

Business and Non-Instructional Operations

Financial Reports and Accountability

The Board of Education is committed to ensuring public accountability and the fiscal health of the district. The Board shall adopt sound fiscal management policies and practices, 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 district 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). The Superintendent or designee 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 administrative regulation.

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

**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, at a regular or special meeting, 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**

Each fiscal year, the Superintendent or designee shall submit two interim reports to the Board. The first report shall cover the district's financial and budgetary status for the period ending October 31 and the second report shall cover the period ending January 31. These 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, on the basis of the interim report and any additional financial information known by the Board, shall certify in writing 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 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.

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.

If at any time during the fiscal year, the County Superintendent concludes that the district’s budget does not comply with the standards and criteria for financial stability and conducts a comprehensive review of the district’s financial and budgetary conditions, the Board shall review any report of the County Superintendent’s findings and recommendations at a public Board meeting. Within 15 days of receiving the report, the district shall notify the County Superintendent and the SPI of the Board’s proposed actions on the recommendation.

### **Audit Report**

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.

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 or correction or plans to correct any exceptions or any issue raised in a management letter.

## State Legal References:

CODE OF REGULATIONS, TITLE 2

1859.104 Leroy F. Greene School Facilities Program – reporting requirements

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

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 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

GOVERNMENT CODE

3540.2 Meeting and negotiating in public educational employment

16429.1 Local agency investment fund

53646 Treasurer reports and statements of investment policy

7900-7914 Appropriations limit

## Federal Legal References:

CODE OF FEDERAL REGULATIONS, TITLE 2

200.0-200.521 Federal uniform grant guidance

UNITED STATES CODE, TITLE 31

7501-7507 Single audits of federal program funds