

SAN LORENZO
UNIFIED SCHOOL DISTRICT
BOARD POLICY

BP 3460 (a)

Business and Noninstructional Operations

FINANCIAL REPORTS AND ACCOUNTABILITY

The Governing Board is committed to ensuring the fiscal health of the district and providing public accountability. The Board shall adopt sound fiscal policies, oversee the district's financial condition, and ensure that the financial systems support the district's goals for student achievement.

The Superintendent or designee shall provide the Board with financial reports throughout the year in accordance with law and as otherwise requested by the Board.

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.

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.

FUND BALANCE

The Fund Balance Policy is intended to provide guidelines during the preparation and execution of the annual budget to ensure that sufficient reserves are maintained for unanticipated expenditures or revenue shortfalls. The policy also authorizes and directs the Chief Business Official to prepare financial reports which accurately categorize fund balance as per Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

The Fund Balance consists of five categories, as follows:

- Nonspendable Fund Balance consists of funds that cannot be spent due to their form (e.g. inventories and prepaid amounts) or funds that legally or contractually must be maintained intact.
- Restricted Fund Balance consists of funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation.
- Committed Fund Balance consists of funds that are set aside for a specific purpose by the District's highest level of decision making authority (Governing Board). The same formal action must be taken to remove or change the limitations placed on the funds by the Governing Board. Formal action for such designation must be taken prior to the end of the fiscal year. However, the amount may be determined with the release of the financial statements.
- Assigned Fund Balance consists of funds that are set aside with the intent to be used for a specific purpose that are neither restricted nor committed by the District's highest level of decision making authority. The District's Chief Business Official is authorized to assign funds for specific purposes. Assigned funds cannot cause a deficit in unassigned fund balance.
- Unassigned Fund Balance consists of excess funds that have not been classified in the previous four categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

The Board of Education of the San Lorenzo Unified School District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. Therefore, the minimum unassigned fund balance shall not be less than six percent (6%) of total expenditures, outgo, and uses and shall be recorded in the Reserve for Economic Uncertainties.

For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first and then unrestricted. Expenditures incurred in the unrestricted fund balances shall be reduced first from the committed fund balance, then from the assigned fund balance and lastly the unassigned fund balance.

The governing board has the authority to establish a Financial Stabilization Arrangement that would be a Committed Fund Balance. A Financial Stabilization Arrangement is established for the purpose of providing funds for revenue stabilization, working capital, contingencies or emergencies and other similar purposes in addition to funds held in the Reserve for Economic Uncertainties.

Legal Reference:

EDUCATION CODE

14500-14508 Financial and compliance audits
17150 Public disclosure of non-voter-approved debt
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
41010-41023 Accounting system
41326 Emergency apportionment
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
42127.6 School district operations monitoring; financial obligation nonpayment
42130-42134 Financial reports and certifications
42140-42142 Public disclosure of fiscal obligations

GOVERNMENT CODE

3540.2 School district; qualified or negative certification; proposed agreement review and comment

16429.1 Local agency investment fund
53646 Reports of investment policy and compliance

CODE OF REGULATIONS, TITLE 5

15070 Submission of reports using standardized account code structure
15453-15463 Criteria and standards for school district interim reports

Board Adopted: October 7, 2008

Board Revised: June 21, 2011