



**Subject** Ogilvie Fund Transfer

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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 every district must maintain a number of operating funds (e.g., general fund, food service, community service) and nonoperating funds (e.g., building construction, debt service, trust, and agency). UFARS, statutory reserves, and the state's public indebtedness statute prohibit certain types of fund transfers between funds and from certain reserved accounts. Generally, transfers from the debt service fund are prohibited.

The maximum effort capital loan program helps school districts with small tax bases that find it difficult or impossible to finance construction projects through conventional bond sales construct school facilities. Under this program, the school district issues bonds for a portion of the project cost and the state sells bonds that are loaned to the qualifying school district. Any balance remaining on the state loan is forgivable at the end of its term.

The Ogilvie school district received a state maximum effort capital loan in April of 1990 for \$11.34 million. The principal on the loan, and all outstanding interest on the loan cancel in April of 2020 (30 years after its receipt). In 2011 and 2016 districts with outstanding capital loan were authorized to refinance their loans, repay the outstanding principal owed to the state, and any interest payments were canceled. About ten districts were able to take advantage of these provisions. A few districts, including Ogilvie, were unable to utilize these provisions.

H.F. 4407 authorizes Independent School District No. 333, Ogilvie, to transfer any balance left in its debt service fund to the general fund without making a levy reduction.

## Summary

Section	Description
1	<b>Fund transfer; Ogilvie school district.</b> Authorizes Independent School District No. 333, Ogilvie, to permanently transfer on June 30, 2021, up to \$800,000 from its debt redemption fund to its undesignated general fund balance without making a levy reduction.



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