

How To Read a School District Budget

A school district budget is a record of the District's past decisions and a spending plan for its future. All district budgets in California use standardized object codes to classify their General Fund revenues and expenditures. The following represent the main categories into which these are placed.

Revenues

- Revenue Limit Sources (8010–8099): includes base revenue limits, plus other funds such as Equalization, Summer School, Prior Year Adjustments, etc.
- Federal Revenues (8100–8299): includes all money received for the No Child Left Behind Act (Title I, Title II, etc.) plus Special Education and other federal programs.
- Other State Revenues (8300–8599): includes lottery and state categoricals (e.g., K–3 Class Size Reduction, Gifted and Talented Education (GATE), Economic Impact Aid).
- Local Revenues (8600–8799): includes interest, donations and reimbursements, parcel taxes, rents and leases, and other local sources.

Expenditures

(These categories directly relate to ongoing operating expenses every district has.)

- Certificated Salaries (1000–1999): includes teachers, certified pupil support, certified supervisors and administrators, etc.
- Classified Salaries (2000–2999): includes instructional assistants, athletics staff, clerical and office, maintenance staff, classified supervisors and administrators, etc.
- Employee Benefits (3000–3999): includes Health and Welfare, Worker's Compensation, and other employee benefits.
- Books and Supplies (4000–4999): includes approved textbooks and core curricula material, books and other reference materials, materials and supplies, etc.
- Services and Other Operating Expenses (5000–5999): includes travel and conferences, dues and memberships, housekeeping services, rentals, leases, and repairs.

(These expenditures, which are largely outside of K-12 instruction itself, are quite variable among districts.)

- Capital Outlay (6000–6599): most commonly refers to site improvements, equipment, and equipment replacement.
- Other Outgo (7100–7299): includes tax revenue anticipation notes (TRANS), payments to districts, and payments to county offices.
- Direct Support/Indirect Costs (7400–7499): used to record transfers of direct support and indirect costs within or between funds.

Looking at an overview is the critical first step. A look at a district's line-item General Fund budget reveals a lot about its fiscal health. For example:

- Examining the difference between total revenues and total expenditures can show whether a district is operating with a deficit in any given year. A comparison of fund

balances from year to year can do the same.

- Transfers from other funds to the General Fund may indicate that the district is balancing its ongoing budget by borrowing from other funds. Transfers into those same funds may mean that General Fund revenues are subsidizing other operations, such as facilities or a cafeteria program.

The line-item budget also provides a quick assessment of what proportion of the district's revenues are unrestricted (available for general purposes) and restricted (must be used for specified purposes). Expenditures are divided the same way. While these designations conform to state policy, they can also reflect local board decisions to restrict specific revenues or expenditures not required by the state.

In the General Fund, the classification "Designated for Economic Uncertainties" is sometimes referred to as "the reserve." This is money set aside for major unforeseen expenses or revenue shortfalls. The state requires our District to maintain a reserve of 3% of our General Fund expenditures (after deducting Transfers Out and Other Sources/ Uses).

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