

**CHAPTER 3545**  
**DEPARTMENT OF EDUCATION**  
**SCHOOL FINANCING**

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**3545.0600 APPLICABILITY OF RULES.**

Parts 3545.0600 to 3545.0900 apply to all school districts; service cooperatives; regional computer centers; cooperative centers for special education; cooperative centers for vocational education; and governmental units formed by joint powers agreements entered into by school districts. For purposes of parts 3545.0600 to 3545.0900, all entities are referred to as "districts."

The requirements of parts 3545.0600 to 3545.0900 are applicable to all unaudited financial reports for the fiscal year ending June 30, 1977, and each year thereafter. These requirements also provide the basis for amending the unaudited financial reports for the fiscal year ending June 30, 1976, and each year thereafter. These requirements apply to all budgets prepared for the fiscal year ending June 30, 1978, and each year thereafter.

**Statutory Authority:** *MS s 14.388; 121.902*

**History:** *L 1987 c 258 s 12; L 1989 c 246 s 2; L 1996 c 305 art 1 s 138; 26 SR 1718*

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**3545.0700 FINANCIAL REPORTING STANDARDS.**

The requirements adopted in parts 3545.0600 to 3545.0900 must be known as the uniform financial accounting and reporting standards for school districts. The state auditor must have ultimate authority to decide questions relative to accounting classifications and application to district accounting transactions of the standards contained herein.

**Statutory Authority:** *MS s 14.388; 121.902*

**History:** *26 SR 1718*

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### **3545.0800 MODIFIED ACCRUAL ACCOUNTING AND OTHER ACCOUNTING REQUIREMENTS.**

Subpart 1. **Recognition principles.** Revenues and expenditures must be recorded and recognized in accordance with generally accepted accounting principles. Generally accepted accounting principles provide for the accrual basis of accounting and the modified accrual basis of accounting as appropriate for the particular fund. The cash basis of accounting is not acceptable for district budgeting, accounting, and reporting. Specific standards for revenue recognition are contained in Minnesota Statutes, section 123B.75. Specific standards for expenditure recognition are contained in Minnesota Statutes, section 123B.76.

Subp. 2. **Reporting categories.** Budgeting, accounting, and reporting systems must be designed to provide financial data, where applicable, according to the terms and categories used in Minnesota Statutes with particular attention to categorical programs funded by the state.

Subp. 3. **Accounting structure.** Development of programmatic data for district internal reporting and management purposes, and for reporting to the public and the department, requires the use of multidimensional systems of classification of transactions.

Subp. 4. **School district accounting principles.** The "Manual for the Uniform Financial Accounting and Reporting Standards for Minnesota Schools," issued by the Department of Education, must contain the standards for budgeting, accounting, and reporting. Amendments to the principles contained in this manual must be approved by the commissioner of education.

Subp. 5. **Student activities accounting principles.** The "Manual of Instructions for Uniform Student Activities Accounting for Minnesota School Districts," issued by the Department of Education, must contain the accounting and reporting standards for extracurricular student activities. Amendments to the generally accepted accounting principles contained in this manual must be approved by the commissioner of education.

**Statutory Authority:** *MS s 14.388; 121.902*

**History:** *L 1998 c 398 art 5 s 55; 26 SR 1718; L 2003 c 130 s 12*

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### **3545.0900 FUND ACCOUNTING.**

Subpart 1. **Definition.** A fund is an independent accounting entity having its own assets, liabilities, obligations, revenues, expenditures, reserves, and equity balances. Funds must be established for the purpose of accounting for those specific resources provided for the attainment of particular public objectives, as designated by statute or rule.

Subp. 2. **Funds maintained.** The following funds must be maintained:

- A. general fund;
- B. food service fund;
- C. community education fund;

- D. building construction fund;
- E. debt redemption fund;
- F. trust fund;
- G. agency fund; and
- H. enterprise fund.

Subp. 3. **Operating and nonoperating funds.** The general fund, food service fund, community education fund, and enterprise fund must collectively be known as the operating funds. The other funds collectively must be known as the nonoperating funds.

Subp. 4. [Repealed, 26 SR 1718]

Subp. 5. **Account groups.** An account group is a self-balancing group of accounts. Account groups represent a district's general fixed assets and long-term indebtedness that are not segregated for carrying on specific activities. A general fixed asset group of accounts and a general long-term debt group must be maintained.

Subp. 6. **Fund accounting.** Revenues and expenditures must be recorded in the appropriate funds.

Subp. 7. **Fund transfers.** General fund assets may be used for any general or special operating purpose of a district and may be transferred permanently by school board action to any other operating fund where the resources of that other fund are not adequate to finance approved expenditures from such fund or to eliminate a negative undesignated fund balance in a building construction fund being discontinued.

The portion of the general fund undesignated fund balance permanently transferred to eliminate a negative building construction fund undesignated fund balance must be reduced by the capital expenditure fund year-end undesignated fund balance.

Subp. 8. **Special fund uses and transfer limitations.** All funds other than the general fund are special purpose funds in which expenditures may only be made for the special purposes of the fund. Transfers of money from special purpose funds to other funds are not permitted unless authorized by law. Transfers may be made from any fund to another fund to pay for expenditures legitimately chargeable to one fund but expended from another. Such items are most appropriately accounted for on a current basis, as interfund transactions, increasing the expenditures of one fund and reducing those of another. Transfers may be made from the operating capital reserve of the general fund to pay for expenditures from other funds for capital expenditure purposes.

**Statutory Authority:** *MS s 14.388; 121.902*

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