consequences, since this requires the District to dip into reserves (accumulations of the excess of revenues over expenditures in past years) to meet its obligations and cannot be continued if fiscal health is to be maintained.
- 2. What programs are encroaching on the Unrestricted General Fund and by how much?** – This can be determined by analyzing the chart on page 30.
- 3. Have reserves been established for unfunded liabilities and funds to be used for specific purposes?** – This can be determined by referencing Lines 25 through Line 30 of the table on page 17.
- 4. Have sufficient reserves been established for Economic Uncertainties?** – This can be determined by referencing the Multi-year Projection on page 35. Pursuant to State requirements, this amount must be at least 3% of the total General Fund expenditures.
- 5. Are one-time monies, or fluctuating monies, being used to fund recurring expenditures?** – This can be partially determined by comparing the total Unrestricted/On-Going Revenues reported on page 24 to the Total Outgo reported on Line 21 of the table on page 17 in the Unrestricted column, less any known one-time expenditures. If the expenditures from this analysis exceed the on-going revenue, this can indicate that one-time monies are being used to fund recurring expenditures. This same analysis can be done with the Restricted/On-Going Revenues and Restricted Salaries and Benefits. However, there are times when one-time monies from Restricted sources will be used to pay for salaries and benefits that are expected to end when the program funding ends.
- 6. Do multi-year and cash flow projections indicate that the District will be able to meet its financial obligations for the budget year and the subsequent 2 years?** This can be determined by referencing the table on Page 35 and graph on page 39. If the Budget Reserve as a % of Total General Fund Outgo exceeds 3% in all 3 years AND the cash flow projection for the current year indicates no cash deficit and sufficient cash balances to accommodate unforeseen circumstances, this indicates the District can meet its financial obligations for that period. If Undesignated/Unappropriated Fund Balance is negative, or the Budget Reserve is less than 3% in any year, or the cash flow projection indicates cash deficits or insufficient balances to accommodate unforeseen circumstances, it can indicate that the District may either have to increase revenues or reduce expenditures to meet its financial obligations.

SANTEE SCHOOL DISTRICT

2019-20

USER FRIENDLY BUDGET

Reading The Standardized Account Code Structure (SACS) Forms

Reading and understanding a school district's budget document can be cumbersome and confusing. The State of California mandates the forms and methods to be used when adopting and reporting budget information at the following intervals:

- Adopted Budget – June for the subsequent budget year
- First Interim Report – December as of October 31st
- Second Interim Report – March as of January 31st
- Third Interim Report – June as of April 30th (only required if Second Interim is “Qualified” or “Negative”)
- Unaudited Actuals – September as of June 30th

The following information should help the reader of these documents to identify the important numbers that summarize a school district's financial condition:

1. Form 01 – General Fund

- a. *Check Line D1a on page 1.* Are there large transfers in that are supporting operations?
- b. *Check Line D1b on page 1.* Are there large transfers out indicating the General Fund's support of other funds or programs?
- c. *Check Line D3 on page 1.* Are contributions to other programs excessive? Are they growing or declining?
- d. *Check Line E on page 2.* Is there a surplus (more received than spent) or a deficit (more spent than received)?
- e. *Check Line F2e on page 2.* Is at least the minimum required for the District (3% of total General Fund outgo) reserved? Are there other appropriate amounts reserved that have been specified for particular purposes?
- f. *Check Line F2e on page 2.* Is the Undesignated/Unreserved Fund balance positive and sufficient to absorb other unforeseen circumstances?

2. Form 12 – Child Development Fund

- a. *Check Line D1a on page 1.* Are there large transfers in indicating support from other funds?
- b. *Check Line D1b on page 1.* Are there large transfers out? Why?
- c. *Check Line E on page 2.* Is there a surplus (more received than spent) or a deficit (more spent than received)?
- d. *Check Line F2 on page 2.* Is the fund balance zero or positive?

3. Form 13 – Cafeteria Fund

- a. *Check Line D1a on page 1.* Are there large transfers in indicating support from other funds?
- b. *Check Line D1b on page 1.* Are there large transfers out? Why?
- c. *Check Line E on page 2.* Is there a surplus (more received than spent) or a deficit (more spent than received)?
- d. *Check Line F2 on page 2.* Is the fund balance sufficient to support on-going operations, including equipment replacement?

SANTEE SCHOOL DISTRICT

2019-20

USER FRIENDLY BUDGET

4. Other Funds

- a. **Check Line E on page 2.** Is there a surplus (more received than spent) or a deficit (more spent than received)? Is the surplus too large indicating that not enough funds are being spent?
- b. **Check Line F2 on page 2.** Is the fund balance sufficiently positive but not too large?

5. Form A. Is the District's ADA increasing or declining?

6. Adopted Budget and Unaudited Actuals ONLY

- a. **Form DEBT** – How much long term debt does the District have?
- b. **Form NCMOE** – Did the District meet its Maintenance of Effort requirement for No Child Left Behind?
- c. **Report SEMA** – Are the Special Ed expenditures paid from state and local sources higher than previous year in total or per capita?
- d. **Report SEMB** - Are the Special Ed expenditures paid from state and local sources higher than previous year in total or per capita?

7. Technical Review Checks/Standards & Criteria – Are tests Passed or Failed? For failed tests, are explanations reasonable and accurate?

SANTEE SCHOOL DISTRICT

2019-20

USER FRIENDLY BUDGET

Glossary Of Terms

1. **ADA** – Average daily attendance determined by taking the total of number of days students are present at school and dividing by the number of school days in the period measured. This figure is used to determine a school district’s Revenue Limit income, the single largest source of revenue in the General Fund.
2. **CBEDS** – California Basic Educational Data System. Refers to a count of enrollment as of the first school day in October.
3. **COLA** – Cost of living allowance calculated each year by the State of California that measures the change in the cost of operating a public agency. The measurement includes changes in all costs including utilities, insurance, Health & Welfare, statutory benefits, supplies, and salaries.
4. **COPS** – Certificates of Participation issued by a public entity as debt to be paid back from a designated revenue stream.
5. **CPI** – Consumer Price Index which measures the increased cost of goods and services to an employee over a period of time.
6. **Deficit Spending** – Outgo (expenditures) exceeding Income (revenue) in a particular year. This reduces ending fund balance.
7. **Fund Balance** – The accumulation of income in excess of outgo since inception of the fund.
8. **GO Bonds** – General obligation bonds issued by a public entity to be paid back over time from property tax revenue.
9. **LCAP** – Local Control Accountability Plan: the strategic planning document that governs expenditure of Local Control Funding Formula funds.
10. **LCFF** – Local Control Funding Formula: the primary mechanism used by the State of California (starting in 2013-14) to distribute State funds to K-12 school districts. The formula includes a Base Grant for funding core programs and increasing or improving services for all students; Grade Span Adjustments for implementing K-3 Class Size Reduction and 9-12 Career Technical Education; Supplemental Funds for increasing or improving services for unduplicated count students (those qualifying for free/reduced lunch, categorized as English Learners, or designated as Foster Youth); Concentration Grant Funds for districts with an unduplicated count population of 55% or more; and fixed add-ons for a few prior Categorical Programs.
11. **Lottery** – Funding received by school districts from the State of California from earnings from all Lottery games. 50% of the amount of Lottery Revenue received goes to school districts in 2 forms: UNRESTRICTED which can be used for any purpose and, RESTRICTED which must be used only for instructional materials.
12. **One-Time Revenue** – Funds that are only expected to be received in one year or that fluctuate enough from year to year that amounts are uncertain.
13. **On-Going Revenue** – Funds that are expected to be received in multiple years at a fairly steady and known rate.
14. **Proposition 98** – A 1988 voter-approved amendment establishing the minimum amount of funding for K-14 education in the State.
15. **Restricted Revenue** – Funds received from sources that stipulate how the funds must be used.

SANTEE SCHOOL DISTRICT

2019-20

USER FRIENDLY BUDGET

GLOSSARY OF TERMS (cont)

16. **Step & Column** – Automatic increases in salaries for employees as a result of moving up and over on the salary schedule. Step increases are automatic every year for completing another year of service. Column increases occur as a result of an employee obtaining sufficient units or credits at a college or university.
17. **Structural Deficit** – On-going Outgo (expenditures) exceeding on-going Income (revenue).
18. **Structural Surplus** – On-going Income (revenue) exceeding on-going Outgo (expenditures)
19. **Surplus Spending** – Income (revenue) exceeding Outgo (expenditures) in a particular year. This increases the ending fund balance.
20. **Unrestricted Revenue** – Funds received from sources that do not require the funds to be spent on a particular purpose. In general, these funds can be spent for any lawful purpose and typically go toward the payment of salaries and benefits for teachers, office staff, and administrators; as well as for most operational expenses such as utilities, insurance, etc.