

## **FINANCIAL REPORTS AND ACCOUNTABILITY**

It is the intent of the Monterey County Board of Education (County Board) to follow sound fiscal management practices for the most effective and efficient use of public funds. The County Board is committed to ensuring the fiscal health of the Monterey County Office of Education (MCOE) and providing public accountability. The County Board shall adopt sound fiscal policies and evaluate whether the MCOE's budget and financial operations support the MCOE goals for student achievement and service to the districts. (Education Code 41020(a))

The Monterey County Superintendent of Schools (County Superintendent) or designee shall regularly keep the County Board informed about MCOE finances and provide the County Board with financial reports throughout the year in accordance with the law. All required financial reports should be prepared in conformity with generally accepted accounting principles and financial reporting standards stipulated by the Governmental Accounting Standards Board and the California Department of Education.

Based on financial reports provided in accordance with the law by the County Superintendent or designee and by any charter school authorized by the County Board, the County Board has the following responsibilities:

### **Monterey County Office of Education**

1. On or before July 1 of each fiscal year, the County Board shall adopt an annual budget for the budget year after holding a public hearing on the proposed budget. (Education Code 1040(d), 1620, 1622)
2. If a revision in excess of \$25,000 is proposed by the County Superintendent, to the County Superintendent budget after the County Board has adopted the budget, the revision must be incorporated into the next interim financial report and submitted to the County Board during a regularly scheduled County Board meeting for discussion and approval. (Education Code 1280)
3. No later than 45 days after the Governor signs the annual Budget Act, the County Board shall make available for public review any revision in revenues and expenditures that it has made to its budget to reflect the funding made available by that Budget Act. (Education Code 1622(e)(3))
4. On or before October 15 of each year, the County Board shall adopt a resolution identifying the MCOE estimated appropriations limit for the current fiscal year and the actual appropriations limit for the preceding fiscal year. (Education Code 1629; Government Code 7901(g), 7910)

5. The County Board shall review two interim fiscal reports no later than 45 days after the close of the period being reported, the first for the period ending October 31 and second for the period ending January 31, whether MCOE will be able to meet its fiscal obligations for the remainder of the fiscal year and two subsequent fiscal years. (Education Code 1240(l)(1))

A county office that has a qualified or negative certification in any fiscal year may not issue, in that fiscal year or in the next succeeding fiscal year, certificates of participation, tax anticipation notes, revenue bonds, or any other debt instruments not requiring the approval of the voters. (Education Code 42133(b))

6. The County Board shall review the annual audit report provided by the County Superintendent of all funds under his/her jurisdiction. The independent auditor shall present the audit report to the County Board at a public meeting and the County Board shall have an opportunity to ask questions of the auditor and request further information about the audit findings. (Education Code 1040(e), 1627)
7. If the County Board neglects or refuses to make a MCOE budget in the manner as prescribed by the Education Code, or the County Superintendent neglects to file interim reports pursuant to Education Code 1240, subdivision 1, the State Superintendent of Public Instruction shall not make any apportionment of state or federal money for MCOE for the current fiscal year, and the State Superintendent of Public Instruction shall notify the appropriate MCOE official that he or she shall not approve any warrants issued by MCOE. (Education Code 42120, 42129)

### **Charter Schools**

At various times during the year, the County Board shall review, in a format prescribed by the State Superintendent of Public Instruction, reports from each charter school authorized by the County Board. Reports required are:

1. On or before July 1, a preliminary budget. (Education Code 47604.33)
2. On or before September 15, a final unaudited report for the full prior year. (Education Code 47604.33)
3. On or before December 15, an interim financial report reflecting changes through October 31. (Education Code 47604.33)
4. On or before December 15, an annual, independent financial audit report for the preceding fiscal year as described in Education Code 41020. (This

requirement does not apply if the audit of the charter school is encompassed in the audit of the chartering entity.)(Education Code 47605(m) and 47605.6(m))

5. On or before March 15, a second interim financial report reflecting change through January 31. (Education Code 47604.33)

*Legal References:*

EDUCATION CODE

<i>1040(d)</i>	<i>Approve annual county school service fund budget</i>
<i>1040(e)</i>	<i>Review annual audit in public</i>
<i>1240(l)(1)</i>	<i>Submitting interim reports</i>
<i>1280</i>	<i>Approve revisions to annual County Superintendent budget of over \$25,000</i>
<i>1620</i>	<i>Conduct public hearing</i>
<i>1622</i>	<i>Adopt annual budget</i>
<i>1622(e)(3)</i>	<i>Budget Act</i>
<i>1627</i>	<i>Annual audit report</i>
<i>1629</i>	<i>Resolution to identify appropriations limit</i>
<i>41020</i>	<i>Requirement for annual audit</i>
<i>42120</i>	<i>No county budget, no apportionment</i>
<i>42129</i>	<i>Submitting financial reports to Superintendent of Public Instruction</i>
<i>42133(b)</i>	<i>Qualified or negative certification; issuance of debt instruments</i>
<i>47604.33</i>	<i>Charter School Annual reports</i>
<i>47605(m)</i>	<i>Charter School Independent financial audit report</i>
<i>47605.6(m)</i>	<i>Charter School Independent financial audit report</i>

GOVERNMENT CODE

<i>3540.2</i>	<i>Qualified or negative certification</i>
<i>7901</i>	<i>"Local jurisdiction" includes County Superintendent</i>
<i>7910</i>	<i>Appropriations limit</i>

CODE OF REGULATIONS, TITLE 5

<i>15060</i>	<i>Standardized account code structure</i>
<i>15070</i>	<i>Submission of reports using standardized account code structure</i>

Adopted: 03/03/10

Revised: 04/03/13