

Guidance for Transfer of Funds

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

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.

Laws 2011, 1st Special Session, Chapter 11, Article 5, Section 11, as amended by Laws 2012, Chapter 239, Article 1, Section 31 states:

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

Laws of Minnesota for 2013, Chapter 116, Article 7, Section 19

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.

FIN Code	Fund	RESERVE #	RESERVE NAME	Statute Prohibiting Transfer	TRANSFER ALLOWED in FY 2014 and FY 2015 with Commissioner's Approval
316	1	403	Staff Development	Laws of Minnesota for 2013, Chapter 116, Article 7, Section 19	NO
385	1	405	Deferred Maintenance	Minn.. Stat. § 123B.591	YES
	1	406	Health & Safety	Minn.. Stat. § 123B.57 Subd 3	NO
	1	407	Capital Projects	Minn.. Stat. § 123B.63 Subd 4	NO
310	1	408	Cooperative	Minn.. Stat. § 123A.27	YES
	1	409	Alternative Facilities	Minn.. Stat. § 123B.59 Subd.8	NO
	1	413	Building Projects with Lease Levy	Minn.. Stat. § 126C.40	NO
	1	414	Operating Debt	No current authorization	NO
	1	416	Levy Reduction	Minn.. Stat. § 475.61 Subd 4	NO
390	1	417	Taconite Building Maintenance	Minn.. Stat. § 298.28 Subd 4 (b)(ii)	YES
327	1	423	Certain Teacher Programs	Minn.. Stat. § 124D.31	YES
302	1	424	Operating Capital	Minn.. Stat. § 126C.10 Subd 14	YES
371	1	426	\$25 Taconite	Minn.. Stat. § 298.28 Subd 4 (d)	YES
	1	427	Disabled Access	Minn.. Stat. § 123B.58	NO
330	1	428	Learning & Development	Minn.. Stat. § 126C.12 Subd 4 - 5	YES
303	1	434	Area Learning Center (ALC)	Minn.. Stat. § 123A.05 Subd 2	YES
304	1	435	Contracted Alternative Programs	Minn.. Stat. §124D.69 Subd 2	YES
305	1	436	State Approved Alternative Programs	Minn.. Stat. § 126C.05 Subd 15	YES
388	1	438	Gifted & Talented	Minn.. Stat. § 126C.10 Subd 2b	YES
317	1	441	Basic Skills	Minn.. Stat. § 126C.15	YES
	1	445	Career Tech	Minn.. Stat. § 124D.4531	NO
339	1	449	Safe Schools Levy	Minn.. Stat. § 126C.44	YES
345	1	450	Transition for Pre-Kindergarten	Minn.. Stat. § 126C.10 subd 31b	YES
	1	451	QZAB and QSCB Future Payback	Restricted by Debt Covenants	NO
	1	452	OPEB Liabilities not held in a trust	Minn.. Stat. § 475.52 Subd 6	NO
	1	453	Unfunded Severance and Retirement Levy	Minn.. Stat. §126C.41 Subd 6	NO

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

FIN Code	Fund	RESERVE #	RESERVE NAME	Statute Prohibiting Transfer	ALLOWED in FY 2014 and FY 2015 with Commissioner's Approval
321	4	431	Community Education	Minn.. Stat. § 124D.20	YES
322	4	447	Adult Basic Education	Minn.. Stat. § 124D.52	YES
324	4	447	Adult Basic Education	Minn.. Stat. § 124D.52	YES
325	4	432	Early Childhood and Family Education	Minn.. Stat. § 124D.135	YES
328	4	432	Home Visiting	Minn.. Stat. § 124D.135	YES
337	4	444	School Readiness	Minn.. Stat. § 124D.16	YES
338	4	444	School Readiness	Minn.. Stat. § 124D.16	YES
344	4	444	School Readiness	Minn.. Stat. § 124D.16	YES
371	4	426	\$25 Taconite	Minn.. Stat. § 298.28	YES
793	4	452	Funded OPEB Liabilities not Held in Trust	Minn.. Stat. § 475.52	NO

Example transaction for each fund

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		
		DR
		CR
FD - ORG - PRO - FIN - OBJ		
01 - 005 - 950 - 302 - 911		XXX
01 - 005 - 950 - 000 - 651		XXX
Example entry within Fund 04		
FD - ORG - PRO - FIN - OBJ		
04 - 005 - 950 - 344 - 911		XXX
04 - 005 - 950 - 325 - 651		XXX

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:

FD	ORG	PRG	FIN	OBJ/SRC	CRS	Debit	Credit
01	005	950	302	911	XXX	XXX.XX	
01	005	000	000	651	XXX		XXX.XX

Please submit the completed and original "Request for Fund Transfer", copy of 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