

SCHOOL BUSINESS BULLETIN

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District/School ADM Reports for the 2014-15 School Year

The District/School Average Daily Membership (ADM) reports for the 2014-15 school years are posted to the Minnesota Funding Reports (MFR) website in the Student category. From the MDE home page select Data Center > Data Reports and Analytics > Minnesota Funding Reports (MFR). Next, select your district/charter school, the Student category and 14-15 year.

These reports represent the ADM generated by Minnesota Automated Reporting Student System (MARSS) files that were submitted from the latest statewide submission. A new District/School ADM Report is posted within a week after each year-end MARSS reporting deadline. Each new report replaces the prior report. Therefore, print or save a copy of the report prior to the next reporting deadline to keep a history of the changes between each MARSS submission. The final report for a school year is posted the following January.

Documentation on how to read the District/School ADM Report is also posted to the MARSS-Student Accounting website. From the MDE home page, select School Support > School Finance > MARSS-Student Accounting > Average Daily Membership. Please view the document entitled [District/School ADM \(Average Daily Membership\) Report and MARSS 35 ADM Adjustment Report - 2014-15 School Year](#)

Verifying ADM Data on the District/School ADM Report

Following are suggested steps to take when a school or district believes that the ADM shown on the District/School ADM Report is less than it should be, e.g., lower than that generated on local reports.

1. Verify that the school has no MARSS enrollment records with local errors. All of the records with local errors are excluded from other local and statewide reports. The local errors are listed on the MARSS 08 Error Report.
2. Verify that the statewide date overlap and Status End code 08 and 40 errors have been corrected. These records will be excluded from the state-produced ADM reports but they would have been included on the local reports. The statewide errors are listed on the MARSS 30 Statewide Errors Report. The MARSS 30 report does not reiterate the local errors so the school needs to review both error reports.
3. Verify that all students are included on the MARSS B Student file. Run the local report MARSS 24 List of All Students and compare the list of students with a report run from the school's software. Missing students cannot generate ADM.
4. Verify that all students have the correct enrollment and withdrawal dates and membership days. If these dates are in error the generated membership days may be in error.
5. Verify that the software's calendar that generates student membership and instructional days is/are correct and in sync. A student enrolled for the entire school year in a single enrollment record -- from the first day of school through the last day of school -- should generate the same number of membership days as instructional days reported on the MARSS A School file in the same grade.
6. Verify that the number of instructional days reported on the MARSS A School file includes the number of days in the core, required school year. It should exclude snow days, optional days, holidays, staff-only days, summer, etc. If full-year students on the MARSS 24 report consistently have less than 1.00 ADM, there is an inconsistency between the number of instructional days and the student membership days.
7. State-approved learning year programs (SAAP) also need to verify the number of instructional days and length of day reported on the MARSS A School file. The instructional days should include only the number of days in the core, required school year. The length of day should include only the number of minutes in the core, required school day excluding meal times. If the length of day varies during the year, calculate the average length of day using the Flexible Scheduling worksheet posted to the MARSS-Student Accounting website. When a SAAP indicates an extremely low number of instructional days and has an after school- or summer-only site that is seat-based, the Instructional Days and Length of Day should be equal to that reported by either the core year, core day seat-based ALC program

or the local school with similar grade levels. This assures that ADM is calculated accurately. This reporting practice is covered in more detail in Procedure 8 in the MARSS Manual.

8. For state-approved alternative programs with a state-approved independent study component, the number of instructional days and length of day reported on the MARSS A School file needs to be the same as those used on the Independent Study Calculation of Membership Hours worksheet. Refer to the MARSS Manual, Procedure 8 for more information.
9. ADM cannot exceed 1.0 unless the student is enrolled in a state-approved learning year program, e.g., alternative program. When the statewide edit is run each student's total ADM is checked to assure that it does not exceed 1.0. If it does, each record is proportionately reduced. If the student is enrolled in a learning year program, that enrollment record(s) is eligible to generate extended time ADM. Refer to the MARSS WES statewide report called MARSS 35 ADM Adjustment. This is a list of all enrollment records in which the locally computed ADM is probably different than that generated after the statewide edit. The adjustment could be due to:
 - a) A total ADM that exceeds 1.0, whether or not the student participated in a learning year;
 - b) The calculation of extended time ADM;
 - c) Supplemental online learning (OLL) participation; or
 - d) An increased ADM for an early childhood special education student.

Contact [Kelly Wosika](#) at 651-582-8855.

FY 2016 – Community Eligibility for Meal Programs

Schools with a high percentage of students who are eligible for the free meal program through Direct Certification are eligible to participate in a relatively new program called Community Eligibility Provision. Schools that choose to participate in Community Eligibility Provision provide free meals to all students enrolled in the school and, for food services purposes only, do not need to collect annual Applications for Educational Benefits. However, for MARSS reporting, the requirement to report the economic status by individual student based on supporting documentation such as Direct Certification, Application for Educational Benefits or the Alternate Application for Educational Benefits does not change.

Application for Educational Benefits

Food and Nutrition Services (FNS) will continue to provide the Application for Educational Benefits for all schools that provide a food service program but are not participating in Community Eligibility Provision. [The material is posted to the FNS website.](#) The cost of processing these applications can be attributed to Food Service.

Alternate Application for Educational Benefits

An Alternate Application for Educational Benefits has been designed specifically for use by the following types of schools:

- Schools participating in Community Eligibility Provision.
- Provision 2 and 3 schools.
- Schools without a food service program.

All of these schools should use the [2015-16 Household Income Guidelines and Alternate Application for Educational Benefits](#) which removes references to receiving a meal but provides a description of how the data will be used for determining the student's economic status. The form and related documentation are available on the MARSS-Student Accounting website. The cost of processing these applications cannot be attributed to Food Service and should be charged as a general education fund cost.

Direct Certification

Whether or not the school is on Community Eligibility Provision, Direct Certification can also be used to certify students as eligible for the free meal program. Direct Certification is a process by which a file of eligible children is provided to MDE by the Department of Human Services (DHS) and is matched to MARSS enrollment records. The enrolling district needs to verify that the student on the Direct Certification list is the same student who is enrolled in the school. If they are the same student, the student can be reported on MARSS as eligible for the free meal program – Economic Status 2. Direct Certification can occur in two ways:

- Schools with a food service program have access to a Direct Certification report through FNS. This is a list of the potentially matched students.
- All public schools have a warning message on the Fall MARSS edit that identifies students who are enrolled in the district who may also be matched to the DHS list.

Students directly certified do not need to have an Application for Educational Benefits or an Alternate Application for Educational Benefits on file. For audit purposes, keep a copy of all applications and Direct Certifications used to report students on MARSS as eligible for the free or reduced-price meal program.

Cost of Certifying Alternate Applications for Educational Benefits

The cost of processing Applications for Educational Benefits to provide school meal benefits may be charged to the Food Service Fund (02) or the General Fund (01) according to Minnesota Statutes, section 124D.111, Subdivision 3. The cost of processing the Alternate Applications for Educational Benefits for a Community Eligibility Provision school must be charged to the General Fund (01) because there is no meal benefit to the students; the data are used for other than food service purposes. For more information, refer to the FNS Web site discussion of Financial Management System Requirements.

Contact [Kelly Wosika](#) at 651-582-8855 for questions on the *Alternate Application for Educational Benefits*.

FY 2016 – Cooperative/Intermediate Special Education Transportation

Beginning with FY 2016, cooperatives and intermediates qualify for direct payment of special education transportation aid. Cooperatives and intermediates should report their expenditures for during the day transportation in UFARS under Finance Code 723, Special Ed Transportation or Finance Code 728, Special Transportation. These costs would no longer be allocated to participating districts for purposes of special education aid calculations. The to-and-from transportation responsibility will remain with the resident district.

Cooperatives and intermediates can purchase their own buses and would be eligible for depreciation aid. Please read the document entitled [Special Education Bus Depreciation](#) for more information.

If you have any questions, contact [Julie Belisle](#) at 651-582-8265.

FY 2016 – School Finance Award Criteria for FY 2015 UFARS Financial Data

The School Finance Award is awarded annually by the Minnesota Department of Education (MDE), Division of School Finance, to recognize schools for meeting statutory deadlines for submission of audited fiscal financial data and reporting criteria. ***There was no application process for the FY 2016 School Finance Awards.***

Criteria for FY 2015 Financial Reporting:

A. Timely Submission of Financial Data and Compliance with Minnesota Statutes

A.1. Preliminary unaudited UFARS data is submitted to MDE by September 15, 2015 (Minn. Stat. § 123B.77, Subd. 2).

A.2. Final audited UFARS data is submitted to MDE by November 30, 2015 (Minn. Stat. § 123B.77, Subd. 3). Late UFARS submissions are not considered.

A.3. the Fiscal Compliance Table is completed and error-free by November 30, 2015 (Minn. Stat. § 123B.77, Subd. 3). Subsequent Fiscal Compliance Table submissions will not be considered.

A.4. the audited financial statement is submitted to MDE by December 31, 2015. If the audit was mailed/emailed, it must have been postmarked on or before December 31, 2015 (Minn. Stat. § 123B.77, Subd. 3).

A.5. District/school uses state-approved financial software (Minn. Stat. § 125B.05, Subd. 3).

B. Presence of Select Indicators of Fiscal Health

B.1. the district/school has a zero or positive balance in the General Fund Unassigned Fund Balance Account 422.

B.2. the district/school has a zero or positive aggregate fund balance in each of the Funds 2, 4 and 7.

B.3. the district has positive or zero balances in Restricted/Reserved Fund Balance Accounts having statutory requirements to maintain a positive or zero balance.

C. Accuracy in Financial Reporting

C.1. the district/school's final UFARS Turnaround Edit Report has no errors.

C.2. the district/school's final audited UFARS data agrees with the independent audit data.

FY 2015 – UFARS Financial Data Submission Deadline Update

2015 Legislation for statutory authority for final audited UFARS financial data did not change; however, the final aid calculation will be run on December 15, 2015. Previously, December 30 was the deadline for final aid calculations. Therefore, **FY 2015 UFARS late submissions** will only be allowed from December 1-10. The UFARS late submission process will be the same, but December 10 is now the cut-off date.

For questions about the *FY 2015 UFARS Financial Data Submission Deadline*, contact the UFARS Accounting Helpdesk at MDE.UFARS-Accounting@state.mn.us.

FY 2015 – UFARS Turnaround Report Edits (new edits)

- 1) **FY 2015 – UFARS Turnaround Edit Report – Warning Message for Finance Codes 345**
Finance Code 345 Transition for Pre-kindergarten has been eliminated.
WARNING There should not be any activity in finance code 345.
- 2) **FY 2015 – UFARS Turnaround Edit Report – Warning Message for Source Code 301**
WARNING Source 301 can only have finance codes 350, 351 and 353. No other finance codes are allowed.
- 3) **FY 2015 – UFARS Turnaround Edit Report – Warning Message for Balance Sheet Code 450**
WARNING There should not be activity in Restricted/Reserved 450. The balance should be 0.
- 4) **FY 2015 – UFARS Turnaround Edit Report – ERROR Message for Finance Code 328**
ERROR Finance Code 328 does not allow object codes 195 and 295.
- 5) **FY 2015 – UFARS Turnaround Edit Report – ERROR Message for Organization Classifications 84 or 85**
ERROR Organizations with classifications 84 or 85 cannot be used.

UFARS Coding Additions, Revisions and Changes – Effective July 1, 2015

The following Fund Dimension has description changes effective July 1, 2015

CHANGES

| | |
|-----------------------|------------------------------------|
| Account 09 | Description Agency Fund |
|-----------------------|------------------------------------|

The Agency Fund is used to account for assets where the school district has a formal agency agreement with other governmental units, employees, students or others. As an agent, the district holds property for others and performs duties as directed. Therefore, **this fund does not report operations, only asset and liability account balances**. Examples of the use of an Agency Fund include deferred compensation and activity fund accounting. It is inappropriate for school districts to maintain accounts in their general ledger for boosters, foundations, or other third parties.

The following Program Dimension has been **deleted** effective July 1, 2015

DELETIONS

| | |
|------------------------|---|
| Account 202 | Description Education – Transition for Prekindergarten (Fund 01) |
|------------------------|---|

For eligible districts that receive Transition for Prekindergarten revenue ([Minn. Stat. § 126C.10, Subd.31 \(a\) and \(b\)](#)). Record the costs of Prekindergarten classes, excluding Early Childhood Special Education, serving children who turn age four by September 1 and who will enter Kindergarten the following year. *This program code may only be used in combination with Finance Code 345 – Transition for Prekindergarten.*

The following Finance Dimensions have been **deleted** effective July 1, 2015:

DELETIONS

| | |
|---------------------------------|--|
| Account 435/635 | Description Individuals with Disabilities Education Act (IDEA) Part B Section 611 Discretionary Continuous Improvement Monitoring Process – CIMP (Fund 01) |
|---------------------------------|--|

The purpose of these funds is to support the process of continuous improvement in special education systems (P.L. 108-446; CFDA No. 84.027).

The following **Finance** Dimension has had **description changes** effective July 1, 2015:

CHANGES

| Account | Description |
|------------|--|
| 320 | American Indian Education Aid (Fund 01) |

Record revenues and expenditures designed to enhance American Indian cultural education programs ([Minn. Stat. § 124D.81](#)). Must have at least 20 American Indian students on October 1 of the previous school year and operating an American Indian education program according to [Minnesota Statutes, section 124D.74](#).

Payment Description – 01F320 AMER IND EDUC AID FY

The following **Object** Dimensions have **description changes**, effective July 1, 2015

CHANGES

| Account | Description |
|------------|--|
| 252 | Other Postemployment Benefits (OPEB) – Up to or equal to the Annual Required Contribution (ARC) |

Record the amount of the Annual Required Contribution (ARC) to a trust for health insurance or other postemployment benefits for employees. Only OPEB costs calculated using an actuarial cost method recognized by generally accepted accounting principles (GAAP) are allowable under federal programs. Office of Management and Budget (OMB) OMNI Circular, 2 CFR Chapter I, Chapter II, Part 200.431 ([Minn. Stat. § 471.6175](#)). See Object Codes 290 and 291 for other OPEB funding options and requirements. Please refer to chapter 13 for additional OPEB accounting instructions.

| | |
|------------|----------------------------------|
| 280 | Unemployment Compensation |
|------------|----------------------------------|

Include expenditures incurred for Unemployment Compensation. This expenditure account closes to the Unassigned Balance Sheet Code 422 ([Minn. Stat. § 126C.43 Subd. 2](#)). The unemployment levy is collected in Fund 1 only and must be transferred to other funds if the expenditures had previously been recorded in these funds. Unemployment expenditures must be recorded in operating funds only or the levy calculation will not include all actual expenditures.

| | |
|------------|--|
| 290 | Other Postemployment Benefits (OPEB) (In excess of the ARC) |
|------------|--|

Record the amount in excess of the Annual Required Contributions (ARC) to a trust for health insurance or other postemployment benefits for employees. Only OPEB costs calculated using an actuarial cost method recognized by GAAP are allowable under federal programs. OMB OMNI Circular, 2 CFR Chapter I, Chapter II, Part 200.431 ([Minn. Stat. § 471.6175](#)). See Object Codes 252 and 291 for other OPEB funding options and requirements. Please refer to Chapter 13 of the UFARS Manual for additional OPEB accounting instructions.

Note: *This code cannot be used as a direct charge to any federal program.*

896 Taxes, Special Assessments, and Interest Penalties

Use this code to record all expenditures incurred by the district for any local, state, federal tax or interest penalty (i.e., arbitrage). This would include all property tax and special assessment expenditures. This would also include "Patient-Centered Outcomes Research Institute" (PCORI) fees associated with the Affordable Care Act (ACA). Use Balance Sheet Code 212 to pay the sales tax collected on the sale of materials.

The following **Source** Dimensions have **description changes** effective July 1, 2015:

CHANGES

| Account | Description |
|----------------|--|
| 211 | General Education Aid (Fund 01) |

According to Minnesota Statutes, section 126C.13, Subdivision 4, General Education Aid is the sum of the following amounts for fiscal year 2015 and later:

- 1) general education revenue, excluding operating capital revenue, equity revenue, local optional revenue, and transition revenue, minus the student achievement levy, multiplied times the ratio of the actual amount of student achievement levy levied to the permitted student achievement levy; plus
- 2) operating capital aid under section 126C.10, Subdivision 13b;
- 3) equity aid under section 126C.10, Subdivision 30; plus
- 4) transition aid under section 126C.10, Subdivision 33; plus
- 5) shared time aid under section 126C.01, Subdivision 7 (see Source Code 213 to record state revenue received for shared time students); plus
- 6) referendum aid under section 126.17, Subdivisions 7 and 7a; plus
- 7) online learning aid according to section 124D.096; plus
- 8) local optional aid according to section 126C.10, Subdivision 2d, paragraph (d).

The following components of General Education Revenue included in this code are restricted by statute for specific purposes and must be identified by finance code:

| | |
|--------------------------|------------------|
| Operating Capital | Finance Code 302 |
| Staff Development | Finance Code 316 |
| Basic Skills | Finance Code 317 |
| Learning and Development | Finance Code 330 |
| Pre-K Transition | Finance Code 345 |
| Gifted and Talented | Finance Code 388 |

Payment Description - 01S211 GEN ED AID FY

212 Literacy Incentive Aid (Fund 01)

Record state revenue for literacy incentive aid available to districts and charter schools. Requires a district to submit its local literacy plan to the commissioner as authorized in [Minnesota Statutes, section 120B.12, Subdivision 4\(a\)](#). Submission of the plan is a condition of receiving proficiency and growth aid ([Minn. Stat. § 124D.98](#)). The plan must be consistent with Minnesota Statutes, section 122A.06, Subdivision 4. Use Finance Code 000.

Payment Description – 01S212 LITERACY INCENT FY

The following **Course** Dimension has a **description change** effective July 1, 2015:

CHANGES**Account Description****633 Special Education 50 Percent Maintenance of Effort Reduction (Current Year Federal Award)**

Local Education Agencies (LEAs) meeting certain eligibility criteria are given flexibility to reduce state and local effort for special education and related services by not more than 50 percent of the increase in the LEA's allocation under the Individuals with Disabilities Education Act (IDEA), Part B, Section 611, over the prior fiscal year. Use this code in combination with Finance Code 000 to track the state and local expenditures for activities allowable under the Elementary and Secondary Education Act (ESEA) that otherwise would have been used for special education. ***For FY 2016 and later, the 50 percent maintenance of effort (MOE) reduction will be handled on a district by district basis.***

External User Access Recertification – Review**UFARS Submissions and All Electronic Data Submissions**

As of April 1, 2015, the following [MDE secure systems](#) are supported by the External User Access Recertification System (MDE > School Support > Data Submissions, select External User Access Recertification and view systems listed at the bottom of the web page).

Home Welcome to MDE Just for Parents Student Success Educator Excellence School Support Data Center

Minnesota Department of Education MDE > School Support > Data Submissions > External User Access Recertification Search

External User Access Recertification Print

This process was previously known as the “Single Sign-On” system. If your school district or charter school used the “Single Sign-On” system in FY 2015 or you are a new school for FY 2016, you may choose either option 1 or 2 listed below to update/implement user information:

Options

1. Update Your UFARS Submission Form (this form will eventually be phased out), OR
2. **External User Access Recertification.** Go through the external user access recertification process located on the MDE website under [MDE secure systems](#).

Only the Identified Official with Authority (e.g., Superintendent, Executive Director, Director, or Board Chair) is allowed to authorize access by local education agency users to Minnesota Department of Education (MDE) secure websites. By submitting your request for access to the External User Access Recertification System, you are asserting that you are the Identified Official with legal Authority to authorize persons to access MDE secure websites for the local education agencies that you represent.

Questions about the External User System are located at the bottom of the MDE webpage under: [External User Access Recertification - Frequently Asked Questions](#). For additional guidance, please contact Anne Danielson at Anne.Danielson@state.mn.us or 651-582-8484.

Guidance on Fund 47 - Other Post-Employment Benefits (OPEB) Debt Service Fund

The Omnibus Tax Bill (2008 Minn. Laws, Chapter 154, Article 10) contained a provision that provided authority for school district boards to issue bonds without voter approval for funding actuarial liabilities to pay other postemployment benefits (OPEB), as defined by Governmental Accounting Standards Board (GASB) Statement No. 45. A district may annually make a debt service levy in the newly created OPEB Debt Service Fund (Fund 47) to service the payment of principal and interest on those bonds. During the 2009 Legislative Session, Minnesota Statutes, section 475.58 was amended to require school districts to obtain voter approval for OPEB bonding.

Fund 47 was developed to maintain the record keeping for OPEB bonds; however, it is a component of a district's overall debt which is reported in Fund 07 Debt Service Fund¹.

After bond obligations and interest have been satisfied in Fund 47, surplus fund balances must be addressed according to Minnesota Statutes, section 475.61, Subdivision 4 – Surplus Funds:

- (a) All such taxes shall be collected and remitted to the municipality² by the county treasurer as other taxes are collected and remitted, and shall be used only for payment of the obligations on account of which levied or to repay advances from other funds used for such payments, except that any surplus remaining in the debt service fund when the obligations and interest thereon are paid may be appropriated to any other general purpose by the municipality. However, for obligations authorized before July 1, 2005, the amount of any surplus remaining in the debt service fund of a school district when the obligations and interest thereon are paid shall be used to reduce the general fund levies authorized pursuant to chapters 122A, 123A, 123B, 124D, and 126C and the state aids authorized pursuant to chapters 122A, 123A, 123B, 124D, 125A, 126C, and 127A. **For obligations authorized on July 1, 2005, or thereafter, the amount of any surplus remaining in the debt service fund of a school district when the obligations and interest thereon are paid in full may be appropriated to any other general purpose by the school district without any reduction in state aid or levies** or may be used to reduce the general fund levies authorized under chapters 122A, 123A, 123B, 124D, and 126C, and the state aids authorized under chapters 122A, 123A, 123B, 124D, 125A, 126C, and 127A.

(b) If the district qualified for second tier debt service equalization aid in the last year that it qualified for debt service equalization aid, the reduction to state aids equals the lesser of (1) the amount of the surplus times the ratio of the district's second tier debt service equalization aid to the district's second tier debt service equalization revenue for the last year that the district qualified for debt service equalization aid; or (2) the district's cumulative amount of debt service equalization aid.

(c) If the district did not qualify for second tier debt service equalization aid in the last year that it qualified for debt service equalization aid, the reduction to state aids equals the lesser of (1) the amount of the surplus times the ratio of the district's debt service equalization aid to the district's debt service equalization revenue for the last year that the district qualified for debt service equalization aid; or (2) the district's cumulative amount of debt service equalization aid.

(d) The reduction to the general fund levies equals the total amount of the surplus minus the reduction to state aids.

Based upon this statutory language, the district must proceed as follows:

- Leave Fund 47 balance intact until such time the district has paid off its OPEB bonded debt. On the June 30 following the final payment on the OPEB bonds, Fund 47 must be closed to Fund 7 balances.
- After all other obligations and interest in Fund 07 have been satisfied, any remaining funds may be appropriated to any other general purpose by the school district without any reduction in state aid or levies or may be used to reduce the general fund levies authorized under chapters 122A, 123A, 123B, 124D, and 126C, and the state aids authorized under chapters 122A, 123A, 123B, 124D, 125A, 126C, and 127A.”

¹Minnesota Statutes, section 475.51 Subdivision 6, states, “Debt service fund” means any money and investments in the treasury of a municipality appropriated to pay the principal, interest, or premiums for the redemption of any of it’s obligations...”

²Minnesota Statutes, section 475.51 Subdivision 2, states, “Municipality” means a city of any class, county, town, or school district.

If you have questions on *Guidance on Fund 47 - Other Post-Employment Benefits (OPEB) Debt Service Fund*, contact the Accounting Helpdesk at MDE.UFARS-Accounting@state.mn.us.

Long-Term Facilities Maintenance Revenue – FY 2017 and Later

Laws 2015, 1st Special Session, Chapter 3, Article 6, sections 1–4 and 14 ([2015 Education Act](#)), establish a Long-term Facilities Maintenance Revenue Program for school districts, intermediate districts, other cooperatives and charter schools. The new program replaces the current Health and Safety Revenue, Deferred Maintenance Revenue and Alternative Facilities Bonding and Levy programs, beginning in FY 2017. Revenue increases for school districts not currently eligible to participate in the Alternative Facilities Bonding and Levy program and for charter schools are phased-in over three years, from FY 2017 to FY 2019. The [July 10, 2015 memorandum from Tom Melcher](#), director of School Finance, summarizes the program.

QUESTIONS

Questions concerning this memorandum should be directed as follows:

- Allowed uses of revenue, process and timelines, expenditure projection spreadsheet, health and safety revenue application, health and safety data base, health and safety FY 2016 closeout: contact Dale Sundstrom at dale.sundstrom@state.mn.us or (651-582-8605).
- Revenue projection spreadsheet: contact Lonm Moe at lonm.moe@state.mn.us or (651) 582-8569.

The following UFARS code dimensions *have been created for FY 2017 Long Term Facilities Maintenance* and were presented to the Advisory Committee on Financial Management, Accounting and Reporting on July 29, 2015:

Finance Codes

367 Accessibility

Record expenditures for increasing accessibility of school facilities owned by the school district by removing architectural barriers to meet the needs of pupils and employees with a disability.

368 Building Envelope (excluding roof)

Record expenditures for replacement and deferred maintenance of portions of the building that separate the indoor environment from the outdoor environment. The building envelope restricts the transfer of air, water, heat, light, and noise. Some examples include window replacement, caulking, tuck point, insulation, water barrier, air barrier, noise barrier, building walls, subfloor and exterior doors. Roof projects are coded to Finance Code 383.

369 Building Hardware and Equipment

Record expenditures for the replacement and deferred maintenance of hardware and equipment that are integral to the building (usually attached). Included are parts of the building that are not included under specific finance codes. For example, doors and door hardware, lockers, bleachers, basketball hoops, roll down doors, public address (PA) systems, elevators, bus hoist, and permanently installed kitchen equipment. Furniture and equipment not attached to the building are excluded. Technology and phone systems are excluded.

370 Electrical

Record expenditures related to the replacement and deferred maintenance of the building electrical power supply and distribution. Lighting systems are included. Technology and phone systems are excluded.

379 Interior Surfaces

Record expenditures for the replacement and deferred maintenance of portions of the interior of the building that are not hardware, equipment, or systems included under a specific finance code. Some examples are flooring, wall coverings and painting, ceilings, counter tops, installed cabinetry, and attached surfaces. Furniture and equipment not attached to the building are excluded.

380 Mechanical Systems

Record expenditures related to replacement and deferred maintenance of building mechanical systems including heating, ventilation and air-conditioning (HVAC) and control system, fire suppression and alarm system, electronic door controls and control software, fuel systems and distribution, and ventilation systems not related to HVAC. For upgrades to HVAC systems to meet ASHRAE standards, use Finance Code 366; for upgrades to fire systems to comply with state fire marshal orders, use Finance Code 363; and for upgrades to ventilation to remove hazardous fumes, use Finance Code 349.

381 Plumbing

Record expenditures for replacement and deferred maintenance of plumbing fixtures, piping and water supply to the building. Include wash stands, toilets, showers, sinks, drains, tanks, pressure regulation, meters, and other plumbing components. For HVAC plumbing and fire suppression plumbing use Finance Code 380 – Mechanical Systems.

382 Professional Services and Salary

Record expenditures for professional services and in-house salary for work performed on deferred capital and maintenance projects to prevent further erosion of facilities.

383 Roofing Systems

Record expenditures for replacement and deferred maintenance of roofing systems. Include all costs for a roofing project such as roof removal and replacement, insulation, flashing, materials storage and safeguarding, and temporary measures to prevent unauthorized access to the area.

384 Site Projects

Record expenditures related to replacement and deferred maintenance for the building site. Deferred capital expenditures and maintenance projects necessary to prevent further erosion of facilities are authorized in Minnesota Statutes, section 123B.595, Subdivision 10 (a)(1). Examples include parking lots, lighting, tennis courts, fencing, playground, stadium bleachers, and field turf replacement.

Note: Major redesign and upgrade of equipment or surfaces does not qualify as deferred maintenance.

Program Codes

865 Long Term Facilities Maintenance (LTFM) – Less than \$100,000 per Site for Specific Finance Codes

Record costs for LTFM projects not included in Program Code 866, including all Deferred Maintenance projects, all Health and Safety projects in Finance Codes 347, 349 and 352 and Health and Safety projects costing less than \$100,000 per site in Finance Codes 358, 363 and 366 (Fire Safety, Asbestos and Indoor Air Quality).

866 Long Term Facilities Maintenance (LTFM) – \$100,000 to \$1,999,999 per Site for Specific Finance Codes

Record costs for LTFM projects for Finance Codes 358, 363 and 366 (Fire Safety, Asbestos and Indoor Air Quality) that are \$100,000 or more per site up to \$1,999,999.

867 Long Term Facilities Maintenance (LTFM) – \$2,000,000 or more per Site

Record costs for LTFM projects that are \$2,000,000 or more per site. Program Code 867 can only be used with Fund 06 – Building Construction Fund.

Source Code

317 Long Term Facilities Maintenance (LTFM) Aid

Enter revenue for LTFM Aid in the General Fund. These funds are for restricted purposes and expenditures must be coded to one of the following Finance Codes: (We will list all plus the new codes here).

Balance Sheet Account

467 Restricted/Reserved for Long Term Facilities Maintenance (LTFM)

Represents available resources to be used for LTFM projects in accordance with the 10-Year Plan.

Arbitrage Fees – UFARS Coding Review

Arbitrage can occur when there is a delay in a construction project and the district does not spend the Construction Fund 06 revenue in a timely manner. In this case, the construction fund earns too much interest and an arbitrage penalty is due to the federal government. If you are paying a consultant for arbitrage and there is a balance remaining in Fund 06, you may use Fund 06 dollars to pay the advisor and/or the arbitrage penalty to the Internal Revenue Service (IRS). If Fund 06 does not have adequate dollars to pay for these fees, the General Fund 01 must be used for this purpose. *A school district may not use the Debt Service Fund (Fund 07) to pay these costs.* Object Code 896 - Taxes, Special Assessments, and Interest Penalties, should be used to record the arbitrage penalty.

If you have questions about *Arbitrage Fees – UFARS Coding Review*, please contact the Accounting Helpdesk at MDE.UFARS-Accounting@state.mn.us.

Manual for Activity Accounting (MAFA) – UFARS Chapter 14 Review

The MAFA Committee:

Bill Lauer – MMKR
Greg Hierlinger – OSA
Kris Blackburn – SBS (Chair)
Sarah Slaby – Winona Schools
Stella Johnson – Rosemount Schools
Nancy Schulzetenberg – KDV

Mary Weigel – MDE
David Day – MDE
Deb Meier – MDE
Dianna Groskreutz, Region V
Kim Hillberg, Clifton, Larson, Allen

The MAFA Committee met on August 10, 2015 to review and discuss revisions to the UFARS Chapter 14 Student Activity Accounting manual. The committee's approach is to structure the manual into sections so it can more easily be used for guidance and as a reference document. The manual will include three major sections (including an introduction and relevant appendices): 1) School Board responsibilities (overview), 2) Student Activity account under board control and 3) Student Activity account not under board control.

Until the revised MAFA manual is published, districts and charters are instructed to use the current MAFA manual located in Chapter 14 of the UFARS manual. If you have specific questions please contact the Accounting Helpdesk at MDE.UFARS-Accounting@state.mn.us.

NEXT UFARS 101 Training Scheduled on October 21, 2015

The next scheduled date for UFARS 101 training is **October 21, 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 [posted on the MDE's Calendar of Workshops](#) (Welcome to MDE > Calendar, select October 21, 2015).

For questions about the *UFARS 101 Training Scheduled this fall – October 21, 2015*, please contact MDE.UFARS-Accounting@state.mn.us.

Changing Banks or Other Vendor Information at Minnesota Management and Budget (MMB) – Reminder

When changing bank data or any other vendor data at Minnesota Management and Budget (MMB), **please avoid accessing the district vendor information on a date three days prior to a state or federal aid payment.**

MMB implemented a new statewide accounting system on July 1, 2011. The system is called Statewide Integrated Financial Tools (SWIFT). As a result of the new system and administrative processes, files sent for payment from the MDE IDEAS systems to the MMB SWIFT system go through a two-stage edit process. The first process is an interface for file layout and valid vendor numbers. When a district or school revises vendor information, that vendor number is tagged as unapproved until MMB manually intervenes to reapprove. In the first stage edit, any unapproved vendor stops the edit process for all districts, charter schools, and cooperatives. The next stage, verification of valid accounts and available encumbrance that will allow payments, will not run.

As a result, one vendor change could delay the IDEAS payment and result in late payments for all MDE customers.

For questions on *Changing Banks or Other Vendor Information at Minnesota Management and Budget (MMB)*, please contact Minnesota Management and Budget at:

mn.gov/mmb/accounting/swift/vendor_resources/ or vendor.mmbefax@state.mn.us.