



Great Expectations

2023-24

ADOPTED BUDGET

User Friendly Version

SANTEE SCHOOL DISTRICT

2023-24

USER FRIENDLY BUDGET

Board of Education



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Board President's Message



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

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

This year's LCAP and budget contains new and revised actions focused on implementing a robust before/after school program to support academic learning, continued learning recovery and acceleration, and recurring efforts to bolster student well-being. Due to continuing increases in State revenues, the District is able to take advantage of these additional resources by increasing and improving services for students again this year.

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 [Budget Webpage](#) to obtain the latest information on the District's budget.

Dianne El-Hajj
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 students. The adoption of the annual District budget is a critical action that impacts the strength of the educational program offered and determines the effectiveness of overall District operations and services.

Based on the Santee School District Board of Education's ongoing commitment to students, the primary focus when developing the budget for the upcoming school year is student learning and emotional well-being. The State's funding method for school districts, the Local Control Funding Formula (LCFF), requires every school district to develop and adopt a Local Control Accountability Plan (LCAP). The LCAP contains specific action steps and services designed to improve student learning, along with the costs associated with each action step. In addition to LCFF funding, the LCAP also includes all the one-time federal and state funding provided to school districts in support of learning recovery; and student and staff safety.

Santee School District's LCAP goals, action steps, and services are designed to support the District's vision, mission, belief statements, and Board of Education goals. The District's LCAP has designated funding for ongoing counseling support, standards-aligned instructional materials, social-emotional learning curriculum, temporary reduction of class sizes in grades 4 – 8, instructional intervention services, and professional learning for certificated and classified employees. In addition to these core and supplemental services, students in Santee School District will have benefitted from 1:1 technology for nine years. We prepare students with the foundational, technological skills necessary for high school, college, and career just as we prepare our students to be readers, writers, mathematicians, and critical thinkers.

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

Dr. Kristin Baranski
Superintendent

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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 innovative teaching strategies

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

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

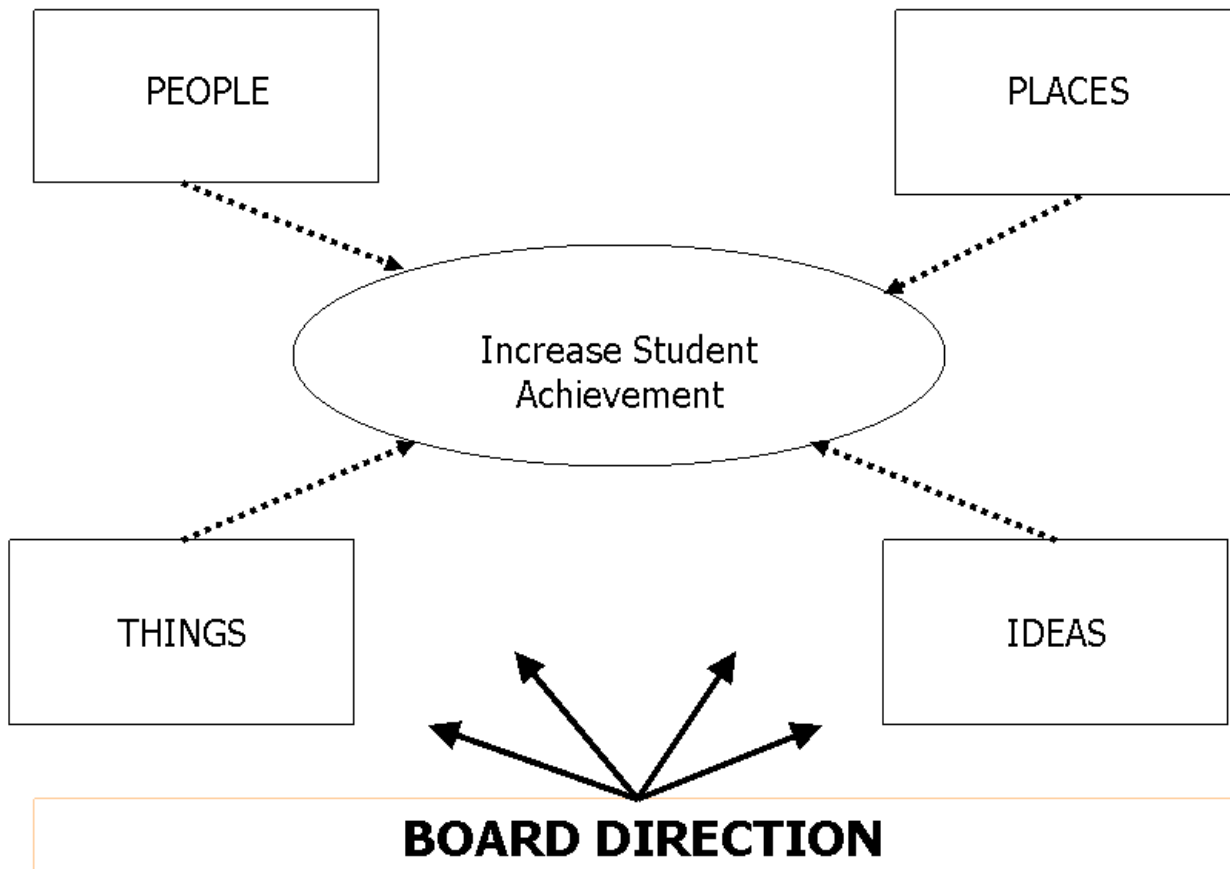
With these values as the foundation, the District then uses certain strategies to manage its finances and promote fiscal health. These strategies are divided into two categories: independent and dependent. The independent strategies are those that do not depend on other strategies for success. In other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

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THE TARGET:

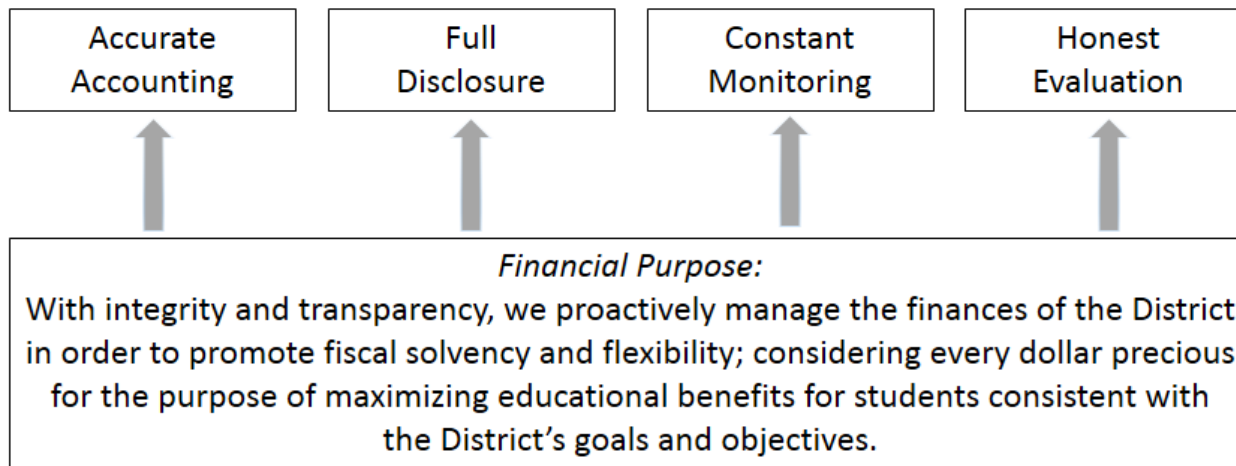


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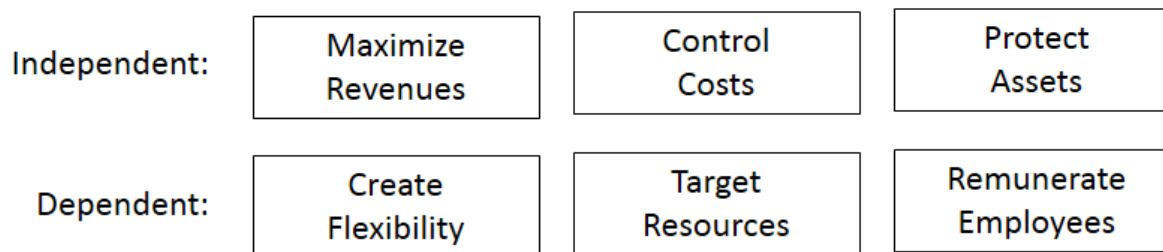
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USER FRIENDLY BUDGET

-- CORE FISCAL VALUES --



-- STRATEGIES --



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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. 40% or more of the State's General Fund budget goes toward funding for public education so the District's budget is based almost entirely on what is reported at the State level. Preparation and finalization of the District's Adopted Budget is generally completed before the State adopts its budget. Consequently, the District's Adopted Budget is based on the latest report from the State outlining its intentions for the following year; otherwise known as the "May Revise."

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

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Enrollment and ADA Trends

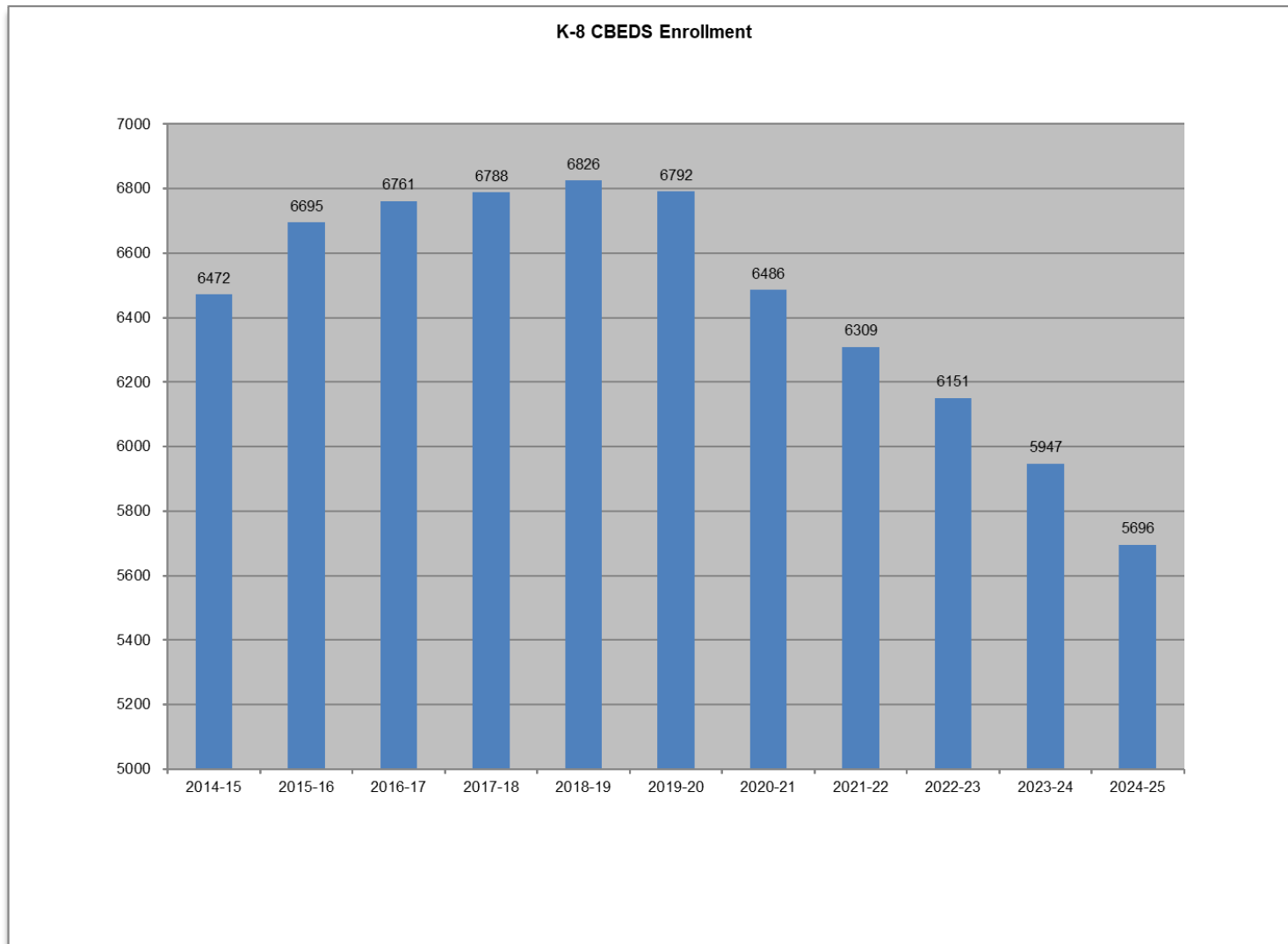
The interplay between the number of students enrolled in the District and the average number that actually attend on any given day can have serious consequences to the District's revenue. Over half of the revenue received in the District pertains directly to the actual attendance of students. Furthermore, 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.
- 5) ADA as a percentage of CBEDS Enrollment for previous years and the projected budget year.

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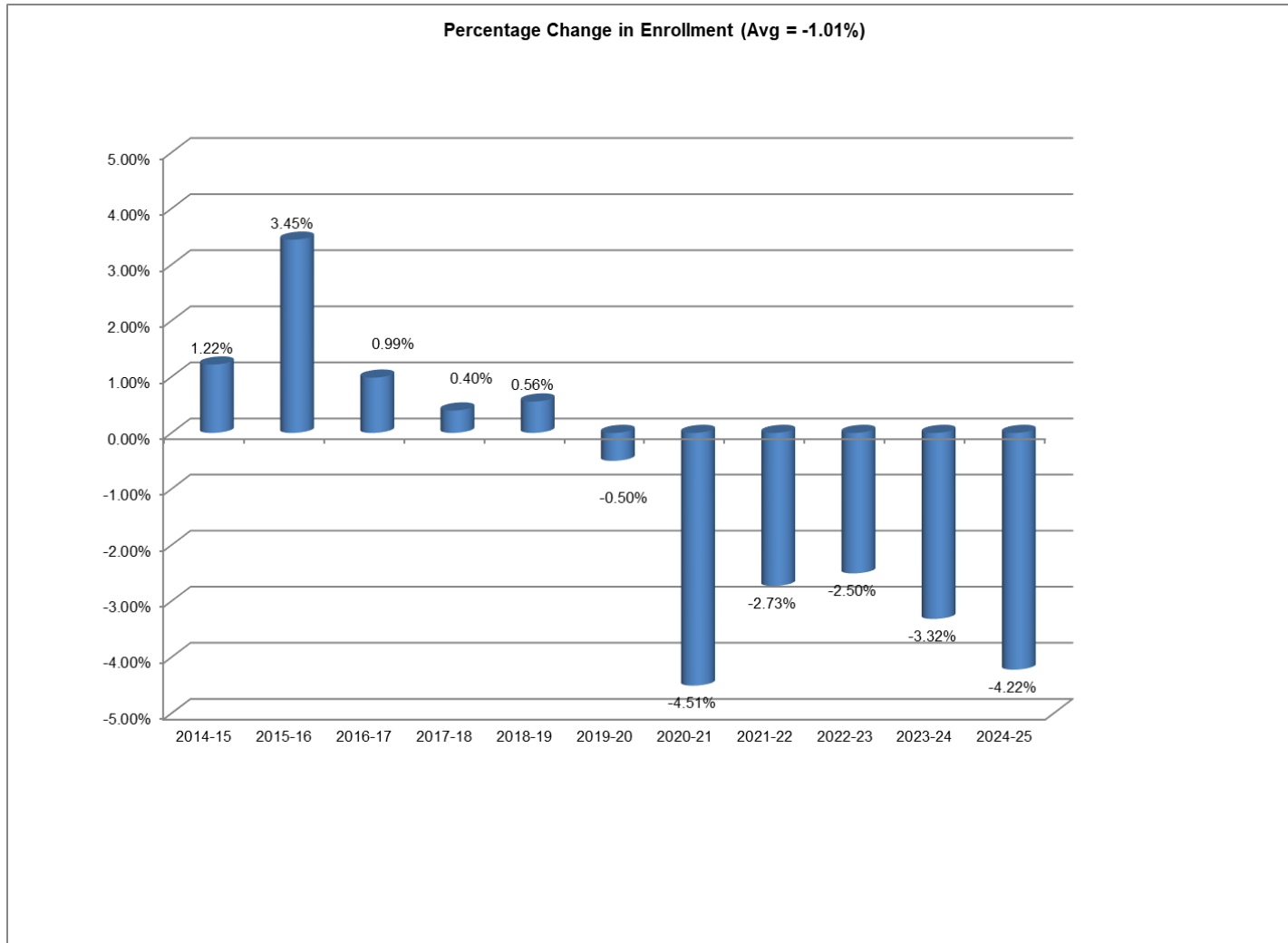
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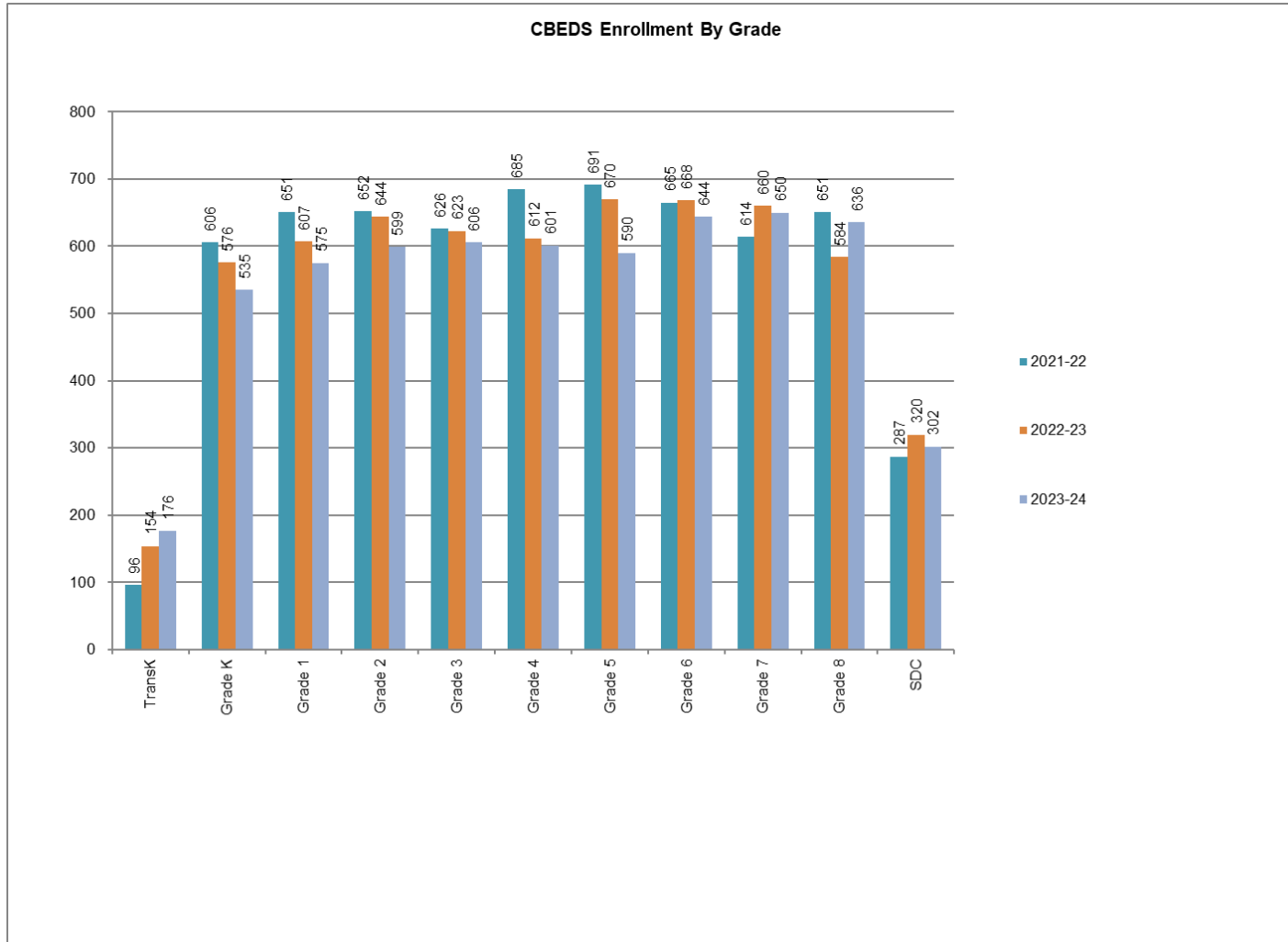
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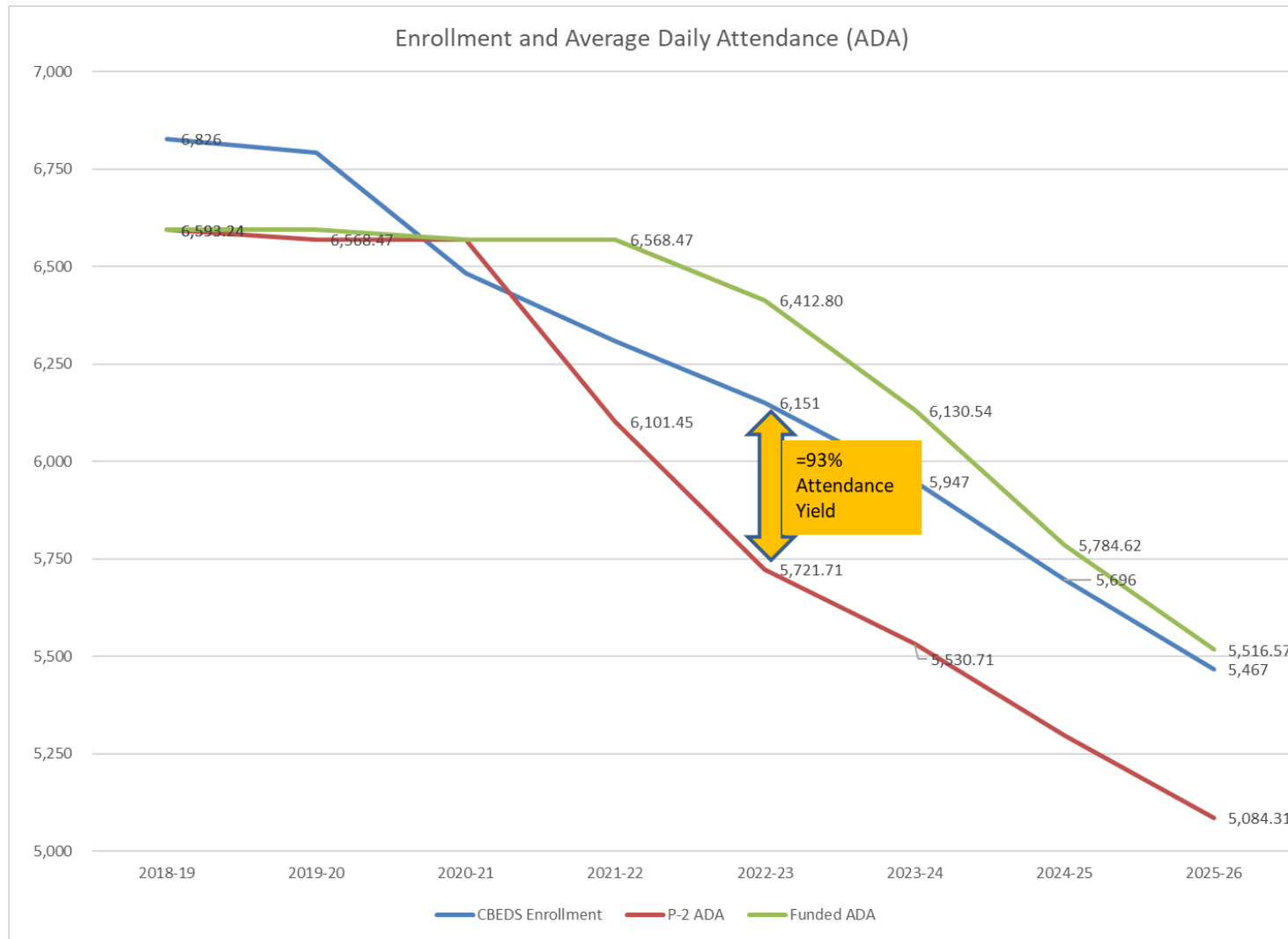
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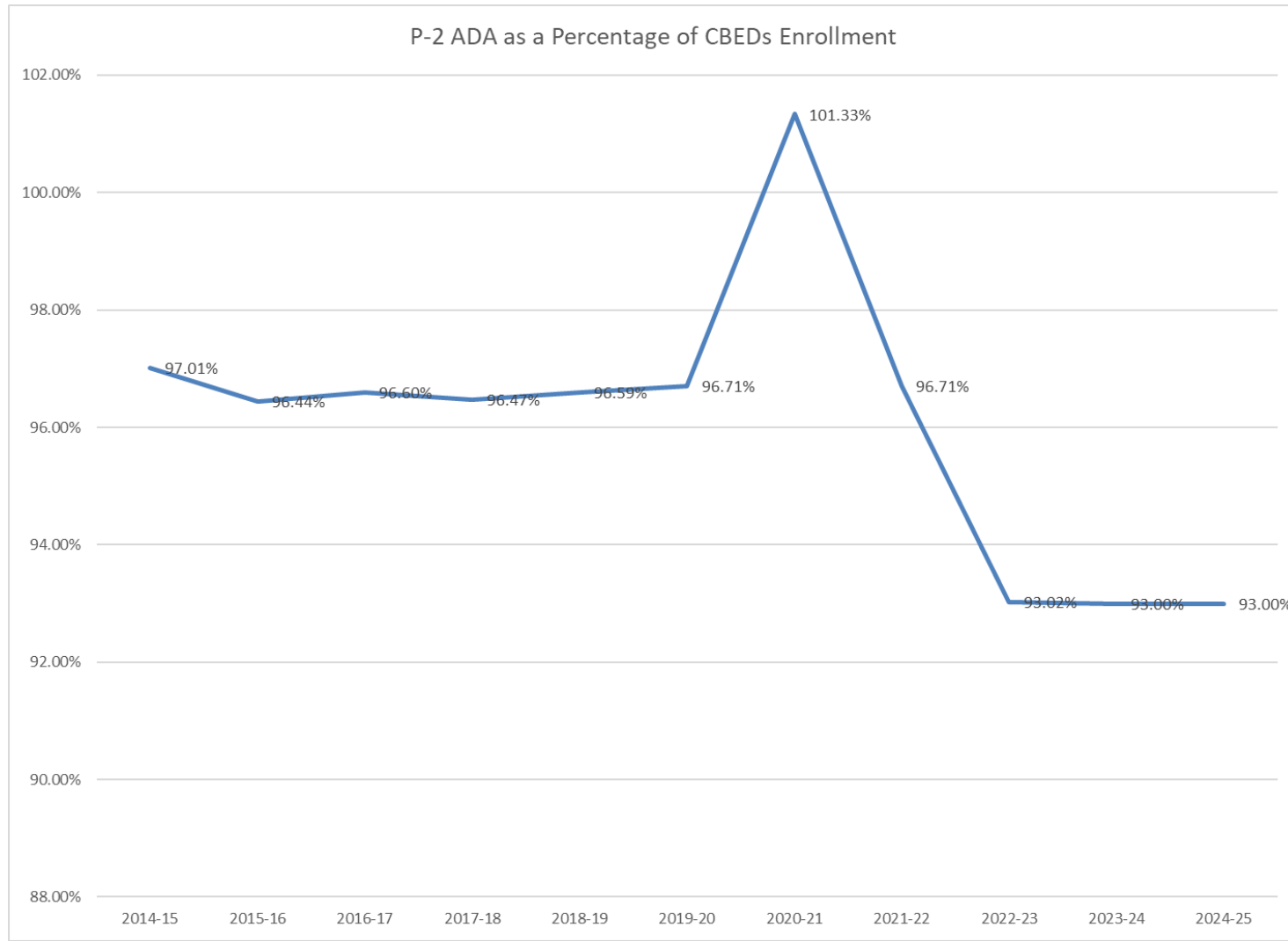
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Fund Accounting

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:

Fund Number	Fund Description	Fund Purpose
1	General Fund	Reports the revenues and expenditures associated with the District’s general operations. This fund is sub-divided into Unrestricted and Restricted sources and uses.
8	Student Activity Fund	Reports the revenues and expenditures associated with student body (ASB) activities.
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 for performing major repairs and replacement of building and grounds systems.
17	Special Reserve Other Than for Capital Outlay	Reports the revenues and expenditures associated with funds set aside by the Governing Board for specific purposes.
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, former Redevelopment Agency Funds, and land sale proceeds.
35	County School Facilities Fund	Reports the revenues and expenditures associated with monies received from the State School Facility Program for constructing and modernizing schools.
40	Special Reserve for Capital Outlay	Reports the revenues and expenditures associated with the District’s solar initiative, technology reserve, bus replacement reserve, and facility needs set-aside.
63	Enterprise Fund	Reports the revenues and expenditures associated with funds received from participants in the District’s Out of Schooltime Programs (Project SAFE and YALE Preschool).

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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			Student Activity Fund 08	Child Dev Fund 12	Cafeteria Fund 13	Deferred Maint Fund 14	Special Reserve Fund 17	Special Reserve Fund 40	
		Unrest	Rest	Ttl							
1	INCOME:										
2	LCFF Sources	71,014,976	474,040	71,489,016		0	0	0			
3	Federal Revenue	50,000	2,791,459	2,841,459		0	1,439,808	0		11,193	
4	Other State Revenue	2,030,159	9,577,402	11,607,561		575,606	2,883,174	0			
5	Other Local Revenue	344,031	5,239,181	5,583,212		899	70,611	8,769	98,457	135,973	
6	Interfund Transfers In	1,134,737	0	1,134,737		0	0	530,000	0	1,701,868	
7	Other Sources	0	0	0		0	0	0	0	0	
8	Total Income	74,573,903	18,082,082	92,655,985	0	576,505	4,393,593	538,769	98,457	1,849,034	
9	OUTGO:										
10	Certificated Salaries	29,589,590	11,124,231	40,713,821		149,803					
11	Classified Salaries	8,277,938	7,240,475	15,518,413		123,046	1,208,238	0		0	
12	Employee Benefits	13,405,880	11,450,550	24,856,430		90,428	434,880	0		0	
13	Books and Supplies	2,616,792	2,339,092	4,955,884		74,089	2,135,046	0		1,528,644	
14	Services, Other Operating Expenses	4,655,945	2,950,293	7,606,238		7,750	138,790	1,000,000		574,050	
15	Capital Outlay	75,000	15,000	90,000		100,000	175,000	0		0	
16	Other Outgo	515,981	0	515,981		0		0		249,526	
17	Transfers of Indirect/Direct Costs	-1,797,408	1,660,396	-137,012		30,490	106,521				
18	Interfund Transfers Out	1,701,868	530,000	2,231,868					1,134,737		
19	Other Uses	0	0	0							
20	Contributions to Restricted Programs	16,054,129	-16,054,128	1		0	0				
21	Total Outgo	75,095,715	21,255,909	96,351,624	0	575,606	4,198,475	1,000,000	1,134,737	2,352,220	
22	Change in Fund Balance	-521,811	-3,173,828	-3,695,639	0	899	195,118	-461,231	-1,036,280	-503,186	
23	Projected Beginning Fund Balance	23,864,173	9,614,719	33,478,892	14,468	38,168	2,665,420	607,349	4,748,116	6,093,371	
24	Projected Ending Fund Balance	23,342,362	6,440,891	29,783,253	14,468	39,066	2,860,538	146,118	3,711,836	5,590,185	
25	Committed Fund Balance	13,922,066	0	13,922,066				146,118	3,711,836		
26	Non-Spendable Fund Balance	640,804		640,804			76,634				
27	Restricted Fund Balance	0	6,440,891	6,440,891	14,468	39,066	2,783,904			5,590,185	
28	Assigned Fund Balance	0		0							
29	Unassigned - Economic Uncertainty	2,890,549	0	2,890,549							
30	Remaining Unassigned	5,888,943	0	5,888,943	0	0	0	0	0	0	
								Inst Mtls:	1,337,778	Solar:	120,701
								Furn:	2,374,058	Tech:	4,616,778
										Vehicle:	340,067
										Facly:	512,640

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LN#	Description	Building Fund 21	Capital Facilities Fund 25	County School Facilities Fund 35	Enterprise Fund 63	Yale	Project SAFE
1	INCOME:						
2	LCFF Sources						
3	Federal Revenue						
4	Other State Revenue						
5	Other Local Revenue	0	837,774		2,702,835	489,475	2,213,360
6	Interfund Transfers In	0	0		0	0	0
7	Other Sources	0	0		0		0
8	Total Income	0	837,774	0	2,702,835	489,475	2,213,360
9	OUTGO:						
10	Certificated Salaries				0		0
11	Classified Salaries		0		1,284,955	250,834	1,034,121
12	Employee Benefits		0		706,386	144,902	561,484
13	Books and Supplies	0	100,000		48,923	20,420	28,503
14	Services, Other Operating Expenses	0	15,043		246,000	38,742	207,258
15	Capital Outlay	0	352,689				
16	Other Outgo		651,282				
17	Transfers of Indirect/Direct Costs						
18	Interfund Transfers Out	0	0		0		0
19	Other Uses				0		
20	Contributions to Restricted Programs						
21	Total Outgo	0	1,119,014	0	2,286,264	454,898	1,831,366
22	Change in Fund Balance	0	-281,240	0	416,571	34,577	381,994
23	Projected Beginning Fund Balance	0	4,527,651	0	1,662,091	0	1,662,092
24	Projected Ending Fund Balance	0	4,246,411	0	2,078,662	34,577	2,044,086
25	Committed Fund Balance						
26	Non-Spendable Fund Balance						
27	Restricted Fund Balance	0	3,595,595	0	34,577	34,577	
28	Assigned Fund Balance		650,816		2,044,086		2,044,086
29	Unassigned - Economic Uncertainty						
30	Remaining Unassigned	0	0	0	0	0	0
		<i>Dev Fees:</i>	533,276				
		<i>Fmr RDA:</i>	650,816				
		<i>Land:</i>	3,062,320				

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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

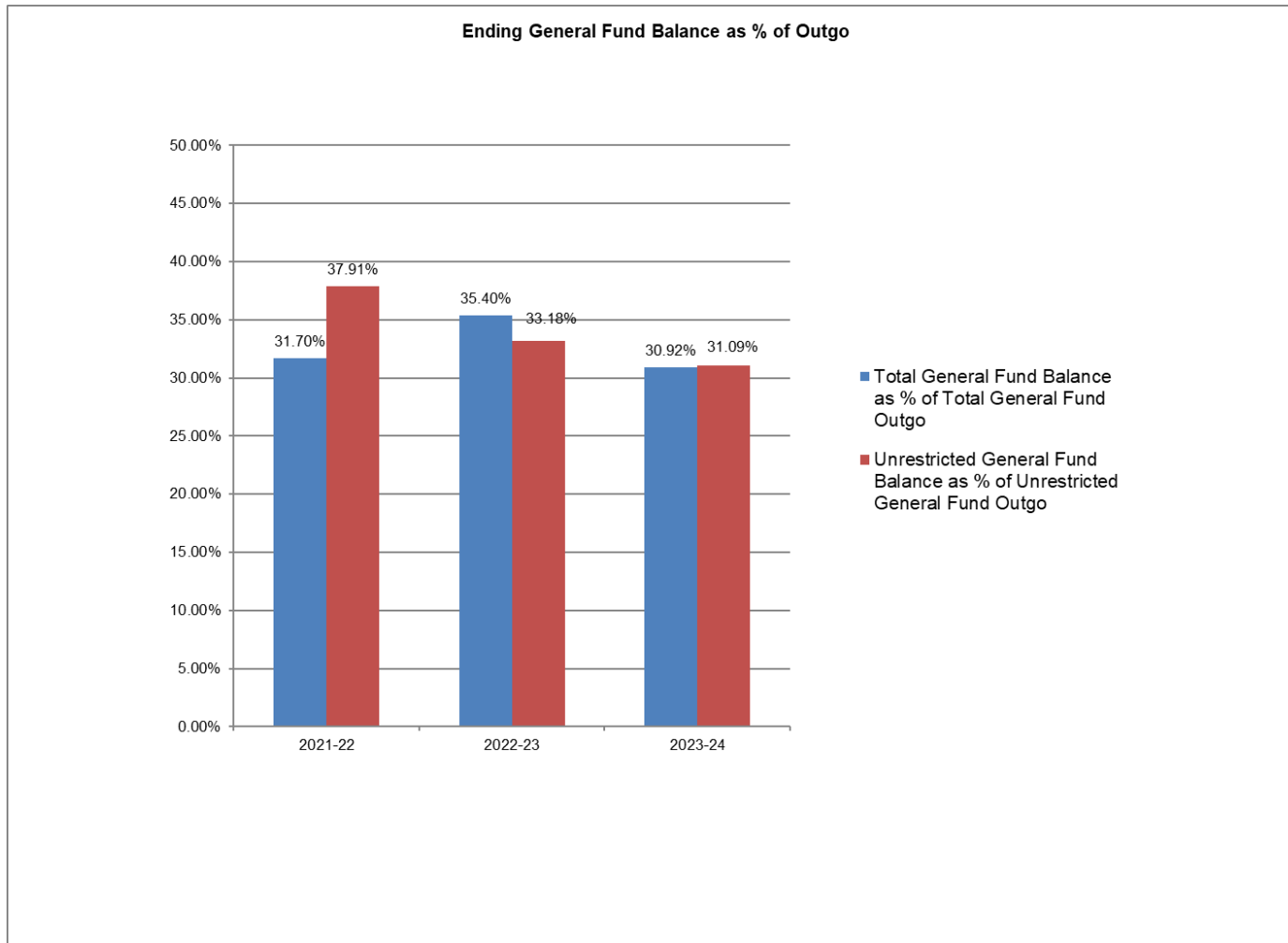
On March 11, 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54 which takes effect for financial statements for fiscal years issued after June 15, 2010. The purpose of this new accounting requirement is to enhance the usefulness of fund balance information by providing clearer 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							
		2023-24		2022-23		2021-22	
Description	Discretionary?	% of Outgo	\$ Amt	% of Outgo	\$ Amt	% of Outgo	\$ Amt
Economic Uncertainty Reserve	No	3.00%	2,890,549	3.00%	2,837,671	3.00%	2,528,872
Non-Spendable	No	0.67%	640,804	0.68%	640,804	0.77%	640,804
Committed	No	14.45%	13,922,066	0.00%	0	0.00%	0
Restricted/Categorical Carry-Overs	No	6.69%	6,440,891	10.17%	9,614,719	3.96%	3,332,953
Assigned for Vacation Carry-over	No	0.00%	0	0.50%	466,538	0.56%	466,538
Assigned for School/Dept Budget Carryovers	No	0.00%	0	0.00%	0	0.60%	505,478
Fund 17 - Committed	Yes	3.86%	3,711,836	5.02%	4,748,116	3.66%	3,079,349
Unassigned/Unappropriated	Yes	6.12%	5,888,943	21.06%	19,919,160	22.83%	19,242,462
Total Fund Balances and Reserves		34.77%	33,495,089	40.42%	38,227,008	35.35%	29,796,456

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General Fund Set-Asides and Commitments

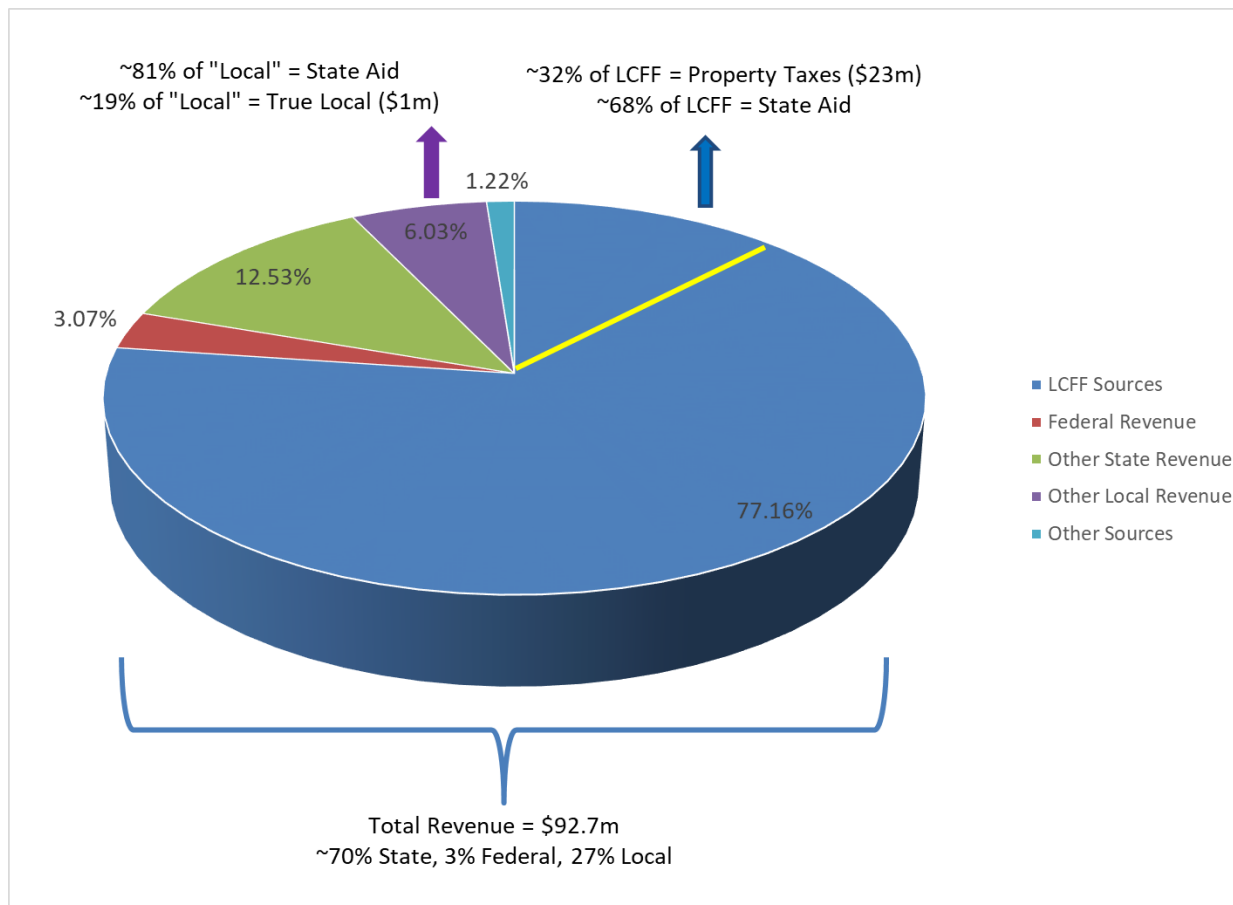
Fund	Purpose	Type	Qty in Years	Applicability	2023-24			
					Beginning Balance	Additions	Deductions	Ending Balance
FUND 01	Compensated Absences	Commitment	1	Accumulated Vacation Balances	\$0	\$474,800		\$474,800
	COPS Debt Service	Commitment	5	Next 5 Years of Debt Service Payments	\$0	\$5,634,113		\$5,634,113
	Other Post Employment Retirement Benefits	Commitment	3	Next 3 Years of OPEB Expense	\$0	\$2,493,177		\$2,493,177
	P&L Insurance and Utilities Cost Increases	Commitment	3	Next 3 Years of Estimated Cost Increases	\$0	\$1,157,201		\$1,157,201
	Retirement Systems, Statutory Benefits, and Hlth Benefit Cost Increases	Commitment	3	Next 3 Years of Estimated Cost Increases	\$0	\$757,458		\$757,458
	Step & Column Cost Increases	Commitment	3	Next 3 Years of Estimated Cost Increases	\$0	\$3,405,317		\$3,405,317
	FUND 01 TOTAL					\$0	\$13,922,066	\$0
FUND 14	Deferred Maintenance Projects	Commitment		Ending Balance (Already Committed)	\$607,349	\$538,769	\$1,000,000	\$146,118
	FUND 14 TOTAL					\$607,349	\$538,769	\$1,000,000
FUND 17	Instructional Materials and Textbook Adoptions	Commitment		As determined at Budget Adoption	\$2,374,058	\$98,457	\$1,134,737	\$1,337,778
	Classroom Furniture Replacement and Enhancement	Commitment		As determined at Budget Adoption	\$2,374,058			\$2,374,058
	FUND 17 TOTAL					\$4,748,116	\$98,457	\$1,134,737
FUND 40	Technology Equipment	Set-Aside		Resource 9010-900	\$4,538,869	\$1,606,553	\$1,528,644	\$4,616,778
	Vehicle Purchase and Replacement	Set-Aside		Resource 9010-901	\$386,035	\$8,450	\$54,419	\$340,067
	Facilities Needs Not Funded by Other Mechanisms	Set-Aside		Resource 9010-902	\$1,019,805	\$17,835	\$525,000	\$512,640
	Solar Project	Set-Aside		Resource 9010-745	\$148,662	\$216,196	\$244,157	\$120,701
FUND 40 TOTAL					\$6,093,371	\$1,849,034	\$2,352,220	\$5,590,185

SANTEE SCHOOL DISTRICT

2023-24

USER FRIENDLY BUDGET

General Fund Sources Of Money



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

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

SANTEE SCHOOL DISTRICT

2023-24

USER FRIENDLY BUDGET

Revenue Categories

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

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

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

SANTEE SCHOOL DISTRICT

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USER FRIENDLY BUDGET

Q1: Unrestricted/On-Going Revenue		Q2: Unrestricted/One-Time Revenue		Q3: Restricted/On-Going Revenue		Q4: Restricted/One-Time Revenue	
Description	Amount	Description	Amount	Description	Amount	Description	Amount
State Aid LCFF	48,433,961	Mandated Cost Reimbursement	0	Title I	585,903	Tobacco Use Prevention	0
Prop Taxes LCFF	22,581,015	Other Local Revenue	0	IDEA Lcl Ent P194-142	1,489,371	McKinney Vento Homeless Grant	32,000
M&O FL 81-879	50,000	Interfund Transfers In	1,134,737	IDEA Preschl	88,050	ARP Homeless Consortium	0
Transportation Reimbursement	771,964			IDEA Prschl Staff Dev	703	ARP Homeless for LEA	28,404
Lottery	1,042,029			Title II Tchr Quality	113,364	ESSER III General	211,113
CAASP Testing	0			Title III Imm Ed	0	ESSER III Learning Loss	0
Mandated Cost Block Grant	216,166			Title III LEP	68,098	ESSER III Expanded Learning Opp	0
Interest Earnings	200,000			Prop 20 Lottery	422,618	Spec Ed Dispute Resolution	0
Other Local Revenue	144,031			Special Education From SELPA	4,540,660	Spec Ed Learning Recovery	0
				Special Education Prop Taxes	474,040	DODEA Project Resilience	100,172
				Special Ed- Low Incidence	0		
				Special Ed Prop 98 Mental Health	404,628		
				Special Ed Federal Mental Health	74,281		
				Special Ed-Preschool	600,000		
				ASES from SDCOE Consortium	272,479		
				ASES Parent Fees	276,042		
				Medi-CAL Reimbursement	150,000		
				Expanded Lrng Opprnty Program	3,500,000		
				Prop 28 Arts Funding	900,817		
				STRS On-Behalf Payments	3,749,340		
Total Quadrant 1 Revenue	73,439,166	Total Quadrant 2 Revenue	1,134,737	Total Quadrant 3 Revenue	17,710,394	Total Quadrant 4 Revenue	371,689
		Total Unrestricted Revenue:	74,573,903			Total Restricted Revenue:	18,082,083

SANTEE SCHOOL DISTRICT

2023-24

USER FRIENDLY BUDGET

Local Control Funding Formula

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

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

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

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

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

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

SANTEE SCHOOL DISTRICT

2023-24

USER FRIENDLY BUDGET

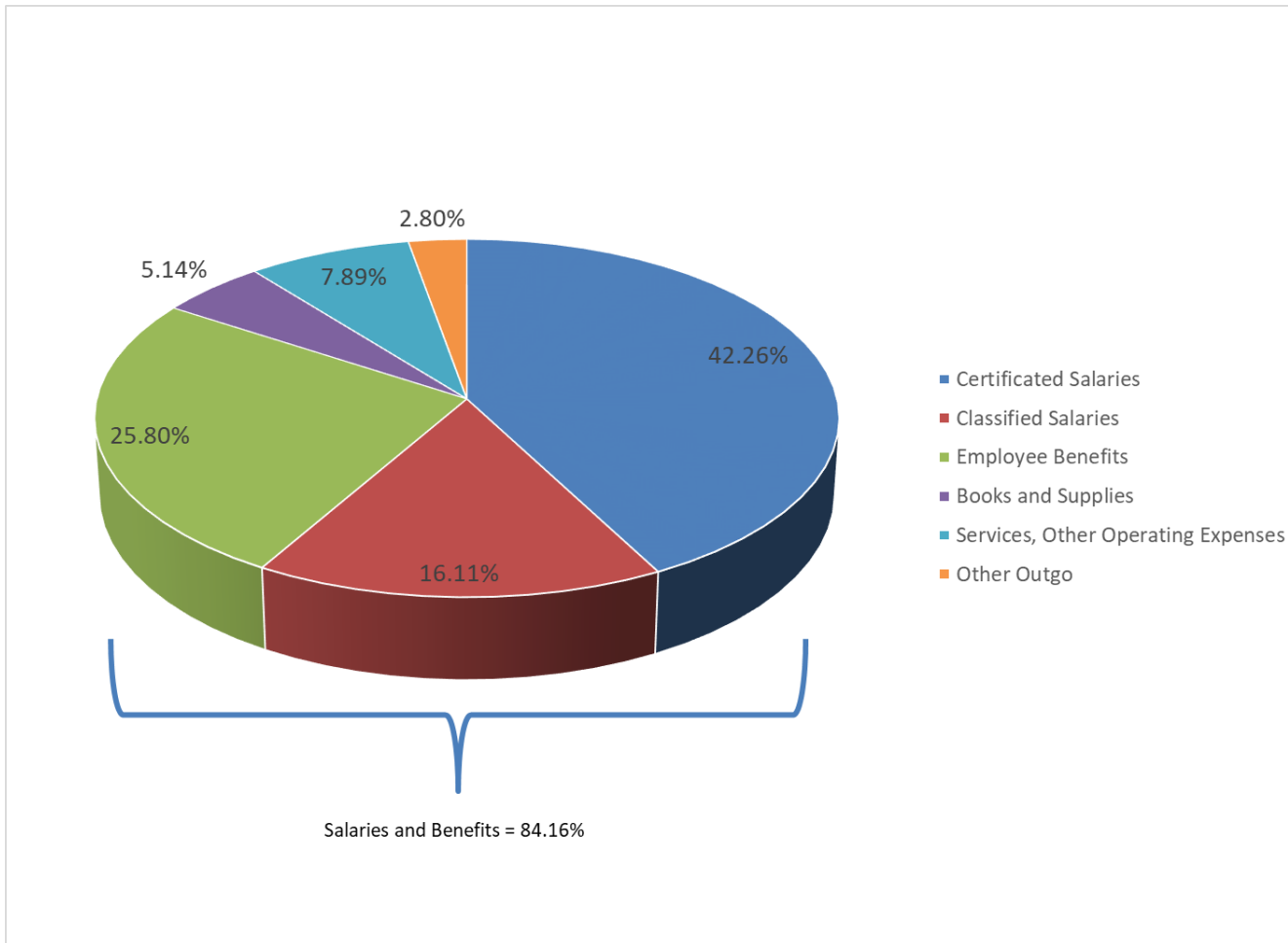
Factor	Component	Grade Spans				Total
		TK(INFO)	TK-3	4-6	7-8	
Base Grant	Prior Year Base Grant	\$2,813.00	\$9,166.00	\$9,304.00	\$9,580.00	
	COLA	8.22000%	8.22000%	8.22000%	8.22000%	
	Adjusted	\$3,044.00	\$9,919.00	\$10,069.00	\$10,367.00	
Augmentations	TK-3 CSR	\$3,044.00	\$1,032.00			30.69%
Supplemental	EL Student Counts CBEDs					552
	F/R Student Counts CBEDs					2,244
	EL not F/R Counts CBEDs					16
	Total Estimated Unduplicated Count for Supplemental					2,260
	Current Year CBEDs Enrollment					5,947
	Estimated % of Population for Supplemental					38.78%
	Supplement to Base Amount per Student		\$2,190.20	\$2,013.80	\$2,073.40	20.00%
	Supplement to Base Weighted for District		\$849.43	\$781.02	\$804.13	
Concentration	Per Student Increase for Concentration Factor		\$7,118.00	\$6,545.00	\$6,739.00	65.00%
	Estimated Supplemental student count over 55% of population					0
Total	Per Student Grant	\$3,044.00	\$11,800.43	\$10,850.02	\$11,171.13	
ADA	Total	163.68	2,777.56	2,063.54	1,289.44	6,130.54
Entitlement Funding	Base Grant		27,550,618	20,777,784	13,367,624	61,696,026
	Supplemental		2,359,354	1,611,666	1,036,884	5,007,904
	Concentration		0	0	0	0
	K-3 CSR (2020-21 Target = 24:1)	498,242	2,866,442			3,364,684
	Sub-Total	498,242	32,776,413	22,389,450	14,404,508	70,068,614
Add-Ons	Home to School Transportation					358,105
	TIIG					576,547
	Adjustment					11,710
Total	Total Estimated 2023-24 Target			Per ADA:	\$11,583.80	71,014,976
Current Funding	Prior Year LCFF Funding (Adjusted for ADA changes)					68,549,732
	Difference					2,465,244
	Adjustment					
	100.00%	Estimated 2023-24 LCFF Funding Increase				3.60%
	Estimated 2023-24 Total LCFF Funding					71,014,976

SANTEE SCHOOL DISTRICT

2023-24

USER FRIENDLY BUDGET

General Fund Uses Of Money



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

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

SANTEE SCHOOL DISTRICT

2023-24

USER FRIENDLY BUDGET

Certificated Staffing

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

School	General Education										2022-23 Special Education				2023-24 Special Education				Principals		Vice Principals		Other ³				
	2022-23 TK-8 Gen Ed	2023-24 TK-8 Gen Ed	Buffer	2023-24 Budget						LA Spec/ IRTs	Other ¹	SDC	RSP	SLP	Other ²	SDC	RSP	SLP	Other ²	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24		
	TK-8 Gen Ed	Diff		Lrng Recvry	EAK																						
Cajon Park	32.00	32.00	1.00	33.00	1.00	2.00		1.00	1.00	5.00	3.00	2.00	0.00	6.00	3.00	2.00	0.00	1.00	1.00	1.00	2.00						
Carlton Hills	21.00	21.00		21.00	0.00	1.00		1.00	0.50	5.00	2.50	3.00	0.00	5.00	2.50	3.00	0.00	1.00	1.00	1.00	1.00						
Carlton Oaks	30.00	30.00		30.00	0.00	2.00		1.00	1.00	6.00	3.00	2.00	0.00	6.00	3.00	2.00	0.00	1.00	1.00	1.00	1.00						
Chet F Harritt	24.00	24.00		24.00	0.00	1.00		1.00	1.00	2.00	2.00	1.00	0.00	2.00	2.00	1.00	0.00	1.00	1.00	1.00	1.00						
Hill Creek	27.00	26.00	1.00	27.00	0.00	1.00		1.00	1.00	2.00	3.00	1.00	0.00	2.00	3.00	1.00	0.00	1.00	1.00	1.00	1.00						
Pepper Drive	28.00	27.00	1.00	28.00	0.00	2.00		1.00	1.00	0.00	3.50	1.00	0.00	0.00	3.50	1.00	0.00	1.00	1.00	1.00	1.00						
PRIDE Academy	23.00	23.00		23.00	0.00	1.00		1.00	1.80	0.00	2.00	1.00	0.00	0.00	2.00	1.00	0.00	1.00	1.00	1.00	1.00						
Rio Seco	34.00	34.00	1.00	35.00	1.00	3.00		1.00	1.50	5.00	3.00	2.00	0.00	6.00	3.00	2.00	0.00	1.00	1.00	1.00	1.00						
Sycamore Canyon	14.00	15.00		15.00	1.00	0.00		1.00	1.00	8.00	1.50	4.00	0.00	8.00	1.50	4.00	0.00	1.00	1.00	0.00	0.00						
Sub-Total	233.00	232.00	4.00	236.00	3.00	13.00	0.00	9.00	9.80	33.00	23.50	17.00	0.00	35.00	23.50	17.00	0.00	9.00	9.00	8.00	9.00	0.00	0.00				
Superintendent					0.00																			1.00	1.00		
Santee Success Program	1.00	1.00		1.00	0.00																						
Alternative Education	2.00	2.00		2.00	0.00																						
Special Education Centralized					0.00							10.00					11.00							3.00	3.00		
Human Resources/Pupil Services					0.00				9.00															2.00	2.00		
Business Services					0.00																			0.00	1.00		
Education Services					0.00				4.00															4.00	5.00		
Grand-Total	236.00	235.00	4.00	239.00	3.00	13.00	0.00	9.00	22.80	33.00	23.50	17.00	10.00	35.00	23.50	17.00	11.00	9.00	9.00	8.00	9.00	10.00	12.00				
District Total Non-Management Certificated FTE:																		357.30		District Total Certificated Management FTE:						30.00	

¹Admin Interns, Demonstration Teachers, Counselors/Social Workers, School Funded IRTs, Curriculum Resource Teachers, VAPA Teachers

²Mobility, VI, APE, Psychologist, Behavioral Specialist

³Superintendent, Assistant Superintendents, Directors, Coordinators

SANTEE SCHOOL DISTRICT

2023-24

USER FRIENDLY BUDGET

Significant Position Changes

Action	Annual Cost	Source
Add 2 SDC Teachers	\$ 199,271	LCFF Base
Add 8 VAPA Teachers	\$ 797,082	Prop 28 Arts Funding
Add 7 Student Support Assistants	\$ 454,706	Expanded Learning Opportunity Program
Add 1 Behavioral Specialist	\$ 99,635	Expanded Learning Opportunity Program
Add 1 Licensed Vocational Nurse	\$ 42,555	Expanded Learning Opportunity Program
Add 1 Vice Principal	\$ 155,284	LCFF Base
Eliminate 1 Admin Intern	\$ (99,635)	LCFF Base
Eliminated 7 Intervention Resource Teachers (IRTs) added temporarily for 2022-23	\$ (939,320)	50% ELOP; 50% ESSER III
Total	\$ 709,578	

SANTEE SCHOOL DISTRICT

2023-24

USER FRIENDLY BUDGET

Statutory Benefit Rates

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

Statutory Benefit	2022-23	2023-24	2024-25	2025-26
STRS (State Teachers Retirement System)	19.10000%	19.10000%	19.10000%	19.10000%
PERS (Public Employees Retirement System)	25.37000%	26.68000%	27.70000%	28.30000%
FICA (Social Security)	6.20000%	6.20000%	6.20000%	6.20000%
ARS (Alternative Retirement System to Social Security)	1.30000%	1.30000%	1.30000%	1.30000%
MEDI (Medicare)	1.45000%	1.45000%	1.45000%	1.45000%
SUI (State Unemployment Insurance)	0.50000%	0.05000%	0.05000%	0.05000%
W/Comp (Workers Compensation Insurance)	1.90000%	1.90000%	2.00000%	2.10000%

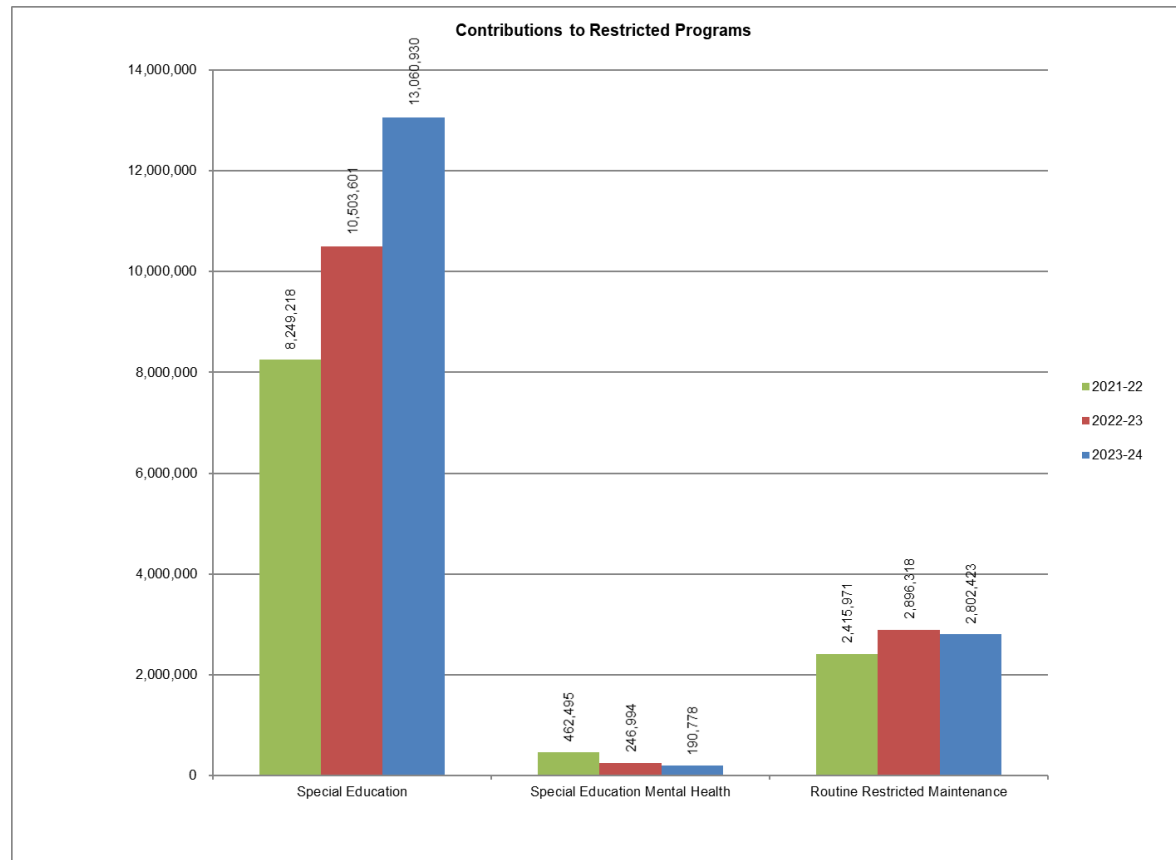
SANTEE SCHOOL DISTRICT

2023-24

USER FRIENDLY BUDGET

Contributions To Restricted Programs By The Unrestricted General Fund

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



SANTEE SCHOOL DISTRICT

2023-24

USER FRIENDLY BUDGET

Interfund Transfers

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

From Fund	To Fund	Purpose	Budget Year Amount	Year+1 Amount	Year+2 Amount
Fund 17: Special Reserve	Fund 1: General		1,134,737	0	0
Total Interfund Transfers In:			1,134,737	0	0
Fund 1: General	Fund 13: Cafeteria Fund	Unpaid Meal Accounts	0	0	0
Fund 1: General	Fund 17: Special Reserve	Future Instructional Materials Purchases	0	0	0
Fund 1: General	Fund 17: Special Reserve	Future Classroom Furniture Purchases	0	0	0
Fund 1: General	Fund 40: Capital Outlay	Technology Equipment Replacement Reserve - Ongoing	500,000	500,000	500,000
Fund 1: General	Fund 40: Capital Outlay	Technology Equipment Replacement Reserve - One-Time	1,000,000	0	0
Fund 1: General	Fund 40: Capital Outlay	Hill Creek Solar Project Debt Service	176,868	183,943	
Fund 1: General	Fund 40: Capital Outlay	Solar Project Inverter Replacement Set-Aside	25,000	25,000	25,000
Fund 1: General	Fund 40: Capital Outlay	Facilities Needs Not Covered by RRMA, Deferred Maintenance, GO Bond, or Capital Facilities Fund	0	0	0
Fund 1: General	Fund 40: Capital Outlay	Maintenance/Replacement Reserve for Video Surveillance and Electronic Lock Systems			
Fund 1: General	Fund 63: Enterprise Fund	Contribution to YALE Preschool	0	0	0
Total Interfund Transfers Out - Unrestricted General Fund:			1,701,868	708,943	525,000
Fund 1: General RRMA	Fund 14: Deferred Maintenance	Major repair/replacement of building and grounds components	530,000	530,000	530,000

SANTEE SCHOOL DISTRICT

2023-24

USER FRIENDLY BUDGET

School Budget Allocations

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

School	LCFF 0000###	Title 1 3010	Prop 20 Lottery 6300	Library Books 6300768	MS Electives 6762000	Total Funding 2023-24
Pepper Drive	39,772	125,374	15,846	1,636	14,240	196,868
Carlton Hills	28,566	0	13,042	1,258	11,720	54,586
Sycamore Canyon	13,886	0	7,122	1,000	6,400	28,408
PRIDE Academy	30,293	86,571	12,552	1,192	11,280	141,888
Cajon Park	43,614	100,204	19,718	2,158	17,720	183,414
Chet F Harritt	30,352	75,081	13,420	1,309	12,060	132,223
Carlton Oaks	37,983	0	18,940	2,053	17,020	75,996
Rio Seco	44,095	0	20,765	2,299	18,660	85,818
Hill Creek	31,066	0	14,755	1,489	13,260	60,571
Total	299,627	387,230	136,160	14,394	122,360	959,771

SANTEE SCHOOL DISTRICT

2023-24

USER FRIENDLY BUDGET

Normal Annual Cost Increases

Each year, the District experiences cost increases from the prior year due to contractual provisions with employee groups, benefit rate changes set in statute or by action of governmental agencies, and inflationary pressures for various services. These cost increases are generally paid from the increase to the LCFF Base Grant, which is the primary funding source for operational expenditures. When the increase to the LCFF Base Grant is greater than normal cost increases, there are additional funds available for other purposes. When the LCFF Base Grant increase is insufficient to pay for normal cost increases, these cost increases must be paid for from other sources such as the reserve or by reducing expenditures in other areas in order to balance the budget.

Below is a summary of the normal cost increases estimated for the budget year and two subsequent years in comparison to the projected change to the LCFF Base Grant:

Normal Annual Cost Increases:	2023-24	2024-25	2025-26
Step & Column Salary Increases - STA	995,828	1,016,574	1,036,905
Step & Column Salary Increases - CSEA	345,341	354,954	362,053
Step & Column Salary Increases - SAA	85,193	87,095	88,837
Retirement Systems	186,012	144,834	85,196
Other Statutory Benefits	(234,603)	52,161	52,161
Property & Liability Insurance	80,912	190,192	228,230
Utilities	185,000	144,710	154,736
Non-Salary Special Ed Costs	(370,616)	213,099	230,147
Non-Salary RRMA Costs	(244,238)	63,131	69,444
Total Normal Cost Increases	1,028,829	2,266,749	2,307,709
LCFF Base Grant Change	2,282,765	(1,199,485)	(872,447)
Difference	1,253,936	(3,466,234)	(3,180,156)

SANTEE SCHOOL DISTRICT

2023-24

USER FRIENDLY BUDGET

Multi-Year Projection

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

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

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

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

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

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

SANTEE SCHOOL DISTRICT

2023-24

USER FRIENDLY BUDGET

General Fund Multi-Year Projection

Item	2022-23		2023-24		2024-25		2025-26	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Beginning Fund Balance	23,384,154	3,332,953	\$23,864,173	\$9,614,719	\$23,342,362	\$6,440,891	\$19,136,235	\$4,651,905
Fund Balance Adjustments	0		0					
Total Income	\$72,411,892	\$28,938,928	\$74,573,903	\$18,082,082	\$73,144,021	\$17,534,524	\$72,054,177	\$17,534,524
Total Outgo	\$71,931,873	\$22,657,162	\$75,095,715	\$21,255,909	\$77,350,149	\$19,323,510	\$79,608,011	\$18,457,038
Change in Fund Balance	\$480,019	\$6,281,766	(\$521,811)	(\$3,173,828)	(\$4,206,127)	(\$1,788,986)	(\$7,553,834)	(\$922,514)
Ending Fund Balance	\$23,864,173	\$9,614,719	\$23,342,362	\$6,440,891	\$19,136,235	\$4,651,905	\$11,582,401	\$3,729,391
Total Reserves	\$22,756,831		\$8,779,492		\$18,495,431		\$10,941,597	
Budget Reserve as % of Expenditures	24.06%		9.11%		19.13%		11.16%	
Other Internal Cash Available (FN 14, 17, 25, 40)		\$13,730,813		\$11,698,007		\$8,773,505		
GF Cash Reserve (lowest month; or year end for closing)	24.29%	\$22,975,492	20.77%	\$20,008,561	20.04%	\$19,375,243	TBD	
			<u>Amount</u>	<u>Value</u>	<u>Amount</u>	<u>Value</u>	<u>Amount</u>	<u>Value</u>
		COLA:	8.22%		3.94%		3.29%	
		Assumed LCFF Rev Change (w/ ADA changes):	3.60%	\$2,465,244	-1.82%	(\$1,293,481)	-1.50%	(\$1,045,954)
		Assumed LCFF [Base Only] Rev Change (w/ ADA changes):	3.33%	\$2,282,765	-1.69%	(\$1,199,485)	-1.25%	(\$872,447)
		*Included Annual Operating Cost Increase Impact to LCFF Base:	1.50%	\$1,028,829	3.19%	\$2,266,749	3.31%	\$2,307,709
		Estimated Structural Surplus/(Deficit)	(\$807,213)		(\$3,496,027)		(\$7,103,934)	
		GAP Funding:	100.00%		100.00%		100.00%	
		1% Reserve Equivalent:	963,720		966,829		980,430	
		1% LCFF Increase:	685,497		710,150		697,215	
		1% Salary Increase Equivalent:	642,396		657,144		670,287	

* Step & column, health benefits, statutory benefits, and inflation for utilities, insurance, and Restricted programs subject to contribution from Unrestricted General Fund

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USER FRIENDLY BUDGET

Budget Condition

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

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

Current State	Condition	Measure	Operator	Budget Year	Budget Yr+1	Budget Yr+2	Possible Remedial Actions
X	GREEN = Healthy fiscal condition	Reserve %	At least 4 of 5 conditions met	>=17%	>=10%	>=10%	Manage budgets with normal/routine methods
		On-Going INCOME minus OUTGO		STRUCTURAL DEFICIT <=\$500k	STRUCTURAL DEFICIT <=\$1m		
		Cash Flow	AND	Obligations met w/ General Fund cash	Obligations met w/ General Fund cash		
	YELLOW = Some signs of pending fiscal disturbance	Reserve %	AND/OR	<17%			Contain costs; minimize/eliminate discretionary expenditures, where possible; enact MINIMAL impact budget reductions
		On-Going INCOME minus OUTGO		STRUCTURAL DEFICIT >\$0k; <=\$1m	GROWING STRUCTURAL DEFICIT		
		Cash Flow	OR	Interfund borrowing needed	Interfund borrowing needed		
	ORANGE = Prominent signs of pending fiscal distress	Reserve %	AND/OR	<14%	<12%		Enact MINIMAL to MODERATE impact budget reductions
		On-Going INCOME minus OUTGO		STRUCTURAL DEFICIT >\$1m	STRUCTURAL DEFICIT >\$1m		
		Cash Flow	OR	External borrowing needed	External borrowing needed		
	RED = Significant fiscal distress	Reserve %	OR	<10%, AND	<3%	<3%	Enact SUBSTANTIAL impact budget reductions
		On-Going INCOME minus OUTGO		STRUCTURAL DEFICIT >\$0			
		Cash Flow					

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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	Audit Adjustments	Audit Beg Balance	Increases (Incl Accreted Intrst)	Payments	Principal Decreases	Interest	Other Decreases	Ending Balance	Due in One Year
Series A GO Bonds - 5-1-1997	0	0	0	0	0	0	0		0	
Series B GO Bonds - 8-20-2008	0	0	0	0	0	0	0		0	
Series C GO Bonds - 8-20-2008	3,425,433	0	3,425,433	0	270,000	270,000	0		3,155,433	
Series D GO Bonds - 8-20-2008	8,032,590	0	8,032,590	0	0	0	0		8,032,590	
Series E GO Bonds - 5-1-2011	3,641,291	0	3,641,291	0	0	0	0		3,641,291	
2015 GO Bond Refunding - 12-16-2015	22,507,674	0	22,507,674	0	1,707,696	1,244,471	463,225		21,263,203	
2016 GO Bond Refunding - 2-3-2016	10,814,869	0	10,814,869	0	343,294	343,294	0		10,471,575	
2017 GO Bond Refunding - 7-26-17	9,490,000	0	9,490,000	0	730,300	300,000	430,300		9,190,000	
2019 Series A GO Bond Reauthorization	10,455,000	0	10,455,000	0	2,314,500	1,935,000	379,500		8,520,000	
Total GO Bonds	68,366,857	0	68,366,857	0	5,365,790	4,092,765	1,273,025	0	64,274,093	4,092,765
2008 COPS - 10-7-2008	1,861,359	0	1,861,359	0	0	0	0		1,861,359	
CREBs 6-2-10	345,000	0	345,000	0	200,766	165,000	35,766		180,000	
2015 COPS Refunding - 12-22-2015	20,415,000	0	20,415,000	0	1,397,788	590,000	807,788		19,825,000	
Total COPS	22,621,359	0	22,621,359	0	1,598,554	755,000	843,554	0	21,866,359	755,000
Total Property Indebtedness	90,988,216	0	90,988,216	0	6,964,343	4,847,765	2,116,579	0	86,140,452	4,847,765
QZAB (Due Nov 2020)	0	0	0	0	0	0	0		0	
Retirement Incentives	0	0	0	0	0	0	0		0	
Premium on GO Bonds	4,651,674	0	4,651,674	0	0	0	0		4,651,674	
Premium on COPS	593,824	0	593,824	0	0	0	0		593,824	
Vacation Carry-Over	466,538	0	466,538	0	0	0	0		466,538	
Lease for Apple iPads	0	0	0	4,502,248	1,125,562	1,125,562	0		3,376,686	
2016 Lease for 3 busses - 5 Years	0	0	0	0	0	0	0		0	0
2017 Lease for 3 busses - 7 Years	52,573	0	52,573	0	54,419	52,573	1,845		(0)	52,573
Total Other	5,764,609	0	5,764,609	4,502,248	1,179,981	1,178,135	1,845	0	9,088,722	52,573
Total Long-Term Debt	96,752,825	0	96,752,825	4,502,248	8,144,324	6,025,900	2,118,424	0	95,229,174	4,900,338

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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 becomes even more crucial when the State defers revenue payments owed to school districts into future months, and in some cases into the subsequent fiscal year. The largest outflow of cash is for payroll expenditures paid at the end of each month and because the timing of cash receipts is often misaligned with cash disbursement schedules, the District must plan ahead and may need to use temporary borrowing mechanisms in months when cash balances are insufficient.

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

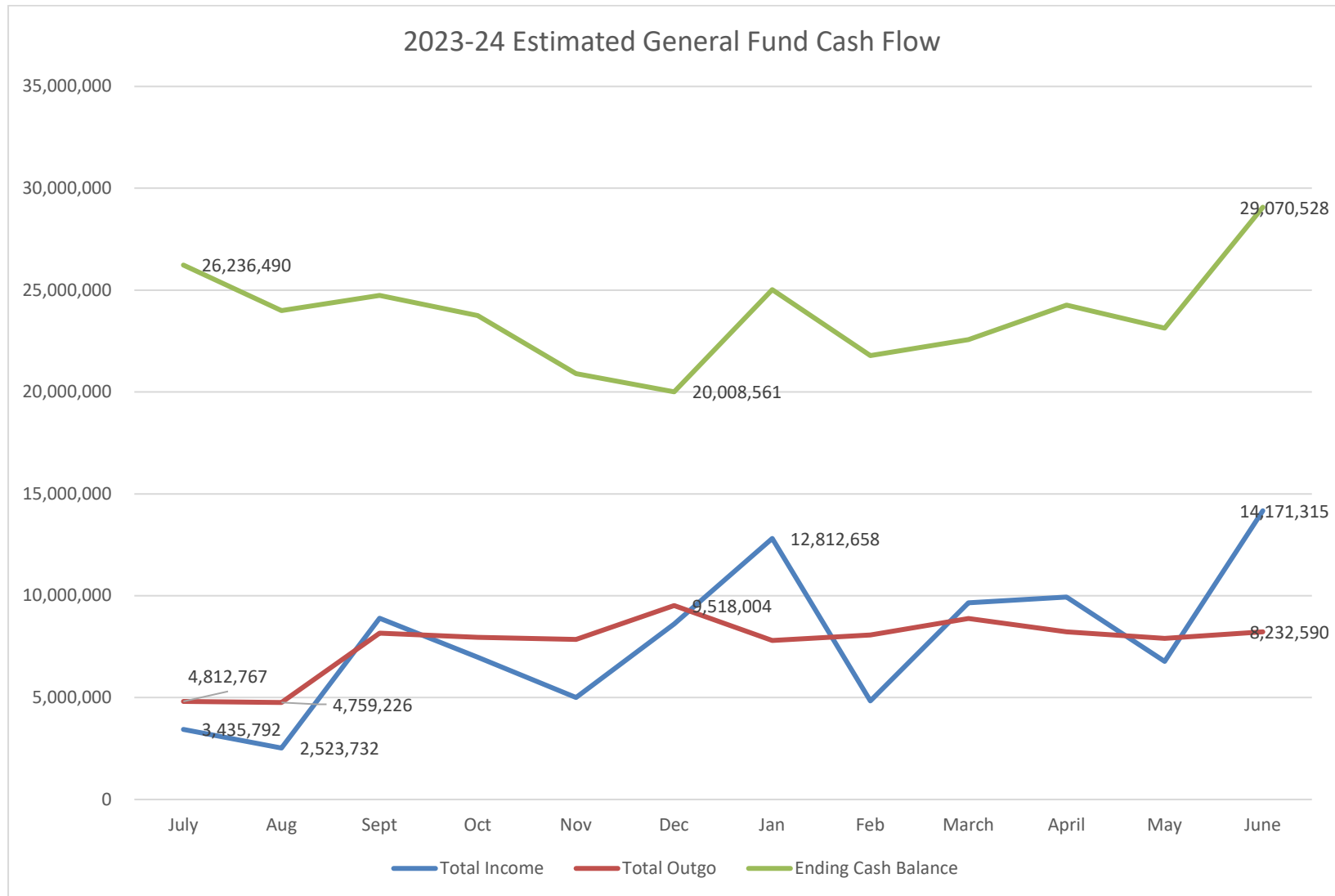
- 1) **Internal Borrowing:** The District can borrow monies from certain of its other funds for temporary transfer into the General Fund. If the transfer occurs 120 or more days from the end of the fiscal year (June 30), then the amount borrowed must be repaid to the lending fund on or before June 30.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

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

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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 35 in the Multi-Year Projection. The District expects to meet the minimum required reserve level of 3% for the 3-year Multi-Projection period under current assumptions.

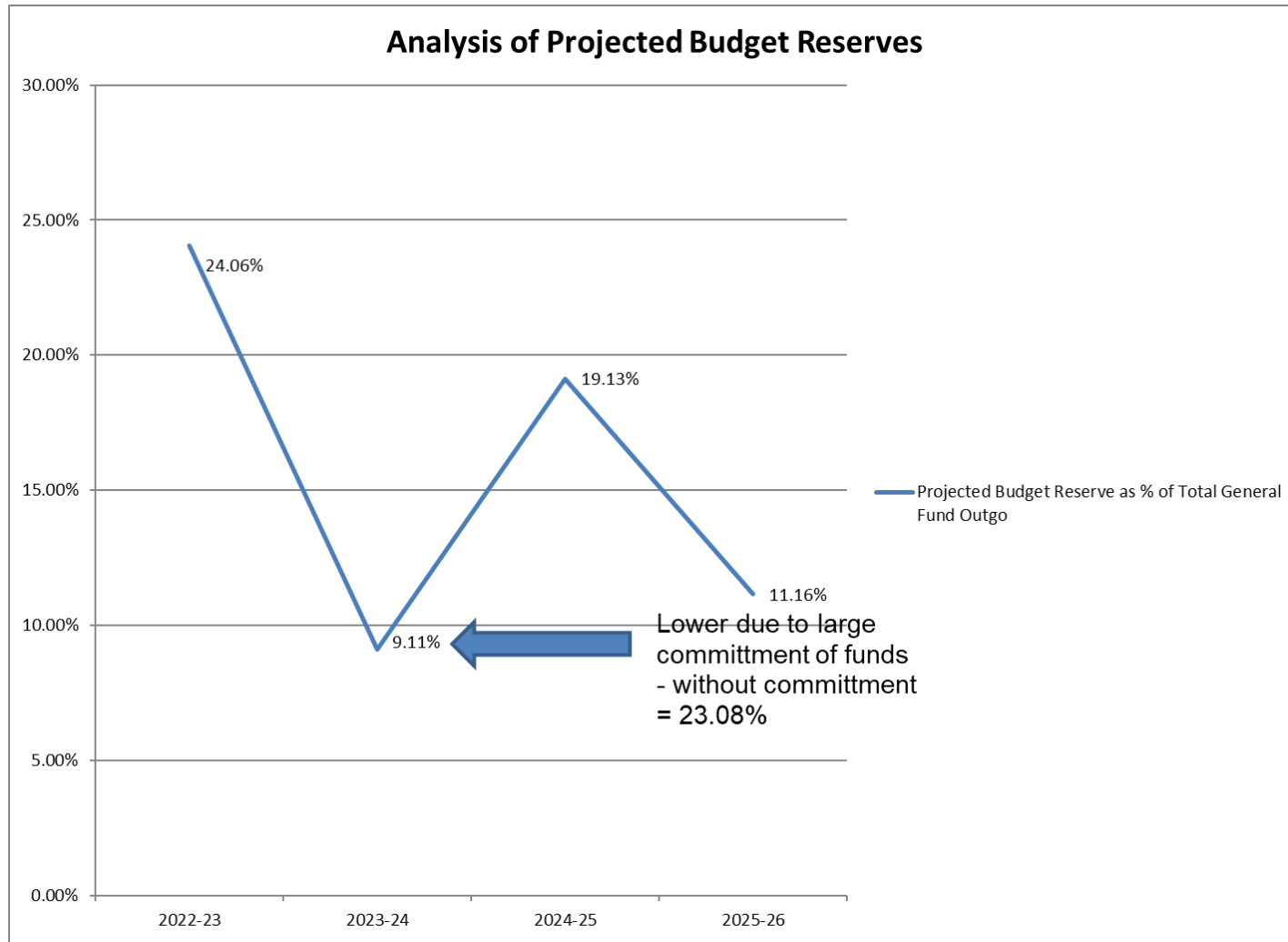
It is important to note that a *budget reserve* is not a *cash reserve* since the calculation incorporates cash and other current assets such as Accounts Receivable. Therefore, it is possible, and in fact likely, that a district could maintain the minimum budget reserve and still run out of cash. This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

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

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6 Keys To Analyzing Fiscal Health

- 1. Is there deficit spending (i.e. do expenditures exceed revenues)?** – This can be determined by referencing line 22 of the table on Page 17. If this amount is negative, it reveals deficit spending. If this amount is positive, it reveals surplus spending. Deficit spending can be expected on the Restricted side of the General Fund, since schools and departments often carry-over categorical funding into the next year and combine it with revenue for that year in order to make larger purchases. However, deficit spending on the Unrestricted side can have serious consequences, since this requires the District to dip into reserves (accumulations of the excess of revenues over expenditures in past years) to meet its obligations and cannot be continued if fiscal health is to be maintained.
- 2. What programs are encroaching on the Unrestricted General Fund and by how much?** – This can be determined by analyzing the chart on page 30.
- 3. Have reserves been established for unfunded liabilities and funds to be used for specific purposes?** – This can be determined by referencing Lines 25 through Line 30 of the table on page 17.
- 4. Have sufficient reserves been established for Economic Uncertainties?** – This can be determined by referencing the Multi-year Projection on page 36. Pursuant to State requirements, this amount must be at least 3% of the total General Fund expenditures.
- 5. Are one-time monies, or fluctuating monies, being used to fund recurring expenditures?** – This can be partially determined by comparing the total Unrestricted/On-Going Revenues reported on page 24 to the Total Outgo reported on Line 21 of the table on page 17 in the Unrestricted column, less any known one-time expenditures. If the expenditures from this analysis exceed the on-going revenue, this can indicate that one-time monies are being used to fund recurring expenditures. This same analysis can be done with the Restricted/On-Going Revenues and Restricted Salaries and Benefits. However, there are times when one-time monies from Restricted sources will be used to pay for salaries and benefits that are expected to end when the program funding ends.
- 6. Do multi-year and cash flow projections indicate that the District will be able to meet its financial obligations for the budget year and the subsequent 2 years?** This can be determined by referencing the table on Page 36 and graph on page 40. If the Budget Reserve as a % of Total General Fund Outgo exceeds 3% in all 3 years AND the cash flow projection for the current year indicates no cash deficit and sufficient cash balances to accommodate unforeseen circumstances, this indicates the District can meet its financial obligations for that period. If Undesignated/Unappropriated Fund Balance is negative, or the Budget Reserve is less than 3% in any year, or the cash flow projection indicates cash deficits or insufficient balances to accommodate unforeseen circumstances, it can indicate that the District may either have to increase revenues or reduce expenditures to meet its financial obligations.

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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?

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4. **Other Funds**

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

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

6. **Adopted Budget and Unaudited Actuals ONLY**

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

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

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USER FRIENDLY BUDGET

Glossary Of Terms

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

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GLOSSARY OF TERMS (cont)

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