Financial Reports and Accountability

Adopted: 09/02/1997 **|** **Last Revised**: 04/02/2024 **|** **Last Reviewed**: 04/02/2024

The Board of Education 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.

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). They shall establish a system of ongoing internal controls to ensure the reliability of financial reporting.

When required by law or the Board, the Superintendent or designee shall submit to the Board reports of the district's financial status, including, but not limited to, any report specified in this Board policy or accompanying rule. When any such report must be approved by the Board prior to its submission to a local, state, and/or federal agency, the Superintendent or designee shall provide the report to the Board in sufficient time to enable the Board to carefully review the report and meet any applicable submission deadline.

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.

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).

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.

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.

Within 45 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:

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.

If the district's certification is subsequently changed by the County Superintendent from a positive to a qualified or negative certification, or from a qualified to a negative certification, the Board may appeal the decision to the SPI within five days of receiving the notice of change.

Whenever the district receives a qualified or negative certification from the Board or the County Superintendent, the Superintendent or designee shall cooperate in the implementation of any remedial actions taken or prescribed by the county.

Superintendent under the authority granted to them pursuant to Education Code 42131.

If the second interim report is accompanied by a qualified or negative certification, the Board shall, no later than June 1, provide to the County Superintendent, the State Controller, and the SPI a financial statement as of April 30 ("third interim report") that projects the district's fund and cash balances through June 30.

At any time during the year when the County Superintendent conducts a comprehensive review of the district's financial and budgetary conditions after they have determined that the district's budget does not comply with state criteria and standards for fiscal stability, the Board shall review the County Superintendent's recommendations at a public Board meeting. Within 15 days of receiving the report, the district shall notify the County Superintendent and the SPI of its proposed actions on the recommendation.

Audit Report

Pursuant to Education Code 41020, if the district has a disapproved budget, has received a negative certification on any budget or interim fiscal report during the current fiscal year or either of the two preceding fiscal years, or has otherwise been determined by the County Superintendent to have a lack of going concern, any contract the district enters into for auditing services must be approved by the County Superintendent.

By April 1 of each year, the Board shall provide for an annual audit of the district's books and accounts.

To conduct the audit, the Board shall select a certified public accountant or public accountant licensed by the State Board of Accountancy from among those deemed qualified by the State Controller.

The Board shall not select any public accounting firm to provide audit services if the lead or coordinating audit partner having primary responsibility for the audit, or the audit partner responsible for reviewing the audit, has performed audit services for the district in each of the six previous fiscal years.

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.

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.

The Board shall have an opportunity at the meeting to ask questions of the auditor and request further information about the audit findings.

Policy Reference Disclaimer:
These references are not intended to be part of the policy itself, nor do they indicate the basis or authority for the Board to enact this policy. Instead, they are provided as additional resources for those interested in the subject matter of the policy.

Legal References:

STATE

CA CODE OF REGULATION
2 CCR 1859.104 Leroy F. Greene School Facilities Program; reporting requirements
5 CCR 15060 Standardized account code structure
5 CCR 15070 Submission of reports using standardized account code structure
5 CCR 15440-15451 Criteria and standards for school district budgets
5 CCR 15453-15464 Criteria and standards for school district interim reports
5 CCR 19810-19826.1 Audits

EDUCATION CODE
1240 County superintendent of schools; duties
14500-14508 Financial and compliance audits
17070.10-17079.30 Leroy F. Greene School Facilities Act
17150-17150.1 Public disclosure of non-voter-approved debt
17170-17199.6 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 the superintendent; transfer authority
41010-41024 Accounting system and audits
41320-41322 Emergency apportionments
41325-41329 Conditions on emergency apportionments
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
42122-42129 Budget requirements
42130-42134 Financial reports and certifications
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; school district of choice program
52060-52077 Local control and accountability plan

CA GOVERNMENT CODE
16429.1 Local agency investment fund
3540.2 Meeting and negotiating in public educational employment
53646 Treasurer reports and statements of investment policy

7900-7914 Appropriations limit

FEDERAL

2 CFR 200.0-200.521 Federal uniform grant guidance

31 USC 7501-7507 Single audits of federal program funds

MANAGEMENT RESOURCES

CALIFORNIA DEPARTMENT OF EDUCATION COMMUNICATION

New Financial Reporting Requirements for Postemployment Benefits Other than Pensions, February 26, 2007

Audit Resolution Process: Repayment Plans, December 8, 2000

EDUCATION AUDIT APPEALS PANEL PUBLICATION

Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM PUBLICATION

Indicators of Risk or Potential Insolvency For K-12 Local Education Agencies

Fiscal Oversight Guide for AB 1200, AB 2756, AB 1840 and Related Legislation, September 2021

GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT

Statement 87, Leases, June 2017

Statement 34, Basic Financial Statements and Management's Discussion and Analysis - For State and Local Governments, June 1999

Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, February 2009

Statement 75, Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions, June 2015

OFFICE OF ATTORNEY GENERAL PUBLICATION

Guidance Regarding Laws Governing School Closures and Best Practices for Implementation in California, April 2023

U.S. GOV. ACCOUNTABILITY OFFICE & PCIE PUBLICATION

Government Auditing Standards, 2011

Financial Audit Manual, revised 2008

WEBSITE

CSBA District and County Office of Education Legal Services https://legalservices.csba.org/

Governmental Accounting Standards Board http://www.gasb.org/

California State Controller http://www.sco.ca.gov/

U.S. Government Accountability Office http://www.gao.gov/

California Department of Education, Finance and Grants http://www.cde.ca.gov/fg

Education Audit Appeals Panel http://www.eaap.ca.gov/

California County Superintendents http://ccsesa.org/recruit

Office of Management and Budget https://www.whitehouse.gov/omb

School Services of California, Inc. http://www.sscal.com/

Fiscal Crisis and Management Assistance Team http://www.fcmat.org/

CSBA http://www.csba.org/

California Association of School Business Officials http://www.casbo.org/

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Revised:	11/04/2003 (technical)
Revised:	05/03/2005
Revised:	05/19/2009
Revised:	05/19/2015
Revised:	04/02/2024 (technical)