

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.

A school district is also prohibited from diverting money from a reserved account to another purpose. Money in the reserved for operating capital account must be reserved and spent only on school district facility or equipment needs. There is general exception in place through the end of fiscal year 2010 that allows any school district to transfer up to \$51 per pupil unit from the reserved for operating account to the undesignated general fund balance.

This bill makes permanent the authority for a school board annually to transfer up to 1% of the basic formula allowance (currently \$51.24) times the school's pupil units for that year from the reserved for capital account to the undesignated general fund balance.

Section

- 1 Capital account transfers.** Makes permanent the authority for a school board to transfer an amount not to exceed 1% of the basic formula allowance (currently \$51.24) times the school's pupil units each year from the reserved for operating capital account to the undesignated general fund at the discretion of the school board. Requires the school board to adopt a written resolution stating the amount of the transfer and the district's operating capital