



Santa Barbara County Education Office

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Susan C. Salcido, Superintendent of Schools

May 25, 2021

SBAS-9426

TO: K-12 School Districts
Santa Barbara County SELPA

ATTENTION: Chief Business Officials

FROM: Denice Cora, Administrator

SUBJECT: **Adopted Budgets and Estimated Actuals Information**

**Due Date:
5 days after adoption
or July 1
-- whichever is earlier --**

Pursuant to Education Code sections 35035, 42126, and 42127 districts must prepare an Adopted Budget Report and present it to the board for approval prior to **July 1**.

Public Hearing [Education Code 42127 and 52062]

The public hearing for the LCAP and the public hearing for the Adopted Budget are two separate hearings that must be held at the same meeting, so be sure that you formally open and close each separate hearing. The meeting where these hearings are held must be separate from, and take place in advance of, the board meeting to adopt the LCAP and the Budget prior to July 1 (there must be a minimum of 24 hours between meetings). SSC recommends that there be a one-week interval between the separate public hearings and adoption in the event a district needs to make changes.

Our office has arranged for the Notice of Public Hearing to be printed in the Santa Barbara News-Press, based on the dates provided by the district. The agenda should be posted 72 hours prior to the public hearing and must include the location where public inspection of the budget will occur prior to the hearing (Education Codes 42103 and 42127(a)(1)). ***If you are not able to meet the published date, please call our office immediately.***

Submission to the County Office of Education [Education Code 42127(a)(1)]

Districts must submit all documents to our office within five calendar days after adoption, or July 1, **whichever is earlier.**

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 also maintaining sufficient cash to meet its financial obligations.

Our office is required to approve, conditionally approve, or disapprove the district's adopted budget by Sept. 15. If a district's budget is conditionally approved or disapproved by our office, the district's governing board must respond to our recommendations no later than Oct. 8 (Education Code 42127(e)).

State Standardized Account Code Structure (SACS) Software

Districts must use the SACS2021 Financial Reporting software to prepare the Adopted Budget Report. Instructions and the software are located at:

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

The software contains the most current validation tables at the time the software was released, which was April 7, 2021. If updated validation tables are released, districts will need to download them 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.

We recommend that new SACS software users read the SACS Software User Guide. This guide can be accessed via the SACS Help menu or it can be printed from SACS2021\Calendars and Manuals. Changes to the budget software can be found in the "What's New" section of the SACS Software User Guide. The process for preparing and importing the two data sets into the SACS software – Adopted Budget and Estimated Actuals Report – is as follows:

Escape Budget Model: Create an Original Budget Model in Escape to populate the 2021-22 Budget Column of the SACS Report. We recommend creating an Estimated Actuals Budget Model to populate the 2020-21 Estimated Actuals column of the SACS report. This will help in developing the beginning fund balances for the ensuing fiscal year.

- Budget model guidance can be found in Escape under SBCEO Resources (Budget > Adopted > Positional Control Budget Model Instructions). *We highly recommend referencing these instructions while developing your Adopted Budget and Estimated Actuals models.*
- 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 > Adopted > SACS Extract – Adopted Budget).

SACS Technical Review Check: Please run the two SACS Technical Review Checks (Original Budget, Estimated Actuals) to ensure that the information contained in the Adopted Budget Report is SACS-compliant. Please resolve ALL Fatal errors and explain other errors.

Important note: After the final import into SACS, do not make any further changes to your model to ensure that what is submitted to the board is what will be posted in Escape as your board approved budget.
Hint: *The SACS reports should agree with the Estimated Actuals and Original Budget Models in Escape.*

Our office would like to remind you of the following:

- All budget reports must be submitted on the documents actually reviewed and approved by your governing board. According to Education Code Section 42131(a)(3),

budget reports “shall be in a format or on forms prescribed by the Superintendent of Public Instruction,” that is, on the SACS forms. For a list of required forms, please refer to Attachment A from the SACS Software User Guide which distinguishes between the SACS required and optional forms.

- The School District Certification (Form CB) should include an “X” in the applicable boxes and indicate the location the budget is available for inspection, date and time of the public hearing, and the date of adoption. This form must be signed at the meeting by the Clerk/Secretary of the governing board.
- The Workers’ Compensation Certification (Form CC) must be filled out completely and accurately and signed by the Clerk/Secretary of the governing board.
- The SACS Adopted Budget Report must be submitted to SBAS in electronic format and must be an Official .DAT Export File as our office receives public information requests for these files. Please confirm your file is ‘Official’ before sending to SBAS.

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 to support the planning assumptions used in each year presented. The narrative must include all information necessary to substantiate the projected revenues and expenditures. Projections should include any multiyear salary agreements and other anticipated changes. Submission of assumptions is critical to our review.***

Cash Flow

Although this form is optional during this reporting period, developing an accurate cash flow projection is essential for cash management. 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. 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.

General Fund Balances in Excess of Minimum Reserve Requirements

The governing board of a district that proposes to adopt or revise a budget that includes a combined assigned and unassigned ending fund balance in excess of the minimum recommended reserve for economic uncertainties adopted by the state board pursuant to subdivision (a) of Section 3328 shall, at the public hearing, provide all of the following for public review and discussion:

- The minimum recommended reserve for economic uncertainties for each fiscal year identified in the budget.

- The combined assigned and unassigned ending fund balances that are in excess of the minimum recommended reserve for economic uncertainties for each fiscal year identified in the budget.
- A statement of reasons that substantiates the need for an assigned and unassigned ending fund balance that is in excess of the minimum recommended reserve for economic uncertainties for each fiscal year that the school district identifies an assigned and unassigned ending fund balance that is in excess of the minimum recommended reserve for economic uncertainties, as identified pursuant to clause (ii).

To assist you in providing the required statement of reasons that substantiates the need for assigned and unassigned ending fund balances in excess of the minimum reserve standard, we have attached an Excel disclosure workbook that includes three blank forms - one for the budget year and one for each of the two subsequent years. A disclosure worksheet should be prepared and presented for any year where the combined assigned and unassigned ending fund balances exceed the districts' minimum reserve standard.

Form 51 – Bond Interest and Redemption Fund

The district's governing board must adopt budgets for Bond Interest and Redemption (BIR) Funds prior to July 1. It is important to note that the official budget data for BIR funds are not available until the fall. Therefore, we suggest that districts with these funds continue to use the data from their prior year revised budgets. In the fall, our office will send the updated budget amounts for inclusion with the First Interim Report.

District Oversight of Charter Schools

Sponsoring districts should review their charter school financial reports in accordance with their oversight responsibilities pursuant to Education Code Section 47604.32. Districts should assist charter 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. The *Charter School Annual Oversight Checklist* can be found on FCMAT's website at www.FCMAT.org.

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Please complete the attached **Adopted Budget Submission Checklist** using the guidance provided above to prepare your budget packet for submission to SBCEO. Our office may request additional financial information in order to review your district's budget.

If you need assistance or guidance regarding any of the information in this memo, please contact your District Financial Advisor.

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Attachments:

1. Adopted Budget Submission Checklist
2. Positional Control Budget Model Instructions (Escape > Budget > Adopted)
3. SACS Extract – Adopted Budget Instructions (Escape > Budget > Adopted)
4. Balances in Excess of Minimum Reserve Requirement Form

c District Financial Advisors



School Business Advisory Services
Adopted Budget Submission Checklist

School District:	Date:
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Mail the following originals to SBAS immediately following the board meeting.

- _____ Form CB with original signature(s) from the Clerk/Secretary of the Governing Board.
- _____ Form CC with original signature(s) from the Clerk/Secretary of the Governing Board.

Please send the following list of items electronically 📧 to SBASFinance@sbceo.org:

Note: Please submit ALL items listed below in one email. Incomplete submissions will be returned to the district.

- _____ PDF copies of signed Form CB and Form CC
- _____ Electronic SACS.dat file (“Official” version)
- _____ Both TRC reports (Estimated Actuals and Adopted Budget) with no *fatal errors* and adequate explanations for *all other errors*
- _____ LCFF Calculator (May Revise v 22.1b) (Excel file)
- _____ Balances in Excess of Minimum Reserve Requirement Disclosure for the budget year and two subsequent years (form available on the SBAS website)
- _____ Multiyear Projections (required if not included with the SACS .dat file)
- _____ Budget Narrative that explains changes since the last reporting period and planning assumptions that support financial projections for the current and two subsequent fiscal years
- _____ Cash Flow (optional form but required if the district expects a cash shortage in the current or budget year)
- _____ Completed Adopted Budget Submission Checklist (with initials)

For Districts that sponsor Charters:

- _____ Charter Adopted Budget Report & Certification signed by Charter School Official and approving entity. Please forward the financial information you receive along with the district’s review and comments.

**Return within 5 calendar days of adoption or by July 1
— whichever is earlier —**