

HOUSE RESEARCH

Bill Summary

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Subject: Fund Transfer: Lester Prairie School District

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Overview

School districts are required to adopt and use a uniform system of records and accounting. The adopted system, a modified accrual accounting system, is known as Uniform Financial Accounting and Reporting System (UFARS). Under UFARS (see Minn. Stat. §§ 123B.75 to 123B.83), every district must maintain three operating funds and three nonoperating funds. UFARS and the state's public indebtedness statute for municipalities prohibit certain types of fund transfers between nonoperating and operating funds.

A school district is also prohibited from diverting money from a reserved account to another purpose. Money in the reserved for capital operating account must only be used for equipment or facilities needs. Money in the reserved for severance account must be reserved and spent only on severance costs.

This bill authorizes Independent School District No. 424, Lester Prairie, to transfer up to \$150,000 from its reserved for capital operating account and \$107,000 from its reserved for severance account to its unrestricted general fund.

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- 1** **Fund transfer; Lester Prairie school district.** Authorizes independent school district No. 424, Lester Prairie, to transfer up to \$150,000 from its reserved for capital operating account

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and \$107,000 from its reserved for severance account to its undesignated general fund balance.