

# Santee School District

## Thinking Globally, Acting Locally

**2010-11**

**Adopted Budget  
User Friendly Version**



# SANTEE SCHOOL DISTRICT

2010-11

*User Friendly Budget*

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Karl Christensen – Assistant Superintendent Business Services

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## Board President's Message



Approval of the budget for the Santee School District is one of the most important policy actions taken by the Board of Education and sets in motion the programs and services that support the Board's goals and objectives.

The 2010-11 Adopted Budget incorporates more than \$4.7 million in budget reductions. The Board wishes to thank all of its employee bargaining units; the Santee Teachers Association, the California School Employees Association (Classified Support Staff), and the Santee Administrators Association; for agreeing to reduce their work year and pay to save the District \$600,000. It is because of this cooperative and collaborative spirit that the District will weather this financial storm.

As Trustees of the community, my fellow Board members and I remain committed to addressing challenges and continually improving the educational attainment of our students. We owe the children whom we serve the best educational opportunities possible. Working together we cannot fail.

We encourage all staff, parents, and community members of Santee to visit our web site often at [www.santee.k12.ca.us](http://www.santee.k12.ca.us) to obtain the latest information on the District's budget.

Dustin Burns  
President, Board of Education

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## Superintendent's Message



Adoption of the district budget is a critical action that impacts the strength of the educational program for students and determines the degree of overall operation of services offered by employees for students and their families. Santee Schools have provided an excellent education program to students over the past decade and this has been reflected in the results of student growth as determined by the State of California. All of Santee Schools are operating above the 800 API level which is classified by the State of California as highly effective. Regardless of the challenges the Santee School District has faced in the past, student achievement has been the primary focus when developing a budget for the coming school year.

Over the past two years Santee School District has been grappling with severe declines in revenue as a result of the current economic crisis at the State and National level. The economic times California schools face today are the most challenging since the Great Depression. During the past two years, Santee School District's expenditures have been reduced by \$6,200,000. The Board of Education has made some difficult decisions to reduce classified support and management positions and to not replace retiring teacher positions. All reductions have been made with a single focus in mind and that is to maintain the integrity and quality of the instructional program delivered to Santee School District students. As we proceed in these challenging times, the focus of delivering a quality instructional program will continue to determine our budget priorities. Our future is determined by our ability to help develop the young minds of today. They are our investment and Santee School District takes that very seriously in the development of its budget.

Adoption of the District's budget requires completion of a lengthy document called the SACS (Standardized Account Code Structure) Form, which is submitted to the County Office of Education and the 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 conditions of the District with the community and staff. The complete SACS document is on file in the Business Office at 9625 Cuyamaca Street, Santee CA, copies of which are available upon request.

Dr. Patrick Shaw  
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:

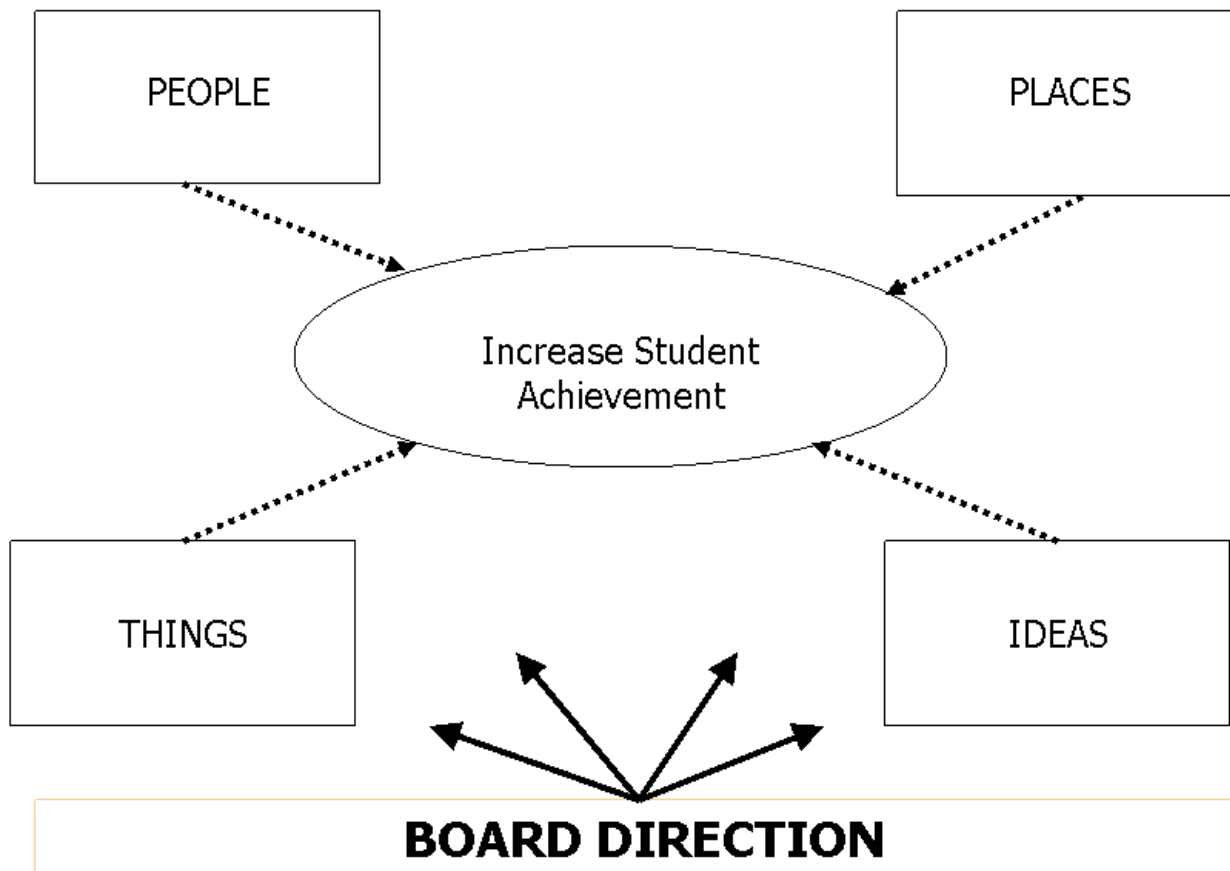
- ✓ **People** – Quality staff who are appreciated and paid justly and fairly
- ✓ **Places** – Facilities maintained in good repair and working order
- ✓ **Things** - Computers, printers, copiers, pencils, paper, textbooks, office supplies, and instructional supplies
- ✓ **Ideas** - Software, curriculum, 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 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. In the best of times, the State budget is adopted in July and in more contentious times it can be as late as September or even October before the State's budget is finalized. 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 tables and information on the next 6 pages report some of the most significant budget assumptions used in the development of the District's Adopted Budget. The remainder of this User Friendly Budget document contains references to many other budget assumptions.

### Enrollment and ADA Trends

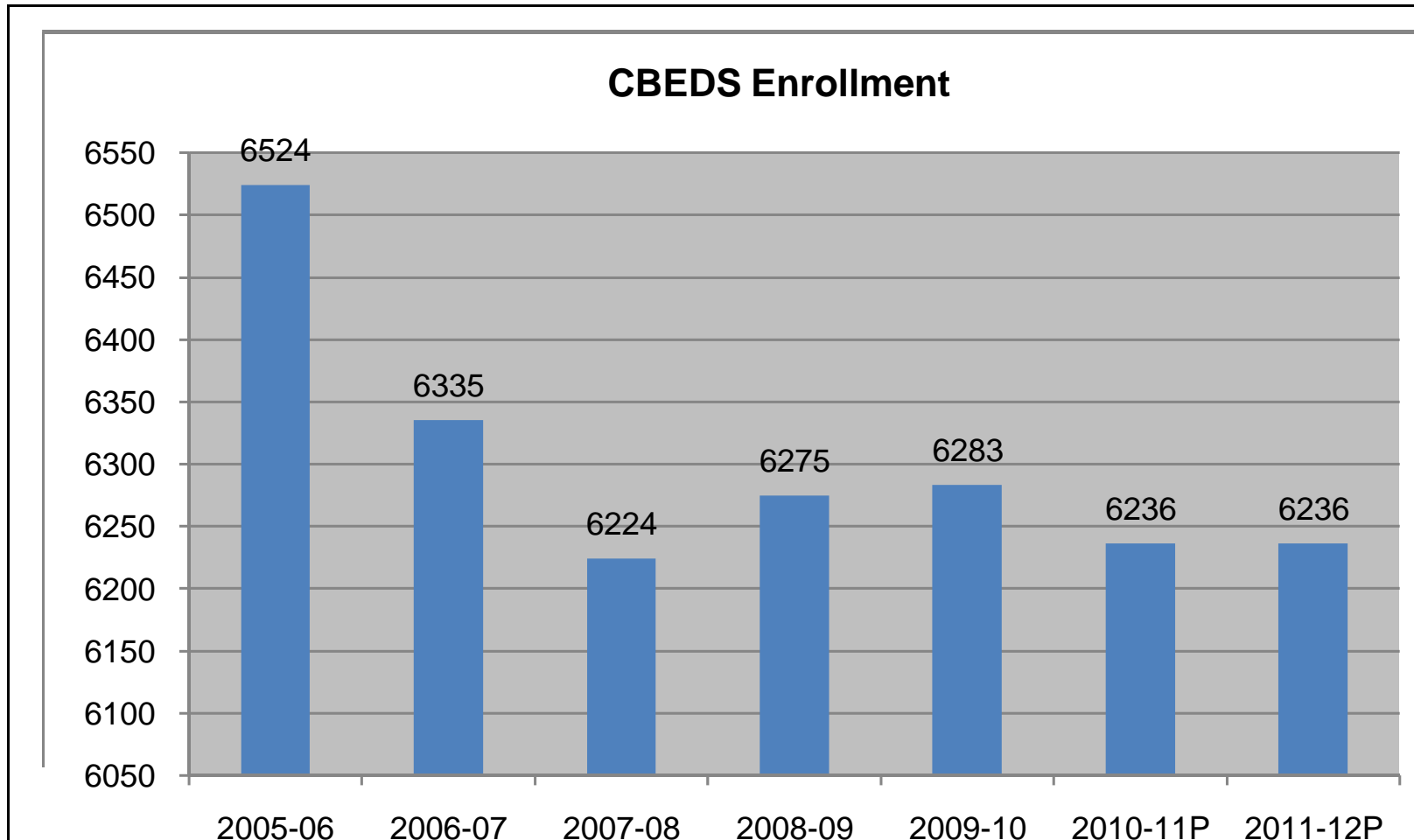
The interplay between the number of students enrolled in the District and the average number that actually attend on any given day can have serious consequences to the District's revenue. Over half of the revenue received in the District pertains directly to the actual attendance of students. Furthermore, 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 the projected budget year.
- 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: This statistic provides a gauge to measure how well the District manages student attendance. *However, this number is somewhat skewed due to the District's operation of the Early Admittance to Kindergarten program ("EAK").* Since EAK students start in January, their enrollment is NOT counted in CBEDs but their ADA is counted in April for days attended after they turn 5. As a result, this percentage is reported in two ways: inclusive of EAK ADA and exclusive of EAK ADA.

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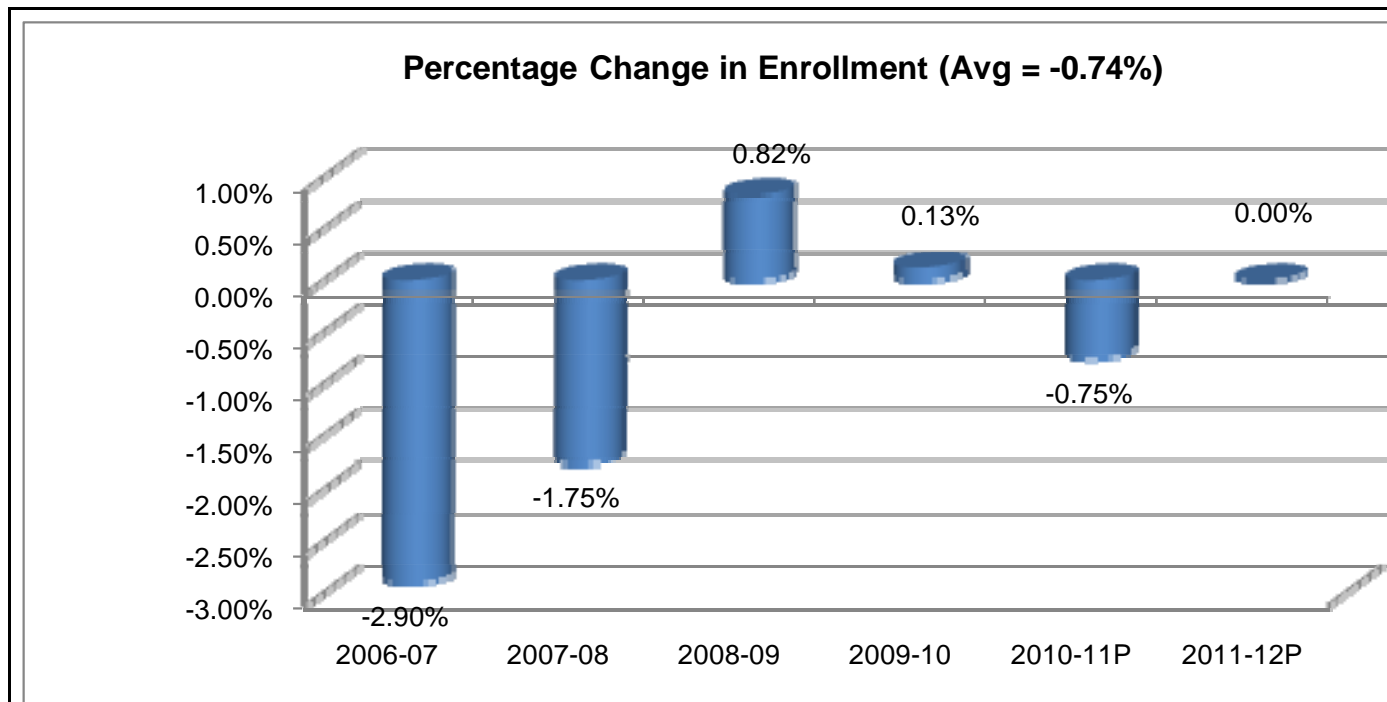
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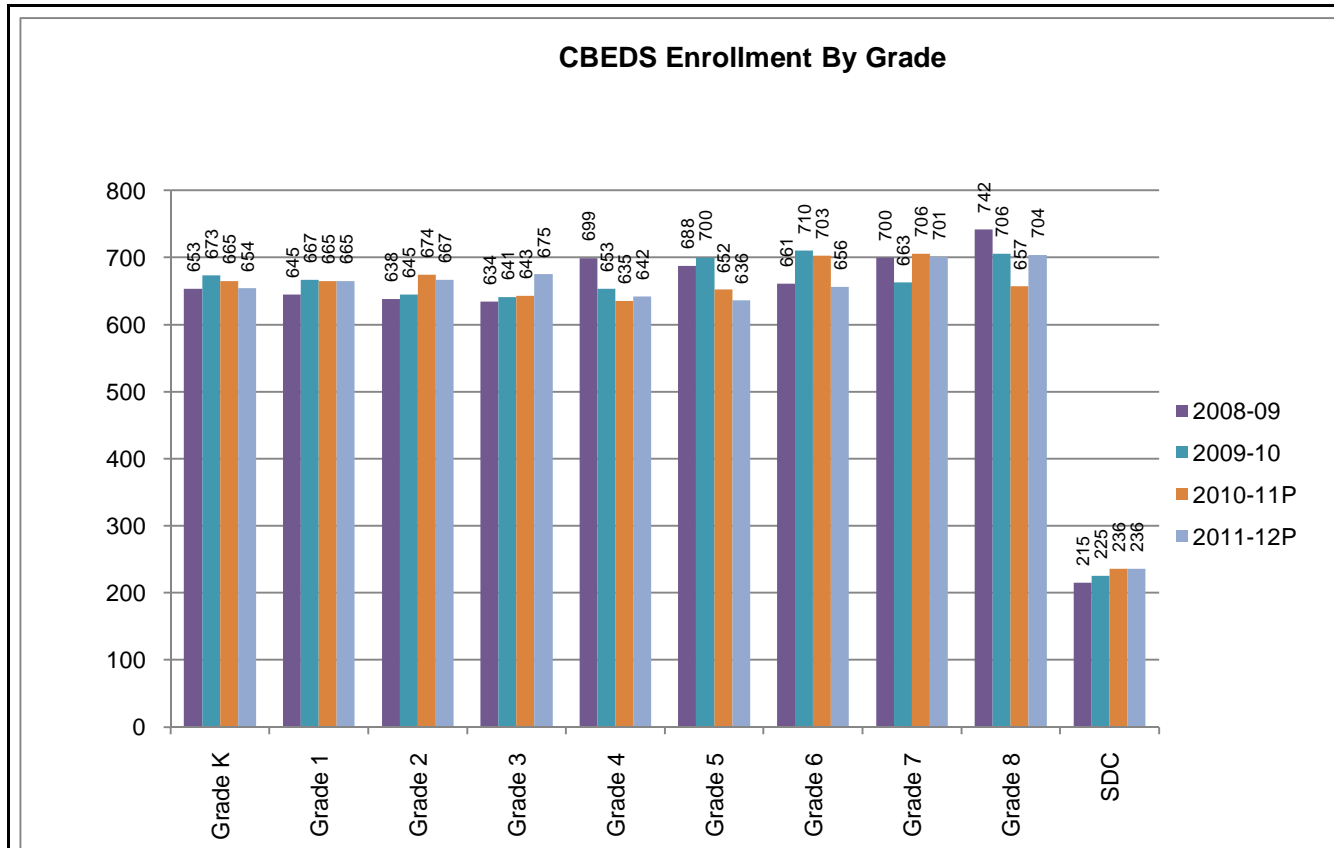
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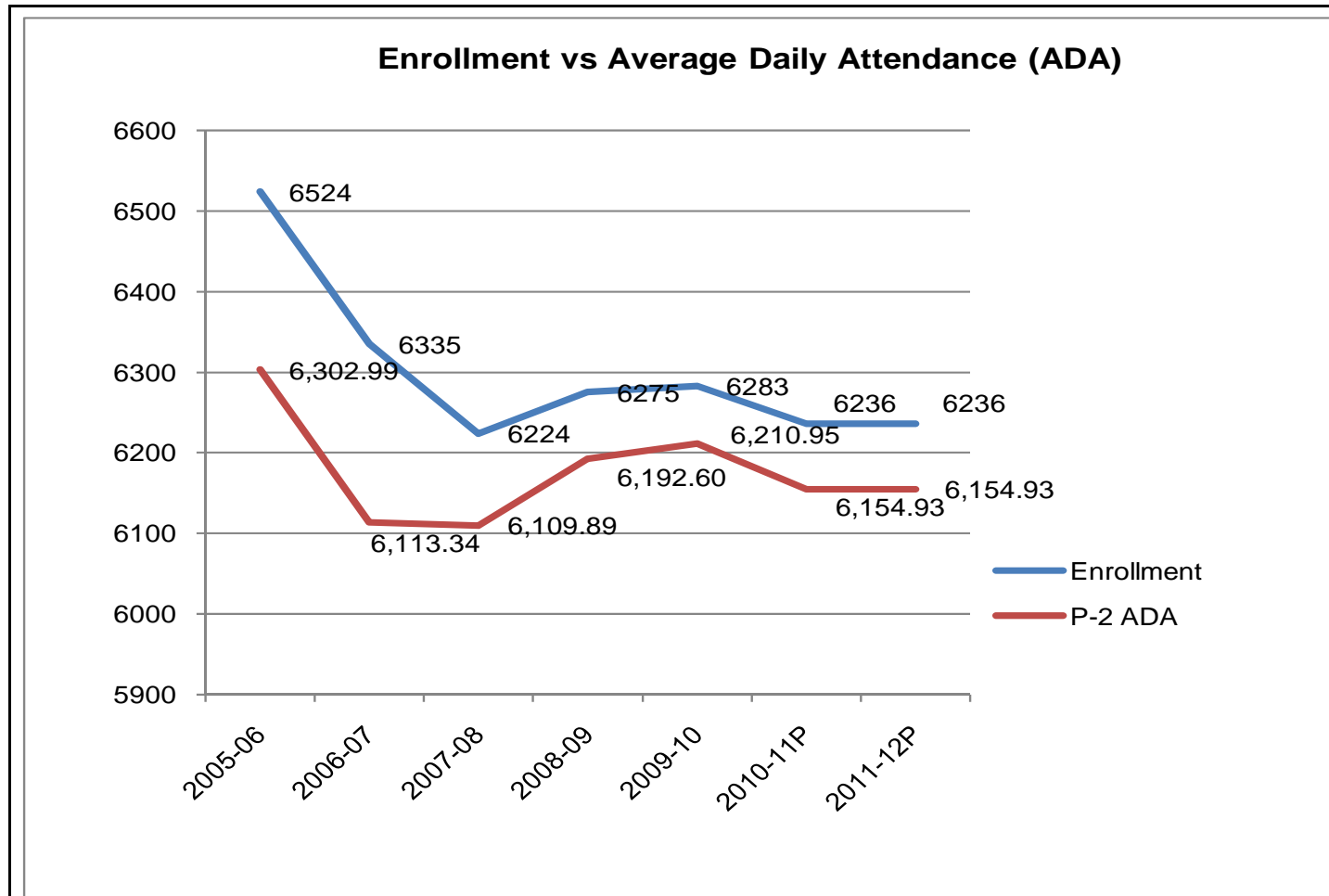
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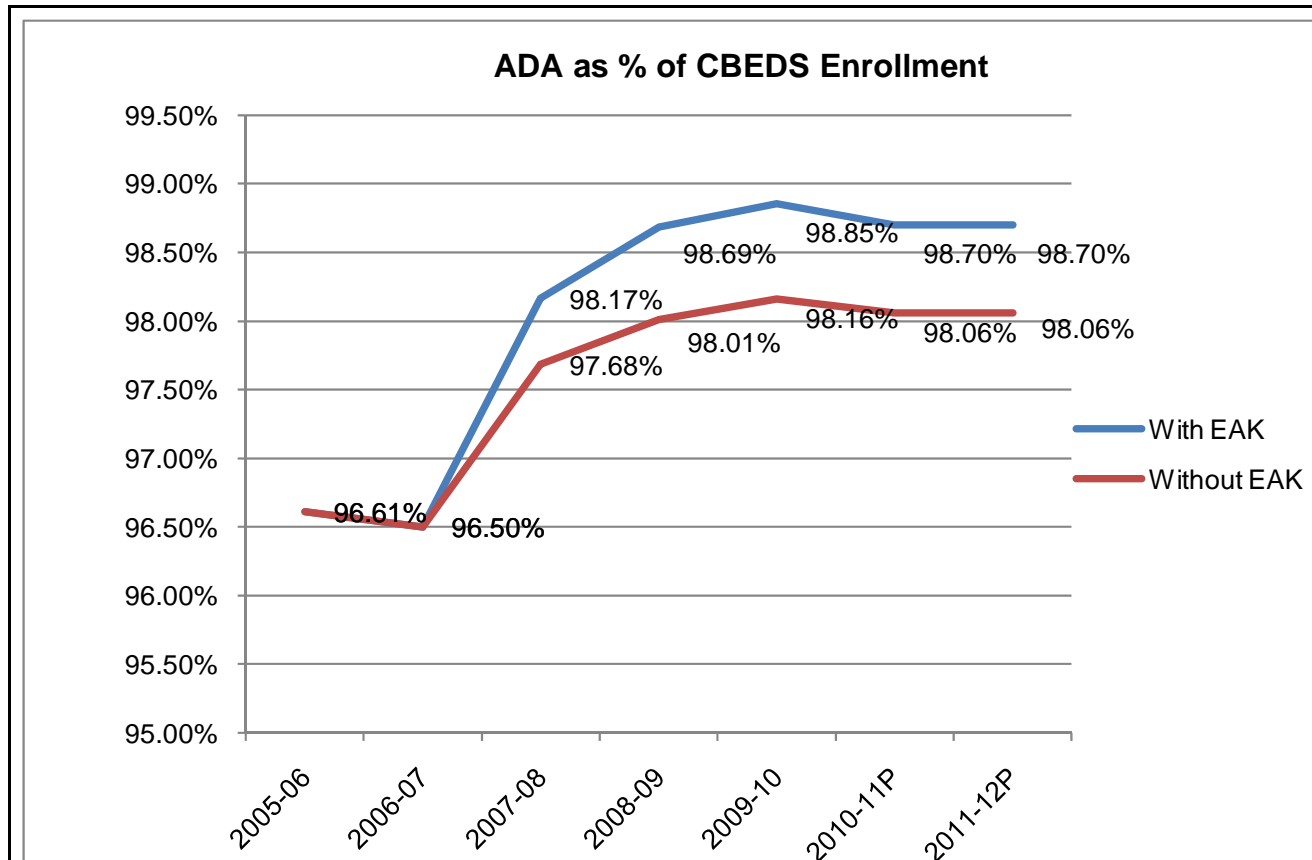
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## Fund Accounting

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:

<b>Fund Number</b>	<b>Fund Description</b>	<b>Fund Purpose</b>
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. (SUSPENDED THRU 2012-13)
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.
49, 52	Blended Components or COPS Fund	Reports the revenues and expenditures associated with proceeds received from Community Facilities Districts organized for collection of Mello-Roos taxes and used for construction of new schools. Fund 52 reports debt service for these funds.
63	Enterprise Fund	Reports the revenues and expenditures associated with funds received from participants in the District’s Out of Schooltime Programs.



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

The table on the next page is 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, Home to School Transportation, and Special Education Transportation.

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LN#	Description	General Fund			Child Dev Fund	Cafeteria Fund	Deferred Maint Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Charter Schls Fund 09	Special Reserve Fund 17	Special Reserve Fund 40	Enterprise Fund 63
		Unrest	Rest	Ttl										
1	<b>INCOME:</b>													
2	Revenue Limit Sources	28,553,087	1,318,870	29,871,957	0	0	0							
3	Federal Revenue	204,573	2,107,245	2,311,818	0	600,000	0							
4	Other State Revenue	4,780,395	906,679	5,687,074	257,122	53,207	0							
5	Other Local Revenue	198,303	3,485,466	3,683,768	434	774,869	0	0	374,721	19,986	0	28,269		2,343,104
6	Interfund Transfers In	0	0	0	0	0	0				0	0		
7	Other Sources	0	0	0	0	0								
8	<b>Total Income</b>	<b>33,736,358</b>	<b>7,818,260</b>	<b>41,554,617</b>	<b>257,556</b>	<b>1,428,076</b>	<b>0</b>	<b>0</b>	<b>374,721</b>	<b>19,986</b>	<b>0</b>	<b>28,269</b>	<b>0</b>	<b>2,343,104</b>
9	<b>OUTGO:</b>													
10	Certificated Salaries	18,299,163	4,032,792	22,331,955	93,536									
11	Classified Salaries	3,788,745	2,879,481	6,668,226	79,622	641,537	0							1,577,824
12	Employee Benefits	7,067,730	1,765,475	8,833,205	51,215	200,785	0							500,215
13	Books and Supplies	687,205	1,173,615	1,860,820	10,687	553,000	0		20,000					33,964
14	Services, Other Operating Expenses	2,531,204	780,428	3,311,632	10,253	23,886	0		599,682					231,101
15	Capital Outlay	112,421	0	112,421	0	62,272			100,000					
16	Other Outgo	334,380	0	334,380					890,173					
17	Transfers of Indirect/Direct Costs	-701,083	621,884	-79,199	12,243	66,955								
18	Interfund Transfers Out	0	0	0										
19	Other Uses	0	0	0										
20	Contributions to Restricted Programs	3,387,036	-3,387,036	0	0	0								
21	<b>Total Outgo</b>	<b>35,506,800</b>	<b>7,866,640</b>	<b>43,373,440</b>	<b>257,556</b>	<b>1,548,435</b>	<b>0</b>	<b>0</b>	<b>1,609,855</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,343,104</b>
22	<b>Change in Fund Balance</b>	<b>-1,770,442</b>	<b>-48,380</b>	<b>-1,818,822</b>	<b>0</b>	<b>-120,359</b>	<b>0</b>	<b>0</b>	<b>1,235,134</b>	<b>19,986</b>	<b>0</b>	<b>28,269</b>	<b>0</b>	<b>0</b>
23	Projected Beginning Fund Balance	4,867,095	229,342	5,096,437	45,216	597,146	0	2	1,335,140	2,073,656	0	2,826,887	0	745,466
24	<b>Projected Ending Fund Balance</b>	<b>3,096,652</b>	<b>180,962</b>	<b>3,277,615</b>	<b>45,216</b>	<b>476,787</b>	<b>0</b>	<b>2</b>	<b>100,006</b>	<b>2,093,642</b>	<b>0</b>	<b>2,855,156</b>	<b>0</b>	<b>745,466</b>
25	Reserve for Economic Uncertainty	1,301,203	0	1,301,203										
26	Restricted/Designated Carry-Overs	0	180,962	180,962	45,216	476,787	0	2	100,006	2,093,642	0	0		745,466
27	Other Reservations/Designations	646,041	0	646,041										
28	<b>Available Fund Balance</b>	<b>1,149,408</b>	<b>0</b>	<b>1,149,408</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,855,156</b>	<b>0</b>	<b>0</b>

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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.

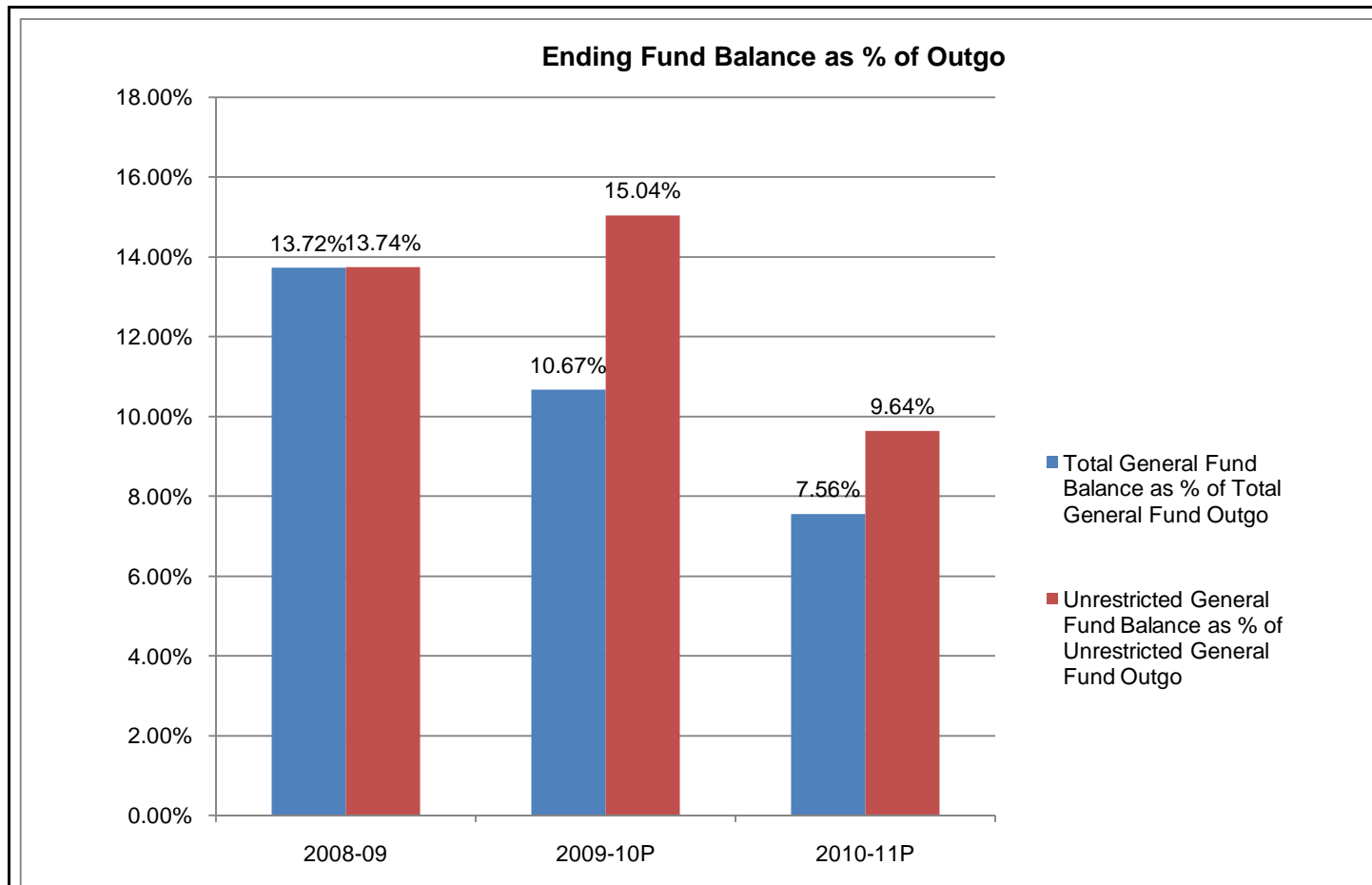
A good indicator of financial health is the percentage of expenditures the District maintains in its ending fund balance. The higher this percentage, the more “cushion” the District has to guard against unexpected fluctuations in revenues or expenditures. Some portions of the ending funding balance must 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

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## Components of Ending General Fund Balance and Fund Reserves

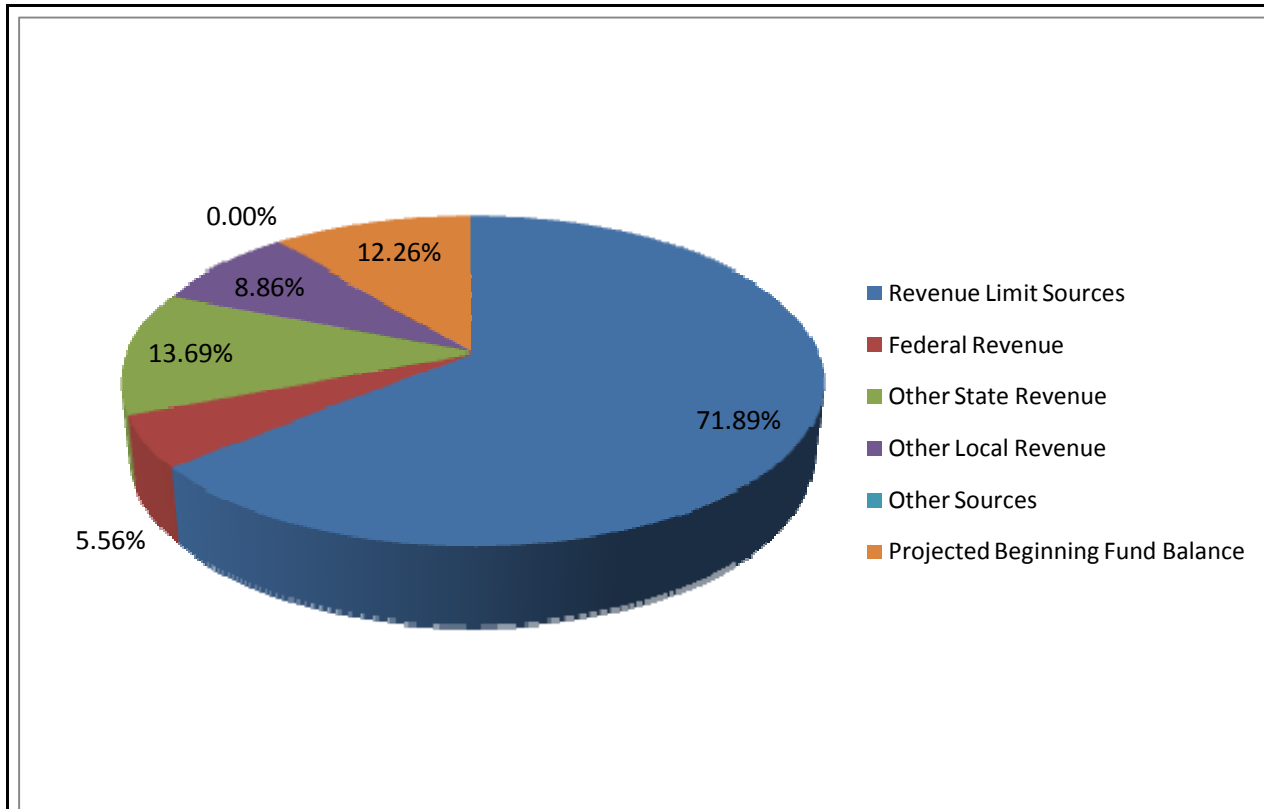
Description	Discretionary?	2010-11P		2009-10P		2008-09	
		% of Outgo	\$ Amt	% of Outgo	\$ Amt	% of Outgo	\$ Amt
Economic Uncertainty Reserve	No	3.00%	1,301,203	3.00%	1,433,278	3.00%	1,544,158
Vacation & Pre-Paid Expenditure Reserve	No	1.49%	646,041	1.35%	646,041	1.26%	646,041
School Unrestricted Carry-Overs	No	0.00%	0	0.00%	0	0.87%	449,127
Restricted/Categorical Carry-Overs	No	0.42%	180,962	0.48%	229,342	4.76%	2,449,373
Fund 17 Reserve	Yes	6.58%	2,855,156	5.92%	2,826,887	1.83%	943,535
Fund 40 Reserve for Solar Project	Yes	0.00%	0	0.00%	0	0.00%	0
Undesignated/Unreserved/Unappropriated	Yes	2.65%	1,149,408	5.84%	2,787,776	3.84%	1,975,489
<b>Total General Fund &amp; Reserve Fund Balances</b>		<b>14.14%</b>	<b>6,132,771</b>	<b>16.58%</b>	<b>7,923,324</b>	<b>15.56%</b>	<b>8,007,724</b>

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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. **Revenue Limit Sources** – those monies received for the attendance of students. 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-revenue limit 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.
6. **Projected Beginning Fund Balance** – those monies left over from the previous year and carried forward. It is the accumulation of monies received in excess of that spent in all prior years.

## 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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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 Revenue Limit	18,980,626	Special Ed Mandate Settlement	35,256	Community Day Schl RL Transfer	14,917	Title II Educ Tech	4,316
Prop Taxes Revenue Limit	9,572,461	Other Local Revenue	75,457	Title I	423,174	Medi-CAL	107,627
M&O PL 81-879	155,606			IDEA Lcl Ent PI94-142	1,013,629	Early Mental Health Initiative	108,467
MAA	48,967			IDEA Preschl	101,639	Home Start	4,740
K-3 CSR	1,523,676			IDEA Preschl Loc Ent	157,754	HIPPY Corp Initiative	47,195
Lottery	722,711			IDEA Prschl Staff Dev	657	Title II Tchr Quality	221,722
Community Day Schl	72,237			Drug Free Schls	14,097		
Deferred Maint	229,180			Title III Imm Ed	12,730		
CBET	13,483			Title III LEP	49,900		
Schl Safety & Viol Prev	39,793			English Language Acquisition	18,760		
Arts & Music Blk Grnt	87,517			Prop 20 Lottery	94,408		
Supp Schl Counsel	130,991			Special Education From SELPA	3,214,502		
GATE	41,141			Special Education Prop Taxes	193,008		
IMFRP	341,021			Special Education Revenue Limit	1,110,943		
PAR	25,198			Special Ed- Low Incidence	934		
SB472 Staff Dev	55,369			Special Ed Personnel Staff Devel.	2,192		
Tchr Cred Blk Grnt	41,246			Economic Impact Aid	303,005		
Prof Dev Blk Grnt	173,700			Gen Ed Transportation	224,238		
TIIG	574,250			Spec Ed Transportation	122,707		
SLIBG	671,136			ASES	186,000		
Staff Dev English Learner	11,590			ASES Fundraiser	65,000		
STAR Testing	12,570						
Hourly Programs	19,575						
Other Local Revenue	81,600						
<b>Total Quadrant 1 Revenue</b>	<b>33,625,645</b>	<b>Total Quadrant 2 Revenue</b>	<b>110,713</b>	<b>Total Quadrant 3 Revenue</b>	<b>7,324,192</b>	<b>Total Quadrant 4 Revenue</b>	<b>494,067</b>

**Total Unrestricted Revenue: 33,736,358**

**Total Restricted Revenue: 7,818,260**



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## Categorical Flexibility

In February 2009, amidst mounting fiscal pressures, the State enacted an unprecedented early budget for 2009-10 in conjunction with revisions to the 2008-09 Budget that included severe declines in Unrestricted General Fund dollars for school districts. To help districts mitigate some of the impact of these losses, the State also allowed many formerly restricted revenue sources to be treated as unrestricted through a mechanism called Categorical Flexibility. A list of the categorical programs for which flexibility is being used is described in the table below:

State Program Subject to Flexibility	Former Resource Number	Unrestricted Resource Number	Estimated 2010-11 Award	Flexibility Used	% Flex Used	Remaining for Program Expenditures	Flexibility Used in Unrestricted General Fund
Supplemental Hourly Instructional Prog	0	0	19,575	19,575	100.00%	0	Teacher salaries
Community Day School	2430	911	87,154	0	0.00%	87,154	N/A
Deferred Maintenance	6205	915	229,180	229,180	100.00%	0	Classified salaries
Community Based English Tutoring	6285	918	13,483	13,483	100.00%	0	Teacher salaries
Schl Safty & Violnce Prevntn	6405	921	39,793	10,000	25.13%	29,793	Teacher salaries
Arts & Music Block Grant	6760	922	87,517	87,517	100.00%	0	Teacher salaries
Supplemental School Counseling	7080	924	130,991	0	0.00%	130,991	N/A
GATE	7140	926	41,141	0	0.00%	41,141	N/A
Instructnl Mtls Fund Realignment	7156	927	341,021	213,000	62.46%	128,021	Teacher salaries
PAR	7271	931	25,198	10,646	42.25%	14,552	Teacher salaries
SB472 Staff Development	7294	935	55,369	55,369	100.00%	0	Teacher salaries
Teacher Credentialing Blk Grant	7392	943	41,246	0	0.00%	41,246	N/A
Profnl Developmnt Blk Grant	7393	944	173,700	127,124	73.19%	46,576	Teacher salaries
Targeted Instructnl Imprvmt Blk Grnt	7394	945	574,250	136,178	23.71%	438,072	Classified salaries
School Library Imprvmt Blk Grnt	7395	946	671,136	374,816	55.85%	296,320	Teacher salaries
Staff Development English Learner	7296	965	11,590	11,590	100.00%	0	Teacher salaries
<b>Total Flexibility Used</b>			<b>2,542,344</b>	<b>1,288,478</b>	<b>50.68%</b>	<b>1,253,867</b>	

# SANTEE SCHOOL DISTRICT

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## Revenue Limit Funding

The largest single source of Unrestricted funding a school district receives to pay for its educational programs and operations is called Revenue Limit. Revenue Limit funding is based on a calculated amount per unit of student ADA (Average Daily Attendance). The amount per ADA is different depending on whether a district is *Elementary* (serving only students in grades K-8), *High School* (serving only students in grades 9–12), or *Unified* (serving students in grades K-12). Revenue Limit funding is paid to the District from the following sources:

1. Local Property Taxes
2. State Sales Taxes
3. State Personal Income Taxes
4. State Corporate Taxes

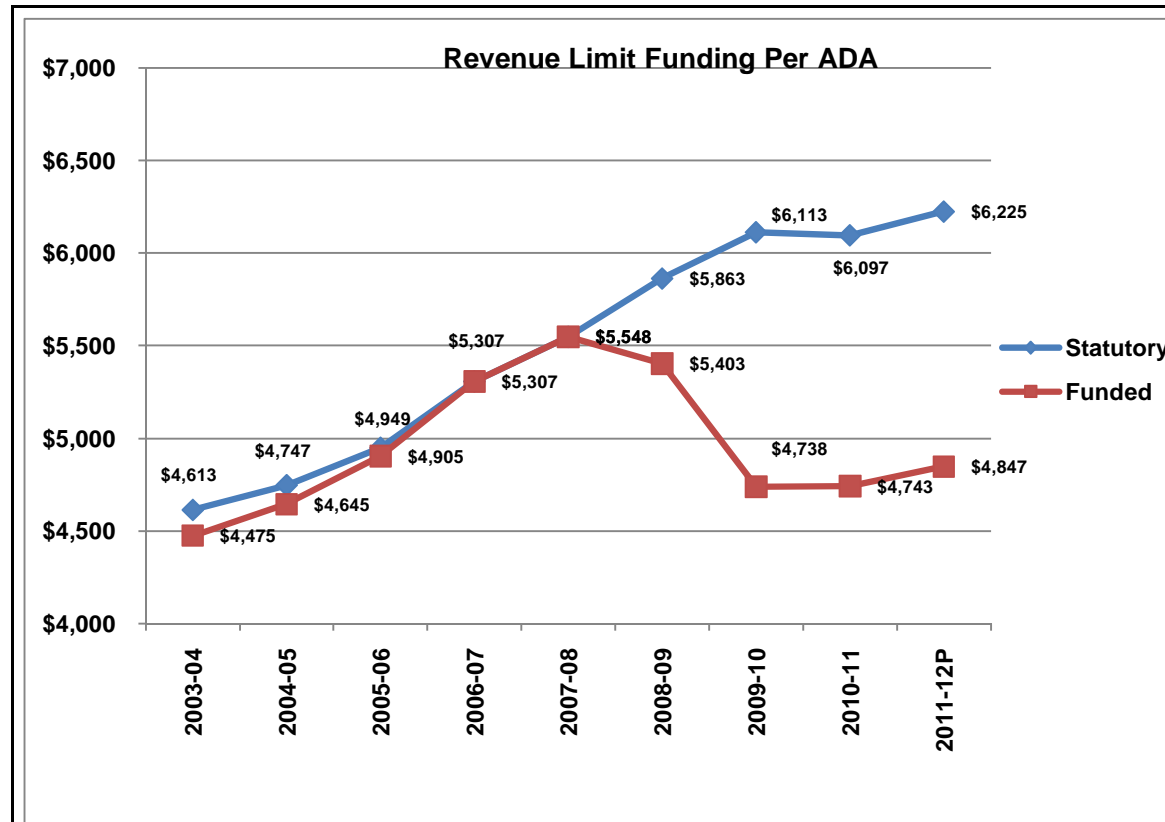
Since passage of Proposition 13 in 1978 which amended the State Constitution, Revenue Limit funding has been extremely volatile. In a normal year, the dollar amount per ADA received by a school district increases with a Cost of Living Adjustment or COLA. The COLA is calculated each year based on pre-determined variables written into law. These variables include an analysis of the average annual change in prices associated with expenditures necessary to operate a public agency and the resulting figure is known as the “*Statutory COLA*.” It is fundamentally unrelated to the Consumer Price Index or CPI which measures the average annual change in prices experienced by consumers or employees.

The COLA is intended to provide additional funding for school districts to pay for operating cost increases naturally experienced each year due to: salary augmentations for employees as the result of completing another year of service or obtaining additional educational credits (commonly known as Step & Column); increases in utility and fuel prices; upward trends in health benefit costs; and general inflation for most goods and services. However, receipt of the COLA is dependent upon the State’s ability to fund the increase and this ability is strongly influenced by changes in local Assessed Valuations (AV) of property (decreased or stagnant AV means the State must make up the difference in calculated Revenue Limit funding) and economic activity (downturns mean less Sales Taxes, Personal Income Taxes, and Corporate Taxes to pay for public education and other services). When the State decides to not pay its share of Revenue Limit funding, this shortfall is accumulated, and eventually paid back when conditions improve, in a figure known as the “Deficit Factor.” The Statutory COLA less the affect of the Deficit Factor is known as the “Funded COLA.” Due to the current severe economic crisis that is plaguing California, the Nation, and the World; the State has been unable to fund the Revenue Limit at the Statutory level and the current deficit factor stands at 18.355%. The chart on the following page depicts the differences in the Statutory COLA and the Funded COLA.

# SANTEE SCHOOL DISTRICT

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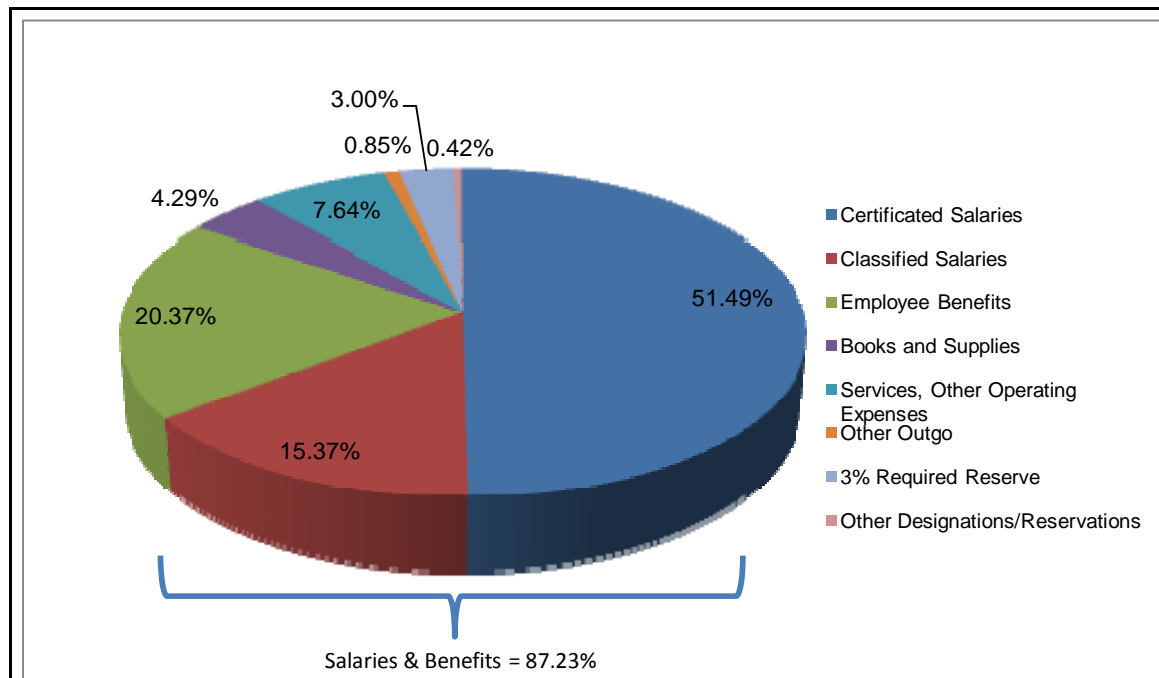


# SANTEE SCHOOL DISTRICT

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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.
8. **3% Required Reserve** – funds required to be set aside for economic uncertainties.
9. **Other Required Reservations** – funds set aside for unfunded liabilities or pre-paid expenditures.

# SANTEE SCHOOL DISTRICT

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## Expenditures For Personnel

The largest portion of expenditures in the District's budget is for salaries and benefits for personnel. The table below displays salary and benefit information by bargaining unit and by fund:

Fund	Type	STA	CSEA	SAA	Other	Total
General - Unrestricted	Step & Column	458,373	84,579	37,774		580,726
General - Restricted		0	25,452	5,396		30,848
Cafeteria		0	9,670	0		9,670
Child Development		2,144	385	0		2,529
Project SAFE		0	46,618	0		46,618
<b>Total Step &amp; Column</b>		<b>460,517</b>	<b>166,704</b>	<b>43,170</b>		<b>670,391</b>
General - Unrestricted	Cost of 1% Increase	220,866	51,837	34,805		307,508
General - Restricted		1,072	10,180	3,436		14,688
Cafeteria		0	5,988	1,066		7,054
Child Development		1,014	831	165		2,010
Project SAFE		0	12,391	1,525		13,916
<b>Total 1% Increase</b>		<b>222,952</b>	<b>81,227</b>	<b>40,997</b>		<b>345,176</b>
General - Unrestricted	% Step & Column	2.08%	1.63%	1.09%		1.89%
General - Restricted		0.00%	2.50%	1.57%		2.10%
Cafeteria		0.00%	1.61%	0.00%		1.37%
Child Development		2.11%	0.46%	0.00%		1.26%
Project SAFE		0.00%	3.76%	0.00%		3.35%
<b>% Step &amp; Column</b>		<b>2.07%</b>	<b>2.05%</b>	<b>1.05%</b>		<b>1.94%</b>
		<b>2010-11</b>	<b>2009-10</b>	<b>% Diff</b>		
Teacher Salary & Benefits at Beginning Rng & Step		56,218	55,991	0.41%		
Average Teacher Salary & Benefits		75,155	74,531	0.84%		
Average Teacher Salary Only		67,178	66,671	0.76%		

# SANTEE SCHOOL DISTRICT

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## Expenditures For Personnel

The table below displays information regarding the District's statutory and health and welfare benefits for the budget year and the previous year:

<u>Category</u>	<u>Description</u>	<u>2010-11</u>	<u>2009-10</u>
Statutory	PERS	10.7070%	9.7090%
Statutory	PERS REDCTN	2.3130%	3.3110%
Statutory	STRS	8.2500%	8.2500%
Statutory	FICA	6.2000%	6.2000%
Statutory	MEDI	1.4500%	1.4500%
Statutory	SUI	0.7200%	0.3000%
Statutory	Workers Comp Base Rate	1.7900%	1.8020%
Statutory	X-Mod (Experience Rate)	0.8300	0.7700
Statutory	W/Comp Adjusted Rate	1.4857%	1.3875%
Health & Welfare	Full-Time Certificated Health CAP	\$7,200	\$7,200
Health & Welfare	Full-Time Classified Health CAP	\$6,292	\$6,292
Health & Welfare	6-8 hrs Classified Health CAP	\$5,663	\$5,663
Health & Welfare	4-6 hrs Classified Health CAP	\$4,090	\$4,090
Health & Welfare	Avg Retiree Health Benefit Cost	\$5,452	\$5,599
Health & Welfare	# of Retirees	168	138

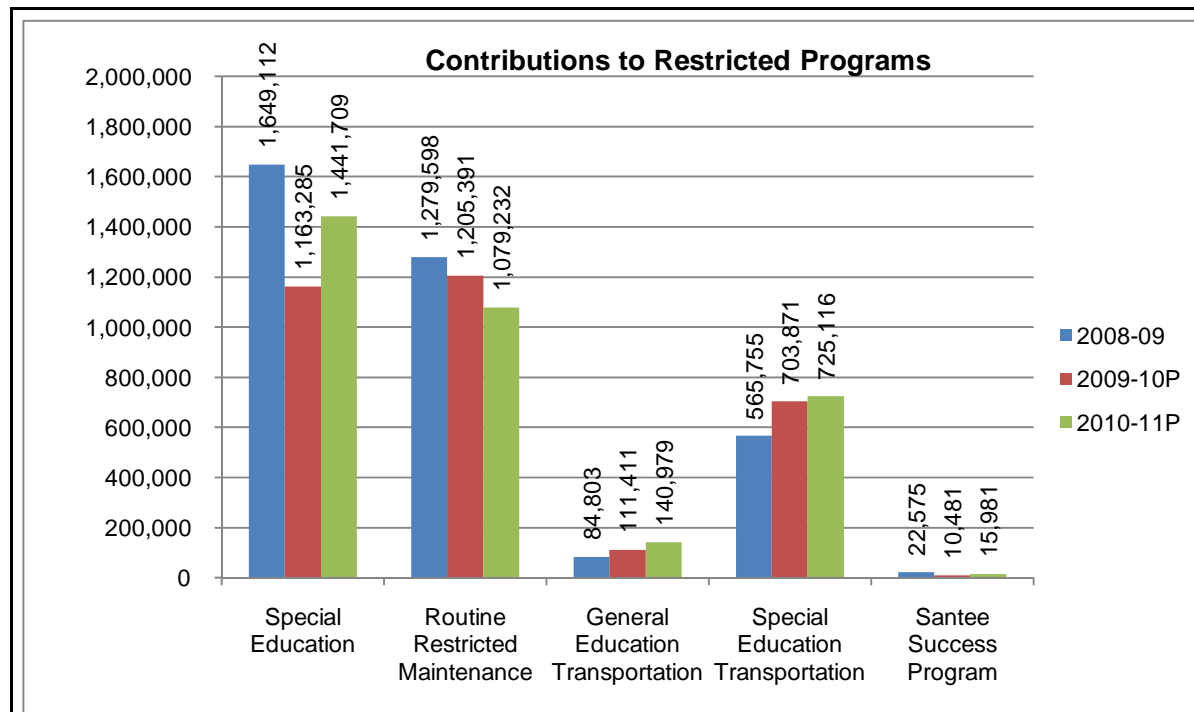
# SANTEE SCHOOL DISTRICT

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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 2013-14 at which time the requirement reverts back to 3%.



# SANTEE SCHOOL DISTRICT

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## School Budget Allocations

The table below depicts budget allocations to schools from various sources. With the exception of the General Fund allotment, these allocations are used to augment goods and services paid for by the District's General Fund for operations and core instructional programs. The "Gen Fund" (General Fund) allocation is an allotment based on enrollment provided for each school to pay for necessary office, health, library, and instructional supplies.

School	#	Gen Fund	AVID 0000-578	Title 1 3010	Title 1 ARRA 3011	EIA 7090	GATE 7140/926	Prop 20 Lottery 6300	SLIBG 7395/946	Total	Prev Yr Total Funding	Diff
Pepper Drive	002	22,328		94,272		8,911	0	4,906	4,048	134,465	218,234	(83,769)
Carlton Hills	003	16,518	2,500	59,949		4,127	0	2,481	2,038	87,613	142,194	(54,581)
Sycamore Canyon	004	10,191				0	0	8,855	7,379	26,425	42,886	(16,461)
Prospect Ave	005	15,636		85,012		7,883	0	3,234	2,666	114,432	185,720	(71,288)
Cajon Park	006	30,268	2,500			0	12,180	13,700	45,351	103,999	168,788	(64,790)
Chet F Harritt	007	18,282		77,756		6,650	0	2,533	10,205	115,427	187,335	(71,908)
Carlton Oaks	008	25,857				0	11,847	10,576	30,820	79,101	128,379	(49,278)
Rio Seco	009	27,439	2,500			16,717	9,374	11,654	18,819	86,504	140,395	(53,891)
Hill Creek	010	23,576				18,720	0	11,849	33,517	87,662	142,274	(54,612)
Alternative Ed	015	913				0	0		1,207	2,120		
Santee Success	016			1,016		0	0		75	1,091		
ERC	068	7,260		43,141	0	219,705	6,446		111,660	388,212		
OPEB Allocated Costs				7,387		11,465	95		10,397	29,344		
Set-Asides		0		42,317				13,000	374,816	430,133		
Indirect Costs		0		12,325	0	8,825	1,198	0	18,138	40,487		
<b>Total</b>		<b>198,267</b>	<b>7,500</b>	<b>423,174</b>	<b>0</b>	<b>303,005</b>	<b>41,141</b>	<b>82,788</b>	<b>671,136</b>	<b>1,727,012</b>	<b>1,356,205</b>	<b>(520,579)</b>



### Multi-Year Projection

The District analyzes the affects 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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## Multi-Year Projection

Item	2009-10P		2010-11		2011-12		2012-13	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Total Income	\$32,614,711	\$13,193,468	\$30,349,322	\$11,205,295	\$30,583,142	\$11,323,160	\$32,587,291	\$11,460,690
Total Outgo	\$32,362,432	\$15,413,499	\$32,119,764	\$11,253,675	\$33,796,690	\$11,339,503	\$36,206,281	\$11,443,542
<b>Change in Fund Balance</b>	<b>\$252,279</b>	<b>(\$2,220,031)</b>	<b>(\$1,770,442)</b>	<b>(\$48,380)</b>	<b>(\$3,213,548)</b>	<b>(\$16,343)</b>	<b>(\$3,618,991)</b>	<b>\$17,149</b>
Ending Fund Balance	\$4,867,095	\$229,342	\$3,096,652	\$180,962	(\$116,896)	\$164,619	(\$3,735,886)	\$181,768
Undesignated/Unappropriated	\$2,787,776	\$229,342	\$1,149,408	\$180,962	(\$2,128,210)	\$164,619	(\$2,943,848)	\$181,768
Economic Uncertainty Reserve	\$1,433,278		\$1,301,203		\$1,354,086		\$1,429,495	
Fund 17 Reserve	\$2,826,887		\$2,855,156		\$2,883,708		\$0	
Total Reserves	\$7,047,941		\$5,305,767		\$2,109,584		(\$1,514,353)	
Reserve as % of Expenditures	14.75%		12.23%		4.67%		-3.18%	

*6,210.95 Funded ADA	*COLA = -0.39%	*COLA = 2.10%: \$619,043	*COLA = 2.40%: \$722,333
*1% Cty Treasury Int Rate	*\$235/ADA On-Going R/L Cut	*\$235/ADA On-Going R/L Cut	*\$235/ADA On-Going R/L Cut
*Loss of \$372,139 SDA	*No ARRA Funds	*No ARRA Funds	*No ARRA Funds
	*1% Cty Treasury Int Rate	*1% Cty Treasury Int Rate	*1% Cty Treasury Int Rate
	*6,210.95 Funded ADA	*6,154.93 Funded ADA	*6,154.93 Funded ADA
	*\$4.7 million reductions	*Step & Col = 611,574	*Step & Col = 611,574
	*Loss of \$241,128 SDA	*\$3.4 million on-going redctns	*CSR +Rev = 1,250,928
			*CSR +Exp = 1,740,000

# SANTEE SCHOOL DISTRICT

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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	Additions	Payments	Principal	Interest	Accreted Interest	Ending Balance	Source
Series A GO Bonds - 5-1-1997	17,565,000.00		838,237.50	0.00	838,237.50		17,565,000.00	Prop Tax Levy
Series B GO Bonds - 8-20-2008	12,299,022.70		740,542.50	152,457.90	588,084.60	28,933.25	12,175,498.05	Prop Tax Levy
Series C GO Bonds - 8-20-2008	2,987,503.30		0.00	0.00	0.00	65,188.50	3,052,691.80	Prop Tax Levy
Series D GO Bonds - 8-20-2008	7,845,715.70		0.00	0.00	0.00	3,063.15	7,848,778.85	Prop Tax Levy
<b>Total GO Bonds</b>	<b>40,697,241.70</b>	<b>0.00</b>	<b>1,578,780.00</b>	<b>152,457.90</b>	<b>1,426,322.10</b>	<b>97,184.90</b>	<b>40,641,968.70</b>	
CREBs 6-2-10	2,260,000.00			135,000.00	35,432.04	0.00	2,125,000.00	Gen Fund Energy Savings
2008 COPS - 10-7-2008	23,726,584.08		1,224,552.50	0.00	1,224,552.50	14,611.81	23,741,195.89	General Fund
<b>Total Other Debt</b>	<b>25,986,584.08</b>	<b>0.00</b>	<b>1,224,552.50</b>	<b>135,000.00</b>	<b>1,259,984.54</b>	<b>14,611.81</b>	<b>25,866,195.89</b>	
<b>Total Property Indebtedness</b>	<b>66,683,825.78</b>	<b>0.00</b>	<b>2,803,332.50</b>	<b>287,457.90</b>	<b>2,686,306.64</b>	<b>111,796.71</b>	<b>66,508,164.59</b>	
OPEB Unfunded Accrued Liability*	13,575,007.00		850,001.00	850,001.00	0.00		12,725,006.00	General Fund
QZAB (Due Nov 2020)	5,000,000.00		0.00	0.00	0.00		5,000,000.00	Trust Acct Deposit
Retirement Incentives	3,115,452.32	0.00	941,776.77	803,598.04	138,178.73		2,311,854.28	General Fund
Vacation Carry-Over	211,682.00		0.00	0.00	0.00		211,682.00	General Fund
Capital Lease	0.00		0.00	0.00	0.00		0.00	General Fund
<b>Total Other</b>	<b>21,902,141.32</b>	<b>0.00</b>	<b>1,791,777.77</b>	<b>1,653,599.04</b>	<b>138,178.73</b>	<b>0.00</b>	<b>20,248,542.28</b>	
<b>Total Long-Term Debt</b>	<b>88,585,967.10</b>	<b>0.00</b>	<b>4,595,110.27</b>	<b>1,941,056.94</b>	<b>2,824,485.37</b>	<b>111,796.71</b>	<b>86,756,706.87</b>	

# SANTEE SCHOOL DISTRICT

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## 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 table on the following page depicts the projected Cash Flows in the General Fund for the budget year:

**General Fund Cash Flow Projection**

2010-11	As of 06-15-10	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June
Type	Description	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Sources:	Beginning Balance	954,706	267,807	6,699,105	4,365,857	4,842,492	3,439,565	2,579,187	4,267,949	4,663,500	2,814,689	477,898	2,411,060	812,021
F	Fed Stimulus Gen Purpose	0												
F	Fed Stimulus Title I	65,875												
F	Fed Stimulus IDEA	0												
F	Fed Stimulus Categorical	0												
F	Fed Stimulus PreSchool	0												
F	Title 1	0	0	84,635	0	0	169,270	0	0	0	0	169,270	0	0
F	Title II	0	0	0	0	45,208	90,415	0	0	0	0	90,415	0	0
F	Title III	0	0	0	0	12,526	25,052	0	0	0	0	25,052	0	0
F	Title IV	0												
F	Title V	0												
F	Other Federal Revenue	0	0	26,907	12,242	318,420	26,907	12,242	0	663,746	12,242	318,420	26,907	181,945
R	State Rev Limit	0	0	1,065,645	2,915,443	0	1,749,266	1,749,266	3,639,277	80,426	0	3,015,975	945,006	0
R	Property Taxes-Unrest	498,991	9,768	1,628	269,473	214,836	375,946	3,184,454	944,039	454,833	99,544	2,670,493	846,683	500,764
R	Property Taxes-Spec Ed	0	384	1,825	4,642	4,300	3,831	69,421	19,438	9,274	2,289	54,177	17,453	5,975
S	Lottery	0	204,280	0	0	204,280	0	0	204,280	0	0	204,280	0	0
S	K-3 CSR	0	0	0	0	397,679	0	0	85,326	353,493	0	0	0	0
L	Special Ed	0	0	0	0	636,471	279,662	279,662	581,825	12,858	0	482,175	151,082	0
S	Pupil Trans Spec Ed	11,109	0	0	0	23,314	11,044	11,044	22,087	11,044	0	22,087	11,044	11,044
S	Pupil Trans	20,301	0	0	0	42,605	20,181	20,181	40,363	20,181	0	40,363	20,181	20,181
S	EIA	0	0	0	0	60,601	60,601	0	60,601	0	14,241	46,360	60,601	0
	AB825 Block Grants:	0												
S	Prof Dev Block Grant	15,696	0	0	0	33,003	15,633	15,633	31,266	15,633	0	31,266	15,633	15,633
S	SLIBG	60,637	0	0	0	127,516	60,402	60,402	120,805	60,402	0	120,805	60,402	60,402
S	TLIG	45,806	0	0	0	109,107	51,682	51,682	103,365	51,682	0	103,365	51,682	51,682
S	Principal Apport CAT Prog	0	0	0	0	26,325	11,567	11,567	24,065	532	0	19,943	6,249	0
S	IMFRP	0	0	0	0	64,794	30,692	30,692	61,384	30,692	0	61,384	30,692	30,692
S	Middle School Counseling	0	0	0	0	24,888	11,789	11,789	23,578	11,789	0	23,578	11,789	11,789
S	Other State Revenue	38,658	0	0	0	52,716	24,950	49,994	49,921	253,870	81,350	49,824	24,825	93,335
R	Deferrals	0	2,458,379	1,482,019	1,102,111									
S	Other Deferrals	0	1,229,069	45,440	33,793									
L	Special Ed Deferral		413,531	254,465	185,389									
L	Interest	0	15,000	0	0	15,000	0	0	15,000	0	0	15,000	0	0
L	Other Local Income	421,064	64,550	1,800	7,346	70,096	7,346	17,346	70,096	7,346	7,346	70,096	7,346	69,281
	Debt Proceeds*	0	3,577,280											
	Interfund Borrowing In	3,000,000									1,500,000			2,500,000
	<b>Total Income</b>	<b>1,178,136</b>	<b>4,394,961</b>	<b>2,964,363</b>	<b>4,530,438</b>	<b>2,483,686</b>	<b>3,026,235</b>	<b>5,575,375</b>	<b>6,096,715</b>	<b>2,037,802</b>	<b>217,012</b>	<b>7,634,327</b>	<b>2,287,574</b>	<b>1,052,724</b>
	<b>Total Sources</b>	<b>5,132,842</b>	<b>8,240,047</b>	<b>9,663,468</b>	<b>8,896,295</b>	<b>7,326,178</b>	<b>6,465,800</b>	<b>8,154,562</b>	<b>10,364,664</b>	<b>6,701,301</b>	<b>4,531,700</b>	<b>8,112,225</b>	<b>4,698,634</b>	<b>4,364,745</b>
Uses:	S Salaries & Benefits	3,630,536	1,135,002	1,891,669	3,480,672	3,480,672	3,480,672	3,480,672	3,480,672	3,480,672	3,480,672	3,480,672	3,480,672	3,480,672
65.00%	NS Com Wrnts Recurring	300,000	263,862	263,862	263,862	263,862	263,862	263,862	263,862	263,862	263,862	263,862	263,862	263,862
25.00%	NS Com Wrnts Non-Recurring	854,602	101,485	101,485	101,485	101,485	101,485	101,485	101,485	101,485	101,485	101,485	101,485	101,485
	NS Budget Debt Service	0			167,190						167,190			
0.95%	Cash Debt Service	0							1,814,552			1,814,552		
	Interfund Borrowing Out	0		3,000,000			0							
10.00%	NS Other Outgo	79,897	40,594	40,594	40,594	40,594	40,594	40,594	40,594	40,594	40,594	40,594	40,594	40,594
	Budget Reductions*		0	0	0	0	0	0	0	0	0	0	0	0
0.00%	Contingency		0	0	0	0	0	0	0	0	0	0	0	0
	<b>Total Outgo</b>	<b>4,865,035</b>	<b>1,540,943</b>	<b>5,297,611</b>	<b>4,053,803</b>	<b>3,886,613</b>	<b>3,886,613</b>	<b>3,886,613</b>	<b>5,701,164</b>	<b>3,886,613</b>	<b>4,053,803</b>	<b>5,701,164</b>	<b>3,886,613</b>	<b>3,886,613</b>
	<b>Ending Balance</b>	<b>267,807</b>	<b>6,699,105</b>	<b>4,365,857</b>	<b>4,842,492</b>	<b>3,439,565</b>	<b>2,579,187</b>	<b>4,267,949</b>	<b>4,663,500</b>	<b>2,814,689</b>	<b>477,898</b>	<b>2,411,060</b>	<b>812,021</b>	<b>478,132</b>
	Other Interfund Cash Sources:													
	Fund 17		2,855,186											
	Fund 35		2,047,821											
	Fund 63		500,000											
	<b>Total</b>		<b>5,403,007</b>											

\* Projects generating funds must be completed within 18 months of receipt (December 1, 2011). Possession after 18 months is questionable.

### 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 Line 27 of the table on page 17.
- 4. Have sufficient reserves been established for Economic Uncertainties?** – This can be determined by referencing Line 25 of the table on page 17. 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, and Debt Service reported on Lines 10, 11, 12, 13, 14, and 16 of the table on page 17 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 table on Page 33. If the Undesignated/Unappropriated Fund Balance in all 3 years is positive, this indicates the District can meet its obligations. If any of these amounts are negative, it indicates that the District will either have to increase revenues or reduce expenditures in those years to meet its financial obligations.

# SANTEE SCHOOL DISTRICT

2010-11

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 31<sup>st</sup>
- Second Interim Report – March as of January 31<sup>st</sup>
- Third Interim Report – June as of April 30<sup>th</sup> (only required if Second Interim is “Qualified” or “Negative”)
- Unaudited Actuals – September as of June 30<sup>th</sup>

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 F2b 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 F2c 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?

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4. **Form 14 – Deferred Maintenance Fund (USE SUSPENDED FOR 2010-11)**
  - 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 on maintenance of facilities?
  - b. **Check Line F2 on page 2.** Is the fund balance sufficiently positive but not too large?
5. **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?
6. **Form A.** Is the District's ADA increasing or declining?
7. **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?
8. **Technical Review Checks/Standards & Criteria** – Are tests Passed or Failed? For failed tests, are explanations reasonable and accurate?



# SANTEE SCHOOL DISTRICT

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## 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.