

FINANCIAL REPORTS AND ACCOUNTABILITY

Interim Reports

Each interim 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)

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)

An interim 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)

Audit Report

The Superintendent or designee shall provide the necessary financial records and cooperate with the independent auditor selected by the Governing Board to ensure that the audit report contains all information required by law and the Governmental Accounting Standards Board (GASB).

The district audit shall include all income and expenditures by source of funds, including the student body and cafeteria funds and accounts, state and federal grant funds, and any other funds under the district's control or jurisdiction, 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 the district participates in the school district of choice program to accept interdistrict transfers, the Superintendent or designee shall notify the auditor, prior to the

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commencement of the audit, that the audit must include a review of the district's compliance with specified program requirements. (Education Code 48301)

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)

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)

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

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)

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Lease Accounting

Any lease agreement involving the district, whether as lessor or lessee, shall be classified as a short-term lease, a contract that transfers ownership, or a lease other than short-term lease and contract that transfers ownership. District financial statement disclosures and schedules related to any lease shall comply with the standards specified in GASB 87.

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

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 an open 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)

State

- 2 CCR 1859.104: Leroy F. Green 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 19810-19816.1: Audits
- Ed. Code 1240: County superintendent of schools; duties
- Ed. Code 14500-14508: Financial and compliance audits
- Ed. Code 17070.10-17079.30: Leroy F. Greene School Facilities Act
- Ed. Code 17150-17150.1: Public disclosure of non-voter-approved debt
- Ed. Code 17170-17199.5: California School Finance Authority
- 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

- 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
- California Department of Education Communication: Audit Resolution Process: Repayment Plans, December 8, 2000

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Fiscal Crisis & Management Assistance Team Pub.: Indicators of Risk or Potential Insolvency For K-12 Local Education Agencies

Fiscal Crisis & Management Assistance Team Pub.: 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

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 Pension, June 2015

State Controller Publication: Standards and Procedures for Audits of California K-12 Local Educational Agencies

U.S. Gov. Accountability Office & PCIE Publication: Financial Audit Manuel, revised 2008

U.S. Gov. Accountability Office & PCIE Publication: Government Auditing Standards, 2011

Website: CSBA District and County Office of Education Legal Services

Website: Governmental Accounting Standards Board

Website: California State Controller

Website: U.S. Government Accountability Office

Website: California County Superintendents Educational Services Association

Website: California Department of Education, Finance and Grants

Website: Education Audit Appeals Panel

Website: Fiscal Crisis and Management Assistance Team

Website: CSBA

Website: California Association of School Business Officials

Website: Office of Management and Budget

Website: School Services of California, Inc.

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ORCUTT UNION SCHOOL DISTRICT
Orcutt, California