

Regulation 3460: Financial Reports And Accountability

Status: DRAFT

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Unaudited Actual Receipts and Expenditures

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

Gann Appropriations Limit Resolution

The Board shall adopt a resolution on or before September 15 of each year to identify, pursuant to Government Code 7900-7914, the estimated appropriations limit for the district for the current fiscal year and the actual appropriations limit of the district during the preceding 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)

Interim Reports

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)

Each interim report

Each interim fiscal report developed pursuant to Education Code 42130 shall include an assessment of the district budget as revised to reflect current information regarding the adopted state budget, district property tax revenues, if any, and ending balances for the preceding fiscal year. (Education Code 42130, 42131)

The report **interim reports** shall be based on criteria and standards adopted by the State Board of Education (SBE) **criteria and standards** which address fund and cash balances, reserves, deficit spending, estimation of average daily attendance (ADA), projected enrollment, ratio of ADA to enrollment, projected **local control funding formula (LCFF)** revenue limit, salaries and benefits, other revenues and expenditures, and facilities maintenance. **For purposes of assessing projections of LCFF revenue, the first interim report shall be compared to the adopted district budget, and the second interim report shall be compared to the projections in the first interim report. (Education Code 42130; 5 CCR 15453-15464)**

The report shall also provide supplemental information regarding contingent liabilities, use of one-time revenues for ongoing expenditures, contingent revenues, contributions, **(i.e., projected contributions from unrestricted general fund resources to restricted general fund resources, projected transfers to or from the general fund to cover operating deficits in the general fund or any other fund, and capital project cost overruns that may impact the general fund budget)**, long-term commitments, unfunded liabilities, temporary interfund borrowings, the status of labor agreements, and the status of other funds. (Education Code 33128.3, 42130, 42131; 5 CCR 15453-15466) Within 45 days after the close of the period reported, the Board shall approve the interim fiscal report and certify, on the basis of the interim report and any additional financial information known by the Board to exist at the time of certification, whether the district is able to meet its financial obligations for the remainder of the fiscal year and, based on current forecasts, for the subsequent fiscal year. 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 the interim report and certification to the County Superintendent using the state's SACS software, as prescribed by the SPI. (Education Code 42130, 42131)

If the district submits a positive certification that is subsequently changed by the County Superintendent to a qualified or negative certification, the district may appeal the decision to the SPI within five days of receiving the notice of change. (Education Code 42131)

Whenever the district receives a qualified or negative certification as determined by the Board or the County Superintendent, the Superintendent or designee shall cooperate in the implementation of any remedial actions taken by the County Superintendent under the authority granted to him/her pursuant to Education Code 42131.

Whenever the County Superintendent conducts a comprehensive review of the district's financial and budgetary conditions after determining that the district's budget does not comply with SBE-adopted 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 recommendations. (Education Code 42637)

If the second interim report of the fiscal year is accompanied by a qualified or negative certification as determined by the Board or the County Superintendent, the Superintendent or designee shall, no later than June 1, provide to the County Superintendent, the State Controller, and the SPI a financial statement that reports data for the period ending April 30 and projects the district's fund and cash balances as of June 30. (Education Code 42131, 15464)

Audit Report

By April 1 of each year, the Board shall provide for an audit of the district's books and accounts or the County Superintendent shall make arrangements to provide for that audit. (Education Code 41020)

The Superintendent or designee shall establish a timetable for the completion and review of the **annual** audit within the deadlines established by law.

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. (Education Code 41020; 41020.5)

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. (Education Code 41020)

While a public accounting firm is performing the audit of the district, it shall not provide any nonauditing, management, or other consulting services for the district except as provided in Government

The Superintendent or designee shall provide the necessary financial records and cooperate with the auditor selected by the Governing Board to ensure that the audit report contains all information required by law and the Governmental Accounting Standards, Amendment #3, published by the U.S. Government Accounting Office. (Education Code 41020) Board (GASB).

The audit shall include an audit of income and expenditures by source of funds for all funds of the district, including the student body and cafeteria funds and accounts, **state and federal grant funds**, and any other funds under the control or jurisdiction of the district, as well as an audit of student attendance procedures. **The audit shall also include a determination of whether LCFF funds were expended in accordance with the district's local control and accountability plan or an approved annual update of the plan.** (Education Code 41020)

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If the district participates in the school district of choice program to accept interdistrict transfers, the Superintendent or designee shall cooperate with notify the auditor to provide the necessary financial records and, prior to ensure the commencement of the audit, that the audit report contains all information required by law and the Governmental Accounting Standards Board (GASB).

By January 31 of each year, the Board shall **must include a** 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. **of the district's compliance with specified program requirements.** (Education Code 41020.3)

To the extent possible, the Board's review shall occur prior to December 15 to provide the Board and the community an opportunity to review the audit before it is submitted to local and state agencies.

No later than December 15, the Superintendent or designee shall file the report of the audit for the preceding fiscal year with the County Superintendent, the California Department of Education, and the State Controller. (Education Code 41020)

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If an audit finding results in the district being required to repay an apportionment or pay a penalty, the district may appeal the finding to the Education Audit Appeals Panel by making an informal, summary appeal within 30 days of receiving the final audit report or initiating a formal appeal within 60 days of receiving the report. (Education Code 41344, 41344.1) (**Education Code 41344, 41344.1**)

While a public accounting firm is performing the audit of the district, it shall not provide any nonauditing,

management, or other consulting services for the district except as provided in Government Auditing Standards, Amendment #3, published by the U.S. Government Accountability Office. (Education Code 41020)

Report on Expenditures of State Facilities Funds

When the district participates in the school facilities program pursuant to Education Code 17070.10-17079.30, the Superintendent or designee shall annually report a detailed list of all expenditures of state facilities funds, including interest, and of the district's matching funds for completed projects until all such funds are expended. The report shall identify expenditures on a project-by-project basis, reflect completed projects that were reimbursed within that fiscal year, and clearly indicate the list of projects that have been completed. (Education Code 41024; 2 CCR 1859.104)

Audits of facilities projects shall be concluded within one year of project completion, and shall be included as part of the district's audit for the fiscal year in which the project is reported as completed. A project shall be deemed completed when any of the following conditions is met: (Education Code 41024; 2 CCR 1859.104)

1. **When the notice of completion for the project has been filed, all outstanding invoices, claims, and change orders have been satisfied, and the facility is currently in use by the district**
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2. **Three years from the date of the final fund release for an elementary school project**
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3. **Four years from the date of the final fund release for a middle or high school project**

Fund Balance

In accordance with GASB Statement 54, external financial reports shall report fund balances in the general fund within the following classifications based on the relative strength of constraints placed on the purposes for which resources can be used:

1. **Nonspendable fund balance, including amounts that are not expected to be converted to cash, such as resources that are not in a spendable form or are legally or contractually required to be maintained intact**
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2. **Restricted fund balance, including amounts constrained to specific purposes by their providers or by law**
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3. **Committed fund balance, including amounts constrained to specific purposes by the Board**
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4. **Assigned fund balance, including amounts which the Board or its designee intends to use for a specific purpose**
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5. **Unassigned fund balance, including amounts that are available for any purpose**

Negative Balance Report

Whenever the district reports a negative unrestricted fund balance or a negative cash balance in its annual budget or annual audit report, it shall include in the budget a statement that identifies the reasons for the negative unrestricted fund balance or negative cash balance and the steps that have been taken to ensure that the negative balance will not occur at the end of the current fiscal year.. (Education Code 42127.5)

Non-Voter-Approved Debt Report

Upon approval by the Board to proceed with the issuance of revenue bonds or any agreement for financing school construction pursuant to Education Code 17170-17199.5, the Superintendent or designee shall notify the County Superintendent **of Schools** and the county auditor. The Superintendent or designee shall provide the Board, the county auditor, the County Superintendent, and the public with related repayment schedules and evidence of the district's ability to repay the obligation.. (Education Code 17150)

When the Board is considering the issuance of certificates of participation and other debt instruments that are secured by real property and do not require the approval of the voters of the district, the Superintendent or designee shall provide notice to the County Superintendent and county auditor no later than 30 days before the Board's approval to proceed with issuance. The Superintendent or designee shall provide the Board, the county auditor, the County Superintendent, and the public with information necessary to assess the anticipated effect of the debt issuance, including related repayment schedules, evidence of the district's ability to repay the obligation, and the issuance costs. (Education Code 17150.1)

Other Postemployment Benefits Report (GASB 45)

In accordance with GASB Statement 45~~75~~, the district's financial statements shall report the annual expense of nonpension other postemployment benefits (OPEBs) on an accrual basis over retirees' active working lifetime, as determined by a qualified actuary procured by the Superintendent or designee. To the extent that these OPEBs are not prefunded, the district shall report a liability on its financial statements.

The Superintendent or designee shall annually present the estimated accrued but unfunded cost of OPEBs and the actuarial report upon which those costs are based at a public meeting of the Board. (Education Code 42140)

The amount of the district's financial obligation for OPEBs shall be reevaluated every two or three years in accordance with GASB 45 depending on the number of members in the OPEB plan.
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Workers' Compensation Claims Report

The Superintendent or designee shall annually provide the Board, at a public meeting, information and related actuarial reports showing the estimated accrued but unfunded cost of workers' compensation claims. The estimate of costs shall be based on an actuarial report completed at least every three years by a qualified actuary. (Education Code 42141)

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.

State References	Description
2 CCR 1859.104	Leroy F. Greene School Facilities Program, specifically - reporting requirements - https://simbli.eboardsolutions.com/SU/tr4Nz9gBf6HslshNNplus3lquQwQ==
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 19810-19816.1	Audits
Ed. Code 1240	County superintendent of schools, duties - https://simbli.eboardsolutions.com/SU/zxiNblNKXQ1Z3w2H1beZIA==
Ed. Code 14500-14508	Financial and compliance audits - https://simbli.eboardsolutions.com/SU/ExlRgXIGIFUpluskbtjAagJg==
Ed. Code 17070.10-17079.30	Leroy F. Greene School Facilities Act - https://simbli.eboardsolutions.com/SU/fu4PsUtUAb4qYYOY9breHg==

Ed. Code 17150-17150.1	Public disclosure of non-voter-approved debt - https://simbli.eboardsolutions.com/SU/nuHTCc4wlq8BirS8egAI9w==
Ed. Code 17170-17199.5	California School Finance Authority - https://simbli.eboardsolutions.com/SU/pjzTbdonCFPeq45e9kk37g==
Ed. Code 33127	Standards and criteria for local budgets and expenditures
Ed. Code 33128	Standards and criteria; inclusions
Ed. Code 33129	Standards and criteria; use by local agencies
Ed. Code 35035	Powers and duties of the superintendent; transfer authority
Ed. Code 41010-41024	Accounting system and audits
Ed. Code 41326	Emergency apportionment
Ed. Code 41344	Repayment of apportionment significant audit exceptions
Ed. Code 41344.1	Appeals of audit findings
Ed. Code 41455	Examination of financial problems of local districts
Ed. Code 42100-42105	Requirement to prepare and file annual statement
Ed. Code 42120-42129	Budget requirements
Ed. Code 42130-42134	Financial reports and certifications
Ed. Code 42140-42142	Public disclosure of fiscal obligations
Ed. Code 42637	County superintendent review of district's financial and budgetary conditions
Ed. Code 42652	Revocation or suspension of warrant authority
Ed. Code 48300-48316	Student attendance alternatives, school district of choice program
Ed. Code 52060-52077	Local control and accountability plan
Gov. Code 16429.1	Local agency investment fund
Gov. Code 3540.2	Meeting and negotiating in public educational employment
Gov. Code 53646	Treasurer reports and statements of investment policy
Gov. Code 7900-7914	Appropriations limit

Federal References

2 CFR 200.0-200.521
31 USC 7501-7507

Description

Federal uniform grant guidance
Single audits of federal program funds

Management Resources References

California Department of Education
Communication

California Department of Education
Communication

Description

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

Audit Resolution Process: Repayment Plans, December 8, 2000

Fiscal Crisis & Management Assistance Team Pub.

Fiscal Oversight Guide for AB 1200, AB 2756 and Subsequent Related Legislation, September 2006

Governmental Accounting Standards Board
Statement

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

Governmental Accounting Standards Board
Statement

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

Governmental Accounting Standards Board
Statement

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

Governmental Accounting Standards Board
Statement

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

State Controller Publication	Standards and Procedures for Audits of California K-12 Local Educational Agencies (annual publication)
U.S. Gov. Accountability Office & PCIE Publication	Financial Audit Manual, revised 2008
U.S. Gov. Accountability Office & PCIE Publication	Government Auditing Standards, 2011
Website	Governmental Accounting Standards Board - https://simbli.eboardsolutions.com/SU/fOzyLiplusQlvf5bslshbBggjhog==
Website	State Controller's Office - https://simbli.eboardsolutions.com/SU/GDLauCiDFI4Ms1eIPGARvA==
Website	U.S. Government Accountability Office - https://simbli.eboardsolutions.com/SU/HvuRwrDop7OnnXIYFVN3Mw==
Website	California County Superintendents Educational Services Association - https://simbli.eboardsolutions.com/SU/FJy7Gf2djdpluso3aMdrmkQ==
Website	California Department of Education, Finance and Grants - https://simbli.eboardsolutions.com/SU/gCBslshNI2CDjZqs24TpVv3gw==
Website	Education Audit Appeals Panel - https://simbli.eboardsolutions.com/SU/6VovW08Qz3ek2v0oFNslshtMg==
Website	Fiscal Crisis and Management Assistance Team - https://simbli.eboardsolutions.com/SU/1KDBnxplu9GCiDTyFvbLOOxQ==
Website	CSBA - https://simbli.eboardsolutions.com/SU/W3QxkK2FPsDsQBnMIENxGg==
Website	California Association of School Business Officials - https://simbli.eboardsolutions.com/SU/vplusVmEFNjoJhGgV6PRTIb0g==
Website	Office of Management and Budget - https://simbli.eboardsolutions.com/SU/yMG7KarnCslshuDeihOx8ZiA==
Website	School Services of California, Inc. - https://simbli.eboardsolutions.com/SU/nzOINPGdklslshZR9e7VNuDXg==

Cross References

Description

0460	Local Control And Accountability Plan - https://simbli.eboardsolutions.com/SU/Oa8UxEDuhq6BH2zsd274XA==
0460	Local Control And Accountability Plan - https://simbli.eboardsolutions.com/SU/8eaD94eHfiVAA8KyIGL0hw==
0500	Accountability - https://simbli.eboardsolutions.com/SU/xCytvVrcYFBnFGHmu2mBFQ==
1220	Citizen Advisory Committees - https://simbli.eboardsolutions.com/SU/7obBkz3eDZdX6UuwdxRCNQ==
1220	Citizen Advisory Committees - https://simbli.eboardsolutions.com/SU/tHSbWzMDkTpvVHIIUAI5KQ==
1340	Access To District Records - https://simbli.eboardsolutions.com/SU/Yd0OhypY8zIqBWetfqeDyQ==
1340	Access To District Records - https://simbli.eboardsolutions.com/SU/3WHcNUN51FhE5p4Qq0Swzw==
3000	Concepts And Roles - https://simbli.eboardsolutions.com/SU/esslshvk4e9OagAbIEwiPdF8A==
3100	Budget - https://simbli.eboardsolutions.com/SU/LAXsliS005BXIXyCf1Nf6A==
3100	Budget - https://simbli.eboardsolutions.com/SU/0Em4vjDpAKIGfnem14N1VA==
3110	Transfer Of Funds - https://simbli.eboardsolutions.com/SU/WKfppOOZlplus11XJ2hU4f1IA==

3220.1 Lottery Funds -
<https://simbli.eboardsolutions.com/SU/RpUieFZV7MW628nslsh2yC1ow==>

3230 Federal Grant Funds -
<https://simbli.eboardsolutions.com/SU/U7QTeU9SolI935xKxaXdplusQ==>

3230 Federal Grant Funds -
<https://simbli.eboardsolutions.com/SU/Oh3eMwsYd7zIFD5OxF2rsg==>

3280 Sale Or Lease Of District-Owned Real Property -
<https://simbli.eboardsolutions.com/SU/Nm0zHuGE2qDJhcxxXLezvQ==>

3280 Sale Or Lease Of District-Owned Real Property -
<https://simbli.eboardsolutions.com/SU/PnlYLMCRQVxCjIB5CrIHYA==>

3290 Gifts, Grants And Bequests -
<https://simbli.eboardsolutions.com/SU/O4kMPkL3yNpvlhPmF29plusLw==>

3300 Expenditures And Purchases -
<https://simbli.eboardsolutions.com/SU/yYy1CH64rE6t4GfplusXglZzA==>

3312 Contracts -
<https://simbli.eboardsolutions.com/SU/RtEPentWF4fC8KdSsZuiQQ==>

3314 Payment For Goods And Services -
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3314 Payment For Goods And Services -
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3314.2 Revolving Funds -
<https://simbli.eboardsolutions.com/SU/wdb2F9MeGf8LOmXvPq4FGw==>

3400 Management Of District Assets/Accounts -
<https://simbli.eboardsolutions.com/SU/lquTQBIYmztolslshn5MKeW7w==>

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3430 Investing -
<https://simbli.eboardsolutions.com/SU/aw1pAEvBG9RIQaa5IUESZQ==>

3451 Petty Cash Funds -
<https://simbli.eboardsolutions.com/SU/WdR2CcXXslshgJ3VluSo3f8Q==>

3452 Student Activity Funds -
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3551 Food Service Operations/Cafeteria Fund -
<https://simbli.eboardsolutions.com/SU/feOBwF29EWP3R67R3tA3wg==>

3551 Food Service Operations/Cafeteria Fund -
<https://simbli.eboardsolutions.com/SU/1c07dPkdG8pslshpcj0cwWpg==>

3580 District Records -
<https://simbli.eboardsolutions.com/SU/slshum9iqFSJwslshMnliyP5FuWQ==>

4154 Health And Welfare Benefits -
<https://simbli.eboardsolutions.com/SU/6R1sBLgslshYgDslshAd2SuZj7eA==>

4154 Health And Welfare Benefits -
<https://simbli.eboardsolutions.com/SU/WNoCah873JGR0slshZyGctZtQ==>

4254 Health And Welfare Benefits -
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4254 Health And Welfare Benefits -
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4312.1 Contracts -
<https://simbli.eboardsolutions.com/SU/ShpXl3Yv7zBIJsplusQVkdAdpg==>

4331 Staff Development -
<https://simbli.eboardsolutions.com/SU/mi31ZJfJZ6P6XlztQhGr3Q==>

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<https://simbli.eboardsolutions.com/SU/hqxZRiEbEWMHD9ZdRfApig==>

4354 Health And Welfare Benefits -
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5117 Interdistrict Attendance -
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<https://simbli.eboardsolutions.com/SU/3qJXyPPEZYc0NslshwplusOMDEIA==>

7212 Mello-Roos Districts -
<https://simbli.eboardsolutions.com/SU/U0Dovg0XSq2cuXOM1oyPZg==>

7214 General Obligation Bonds -
<https://simbli.eboardsolutions.com/SU/RuWpIR0Hyg9zd1a1uLplusJg==>

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<https://simbli.eboardsolutions.com/SU/5H9WP4YrKfWbYiJpZDAC7Q==>

9000 Role Of The Board -
<https://simbli.eboardsolutions.com/SU/yCFHLIFLUDCtfgppluseQHTjg==>

9130 Board Committees -
<https://simbli.eboardsolutions.com/SU/hgCK0A6mlyM1J1OIWJHEnA==>

9140 Board Representatives -
<https://simbli.eboardsolutions.com/SU/iy0rML7s540pAslshkX2HdIAQ==>

9322 Agenda/Meeting Materials -
<https://simbli.eboardsolutions.com/SU/HMeZuSH7vnURgKSyn06rcA==>