

HOUSE RESEARCH

Bill Summary

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Authors: Peterson, A.

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Analyst: Tim Strom

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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.

This bill authorizes Independent School District No. 409, Tyler, to transfer up to \$451,000 from its reserved capital account in the undesignated general fund to its debt service fund. Tyler, along with Ruthton and Russell are holding a consolidation vote this spring. The Russell and Ruthton school districts were granted authority to make fund transfers during the 2005 by the 2005 Legislature.

Section

- 1 Fund transfer; Tyler school district.** Authorizes Independent School District No. 409, Tyler, to transfer up to \$451,000 from its reserved capital account in the general fund to its undesignated general fund balance.

