FINANCIAL REPORTS AND ACCOUNTABILITY

The Governing Board is committed to ensuring public accountability and the fiscal health of the district. The Board shall adopt sound fiscal policies, oversee the district's financial condition, and continually evaluate whether the district's budget and financial operations support the district's goals for student achievement.

(cf. 3100 - Budget)
(cf. 3110 - Transfer of Funds)
(cf. 3300 - Expenditures and Purchases)
(cf. 3430 - Investing)
(cf. 4143/4243 - Negotiations/Consultation)
(cf. 9000 - Role of the Board)

The Superintendent or designee shall ensure that all financial reports are prepared in accordance with law and in conformity with generally accepted accounting principles and financial reporting standards stipulated by the Governmental Accounting Standards Board and the California Department of Education (CDE). He/she shall establish a system of ongoing internal controls to ensure the reliability of financial reporting.

(cf. 3400 - Management of District Assets/Accounts)

The Board shall regularly communicate the district's financial position to the public and shall use financial reports to determine what actions and budget amendments, if any, are needed to ensure the district's financial stability.

(cf. 1340 – Access to District Records)

If district conditions predict fiscal distress or indicate that the district might not be able to meet its fiscal obligations, the Board and Superintendent or designee shall act quickly to identify and resolve these conditions. The Board shall work cooperatively with the County Superintendent of Schools to improve the district's fiscal health and may contract with an external individual or organization to advise the district on fiscal matters.

Unaudited Actual Receipts and Expenditures
On or before September 15, the Board shall approve and file with the County Superintendent a statement of the district's unaudited actual receipts and expenditures for the preceding fiscal year. The Superintendent or designee shall prepare this statement using the state's standardized account code structure (SACS) as prescribed by the Superintendent of Public Instruction (SPI). (Education Code 42100)

Gann Appropriations Limit Resolution
On or before September 15, the Board shall adopt a resolution identifying, pursuant to Government Code 7900-7914, the district's estimated appropriations limit for the current fiscal year and the actual appropriations limit for the preceding fiscal year. Documentation used to identify these limits shall be made available to the public on the day of the Board meeting. (Education Code 42132; Government Code 7910)

(cf. 9322 - Agenda/Meeting Materials)

Interim Reports/Certification of Ability to Meet Fiscal Obligations
The Superintendent or designee shall submit two interim fiscal reports to the Board, the first report covering the district's financial and budgetary status for the period ending October 31 and the second report covering the period ending January 31. The reports and supporting data shall be made available by the district for public review. (Education Code 42130)
Within 60 days after the close of the period reported, the Board shall approve the interim report and certify, on the basis of the interim report and any additional financial information known by the Board, whether the district will be able to meet its fiscal obligations for the remainder of the fiscal year and, based on current forecasts, for the two subsequent fiscal years. The certification shall be classified as one of the following: (Education Code 42130, 42131)

1. "Positive certification" indicating that the district will meet its financial obligations for the current fiscal year and two subsequent fiscal years

2. "Qualified certification" indicating that the district may not meet its financial obligations for the current fiscal year or two subsequent fiscal years

3. "Negative certification" indicating that the district will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year

The Superintendent or designee shall submit a copy of each interim report and certification to the County Superintendent using the state's SACS software, as prescribed by the SPI. (Education Code 42130, 42131)

Audit Report
By April 1 of each year, the Board shall provide for an annual audit of the district's books and accounts. (Education Code 41020)

No later than December 15, the report of the audit for the preceding fiscal year shall be filed with the County Superintendent, the CDE, and the State Controller. (Education Code 41020)

Prior to December 15 whenever possible, but in no case later than January 31, the Board shall review, at an open meeting, the annual district audit for the prior year, any audit exceptions identified in that audit, the recommendations or findings of any management letter issued by the auditor, and any description of correction or plans to correct any exceptions or any issue raised in a management letter. (Education Code 41020.3)

Legal Reference:
EDUCATION CODE
1240 Duties of county superintendent of schools
14500-14508 Financial and compliance audits
17150-17150.1 Public disclosure of non-voter-approved debt
17170-17199.5 California School Finance Authority
33127 Standards and criteria for local budgets and expenditures
33128 Standards and criteria; inclusions
33129 Standards and criteria; use by local agencies
35035 Powers and duties of superintendent
41010-41023 Accounting system
41326 Emergency apportionment
41344 Repayment of apportionment significant audit exceptions
41344.1 Appeals of audit findings
41455 Examination of financial problems of local districts
42100-42105 Requirement to prepare and file annual statement
42120-42129 Budget requirements
42130-42134 Financial reports and certifications

Policy Adopted: 01/17/07; 10/14/09; 02/05/14
42140-42142 Public disclosure of fiscal obligations
42637 County superintendent review of district's financial and budgetary conditions
42652 Revocation or suspension of warrant authority
48300-48316 Student attendance alternatives
GOVERNMENT CODE
3540.2 School district; qualified or negative certification; proposed agreement review and comment
7900-7914 Appropriations limit
16429.1 Local agency investment fund
53646 Reports of investment policy and compliance
CODE OF REGULATIONS, TITLE 5
15060 Standardized account code structure
15070 Submission of reports using standardized account code structure
15440-15451 Criteria and standards for school district budgets
15453-15464 Criteria and standards for school district interim reports
19810-19816.1 Audits
UNITED STATES CODE, TITLE 31
7501- 7507 Single audits of federal program funds

Management Resources:
CSBA PUBLICATIONS
Maximizing School Board Governance: Fiscal Accountability, 2006
CALIFORNIA DEPARTMENT OF EDUCATION COMMUNICATIONS
New Financial Reporting Requirements for Postemployment Benefits Other than Pensions, February 26, 2007
Audit Resolution Process: Repayment Plans, December 8, 2000
FISCAL CRISIS AND MANAGEMENT ASSISTANCE TEAM PUBLICATIONS
Fiscal Oversight Guide for AB 1200, AB 2756 and Subsequent Related Legislation, September 2006
GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS
Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, March 2009
GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS (continued)
Statement 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions, June 2004
Statement 34, Basic Financial Statements and Management’s Discussion and Analysis - For State and Local Governments, June 1999
STATE CONTROLLER PUBLICATIONS
Standards and Procedures for Audits of California K-12 Local Educational Agencies (annual publication)
U.S. GOVERNMENT ACCOUNTABILITY OFFICE AND PRESIDENT’S COUNCIL ON INTEGRITY AND EFFICIENCY (PCIE) PUBLICATIONS
Government Auditing Standards, 2011
U.S. OFFICE OF MANAGEMENT AND BUDGET CIRCULARS
A-133 Audits of States, Local Governments, and Non-Profit Organizations
WEB SITES
CSBA: http://www.csba.org
California Association of School Business Officials: http://www.casbo.org
California County Superintendents Educational Services Association: http://www.ccsesa.org
California Department of Education, Finance and Grants: http://www.cde.ca.gov/fg
Education Audit Appeals Panel: http://www.eaap.ca.gov
Fiscal Crisis and Management Assistance Team: http://www.fcmat.org
Governmental Accounting Standards Board: http://www.gasb.org

Policy Adopted: 01/17/07; 10/14/09; 02/05/14