

Santee School District

A glowing lightbulb with a bright, starburst-like light emanating from its center. The word 'INNOVATION' is faintly visible in the background, centered behind the lightbulb. The background is a dark blue gradient.

Fueling Innovation and Transformation

2014-15

Adopted Budget

User Friendly Version

SANTEE SCHOOL DISTRICT

2014-15

User Friendly Budget

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Tim Larson – Assistant Superintendent Human Resources & Pupil Services

Dr. Stephanie Pierce – Assistant Superintendent Educational Services

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Board President's Message



Without a doubt, one of the most important actions taken by the Santee School District Board of Education is the adoption of the District's annual budget. The budget sets direction for educational programs and services which support the District's Vision and Mission. Additionally, our community came together in recent years to create a Strategic Plan with the purpose of focusing talents and resources for our children's future.

Through very careful, often painful, and always prudent decision-making, Santee School District has emerged financially stable after 5 years of declining revenues caused by the Great Recession. We now look to the future with some sense of relief, but we must acknowledge new pressures on our resources. Implementation of Common Core State Standards and a SMARTER Balanced Assessment system will require dedicated financial resources and significant staff development. We must be cognizant of the effects of these demands in the upcoming fiscal year.

A new State funding distribution system, called the Local Control Funding Formula (LCFF), comes with new requirements for development and adoption of a Local Control Accountability Plan (LCAP). The LCAP is adopted at the same time as the budget, thereby linking resources with actions to improve academic achievement. The 2014-15 LCAP for Santee School District has 6 Goals and 18 Action Steps.

Seven of the 18 Action Steps in the LCAP pertain to the District's Digital Learning Initiative. The District is embarking on an exciting multi-year journey to give 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 will transform student learning and accelerate improvement in academic achievement for all students.

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

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Superintendent's Message



Santee School District has a long-standing history of providing a high-quality education for all of our students. Through the astute allocation of financial resources, strong and effective educational programs are implemented. Proudly, all of the Santee School District's schools are scoring above the 800 API level, which is classified by the State of California as highly effective. Clearly, student learning is the Governing Board's primary focus when developing a budget for the upcoming school year.

The 2014-15 school year will be the first official year of full implementation of the Common Core State Standards and a new state assessment system. Along with these curriculum, , and assessment changes, the State of California has adopted a new funding structure for districts. The new funding method is called the Local Control Funding Formula (LCFF), which requires the development and adoption of a Local Control Accountability Plan (LCAP). The LCAP development process reaches out to all stakeholders for input. The final LCAP plan contains specific action steps to improve student learning and the costs associated with each step. The LCAP is adopted in June at the same time as the budget is approved.

Through the LCAP action steps, the expressed goal of the Santee School District is to provide a high-quality 21st Century education for all students, empower all students to attain academic excellence, and for the District to remain an innovative educational leader. At the heart of the LCAP is a Digital Learning Initiative, which is a comprehensive plan to improve learning through the strategic and purposeful use of technology. For the 2014-15 school year, the District anticipates purchasing a device for every student in grades 3-5, the following year for grades 6-8, and then three years out for grades K-2. When fully implemented, every student in the Santee School District will have their own digital device, such as an iPad, to use as a tool for learning. Throughout the implementation phase, teachers will participate in on-going professional development, digital instructional materials will be selected, and the technology infrastructure will be upgraded. Santee School District believes access to technology and a device for every student will enhance learning and help prepare your children for success in high school, college, and career.

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 is available on the District's website at www.santeesd.net, and is also on file in the Business Office at 9625 Cuyamaca Street, Santee, CA, copies of which are available upon request.

Dr. Cathy Pierce
Superintendent

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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:

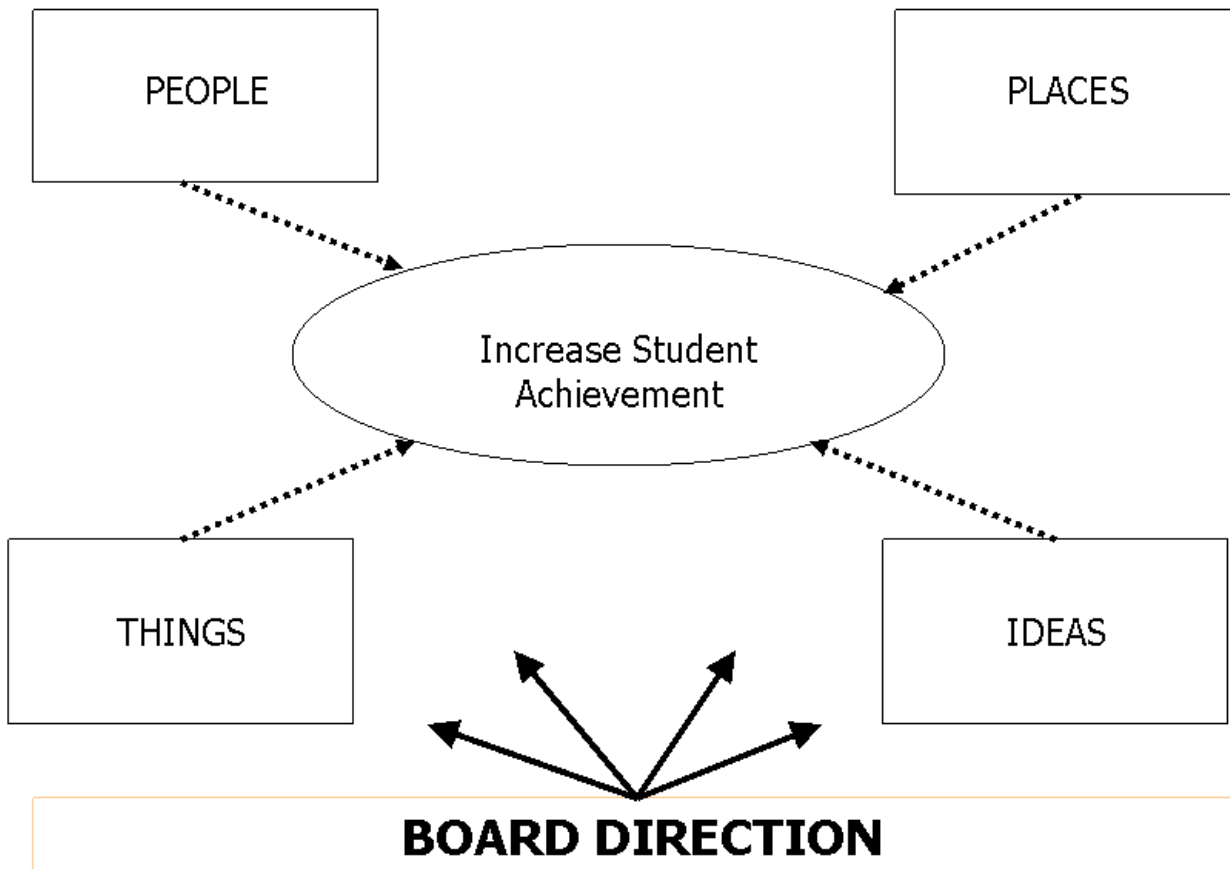
- ✓ **People** – Quality staff who are appreciated and paid justly and fairly
- ✓ **Places** – Facilities maintained in good repair and working order
- ✓ **Things** - Computers, printers, copiers, pencils, paper, textbooks, office supplies, and instructional supplies
- ✓ **Ideas** - Software, curriculum, and innovate 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 **Minimize Costs**, AND/OR **Protect Assets** and be successful at any one or all of them. However, to be able to **Promote Flexibility** and give the District some choices in spending, **Focus Resources** in the areas of most importance, and **Reward 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 focus resources and reward employees if it doesn't first maximize revenues, minimize costs, and protect its assets.

THE TARGET:



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---CORE VALUES---

**Accurate
Accounting**

**Full
Disclosure**

**Constant
Monitoring**

**Honest
Evaluation**



Financial Purpose:
With integrity and honor, we proactively manage the finances of the District to promote fiscal health; considering every dollar precious in maximizing educational benefits to children consistent with the District's goals and objectives.

---STRATEGIES---

Independent:

**Maximize
Revenues**

**Control
Costs**

**Protect
Assets**

Dependent:

**Promote
Flexibility**

**Focus
Resources**

**Reward
Employees**

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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. More than 40% of the State's budget goes toward funding for public education so the District's budget is based almost entirely on what is reported at the State level. Unfortunately, the adoption of the District's budget in June rarely coincides with the adoption of the State's budget. The District's Adopted Budget then 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 accurate information becomes available. The remainder of this User Friendly Budget document contains references to many of the most significant budget assumptions.

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Enrollment and ADA Trends

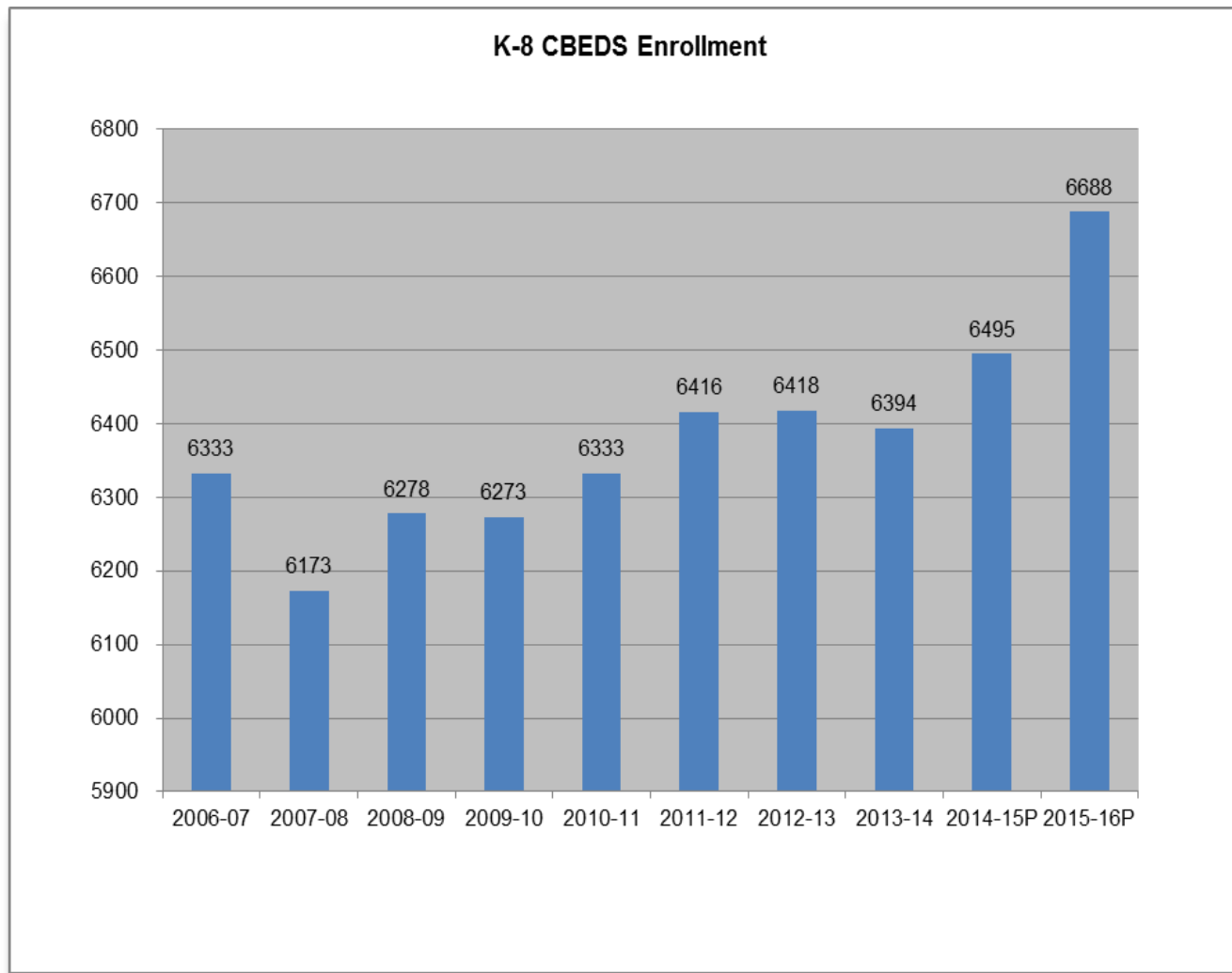
The interplay between the number of students enrolled in the District and the average number that actually attend on any given day can have serious consequences to the District's revenue. Over half of the revenue received in the District pertains directly to the actual attendance of students. Furthermore, 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.

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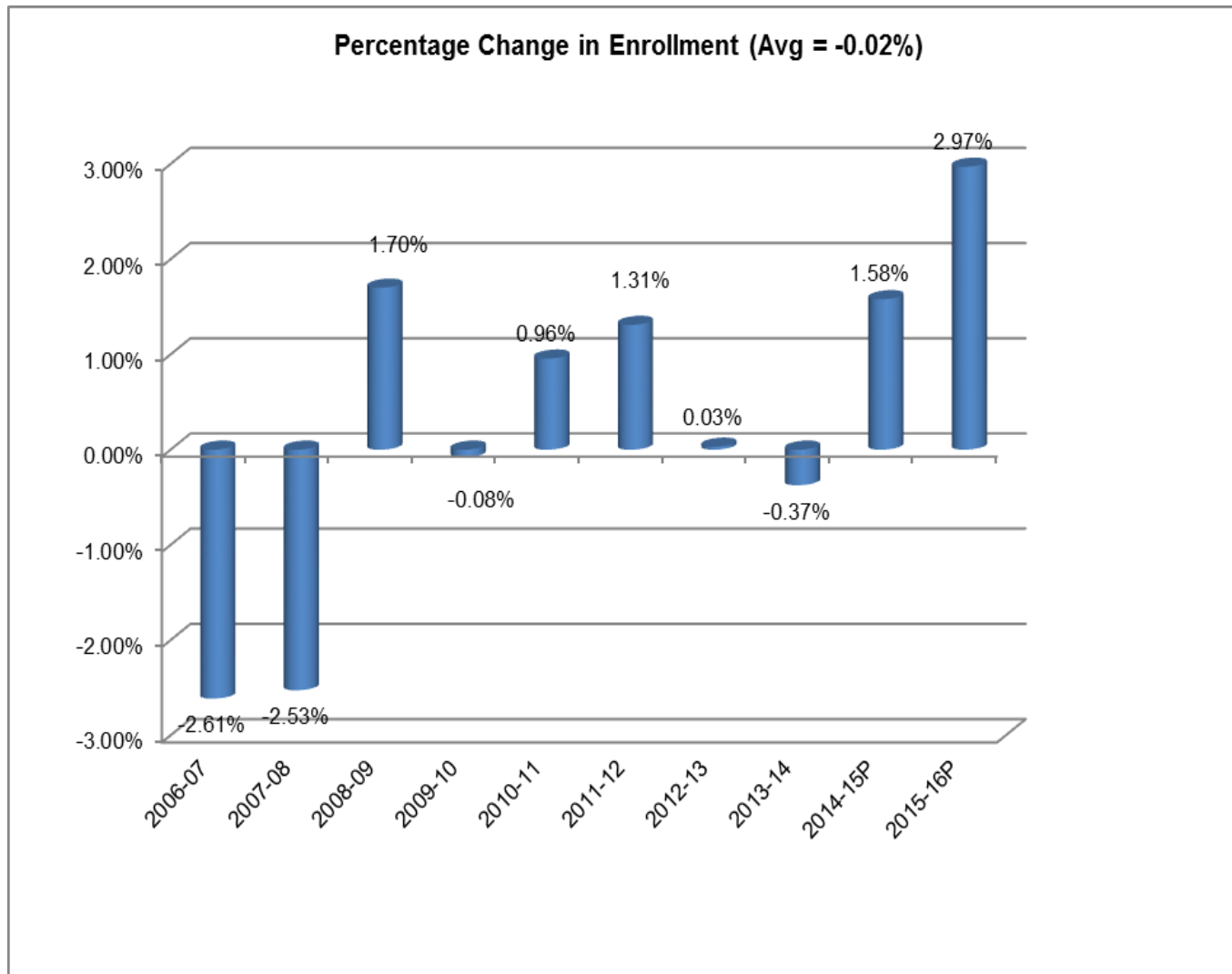
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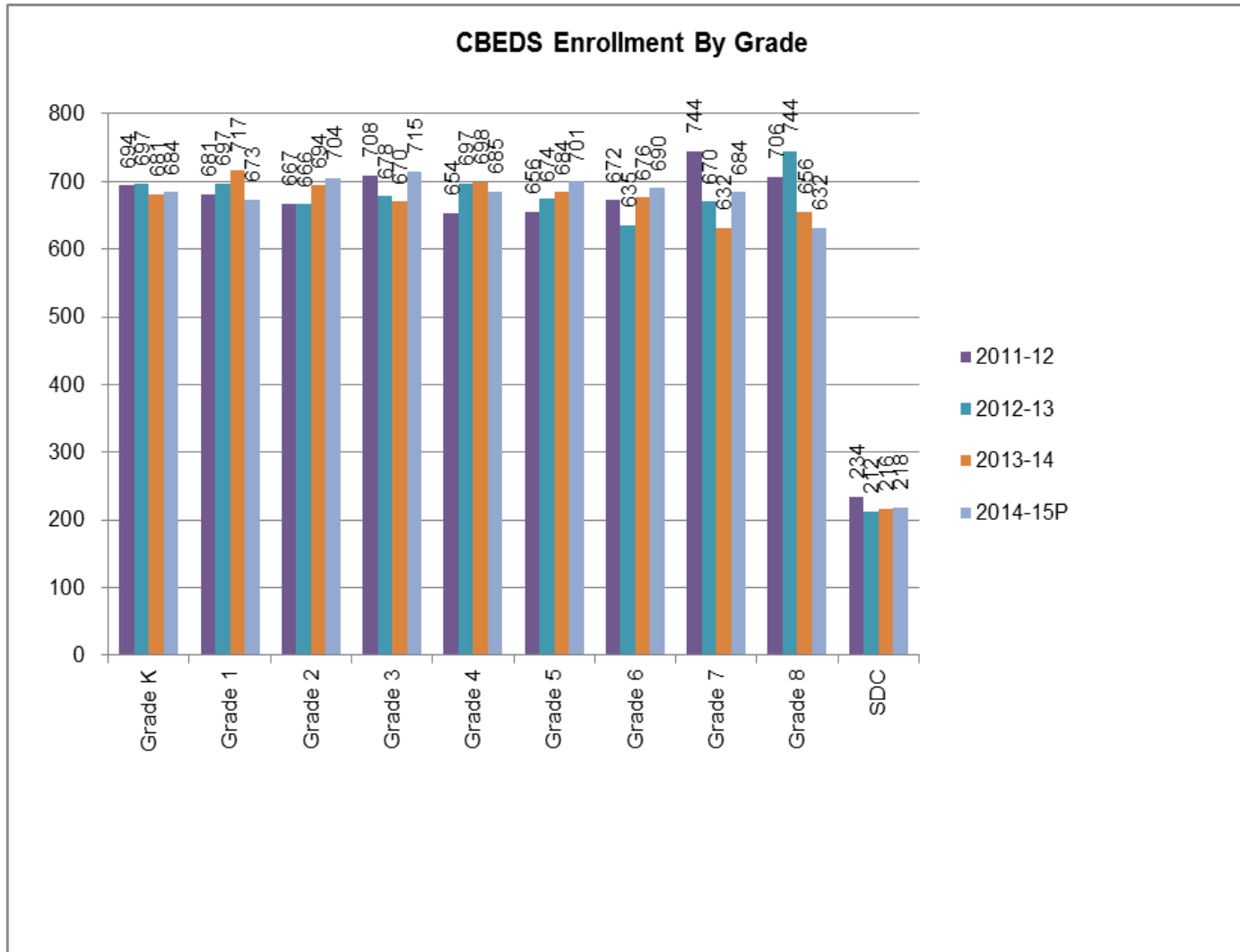
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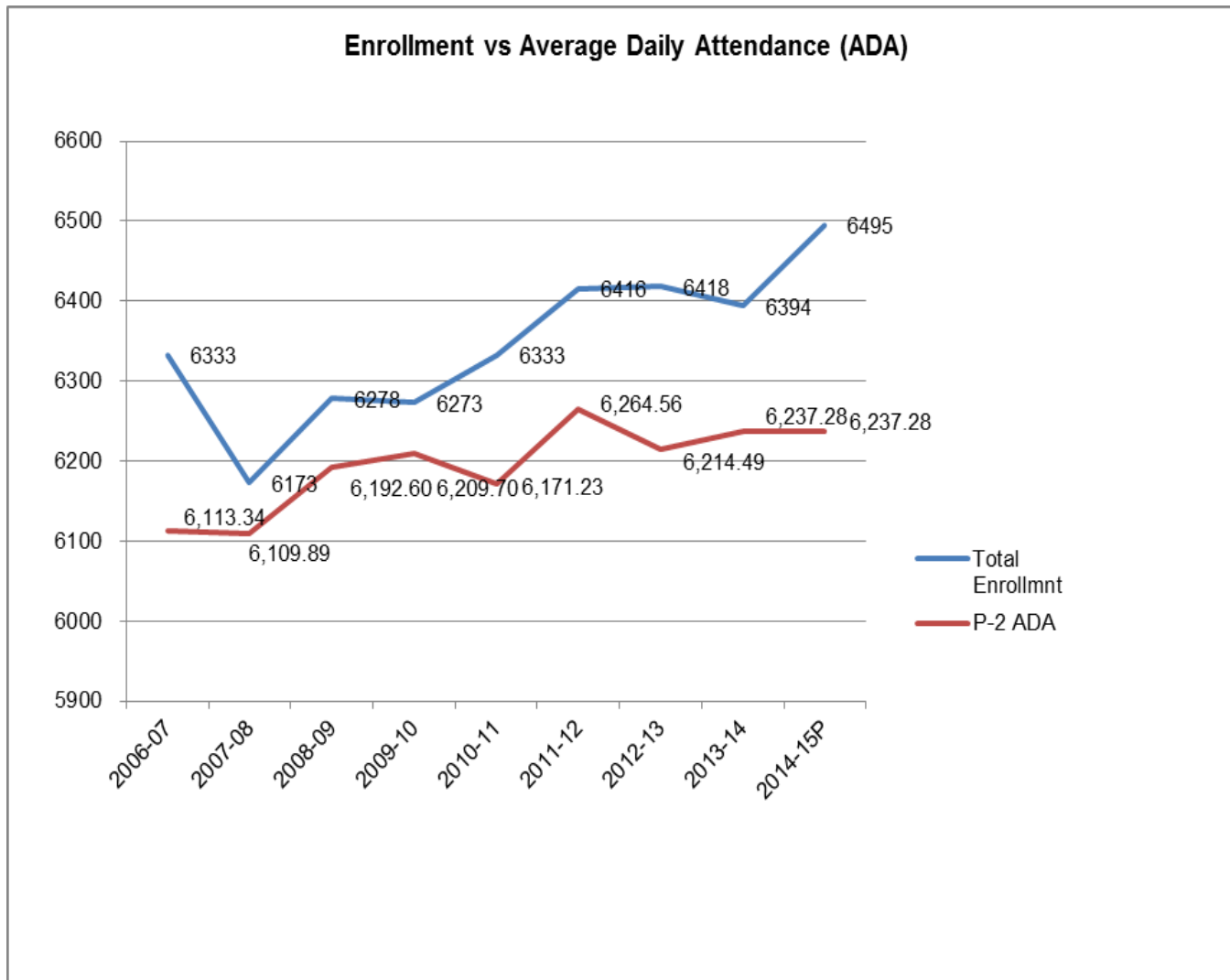
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Fund Accounting

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
3 and 6	General Fund	Reports the revenues and expenditures associated with the District’s general operations. This fund is sub-divided into Unrestricted (Fund 3) and Restricted (Fund 6) 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 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.
63	Enterprise Fund	Reports the revenues and expenditures associated with funds received from participants in the District’s Out of School Time Programs.

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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.

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LN#	Description	General Fund			Child Dev Fund	Cafeteria Fund	Deferred Maint Fund	Special Reserve Fund 17	Special Reserve Fund 40
		Unrest	Rest	Ttl					
1	INCOME:								
2	Revenue Limit Sources	42,150,776	201,634	42,352,410	0	0	0		
3	Federal Revenue	80,883	2,093,051	2,173,934	0	1,398,927	0		71,165
4	Other State Revenue	997,950	611,398	1,609,348	205,697	105,129	0		
5	Other Local Revenue	216,901	3,238,641	3,455,542	9,701	638,386	1,083	13,749	178,419
6	Interfund Transfers In	38,914	0	38,914	0	0	535,000	590,000	124,265
7	Other Sources	0	0	0	0	0			
8	Total Income	43,485,424	6,144,723	49,630,147	215,398	2,142,442	536,083	603,749	373,850
9	OUTGO:								
10	Certificated Salaries	22,452,762	4,509,634	26,962,396	69,456				
11	Classified Salaries	5,353,280	2,262,364	7,615,644	90,782	889,971	0		
12	Employee Benefits	6,679,464	1,623,552	8,303,016	37,481	207,555	0		
13	Books and Supplies	2,646,543	1,233,611	3,880,154	6,378	1,050,035	16,000		
14	Services, Other Operating Expenses	2,244,137	1,490,528	3,734,665	2,480	72,999	477,083		31,803
15	Capital Outlay	589,419	60,000	649,419	0	15,000	43,000		
16	Other Outgo	1,037,681	0	1,037,681	0				246,046
17	Transfers of Indirect/Direct Costs	-513,680	410,040	-103,640	8,821	94,818			
18	Interfund Transfers Out	1,249,265	0	1,249,265					
19	Other Uses	0	0	0					
20	Contributions to Restricted Programs	4,456,893	-4,456,893	0	0	0			
21	Total Outgo	46,195,765	7,132,836	53,328,601	215,398	2,330,378	536,083	0	277,850
22	Change in Fund Balance	-2,710,341	-988,113	-3,698,454	0	-187,936	0	603,749	96,000
23	Projected Beginning Fund Balance	9,006,902	1,201,183	10,208,085	0	531,343	26,082	2,871,006	341,604
24	Projected Ending Fund Balance	6,296,561	213,070	6,509,631	0	343,407	26,082	3,474,755	437,604
25	Committed Fund Balance	0	0	0				590,000	
26	Non-Spendable Fund Balance	419,309		419,309					
27	Restricted Fund Balance	0	213,070	213,070	0	343,407	0	0	
28	Assigned Fund Balance	190,538		190,538					437,604
29	Unassigned - Economic Uncertainty	1,599,858	0	1,599,858					
30	Remaining Unassigned	4,086,856	0	4,086,856	0	0	26,082	2,884,755	0
31	Est Annual Step & Column Costs	447,967	105,522	553,490	1,097	9,989			

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LN#	Description	Building Fund	Capital Facilities Fund	School Facilities Fund	Enterprise Fund 63	Yale	Project SAFE
1	INCOME:						
2	Revenue Limit Sources						
3	Federal Revenue						
4	Other State Revenue			0			
5	Other Local Revenue	0	264,636	0	2,612,451	740,612	1,871,839
6	Interfund Transfers In	0			0	0	0
7	Other Sources						
8	Total Income	0	264,636	0	2,612,451	740,612	1,871,839
9	OUTGO:						
10	Certificated Salaries						
11	Classified Salaries				1,636,774	492,169	1,144,605
12	Employee Benefits				456,334	140,972	315,362
13	Books and Supplies	0			110,857	27,240	83,617
14	Services, Other Operating Expenses	0			190,813	59,438	131,375
15	Capital Outlay	0	20,000	0			
16	Other Outgo		243,459				
17	Transfers of Indirect/Direct Costs						
18	Interfund Transfers Out			0	38,914		38,914
19	Other Uses				0	0	0
20	Contributions to Restricted Programs						
21	Total Outgo	0	263,459	0	2,433,692	719,819	1,713,873
22	Change in Fund Balance	0	1,177	0	178,759	20,793	157,966
23	Projected Beginning Fund Balance	0	660,623	0	104,101	90,049	14,052
24	Projected Ending Fund Balance	0	661,800	0	282,860	110,842	172,018
25	Committed Fund Balance						
26	Non-Spendable Fund Balance						
27	Restricted Fund Balance	0	661,800	0	282,860	110,842	172,018
28	Assigned Fund Balance						
29	Unassigned - Economic Uncertainty						
30	Remaining Unassigned	0	0	0	0	0	0
31	Est Annual Step & Column Costs				25,658	15,611	31,696

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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

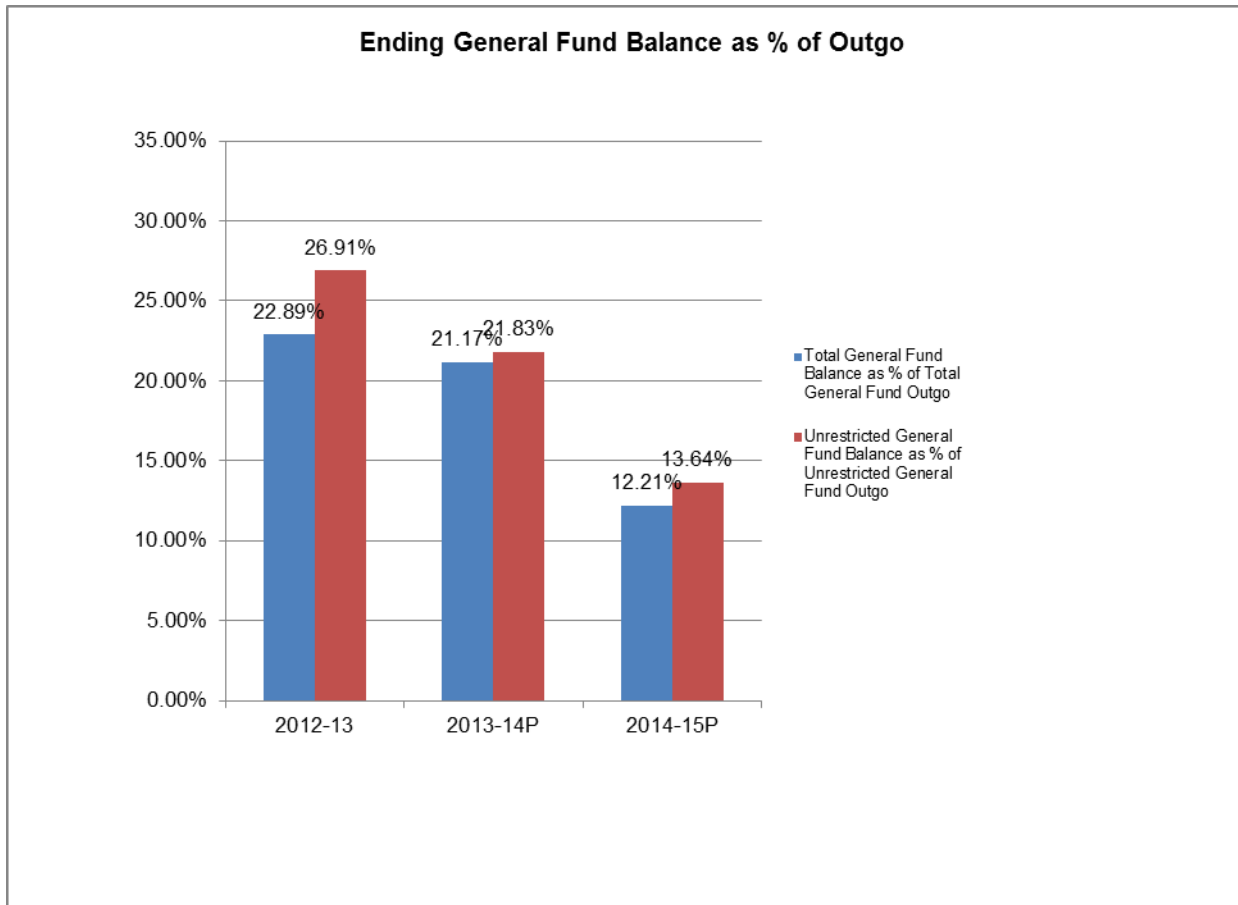
On March 11, 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54 which takes effect for financial statements for fiscal years issued after June 15, 2010. The purpose of this new accounting requirement is to enhance the usefulness of fund balance information by providing clearer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

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Components of Ending General Fund Balance and Other Reserves

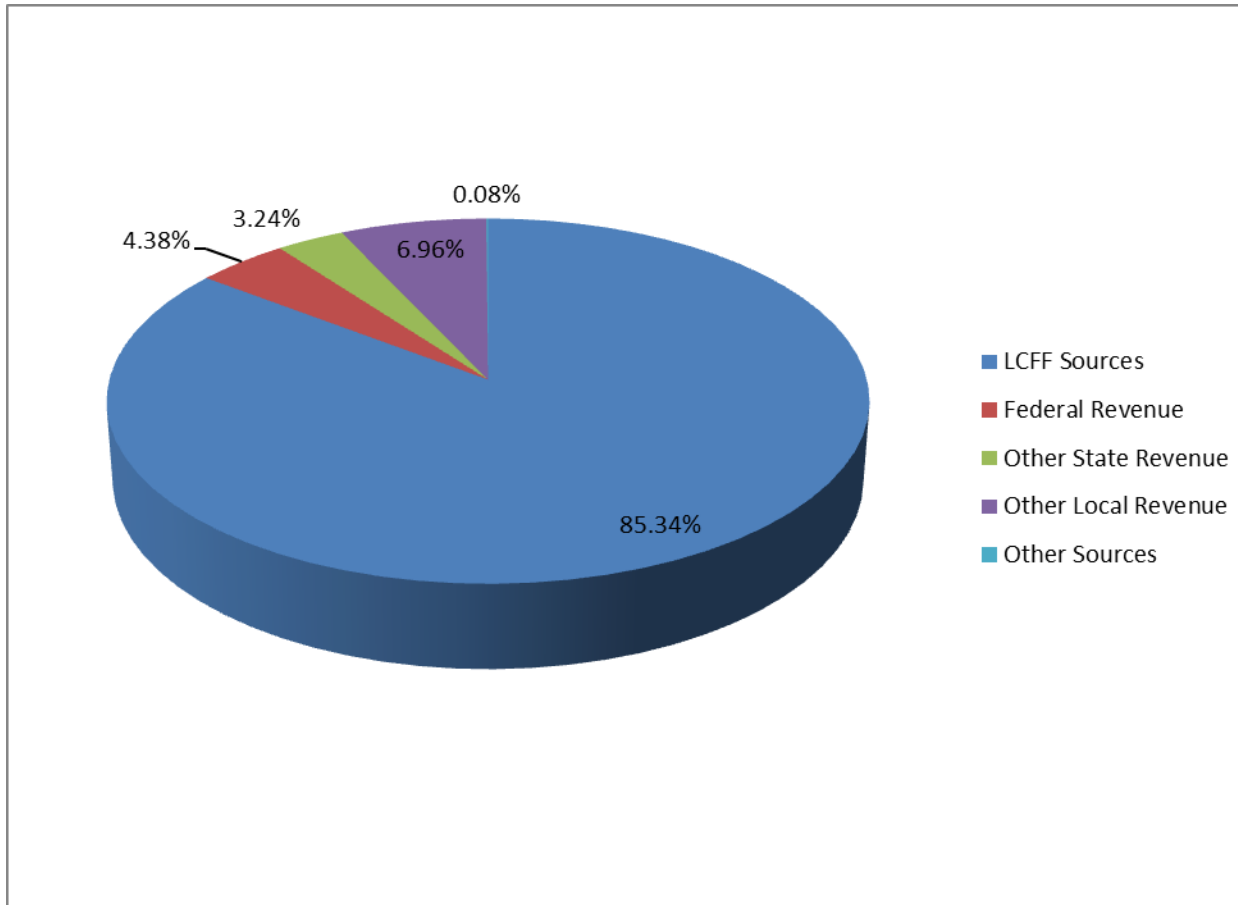
Description	Discretionary?	2014-15P		2013-14P		2012-13	
		% of Outgo	\$ Amt	% of Outgo	\$ Amt	% of Outgo	\$ Amt
Economic Uncertainty Reserve	No	3.00%	1,599,858	3.00%	1,446,684	3.00%	1,341,717
Non-Spendable	No	0.79%	419,309	0.87%	419,309	0.94%	419,309
Committed	No	0.00%	0	0.00%	0	0.00%	0
Restricted/Categorical Carry-Overs	No	0.40%	213,070	2.50%	1,201,183	0.86%	383,099
Assigned for Vacation Carry-over	No	0.36%	190,538	0.40%	190,538	0.43%	190,538
Assigned for School Budget Carryovers	No	0.00%	0	0.00%	0	0.73%	323,099
Fund 17 Reserve	Yes	5.41%	2,884,755	5.96%	2,871,006	6.40%	2,862,076
Unassigned/Unappropriated	Yes	7.67%	4,086,856	14.42%	6,950,370	16.94%	7,575,593
Total Fund Balances and Reserves		17.62%	9,394,387	27.13%	13,079,091	29.29%	13,095,432

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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** – non-revenue limit monies received from local sources.
5. **Other Sources** – those monies received from sources other than those listed above.

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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.

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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 establishes 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. For 2014-15, the increment is estimated at 28.05%.

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:

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<i>2014-15</i>		Grade Spans			Total	
Factor	Component	K-3	4-6	7-8		
Base Grant	Prior Year Base Grant	\$6,952.12	\$7,055.72	\$7,265.96		
	COLA	0.85000%	0.85000%	0.85000%		
	Adjusted	\$7,011.00	\$7,116.00	\$7,328.00		
Augmentations	K-3 CSR	\$729.00			10.40%	
Supplemental	EL Student Counts CBEDs				514	
	F/R Student Counts CBEDs				2,642	
	EL not F/R Counts CBEDs				134	
	Total Estimated Unduplicated Count for Supplemental				2,776	
	Current Year CBEDs Enrollment				6,394	
	Estimated % of Population for Supplemental				43.42%	
	Supplement to Base Amount per Student	\$1,548.00	\$1,423.20	\$1,465.60	20.00%	
	Supplement to Base Weighted for District	\$672.08	\$617.89	\$636.30		
Concentration	Per Student Increase for Concentration Factor	\$3,870.00	\$3,558.00	\$3,664.00	50.00%	
	Estimated Supplemental student count over 55% of population				0	
Total	Per Student Grant	\$8,412.08	\$7,733.89	\$7,964.30		
ADA	Total	2,870.30	2,057.16	1,309.82	6,237.28	
Entitlement Funding	Base Grant	20,123,673	14,638,751	9,598,361	44,360,785	
	Supplemental	1,929,057	1,271,103	833,439	4,033,600	
	Concentration	0	0	0	0	
	K-3 CSR (2020-21 Target = 24:1)	2,092,449			2,092,449	
	Sub-Total	24,145,179	15,909,854	10,431,800	50,486,833	
Add-Ons	Home to School Transportation				358,105	
	TIIG				576,547	
	Adjustment				(387)	
Total	Total Estimated 2020-21 Target		Per ADA:	\$8,244.15	51,421,098	
Current Funding	Prior Year LCFF Funding (Adjusted for ADA changes)		Per ADA:	\$6,178.45	38,536,703	
	Difference		Per ADA:	\$2,065.70	12,884,395	
	Adjustment					
	28.05%	Estimated 2014-15 LCFF Funding Increase	Check:	Per ADA:	\$579.43	3,614,073
		Estimated 2014-15 Total LCFF Funding	42,150,776	(14)	\$6,757.88	42,150,776
	Estimated Change in Total State Funding w/in LCFF	0		9.38%	3,614,073	
	Estimated Change in Per ADA State Funding w/in LCFF			9.38%	3,614,067	

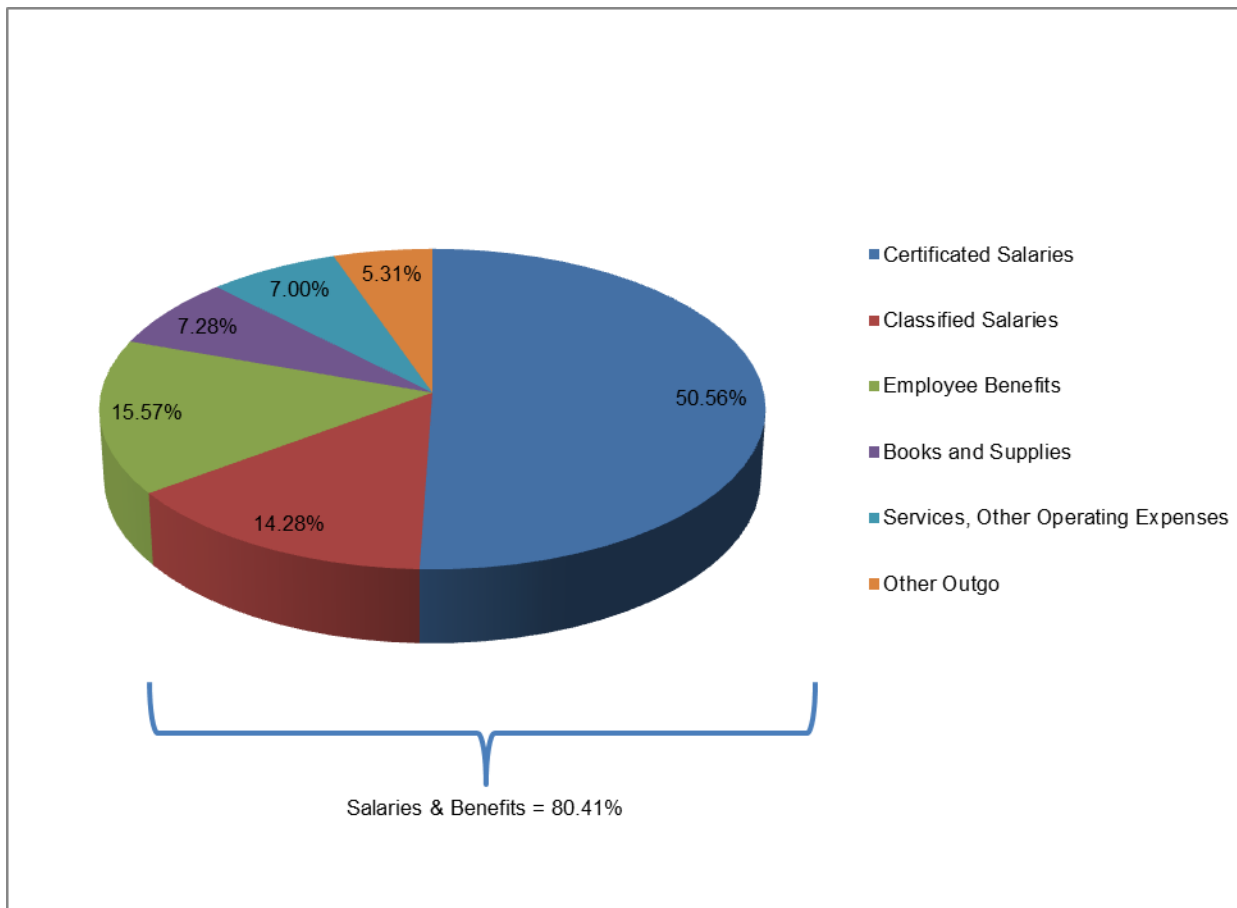
SANTEE SCHOOL DISTRICT

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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 wellness 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.

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Certificated Staffing

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

School	General Education							2013-14 Special Education				2014-15 Special Education				Changes
	2013-14 Gen Ed Staffing#	2014-15 Gen Ed Projection	Buffer	2014-15 Budget				SDC	RSP	LSH	Other*	SDC	RSP	LSH	Other*	
	Gen Ed#	Diff		EAK	LA Spec											
Cajon Park	36.00	35.00	1.00	36.00	0.00		1.00	5.00	2.00	2.00	1.00	5.00	2.00	2.00	1.00	
Carlton Hills	17.00	18.00		18.00	1.00	1.00	1.00	3.00	1.00	1.00	0.00	3.00	1.00	1.00	0.00	+1 GE
Carlton Oaks	29.00	27.00	2.00	29.00	0.00		1.00	5.00	1.00	1.00	3.00	5.00	1.00	1.00	3.00	
Chet Harritt	21.00	20.00	1.00	21.00	0.00	1.00	1.00	0.00	1.00	1.00	1.00	0.00	1.00	1.00	1.00	
Hill Creek	26.00	25.00	2.00	27.00	1.00	1.00	1.00	2.00	2.00	0.00	0.00	2.00	2.00	0.00	0.00	+1 GE
Pepper Dr	30.00	31.00		31.00	1.00		1.00	1.00	1.00	0.00	0.00	1.00	1.00	0.00	0.00	+1 GE
PRIDE	21.00	21.00		21.00	0.00	1.00	1.00	0.00	1.00	0.00	3.00	0.00	1.00	0.00	3.00	
Rio Seco	34.00	34.00		34.00	0.00		1.00	3.50	1.00	1.00	0.00	3.50	1.00	1.00	0.00	
Sycamore Canyon	13.00	13.00		13.00	0.00	1.00	1.00	3.00	1.00	1.00	1.00	3.00	1.00	1.00	1.00	
Sub-Total	227.00	224.00	6.00	230.00	3.00	5.00	9.00	22.50	11.00	7.00	9.00	22.50	11.00	7.00	9.00	
Santee Success Program	1.00	1.00		1.00	0.00											
Alternative Education	1.51	1.51		1.51	0.00											
Supt^	1.00	1.00		1.00	0.00											
HR^	2.00	2.00		2.00	0.00											
ERC^	4.00	8.00		8.00	4.00						7.50				7.50	+4 Teachers on Special Assignment
Grand-Total	236.51	237.51	6.00	243.51	7.00	5.00	9.00	22.50	11.00	7.00	16.50	22.50	11.00	7.00	16.50	
District Total Certificated FTE:															314.51	

= Includes TK

^ = Supt, Asst Supts, Directors, Coordinators, Teachers on Special Assignment

* = Mobility, VI, APE, Preschl, Nurse, Psychologists, Social Wrkrs, Program Spec, Director

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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	2013-14	2014-15	2015-16	2016-17
STRS (State Teachers Retirement System)	8.2500%	9.5000%	11.1000%	12.7000%
PERS (Public Employees Retirement System)	11.4420%	11.77100%	12.6000%	15.0000%
FICA (Social Security)	6.2000%	6.2000%	6.2000%	6.2000%
ARS (Alternative Retirement System to Social Security)	1.3000%	1.3000%	1.3000%	1.3000%
MEDI (Medicare)	1.4500%	1.4500%	1.4500%	1.4500%
SUI (State Unemployment Insurance)	0.0500%	0.0500%	0.3192%	0.4788%
W/Comp (Workers Compensation Insurance)	1.8905%	2.0800%	2.4960%	2.7456%

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Significant Budget Augmentations

The table below summarizes the significant augmentations to the District's expenditure budget, as compared to the previous year, for implementation of strategic initiatives, LCAP action steps, or outside entity action:

Description	Total Amt Budgeted	Duration	Included in LCAP?	Paid from Common Core Funds
New County Office Financial Information Software System	293,239	One-Time	N	
After School Homework Clubs	63,719	On-Going	Y	
Network Equipment Upgrade/Replacement	485,900	One-Time	Y	
Digital Devices for Students Grades 3 - 5	1,354,048	One-Time	Y	505,964
Instructional Materials (Safari Montage, Dreambox, Learning Management System, Student Assessment System, Student Data Management System, Digital Reading Program, Intervention Materials, Ebooks, Textbooks)	655,506	Mixture	Y	136,576
Professional Development for Common Core and SBAC implementation	349,308	Mixture	Y	214,364
Additional 2 FTE Technology Operations Staff	142,014	On-going	Y	
4 FTE Teachers on Special Assignment	268,622	On-going	Y	
Reconfigure and increase school budget allocations	44,505	On-Going	Y	
Increase to employer rate for STRS contributions	335,289	On-Going	N	
Establish and fund an annual technology reserve for refreshment of teacher and student digital devices and network equipment	590,000	On-Going	Y	
Replace Konika Minolta copier in Pubs	31,010	One-Time	N	
Replace Bobcat tractor in Maintenance	60,000	One-Time	N	
Replace Special Education Bus	100,000	One-Time	N	
Total Significant Budget Augmentations	4,773,160			856,904

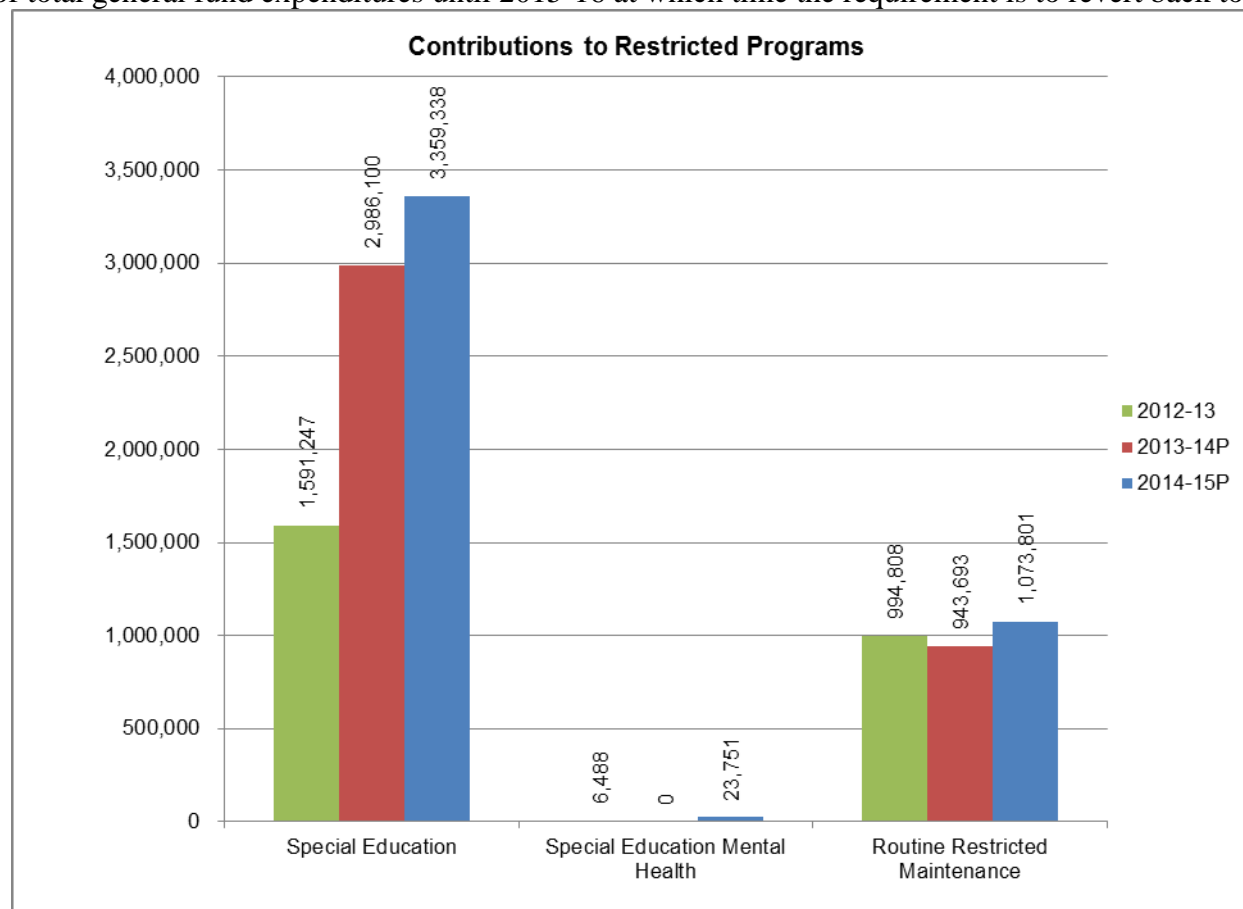
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Contributions To Restricted Programs By The Unrestricted General Fund

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 is required by law to be at least 1% of total general fund expenditures until 2015-16 at which time the requirement is to revert back to 3% under current law.



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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 2014-15
Pepper Drive	002	78,736	61,493	23,736	163,965
Carlton Hills	003	45,875	36,388	14,900	97,164
Sycamore Canyon	004	24,909	0	9,600	34,509
PRIDE Academy	005	57,635	51,759	16,667	126,061
Cajon Park	006	82,600	0	30,890	113,490
Chet F Harritt	007	49,482	40,202	16,020	105,704
Carlton Oaks	008	64,422	0	25,148	89,571
Rio Seco	009	77,034	0	28,917	105,951
Hill Creek	010	60,883	0	21,202	82,085
Total		541,576	189,843	187,082	918,501

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.

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General Fund Multi-Year Projection

Item	2013-14		2014-15		2015-16		2016-17	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Beginning Fund Balance	9,850,256	383,099	\$9,006,902	\$1,201,183	\$6,296,561	\$213,070	\$3,582,336	\$168,097
Audit Adjustments	0							
Total Income	\$40,419,511	\$7,778,019	\$43,485,424	\$6,144,723	\$45,535,227	\$6,144,724	\$47,049,137	\$6,144,724
Total Outgo	\$41,262,865	\$6,959,935	\$46,195,765	\$7,132,836	\$48,249,452	\$6,189,698	\$49,850,991	\$6,144,724
Change in Fund Balance	(\$843,354)	\$818,084	(\$2,710,341)	(\$988,113)	(\$2,714,225)	(\$44,973)	(\$2,801,854)	\$0
Ending Fund Balance	\$9,006,902	\$1,201,183	\$6,296,561	\$213,070	\$3,582,336	\$168,097	\$780,482	\$168,097
Undesignated/Unappropriated	\$6,950,370	\$0	\$4,086,856	\$0	\$1,335,088	\$0	(\$1,515,674)	\$0
Economic Uncertainty Reserve	\$1,446,684		\$1,599,858		\$1,633,174		\$1,679,871	
Fund 17 Reserve	\$2,871,006		\$2,884,755		\$2,902,064		\$2,919,476	
Total Reserves	\$11,268,061		\$8,571,469		\$5,870,326		\$3,083,674	
Reserve as % of Expenditures	23.37%		16.07%		10.78%		5.51%	
			<u>Amount</u>	<u>Value</u>	<u>Amount</u>	<u>Value</u>	<u>Amount</u>	<u>Value</u>
^Assumed LCFF Rev Increase (w/ ADA changes):			9.38%	\$3,614,073	4.91%	\$2,068,568	3.42%	\$1,513,909
^Assumed LCFF [Base Only] Rev Increase (w/ ADA changes):			6.66%	\$2,566,712	3.59%	\$1,514,206	2.59%	\$1,143,689
Resulting Estimated Structural Surplus (Deficit):			(\$913,291)		(\$908,806)		(\$1,014,546)	
GAP Funding:			28.05%	D:Moderate	20.00%		16.00%	

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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	Changes	Payments	Principal	Interest	Ending Balance
Series A GO Bonds - 5-1-1997	17,455,000		961,238	130,000	831,238	17,325,000
Series B GO Bonds - 8-20-2008	12,112,566		740,543	95,654	644,889	12,016,912
Series C GO Bonds - 8-20-2008	3,602,962		110,000	63,682	46,318	3,539,280
Series D GO Bonds - 8-20-2008	10,483,893		0	0	0	10,483,893
Series E GO Bonds - 5-1-2011	4,206,335		0	0	0	4,206,335
Total GO Bonds	47,860,756	0	1,811,780	289,336	1,522,444	47,571,420
CREBs 6-2-10	1,705,000		246,046	140,000	106,046	1,565,000
2008 COPS - 10-7-2008	23,925,862		1,281,140	60,000	1,221,140	23,865,862
Total COPS	25,630,862	0	1,527,186	200,000	1,327,186	25,430,862
Total Property Indebtedness	73,491,618	0	3,338,966	489,336	2,849,630	73,002,282
OPEB Unfunded Accrued Liability*	2,175,846	1,243,664	562,934	562,934	0	2,856,576
QZAB (Due Nov 2020)	5,000,000		0	0	0	5,000,000
Retirement Incentives	0		0	0	0	0
Premium on GO Bonds	1,390,270					1,390,270
Vacation Carry-Over	190,538		0	0	0	190,538
Capital Lease	0		0	0	0	0
Total Other	8,756,654	1,243,664	562,934	562,934	0	9,437,384
Total Long-Term Debt	82,248,272	1,243,664	3,901,900	1,052,270	2,849,630	82,439,666

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 has become even more crucial in recent years as the State continues to defer more and more 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 use temporary borrowing mechanisms in months when expected cash receipts are deferred.

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

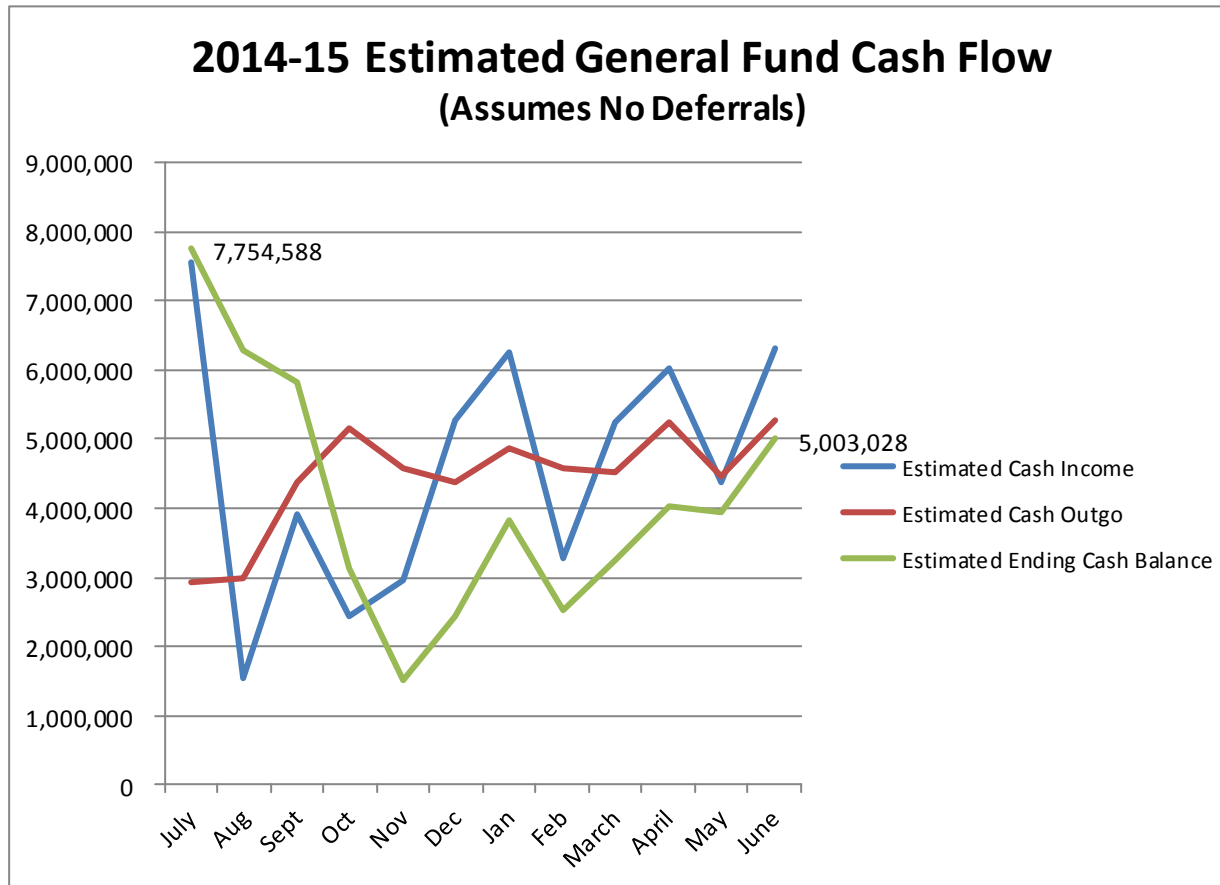
- 1) **Internal Borrowing:** The District can borrow monies from certain of its other funds for temporary transfer into the General Fund. If the transfer occurs 120 or more days from the end of the fiscal year (June 30), then the amount borrowed must be repaid to the lending fund on or before June 30. 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 tables on the following 2 pages depict the projected Cash Flows in the General Fund for the budget year. The Governor's proposal at May Revise included provisions to payoff all deferrals in 2014-15. The first scenario assumes no deferrals; the second chart assumes the deferrals from 2013-14 remain:

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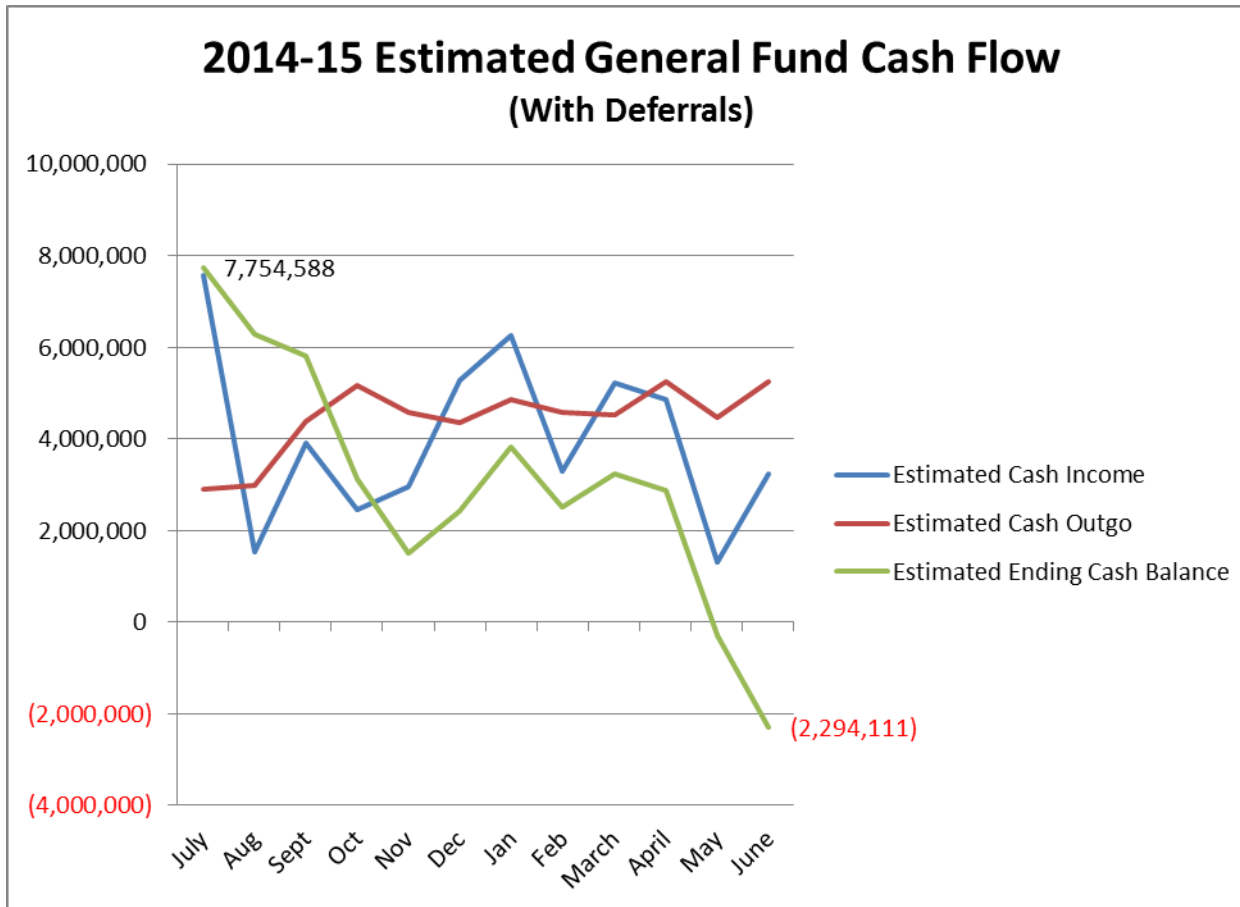
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Reserves

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 33 in the Multi-Year Projection. The District expects to meet the minimum required reserve level of 3% for 2014-15, 2015-16, and 2016-17 under current assumptions.

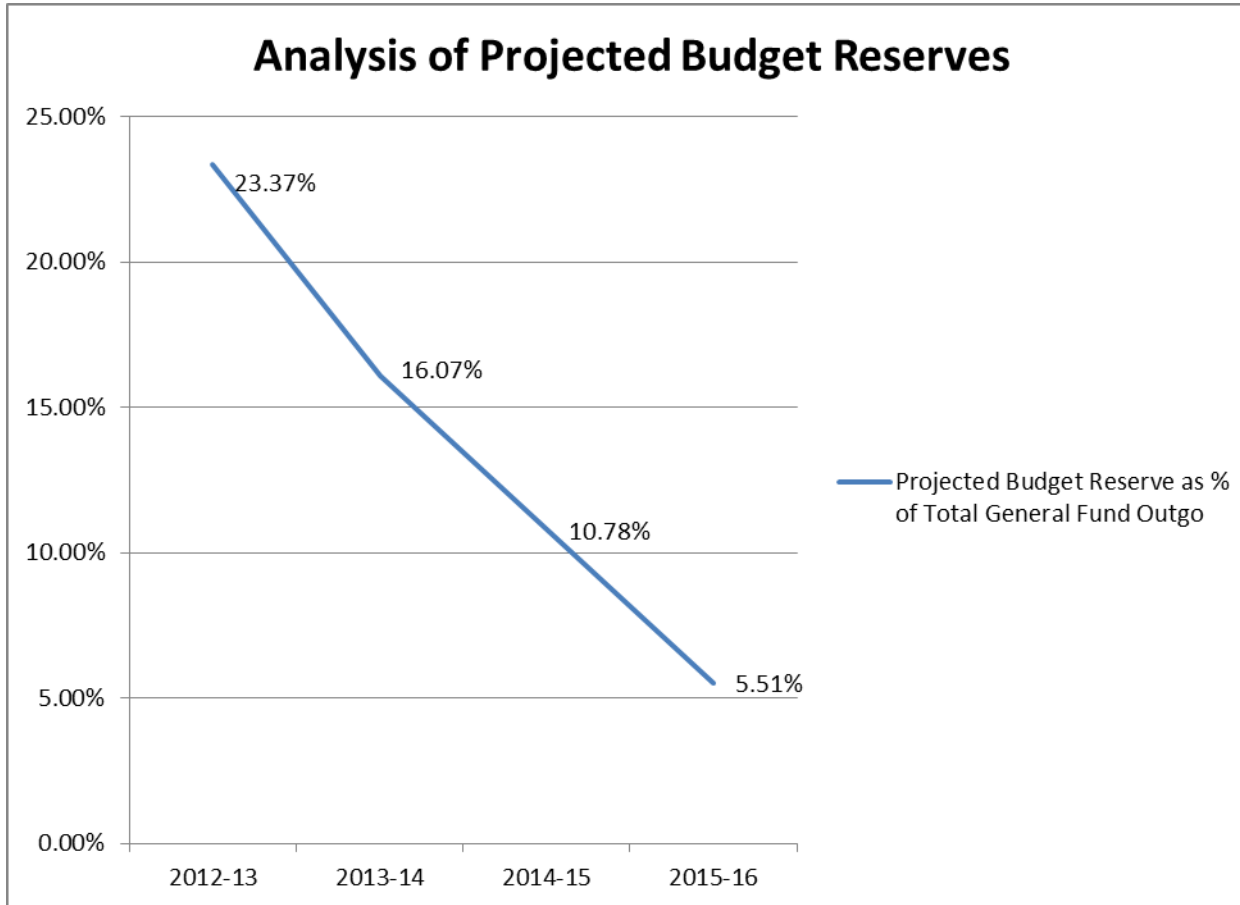
It is important to note that a *budget reserve* is not a *cash reserve* since the calculation incorporates cash and other current assets such as Accounts Receivable. Therefore, it is possible, and in fact likely, that a district could maintain the minimum budget reserve and still run out of cash. This 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 has been declining over the past 5 years due to the State's escalating reliance on deferrals: a budget balancing technique in which apportionment payments to school districts are deferred to subsequent months and into the subsequent fiscal year. In the last three years, the State has been making efforts to reduce the amount of deferrals and the Governor's latest proposal includes provisions to completely eliminate deferrals in 2014-15.

The chart on the next page shows the projected budget reserve percentages for the 3 years of the Multi-Year projection. The chart on the subsequent page depicts the estimated asset components of the fund balance and budget reserves, assuming deferrals are eliminated in 2014-15:

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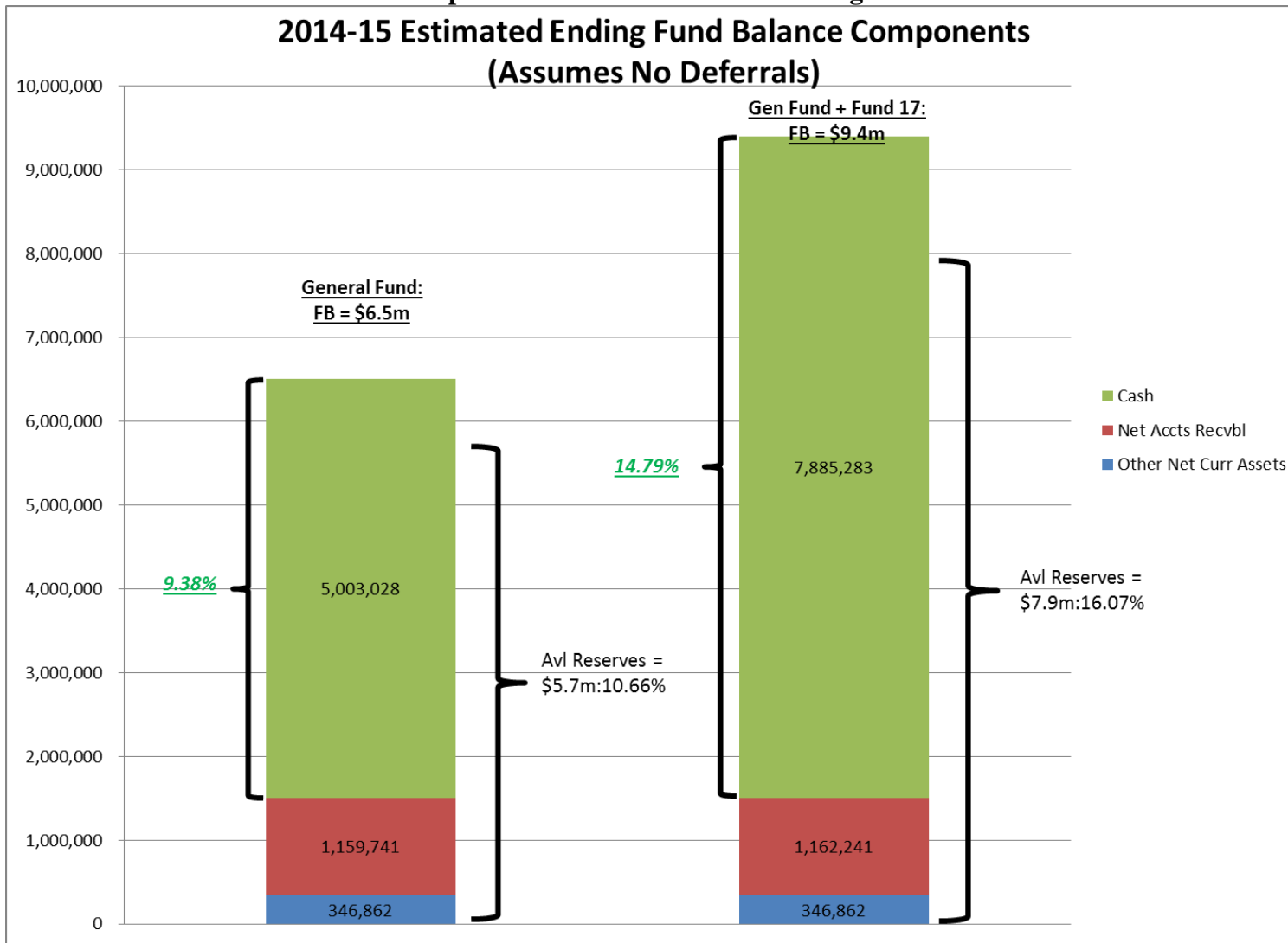


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Asset Components of Fund Balance and Budget Reserve
2014-15 Estimated Ending Fund Balance Components
(Assumes No Deferrals)



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 16. 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 16.
- 4. Have sufficient reserves been established for Economic Uncertainties?** – This can be determined by referencing the Multi-year Projection on page 33. 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 23 to the total Unrestricted/On-Going Salaries and Benefits, Supplies, Services, Debt Service and Contributions to Restricted Programs reported on Lines 10, 11, 12, 13, 14, 16 and 20 of the table on page 16 in the Unrestricted column. If the expenditures from this analysis exceed the revenues, 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 projections indicate that the District will be able to meet its obligations for the budget year and the subsequent 2 years?** This can be determined by referencing the graph on Page 39. If the Reserve as a % of Total General Fund Outgo exceeds the greater of 3% or the projected cash need, this indicates the District can meet its obligations for that period. If Undesignated/Unappropriated Fund Balance is negative or the Reserve is less than the greater of 3% or the projected cash need, it indicates that the District will either have to increase revenues or reduce expenditures in those years to meet its financial obligations.

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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

2014-15

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?
- e. **Report GSNA** – Are the District's net assets (Total Assets minus Total Liabilities) positive or negative? Are net assets growing or declining?

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

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. **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.
10. **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.
11. **On-Going Revenue** – Funds that are expected to be received in multiple years at a fairly steady and known rate.
12. **Proposition 98** – A 1988 voter-approved amendment establishing the minimum amount of funding for K-14 education in the State.
13. **Restricted Revenue** – Funds received from sources that stipulate how the funds must be used.
14. **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.
15. **Surplus Spending** – Income (revenue) exceeding Outgo (expenditures) in a particular year. This increases ending fund balance.
16. **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.