

A bill for an act

relating to education finance; creating more account flexibility for consolidating school districts; authorizing a fund balance adjustment for Independent School District No. 2899, Plainview-Elgin-Millville; amending Minnesota Statutes 2006, section 123B.79, subdivision 8.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2006, section 123B.79, subdivision 8, is amended to read:

Subd. 8. **Account transfer for reorganizing districts.** A district that has reorganized according to sections 123A.35 to 123A.43, 123A.46, or 123A.48, or has conducted a successful referendum on the question of combination under section 123A.37, subdivision 2, or consolidation under section 123A.48, subdivision 15, or has been assigned an identification number by the commissioner under section 123A.48, subdivision 16, may make permanent transfers between any of the funds or accounts in the newly created or enlarged district with the exception of the debt redemption fund, food service fund, and health and safety account of the capital expenditure fund. Fund transfers under this section may be made for up to one year prior to the effective date of combination or consolidation by the consolidating boards and during the year following the effective date of reorganization by the consolidated board. The newly formed board of the combined district may adopt a resolution on or before August 30, of the year of the reorganization authorizing a transfer among accounts or funds of the previous independent school districts, which transfer or transfers shall be reported in the affected districts' audited financial statements for the year immediately preceding the consolidation.

EFFECTIVE DATE. This section is effective July 1, 2007.

2.1 Sec. 2. **PLAINVIEW-ELGIN-MILLVILLE; FUND BALANCE**
2.2 **CALCULATIONS.**

2.3 Subdivision 1. **Fiscal year 2007.** Notwithstanding Minnesota Statutes, sections
2.4 124D.135, subdivision 8, or 124D.16, subdivision 6, Independent School District No.
2.5 2899, Plainview-Elgin-Millville, is not subject to an early childhood family education
2.6 revenue or school readiness revenue reduction for excess fund balance for fiscal year 2007.

2.7 Subd. 2. **Fiscal years 2008 and 2009.** Upon receipt of appropriate documentation
2.8 from Independent School District No. 2899, Plainview-Elgin-Millville, the Department of
2.9 Education must adjust the district's three-year adjusted average fund balances required
2.10 under Minnesota Statutes, sections 124D.135, 124D.16 and 124D.20. The Department
2.11 shall adjust the fiscal year 2006 account balances reported by former Independent School
2.12 Districts Nos. 806, Elgin-Millville, and 810, Plainview, to reflect any permanent account
2.13 of fund transfers made under Minnesota Statutes, section 123B.79.

2.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.