



# SAN DIEGO COUNTY OFFICE OF EDUCATION

6401 Linda Vista Road, San Diego, CA 92111 • 858-292-3500 • www.sdcoe.net  
San Diego County Superintendent of Schools Dr. Paul Gothold

January 31, 2018

Dr. Leighangela Brady  
Superintendent  
National School District  
1500 N. Avenue  
National City, CA 91950-4827

Dear Dr. Brady:

## Re: 2017-18 First Interim Report

Our office has completed its review of your First Interim Report (SACS Form 01I) in compliance with the provisions of Education Code Section 42130 et seq. The district has submitted a positive certification, which means that the district will meet its financial obligations for the current fiscal year and subsequent two years.

The district's First Interim Report has been analyzed in the context of the 2017-18 State Budget Act. All of the data submitted by the district has been analyzed and appears to adequately reflect the financial status of your district as of October 31, 2017.

In accordance with the provisions of Education Code Section 42131, the County Superintendent of Schools will inform the California Department of Education that your district submitted a positive certification and we concur with this certification at this time.

## Financial Status in 2017-18

### Deficit Spending / Ending Fund Balance / Reserve for Economic Uncertainties

The district's unrestricted general fund deficit spending will decrease as follows:

- Unrestricted Deficit Spending
  - 2017-18 = \$6.9 million
  - 2018-19 = \$1.1 million
  - 2019-20 = \$814,000
  
- Projected Unrestricted Ending Fund Balance
  - 2017-18 = \$5.4 million
  - 2018-19 = \$4.3 million
  - 2019-20 = \$3.5 million

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**Multi-Year Projection**

We have reviewed the district's assumptions for the multi-year projection and they appear to be reasonable. The state requires the district to maintain a Reserve for Economic Uncertainties equal to 3% of expenditures. The district projects that it will meet this requirement in 2017-18 and beyond.

**Conclusion**

Continued deficit spending permanently erodes the district's ending fund balance and will minimize the district's ability to address unforeseen circumstances. We encourage the district to continue to minimize deficit spending in future years. We appreciate the District's efforts to ensure fiscal solvency. Should any adverse circumstances arise which would negatively impact the financial condition of the district, please notify this office as soon as possible.

If you have any questions concerning this review, please feel free to call me at (858) 292-3537 or Kristin Armatis, Consultant, Business Advisory Services at (858) 292-3601.

Sincerely,



Brent Watson  
Executive Director  
District Financial Services

BW:KA:VS

cc: Maria Betancourt-Castaneda, Board President, National School District  
Chris Carson, Assistant Superintendent, Business Services, National School District