

HOUSE RESEARCH

Bill Summary

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Authors: Severson and others

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Analyst: Tim Strom

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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.

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 any school district that is in statutory operating debt to transfer any excess in its debt redemption fund to its undesignated general fund balance.

Section

- 1 Statutory operating debt fund transfers.** Authorizes any school district that is in statutory operating debt to transfer any or all of its certified excess in the debt redemption fund to its

Section

undesignated general fund balance.