In this Bulletin

FY 2015 Maximum Allowable Wage Classification – Food Service ............................................. 1
Credit Enhancement Program Review and “New” Forms ............................................................ 2
FY 2016 Federal Indirect Cost Rates .......................................................................................... 3
Certain Gifts by Interested Persons Prohibited – 2014 Legislative Amendment (Minn. Stat. § 471.895) ...................................................................................................................................... 3
FY 2015 UFARS Coding Additions, Revisions and Changes – Effective July 1, 2014 ................. 4
FY 2016 UFARS Chapter 10 Restricted Grid Changes ............................................................. 11
UFARS Update for New Organization Sites – Early Childhood Family Education (ECFE), School Readiness (SR) and Home Visiting .................................................................................................................................... 12
Finance Code 345 – Transition for Pre-Kindergarten ................................................................. 12
FY 2015 and FY 2016 Interactive Projection Models – “WHATIF” Update................................. 13
FY 2015 – Audit Requirements .................................................................................................. 13
Office of Management and Budget (OMB) Omni Circular .......................................................... 19
FY 2014 and 2015 – Guidance for Transfer of Funds................................................................. 20
Business Manager’s Listserv Subscriptions, Updates and MDE Contact Information ............. 24
FY 2016 Charter School Lease Aid Application and Requirements ........................................... 25
Next UFARS 101 Training Scheduled on July 22, 2015 ............................................................ 26
Contacts: MDE Accounting Helpdesk, MARSS, SERVS, Title Programs, Special Education .. 26

FY 2015 Maximum Allowable Wage Classification – Food Service

Based on current information published by the Bureau of Labor Statistics – May 2014, the average hourly wage for public school food service directors is $25.72. This is the maximum rate at which the labor of a superintendent or fiscal manager performing the duties of a food service director can be charged back to the food service fund.

For questions regarding the “FY 2015 Maximum Allowable Wage Classification – Food Service”, please submit inquiries to the UFARS Accounting Helpdesk mde.ufars-accounting@state.mn.us.
Credit Enhancement Program Review and “New” Forms

The Credit Enhancement Program (CEP) was established to allow Minnesota school districts (with levy authority) to borrow funds at a lower interest rate than the current rate of an individual district by extending the state’s credit rating to districts. This program was authorized in Minnesota Statutes, sections 126C.50 to 126C.56. A school district must covenant and obligate itself to be bound by this statute prior to the issuance of debt obligations in order to ensure participation in this program.

The state promises to pay from available cash balances on any obligation (both short- and long-term) of the debt service when a district is unable to pay. Payments may be available from the state for debt issued prior to the beginning of the program or otherwise not included in the program. The availability of payments for debt not included in the program will be dependent on the determined effect on the state’s credit rating.

School District Credit Enhancement Application for Program Participation Process and Revised Form ED-02110-07

General steps to complete a “School District Credit Enhancement Application for Program Participation” are found in the FY 2015 UFARS Manual in Chapter 12 – Authorized Borrowing for School Districts (School Support > School Finance > Financial Management > UFARS, select Chapter 12). An updated application form (ED-02110-07) has been posted on the MDE website under School Support > School Finance > Financial Management > Credit Enhancement Program. The “Bond/Certification Information” section below outlines the following form revisions:

1) Total Estimated Amount to be Issued.
2) For Bonds, send final maturity schedules (Excel format) as soon as available.
3) If YES, provide Dated Date, Series and Maturities of original bond to be refunded.

<table>
<thead>
<tr>
<th>BOND/CERTIFICATION INFORMATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Estimated Amount to be Issued:</td>
</tr>
<tr>
<td>Maturity Date for Certificates:</td>
</tr>
</tbody>
</table>

**REFUNDING:**

If this is a REFUNDING issue, were the original bonds in the Credit Enhancement Program?

- [ ] YES
- [ ] NO

If YES, provide Dated Date, Series and Maturities of original bond to be refunded:

Provide a schedule of debt service the issuer remains responsible to pay after the refunding.

Notification of Potential Default Process and Form ED-02111-05

The Notification of Potential Default (ED-02111-05) is the form used to notify MDE of potential default on a debt obligation. This form is available from MDE and may be found on the website under: School Support > School Finance > Financial Management > Credit Enhancement Program. The form is also available from the financial advisor of record. This form may be submitted to request payment in the event of a default, whether or not the issue is included in the program. Essential steps and conditions of the notification process are found in the FY 2015 UFARS Manual in Chapter 12 – Authorized Borrowing for School Districts (School Support > School Finance > Financial Management > UFARS, select Chapter 12).

A separate and detailed set of instructions is available for use by MDE, Minnesota Management and Budget and financial advisors in the potential or actual event of default. Those instructions and the default form can be obtained by contacting the financial advisor or e-mailing mde.ufars-accounting@state.mn.us.

If you have questions on the “Credit Enhancement Program”, please contact Sarah Miller at Sarah.C.Miller@state.mn.us or 651-582-8370 or submit inquiries to the UFARS Accounting Helpdesk at mde.ufars-accounting@state.mn.us.
FY 2016 Federal Indirect Cost Rates

Fiscal Year 2016 Federal Indirect cost rates have been posted to the MDE website at: Indirect Cost Rates 2016 (Data Center > Data Reports and Analytics, under “School Financial Spreadsheets” select category “Indirect Cost Rates”)

For questions about “FY 2016 Federal Indirect Cost Rates”, contact David Day at David.Day@state.mn.us or 651-582-8384. Inquiries may also be sent to the Accounting Helpdesk at MDE.UFARS-Accounting@state.mn.us.

Certain Gifts by Interested Persons Prohibited – 2014 Legislative Amendment (Minn. Stat. § 471.895)

Under Minnesota Statutes, section 10A.071, Subdivision 2, it is prohibited for an “official” to receive a gift from a lobbyist or principal.

Local Official

Past legislation defined “local official” to mean an elected or appointed official of a county or city or of an agency, authority, or instrumentality of a county or city (Minn. Stat. § 471.895, Subd. 1(d)). 2014 Legislation amended Minnesota Statutes, section 471.895, Subdivision 1(d) to include the following:

“…and an elected or appointed member of a school board, a school superintendent, a school principal or a district school officer of any independent school district.”

Gift Definition

“...money, real or personal property, a service, a loan, a forbearance or forgiveness of indebtedness, or a promise of future employment, that is given and received without the giver receiving consideration of equal or greater value in return” (Minn. Stat. § 10A.071, Subd. 1).

Exceptions to the prohibition may be found under Subdivision 3 and include:

(a) The prohibitions in this section do not apply if the gift is:

(1) a contribution as defined in section 10A.01, subdivision 11;

(2) services to assist an official in the performance of official duties, including but not limited to providing advice, consultation, information, and communication in connection with legislation, and services to constituents;
(3) services of insignificant monetary value;
(4) a plaque with a resale value of $5 or less;
(5) a trinket or memento costing $5 or less;
(6) informational material with a resale value of $5 or less; or
(7) food or a beverage given at a reception, meal, or meeting if:

(i) the reception, meal, or meeting is held away from the recipient's place of work by an organization before whom the recipient appears to make a speech or answer questions as part of a program; or

(ii) the recipient is a member or employee of the legislature and an invitation to attend the reception, meal, or meeting was provided to all members of the legislature at least five days prior to the date of the event.

(b) The prohibitions in this section do not apply if the gift is given:

(1) because of the recipient's membership in a group, a majority of whose members are not officials, and an equivalent gift is given to the other members of the group; or

(2) by a lobbyist or principal who is a member of the family of the recipient, unless the gift is given on behalf of someone who is not a member of that family.

For questions regarding "Minnesota Statutes, section 471.895 – Certain Gifts by Interested Persons Prohibited", contact the UFARS Accounting Helpdesk at mde.ufars-accounting@state.mn.us.

FY 2015 UFARS Coding Additions, Revisions and Changes – Effective July 1, 2014
The following fund dimensions have description changes effective July 1, 2014:

<table>
<thead>
<tr>
<th>Account</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>02</td>
<td>Food Service Fund</td>
</tr>
</tbody>
</table>

The Food Service Fund is used to record financial activities of a school district's food service program. Food service includes activities for the purpose of preparation and service of milk, meals, and snacks in connection with school and community service activities.

All expenditures relating to meal preparation must be recorded in the Food Service Fund. Eligible expenditures include application processing, meal accountability, food preparation, meal service, and kitchen custodial service (Minn. Stat. § 124D.111, Subd. 3).

Generally excluded from the Food Service Fund are the costs of lunchroom supervision, lunchroom custodial services, lunchroom utilities, or any other administrative costs that are the responsibility of the General Fund. These costs may only be included if a surplus exists in the Food Service Fund at the end of a fiscal year for three successive years. The district may then reclassify these costs for the third fiscal year, not to exceed the amount of the surplus in the Food Service Fund (Minn. Stat. § 124D.111, Subd. 3).

Capital expenditures for the purchase of food service equipment must be made from the General Fund and not the Food Service Fund unless the restricted balance in the Food Service Fund at the end of the last fiscal year is greater than the cost of the equipment to be purchased (Minn. Stat. § 124D.111, Subd. 3(d)).
If a deficit in the Food Service Fund exists on June 30, and if that deficit is not eliminated by operations during the following year, it must then be eliminated by a permanent fund transfer from the General Fund. However, if a district had contracted with a food service management company during the period in which the deficit accrued, the deficit must be eliminated by a payment from the food service management company.

As an alternative to a fund transfer, a district may incur a deficit for up to three years without making the permanent transfer if the district submits to the commissioner by January 1 of the second fiscal year a plan for eliminating that deficit at the end of the third fiscal year (Minn. Stat. § 124D.111, Subd. 3(g)).

The following finance dimensions have had title and/or description changes effective July 1, 2014:

**CHANGES**

<table>
<thead>
<tr>
<th>Account</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>319</td>
<td>Teacher Development and Evaluation Revenue (Funds 01 and 04)</td>
</tr>
<tr>
<td></td>
<td>Record revenues and expenditures for teacher development and evaluation revenue for a school district, intermediate school district, or charter school that does not have an alternative professional pay system agreement. To participate in this program a school district, intermediate school district, school site, or charter school must have an educational improvement plan (Minn. Stat. § 122A.413-415). The activities in this code apply to Balance Sheet code 440, Restricted/Reserved for Teacher Development and Evaluation.</td>
</tr>
</tbody>
</table>

*Payment Description – 01F319 TCHR DEVELOPMENT & EVAL*

| 337     | Early Learning Scholarships Program – Pathway II (Fund 04) |
|         | Record revenues and expenditures for the Early Learning Scholarship Program Pathway II established in Minnesota Statutes, section 124D.165. Early Learning Scholarships are awarded to children through a Four-Star Parent Aware rated early childhood program that has been designated as a Pathway II site in communities with the highest need. The Four-Star Parent Aware rated early childhood program families may choose from school district prekindergarten and preschool programs, Head Start, child care centers, and licensed family child care providers. If the scholarships are used in conjunction with the school readiness program, Finance Codes 337 would close to Fund Balance Account 444 - Restricted/Reserved for School Readiness. If the scholarships are not used in conjunction with the school readiness program, Finance Code 337 would close to Fund Balance Account 464 - Restricted Fund Balance. |

| 338     | Early Learning Scholarships Program – Pathway I (Fund 04) |
|         | Record revenues and expenditures for the Early Learning Scholarship Program Pathway I established in Minnesota Statutes, section 124D.165. Early Learning Scholarships are awarded directly to eligible children through regional Early Learning Scholarships Administrator Offices. These scholarships are paid to the early childhood program the family chooses. The early childhood program must be participating in Parent Aware, Minnesota’s quality rating and improvement system and may include school district prekindergarten and preschool programs, Head Start, child care centers, and licensed family child care providers. |
If the scholarships are used in conjunction with the school readiness program, Finance Codes 338 would close to Fund Balance Account 444 - Restricted/Reserved for School Readiness. If the scholarships are not used in conjunction with the school readiness program, Finance Code 338 would close to Fund Balance Account 464 - Restricted Fund Balance.

346 Iron Range Resources and Rehabilitation Board (IRRRB) Taconite Grants

The IRRRB will provide funds to assist school districts with the payment of bonds that were issued for qualified school projects, or for any other school disbursement as approved by the IRRRB. For purposes of this section, "qualified school projects" means school projects within the taconite assistance area as defined in Minnesota Statute section 273.1341 that were (1) approved, by referendum, after December 7, 2009; and (2) approved by the commissioner of education pursuant to Minnesota Statutes, section 123B.71. This code will be used to track expenditures of IRRRB grant projects separately from regular health and safety projects funded by state aid levy. The total expenditures of this code should equal Source Code 015 IRRRB Taconite Grants. If grant dollars remain unspent at year's end the balance should be deferred to next year.

The following finance dimensions have been deleted effective July 1, 2014:

**DELETIONS**

<table>
<thead>
<tr>
<th>Account</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>345</td>
<td>Transition for Pre-Kindergarten (Fund 01)</td>
</tr>
</tbody>
</table>

Record transition for prekindergarten revenues calculated under Minnesota Statutes, section 126C.10 Subdivision 31a, and all associated expenditures. Expenditures must be for prekindergarten programs serving children who turn age four by September 1 and who will enter kindergarten the following year. All activities for this code apply to Balance Sheet Code 450 Restricted/Reserved for Transition for Prekindergarten.

**Note:** Except for Transition for Prekindergarten revenue, all revenue and expenditures associated with prekindergarten programs must be recorded in Fund 04 (see Programs Codes 581, 582, and 590).

**Payment Description – NA**

472/672 ARRA Targeted Funds – Adequate Yearly Progress (AYP) Improvement Grants

Record revenues and expenditures related to the Title I, No Child Left Behind – AYP Improvement Grants. This finance code is to be used only with Program Code 216 (CFDA 84.389, Title I, Elementary and Secondary Education (ESEA) P.L. 107-110 and the American Recovery and Reinvestment Act of 2009 (ARRA) P.L. 111-5).

Source Code 015 IRRRB Taconite Grants. If grant dollars remain unspent at year’s end the balance should be deferred to next year.

477/677 ARRA Title II, Part D, Subpart 1 – Competitive (Fund 01)

Record revenues and expenditures for enhancing education through technology related to a competitive grant process under Title II, Part D, Subpart 1 (CFDA 84.386, Elementary and Secondary Education Act (ESEA), Title II, Part D, Sections 2401-2404, P.L. 107-110) and the American Recovery and Reinvestment Act of 2009 (ARRA) P.L. 111-5).
The following **object** dimensions have had **title and/or description changes** effective July 1, 2014:

<table>
<thead>
<tr>
<th>Account</th>
<th>Description</th>
</tr>
</thead>
</table>
| 305     | **Consulting Fees/Fees for Services**  
Include payments for professional services such as legal, audit, accounting, data processing not from other Minnesota Joint powers agencies (See Object Code 316), advertising, custodial or laundry, etc. This code is used by districts in the special education programs, for contracted service costs provided to staff. Include expenditures for purchased services if not enumerated by other object codes in this series.  
**Note:** See Object Codes 303 and 304 for description of Federal Subawards/Subcontracts under and over $25,000. |
| 360     | **Transportation Contracts with Private or Public Carriers (includes federal payments – amount up to $25,000)**  
Include all expenditures incurred when contracting for the transportation of pupils and paid for with state or local funds. Contracts could be with privately owned school bus companies, parents or guardians who transport their children in the family vehicle, other public entities (e.g., school districts or transit services) or privately owned charter carriers. Also, include the purchase of bus passes for pupils who use public transit services, including the transportation for parents and/or their children participating in ECFE or other early childhood programs. Gas cards are not an allowable expenditure.  
For each contract paid for with federal funds, the first $25,000 of the contract should be coded to Object Code 360 and the amount in excess of $25,000 should be coded to Object Code 364. |
| 394     | **Payments for Educational Purposes to Other Agencies (non-school districts)**  
Includes payments made for students to any other public or private agencies (other than school districts) for tuition, PSEO tuition, community services, and capital expenditures.  
**Special Education Program Usage:** Costs for contractual services for students performed in the district buildings. (See Object Code 393.)  
**Federal Program Usage:** Includes costs for supplemental services for needs improvement schools.  
**Transition Programs for Children with a Disability Usage:** Expenditures for transition programs for children with disabilities provided by a contract approved by the commissioner with public, private or voluntary agencies other than a Minnesota school district or cooperative center, that are supplementary to a full educational program provided by the district. |
| 397     | **Benefits Purchased from Another District**  
Include payments made to other Minnesota school districts for the benefits of licensed teachers or related service providers who are working in your district but employed by another district. Purchasing districts must use the appropriate finance code for benefit costs. |
| 401     | **Supplies and Materials – Non-Instructional**  
Expenditures for all supplies other than those to be included in Object Codes 430, Supplies and Materials Non-Individualized Instructional; and 433, Supplies and Materials -
Individualized Instructional. Includes, for example, maintenance supplies or office supplies and instructional materials purchased for resale. Also includes freight/shipping cost items associated with items purchased.

405 Non-Instructional Computer Software and Software Licensing

Expenditures for non-instructional computer software and non-instructional annual licensing fees. See Object Code 555 for purchase of software with an initial useful life extending beyond one accounting period and software licensing fees related to this software.

433 Supplies and Materials - Individualized Instruction

This object code is used to account for supplies and materials for individualized instruction. The definition of individualized instructional materials, as opposed to non-individualized instructional materials to be recorded in Object Code 430, is contained in Minnesota Statutes, section 123B.41, Subdivision 5:

Subdivision 5. "Individualized instructional or cooperative materials" means educational materials which:

(a) are designed primarily for individual pupil use or use by pupils in a cooperative learning group in a particular class or program in the school the pupil regularly attends;
(b) are secular, neutral, no ideological and not capable of diversion for religious use; and, 
(c) are available, used by, or of benefit to Minnesota public school pupils.

Subject to the requirements in clauses (a), (b) and (c), "individualized instructional or cooperative learning materials" include, but are not limited to, the following if they do not fall within the definition of "textbook" in Minnesota Statutes, section 123B.41, Subdivision 2: published materials; periodicals; documents; pamphlets; photographs, reproductions; pictorial or graphic works; prerecorded video programs; prerecorded tapes, cassettes and other sound recordings; manipulative materials; desk charts; games; study prints and pictures; desk maps; models; learning kits; blocks or cubes; flash cards; individual multimedia systems; prepared instructional computer software programs; choral and band sheet music; electronic books and other printed materials delivered electronically; and CD-ROM.

This code is used by MDE to compute the rates for textbooks, individualized instructional materials, and standardized tests that are used in determining Educational Aids for Nonpublic School Children (Minn. Stat. § 123B.40 to 43). The rates of reimbursement for nonpublic students are based on these expenditures plus textbook and workbook expenditures recorded in Object Code 460 for public school students.

When recording expenditures for nonpublic students; use this code in conjunction with Finance Code 351, Aid to Nonpublic Pupils - Textbooks and Tests. When recording expenditures for public school students; use the appropriate codes in the other UFARS dimensions.

Expenditures for "individualized instructional or cooperative learning materials" do not include instructional equipment, instructional hardware including dedicated hardware equipment known as eReaders or e-book devices, or ordinary daily consumable classroom supplies. Includes freight/shipping costs associated with items purchased.

This code is used in conjunction with any instructional Program Code, 200 through 699 (for use with all Programs 010 through 850 – see "Unrestricted – General Fund 01 Permitted Expenditure code Grid – page 3).
Textbooks and Workbooks

Expenditures for books or electronic substitutes that a pupil uses as a text or text substitute in a particular class or program. This includes books, workbooks or manuals, as well as electronic books and other printed materials delivered electronically. Also includes instructional software and related licensing costs. These textbooks are intended for use as a principal source of study material for a given class or group of students, a copy of which is expected to be available for the individual use of each pupil. Materials prepared and/or copied at the school qualify as textbook substitutes if such materials are basic (not supplementary) to a unit of study. See Minnesota Statutes, section 123B.41, Subdivision 2 for the complete definition.

To qualify for textbook aid to nonpublic pupils, these materials must include only such secular, neutral and nonideological textbooks as are available, used by, or of benefit to Minnesota public school pupils.

Includes the freight/shipping costs associated with items purchased. Excludes costs of teacher's workbooks, costs of binding, textbook repairs (Object Code 401), and dedicated hardware equipment known as eReaders or e-book devices (Object Code 555).

The rates of reimbursement for nonpublic students are based on these expenditures plus individualized instructional supply and material expenditures recorded in Object Code 433 for public school students.

This code is used in conjunction with any instructional Program Code, 200 through 699 (for use with all Programs 010 through 850 – see “Unrestricted – General Fund 01 Permitted Expenditure code Grid – Page 3).

Technology Equipment and Software

Record expenditures to purchase technology equipment. Includes computers and peripheral equipment, software and software licensing, interactive telecommunications equipment, cameras, monitors, and microphones. Also, include telecommunication transmission equipment such as fiber optic cables, repeaters, transmitters, receivers, and antennas (Refer to Object Code 405 for non-Instructional computer Software).

Dues, Membership, Licenses and Certain Fees

Expenditures or assessments for membership in professional or other organizations or associations. Memberships in economic development community and civic organizations may be included (Minn. Stat. § 123B.02). Also include special fees for bus licenses, postage meter permits, boiler licenses, kitchen inspections or other fees. Include membership costs for joint powers organizations or cooperatives organized under education statutes.

For Library Media Center (Program Code 620) expenditures include only online databases. Online, licensed databases are supplied by commercial vendors via the Internet. They may include indexes, abstracts, full-text article databases or full-text reference sources such as encyclopedias, almanacs, biographical sources and other quick fact-finding sources. (Database definition: 2007-2008 School Library Media Center Questionnaire, NCES.)

Permanent Transfers to other Funds

Transfers from one fund to another, usually from the General Fund to another fund. These transfers between funds are recorded as expenditures. These expenditures are recorded as other financing use in the financial statements (Minn. Stat. § 123B.79).
The following **source** dimensions have **description changes** effective July 1, 2014:

**CHANGES**

<table>
<thead>
<tr>
<th>Account</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>258</td>
<td>Other State Credits and Exempt Property Reimbursements</td>
</tr>
<tr>
<td></td>
<td>Record in the proper fund other aids received for the replacement of local taxes. These credits currently include those for Agricultural Preserve, Disaster Credit, Border City Disparity Credit, and Mobile Home Credits.</td>
</tr>
</tbody>
</table>

*Payment Description - XXS258 FY*

The following **balance sheet** dimensions have had **title and/or description changes** effective July 1, 2014:

**CHANGES**

<table>
<thead>
<tr>
<th>Account</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>409</td>
<td>Restricted/Reserved for Alternative Facilities Program (Fund 06)</td>
</tr>
<tr>
<td></td>
<td>This restricted account represents the balance for two different programs; Alternative Facilities (1a) and Health and Safety related Alternative Facilities (1b). A district can only have revenue in one of the two programs. Alternative Facilities (1a) program reserve amount represents the resources available for approved expenditures based on the ten-year plan for capital projects for districts qualifying under Minnesota Statutes, section 123B.59, Subdivision 1a. See Finance Code 386 for a description of the expenditure possibilities. Health and Safety Alternative Facilities (1b) represents the restricted amounts remaining from projects over $500,000 that are based on criteria of the Health and Safety program (Minn. Stat. § 123B.59, Subd. 1b). See Health and Safety Finance Codes for a description of expenditure possibilities. <em>This restricted/reserved account may go into deficit to the extent of future levy and/or bonding authority.</em></td>
</tr>
<tr>
<td>432</td>
<td>Restricted/Reserved for Early Childhood and Family Education (Fund 04)</td>
</tr>
<tr>
<td></td>
<td>Represents the resources available to provide for services for early childhood family education programming. Related to Finance Code 325, Early Childhood and Family Education and Finance Code 328, Home Visiting (Minn. Stat. § 124D.135). Includes aids, levies, fees, grants and all other revenues received by the school district for early childhood education programs. <em>This restricted/reserved account is allowed to go into deficit.</em></td>
</tr>
<tr>
<td>440</td>
<td>Restricted/Reserved for Teacher Development and Evaluation (Funds 01 and 04)</td>
</tr>
<tr>
<td></td>
<td>Represents resources available for teacher development and evaluation uses listed in Minnesota Statutes, section 122A.40, Subdivision 8 or section 122A.41, Subdivision 5. Related to Finance Code 319, Teacher Development and Evaluation (Minn. Stat. § 122A.413-415). <em>This restricted/reserved account is not allowed to go into deficit.</em></td>
</tr>
<tr>
<td>449</td>
<td>Restricted/Reserved for Safe Schools Levy (Fund 01)</td>
</tr>
<tr>
<td></td>
<td>The unspent resources available from the safe schools levy must be restricted in this account for future use. All activity in this account must be related to Finance Code 342 (refer to Minn. Stat. § 126C.44). <em>This restricted/reserved account is allowed to go into deficit.</em></td>
</tr>
</tbody>
</table>
The following balance sheet dimensions have been deleted effective July 1, 2014:

**DELETIONS**

<table>
<thead>
<tr>
<th>Account</th>
<th>Description</th>
</tr>
</thead>
</table>
| 450     | Restricted/Reserved for Transition for Pre-Kindergarten (Fund 01)  
All remaining funds from the activities for Transition for Pre-Kindergarten must be restricted in this account. All activity in this account is related to Finance Code 345 ([Minn. Stat. § 126C.10](https://revisor.mn.gov/statutes/?id=126C.10), Subd 31b). *This restricted/reserved account is not allowed to go into deficit.* |

<table>
<thead>
<tr>
<th>Effective July 1, 2014</th>
<th>Effective July 1, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overview Chapter</td>
<td>Chapter 12 – Authorized Borrowing</td>
</tr>
<tr>
<td>Audit Requirements section, pages 10-16.</td>
<td>Section Two: Credit Enhancement Program, pages 3-5 for process and form updates.</td>
</tr>
</tbody>
</table>

**FY 2016 UFARS Chapter 10 Restricted Grid Changes**

At the April 23, 2015 Advisory Committee meeting, the committee reviewed and approved FY 2016 UFARS Chapter 10 Restricted Grid changes as presented:

- Finance Code 344 School Readiness – Delete Object Codes 195, 295 and 395 per Minnesota Statutes, section 124D.16 ([revisor.mn.gov/statutes/?id=124d.16](https://revisor.mn.gov/statutes/?id=124d.16)).
- Finance Code 412 Race-to-the-Top – Early Learning Challenge – Title I Pre-K Incentive – Add Program Codes 582 and 590 and delete Program Code 578.
- Finance Code 317 – Basic Skills (Split out Program Codes 400-422, allowing object codes similar to Finance Code 740).
  - Program Codes 401-416 Special Education Instruction. Organization Codes 001-999: Add Object Code 520.  
- Finance Code 425 – IDEA Part B Section 611 CEIS.  
  - Program Code 422 Special Education Instruction. Add Object Code 141.  
- Finance Code 429 – Part B-611 Mandatory CEIS.  
  - Program 422 Special Education Instruction. Organization Codes 001-999: Add Object Code 141.
- Finance Code 740 – State Special Education.  
  - Program 401-416 Special Education Instruction. Organization 001-999: Delete Object Codes 252 and 291.  
  - Program Code 420 – Special Education Instruction. Organization 001-999: Delete Object Codes 140, 152, 252 and 291.
May 2015  
School Business Bulletin  
No. 56

  - Program Code 400 – Special Education New.
  - Program Codes 401-416 – Special Education Instruction. Organization Codes 001-999: Delete Object Codes 141, 190, 252, 291, 306, 360, 364, 368, 389-390, 430, 520, and 583.

UFARS Update for New Organization Sites – Early Childhood Family Education (ECFE), School Readiness (SR) and Home Visiting

In November 2014, MDE surveyed schools to understand where ECFE and SR services were being planned within the district. As a result, multiple “new” organization sites were established to track these services locally for implementation in FY 2015 and FY 2016. These sites were assigned classifications of 84 and 85 and are associated with Finance Code 325 – Early Childhood and Family Education, Finance Code 328 – Home Visiting, and Finance Code 344 – School Readiness. It is important to note that districts may use these newly created site classifications 84 and 85 at the local level only. When submitting UFARS reporting for Finance Codes 325, 328 and 344, ensure that you are “cross walking” those site classifications 84 and 85 to Organization Code 005 – Districtwide. Use of new sites classifications 84 and 85 will initiate an “error statement” on the UFARS Turnaround Reports. Unresolved “error” messages will result in non-qualification for the School Finance Award.

Finance Code 345 - Transition for Pre-Kindergarten

Finance Code 345 – Transition for Pre-Kindergarten revenue and Balance Sheet Code 450 are deleted from the FY 2015 UFARS Manual. The transition revenue for pre-kindergarten was previously authorized under Minnesota Statutes, section 126C.10, Subdivision 31(a) and repealed for FY 2015 and beyond (Laws 2013, Chapter 116, Article 1 Section 34).

Revenue in Finance Code 345 affected very few districts. For FY 2015, these pre-kindergarten transition revenues are being calculated under “old” and “new” legislative laws and will reflect transition revenues for those specific districts for FY 2015 and beyond.

Do not use Finance Code 345 or Balance Sheet Code 450 for FY 2015. An “error” message will be generated in the UFARS Turnaround Submission Report. Unresolved “error” messages will result in non-qualification for the School Finance Award.

For UFARS questions about “Finance Code 345 – Transition for Pre-Kindergarten” contact the UFARS Accounting Helpdesk at MDE.UFARS-Accounting@state.mn.us.

For “Transition for Pre-Kindergarten” calculation questions, contact Bob Porter at Bob.Porter@state.mn.us or 651-582-8851.
FY 2015 and FY 2016 Interactive Projection Models – “WHATIF” Update

The FY 2015 and FY 2016 Interactive Projection Models or “WHATIF” may be found on the MDE website at w20.education.state.mn.us/MDEAnalytics/Data.jsp (Data Center > Data Reports and Analytics, select General Education, Interactive Projection Models, and the appropriate year):

As you will discover, the FY 2015 has a non-traditional appearance dealing with several columns of “old” and “new” legislative revenue calculations. These computations are transition-based fundamental changes in the general revenue formulas. The FY 2016 “WHATIF” resumes the more traditional format with which schools are familiar.

For questions on the “FY 2015 and FY 2016 Interactive Projection Models – WHATIF”, contact Bob Porter at Bob.Porter@state.mn.us or 651-582-8851.

Audit Requirements for FY 2015

Minnesota Statutes, section 123B.77, Subdivision 3, requires reporting entities to submit audited financial data to the commissioner of the Minnesota Department of Education (MDE) and to the Office of the State Auditor (OSA). Minnesota Statutes, section 123B.77, also states the required timelines for the reporting of financial data to the commissioner (MDE). The statutory deadline for the FY 2015 Audited Final UFARS Data Submission and Fiscal Compliance Table Data Submission reporting is November 30, 2015, and Audit Reports are due by December 31, 2015, however, the statutory deadline for audited final Uniform Financial Accounting and Reporting Standards (UFARS) data and fiscal compliance table data falls on a Sunday; therefore, submissions are timely if submitted by the dates below:

- Audited Final UFARS Data Submission – due November 30, 2015
- Fiscal Compliance Table Data Submission – due November 30, 2015
- Audit Reports – due December 31, 2015

Note: Refer to “Submission Options” section of this document.

Each audit must include components identified within points 1-4 listed below. MDE reviews each audit and will require the reporting entity to submit any identified missing components. Failure to submit missing components will result in a report citing noncompliance for failure to provide necessary components, and is forwarded to fiscal monitors of federal programs to be used in the risk assessment criteria for future site visits.

1. MDE requires financial statement audits be conducted in accordance with Generally Accepted Government Auditing Standards (Yellow Book), the Federal Single Audit Act and the Minnesota Legal Compliance Guide as issued by the Office of the State Auditor. In a Single Audit engagement, please refer to the Office of Management and Budget document “2 CFR Chapter I, and Chapter II, Parts 200,
2015, 220, 225, and 230 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” (OMB Omni Circular) implemented December 26, 2014 for reporting requirements. The audited financial statement must also provide a statement of assurance pertaining to Uniform Financial Accounting and Reporting Standards (UFARS) compliance.

MDE also requires a Corrective Action Plan (CAP) to be submitted as a component of all findings cited as a result of state, federal, or legal audit finding. The CAP must be included within the LEA audit for MDE review. Audit findings should be numbered with the fiscal year and audit finding number (for example: 2015-1, 2015-2, etc.) and follow the CAP format listed in item 4 below.

2. The MDE Manual for Activity Fund Accounting (MAFA) requires the student activity audit be listed in the table of contents of the full district audit unless a separate report is issued. If all student activities are under board control, a statement to that fact must be included in the financial notes.

School districts without student activity accounts must enclose a separate written memo or letter stating the school district does not have any student activity accounts. These steps will assist with verification a student activity audit has been completed or that the student activities are all under board control and were audited with the general fund. MDE requires any findings resulting from the audit have a corrective action plan included for each finding. Audit findings should be numbered with the fiscal year and audit finding number (for example: 2015-01, 2015-02, etc.).

3. The Local Education Agency (LEA) audits must complete and include a comparative fiscal compliance report with the audit report. The fiscal compliance report must include the comparison between audited data and reported UFARS data and include column displaying the variance(s). The fiscal compliance report is to be included in the table of contents of the audit report.

The LEA or auditor must enter the audited data into the fiscal compliance table located on MDE’s website (w1.education.state.mn.us/FiscalCompliance/). After the audited data has been entered, run the fiscal compliance table comparison report and review the results. Any differences between the UFARS data and the audited financial data must be corrected. The entry of the audited data to the fiscal compliance table must be completed by November 30, 2015.

MDE reporting requirements expect that at the fund level: 1) prior year ending fund balances will equal current year beginning fund balances; and 2) current year beginning fund balances, plus total revenues and transfers in, minus total expenditures and transfers out, will result in the calculated current year ending fund balance. The calculated ending fund balance should equal the current year ending fund balance. Any discrepancies identified should be reported to MDE.

4. Checklist of reports that are required to be submitted to MDE and State Auditor’s Office:

- Report on financial statements
- List of school board members for the reporting year.
- Management’s discussion and analysis (prepared by the finance officials of the LEA).
- Report on entity's internal control structure.
- Report on entity's compliance with laws and regulations.
- Corrective action plan for all written findings (including student activity audit).
- Corrective action plan should contain the following elements for each finding:
  1. An explanation of any disagreement with the finding.
  2. Actions planned in response to the finding.
  3. The official responsible for ensuring the corrective action.
  4. A plan to monitor completion of corrective actions.
- Student activity audit or statement that funds are audited with the general fund.
- UFARS Fiscal Compliance Table.
- Single audit reports, if applicable.
- Management letter (if no management letter was issued to the district, a separate and additional memo stating that fact is to be included with the audit submission).
The Minnesota Department of Education (MDE) additional information with the fiscal year end audit report. The requirements begin with FY 2014 reporting period.

The law is as follows:

Subd. 6a. Audit report. (a) The charter school must submit an audit report to the commissioner and its authorizer by December 31 each year.

(b) The charter school, with the assistance of the auditor conducting the audit, must include with the report, as supplemental information, a copy of management agreements with a charter management organization or an educational management organization and service agreements or contracts over the lesser of $100,000 or 10 percent of the school’s most recent annual audited expenditures. The agreements must detail the terms of the agreement, including the services provided and the annual costs for those services. If the entity that provides the professional services to the charter school is exempt from taxation under section 501 of the Internal Revenue Code of 1986, that entity must file with the commissioner by February 15 a copy of the annual return required under section 6033 of the Internal Revenue Code of 1986.

(c) A charter school independent audit report shall include audited financial data of an affiliated building corporation or other component unit.

(d) If the audit report finds that a material weakness exists in the financial reporting systems of a charter school, the charter school must submit a written report to the commissioner explaining how the material weakness will be resolved. An auditor, as a condition of providing financial services to a charter school, must agree to make available information about a charter school’s financial audit to the commissioner and authorizer upon request.

Charter Schools

This section is a clarification of the charter schools reporting requirement to provide copies of agreements with service providers.

The term agreement is defined as, but not limited to, contracts, letters of intent, memos of understanding, etc.

The following supplemental information requirements are in addition to the required annual audit report and must be submitted to the Department of Education and the school’s authorizer by December 31 of each year. Required charter school supplemental information is NOT a requirement of the Office of State Auditor and is not to be submitted to the Office of State Auditor.

Required documents are for the period of the fiscal year being reported. This year the period for fiscal reporting is 7/1/2013- 6/30/2014. An agreement overlapping the fiscal year will require both agreements to be submitted.

Example:

1. Management contract with effective dates of 1/1/2014 – 12/31/2014 and 1/1/2015 – 12/31/2015, requires both contracts to be submitted.

2. Management contract that covers multiple years would submit the contract for the fiscal reporting period. (Contract 7/1/2013 –6/30/2016 would submit the same contract in the years of 2014, 2015, and 2016.)
Charter school must submit:

A. Copy of all agreements for corporate management services with the charter school. Corporate management service agreements include, but are not limited to:

Agreements for:

Management Services
Examples: Charter Management Organization (CMO)
          Education Management Organization (EMO)

General definitions:

An education management organization, or EMO, is usually defined as a private organization or firm (for profit) that manages public schools, including district and charter public schools. A charter management organization, or CMO, is a non-profit equivalent of an EMO.

A contract details the terms under which administrative authority to operate one or more schools is given to an EMO/CMO in return for a commitment to produce measurable outcomes within a given time frame. The term “education/charter management organization” and the acronyms “EMO/CMO” are most commonly used to describe these private/non-profit organizations that manage public schools under contract. However, other names or labels, such as “education service providers,” are sometimes used to describe these companies.

An important distinction should be made between EMOs/CMOs, which have administrative authority to operate a school, and service contractors, often referred to as “vendors”. Vendors provide, for a fee, specific services such as accounting, payroll and benefits administration, transportation, financial and legal advice, personnel recruitment, professional development, and special education.

B. Copy of service agreements or contracts over the lesser of the following:

Total annual amount paid is greater than $100,000 OR
Total annual amount paid is greater than 10 percent of the year end audited expenditures.

Agreements for:

Other Services (Vendors)
Examples: Business Services
          Food Services
          Transportation
          Teaching Staff

The agreements must detail the terms of the agreement and must identify the services provided along with annual cost for the services identified in the agreement.

NOTE: Charter schools without management services contracts or agreements meeting the $100,000 / >= 10 percent of year end audited expenditures should include with their submission, a letter to the Minnesota Department of Education, signed by the School’s Director, stating: “The XYZ Charter school does not have a contract with a management company or contracts which exceeds $100,000 / or greater than 10 percent of year end audited expenditures.”

School Auditors

A. Independent audit reports for charter schools must include the audited data from the affiliated building corporation or other component units, per Subdivision 6a (c),

B. Submission of Supplemental Information – Assist school with submitting agreement information.
C. An auditor, as a condition of providing financial services to a charter school, must agree to make available information about a charter school’s financial audit to the commissioner and authorizer upon request, per Subdivision 6a (d).

D. Supplemental information is recommended to be submitted to MDE via e-mail using the file naming convention and submitted to the e-mail address below:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>District ID</th>
<th>District Type</th>
<th>District Name</th>
<th>Report Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 characters</td>
<td>4 characters</td>
<td>2 characters</td>
<td>Up to 12 characters</td>
<td>Management Service</td>
</tr>
</tbody>
</table>

Each element must be separated by a “.” (Period)

**Note:** Submit a separate file for each of these reports (see examples below):

- **A. Management Agreements suffix convention:** Mgmt.Agree
- **B. Service Agreements suffix convention:** Service.Agree

Examples:

- 2015.4113.07.FraserAcad.mgmt.agree
- 2015.4113.07.FraserAcad.service.agree

If multiple files will be submitted in each category, number the files beginning with 1.

Examples:

- 2015.4113.07.FraserAcad.mgmt.agree1
- 2015.4113.07.FraserAcad.mgmt.agree2
- 2015.4113.07.FraserAcad.service.agree1
- 2015.4113.07.FraserAcad.service.agree2

The e-mail address for electronic submission is mde.finmgt@state.mn.us.

If electronic format is unavailable, required information may be submitted via U.S. Mail or by other courier; please submit printed (hard) copy of the required documents to:

Minnesota Department of Education
Division of School Finance
Attn: David Day (I-12)
1500 Highway 36 W
Roseville, MN 55113

If you have questions about the “Changes to Charter School Reporting Requirements”, please contact the UFARS Accounting Helpdesk at: mde.ufars-accounting@state.mn.us.

**SUBMISSION OPTIONS**

**2015 Submission**

1. Districts may submit completed financial audits and required supplemental information in standard printed and bound format via U.S. Mail or other courier service, however; the recommend submission method is to submit all documents in electronic format.

2. Districts may submit completed financial audits and required supplemental information via e-mail with attached files in PDF format using the naming convention identified here.

**To Submit E-files to MDE**
Each management letter (or “COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE”) must be transmitted in a separate PDF file.

Naming Conventions – Audit reports may be submitted using the MDE e-mail address provided below and must use the following naming convention:

A separate file for each of these reports (see examples below):

- Audited District Financial Statements convention: FinStm.District
- District Management Letters convention: MgtLtr.District
- Student Activity Audits convention: FinStmt.Student
- Student Activity Management Letter convention: MgtLt.Student
- Other Reports convention: Other

“Other reports” may be conveyance of letters, letters indicating a management letter was not issued, additional files, etc.

The naming convention for required files:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>District Number</th>
<th>District Type</th>
<th>District Name</th>
<th>Report Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 characters</td>
<td>4 characters</td>
<td>2 characters</td>
<td>Up to 12 characters in length</td>
<td>FinStm.District</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>MgtLtr.District</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>FinStmt.Student</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>MgtLt.Student</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Other</td>
</tr>
</tbody>
</table>

Each element must be separated by a “.” (Period)

Example:

- 2015.0001.03.Minneapolis.FinStm.District
- 2015.0001.03.Minneapolis.FinStm.Student
- 2015.0001.03.Minneapolis.MgtLtr.District
- 2015.0001.03.Minneapolis.MgtLtr.Student
- 2015.0001.03.Minneapolis.Other

Minnesota Statutes, section 123B.77, Subdivision 3, also requires each district to send a copy of the audit and all supplemental report to the Office of State Auditor. The Office of State Auditor requests all copies to be in electronic format and must be received no later than December 31, 2015.

The e-mail addresses for electronic submission are:

- Minnesota Department of Education: MDE.FinMgt@state.mn.us
- Office of State Auditor: SingleAudit@osa.state.mn.us

Districts Submitting via USPS or Courier:

Submit one printed (hard) copy of the audit and other required documents to:

Minnesota Department of Education
Division of School Finance
Attn: David Day (I-12)
1500 Highway 36 West
Roseville, MN  55113-4266

If you have any questions, please contact David Day at 651 582-8384 or e-mail David.Day@state.mn.us.

This letter is also posted on the MDE website at: education.state.mn.us/MDE/SchSup/SchFin/FinMgmt/index.html
As indicated above, MDE must receive all audit reports by December 31, 2015. If received after December 31, 2015, the postmark must be on or before December 31, 2015.

Minnesota Statutes, section 123B.77, Subdivision 3, requires reporting entities to submit audited financial data to the commissioner of the Minnesota Department of Education (MDE) and to the Office of the State Auditor (OSA). Minnesota Statutes, section 123B.77, also states the required timelines for the reporting of financial data to the commissioner (MDE). The statutory deadline for the FY 2015 Audited Final UFARS Data Submission and Fiscal Compliance Table Data Submission reporting is November 30, 2015, and Audit Reports are due by December 31, 2015.

Office of Management and Budget (OMB) Omni Circular


| Omni Circular Streamlines the Following OMB Circulators |
|---------------------------------|--------------------------------------------------------|
| A-21 | Cost Principles for Educational Institutions |
| A-50 | Audit Follow-Up, related to Single Audit |
| A-87 | Cost Principles for State, Local, and Indian Tribal Governments |
| A-89 | Federal Domestic Assistance Program Information |
| A-102 | Awards and Cooperative Agreements with State and Local Governments |
| A-110 | Uniform Administrative Requirements for Awards and Other Agreements with |
| A-122 | Cost Principles for Non-Profit Organizations |
| A-133 | Audits of States, Local Governments and Non-Profit Organizations |

The Omni Circular was designed to create uniform guidance by promoting improved clarity and consistency within existing circulars. This consolidation was federally driven to improve accountability for federal expenditures. It places an emphasis on performance over compliance and impacts efficiency and effectiveness of audit efforts as well as reduces administrative burden for non-federal entities receiving federal awards.
Omni Circular Implementation Timelines

Federal Agencies
Implemented and effective December 26, 2014 for all federal agencies.

Non-Federal Entities
Implementation of new administrative requirements and Cost Principles *for all new federal awards and to additional funding to existing awards (funding increments) made after December 26, 2014.*
Existing federal awards will continue to be governed by the terms and conditions of the federal award.

Single Audits (Subpart F):

- Apply to audits of the fiscal years of non-federal entities that begin on or after December 26, 2014.
- For fiscal year end 12/31 – effective for December 31, 2015 audit.
- For fiscal year end 6/30 – effective for June 30, 2016 audit.
- Early implementation is not allowed.

The MDE Division of School Finance provided Omni Circular/ Uniform Grants Guidance (UGG) Training to include the following link references Omni Uniform Grant Guidance Circular Training PowerPoint presentation and Federal Register. For inquiries on the “OMB Omni Circular”, please direct your questions to your school auditors.

FY 2014 and 2015 – Guidance for Transfer of Funds

**Minneapolis Laws 2011, 1st Special Session, Chapter 11, Article 5, Section 11** as Amended by Laws 2012, Chapter 239, Article 1, Section 31 and Laws of Minnesota for 2013, Chapter 116, Article 7, Section 19

Guidance to districts seeking approval to complete permanent transfers for FY 2013, FY 2014 and FY 2015, under the authority granted in Laws 2011, 1st Special Session, Chapter 11, Article 5, Section 11, as amended by Laws 2012, Chapter 239, Article 1, Section 31 and Laws of Minnesota for 2013, Chapter 116, Article 7, Section 19.

Existing statute provides the following process for districts to seek commissioner approval to make permanent fund transfers outside of those permitted under Minnesota Statutes, section 123B.79:

**Minnesota Statutes, section 123B.80 EXCEPTIONS FOR PERMANENT FUND TRANSFERS.**

Subdivision 1. Commissioner's authorization. The commissioner may authorize a board to transfer money from any fund or account to another fund or account according to this section.

Subdivision 2. Application. A board requesting authority to transfer money must apply to the commissioner and provide information requested. The application must indicate the law or rule prohibiting the desired transfer. The application must be signed by the superintendent and approved by the school board.

Subdivision 3. Approval standard. The commissioner may approve a request only when an event has occurred in a district that could not have been foreseen by the district. The event must relate directly to the fund or account involved and to the amount to be transferred.

The 2011 legislature enacted a temporary exception to the approval standard set in Minnesota Statutes, section 123B.80, Subdivision 3, for FY 2012 and FY 2013. The 2012 legislature extended this authority through FY 2015. However, the 2013 legislature added a limitation to not permit transfers from the reserved account for staff development under 122A.61.
Sec. 11. FUND TRANSFER; FISCAL YEARS 2012 AND 2013 ONLY.
(a) Notwithstanding Minnesota Statutes, section 123B.80, subdivision 3, for fiscal years 2012 through FY 2015 only, the commissioner must approve a request for a fund transfer if the transfer does not increase state aid obligations to the district or result in additional property tax authority for the district. This section does not permit transfers from the community service fund or the food service fund.
(b) A school board may approve a fund transfer under paragraph (a) only after adopting a resolution stating the fund transfer will not diminish instructional opportunities for students.

For FY 2012 and FY 2013 only, a board may request authority to make a permanent transfer without the need to identify an unforeseen event directly related to the fund or account involved, as long as the transfer meets the following criteria:
1. The transfer cannot be from Fund 02, Food Service, or Fund 04, Community Service; or Staff Development for fiscal years 2014 and 2015.
2. The transfer cannot increase state aid obligations to the district;
3. The transfer cannot result in additional property tax authority for the district;
4. The application for transfer must cite the law or rule prohibiting the desired transfer and identify the fiscal year affected by the transfer, the amount and specific accounts from/to which funds are to be transferred, and be signed by the superintendent and approved by the school board.
5. An application may be made by submitting a required “Request for Fund Transfer” form under Minnesota Laws 2011, 1st Special Session, Chapter 11, Article 5, Section 11 as Amended by Laws 2012, Chapter 239, Article 1, Section 31 and Laws of Minnesota for 2013, Chapter 116, Article 7, Section 19, and a copy of the school board minutes:
   a. Documenting adoption of a board resolution stating that the fund transfer requested in the application will not diminish instructional opportunities for students; and
   b. Documenting board approval of the funds transfer

Sec. 19. FUND TRANSFER; FISCAL YEARS 2014 AND 2015 ONLY.
(a) Notwithstanding Minnesota Statutes, section 123B.80, subdivision 3, for fiscal years 2014 and 2015 only, the commissioner must approve a request for a fund transfer if the transfer does not increase state aid obligations to the district or result in additional property tax authority for the district. This section does not permit transfers from the community service fund, the food service fund, or the reserved account for staff development under section 122A.61.
(b) A school board may approve a fund transfer under paragraph (a) only after adopting a resolution stating the fund transfer will not diminish instructional opportunities for students.

EFFECTIVE DATE. This section is effective July 1, 2013.
The table below summarizes transfer authority permitted under Laws 2011, 1st Special Session, Chapter 11, Article 5, Section 11 and Laws of Minnesota for 2013, Chapter 116, Article 7, Section 19, for reserved/restricted accounts in Fund 01, General Fund.

<table>
<thead>
<tr>
<th>FIN Code</th>
<th>Fund</th>
<th>RESERVE #</th>
<th>RESERVE NAME</th>
<th>Statute Prohibiting Transfer</th>
<th>TRANSFER ALLOWED in FY 2014 and FY 2015 with Commissioner's Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>316</td>
<td>1</td>
<td>403</td>
<td>Staff Development</td>
<td>Laws of Minnesota for 2013, Chapter 116, Article 7, Section 19</td>
<td>NO</td>
</tr>
<tr>
<td>385</td>
<td>1</td>
<td>405</td>
<td>Deferred Maintenance</td>
<td>Minn. Stat. § 123B.591</td>
<td>YES</td>
</tr>
<tr>
<td>406</td>
<td>1</td>
<td>407</td>
<td>Health &amp; Safety</td>
<td>Minn. Stat. § 123B.57 Subd 3</td>
<td>NO</td>
</tr>
<tr>
<td>407</td>
<td>1</td>
<td>408</td>
<td>Capital Projects</td>
<td>Minn. Stat. § 123B.63 Subd 4</td>
<td>NO</td>
</tr>
<tr>
<td>310</td>
<td>1</td>
<td>409</td>
<td>Alternative Facilities</td>
<td>Minn. Stat. § 123B.59 Subd.8</td>
<td>NO</td>
</tr>
<tr>
<td>413</td>
<td>1</td>
<td>410</td>
<td>Operating Debt</td>
<td>No current authorization</td>
<td>NO</td>
</tr>
<tr>
<td>414</td>
<td>1</td>
<td>411</td>
<td>Levy Reduction</td>
<td>Minn. Stat. § 475.61 Subd 4</td>
<td>NO</td>
</tr>
<tr>
<td>390</td>
<td>1</td>
<td>412</td>
<td>Taconite Building Maintenance</td>
<td>Minn. Stat. § 298.28 Subd 4 (b)NO</td>
<td>NO</td>
</tr>
<tr>
<td>327</td>
<td>1</td>
<td>413</td>
<td>Certain Teacher Programs</td>
<td>Minn. Stat. § 124D.31</td>
<td>YES</td>
</tr>
<tr>
<td>302</td>
<td>1</td>
<td>414</td>
<td>Operating Capital</td>
<td>Minn. Stat. § 126C.10 Subd 14</td>
<td>YES</td>
</tr>
<tr>
<td>371</td>
<td>1</td>
<td>415</td>
<td>$25 Taconite</td>
<td>Minn. Stat. § 126C.10 Subd 4 (d)</td>
<td>YES</td>
</tr>
<tr>
<td>330</td>
<td>1</td>
<td>416</td>
<td>Disabled Access</td>
<td>Minn. Stat. § 123B.58</td>
<td>NO</td>
</tr>
<tr>
<td>303</td>
<td>1</td>
<td>417</td>
<td>Learning &amp; Development</td>
<td>Minn. Stat. § 126C.12 Subd 4 - 5</td>
<td>YES</td>
</tr>
<tr>
<td>304</td>
<td>1</td>
<td>418</td>
<td>Area Learning Center (ALC)</td>
<td>Minn. Stat. § 123A.05 Subd 2</td>
<td>YES</td>
</tr>
<tr>
<td>305</td>
<td>1</td>
<td>419</td>
<td>Contracted Alternative Programs</td>
<td>Minn. Stat. §124D.69 Subd 2</td>
<td>YES</td>
</tr>
<tr>
<td>388</td>
<td>1</td>
<td>420</td>
<td>State Approved Alternative Programs</td>
<td>Minn. Stat. § 126C.05 Subd 15</td>
<td>YES</td>
</tr>
<tr>
<td>317</td>
<td>1</td>
<td>421</td>
<td>Gifted &amp; Talented</td>
<td>Minn. Stat. § 126C.10 Subd 2b</td>
<td>YES</td>
</tr>
<tr>
<td>345</td>
<td>1</td>
<td>422</td>
<td>Basic Skills</td>
<td>Minn. Stat. § 126C.15</td>
<td>YES</td>
</tr>
<tr>
<td>339</td>
<td>1</td>
<td>423</td>
<td>Career Tech</td>
<td>Minn. Stat. § 124D.4531</td>
<td>NO</td>
</tr>
<tr>
<td>345</td>
<td>1</td>
<td>424</td>
<td>Safe Schools Levy</td>
<td>Minn. Stat. § 126C.44</td>
<td>YES</td>
</tr>
<tr>
<td>450</td>
<td>1</td>
<td>425</td>
<td>Transition for Pre-Kindergarten</td>
<td>Minn. Stat. § 126C.10 subd 31b</td>
<td>YES</td>
</tr>
<tr>
<td>451</td>
<td>1</td>
<td>426</td>
<td>QZAB and QSCB Future Payback</td>
<td>Restricted by Debt Covenants</td>
<td>NO</td>
</tr>
<tr>
<td>452</td>
<td>1</td>
<td>427</td>
<td>OPEB Liabilities not held in a trust</td>
<td>Minn. Stat. § 475.52 Subd 6</td>
<td>NO</td>
</tr>
<tr>
<td>453</td>
<td>1</td>
<td>428</td>
<td>Unfunded Severance and Retirement Levy</td>
<td>Minn. Stat. §126C.41 Subd 6</td>
<td>NO</td>
</tr>
</tbody>
</table>

**FUND 4**

Earlier guidance issued by the Minnesota Department of Education (MDE) regarding this legislation did not address transfers within the community service fund. MDE has reviewed the legislation and has determined that transfers within the community service fund that meet the criteria of the law are allowable through the end of FY 2015 with commissioner approval.
The table below summarizes transfer authority for reserved/restricted accounts in Fund 04, Community Service.

<table>
<thead>
<tr>
<th>FIN Code</th>
<th>Fund</th>
<th>RESERVE #</th>
<th>RESERVE NAME</th>
<th>Statute Prohibiting Transfer</th>
<th>ALLOWED in FY 2014 and FY 2015 with Commissioner's Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>321</td>
<td>4</td>
<td>431</td>
<td>Community Education</td>
<td>Minn. Stat. § 124D.20</td>
<td>YES</td>
</tr>
<tr>
<td>322</td>
<td>4</td>
<td>447</td>
<td>Adult Basic Education</td>
<td>Minn. Stat. § 124D.52</td>
<td>YES</td>
</tr>
<tr>
<td>324</td>
<td>4</td>
<td>447</td>
<td>Adult Basic Education</td>
<td>Minn. Stat. § 124D.52</td>
<td>YES</td>
</tr>
<tr>
<td>325</td>
<td>4</td>
<td>432</td>
<td>Early Childhood and Family Education</td>
<td>Minn. Stat. § 124D.135</td>
<td>YES</td>
</tr>
<tr>
<td>328</td>
<td>4</td>
<td>432</td>
<td>Home Visiting</td>
<td>Minn. Stat. § 124D.135</td>
<td>YES</td>
</tr>
<tr>
<td>337</td>
<td>4</td>
<td>444</td>
<td>School Readiness</td>
<td>Minn. Stat. § 124D.16</td>
<td>YES</td>
</tr>
<tr>
<td>338</td>
<td>4</td>
<td>444</td>
<td>School Readiness</td>
<td>Minn. Stat. § 124D.16</td>
<td>YES</td>
</tr>
<tr>
<td>344</td>
<td>4</td>
<td>444</td>
<td>School Readiness</td>
<td>Minn. Stat. § 124D.16</td>
<td>YES</td>
</tr>
<tr>
<td>371</td>
<td>4</td>
<td>426</td>
<td>$25 Taconite</td>
<td>Minn. Stat. § 298.28</td>
<td>YES</td>
</tr>
<tr>
<td>793</td>
<td>4</td>
<td>452</td>
<td>Funded OPEB Liabilities not Held in Trust</td>
<td>Minn. Stat. § 475.52</td>
<td></td>
</tr>
</tbody>
</table>

Transfer must use designated new object / source codes along with the related finance code:

- **Object Code 911**: Commissioner Approved Transfers - Out
- **Source Code 651**: Commissioner Approved Transfers - In

Transaction example:

**Example entry within Fund 01**

<table>
<thead>
<tr>
<th>FD</th>
<th>ORG</th>
<th>PRO</th>
<th>FIN</th>
<th>OBJ</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>005</td>
<td>950</td>
<td>302</td>
<td>911</td>
</tr>
<tr>
<td>01</td>
<td>005</td>
<td>950</td>
<td>000</td>
<td>651</td>
</tr>
</tbody>
</table>

**Example entry within Fund 04**

<table>
<thead>
<tr>
<th>FD</th>
<th>ORG</th>
<th>PRO</th>
<th>FIN</th>
<th>OBJ</th>
</tr>
</thead>
<tbody>
<tr>
<td>04</td>
<td>005</td>
<td>950</td>
<td>344</td>
<td>911</td>
</tr>
<tr>
<td>04</td>
<td>005</td>
<td>950</td>
<td>325</td>
<td>651</td>
</tr>
</tbody>
</table>

Transfers from the following funds impact levy authority and/or state aid and therefore cannot be approved under the authority granted under Laws 2011, 1st Special Session, Chapter 11, Article 5.

**Section 11:**

- Transfers from the Debt Service Fund (07) to another fund. Minnesota Statutes, section 475.61, Subdivision 3 (e) requires that excess debt redemption funds be used to reduce levies. Subdivision 4 (a) of this section requires that any surplus funds remaining after obligations are paid in full are to be used to reduce levies and state aids, except for any surplus on retired obligations authorized on or after July 1, 2005, which the district “may appropriate to any other general purpose” without any reduction in state aid or levies.

- Transfers from the Building Construction Fund (06) to another fund. Minnesota Statutes, section 475.65 requires any balance remaining after projects have been completed and paid for to become part of the debt service fund and used to reduce levies and aids, unless “devoted to any other public use authorized by law, and approved by resolution adopted or vote taken in the manner required to authorize bonds for such new use and purpose.”

**Note:** this means that a decision to reuse surplus building construction funds is subject to the same procedural requirements as the project for which funds were originally authorized; for example, a referendum to authorize the repurposing of bond proceeds previously approved by district voters; or submission of a review and comment, and school board approval for a new project funded from surplus non-voter-approved bond or levy proceeds.

Identified below is an example of accounting treatment for transfer transactions approved under 123B.80. Two new Uniform Financial Accounting and Reporting Standards (UFARS) codes, Object Code 911 and Source Code 651, have been established and must be used to record commissioner-approved transfers.
NOTE: Transfers using these codes may only occur between funds and reserve accounts where transfers have been approved by the Commissioner of the Minnesota Department of Education.

Transfer must use designated new object / source codes along with the related finance code.

**Object 911**- Commissioner Approved Transfers - Out  
**Source 651**- Commissioner Approved Transfers - In

**Proposed Entries in Fund 01 - Transaction Example:**

<table>
<thead>
<tr>
<th>FD</th>
<th>ORG</th>
<th>PRG</th>
<th>FIN</th>
<th>OBJ/SRC</th>
<th>CRS</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>005</td>
<td>950</td>
<td>302</td>
<td>911</td>
<td>XXX</td>
<td>XXX.XX</td>
<td>XXX.XX</td>
</tr>
<tr>
<td>01</td>
<td>005</td>
<td>000</td>
<td>000</td>
<td>651</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX.XX</td>
</tr>
</tbody>
</table>

Please submit the completed and original “Request for Fund Transfer”, a copy of the board resolution stating that the fund transfer requested in the application will not diminish instructional opportunities for students, and a copy of the minutes documenting board approval of the funds transfer to:

Minnesota Department of Education  
Division of School Finance  
1500 Highway 36 West  
Roseville, MN 55113

For questions about “Guidance for Transfer of Funds”, contact David Day at David.Day@state.mn.us, 651-582-8384, or send your inquiry to the UFARS Accounting Helpdesk at MDE.UFARS-Accounting@state.mn.us.

**Business Manager’s Listserv Subscriptions, Updates and MDE Contact Information**

This service is provided to Business Managers by the Minnesota Department of Education (MDE) as an ongoing communication informing them of current MDE news. To subscribe to the listserv or update contact information, email Anne Danielson at Anne.Danielson@state.mn.us and provide the following information:

- First Name
- Last Name
- District Name
- District Number
- Email
- Phone Number
- Phone Extension
- Staff Position
The FY 2016 Charter School Lease Aid Application and Requirements has been posted on the MDE website at education.state.mn.us/MDE/StuSuc/CharterSch/Resources/index.htm (MDE > Student Success > Charter Schools > Charter School Resources, select FY 2016 Charter School Lease Aid Requirements):

Included in the lease aid application information, please reference the March 23, 2015 memo from Director Tom Melcher, Division of School Finance. As indicated in the memo, apply as soon as possible:

"Charter schools are encouraged to apply as soon as possible to ensure that the approved lease aid entitlement amount is included in the calculation of the IDEAS metered payments as early in the fiscal year as possible, so that the timing of cash flow to the school is optimized".

Please submit your completed FY 2016 Charter School Lease Aid Application to MDE.CharterSchoolapps@state.mn.us.
NEXT UFARS 101 Training Scheduled on July 22, 2015

The next scheduled date for UFARS 101 training is **July 22, 2015**, at MDE, 1500 Highway 36 West, Conference Center A, Room CC14, Roseville, Minnesota 55113. UFARS 101 training will introduce Uniform Financial Accounting and Reporting Standards (UFARS) and review: A) Chart of Accounts; B) UFARS System Uses; C) Dimension Descriptions; D) Legislative Requirements, and review basic accounting concepts and financial reporting for Minnesota schools. The training will also include expenditure and revenue exercises and website navigation.

Registration information is still *pending* and will be posted on the MDE’s Calendar of Workshops closer to the training session.

For questions about the UFARS 101 Training Scheduled this summer – July 22, 2015, please contact MDE.UFARS-Accounting@state.mn.us

Contacts

MDE Accounting Helpdesk

For UFARS Accounting, Manual and Chapter 10 Grid questions, contact the UFARS Accounting Helpdesk at MDE.UFARS-Accounting@state.mn.us.

MARSS Student Reporting

Minnesota Automated Student Reporting System (MARSS) contact MARSS@state.mn.us.

SERVS Financial

To gain access and utilize SERVS Financial contact MDE.SERVSFinancial@state.mn.us.

Title Programs

Title Programs – MDE.NCLB@state.mn.us.

Special Education

Special Education Funds – MDE.Spedfunding@state.mn.us.