

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 2604
Version: As introduced

DATE: March 7, 2012

Authors: Quam and others

Subject: Expanding Permissible Uses of School District Accounts and Funds

Analyst: Tim Strom

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd.

Overview

Minnesota 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 separate operating funds and 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 these accounts must be reserved and spent only for the statutorily specified purposes.

The 2011 Legislature passed a provision that applies only for FY 12 and FY 13 that allows fund and account transfers from funds other than the food service and community service funds so long as the transfer does not increase the district's state aids or local property taxes. This bill makes that authority permanent.

- 1** **Limitations.** Authorizes a school district to transfer money from a reserved account or from one fund to another (excluding the community service and food service funds) so long as the transfer does not increase the district's state aids or local property taxes.