

TRANSFER OF FUNDS

The Board of Education recognizes its responsibility to monitor the district's fiscal practices to ensure accountability regarding the expenditure of public funds and compliance with legal requirements.

(cf. 0460—Local Control and Accountability Plan)
(cf. 3100—Budget)
(cf. 3400—Management of District Assets/Accounts)
(cf. 3460—Financial Reports and Accountability)

The total amount budgeted by the district for each major classification of expenditures, as listed in the California Department of Education’s budget forms, shall be the maximum amount which the district may expend for that classification for the school year. (Education Code 42600)

However, when it is in the best interest of the district, the Board may:

- 1 At any time, adopt a written resolution providing for transfers from the designated fund balance or the unappropriated fund balance to any expenditure classification or between classifications. The resolution shall be filed with the County Superintendent of Schools and the County Auditor. (Education Code 42600)
- 2 Direct the temporary transfer of monies held in any district fund or account to another fund or account as necessary for the payment of obligations. Such borrowing shall occur only when the fund or account receiving the money will earn sufficient income during the current fiscal year to repay the amount transferred. No more than 75 percent of the maximum amount held in any fund or account during the current fiscal year may be transferred. Amounts transferred shall be repaid in the same fiscal year, or in the following fiscal year if the transfer takes place within the final 120 calendar days of a fiscal year. (Education Code 42603)

For the 2020-21 and 2021-22 fiscal years only, if the state defers any payments owed to districts, the Board may direct the temporary transfer of up to 85 percent of the maximum amount held in any fund or account during the current fiscal year for the payment of obligations. Such borrowing shall occur only when the fund or account receiving the money will earn sufficient income during the current fiscal year to repay the amount transferred. Prior to exercising this authority, the Board shall hold a public hearing and adopt a resolution authorizing such transfer. (Education Code 42603.1)

- 3 At the close of a school year, request the County Superintendent make transfers between the designated fund balance or the unappropriated fund balance and any expenditure classification(s), or balance any expenditure classifications of the district budget as necessary for the payment of obligations incurred during that school year. (Education Code 42601)
- ~~4 Specify amounts to be transferred by the county auditor and treasurer from the district’s general fund to the special reserve fund during the fiscal year. If any special reserve funds are maintained for purposes other than capital outlay or if monies in the special reserve fund are not actually encumbered for ongoing expenses, the Board may transfer those monies into the general fund for the general operating purposes of the district. If any monies remain in the special reserve fund at the conclusion of a project, the Board may, by written request to the County Superintendent, auditor, and treasurer, transfer those monies to the district’s general fund. (Education Code 42841-42843)~~

TRANSFER OF FUNDS (continued)

4. If any special reserve funds that are maintained for capital outlay or other purposes pursuant to Education Code 42842 are not actually encumbered for ongoing expenses, transfer those monies into the general fund for the general operating purposes of the district. If any monies remain in the special reserve fund at the conclusion of a project, the Board may submit a written request to the County Superintendent, Auditor, and Treasurer to discontinue the special reserve fund and transfer those monies to the district's general fund. (Education Code 42841-42843)
- 5 Transfer monies between other funds or accounts when authorized by law

*Legal Reference:*EDUCATION CODE*78 Definition governing board**5200 Districts governed by boards of education**16095 Transfer of district funds to district state school building fund**41301 Section A state school fund allocation schedule**42125 Designated and unappropriated fund balances**42238-42251 Apportionments to district's, especially:**42238.01-42238.07 Local control funding formula**42600 District budget limitation on expenditure**42601 Transfers between funds to permit payment of obligations at close of year**42603 Transfer of monies held in any fund or account to another fund; repayment**42840-42843 Special reserve fund**52616.4 Expenditures from adult education fund**Management Resources:*WEB SITES:*CSBA: <http://www.esba.org>**California Department of Education: <http://www.cde.ca.gov>**Fiscal Crisis and Management Assistance Team: <http://www.femat.org>***Policy amended: Date Pending**

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Policy adopted: October 15, 2009