

HOUSE RESEARCH

Bill Summary

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Authors: Olson

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Analyst: Tim Strom, 651-296-1886

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Overview

School districts are required to adopt and use a uniform system of records and accounting for public schools. The adopted system, a modified accrual accounting system, is known as Uniform Financial Accounting and Reporting System (UFARS). Under UFARS (see Minn. Stat. § 123B.75-123B.83 and 475.61), 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.

School districts generally pay for school building projects through the sale of bonds. The bond holders are then repaid with money from the school district's debt redemption fund. If a school district has an excess in its debt redemption fund, current law requires the district to reduce its debt service levy for the following year by the amount of the excess.

- 1 Fund Transfer; Monticello.** Authorizes independent school district No 882, Monticello, to transfer up to \$650,000 from its debt redemption fund to the general fund on June 30, 1999.
- 2 Effective Date.** Makes section 1 effective the day following final enactment.