

FISCAL MANAGEMENT GOALS AND OBJECTIVES
FINANCIAL ETHICS

CAA
(LOCAL)

All Trustees, employees, vendors, contractors, agents, consultants, volunteers, and any other parties who are involved in the District's financial transactions shall act with integrity and diligence in duties involving the District's fiscal resources.

Note: See the following policies and/or administrative regulations regarding conflicts of interest, ethics, and financial oversight:

- Code of ethics:
 - for Board members— — BBF
 - for employees— — DH
- Financial conflicts of interest:
 - for public officials— — BBFA
 - for all employees— — DBD
 - for vendors— — CHE
- Compliance with state and federal grant and award requirements: CB, CBB
- Financial conflicts and gifts and gratuities regarding federal funds: CB, CBB
- Systems for monitoring the District's investment program: CDA
- Budget planning and evaluation: CE
- Compliance with accounting regulations: CFC
- Activity fund management: CFD
- Criminal history record information for employees: DBAA, DC
- Disciplinary action for fraud by employees: DCD, DCE, and DF series

Fraud and Financial Impropriety

The District prohibits fraud and financial impropriety, as defined below, in the actions of its Trustees, employees, vendors, contractors, agents, consultants, volunteers, and others seeking or maintaining a business relationship with the District.

Definition

Fraud and financial impropriety shall include but not be limited to:

1. Forgery or unauthorized alteration of any document or account belonging to the District.
2. Forgery or unauthorized alteration of a check, bank draft, or any other financial document.

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3. Misappropriation of funds, securities, supplies, or other District assets, including employee time.
4. Impropriety in the handling of money or reporting of District financial transactions.
5. Profiteering as a result of insider knowledge of District information or activities.
6. Unauthorized disclosure of confidential or proprietary information to outside parties.
7. Unauthorized disclosure of investment activities engaged in or contemplated by the District.
8. Accepting or seeking anything of material value from contractors, vendors, or other persons providing services or materials to the District, except as otherwise permitted by law or District policy. [See CB, DBD]
9. Inappropriately destroying, removing, or using records, furniture, fixtures, or equipment.
10. Failure to provide financial records required by federal, state, or local entities.
11. Failure to disclose conflicts of interest as required by law or District policy.
12. Any other dishonest act regarding the finances of the District.
13. Failure to comply with requirements imposed by law, the awarding agency, or a pass-through entity for state and federal awards.

**Financial Controls
and Oversight**

Each employee who supervises or prepares District financial reports or transactions shall set an example of honest and ethical behavior and shall actively monitor his or her area of responsibility for fraud and financial impropriety.

Fraud Prevention

The Superintendent-~~or designee~~ shall maintain a system of internal controls to deter and monitor for fraud or financial impropriety in the District.

Reports

Any person who suspects fraud or financial impropriety in the District shall report the suspicions immediately to a person with authority to investigate the suspicions, including any supervisor, the Superintendent-~~or designee~~, the Board President, or local law enforcement.

Reports of suspected fraud or financial impropriety shall be treated as confidential to the extent permitted by law. Limited disclosure

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	<p>may be necessary to complete a full investigation or to comply with law. All employees involved in an investigation shall be advised to keep information about the investigation confidential.</p>
<i>Protection from Retaliation</i>	<p>Neither the Board nor any District employee shall unlawfully retaliate against a person who in good faith reports perceived fraud or financial impropriety. [See DG]</p>
Fraud Investigations	<p>In coordination with legal counsel and other internal or external departments or agencies, as appropriate, the Superintendent, Board President, or a designee shall promptly investigate reports of potential fraud or financial impropriety.</p>
Response	<p>If an investigation substantiates a report of fraud or financial impropriety, the Superintendent or designee shall promptly inform the Board of the report, the investigation, and any responsive action taken or recommended by the administration.</p> <p>If an employee is found to have committed fraud or financial impropriety, the Superintendent or designee shall take or recommend appropriate disciplinary action, which may include termination of employment. If a contractor or vendor is found to have committed fraud or financial impropriety, the District shall take appropriate action, which may include cancellation of the District's relationship with the contractor or vendor.</p> <p>When circumstances warrant, the Board, Superintendent, or a designee may refer matters to appropriate law enforcement or regulatory authorities. In cases involving monetary loss to the District, the District may seek to recover lost or misappropriated funds.</p> <p>The final disposition of the matter and any decision to file a criminal complaint or to refer the matter to the appropriate law enforcement or regulatory agency for independent investigation shall be made in consultation with legal counsel.</p>
Federal Awards Disclosure	<p>The In connection with federal awards, the District shall promptly disclose, in a timely manner in writing to the federal awarding agency or pass-through entity, all violations whenever the District has credible evidence of the commission of a violation of federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations potentially affecting found in federal law, including the Civil False Claims Act. This provision applies to any activities or subawards of a federal grant award. [See CBB]</p>
Analysis of Fraud	<p>After any investigation substantiates a report of fraud or financial impropriety, the Superintendent or designee shall analyze conditions or factors that may have contributed to the fraudulent or improper activity. The Superintendent or designee shall ensure that</p>

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appropriate administrative procedures are developed and implemented to prevent future misconduct. These measures shall be presented to the Board for review.

Financial Policy and Objectives

In order to meet its mission, the District depends on its property tax collections for the majority of its funding. Additionally, the District receives limited state aid and grant revenues. The District receives its revenues at various intervals during the year, and the majority of its revenue is received through tax collections in late January and February of each year.

The District recognizes the importance of maintaining its financial integrity; therefore, it has developed this policy to support its mission, goals, and objectives.

Financial Stability

In seeking to fulfill its mission, the District shall maintain a high level of financial stability and shall not compromise long-term financial integrity to achieve short-term benefits.

In an effort to provide adequate cash flow for its operations, maintain a strong credit rating, and plan for unanticipated extraordinary costs, the District shall maintain in the general fund a minimum unassigned fund balance of at least two months of operations.

Funds from Operations

The District's general fund shall provide adequate funding to support the following:

1. Cash flow needs;
2. Quality instructional programs;
3. Bond ratings;
4. Unfunded state-mandated costs;
5. Changes in state funding formulas that impact cash flow; and
6. Unanticipated extraordinary costs.

Revenue

The District's revenue levels shall be evaluated annually with the administration's recommendations giving consideration to the following:

1. Cash flow needs;
2. Bond ratings;
3. Operating requirements;
4. Current business conditions, including the local economy;
5. Economic projections, including property values, the state's economy, legislative issues, and the like;

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6. Student growth assumptions; and
7. The projected level of expenditures.

**General Operating
Fund Expenditures**

All expenditures from the general fund shall maintain the following priorities of obligation:

1. Payments of all legal and reasonable expenditures relating to maintenance and operations of the District's general fund.
2. Payments to special revenue funds that require a matching amount for federal or state grants, including the child nutrition fund and the construction fund.

All remaining funds shall be applied to maintaining a fiscal year-ending cash balance (unassigned fund balance) that includes a minimum of two months of operating costs.

Reporting

The District shall prepare financial operations reports in accordance with the following:

- Monthly financial reports shall be provided to the Board.
- An annual financial plan (budget) detailing revenues and expenditures shall be provided for the Board's approval prior to September 1 of each fiscal year.
- An annual audit shall be conducted by an external professional auditing firm that includes the necessary details to reconcile the District's financial operations for the year. The audit report shall be submitted for review and approval by the Board after the end of the fiscal year.

Order of Expenditure

The order of spending and availability shall be to reduce funds from the listed areas in the following order: restricted, committed, assigned, and unassigned. Negative amounts shall not be reported for restricted, committed, or assigned funds.

Definitions

Fund Balance

Fund balance shall mean the gross difference between governmental fund assets and liabilities reflected on the balance sheet.

Fund Balance of the
General Fund

The fund balance of the general fund, one of the governmental fund types, is of primary significance because the general fund is the primary fund, which finances most functions in the District. The fund balance of the general fund shall mean the gross difference between general fund assets and liabilities reflected on the balance sheet.

Fund Balance
Classifications

The five classifications of fund balance of the governmental types are as follows:

Nonspendable

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Nonspendable fund balance shall mean the portion of the gross fund balance that is not expendable (such as inventories) or that is legally earmarked for a specific use (such as the self-funded reserves program).

Examples of fund balance reserves for which fund balance shall not be available for financing general operating expenditures include:

- Inventories;
- Prepaid items;
- Deferred expenditures;
- Long-term receivables; and
- Outstanding encumbrances.

Restricted

Restricted fund balance shall include amounts constrained to a specific purpose by the provider, such as a grantor.

Examples include:

- Child nutrition programs;
- Technology programs;
- Construction programs; and
- Other granting agencies.

Committed

Committed fund balance shall mean the portion of the fund balance that is constrained to a specific purpose by the Board.

Examples include:

- Potential litigation, claims, and judgments; and
- Campus activity funds.

Assigned

Assigned fund balance shall mean the portion of the fund balance that is spendable or available for appropriation but has been tentatively earmarked for some specific purpose by the Board, the Superintendent, or the chief financial officer.

In current practice, such plans or intent may change and never be budgeted or result in expenditures in future periods of time.

Examples include:

- Insurance deductibles;
- Program start-up costs; and

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Unassigned

- Other legal uses.

Unassigned fund balance shall include amounts available for any legal purpose. This portion of the total fund balance in the general fund shall be available to finance operating expenditures.

The unassigned fund balance shall be the difference between the total fund balance and the total of the nonspendable fund balance, restricted fund balance, committed fund balance, and assigned fund balance.