



Santa Barbara County Education Office

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Susan C. Salcido, Superintendent of Schools

February 11, 2021

SBAS-9404

TO: K-12 School Districts
Santa Barbara County SELPA

ATTENTION: Chief Business Officials

FROM: Denice Cora, Administrator
School Business Advisory Services

SUBJECT: **Second Interim Report**

Due Date:
Weds., Mar. 17

Pursuant to Education Code (EC) Sections 42130 and 42131 the Governing Board of each school district is required to certify the district's ability to meet its financial obligations for the current and two subsequent fiscal years. Districts must prepare the Interim Report and certification documents for the period ended Jan. 31 and present these documents to their board for approval. The Interim Report and signed certification must be submitted to our office no later than Mar. 17.

The certification will be classified as positive, qualified, or negative, defined as follows:

- Positive:** A school district that, based upon current projections, will meet its financial obligations for the current and two subsequent fiscal years.
- Qualified:** A school district that, based upon current projections, may not meet its financial obligations for the current and two subsequent fiscal years.
- Negative:** A school district that, based upon current projections, will be unable to meet its financial obligations for the current and two subsequent fiscal years.

When our office receives your report, we will evaluate the district's solvency using the state criteria and standards and the Fiscal Crisis Management Assistance Team (FCMAT) *Fiscal Health Risk Analysis* tool. Therefore, please continue to focus on prudent fiscal management to ensure that the district will continue to meet its minimum reserve level while maintaining sufficient cash to meet its financial obligations.

Standardized Account Code Structure (SACS) Software

Districts must use the state's SACS2020ALL Financial Reporting Software to prepare and present the Interim Report. This software can be downloaded from the Financial Reporting area of the CDE's website at: <http://www.cde.ca.gov/fg/sf/fr>

Import the following four categories of financial data from your district's financial system:

- Original Budget
- Board Approved Operating Budget
- Actuals-to-Date (as of Jan. 31)
- Projected Year Totals (Interim Budget)

The software contains the most current validation tables at the time the software was released, which was June 18, 2020. You will need to download the latest validation tables and update the software. The update requires a three-step process that includes downloading the most current tables from the Internet, unzipping that file, then running a routine in the SACS software to replace the existing tables. Instructions can be found at:

<https://www.cde.ca.gov/fg/ac/ac/validationtables.asp>

Escape Budget Model

Develop your Interim budget (which is used to populate the Projected Year Totals column of the SACS Interim Report) using an Escape Budget Model. Guidance can be found in Escape under SBCEO Resources (Budget > Interim > Budget Model Instructions).

To generate an import file from Escape, go to Finance > Reports > Fiscal > Fiscal 51. Suggested Fiscal 51 report criteria is available in Escape under SBCEO Resources (Budget > Interim > SACS Extract - Interim Budget).

SACS Technical Review Check

Run the SACS Technical Review Check (TRC) for each data type. Clear all fatal TRCs and provide an explanation for all other TRCs.

Multiyear Projections

Develop multiyear projections for the two subsequent years. The SACS software includes the Supplemental Form MYP for preparing this information. ***All districts must submit a detailed written narrative that includes information necessary to substantiate the projected revenues and expenditures in each year presented. Submission of assumptions is critical to our review and concurrence with the district's certification.***

Cash Flow

Develop cash flow projections. The SACS software includes the supplemental form CASH for preparing this analysis. It is important that this information be accurate since maintaining a positive cash balance is critical to the district's solvency.

Criteria and Standards

Complete the SACS Criteria and Standards Review. Districts must ensure that the Criteria and Standards are filled out completely and accurately including detailed explanations for all items that do not meet the required standards.

Interim reports must be reviewed and approved by the district's governing board. According to Education Code Section 42131, the interim report must be presented in the SACS format. A copy of the report submitted to the governing board, along with the original signed certification page, must be filed with the County Superintendent of Schools.

District Oversight of Charter Schools

A sponsoring district must review its charter schools' financial reports in accordance with its oversight responsibilities pursuant to EC Section 47604.32. Districts should assist charter school staff with questions related to apportionments, timelines, forms, budget assumptions, or any other issues. Please forward the financial information you receive along with your review and comments to our office. The *Charter School Annual Oversight Checklist* can be found on FCMAT's website at www.FCMAT.org.

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Attached is an **Interim Budget Submission Checklist**. Please use this checklist as a guide to prepare your budget packet for submission to SBCEO. Our office may request additional financial information in order to review your district's budget.

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Attachment

c District Financial Advisors