

**123B.79 PERMANENT FUND TRANSFERS.**

Subdivision 1. **Limitations.** Except as provided in this subdivision, sections 123B.51, 123B.80, 475.61, and 475.65, a district may not permanently transfer money from (1) an operating fund to a nonoperating fund; (2) a nonoperating fund to another nonoperating fund; or (3) a nonoperating fund to an operating fund. Permanent transfers may be made from any fund to any other fund to correct for prior fiscal years' errors discovered after the books have been closed for that year. Permanent transfers may be made from the general fund to any other operating funds according to section 121A.19 or if the resources of the other fund are not adequate to finance approved expenditures from that other fund. Permanent transfers may also be made from the general fund to eliminate deficits in another fund when that other fund is being discontinued. When a district discontinues operation of a district-owned bus fleet or a substantial portion of a fleet, the balance shall cancel to the district's general fund.

Subd. 2. **Technical colleges.** Money must not be transferred from the postsecondary general fund to any other operating or nonoperating fund.

Subd. 3. **TRA and FICA transfer.** (a) Notwithstanding subdivision 1, a district may transfer money from the general fund to the community service fund for the employer contributions for teacher retirement and FICA for employees who are members of a teacher retirement association and who are paid from the community service fund.

(b) A district must not transfer money under paragraph (a) for employees who are paid with money other than normal operating funds, as defined in section 354.05, subdivision 27.

Subd. 4. **Operating fund; nonoperating fund; defined.** As used in this section, "operating fund" and "nonoperating fund" have the meanings specified in the uniform financial accounting and reporting standards for Minnesota school districts. Any transfer for a period in excess of one year shall be deemed to be a permanent transfer.

Subd. 5. **Deficits; exception.** For the purposes of this section, a permanent transfer includes creating a deficit in a nonoperating fund for a period past the end of the current fiscal year which is covered by moneys in an operating fund. However, a deficit in the capital expenditure fund pursuant to section 123B.78, subdivision 5, does not constitute a permanent transfer.

Subd. 6. **Account transfer for statutory operating debt.** On June 30 of each year, a district may make a permanent transfer from the general fund account entitled "net unreserved general fund balance since statutory operating debt" to the account entitled "reserved fund balance reserve account for purposes of statutory operating debt reduction." The amount of the transfer is limited to the net unreserved general fund balance. If the net unreserved general fund balance is less than zero, the district may not make a transfer.

Subd. 7. **Account transfer for designated separation and retirement benefits.** A district may separately maintain in a designated for separation and retirement benefit account the amount necessary to meet the obligations for separation and retirement benefits, including compensated absences, termination benefits, pension benefits, and other postemployment benefits, not accounted for elsewhere. The amount necessary must be calculated according to standards established by the department.

Subd. 8. **Account transfer for reorganizing districts.** A district that has reorganized according to sections 123A.35 to 123A.43, 123A.46, or 123A.48, or has conducted a successful referendum on the question of combination under section 123A.37, subdivision 2, or consolidation under section 123A.48, subdivision 15, or has been assigned an identification number by the commissioner under section 123A.48, subdivision 16, may make permanent transfers between any of the funds or accounts in the newly created

or enlarged district with the exception of the debt redemption fund, food service fund, and health and safety account of the capital expenditure fund. Fund transfers under this section may be made for up to one year prior to the effective date of combination or consolidation by the consolidating boards and during the year following the effective date of reorganization by the consolidated board. The newly formed board of the combined district may adopt a resolution on or before August 30 of the year of the reorganization authorizing a transfer among accounts or funds of the previous independent school districts which transfer or transfers shall be reported in the affected districts' audited financial statements for the year immediately preceding the consolidation.

**Subd. 9. Elimination of reserve accounts.** A school board shall eliminate all reserve accounts established in the school district's general fund under Minnesota Statutes before July 1, 2006, for which no specific authority remains in statute as of June 30, 2007. Any balance in the district's reserved for bus purchases account as of June 30, 2007, shall be transferred to the reserved account for operating capital in the school district's general fund. Any balance in other reserved accounts established in the school district's general fund under Minnesota Statutes before July 1, 2006, for which no specific authority remains in statute as of June 30, 2007, shall be transferred to the school district's unreserved general fund balance. A school board may, upon adoption of a resolution by the school board, establish a designated account for any program for which a reserved account has been eliminated.

**History:** 1977 c 447 art 7 s 8; 1978 c 764 s 14; 1979 c 334 art 5 s 2; 1980 c 609 art 6 s 7,8; art 7 s 6; 1981 c 358 art 7 s 10; 1982 c 548 art 5 s 1; 1983 c 314 art 5 s 1; art 6 s 3; 1984 c 463 art 7 s 4; 1Sp1985 c 12 art 7 s 7; 1Sp1985 c 16 art 2 s 29; 1987 c 143 s 2; 1987 c 258 s 12; 1987 c 398 art 7 s 13,42; 1988 c 486 s 10; 1988 c 718 art 8 s 3; 1989 c 222 s 7; 1989 c 246 s 2; 1989 c 329 art 4 s 4; 1990 c 562 art 4 s 2; art 8 s 7; 1991 c 130 s 37; 1991 c 265 art 6 s 2; art 8 s 2; 1992 c 499 art 7 s 1; art 12 s 29; 1993 c 224 art 5 s 1; art 6 s 2; 1994 c 465 art 2 s 1; 1994 c 647 art 8 s 3; 1Sp1995 c 3 art 2 s 1; art 4 s 15; art 6 s 1; 1997 c 7 art 1 s 48; 1998 c 397 art 6 s 20-26,124; art 11 s 3; 2000 c 489 art 6 s 10; 1Sp2005 c 5 art 1 s 5; 2007 c 146 art 5 s 3,4; art 11 s 3; 2009 c 96 art 5 s 3