

MEMORANDUM

TO: School District Superintendents

FROM: Tom Melcher, Director
Division of School Finance

DATE: July 17, 2014

SUBJECT: **2014 Payable 2015 Levy Forms and Information**

This memo describes the information needed for the 2014 Payable 2015 Levy Limitation and Certification Reports. The requested data is required for the calculation of school district levy limitations under Minnesota Statutes, Chapters 122A, 123A, 123B, 124D, 125B, and 126C, as amended by Laws 2014 Chapters 150 and 312. In addition, this memo contains information for many miscellaneous levy authorities for which your district may wish to apply.

Access the following information for the levy verification process on the [Minnesota Department of Education's \(MDE\) Website](#).

To get to the Levy-related information, select School Support > School Finance > Levy Certification Process. Here you will find:

- A copy of this memo ("2014 Payable 2015 Levy Forms and Instructions")
- Levy Limitation and Certification Calendar
- Capital Expenditure Disabled Access Revenue Levy Authority Application (ED-02081)
- Excess Debt Redemption Fund Balance Instructions ("Payable 2015 Debt Excess Instructions")
- Excess Debt Redemption Fund Balance Spreadsheet ("Payable 2015 Debt Excess")
- Levy Information System Instructions

Related Offsite Resources

- Department of Revenue's Truth in Taxation Link
- MSBA's Important Referendum Election Dates Link
- Department of Revenue's Economic Development Tax Abatements Link

To access the following data reporting systems, select School Support > Data Submissions:

- Levy Information System
- Health and Safety System
- ADM/EL (EDRS) System

To get to the Minnesota Funding Reports (MFR) section, select Data Center > Data Reports and Analytics > Minnesota Funding Reports (MFR).

In addition to the above information already posted to the MDE website, you are encouraged to check the Levy Certification Process section of the MDE website throughout the summer and fall for announcements and updates related to the levy certification process.

DATA COLLECTION

1. DISTRICT/SCHOOL ADM AND EL PROJECTIONS

School districts should review and update the EDRS ADM and EL (English Learners) estimates for 2014-15, 2015-16 and 2016-17 by August 26, 2014, to be included on the levy report. The EDRS ADM and EL estimates can be accessed through the MDE website under School Support > Data Submissions. Documentation on how to access EDRS is located at School Support > School Finance > MARSS-Student Accounting > Average Daily Membership.

Although the 2016-17 estimates are included on your levy report, they will not be used in levy computations. They will, however, be used for the November forecast and legislative analysis during and after the 2015 legislative session. Please update all three years of estimates: 2014-15, 2015-16 and 2016-17.

Remember to execute the Sum and Submit (ERDS menu option #3) after every Update/Modify (ERDS menu option #2) session, whether or not you change data. Each Update/Modify session sets an internal flag that keeps the data on hold until the Sum and Submit process authorizes the department to upload the data. It also serves to keep the district and school level data in sync. Also Sum and Submit if you have reviewed your district's estimates and they are accurate without making any changes. This sets a date flag that indicates to the department the most recent date that you reviewed the estimates.

Site number 000 can be used to report the estimated ADM of residents enrolled elsewhere for whom you will pay full instructional costs, e.g., residents enrolled in an academic pairing situation, special education cooperative, cooperatively hosted ALC with no fiscal host, etc.

The ADM and EL ADM estimates on file at the department for 2014-15, 2015-16 and 2016-17 as of July 1, 2014, are posted on the MDE website, select Data Center > Data Reports and Analytics > School Finance Reports > Minnesota Funding Reports (MFR). Select the Student category, the school year and finally the report called District/School ADM and LEP Projections. The 2016-17 estimates were created from the existing 2015-16 ADMs grade progressed to the next grade level, holding EC, HK and KG constant.

Kindergarten ADM estimates must not include four- and five-year old children enrolled in a program that prepares them for kindergarten the following school year. Refer to Minnesota Statutes, Section 120A.05, subdivision 10a for definitions of kindergarten and prekindergarten. Kindergarten estimates will need to be broken out into one of four categories. A single student's ADM should be included in only one category so as not over-estimate kindergarten ADM.

Each of the following kindergarten ADMs are treated as a separate grade. Therefore, if you need to move the kindergarten ADM from half-day, daily to full-day, daily, the adjustments must be made at

the site level first. After the data has been summed and authorized, later updates can be made at the district level.

A. Kindergarten students with an IEP

This is grade HK and is unchanged. The ADM is computed based on the student's membership hours as required by the IEP divided by 875. A student is reported in grade HK regardless of the kindergarten classroom's academic schedule. The pupil unit weighting factor for these kindergarten ADM remains at 1.00.

B. Kindergarten available full day, daily to all students enrolled in the school

The kindergarten schedule must meet these criteria:

- Available to all kindergarten students enrolled in the school and not limited in any way except for parent choice. And,
- No parent fees are charged. And,
- The combination of the number of instructional days and length of day excluding meals generates at least 850 instructional hours. This can be accomplished via a variety of schedules:
 - All day, daily schedule; or
 - All day, four days per week, if the school instructional day is sufficiently long; or
 - A combination of full days and partial days such that the average length of day and the number of instructional days generates at least 850 instructional hours.

The pupil unit weighting factor for these kindergarten ADM was 0.612 in FY 2014 and is 1.00 starting in FY 2015.

C. Kindergarten available half day, daily or full day alternate days

These students are scheduled to attend kindergarten:

- daily for half day; or
- alternate days for full days; or
- full day, daily with parent fees; or
- a combination of half days and full days but the combination of which does not generate at least 850 instructional hours.

The pupil unit weighting factor for these kindergarten ADM was 0.612 in FY 2014 and is 0.55 starting in FY 2015.

D. Kindergarten available full day, daily to some, but not all, students enrolled in the school

The kindergarten schedule meets these criteria:

- Available to *some* kindergarten students enrolled in the school but not all kindergarten students are able to participate. For example, participation may be limited due to space.
 - No fees are charged the parents.

- The combination of the number of instructional days and length of day excluding meals generates at least 850 instructional hours. This can be accomplished via a variety of schedules:
 - All day, daily schedule; or
 - All day, four days per week, if the school instructional day is sufficiently long; or
 - A combination of full days and partial days such that the average length of day and the number of instructional days generates at least 850 instructional hours.

The pupil unit weighting factor for these kindergarten ADM was 0.612 in FY 2014 and is 0.55 starting in FY 2015.

The EDRS screens were updated last summer to allow data entry into these categories. The kindergarten ADM estimates that existed last spring were loaded to EDRS as half day, daily/full day, and alternate day. Districts will need to move the kindergarten ADM to other categories, e.g., full day, daily, if the school provides other than half day, daily or full day, alternate day kindergarten. Therefore, the following updates must be made via EDRS:

- Update the current *resident* ADM on EDRS. Residents include all public school students who live in the district. It does not matter which public school district or charter school the students attend. The term 'resident' *excludes* nonpublic (traditional or home school), nonresidents, and shared time students. The maximum resident ADM per student should be 1.0 ADM.
- Update the current *adjusted* ADM on EDRS. Adjusted includes residents enrolled at the resident district, residents enrolled in other districts for whom you pay full instructional tuition (care and treatment, academic pairing, special education cooperative, etc.) and nonresident students who have transferred into the district via an enrollment options program. Adjusted *excludes* residents who have open-enrolled out of the district or are enrolled in a charter school, nonpublic (traditional or home school) and shared time students. The maximum adjusted ADM per student should be 1.0 ADM.
- Update the current *extended time* ADM on EDRS to reflect a maximum of 0.20 per student. Extended time is defined as the ADM, generated by students enrolled in state approved alternative programs (SAAPs), in excess of 1.0 ADM, but no more than 0.20 ADM per student. This estimate should use the 'adjusted' definition of students described above. These estimates must be entered initially at the SAAP sites.
- Adjusted and extended time ADM generated by students on whose behalf the resident district pays tuition to attend an ALC (e.g., Intermediate Districts 287 or 917) should be entered under site 000.
- Update the current EL ADM on EDRS. This is the estimated ADM of eligible EL students who will be served in an educational program for students with limited English proficiency. Eligible refers to students who: (1) did not score above the ACCESS© test cut score last year or, in the judgment of the pupil's classroom teachers, is unable to demonstrate academic language proficiency in English, including oral academic language, sufficient to successfully and fully participate in the general core curriculum in the regular classroom and (2) have not exceeded a total cumulative ADM of 6.0 since July 1, 1996. The EL ADM estimates must be entered initially

at the school level otherwise the entire estimate will be assigned under site 000: residents tuitioned out of the district.

Questions should be directed to Jeanne Krile at 651-582-8637 or jeanne.krile@state.mn.us.

2. LEVY INFORMATION SYSTEM

To access the Levy Information System go to the MDE website, select School Support > Data Submissions. Detailed instructions for using the Levy Information System will be available on the Levy Certification Process section on the MDE website and will be available once you access the system. The password will be sent to you in the July 17, 2014 superintendent's email and business manager's listserv. *Note: This system will not be ready for district use until approximately July 30, 2014.*

Prior to viewing/entering data into the system, you will need to complete the contact information. We are asking for only one contact per district. This person will serve as our primary contact in the event we have questions relating to the data collected via the Levy Information System. You may enter a second contact email address in lieu of full contact information. All levy-related notices will be sent to the e-mail addresses entered in this section so it is important these e-mail addresses be entered early in the levy process and be kept current throughout the full levy process.

Each district should review/update all sections included in the Levy Information System by August 29, 2014. Data revisions may be made through September 30, 2014. As noted below, screens requiring FY 2014 data will remain open until December 31, 2014.

A. HEALTH BENEFITS

Under Minnesota Statutes, section 126C.41, subdivision 2(a), certain school districts may levy for the amount necessary to pay the district's obligations for retiree health insurance benefits as follows:

- All districts may levy for health benefit costs required by a collective bargaining agreement in effect on March 30, 1992, for employees who retired prior to July 1, 1992.
- Districts with a sunset clause in their current bargaining agreement(s) may also levy for the health benefit costs required by the collective bargaining agreement in effect on March 30, 1992, for employees who retired from July 1, 1992, through June 30, 1998. Levy authority for these costs was effective for taxes payable 2009 for FY 2009. See section B below for information on what qualifies as a sunset clause.

Authority for 2014 Payable 2015 levies will be based on FY 2015 estimated costs. Reference the Instructions for the Levy Information System for reporting requirements.

Documentation and questions relating to this levy should be directed to David Lobejko 651-582-8383 or david.lobejko@state.mn.us.

B. LEVY FOR ANNUAL OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Under Minnesota Statutes, section 126C.41, subdivision 2(b), districts may levy for the annual costs associated with Other Postemployment Benefits (OPEB) expenses under GASB 45. To qualify for this levy, the district must create or have created an actuarial liability to pay postemployment benefits to employees or officers after their termination of service, and have a sunset clause in effect for the current collective bargaining agreement(s).

Reference the instructions for the Levy Information System for detailed reporting requirements. In addition to requesting the OPEB levy authority on the Levy Information System, districts must also provide the following documentation to School Finance:

- Current actuarial study or a statement from the district's auditor certifying the acceptance of an alternative measurement method used to calculate the UAAL and a copy of the UAAL calculation that will be used for FY 2014 audit. Current actuarial study is defined in section 21 near the end of this document.
- Copy of the collective bargaining agreement(s) related to the eligible retiree(s). These agreements must each include a sunset clause relating to health insurance benefits for retirees. If collective bargaining agreements were submitted last year, new copies are not needed this year unless the contract settlement occurred after levy authority was requested. However, be sure to notify MDE, School Finance if the sunset language has been removed from any collective bargaining agreement. If copies of collective bargaining agreements were submitted in the past and/or were submitted in support of a Health Benefits levy request, duplicate copies do not need to be submitted.

Eligible costs include other postemployment benefits giving rise to a liability under Statement No. 45 of the Government Accounting Standards Board (GASB 45), including the implicit rate subsidy. Levy authority under this provision may be requested for any amount up to the amount of expenses actually paid from operating funds on behalf of retirees during FY 2014.

OPEB costs may qualify for levy authority under the Health Benefits levy, the Severance levies, the Annual OPEB levy, or the OPEB Bonding authority. The district can receive levy revenue only once for any specific cost. See section A "*Health Benefits*" above or section 21 "*BONDING FOR OTHER ACTUARILY DETERMINED OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITIES*" near the end of this document for further information.

The requested levy authority will appear on the district's Levy Limitation and Certification Report for certifying the proposed levy in September. If the requested documentation is not received by November 3, 2014, the requested OPEB authority will be removed from the district's Levy Limitation and Certification Report issued in mid-November for certifying the final property tax levy.

For the payable 2015 levy, a total of \$56.6 million in annual OPEB levy authority is available for all school districts. In the event total levy authority requested exceeds the \$56.6 million cap, each district's levy authority will be prorated by the amount required to bring the total levy down to the statewide cap. The proration will be done on the Levy Limitation and Certification Report issued in mid-November.

In the event that annual OPEB Levy authority is prorated due to the cap, and any district either elects to not levy or under levy the annual OPEB levy amount shown on their final Levy Limitation and Certification Report, the Payable 2015 authority for all other districts will be increased. The increase in levy authority will appear as a levy adjustment on the payable 2016 levy. Levy authority for districts that choose not to levy or under levy cannot be made up on future levies.

The annual OPEB levy authority for taxes payable 2015 is not recognized early and will be revenue for FY 2016. Any payable 2016 levy adjustment will be recognized as revenue for FY 2017.

Sunset Clause

A sunset clause in a collective bargaining agreement eliminates provisions providing benefits leading to OPEB obligations for new employees or new retirees. Provisions such as “employees hired (or employees retiring) after a certain date are not eligible for benefits” qualify as a sunset clause. Neither a cap on the number of eligible participants nor a cap on the dollar amount of OPEB benefits qualifies as a sunset. A cap on the numbers of years or age to which an employee may receive benefits is also not considered a sunset.

If the district’s only OPEB liability is for implicit rate subsidy, the current collective bargaining agreement should indicate employees are allowed to participate in the district’s insurance plan after retirement by paying the full premium amount.

If the district has not completed negotiations for the upcoming bargaining period, a copy of the most current collective bargaining agreement should be provided. If the current collective bargaining agreement does not include a sunset clause, but the district has a Memorandum of Understanding for the upcoming agreement that includes a sunset clause, which has been voted on by all affected parties and is binding in a contractual sense, the Memorandum of Understanding should also be submitted.

Required documentation and questions relating to this levy should be directed to Jan Carlson at 651-582-8342 or janice.carlson@state.mn.us.

C. PUPIL TRANSPORTATION PROJECTIONS

Data in this section is required for calculating estimated nonpublic transportation aid entitlements and integration transportation aid entitlements. As in the past, the form has been populated with estimated data for calculating estimated nonpublic transportation aid entitlements. Review and revise this data as needed.

No data has been seeded for interdistrict integration transportation students or expenditures. In order to receive interdistrict integration aid for FY 2015, the district must enter this data.

Questions should be directed to Greg Sogaard at 651-582-8858 or greg.sogaard@state.mn.us.

D. ELEMENTARY SPARSITY

Data in this section is required for estimating the district's elementary sparsity revenue for purposes of calculating the district's 2014 Payable 2015 levy limitations and general education aid entitlements for FY 2015.

Under Minnesota Statutes, section 126C.10, subdivision 8a, a district that closes a school facility is authorized to receive the greater of the sparsity revenue under current law or the sparsity revenue it received for the prior year, if the district files a board resolution with the commissioner before the beginning of the fiscal year stating that it intends to close a school facility but cannot proceed with closure without the sparsity revenue adjustment.

Review and revise the data as needed. Questions and copies of board resolutions should be directed to Bob Porter at 651-582-8851 or bob.porter@state.mn.us.

E. SECONDARY SPARSITY

Data in this section is required for estimating the district's secondary sparsity revenue for purposes of calculating the district's 2014 Payable 2015 levy limitations and general education aid entitlements for FY 2015.

Under Minnesota Statutes, section 126C.10, subdivision 8a, a district that closes a school facility is authorized to receive the greater of the sparsity revenue under current law or the sparsity revenue it received for the prior year, if the district files a board resolution with the commissioner before the beginning of the fiscal year stating that it intends to close a school facility but cannot proceed with closure without the sparsity revenue adjustment.

Review and revise the data as needed. Questions and copies of board resolutions should be directed to Bob Porter at 651-582-8851 or bob.porter@state.mn.us.

F. BUILDING/LAND LEASE AUTHORITY

Districts wishing to apply for this levy authority must provide the requested information for each lease agreement and copies of new or modified lease agreements. Districts are encouraged to enter this data early to allow adequate time for MDE staff to review and approve levy authority for each lease agreement.

Levy authority will be approved as data is submitted. Levy authority approved as of August 29, 2014, will be included on the district's initial Levy Limitation and Certification Report issued by September 8, 2014. Revisions and additional data can be entered through September 30, 2014.

In addition to the above, districts wishing to levy for administrative space under Minnesota Statutes, section 126C.40, subdivision 1, paragraph (j) must provide additional information as outlined in the May 31, 2012 memo to school district superintendents. This memo can be downloaded from the MDE website under [Levy Certification Process](#).

Questions and additional information should be directed to Bill Kiesow at 651-582-8801 or fax 651-582-8878 or bill.kiesow@state.mn.us.

G. BUILDING/LAND LEASE FY 2014 ACTUAL COSTS

Districts should enter actual lease costs and actual operating costs for FY 2014 leases previously approved for levy authority. These leases may have been approved for levy authority for either taxes payable 2013 or 2014.

Levy adjustments for the payable 2013 leases will be included on the payable 2016 levy when final FY 2014 pupil data is available. Levy adjustments for the payable 2014 leases will be included on the payable 2017 levy when final FY 2015 pupil data is available.

This screen will remain open for data entry until December 31, 2014, to allow districts to enter final audited data.

Questions should be directed to Bill Kiesow at 651-582-8801 or bill.kiesow@state.mn.us.

H. BUILDING/LAND LEASE FY 2012/PAYABLE 2012 BUILDING/LAND LEASE FY 2013/PAYABLE 2012

Preliminary levy adjustments for leases previously approved for levy authority for taxes payable 2012 are listed on these screens. Districts were requested to enter actual lease costs and operating costs in prior years. The levy adjustment for these leases will be included on the payable 2015 levy, using final FY 2013 pupil data.

Questions or additional information should also be directed to Bill Kiesow at 651-582-8801 or bill.kiesow@state.mn.us.

I. REQUIRED DEBT SERVICE LEVY

Please review the required debt service levy data included in the Levy Information System. Most debt redemption fund deficiencies are due to debt service levies based upon incorrect or missing bond payments. If you have issued a bond, refunded a bond issue, or a bond payment is listed incorrectly, you need to update this data in order for the debt service levy to be correct.

Also add any bonds issued to fund OPEB liabilities and identify these bonds with the OPEB bond type from the drop down list. The required debt levy for these bonds will be shown on the Levy Limitation and Certification Report as a separate levy category for fund 47. See section 21 *"BONDING FOR OTHER ACTUARILY DETERMINED OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITIES"* near the end of this document for further information.

Questions or documentation for new or refunding bond issues should be directed to Lon Moe at 651-582-8569 or lonn.moe@state.mn.us.

J. GENERAL AND COMMUNITY SERVICE

Data from this report is required for calculating various components of the district's 2014 Payable 2015 levy limitations. New this year, districts that wish to levy less than the maximum of \$424 in local optional revenue will do so via this screen.

Questions should be directed to the specific person indicated for each question in the instructions accessible within the Levy Information System or general questions may be directed to David Lobejko at 651-582-8383 or david.lobejko@state.mn.us.

3. HEALTH AND SAFETY REVENUE APPLICATION

The Health and Safety Data Submission System is used by independent, special, and intermediate schools districts that have a school board approved health and safety policy and budget to enter proposed projects qualifying for funding under Minn. Stat. § 123B.57, or health and safety projects of \$500,000 or greater at a site qualifying for alternative facilities revenue under Minn. Stat. § 123B.59, Subd.1 (b). Allowable projects address physical hazard control; hazardous substance cleanup and disposal; environmental health, safety, and environmental management; asbestos abatement; fire and life safety; and indoor air quality related projects in buildings owned or being acquired by the school district. Approved costs of projects are included in the calculation of state health and safety revenue. Additional information, including reporting requirements and timelines, is communicated annually through e-mail to superintendents and is posted at the MDE website under School Support, School Finance, Facilities and Technology, and Health and Safety.

The Health and Safety Program Revenue Application and data submissions for new or revised projects are due to the department by July 25, 2014.

Questions should be directed to Dale Sundstrom at 651-582-8605 or dale.sundstrom@state.mn.us.

4. ALTERNATIVE FACILITIES BONDING AND LEVY REVENUE APPLICATION

Specific districts qualify for alternative facilities revenue to fund capital projects for deferred maintenance, health and safety, or disabled accessibility by meeting the requirements of Minnesota Statutes, section 123B.59, subdivision 1(a). Qualifying districts have more than 66 students per grade and over 1,850,000 square feet of building space with an average age of 15 years or older, or have 66 students per grade and over 1,500,000 square feet of building space with an average building age of 35 years or older, or qualify under special legislation. Subject to project review and approval by MDE staff, school boards may approve an annual levy or issuance of general obligation bonds to finance projects.

A new revenue application is being developed, but is not available for the 2014 Payable 2015 levy cycle. Eligible districts must submit both the required 10 year plan and projects for which funding is requested for the current levy cycle using excel spreadsheets as directed in earlier communications.

Alternative Facilities projects are subject to Consultation and Review and Comment requirements and processing timelines under Minnesota Statutes, section 123B.71, as amended by Laws 2014, Chapter 312, Article 18, Sections 8, 9 and 24, as well as notification requirements under Minnesota Statutes, section 123B.59 and 123B.71, only if the projects are part of a larger project with other funding sources.

Questions should be directed to Dale Sundstrom at 651-582-8605 or dale.sundstrom@state.mn.us.

5. EARLY CHILDHOOD FAMILY EDUCATION ANNUAL REPORT

A district may not certify a levy for Early Childhood Family Education (ECFE) revenue unless it has submitted its FY 2014 ECFE Annual Report (Minn. Stat. § 124D.135, subdivision 3). Information on the ECFE Annual Report (ED-01843) is posted on the MDE website under School Support and then Data Submissions. The report is due July 15.

If a district has not submitted its annual report to the department by November 3, 2014, the levy authority for ECFE and Home Visiting will be removed for the final Levy Limitation and Certification Report issued in mid-November. If the report is submitted before the school board certifies the final levy, the district may request the levy authority to be reestablished for taxes payable 2015.

Questions should be directed to Jan Carlson at 651 582-8342 or janice.carlson@state.mn.us.

OTHER LEVY INFORMATION

The following provides relevant information related to the levy certification process and instructions for applying for specific levy authority not covered by the levy data collection forms.

1. LEVY LIMITATION AND CERTIFICATION CALENDAR

This calendar contains important dates related to the levy certification process. It is available on the MDE website under School Support, School Finance and then Levy Certification Process.

2. ELECTION NOTICES

School districts are required under Minnesota Statutes, section 205A.07, subdivision 3a to provide written notice to the Commissioner of Education prior to every school district election held under Minnesota Statutes, section 126C.17 (operating referendum), Minnesota Statutes, section 475.58 (bond issue), Minnesota Statutes, section 123B.62 (facilities bonds subject to reverse referendum), Minnesota Statutes, section 123B.63 (capital project referendum), or Minnesota Statutes, section 126C.69 (capital loan referendum).

- At least 74 days before every school district election held in conjunction with a regularly scheduled general election for federal, state, county, city, or school board office or a special election for federal office. (August 22, 2014 for the November 4, 2014 general election)
- At least 67 days before every school district election held in conjunction with a regularly scheduled primary for federal, state, county, city, or school board office or a special primary for federal office.
- At least 49 days before any other school district election.

The notice must include the date of the election and the title and language for each ballot question. This is consistent with the content and timing of notices that must be provided to the county under Minnesota Statutes, section 205A.07, subdivision 3. The department will summarize the information and make it available to news media, school districts and the public.

School districts holding an operating referendum must also provide MDE with a copy of the referendum notice sent to all taxpayers in the district at least 15 days prior to the election. (School districts are encouraged to submit a draft of this notice at an earlier date to enable the department to review the draft before final printing.)

School districts must also notify the Commissioner of Education of the results of the election within 15 days after the results of the election have been certified by the school board. Referendum and debt levies to be voted on in November will not be included in the district's proposed levy certification. If the election is successful, the final levy certification will be modified to include the levy.

Questions regarding referendum elections should be directed to Bob Porter at 651-582-8851 or bob.porter@state.mn.us.

Questions regarding bond elections or capital project referendum should be directed to Lon Moe at 651-582-8569 or lonn.moe@state.mn.us.

Address all notices to the Commissioner of Education and mail to MDE, School Finance.

3. OPERATING REFERENDUMS AND LOCAL OPTIONAL (LOCATION EQUITY) REVENUE

A. Local Optional (Location Equity) Revenue

Minnesota Statutes, section 126C.10, subdivision 2e was amended by Laws 2014, Chapter 150, Article 4, Section 2, to make all school districts eligible for the \$424 per pupil unit location equity revenue and changed the name to local optional revenue. Local optional revenue is an equalized levy based on referendum market value (RMV) with an equalizing factor of \$510,000 per resident pupil unit, the same as for second tier referendum revenue.

For participating districts, the local optional allowance is subtracted off the districts' voter-approved and board converted referendum authority as of December 31, 2014. Districts with less referendum authority than their local optional allowance will receive a net increase in revenue. Under Minnesota Statutes, section 126C.17, subdivision 4, as amended by Laws 2014, Chapter 150, Article 4, Section 4, the subtraction occurs before adding new authority from elections held this fall.

To opt out of local optional revenue or levy less than the maximum \$424 allowance for FY2016, a school district must indicate this on question 6 of the General and Community Service screen of the Levy Information System. A board resolution is no longer required.

B. Board-Approved Referendum Revenue

Under Minnesota Statutes, section 126C.13, subdivision 4, school districts may convert up to \$300 of voter-approved referendum revenue to board-approved referendum revenue by board vote. For districts with less than \$300 per adjusted pupil unit (APU) after the local optional subtraction, the school board may authorize the creation of new referendum revenue up to the difference between \$300 per APU and the district's referendum allowance after the local optional subtraction.

Districts wishing to convert existing referendum authority from voter-approved to board-approved or to create new board-approved authority for taxes payable in 2015 must pass a board resolution before the proposed property tax levy is finalized on or before September 30, 2014. Board action taken by September 1 will ensure that the conversion or creation is included on the initial levy limitation report issued on September 8. The board resolution should specify which authority is to be converted to board-approved, and must specify the duration of the board-approved authority up to 5 years. A copy of the board resolution must be submitted to the Commissioner of Education.

C. Operating Referendum Simulation Spreadsheet

To simulate the impact of calendar year 2014 referendum elections on FY 2016 revenues and levies, refer to the referendum phaseout file on the MDE website.

The phaseout file is located on the [School Finance website under Referendum](#). Then choose "Referendum Phaseout Details through Calendar Year 2013 Elections". Simulations can be done by using the New Elections tab.

In addition to simulating new referendums, the New Elections tab lets you see the effects of 1) board approved referendum increases; 2) decisions regarding the local optional allowance; and 3) pupil projection changes on FY 2015 converted referendum allowances.

Questions regarding referendum and local optional revenue, aid and levy computations or referendum ballot language should be directed to Bob Porter at 651-582-8851 or bob.porter@state.mn.us or Jon Van Oeveren at 651-582-8375 or jon.vanoeveren@state.mn.us.

Sample board resolutions for new referendum authority and board-approved referendum authority may be obtained by contacting the Minnesota School Boards Association at gkeliher@mnmsba.org or ddittrich@mnmsba.org, or 507-934-2450 (800-324-4459 for Toll Free MN Only).

4. ALTERNATIVE TEACHER COMPENSATION (Q COMP) REVENUE

Revenue for this program is a combination of aid and levy. Districts that have already applied and been approved for the program will receive levy authority for taxes payable in 2015 for FY 2016 revenue. Districts approved for the program for FY 2015 after the payable 2014 levy was set will also have a levy adjustment for taxes payable in 2015. Both the levy and the levy adjustment will be recognized as revenue by the district in FY 2016.

Under Minnesota Statutes, section 122A.415, subdivision 4, Q comp basic aid is limited to \$75.6 million statewide. Based on applications and approvals for FY 2015 it is anticipated that no funding will be available for new applications based on the current statutory cap.

Districts and schools may still apply for funding for FY 2016. However, levy authority will not be added to the payable 2015 levy for FY 2016 based on a submitted letter of intent or application as has occurred in past years. Districts that apply will be placed on a waiting list based on the order that the application is received in the event that additional resources are made available to fund this program. A letter of intent may be submitted at any time. Q comp applications are due November 15, February 15, and May 15 for the following school year.

Questions on letters of intent and the application process should be addressed to Kristie Anderson at 651-582-8860 or kristie.anderson@state.mn.us.

Questions concerning this levy should be directed to David Lobejko at 651-582-8383 or david.lobejko@state.mn.us.

5. CAREER AND TECHNICAL EDUCATION (CTE) LEVY

Under Minnesota Statutes, section 124D.4531, subdivision 1, districts with an approved career and technical program may levy 35 percent of approved FY 2015 expenditures.

For the payable 2015 levy, school districts will not be required to submit detailed information for planned FY 2015 expenditures through the CTE Web-Based Reporting System. Instead, districts will submit FY 2015 estimated budget information through the CTE web-based system showing only total anticipated expenditures for each CTE program. Worksheets to determine the total of approvable expenditures by program are available on the MDE website. Districts will be asked to report their total anticipated CTE expenditures and the system will reflect their share, if any, of CTE expenditures made on behalf of the district by a cooperative or intermediate school district. The department will review the reported data for reasonableness, and calculate the district's initial FY 2015 CTE levy authority on that basis. Levy adjustments will be calculated based on approved CTE program budget/expenditures submitted in the fall after the program year through the CTE Web-Based Reporting System, and actual expenditures as reported on UFARS.

Under Minnesota Statutes, section 124D.4531, subdivision 5, a district participating in an agreement under Minnesota Statutes, section 123A.30 (Agreements for Secondary Education) or Minnesota Statutes, section 123A.32 (Interdistrict Cooperation) is required to allocate its career technical levy authority among participating districts. If your district has a career technical program and is participating in an agreement under either of these sections, provide allocation information for FY 2015 to MDE, School Finance by July 22, 2014.

More information on the Career Technical Levy is available on the [MDE website under Career and Technical Education Program Administration](#).

Program questions should be directed to Paula Palmer at 651-582-8737 or paula.palmer@state.mn.us.

Allocation information and questions on this levy should be directed to Jan Carlson at 651-582-8342 or Janice.carlson@state.mn.us.

6. DEFERRED MAINTENANCE REVENUE

Minnesota Statutes, section 123B.591 provides an equalized deferred maintenance levy for districts that do not qualify for the alternative facilities bonding and levy program. The maximum revenue is set at \$64 per adjusted pupil unit times the lesser of one or the ratio of the district's average building age to 35 years. The levy is spread against net tax capacity and is equalized at \$5,965 of adjusted net tax capacity per adjusted pupil unit. The revenue must be maintained in a reserve account and must be used only for expenditures that would be eligible for the alternative facilities program.

Questions regarding deferred maintenance revenue should be directed to Lonn Moe at 651-582-8569 or lonn.moe@state.mn.us

7. CAPITAL EXPENDITURE DISABLED ACCESS REVENUE LEVY AUTHORITY APPLICATION – (ED-02081)

This form is available on the MDE website under School Support, School Finance and then Levy Certification Process for districts that have not already used this levy authority. School districts requesting levy authority to remove architectural barriers must complete and return this form to School Finance by July 22, 2014.

The application and questions concerning the application should be directed to Lonn Moe at 651-582-8569 or lonn.moe@state.mn.us.

8. TACONITE LEVY LIMITATION REDUCTION

School districts having a taconite levy limitation adjustment that they wish to levy less than the maximum in any category should contact Bill Kiesow at 651-582-8801 or bill.kiesow@state.mn.us prior to certifying their levy to the county auditor. Taconite reductions will need to be adjusted across funds to accommodate the under levy.

9. ACHIEVEMENT AND INTEGRATION REVENUE

Under Minnesota Statutes, section 124D.862, districts eligible to levy in 2014 for FY 2016 achievement and integration revenue must enter an estimated FY 2016 initial integration budget amount on question 4 and an estimated FY 2016 incentive budget amount on question 5 of the General and Community Service screen of the Levy Information System. The levy based upon the district's estimate may be adjusted in the 2015 payable 2016 levy cycle after submission of a detailed FY 2016 budget to MDE for review and approval.

Levy adjustments for FY 2015 achievement and integration revenue will be based upon the budget submission due July 1, 2014, as approved by MDE's Office of Equity and Innovation. Districts should verify the accuracy of the approved FY 2015 achievement and integration initial and incentive budget amounts reported on the FY 14-15 Integration Revenue Report that should be posted on the MDE website in late August: select the district name, then View Reports by Category; the report is found under the category Aid Entitlement Reports.

Final levy adjustments for FY 2013 achievement and integration revenue are also included in the 2014 Payable 2015 levy limitation calculation. A district's final levy authority is calculated on its final achievement and integration revenue, which is based upon actual achievement and integration plan expenditures recorded under Finance code 315, as reported on UFARS. Alternative attendance aid expenditures are recorded under Finance code 312. All achievement and integration aid and levy revenue, including alternative attendance aid revenue, is recorded under Finance 315.

Questions on achievement and integration plans and the budget approval process can be directed to the Office of Equity and Innovation, Anne Parks at 651-582-8337 or anne.parks@state.mn.us.

Questions on integration funding can be directed to Jan Carlson at 651-582-1613 or janice.carlson@state.mn.us.

10. COOPERATION BUILDING REPAIR

Under Minnesota Statutes, section 126.40, subdivision 3, a school district that has an agreement according to Minnesota Statutes, section 123A.30 or Minnesota Statutes, section 123A.32 may levy for the repair costs, as approved by MDE, of a building located in another district that is party to the agreement. Districts that wish to levy under this provision must submit a letter to School Finance by July 22, 2014.

Questions should be directed to Bill Kiesow at 651-582-8801 or bill.kiesow@state.mn.us.

11. CONSOLIDATION TRANSITION REVENUE

Under Minnesota Statutes, section 123A.485, consolidation transition aid is equal to a maximum of \$200 per resident pupil unit for the first year of consolidation and \$100 per resident pupil unit for the second year of consolidation. If the cost of the early retirement incentives offered by the district under Minnesota Statutes, section 123A.48, subdivision 23, exceeds the amount of aid the district is entitled to under this provision, the district may levy for the difference for a period not to exceed three years. Districts that wish to levy under this provision must submit a letter to the Division of School Finance by July 22, 2014. The letter should include the estimated costs of the incentives and the number of years, up to three, that the levy should be spread.

Questions should be directed to Bill Kiesow at 651-582-8801 or bill.kiesow@state.mn.us.

12. REORGANIZATION OPERATING DEBT

Under Minnesota Statutes, section 123A.73, subdivision 9, school districts that reorganize under a consolidation, dissolution and attachment, or combination may levy for reorganization operating debt. Reorganization of operating debt is defined as the net undesignated operating fund balance in all school district funds except building construction, debt redemption, and trust funds calculated as of June 30 of the fiscal year before the consolidation or dissolution becomes effective. The levy must be spread over five years and may be spread across either the property in the school districts with operating debt, or on all property in school districts involved in the combination, consolidation, or dissolution.

Questions concerning this levy should be directed to Bill Kiesow at 651-582-8801 or bill.kiesow@state.mn.us.

13. MISCELLANEOUS SEVERANCE PAY/EARLY RETIREMENT INCENTIVE LEVIES FOR COOPERATING AND REORGANIZING DISTRICTS

A. Severance Pay/Early Retirement Incentives Levy for School Districts Reorganizing under Dissolution and Attachment

Under Minnesota Statutes, section 123A.73, subdivision 12, a school district that has reorganized under a dissolution and attachment proceeding may levy for severance pay or early retirement incentives for licensed and nonlicensed employees who retire early as a result of the consolidation or dissolution if the Commissioner of Education approves the incentives and the amount to be levied. The levy may be spread over a period of up to five years and shall be spread in whole or in

part on the property of a preexisting district or the enlarged district, as determined by the board of the enlarged district.

Eligible districts that wish to levy under this provision must submit a letter explaining the proposed levy to the MDE, School Finance by July 22, 2014.

Questions concerning this levy should be directed to David Lobejko at 651-582-8383 or david.lobejko@state.mn.us.

B. Severance Pay/Early Retirement Incentives Levy for Districts Participating in Cooperative Secondary Facility Agreement

Under Minnesota Statutes, section 123A.444, a joint powers board established under Minnesota Statutes, section 123A.443 may levy through its participating school districts the amount necessary to provide severance pay and early retirement incentives for teachers, as defined in Minnesota Statutes, section 122A.40, subdivision 1, who are placed on unrequested leave of absence as a result of the cooperative secondary facility agreement. A joint powers board making this levy must notify School Finance of the total amount to be levied under this provision by July 22, 2014. The department will allocate the levy authority among the participating school districts based on adjusted net tax capacity and will notify the joint powers board and each district of the amounts allocated to each district.

Questions concerning this levy should be directed to David Lobejko at 651-582-8383 or david.lobejko@state.mn.us.

C. Retirement and Severance Levy for Districts Participating in Cooperation and Combination Program.

Under Minnesota Statutes, section 123A.39, subdivision 3, a school district that levied for cooperation and combination for taxes payable in 1995 may levy for severance pay or early retirement incentives for licensed and nonlicensed employees who retire early because of the cooperation or combination. Eligible districts that wish to levy under this provision must submit a letter explaining the proposed levy to MDE, School Finance by July 22, 2014.

Questions concerning this levy should be directed to David Lobejko at 651-582-8383 or david.lobejko@state.mn.us.

D. Severance Levy for Districts with Agreements with Adjoining States

Under Minnesota Statutes, section 124D.05, school districts that have an agreement to allow pupils to attend school in an adjoining state are required to pay severance pay to teachers placed on unrequested leave because of that agreement. School districts may levy annually for the costs of severance pay. Eligible districts that wish to levy under this provision must submit a letter explaining the proposed levy to MDE, School Finance by July 22, 2014.

Questions concerning this levy should be directed to David Lobejko at 651-582-8383 or david.lobejko@state.mn.us.

E. Severance Levy for Districts with Agreements for Secondary Education

Under Minnesota Statutes, section 123A.30, subdivision 6, school districts that have an agreement for secondary education with another school district are required to pay severance pay to teachers placed on unrequested leave because of that agreement. School districts may levy annually for the costs of severance pay. Eligible districts that wish to levy under this provision must submit a letter explaining the proposed levy to MDE, School Finance by July 22, 2014.

Questions concerning this levy should be directed to David Lobejko at 651-582-8383 or david.lobejko@state.mn.us.

F. Levy for Certain Unfunded Severance and Retirement Cost

Minnesota Statutes, section 126C.41, subdivision 6 authorizes a school district meeting all of the following criteria to levy for unfunded severance and retirement costs:

- participated in the cooperative secondary facilities program,
- consolidated with at least two other school districts, and
- has unfunded severance or retirement costs.

The levy is limited to \$150,000 per year and expires after taxes payable in 2017. The district must reserve the revenue and spend it only for unfunded severance and retirement costs. Districts should use UFARS finance code 792 to record these revenues and expenditures and UFARS balance sheet account 453 for the reserve balance.

Eligible districts that wish to levy under this provision must submit a letter by July 22, 2014, to MDE, School Finance requesting the levy authority. The request should show severance costs by year from the date of the cooperative facility or consolidation, whichever is earlier, and any past levy authority by year for severance under Minnesota Statutes, section 123A.444 or Minnesota Statutes, section 123A.39, subdivision 3.

Questions concerning this levy should be directed to David Lobejko at 651-582-8383 or david.lobejko@state.mn.us.

14. SWIMMING POOL LEVY

Minnesota Statutes, section 126C.455 authorizes certain school districts to levy for the operation and maintenance of a swimming pool. In order to qualify, the district must be located in a county that has:

- an international border,
- more than one school district inside its boundaries, and
- a population density of fewer than 10 people per square mile in the 2000 census.

Only school districts with their administrative office in the counties of Kittson, Roseau, Lake of the Woods, or Koochiching counties may qualify for this levy. The 2014 Payable 2015 levy authorization may not exceed actual net costs of operation for FY2014.

Eligible districts that wish to levy under this provision must submit a request, to MDE, School Finance by July 22, 2014.

Questions and documentation should be directed to Bill Kiesow at 651-582-8801 or fax 651-585-8878 or bill.kiesow@state.mn.us.

15. ICE ARENA LEVY

Minnesota Statutes, section 126C.45 allows a school district operating and maintaining an ice arena to levy for 100 percent of the net operational costs of the ice arena.

School districts that operate and maintain an ice arena are eligible for this levy, regardless of ownership. Expenditures for leasing ice time from another agency that operates and maintains the arena are **not** eligible for this levy.

The 2014 Payable 2015 levy is based upon net actual costs of operating the arena during FY 2014. Net operating costs are defined as operating costs less any operating revenues. Districts should report total operating revenues and costs as directed below.

To qualify for the levy, an eligible school district must demonstrate to the satisfaction of the Division of Compliance and Assistance that it will offer equal sports opportunities for male and female students to use its ice arena, particularly in areas of access to prime practice time, team support, and providing junior varsity and younger level teams for girls' ice sports and ice sport offerings. This justification must be provided on an annual basis.

To apply for levy authority, a school district must submit a letter of application to MDE, School Finance by July 22, 2014. The letter must include a statement that the district operated and maintained an ice arena during FY 2014 and list the gross operating costs, the operating revenues, and the net operating costs for FY 2014. The letter must also describe the sports opportunities for male and female students to use its ice arena, including:

- Access to prime practice time (provide schedule by time and gender),
- Team support (such as number of coaches, team equipment available), and
- If the district has junior varsity and younger level teams for girls' ice sports and ice sport offerings, provide number of players and team practice times. If district has no junior varsity and younger level teams, please explain.

Questions concerning sports opportunities requirements should be directed to Carolyn Ellstra, Division of Compliance and Assistance, at 651-582-8366 or carolyn.ellstra@state.mn.us.

Questions concerning the levy should be directed to Bill Kiesow at 651-582-8801 or bill.kiesow@state.mn.us.

16. ECONOMIC DEVELOPMENT ABATEMENT

Under Minnesota Statutes, section 469.1812 to 469.1815, the board of a school district may adopt a resolution to grant abatement to a taxpayer within the district. The board may approve the resolution only after holding a public hearing on the proposed abatement. An abatement granted under this provision is not an abatement for purposes of abatement aid and levy authority under Minnesota Statutes, section 126C.46 and 127A.49, subdivision 2.

The abatement resolution must specify the terms of the abatement, including the form of the abatement, the amount of the abatement or the method of annual determination of the abatement, the duration limit, and the taxable year the abatement is to become effective. The resolution must also state the nature and extent of the public benefits that the district expects to result from the abatement agreement.

The abatement granted cannot exceed the greater of 10 percent of the school district's net tax capacity, or \$200,000. Market value based taxes are not subject to abatement under this law.

Districts granting economic development abatement must levy an amount equal to the estimated sum of the abatements granted. Districts that have granted economic development tax abatements for taxes payable in 2015 must submit a memo to MDE, School Finance, by July 22, 2014, providing an estimated amount of the abatement granted for taxes payable in 2015. If this is the first year of the abatement, a copy of the abatement resolution must accompany the memo.

Districts that levied for economic development abatements last year must also provide documentation showing the abatements have been paid and identifying the actual amount of the abatements.

Questions concerning procedures for granting economic development tax abatement should be directed to Chelsea Griffin, Department of Revenue, at 651-556-6101 or Chelsea.Griffin@state.mn.us

Questions and documentation relating to this levy should be directed to David Lobejko at 651-582-8383 or david.lobejko@state.mn.us.

17. AGREEMENT REGARDING ADMINISTRATIVE SERVICES

Under Minnesota Statutes, section 123A.12, two or more school districts may enter into an agreement to increase efficiency in the delivery of administrative services. If any administrative position is discontinued in a district because of the purchase of administrative services under this agreement, the district may levy for costs approved by the commissioner for retirement incentives, severance pay or other costs related to the discontinuance of that position. The district may spread the levy over a period of up to three years.

Eligible districts that wish to levy under this provision must submit a letter explaining the proposed levy to MDE, School Finance by August 1, 2014.

Questions and documentation relating to this levy should be directed to David Lobejko at 651-582-8383 or david.lobejko@state.mn.us.

18. POPULATION FOR COMMUNITY EDUCATION REVENUE

With the exception of school districts submitting new population estimates under Minnesota Statutes, section 275.14, community education revenue for FY 2016 and payable 2015 levies will be calculated using 2010 Federal Census counts. These counts are displayed on the Community Education-ECFE School Readiness area of the School Finance website.

Under Minnesota Statutes, section 275.14, a school district may submit an update of its resident population estimate to the State Demographer for approval. A population estimate update will not affect the 2014 Payable 2015 levy unless it is adopted by a board resolution by July 1, and submitted to

the State Demographer by no later than July 1, 2014. If approved by the State Demographer, the district's population estimate will be used in calculating its community education revenue.

Before proceeding to update the school district census or estimate in 2014, please contact:

Susan Brower, State Demographer
Department of Administration
300 Centennial Building
658 Cedar Street
St. Paul, MN 55155

Phone: 651-201-2472
E-mail: susan.brower@state.mn.us.

19. CAPITAL PROJECT REFERENDUM LEVY

Under Minnesota Statutes, section 123B.63, a district may levy for the capital project referendum program upon voter approval. Review and Comment submission is required prior to going to voters, unless the capital project addresses only technology and the district submits a school board resolution stating that the funds approved by the voters will be used for the same purposes as operating capital revenue under section 126C.10, subdivision 14. This levy is limited to ten years.

Since this is a permissive levy, districts authorized by voters to make this levy **must** annually notify MDE, School Finance of the amount the district intends to levy. Questions and documentation relating to this levy should be directed to Lonnn Moe at 651-582-8569 or lonnn.moe@state.mn.us.

20. DEBT SERVICE EXCESS

Minnesota Statutes, section 475.61 provides that MDE calculate excess debt service fund balances for the Debt Service Fund (fund 7) and the Post-Employment Benefits Debt Service Fund (fund 47). Districts also have the option of requesting an amount greater than the debt excess reduction calculated by MDE for Fund 7 or Fund 47.

The excess will be calculated based on the following formulas using data reported to MDE by each district.

- 1) June 30, 2012 Debt Service Restricted Fund Balance (GNL 464)
- 2) Less - Pay 2012 Debt Excess Levy Reduction
- 3) Less - Pay 2013 Debt Excess Levy Reduction
- 4) Less – 5 percent of the Pay 2014 Required Debt Service Levy
- 5) Less - MDE approved excess retained
- 6) Equals - Reduction to the Pay 2014 Debt Service Levy

The statute also requires the department to certify the calculated debt excess amount to district superintendents by August 15, 2014. Districts have the opportunity to review and respond to the calculated debt excess amount. This information is posted to the MDE website under Accountability Programs, School Finance, and then Levy.

- A district may increase the amount of debt excess and levy reduction by submitting a request for the larger amount and documenting to the department that there will be adequate funds to satisfy obligations (Minn. Stat. § 475.61, subdivision 3, clause g).

- A district may also request approval from the commissioner to retain all or part of calculated excess by submitting written documentation describing the rationale for its request by September 15, which may include the issuance of new obligations within the next year or the refunding of existing obligations. Requests to retain debt excess will be approved only if it is necessary to ensure the prompt and full payment of the district's obligations, and any call premium on its obligations, will be used for redemption of its obligations in accordance with their terms, or to level out the debt service tax rate, excluding the debt excess adjustment, for its obligations over the next two years. Correspondence should be addressed to the commissioner and mailed to MDE, School Finance.
- Excess debt service amounts for districts having outstanding capital loans are regulated under Minnesota Statutes, section 126C.71. These districts will continue to use the Capital Loan District Debt Excess Computation form, which is due on December 1 of each year.

Questions regarding debt excess should be directed to Lonnn Moe at 651-582-8569 or lonn.moe@state.mn.us.

21. BONDING FOR ACTUARILY DETERMINED OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITIES

Minnesota Statutes, section 475.52, subdivision 6 and Minnesota Statutes, section 475.58, subdivision 1 provides authority for school districts to issue bonds for funding actuarial liabilities to pay other postemployment benefits (OPEB), as defined by the Governmental Accounting Standards Board (GASB) Statement No. 45. Voter approval is required for any OPEB bonds issued by school districts after October 1, 2009.

A district must annually make a debt service levy in the OPEB Debt Service Fund (Fund 47) to service the payment of principal and interest on outstanding OPEB bonds.

To qualify for payable 2015 levy authority for OPEB bonds issued in the past year, school districts must provide the following information. No additional information is needed if the bonds were approved for payable 2014 levy authority and all the following information was provided at that time.

- A. Certification of the Unfunded Actuarial Accrued Liabilities (UAAL) used for the district's FY 2013, FY 2014, FY 2015 or FY 2016 financial statements. Certification may be a copy of the actuarial valuation performed by a certified actuary that identifies the UAAL or a statement from the district's auditor certifying the acceptance of an alternative measurement method used to calculate the UAAL and a copy of the UAAL calculation.

The certification of the UAAL must be current as of the date the bonds are issued. For a certification to be current, the valuation must have been prepared as of a date:

Not more than twenty-four months before the beginning of the fiscal year in which the bonds are issued, if valuations are annual, or

Not more than twenty-four months before the beginning of the first year of the two-year or three-year period for which that valuation provides the ARC, if valuations are biennial or triennial.

If the certification of the UAAL is not current, submit a certification of an updated UAAL according to the timelines outlined below. If an updated UAAL is submitted, the district must also submit updated information for items 2-4 below to reflect any corresponding changes in those items.

Note: Actuarial studies must be completed every two years for plans with membership of 200 or more, and every three years for plans with membership under 200. Employers with plans with membership of 100 or less (or for employers with more than 100 plan participants but immaterial OPEB liability – see OSA Statement of Position on Alternative Approach to OPEB Liability Calculation for Implicit Rate Subsidy) may use an alternative measurement method, as prescribed in GASB No. 45.

- B. A copy of the approved school board resolution authorizing the issuance of OPEB bonds. The resolution must contain the following information:
 - 1) The statement of authority to issue bonds to pay for OPEB obligations;
 - 2) The amount of the Unfunded Actuarial Accrued Liability (UAAL) as of the date of issuance;
 - 3) The amount of the bonds issued; and
 - 4) Where the bond proceeds will be held.
 - i. Operating Fund Reserve - Funds 01, 02 and/or 04;
 - ii. Revocable Trust Internal Service Fund - Fund 25; and/or
 - iii. Irrevocable Trust Fund - Fund 45.
- C. The bond schedule providing principal and interest payments for the term of the bond.
- D. The net bond proceeds used to fund the unfunded OPEB liabilities. The net proceeds of the issue are the amounts after reduction for all costs associated with the bond issuance.
- E. Resolution canvassing the election results.

Eligible districts that wish to levy under this provision must enter debt service information for the bonds via the Levy Information System (see section 2K above) in addition to providing the documentation noted in 1 -5 above by August 15, 2014.

Required documentation and questions regarding this levy authority should be directed to Lonni Moe at 651-582-8569 or lonn.moe@state.mn.us.

Questions regarding accounting treatments should be directed to mde.ufars-accounting@state.mn.us.

22. CERTIFICATION OF PROPOSED LEVY

Minnesota Statutes, section 275.065, subdivision 1(b), requires each district to certify its proposed levy to the county auditor on or before September 30 of each year, unless an extension is granted by the home county auditor. It also requires the county auditor to use the proposed levy in preparing Truth in Taxation notices.

- ***For those school districts that have reached an agreement with their home county auditors to the delayed date***, the certification date for the proposed levy is extended by one week (from September 30 to October 7). For districts receiving an extension, the deadline for notifying MDE of the proposed levy is extended from October 7 to October 13.
- Minnesota Statutes, section 275.065, subdivision 1(d), requires the county auditor to use the prior year's certified levy amount for the Truth in Taxation notices if a taxing authority fails to certify its proposed levy by the due date.
- Since the district's final certified levy may not exceed the amount used for the Truth in Taxation notices (except for certain allowable amounts), any district that fails to certify its proposed levy by the due date will have their final certified levy limited to the prior year's certified levy amount.

23. EXTENSION FOR CERTIFYING PROPOSED LEVY

Any district requesting a change to the district's levy limitation for the proposed levy after September 30 must send an email to david.lobejko@state.mn.us at MDE and copy the home county auditor. The email should:

- Request the home county auditor grant an extension for certifying the proposed property tax levy
- State the data change being requested and the reason for the change
- Provide an estimate of the increase or decrease to the district's levy limitation

MDE will forward this email to the home county auditor asking if the county will accept the late change. To assist the county auditor, MDE will provide ONE of the following statements in this email:

- A.** This request is for an increase to the district's levy limitation. If the county declines to grant the extension, the district may request approval from the Commissioner of Education allowing the district to certify a final levy that exceeds the proposed levy. The commissioner will evaluate these requests on a case-by-case basis. If the commissioner's approval is granted, the district's levy limitation will be increased for the final levy to be certified in December and the district will be allowed to certify a final levy that exceeds the proposed levy. Alternatively, or if the Commissioner does not grant approval for a levy increase, the school district may request MDE to increase the district's levy limitation in one area for the final levy to be certified in December together with a corresponding reduction in the district's levy limitation in another area. The district's final certified levy in December may not exceed the proposed levy included on the Truth in Taxation notices.
- B.** This request is for a decrease to the district's levy limitation. If the county declines to grant the extension, MDE will reduce the district's levy limitation for the final levy to be certified in December. The district's final levy certified in December may not exceed the reduced levy limitation.

The home county auditor will reply to MDE, with a copy to the school district, indicating whether the county grants the extension. If the extension is granted, MDE will post a revised Levy Limitation and Certification Report for the school district as soon as possible (probably within a day). If the extension is not granted, the district's Levy Limitation and Certification Report will not be revised at this time.

School districts may request an extension from the home county auditor even if there are no data changes needed. This request would be to give the school board more time to consider the proposed levy.

All requests for an extension should be submitted to the home county auditor as early as possible. Granting any extension is solely at the discretion of the home county auditor and school districts should not assume the county would be able to grant the extension. If the school district is located in more than one county, the home county auditor will want to consult with the other counties about granting an extension. Any request should be made early enough to give the district sufficient time to arrange to certify its proposed levy by September 30 if the extension is not granted.

24. TRUTH IN TAXATION INFORMATION

School districts are required to discuss the payable 2015 levy and FY 2015 budget at a board meeting and allow the public to speak. This meeting can be a regularly scheduled meeting or a special board meeting.

The meeting to discuss the levy and budget can take place at any point after November 24 and before the final levy is adopted. The meeting must take place at 6:00 p.m. or later. The district can adopt the final levy at the same meeting they allow the public to speak.

The date of the board meeting at which the levy and budget will be discussed must be announced at the board meeting when the proposed property tax levy is certified and included in the summary of these proceedings published in the official newspaper of the district. The date of the board meeting where the levy and budget will be discussed must also be provided to the district's home county auditor for inclusion on the Truth in Taxation notices to be sent to property owners.

Truth in Taxation information will be posted to the Department of Revenue's website at http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/tnt.aspx. We expect this information to be available in mid-to-late July.

A direct link is also available on the MDE website under School Support, School Finance and then Levy Certification Process. This link currently takes you to the Truth in Taxation information for last year. The link will be updated when the Truth in Taxation information for the current year is available.

Questions relating to Truth in Taxation should be directed to James Shanley, Department of Revenue, at (651) 556-6095 or by email at james.shanley@state.mn.us.

DIVISION OF SCHOOL FINANCE CONTACTS

For technical assistance with accessing information via the MDE website, please contact Chelsea Goebel at 651-582-8524 or chelsea.goebel@state.mn.us.

Questions on specific levy components should be directed as follows:

ADM and EL Projections	Jeanne Krile 651-582-8637	jeanne.krile@state.mn.us
Career and Technical Education Levy	Jan Carlson 651-582-8342	janice.carlson@state.mn.us
General Education Revenue, Referendum Levies	Bob Porter 651-582-8851 Or Jon Van Oeveren 651-582-8375	bob.porter@state.mn.us jon.vanoeveren@state.mn.us
Alternative Teacher Compensation Revenue	David Lobejko 651-582-8383	david.lobejko@state.mn.us
Miscellaneous Levies including: Reemployment, Safe Schools, Judgment, Health Benefits, District Reorganization Retirement/Severance, Economic Development Abatement, and Administrative Services	David Lobejko 651-582-8383	david.lobejko@state.mn.us
Non-public Transportation Revenue	Greg Sogaard 651-582-8858	greg.sogaard@state.mn.us
Community Education, ECFE, Home Visiting, School-Age Care and Integration Revenues,	Jan Carlson 651-582-8868	janice.carlson@state.mn.us
Other Postemployment Benefits (OPEB)	Jan Carlson 651-582-8868	janice.carlson@state.mn.us
Capital Expenditure Levies, Health and Safety Revenue, Alternative Facilities Revenue, and Debt Service Levies	Lonn Moe 651-582-8569	lonn.moe@state.mn.us
Building and Land Lease Levy, Swimming Pool Levy, Ice Arena Levy, Consolidation Transition Revenue, Reorganization Operating Debt, and Taconite Adjustments	Bill Kiesow 651-582-8801	bill.kiesow@state.mn.us