

Business and Noninstructional Operations

Financial Reports and Accountability

Interim Reports

The Superintendent or designee shall submit two interim fiscal reports to the Board of Education, 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 also be made available for public review.

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 interim reports shall be based on 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, 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 42130; 5 CCR 15453, 15464)

Within 45 days after the close of the period reported, the Board shall assess these reports of the District's financial condition on the basis of criteria adopted by the State Board of Education. The Board shall approve the fiscal reports and send the County Superintendent of Schools these reports and its certification of the District's financial status.

Audit Report

The Superintendent or designee shall establish a timetable for the completion and review of the annual audit within the deadlines established by law. The Superintendent or designee shall provide the necessary financial records and cooperate with the auditor selected by the Governing

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Board to ensure that the audit report contains all information required by law and the Governmental Accounting Standards 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)

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)

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
2. Three years from the date of the final fund release for an elementary school project
3. Four years from the date of the final fund release for a middle or high school project

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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
2. Restricted fund balance, including amounts constrained to specific purposes by their providers or by law
3. Committed fund balance, including amounts constrained to specific purposes by the Board
4. Assigned fund balance, including amounts which the Board or its designee intends to use for a specific purpose
5. Unassigned fund balance, including amounts that are available for any purpose

Other Postemployment Benefits Report

In accordance with GASB Statement 75, the district's financial statements shall report the 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 district's financial obligation for OPEBs shall be reevaluated every two years in accordance with GASB 75.

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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)

Annual Financial Report

On a form prescribed by the Superintendent of Public Instruction, the Superintendent or designee shall prepare a statement of all receipts and expenditures of the District for the preceding fiscal year. On or before September 15, the Board shall approve this statement and make the appropriate filing with the County Superintendent of Schools.

Appropriations Limit Report

The Board shall adopt a resolution by September 30 of each year to identify 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 meeting.

Financial Reports

A. Warrants - District Funds

All warrants issued by the District shall be submitted to the Board of Education at regular or special meetings for approval by ratification.

1. Salary ("A") Warrants

Requests for issuance of all payroll warrants will be submitted to the County Superintendent of Schools, Financial Services Division, for review and preparation. Warrants are then returned to the District Financial Services Office for distribution. Employees who have selected the direct deposit method will receive a form issued by the Los Angeles County Office of Education, confirming deposit to the bank account specified by the employee.

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2. Commercial ("B") Warrants

Orders for payment from the District, which are submitted to the County Superintendent of Schools and the County Auditor-Controller, shall be examined, approved and allowed as commercial warrants drawn on funds of the District by the following procedure:

- a. Orders for payment by the Board of Education shall be on forms as prescribed by the County Superintendent of Schools.
- b. Orders for payment shall be signed only by authorized District administrators in accordance with a resolution adopted by the Board of Education and filed with the County Superintendent of Schools. District administrators authorized to sign orders using a security card data processing terminal shall have such use to constitute signature approval of orders for payment.
- c. Orders for payment submitted by authorized District personnel shall be considered approved by the Board of Education when submitted or transmitted and shall constitute legal expenditures of the District in accordance with the Education Code and other applicable statutes.
- d. Unless requested to do so by the County Superintendent of Schools, orders for payment need not be accompanied by invoices, Board approvals, contracts, or other documentation. The Board of Education recognizes that this reduction in paperwork constitutes a greater assumption of local responsibility. When requested by the County Superintendent of Schools, supporting documentation shall be provided.
- e. When commercial warrants issued by the County Superintendent of Schools and County Auditor-Controller are returned to the District, one District-authorized signature shall be affixed to the warrant before release to the payee.
- f. The District shall file and maintain for not less than seven (7) years the voucher copy of commercial warrants issued. Attached thereto shall be supporting invoices, contracts, proposals, claims, and/or other documents which support and explain such payments. Such vouchers and supporting

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data shall constitute the District, County Auditor-Controller, and County Superintendent copies.

- g. Voucher copies, supporting documents, Board approvals, and commercial warrant District internal controls and procedures shall be subject to post-audit and review by the County Superintendent of Schools and the County Auditor-Controller.
- h. The Board of Education will make its best effort to improve or correct internal controls, policies, or procedures as a result of recommendations which might occur through a post-audit review made by the County Superintendent of Schools.

B. Purchase Order Listing

Purchase orders and service contracts shall be issued as needed to meet the operational demands of the District and shall be submitted at the regular meetings of the Board of Education for approval or ratification. The purchase order listing shall list separately the number of each purchase order, the vendor, and the amount of the purchase order.

Legal Reference: Education Code Sections: 17070.10-17079.30; 41020; 41024; 41344; 41344.1; 42131; 42140; 42141

Policy Adopted: 11/16/1976 (BP 3430)  
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Formerly BP 3430