



**Los Angeles County  
Office of Education**

**INFORMATIONAL  
BULLETIN # 5520**  
Rev: 4/7/2022

9300 Imperial Highway, Downey, California 90242-2890 • (562) 922-6111

Debra Duardo, M.S.W., Ed.D., *Superintendent*

April 6, 2022

**TO:** Business and Accounting Administrators  
Los Angeles County K-12 School Districts

**FROM:** Gabriel Leung, Assistant Director  
Accounting and Financial Services  
Division of School Financial Services

**SUBJECT:** Year-End Appropriation Transfers—K-12 School Districts

**DISTRICT ACTION REQUIRED**

Education Code (EC) Section 42601 authorizes the County Superintendent of Schools (County Office) to identify and make budget transfers for districts, permitting payment of their obligations at the close of the school year. This authority requires approval from the district's governing board.

EC Section 42601 states:

"At the close of any school year a school district may, with the approval of the governing board, identify and request the county superintendent of schools to make the transfers between the designated fund balance or the unappropriated fund balance and any expenditure classification or classifications, or balance any expenditure classifications of the budget of the district for that school year as necessary to permit the payment of obligations of the district incurred during that school year. For each elementary, high school, and unified school district that, during the preceding school year, had an average daily attendance less than the level, as appropriate, specified in subdivision (a) of Section 41301, the county superintendent of schools, with the consent of the governing board of the school district, may identify and make the transfers, and shall so notify the districts."

Types of Budget Transfers

1. Between the committed or assigned fund balances and any expenditure classification
2. Between the unassigned fund balances and any expenditure classification
3. Between any expenditure classification

### Budget Transfer Authorization

1. Districts **below** the ADA level, noted in EC 41301, must submit **Attachment No. 1**. The district must select either **No Appropriation Transfer is Requested** or the **Appropriation Transfers are Authorized**. If Appropriation Transfers are authorized, the form must be completed and signed by the clerk of the governing board indicating the governing board's intention. In either case, the form must be submitted to the Division of School Financial Services (SFS) Accounting section **no later than July 15, 2022**.
2. Districts **above** the ADA level, noted in EC 41301, must submit **Attachment No. 2**. The district must select either **No Appropriation Transfer is Requested** or the **Appropriation Transfers are Authorized**. If Appropriation Transfers are authorized, the form must be completed and signed by the clerk of the governing board indicating the governing board's intention. In either case, the form must be submitted to SFS Accounting section **no later than July 15, 2022**.

If no Appropriation Transfers are requested, the district assumes full responsibility for making all necessary budget revisions to prevent account overdrafts at year-end.

### Frequently Asked Questions

Question: Why do the final reports still show overdrawn accounts after the district requested the County Office make appropriation transfers?

- Answer:
- a. The appropriation transfer covers the overdraft at the major object level only.
  - b. District may have limited the County Office's authority to perform only certain types of transfers.
  - c. The projected fund balance was understated because revenue potential was not accurately reflected in the district's final budget.
  - d. District may have requested re-opening of their books after SFS made the appropriation transfer.

Question: Should the district stop making budget transfers after the request for appropriation transfers has been made to the County Office?

Answer: No, the district may continue to revise the operating budget up to the closing of fiscal year 2021-22 as the administration deems appropriate. The appropriation transfers made by SFS are only at the major object level to cover the overdraft at year end, after the district has notified SFS that their books are closed.

Question: How is the standardized account code structure (SACS) set up in the system?

Answer: SFS will set up a local resource (99995.0, Appropriation Transfer) with applicable accounts for any fund that requires appropriation transfers. All the SFS-initiated appropriation transfers will be done in the above-referenced resource without involving any specific resources. Please note that EC Section 42601 requires appropriation for any expenditure classification at the major object level.

Example:

<b>Fund-Object</b>	<b>Appropriation</b>	<b>Expenditure</b>	<b>Surplus/(Deficit)</b>
01.0-1000	\$ 1,700,000	\$ 1,900,000	(200,000)
01.0-2000	\$ 800,000	\$ 740,000	60,000
01.0-3000	\$ 700,000	\$ 500,000	200,000
01.0-4000	\$ 80,000	\$ 62,000	18,000
01.0-5000	\$ 95,000	\$ 105,000	(10,000)
01.0-6000	\$ 60,000	\$ 60,000	0
01.0-7000	\$ 14,000	\$ 18,000	(4,000)

SFS will make the following appropriation transfers, if authorized by the district, after the district's books are closed for the fiscal year.

<u>Fund</u>	<u>Res/PrjYr</u>	<u>Goal</u>	<u>Function</u>	<u>Object</u>	<u>Location</u>	<u>Amount</u>
01.0	- 99995.0	- 00000	- 00000	- 1000	- 0000000	+ \$200,000
01.0	- 99995.0	- 00000	- 00000	- 2000	- 0000000	- \$ 14,000
01.0	- 99995.0	- 00000	- 00000	- 3000	- 0000000	- \$200,000
01.0	- 99995.0	- 00000	- 00000	- 5000	- 0000000	+ \$ 10,000
01.0	- 99995.0	- 00000	- 00000	- 7000	- 0000000	+ \$ 4,000

Questions about appropriation transfers should be directed to the district's assigned SFS accounting staff as noted below:

<u>SFS Staff</u>	<u>Phone</u>	<u>E-mail</u>
Elaine Kawahara	(562) 922-6631	<a href="mailto:Kawahara_Elaine@lacoed.edu">Kawahara_Elaine@lacoed.edu</a>
Frank Nguyen	(562) 922-6829	<a href="mailto:Nguyen_Frank@lacoed.edu">Nguyen_Frank@lacoed.edu</a>
Meilin Ho	(562) 922-6826	<a href="mailto:Ho_Meilin@lacoed.edu">Ho_Meilin@lacoed.edu</a>

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<http://www.lacoe.edu/Bulletins>

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Questions regarding this bulletin may be addressed to [SFSAccountingGroup@lacoe.edu](mailto:SFSAccountingGroup@lacoe.edu).

Approved:  
Nkeiruka Benson, Director  
Division of School Financial Services

SE:lt  
Attachments

SFS-A47-2021-2022



SCHOOL DISTRICTS WITH **ADA BELOW** EC 41301 LEVEL\*  
YEAR-END APPROPRIATION TRANSFERS

TO: Los Angeles County Office of Education  
Division of School Financial Services  
Accounting Section, EC 2<sup>nd</sup> Floor

FROM: \_\_\_\_\_ School District

\_\_\_\_\_ No Appropriation Transfer is Requested

\_\_\_\_\_ Appropriation Transfers are Authorized

Our school district has ADA below the level as specified in Education Code (EC) 41301. The governing board, in accordance with the provisions of EC 42601, hereby authorizes the County Superintendent of Schools to make appropriate transfers necessary at the close of the 2021-22 school year to permit the payment of obligations of the district incurred during the school year.

Signature: \_\_\_\_\_ Date \_\_\_\_\_, 2022  
Clerk of the Governing Board

Submitted by: \_\_\_\_\_ Date \_\_\_\_\_, 2022

E-mail address (required): \_\_\_\_\_

\*Education Code 41301 levels: equal to 901 average daily attendance (ADA) for the elementary school districts, equal to 301 ADA for the high school districts, and equal to 1501 ADA for the unified school districts.

Please email completed form to [SFSAccountingGroup@lacoedu](mailto:SFSAccountingGroup@lacoedu).



SCHOOL DISTRICTS WITH ADA ABOVE EC 41301 LEVEL\*  
YEAR-END APPROPRIATION TRANSFERS

TO: Los Angeles County Office of Education  
Division of School Financial Services  
Accounting Section, EC 2<sup>nd</sup> Floor

FROM: \_\_\_\_\_ School District

\_\_\_\_\_ No Appropriation Transfer is Requested

\_\_\_\_\_ Appropriation Transfers are Authorized

Our school district has ADA equal to or above the level specified in Education Code (EC) 41301. The governing board, in accordance with the provisions of EC 42601, hereby authorizes the County Superintendent of Schools to make appropriate transfers necessary at the close of the 2021-22 school year to permit payment of obligations of the district incurred during the school year.

Please identify sources by entering 1, 2, 3, or 4 to indicate 1st source, 2nd source, 3rd source or 4th source.

Authorization approved by governing board for transfers:

\_\_\_\_\_ Between major objects of expenditure

\_\_\_\_\_ From unassigned fund balances, if any

\_\_\_\_\_ From committed fund balances

\_\_\_\_\_ From assigned fund balances

Signature: \_\_\_\_\_ Date \_\_\_\_\_, 2022  
Clerk of the Governing Board

Submitted by: \_\_\_\_\_ Date \_\_\_\_\_, 2022

E-mail address (required): \_\_\_\_\_

\*Education Code 41301 levels: equal to 901 average daily attendance (ADA) for the elementary school districts, equal to 301 ADA for the high school districts, and equal to 1501 ADA for the unified school districts.

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