

# HOUSE RESEARCH

## Bill Summary

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**Authors:** McDonald and others

**Subject:** School District Fund Transfers; Delano, Monticello, Rockford

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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 at least 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 annually is required to levy 105 percent of the amount it needs for its debt levy to ensure that it has sufficient funds to repay the building bonds. The amount in excess of the sum actually needed to repay the building bonds is referred to as "debt excess." A statutory process exists to reduce debt excesses, but that calculation may still leave a positive fund balance in a district's debt redemption fund.

This bill authorizes debt redemption fund transfers for three school districts: Independent School District Nos. 879, Delano; 882, Monticello; and 883, Rockford.

#### 1 Fund transfers.

**Subd. 1. Delano.** Authorizes Independent School District, No. 879, Delano, to transfer up to \$235,000 from its debt redemption fund to the operating capital account in the general fund without making a levy reduction.

**Subd. 2. Monticello.** Authorizes Independent School District, No. 882, Monticello, to transfer up to \$500,000 from its debt redemption fund to the operating capital account in the general fund without making a levy reduction.

**Subd. 3. Rockford.** Authorizes Independent School District, No. 883, Rockford, to transfer up to \$550,000 from its debt redemption fund to the operating capital account in the general fund without making a levy reduction.