

HOUSE RESEARCH

Bill Summary

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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 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. UFARS also prohibits funds from being moved from a reserved account.

Prior to the late 1990s, school districts maintained a separate fund for pupil transportation and a portion of each year's revenue was deposited in a bus purchase account. Money in the bus purchase account could only be used for the purchase of new school buses. A school district that discontinues its bus fleet may transfer the money from the bus purchase account. Some districts transferred the money left in the bus purchase account to the reserved for capital account in the general fund.

H.F. 1698 authorizes Independent School District No. 739, Kimball, to transfer up to \$150,000 from its reserved for bus purchase account, or any successor account, to the undesignated general fund balance.

- 1 Fund transfer; Kimball.** Authorizes Independent School District No. 739, Kimball, to permanently transfer up to \$150,000 from its reserved account for bus purchase, or any

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successor account, to the undesignated general fund balance.