

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 555
Version: As Introduced

DATE: February 16, 2001

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Subject: Fund Transfer; Plummer

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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 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. In addition, school districts are also prohibited from transferring money from a reserved account to the general fund balance.

School districts are permitted to levy for reemployment (unemployment) insurance costs for the current year. The levy authority is based on the district's best guess of its amount of unemployment costs for the year during which the levy is certified. The district's levy schedule is such that it levies in the payable year for the same school year (a pay 01 levy is used to pay the costs of reemployment insurance in fiscal year 01). As a result, districts generally do not build up balances in this reserve account. However, if the levy for unemployment costs exceeds the actual amount, then in a subsequent year, the department of children, families, and learning will make a negative levy adjustment to reduce the balance to the district's actual amount of costs.

Section

- 1 **Fund transfer; Plummer.** Authorizes independent school district No. 628, Plummer, to transfer up to \$100,000 of its balance in its reserved account for unemployment insurance to the capital account in its general fund without making a levy reduction.