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Safe Schools Levy and Basic Skills

Safe Schools

The safe schools levy under Minnesota Statutes, section 126C.44 has an extensive list of allowable uses outlined in statute. UFARS reporting currently does not allow us to accurately isolate the amounts spent by each district for each of the allowable uses.

The 2019 House and Senate E-12 Education bills both included a requirement for schools district to begin reporting expenditures of safe schools revenue consistent with the statutory list of uses. Legislation ran out of time and did not pass the proposed changes.

As a result, Tom Melcher formed a working group. This group created the following codes which will be added for FY 2021 to provide the detail for the legislative body. Please see the Fiscal Year (FY) 2021 UFARS Manual Chapter 10 for a grid of allowable uses.

New Program Codes

715 School Security

Record all costs of providing school security in the districts and on school property. Costs should include personnel costs and contracts for peace officers and sheriffs for liaison services in the districts. Costs should include facility security enhancements and school bus security (Minn. Stat. § 126C.44). This program code must be used with Finance Code 342 and should also be used with Finance Code 000 for expenditures not funded by categorical programs with a specific finance code.

716 Drug Abuse Prevention

Record all costs for drug abuse prevention programs in elementary schools (see Program Code 718 for other than elementary) as described in Minnesota Statutes, section 609.101, subdivision 3(e). This program code must be used with Finance Code 342 and should also be used with Finance Code 000 for expenditures not funded by categorical programs with a specific finance code.

717 Gang Resistance Education

Record all costs for gang resistance education training curriculum in the district’s schools (Minn. Stat. § 126C.44). This program code must be used with Finance Code 342 and should also be used with Finance Code 000 for expenditures not funded by categorical programs with a specific finance code.

718 Other School Safety

Record all costs incurred for other crime prevention, drug abuse (other than expenditures recorded in Program Code 716), student and staff safety, voluntary opt-in suicide prevention tools and violence prevention measures taken by the school district. Do not record costs here that should be recorded in Program Codes 710, 712, 715, 716, 717, 720, 730 or 740. Also include costs associated with improving school climate and colocating and collaborating with mental health professionals who are not district employees or contractors. (Minn. Stat. § 126C.44). This program code must be used with Finance Code 342 and should also be used with Finance Code 000 for expenditures not funded by categorical programs with a specific finance code.
New Object Codes

310 School Resource Officer

Record all costs incurred for the salaries, benefits and transportation costs of peace officers and sheriffs for liaison services in the district’s schools under a contract with a local law enforcement agency (Minn. Stat. § 126C.44). This object code must be used with Finance Code 342 and should also be used with Finance Code 000 for expenditures not funded by categorical programs with a specific finance code.

311 Other Contracted Security Services

Record all costs incurred for the salaries, benefits and transportation costs of other contracted security services in the district’s school (Minn. Stat. § 126C.44). This object code must be used with Finance Code 342 and should also be used with Finance Code 000 for expenditures not funded by categorical programs with a specific finance code.

Basic Skills

The basic skills revenue under Minn. Stat. § 126C.15, which includes compensatory revenue and English Learner revenue, has an extensive list of allowable uses outlined in statute. Much like Safe School’s Levy, UFARS reporting currently does not allow us to accurately isolate the amounts spent by each district for each of the allowable uses.

As a result, Tom Melcher formed a working group. The following codes will be added for FY 2021 to provide detail for the legislative body. Please see the FY 2021 UFARS Manual Chapter 10 for a grid of allowable uses.

New Program Codes

Basic Skills Proposed Program Codes for FY 2021

271 Remedial Reading and Language Arts

Record all costs of providing remedial instruction for reading and language arts to meet the educational needs of pupils who enroll under-prepared to learn and whose progress toward meeting state or local content or performance standards is below the level that is appropriate for learners of their age (Minn. Stat. § 126C.15). This program code must be used with Finance Code 317 and should also be used with Finance Code 000 for expenditures not funded by categorical programs with a specific finance code.

272 Remedial Mathematics

Record all costs of providing remedial instruction for mathematics to meet the educational needs of pupils who enroll under-prepared to learn and whose progress toward meeting state or local content or performance standards is below the level that is appropriate for learners of their age (Minn. Stat. § 126C.15). This program code must be used with Finance Code 317 and should also be used with Finance Code 000 for expenditures not funded by categorical programs with a specific finance code.
273 Remedial Other Content Areas

Record all costs of providing remedial instruction in content areas other than reading, language arts and mathematics to meet the educational needs of pupils who enroll under-prepared to learn and whose progress toward meeting state or local content or performance standards is below the level that is appropriate for learners of their age (Minn. Stat. § 126C.15). This program code must be used with Finance Code 317 and should also be used with Finance Code 000 for expenditures not funded by categorical programs with a specific finance code.

274 Study Skills Improvement

Record all costs of providing study skills to meet the educational needs of pupils who enroll under-prepared to learn and whose progress toward meeting state or local content or performance standards is below the level that is appropriate for learners of their age (Minn. Stat. § 126C.15). This program code must be used with Finance Code 317 and should also be used with Finance Code 000 for expenditures not funded by categorical programs with a specific finance code.

275 Kindergarten Individualized Instruction

Record all costs for additional kindergarten teachers and teacher aides to meet the educational needs of pupils who enroll under-prepared to learn and whose progress toward meeting state or local content or performance standards is below the level that is appropriate for learners of their age through individual tutoring, lower instructor-to-learner ratios or team teaching (Minn. Stat. § 126C.15). This program code must be used with Finance Code 317 and should also be used with Finance Code 000 for expenditures not funded by categorical programs with a specific finance code.

276 Elementary Individualized Instruction

Record all costs for additional elementary teachers and teacher aides to meet the educational needs of pupils who enroll under-prepared to learn and whose progress toward meeting state or local content or performance standards is below the level that is appropriate for learners of their age through individual tutoring, lower instructor-to-learner ratios or team teaching (Minn. Stat. § 126C.15). This program code must be used with Finance Code 317 and should also be used with Finance Code 000 for expenditures not funded by categorical programs with a specific finance code.

277 Secondary Individualized Instruction

Record all costs for additional secondary teachers and teacher aides to meet the educational needs of pupils who enroll under-prepared to learn and whose progress toward meeting state or local content or performance standards is below the level that is appropriate for learners of their age through individual tutoring, lower instructor-to-learner ratios or team teaching (Minn. Stat. § 126C.15). This program code must be used with Finance Code 317 and should also be used with Finance Code 000 for expenditures not funded by categorical programs with a specific finance code.

278 Regular School Day – Longer School Day or Week

Record all costs for providing a longer school day or week during the regular school year to meet the educational needs of pupils who enroll under-prepared to learn and whose progress toward meeting state or local content
or performance standards is below the level that is appropriate for learners of their age Minn. Stat. § 126C.15). Not used with Finance Code 309 Basic Skills for Extended Time. This program code must be used with Finance Code 317 and should also be used with Finance Code 000 for expenditures not funded by categorical programs with a specific finance code.

279 Substantial Parental Involvement

Record all costs for substantial parental involvement in developing and implementing remedial education or intervention plans for a learner, including learning contracts between the school, the learner and the parent that establish achievement goals and responsibilities of the learner and the learner’s parent or guardian. This program code should not include parent involvement for activities associated with early learning programs (Minn. Stat. § 126C.15). This program code must be used with Finance Code 317 and should also be used with Finance Code 000 for expenditures not funded by categorical programs with a specific finance code.

For questions regarding Basic Skills and Safe Schools Levy please contact the UFARS helpdesk (mde.ufars-accounting@state.mn.us).

Transfer Guidance due to executive orders 20-19 and 20-41


...“Upon approval by the Executive Council, school districts and charter schools are authorized to transfer operating funds from certain programs that are not already assigned to or encumbered by staff salary and benefits, or otherwise encumbered by federal law, for the following purposes:

• To provide care to Eligible Children during the school day.

• To pay additional transportation costs incurred between March 30, 2020 and the end of the 2019-2020 school year, as defined in paragraphs two and three, needed to implement this Executive Order in providing distance learning instruction and meal delivery.

• To pay for additional costs related to technology needed to provide distance learning instruction.

• To pay the portion of staff salary and benefits of employees paid through the community service fund normally funded by fees that were refunded, waived, or otherwise not paid during the closure, distance learning, and extended distance learning periods.

• To pay the portion of food service fund staff salary and benefits normally funded by meal reimbursement revenue during the closure, distance learning, and extended distance learning periods.”...

A fund transfer is allowed if the transfer meets the following criteria from Executive Order 20-19 paragraph 21(c):

• The transfer does not increase state aid obligations to the district or result in additional property tax authority for the district or charter school.

• A transfer is limited to the operating funds of a district or charter school.
• A school board must approve a fund transfer by the fiscal year reporting deadline.

• A district or charter school must maintain accounting records for the purpose of this Executive Order that are sufficient to document both the specific funds transferred and use of those funds. Such accounting records are subject to auditor review.

• Any execution of this flexibility must not interfere with or jeopardize funding per federal requirements.

• Any transfer must not interfere with the equitable delivery of distance learning or social distancing models.

The allocation of revenue is allowed if the transfer meets the following criteria from Executive Order 20-19, paragraph 22 and Executive Order 20-41, paragraph 17.

• The expanded revenue use in a program is allowed if it does not increase state aid obligations to the district and schools or result in additional property tax authority.

• A school board must approve the use of FY 2020 revenue from operating funds of a district or charter school by the fiscal year reporting deadline.

• A district or charter school must maintain accounting records for the purpose of this Executive Order which may be reviewed by auditors and that are sufficient to document the specific use of those funds.

**Request for Fund Transfer**

A request may be made by submitting a required *Request for Fund Transfer* form with a copy of the documentation noted below:

1. Documenting adoption of a board resolution stating that the fund transfer requested meets Executive Order 20-19 paragraph 21(c); and

2. Official school board minutes documenting board approval of the funds transfer.

MSBA has a board document for fund transfer on their website.

Request for Fund Transfer documents can be found on the Financial Management webpage (https://education.mn.gov/MDE/dse/schfin/fin/).

• Guidance for Transfer of Funds

• Request for Transfer of Funds (Form)

Questions related to COVID-19 should be emailed to COVID-19.Questions.MDE@state.mn.us.
Q & A Regarding Cancelled Senior Trips

MDE Financial Management Staff received several questions regarding funds remaining from senior trips which were cancelled due to COVID-19. In response a Questions and Answers document was published. This document can be found on the Financial Management webpage (https://education.mn.gov/MDE/dse/schfin/fin/). For questions regarding senior class funds guidance please contact the UFARS helpdesk (mde.ufars-accounting@state.mn.us).

Governmental Accounting Standards Board (GASB) Statement No. 84 Fiduciary Activities and No. 87 Leases Update

GASB Statement No. 84

GASB voted in May 2020 to delay the implementation of GASB Statement No. 84 by one year. However, GASB allows early implementation. Minnesota Statutes 123B.49, Extracurricular Activities; insurance, was updated during the 2019 legislative session to align with GASB Statement No. 84 requiring student activities to be under board control effective July 1, 2019. Based upon this guidance, all LEAs must comply with this standard for FY 2020.

GASB Statement No. 84 provides an updated definition for pension trust funds, investment trust funds and private purpose trust funds. A legal trust agreement must be present for an activity to be reported in Fund 08, Trust Fund. Fund 18, Custodial Funds, will report fiduciary activities for which there is no trust or equivalent arrangement. Each district will need to review and evaluate their activities to determine the proper fund:

- Fund 01, General Fund
- Fund 08, Trust Fund (legal trust agreement required)
- Fund 18, Custodial Fund (new for FY 2020)

GASB Statement No. 87

GASB Statement No. 87 was scheduled to become effective for the fiscal year ended June 30, 2021. However, GASB has delayed the implementation date by 18 months. The original implementation date was for Fiscal Years beginning after December 15, 2019, so the new implementation date is for June 15, 2021. Therefore, we must comply beginning on July 1, 2021 for FY 2022.

The GASB subcommittee has begun working on the GASB No. 87 UFARS changes and updates.
UFARS Coding Updates – Effective July 1, 2020 for FY 2021

Please see the last page of each chapter in the UFARS manual for additions, deletions and changes.

Program Code Changes

The following Program Code Dimensions will be added effective July 1, 2020:

271 Remedial Reading and Language Arts

Record all costs of providing remedial instruction for reading and language arts to meet the educational needs of pupils who enroll under-prepared to learn and whose progress toward meeting state or local content or performance standards is below the level that is appropriate for learners of their age (Minn. Stat. § 126C.15). This program code must be used with Finance Code 317 and should also be used with Finance Code 000 for expenditures not funded by categorical programs with a specific finance code.

272 Remedial Mathematics

Record all costs of providing remedial instruction for mathematics to meet the educational needs of pupils who enroll under-prepared to learn and whose progress toward meeting state or local content or performance standards is below the level that is appropriate for learners of their age (Minn. Stat. § 126C.15). This program code must be used with Finance Code 317 and should also be used with Finance Code 000 for expenditures not funded by categorical programs with a specific finance code.

273 Remedial Other Content Areas

Record all costs of providing remedial instruction in content areas other than reading, language arts and mathematics to meet the educational needs of pupils who enroll under-prepared to learn and whose progress toward meeting state or local content or performance standards is below the level that is appropriate for learners of their age (Minn. Stat. § 126C.15). This program code must be used with Finance Code 317 and should also be used with Finance Code 000 for expenditures not funded by categorical programs with a specific finance code.

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Record all costs of providing study skills to meet the educational needs of pupils who enroll under-prepared to learn and whose progress toward meeting state or local content or performance standards is below the level that is appropriate for learners of their age (Minn. Stat. § 126C.15). This program code must be used with Finance Code 317 and should also be used with Finance Code 000 for expenditures not funded by categorical programs with a specific finance code.

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Record all costs for additional kindergarten teachers and teacher aides to meet the educational needs of pupils who enroll under-prepared to learn and whose progress toward meeting state or local content or performance standards is below the level that is appropriate for learners of their age through individual tutoring, lower instructor-to-learner ratios or team teaching (Minn. Stat. § 126C.15). This program code must be used with Finance Code 317 and should also be used with Finance Code 000 for expenditures not funded by categorical programs with a specific finance code.

276  Elementary Individualized Instruction

Record all costs for additional elementary teachers and teacher aides to meet the educational needs of pupils who enroll under-prepared to learn and whose progress toward meeting state or local content or performance standards is below the level that is appropriate for learners of their age through individual tutoring, lower instructor-to-learner ratios or team teaching (Minn. Stat. § 126C.15). This program code must be used with Finance Code 317 and should also be used with Finance Code 000 for expenditures not funded by categorical programs with a specific finance code.

277  Secondary Individualized Instruction

Record all costs for additional secondary teachers and teacher aides to meet the educational needs of pupils who enroll under-prepared to learn and whose progress toward meeting state or local content or performance standards is below the level that is appropriate for learners of their age through individual tutoring, lower instructor-to-learner ratios or team teaching (Minn. Stat. § 126C.15). This program code must be used with Finance Code 317 and should also be used with Finance Code 000 for expenditures not funded by categorical programs with a specific finance code.

278  Regular School Day – Longer School Day or Week

Record all costs for providing a longer school day or week during the regular school year to meet the educational needs of pupils who enroll under-prepared to learn and whose progress toward meeting state or local content or performance standards is below the level that is appropriate for learners of their age (Minn. Stat. § 126C.15). Not used with Finance Code 309 Basic Skills for Extended Time. This program code must be used with Finance Code 317 and should also be used with Finance Code 000 for expenditures not funded by categorical programs with a specific finance code.

279  Substantial Parental Involvement

Record all costs for substantial parental involvement in developing and implementing remedial education or intervention plans for a learner, including learning contracts between the school, the learner and the parent that establish achievement goals and responsibilities of the learner and the learner’s parent or guardian. This program code should not include parent involvement for activities associated with early learning programs (Minn. Stat. § 126C.15). This program code must be used with Finance Code 317 and should also be used with Finance Code 000 for expenditures not funded by categorical programs with a specific finance code.
715  School Security

Record all costs of providing school security in the districts and on school property. Costs should include personnel costs and contracts for peace officers and sheriffs for liaison services in the districts. Costs should include facility security enhancements and school bus security (Minn. Stat. § 126C.44). This program code must be used with Finance Code 342 and should also be used with Finance Code 000 for expenditures not funded by categorical programs with a specific finance code.

716  Drug Abuse Prevention

Record all costs for drug abuse prevention programs in elementary schools (see Program Code 718 for other than elementary) as described in Minnesota Statutes, section 609.101, subdivision 3(e). This program code must be used with Finance Code 342 and should also be used with Finance Code 000 for expenditures not funded by categorical programs with a specific finance code.

717  Gang Resistance Education

Record all costs for gang resistance education training curriculum in the district’s schools (Minn. Stat. § 126C.44). This program code must be used with Finance Code 342 and should also be used with Finance Code 000 for expenditures not funded by categorical programs with a specific finance code.

718  Other School Safety

Record all costs incurred for other crime prevention, drug abuse (other than expenditures recorded in Program Code 716), student and staff safety, voluntary opt-in suicide prevention tools and violence prevention measures taken by the school district. Do not record costs here that should be recorded in Program Codes 710, 712, 715, 716, 717, 720, 730 or 740. Also include costs associated with improving school climate and colocating and collaborating with mental health professionals who are not district employees or contractors. (Minn. Stat. § 126C.44). This program code must be used with Finance Code 342 and should also be used with Finance Code 000 for expenditures not funded by categorical programs with a specific finance code.

Finance Code Changes

The following Finance Dimensions will be deleted effective July 1, 2020:

341  Regional Mathematics and Science Teacher Centers

No new funds since FY 2011

343  Systemic Science, Technology, Engineering and Mathematics (STEM) School Redesign

No activity since FY 2011

806/906 Discretionary Positive Behavior Intervention Support (PBIS) Grants
Use Finance Code 499, Miscellaneous Federal Revenue Received from the Department of Education.

The following Finance Dimensions will have description changes effective July 1, 2020:

715 Foster Care Transportation (Fund 01)

Record revenues and expenditures for the transportation of foster care students to and from a foster home to their school or origin when a student is placed in a foster care setting outside the school of origin’s boundaries. School districts and the local child welfare agency must have a written interagency agreement that describes the local plan for ensuring educational stability for students placed in foster care. Do not include transportation of students experiencing homeless, students with special education transportation accommodations in their IEPS or children residing in a shelter care facility.

Payment Description – N/A

Object Code Changes:

The following Object Dimensions will be added effective July 1, 2020:

310 School Resource Officer

Record all costs incurred for the salaries, benefits and transportation costs of peace officers and sheriffs for liaison services in the district’s schools under a contract with a local law enforcement agency [Minn. Stat. § 126C.44]. This object code must be used with Finance Code 342 and should also be used with Finance Code 000 for expenditures not funded by categorical programs with a specific finance code.

311 Other Contracted Security Services

Record all costs incurred for the salaries, benefits and transportation costs of other contracted security services in the district’s school [Minn. Stat. § 126C.44]. This object code must be used with Finance Code 342 and should also be used with Finance Code 000 for expenditures not funded by categorical programs with a specific finance code.

FY 2021 UFARS Chapter 10 Updates

Finance Codes

313/318 Achievement and Integration Aid and Levy/Incentive Revenue

Program Codes – all
Remove Object Code 157,252,289,291
Add Object Codes 378

322 State Adult Basic Education (ABE)
Changes were made to align better with Finance Code 438, Federal ABE Formula Revenue.
Allowed Object Codes:

324  General Education Development (GED) Testing and ABE Supplemental Services

Changes were made to align better with Finance Code 438, Federal ABE Formula Revenue.
Allowed Object Codes:

438  Federal ABE Formula Revenue

Add Object Code 820

353  Aid to Nonpublic Pupils - Guidance and Counseling

Remove Program Code 712
(The services are not allowed at the Elementary level)

372  Medical Assistance/Third Party Revenue

Add Object Codes 368 with Program Code 400

835  Career and Technical Programs- Children with Disabilities

Allowed Object Codes:

Fund 02- Food Service Fund

Child Nutrition Finance Codes: 701-703, 705-707 and 709

Remove Object Codes:
172, 176, 306-309, 341, 342-349, 368-369, 582-583, 896-898
Average Daily Membership (ADM) Enrollment Projections Reporting for Fiscal Year 2021

The ADM Enrollment Projections for school year 2020-21 are due on or before June 10, 2020 for all school districts and charter schools. Data submitted on or before June 10, 2020, will be used to compute aid entitlements beginning July 15, 2020, for school year 2020-21.

- Districts and charter schools four years and older will submit their ADM Enrollment Projections via the Average Daily Membership Web Estimates (ADMWE) system.
- Charter schools 1-3 years old will submit using the school year 2020-21 Enrollment Projections Form.

Note: The ADMWE system and the Minnesota Automated Student Reporting System (MARSS) system are separate student reporting systems and designed for separate student reporting results. Student data are not transferred from one system to another. Please share this with the person in your school district or charter school who is responsible for submitting ADM estimates. For questions regarding ADM Enrollment Projections please contact Jeanne Krile (Jeanne.Krile@state.mn.us).

Changing Student Information Systems (SIS) Software

If a school/district must change software vendors be sure to edit the data thoroughly and multiple times before the MARSS reporting timelines expire so that incorrect and/or incomplete data can be corrected. Schools are responsible for their own data. The new vendor may follow the same conversion steps that it has performed for other schools but that does not guarantee that your conversion was complete and accurate. The data conversion might appear fine in August but in October something could have occurred internally to cause under- or over-reporting.

The following are some suggestions of what to look for during the conversion before submitting the MARSS data.

1) Verify the data to make sure all students were converted to the new software. Compare a list of students generated from both systems to assure the same results, e.g., number of students by school and grade.

2) Make sure the data for individual students is correct, for example student’s grade level was converted correctly, resident district, enrollment and withdrawal dates, calendars, etc.

3) Edit the MARSS files extracted from both software for the end of year to make sure results match. Compare the results generated by both files using the local MARSS WES reports, e.g., MARSS 15 ADM Served. There are also several reports that generate counts. The results should match for both software files.

4) Run the MARSS files through the MARSS WES for the first fall submission early enough to address errors and/or omissions that may occur.
5) Have staff from multiple areas of the school verify the data with which they are familiar, e.g., business office for compensatory student counts, food service for reasonableness of free and reduced price meal counts, English Learner (EL) staff for language and EL data, special education staff for special education counts by disability and setting, etc.

6) In the fall verify that the percentage of free and reduced price meal students is reasonable as compared to prior years’ data early in the fall reporting cycle so that under-reporting can be identified and corrected prior to the final reporting deadline.

Additionally, once a district/charter school is on-boarded to Ed-Fi, changing SIS vendors will require the district/charter school to sync data to the Ed-Fi staging environment once the new vendor has imported all of the district’s/charter school’s data. This needs to happen very early in the school year, e.g., August or September, so that data submissions used for funding purposes are not interrupted. Once the district/charter school, under the new vendor, can show all MARSS data successfully coming through via Ed-Fi to staging, the district can then be re-certified to report via Ed-Fi. If the district has successfully discontinued dual reporting, the district/charter school does not need to dual submit because of the new vendor. The key and secret that a district/charter school uses to submit Ed-Fi data is unique to the vendor for which the district/charter school is certified. Submissions under a different vendor will fail until the district/charter school is certified with that SIS.

For questions regarding “Changing Student Information Systems (SIS) Software” please contact the Ed-Fi help desk (ed-fi@state.mn.us).

Determining Resident District

The Minnesota Department of Education (MDE) has a Determining Resident District / Student Accounting Issues group. It is made up of MDE staff from various areas of the department. Staff are available to assist districts and charter schools on complicated scenarios concerning student reporting.

Determining a resident district for a student can be particularly challenging as many statutes and rules apply. Other student reporting characteristics, for example State Aid Category and Transportation Category can also be puzzling. If after reviewing the MARSS Manual, you can’t determine the resident district for a student or have unique reporting question, you are welcome to use this service.

In order for your question to be reviewed, a person will need to fill out a Determining Resident District Form completely and submit to marss@state.mn.us. Typically MDE staff meet on Wednesday mornings to review these requests. A response is provided after the meeting.

MARSS 32 English Language Eligibility Report Overview

The document that gives an overview of the MARSS 32 English Language (EL) Eligibility Report has been updated and posted to the MARSS Reporting web page (https://education.mn.gov/MDE/dse/schfin/MARSS/).

This document explains the report and its components. The student’s eligibility criteria is described along with legislation clarification. MDE contact information is also available.
Please view this document if you have questions on which students generate EL funding and how the funding is calculated. For additional questions regarding MARSS 32 please contact marss@state.mn.us.

**Fiscal Year (FY) 2020 Maximum Allowable Wage Classification—Food Service**

Per Minnesota Statutes, section 124D.111, “That portion of superintendent and fiscal manager costs that can be documented as attributable to the food service program may be charged to the food service fund provided that the school district does not employ or contract with a food service director or other individual who manages the food service program, or food service management company. If the cost of the superintendent or fiscal manager is charged to the food service fund, the charge must be at a wage rate not to exceed the statewide average for food service directors as determined by the department.”

The statewide average hourly wage for food service directors based on published data by the Bureau of Labor Statistics—May 2019, is $28.70. This is the maximum rate at which the labor of a superintendent or fiscal manager performing the duties of a food service director can be charged back to the food service fund. As with any direct charge to a federal program, adequate documentation to support the number of hours attributable to food service must be available.

For assistance with the FY 2020 Maximum Allowable Wage Classification—Food Service, please submit inquiries to the MDE—Food and Nutrition Service (mde.fns@state.mn.us).

**Annual Verification of District and School Site Information for Fiscal Year (FY) 2021**

Each year, information regarding schools and districts/charters is updated in the Minnesota Department of Education (MDE) master database for organizations (MDE Organization Reference Glossary (MDE-ORG)). MDE-ORG validates sites for all major MDE reporting systems, such as the Minnesota Automated Reporting Student System (MARSS), Staff Automated Reporting (STAR), Uniform Financial Accounting and Reporting Standards (UFARS), Assessments, etc. It is important that a point person is identified as the Site Verification Coordinator for your district. This person has access to request and certify school configuration changes and update other essential contact and address information for all sites within the district.

We ask that you review your organization and school sites, including contacts and addresses, and make changes for the 2020-21 school year. To ensure data collections, payments, and reports are correct, organization and school site information and contacts for the 2020-21 school year must be reviewed and certified by August 31, 2020.

Please read the Annual Verification of District and School Site Information for SFY 2020-21 memorandum found on the District and School Site Verification page. This memorandum outlines the timeline and steps to maintaining accurate district and school site directory information which is critical in correctly processing records for your district including students, staff, payments, and federal programs.

If you have any questions, please email mde.school-verify@state.mn.us.
Audit Requirements for FY 2020

Memorandum

Date: May 1, 2020

To: Superintendents, School Business Managers, Charter School Directors, Charter School Business Managers, and External CPA Auditors

From: Pam Sanders, Education Finance Specialist - Division of School Finance

Subject: Summary of Audit Requirements- Fiscal Year (FY) 2020 Audit Year

Minnesota Statutes, section 123B.77, subdivision 3, requires reporting entities to submit audited financial data to the commissioner of the Minnesota Department of Education (MDE) and to the Office of the State Auditor (OSA). Minnesota Statutes, section 123B.77, also states the required timelines for the reporting of financial data to the commissioner (MDE). The statutory deadline for the FY 2020 Audited Final Uniform Financial Accounting and Reporting Standards (UFARS) Data Submission and Fiscal Compliance Table Data Submission reporting is November 30, 2020, and Audit Reports are due by December 31, 2020.

- Audited Final UFARS Data Submission – due November 30, 2020
- Fiscal Compliance Table Data Submission – due November 30, 2020
- Audit Reports – due December 31, 2020

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

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

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

MDE also requires a Corrective Action Plan (CAP) to be submitted as a component of all findings cited as a result of state, federal, or legal audit finding. The external CPA auditor must ensure that the CAP be included within the LEA audit for MDE review. Audit findings should be numbered with the fiscal year and audit finding number (for example: 2020-1, 2020-2, etc.) and follow the CAP format listed in item four below.
MDE will review the audit report submitted by the auditor on behalf of each LEA. As part of the OMB Omni Circular, MDE is required to provide a management decision for audit findings that relate to Federal Awards. If the auditor and/or LEA does not receive a follow-up communication from MDE within six months of the submission of the audit report or by June 30 of the subsequent year, the management decision is complete.

2. We acknowledge that GASB postponed the implementation of GASB Statement No. 84 (GASB 84); however, due to changes within Minnesota Statutes, section 123B.49, Extracurricular Activities: Insurance, districts and charters schools are required to implement GASB 84 as initially planned with the effective date of July 1, 2019 for FY 2020. A Local Educational Agency (LEA) should review and update all local policies to ensure they are not in conflict with GASB 84. The GASB statement may affect other financial activities at the LEAs in addition to student activities. All LEAs will need to determine if the current activity in Agency Fund 09 belongs in General Fund 01, Trust Fund 08, or Custodial Fund 18. (Custodial Fund 18 is new for FY2020.) A Q&A guide for implementation of GASB 84 Fiduciary Activities is on the Financial Management home page and titled, GASB No. 84 Fiduciary Activities - Q&A. Due to GASB Statement No. 84 and the related implementation guide, student activities are required to be reported within the District’s General Fund, effective July 1, 2019. Based on this guidance, Minnesota School Districts will no longer be allowed to report student activities “Not Under Board Control” separately from the General Fund. Therefore, all student activities must be under board control and reported in Fund 01. The student activities will be required to use Fund 01, Finance Code 301, Extracurricular Activities, and Balance Sheet Account 401, Restricted/Reserved for Extracurricular Activities. Chapter 14 within the UFARS Manual has been revised to provide guidance for student activity accounting.

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

The LEA or auditor must enter the audited data into the fiscal compliance table located on the MDE website. After the audited data has been entered, it is important run the fiscal compliance table comparison report and review the results. Any differences between the UFARS data and the audited financial data must be corrected. The entry of the audited data to the fiscal compliance table must be completed by November 30, 2020.

MDE reporting requirements expect that at the fund level: 1) prior year ending fund balances will equal current year beginning fund balances; and 2) current year beginning fund balances, plus total revenues and transfers in, minus total expenditures and transfers out, will result in the calculated current year ending fund balance. The calculated ending fund balance should equal the current year ending fund balance. Any discrepancies identified should be reported to MDE.
4. Checklist of reports that are required to be submitted to MDE and State Auditor’s Office by School Districts and Charter Schools:

- Report on financial statements.
- List of school board members for the reporting year.
- Management’s discussion and analysis (prepared by the finance officials of the LEA).
- Report on entity’s internal control structure.
- Report on entity’s compliance with laws and regulations.
- Corrective action plan for all written findings.
- Corrective action plan should contain the following elements for each finding:
  1. An explanation of any disagreement with the finding.
  2. Corrective actions planned in response to the finding.
  3. The official responsible for ensuring completion of the corrective action.
  4. Anticipated completion date.

- UFARS Fiscal Compliance Table.
- Single audit reports, if applicable.
- Management letter (if no management letter was issued to the district, a separate and additional memorandum stating that fact is to be included with the audit submission).

**FY 2020 – Charter School Supplemental Reporting Requirements**

Minnesota Statutes, section 124E.16, subdivision 1, requires charter schools to submit to MDE additional information with the fiscal year-end audit report.

Minnesota Statutes, section 124E.16, subdivision 1, reads as follows:

> **Subdivision 1. Audit report. (b) The charter school must submit an audit report to the commissioner and its authorizer annually by December 31.**

> (c) The charter school, with the assistance of the auditor conducting the audit, must include with the report, as supplemental information: (1) a copy of management agreements with a charter management organization or an educational management organization and (2) service agreements or contracts over the lesser of $100,000 or ten percent of the school’s most recent annual audited expenditures. The agreements must detail the terms of the agreement, including the services provided and the annual costs for those services. If the entity that provides the professional services to the charter school is exempt from taxation under section 501 of the Internal Revenue Code of 1986, that entity must file with the commissioner by February 15 a copy of the annual return required under section 6033 of the Internal Revenue Code of 1986.

> (d) A charter school independent audit report shall include audited financial data of an affiliated building corporation under section 124E.13, subdivision 3, or other component unit.

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

Clarification of Supplemental Information for Charter Schools

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

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

The following supplemental information requirements are in addition to the required annual audit report and must be submitted to MDE and the school’s authorizer by December 31, 2020. Required charter school supplemental information is not a requirement of the Office of State Auditor and is not to be submitted to the Office of State Auditor.

Required documents are for the period of the fiscal year being reported. This year the period for fiscal reporting is 7/1/2019–6/30/2020. An agreement overlapping the fiscal year will require both agreements to be submitted.

Example:

1. Management contract with effective dates of 1/1/2019–12/31/2019 and 1/1/2020–12/31/2020, requires both contracts to be submitted.
2. Management contract which covers multiple years would submit the contract for the fiscal reporting period. (Contract 7/1/2017–6/30/2020 would submit the same contract in the years of 2018, 2019, and 2020.)

A Charter school must submit:

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

Agreements for Management Services:

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

General definitions:

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

A contract details the terms under which administrative authority to operate one or more schools is given to an EMO/CMO in return for a commitment to produce measurable outcomes within a given time frame. The term “education/charter management organization” and the acronyms “EMO/CMO” are most commonly used to describe these private/non-profit organizations that manage public schools under contract. However, other names or labels, such as “education service providers,” are sometimes used to describe these companies.
An important distinction should be made between EMOs/CMOs, which have administrative authority to operate a school, and service contractors, often referred to as “vendors.” Vendors provide, for a fee, specific services such as accounting, payroll and benefits administration, transportation, financial and legal advice, personnel recruitment, professional development, and special education.

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

- Total annual amount paid is $100,000
- Or
- Total annual amount paid is 10 percent of the year end audited expenditures.

Agreements for Other Services (Vendors):

Examples: Business Services
           Food Services
           Transportation
           Teaching Staff

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

Note: Charter schools without management services contracts or agreements over the lesser of $100,000 or ten percent of the school’s most recent annual audited expenditures should include with their submission, a letter to the Minnesota Department of Education, signed by the school’s director, stating: “The XYZ Charter school does not have a contract with a management company or contracts which exceeds either $100,000 or greater than ten percent of year end audited expenditures.

Charter School External CPA Auditors

a) Independent audit reports for charter schools must include the audited data from the affiliated building corporation or other component units, per Minnesota Statutes, section 124E.16, subdivision 1(d).

b) Submission of Supplemental Information – Assist school with submitting agreement information.

c) An auditor, as a condition of providing financial services to a charter school, must agree to make available information about a charter school’s financial audit to the commissioner and authorizer upon request, per Minnesota Statutes, section 124E.16, subdivision 1(e).

Naming Conventions – Supplemental reports may be submitted using the MDE email address provided and must use the following naming convention:

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

Each element must be separated by a “.” (period).
Note: Submit a separate file for each of these reports. If multiple files will be submitted in each category, number the files beginning with one.

A. Management Agreements suffix convention: Mgmt.Agree

Examples: 2020.4113.07.FraserAcad.Mgmt.Agree1
           2020.4113.07.FraserAcad.Mgmt.Agree2

B. Service Agreements suffix convention: Service.Agree

Examples: 2020.4113.07.FraserAcad.Service.Agree1
           2020.4113.07.FraserAcad.Service.Agree2

School District and Charter School Submission Options

2020 Submission

1. Districts and Charter Schools may submit completed financial audits and required supplemental information via email with attached files in PDF format using the naming convention identified below. **PDFs must be in a printable format.**

2. Districts and Charter Schools may submit completed financial audits and required supplemental information in standard printed and bound format via United States Mail or other courier service. **However, the recommended submission method is to submit all documents in electronic format.**

To Submit E-files to MDE

Each management letter (or “COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE”) must be transmitted in a separate pdf file. **PDFs must be in a printable format.**

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

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>District Number</th>
<th>District Type</th>
<th>District Name</th>
<th>Report Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Four characters</td>
<td>Four characters</td>
<td>Two characters</td>
<td>Up to 12 characters in length</td>
<td>~ FinStm.District ~ MgtLtr.District ~ Other</td>
</tr>
</tbody>
</table>

Each element must be separated by a “.” (period); and a separate file emailed for each of these reports (see examples below):

- Audited District Financial Statements convention: FinStm.District
- District Management Letters convention: MgtLtr.District
- Other Reports convention: Other
“Other reports” may be conveyance of letters, letters indicating a management letter was not issued, additional files, etc.

The naming convention for required files:

Examples:

2020.0001.03.Minneapolis.FinStmt.District
2020.0001.03.Minneapolis.MgtLtr.District
2020.0001.03.Minneapolis.Other

Minnesota Statutes, section 123B.77, subdivision 3, also requires each district to send a copy of the audit and all supplemental reports to the Office of the State Auditor. The Office of the State Auditor requests all copies to be in electronic format and must be received no later than December 31, 2020.

The email addresses for electronic submission are:

**MDE Financial Management** (MDE.FinMgt@state.mn.us)

**Office of the State Auditor** (SingleAudit@osa.state.mn.us)

**Districts Submitting via USPS or Courier:**

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

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

If you have any questions, please contact Pam Sanders at 651-582-8489 or Pam.Sanders@state.mn.us.

This letter is also posted on the MDE Financial Management webpage Summary of Audit Requirements FY 2020 Audits, [https://education.mn.gov/MDE/dse/schfin/fin/](https://education.mn.gov/MDE/dse/schfin/fin/).

As indicated above, MDE must receive all audit reports by December 31, 2020. If received after December 31, 2020, the postmark must be on or before December 31, 2020.

**FY 2021 Federal Indirect Cost Rates**

Due to a recent Mainframe Modernization project, FY 2021 Federal Indirect Cost Rates have been delayed and will be posted to the MDE website later this spring under Indirect Cost Rates 2021 (Data Center > Data Reports and Analytics: School Finance Spreadsheets, select category: Indirect Cost Rates) as shown below:
If you have questions about FY 2021 Indirect Cost Rates, contact Pam Sanders (Pam.Sanders@state.mn.us). Inquiries may also be sent to the UFARS Accounting Helpdesk (MDE.UFARS-Accounting@state.mn.us).
FY 2021 Charter School Lease Aid Application and Requirements

The FY 2021 Charter School Lease Aid Application and Requirements have been posted on the MDE website at MDE > Districts, Schools and Educators > Business and Finance > School Finance > Charter Schools, select FY 2021 Charter School Lease Aid Requirements as shown below:

In the lease aid application information, please reference the March 27, 2020, memorandum from Director Terri Yetter, Division of School Finance. As indicated in the memorandum, apply as soon as possible:

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

Please submit your completed FY 2021 Charter School Lease Aid Application to the Charter School Application email (MDE.CharterSchoolapps@state.mn.us).

(Congress stands for Integrated Department of Education Aids System)

UFARS Turnaround Edit

The following balance sheet codes are new for FY 2020, but may have beginning balances.

Balance Sheet Code 401 – Restricted/Reserved for Student Activities and

Balance Sheet Code 402 – Restricted/Reserved for Scholarships
If your entity has a beginning balance there will be an error on the UFARS Turnaround edit that states prior year ending balance does not equal beginning balance of current year. For Balance Sheet Codes 401 and 402 you can ignore this error for FY 20. The error(s) will not affect a district’s eligibility to receive the School Finance Award, however the other criteria will still apply. For questions regarding UFARS please contact the UFARS helpdesk (mde.ufars-accounting@state.mn.us).

**Fiscal Year 2020 School Finance Award**

The Fiscal Year (FY) 2020 school finance award for FY 2019 reporting has been posted. The award can be found on the Financial Management webpage under Guidance and Reports (https://education.mn.gov/MDE/dse/schfin/fin/guide/). For questions regarding the School Finance Award please contact Molly Koppes (molly.koppes@state.mn.us).

**UFARS Submission Deadlines for Fiscal Year 2020**

The FY 2021 budget must be board-approved prior to July 1, 2020 (Minn. Stat. § 123B.77, subd. 4).

Information on the FY 2020 budget must be published within one week of accepting the FY 2020 audit or November 30, 2020, whichever is earlier (Minn. Stat. § 123B.10, subd. 1).

The FY 2020 Preliminary Unaudited UFARS data is due September 15, 2020 (Minn. Stat. § 123B.77, subd. 2).

The FY 2020 Final Audited UFARS data is due November 30, 2020 (Minn. Stat. § 123B.77, subd. 3).

The FY 2020 Fiscal Compliance Table (audit data and UFARS) is due November 30, 2020 (Minn. Stat. § 123B.77, subd. 3).

The FY 2020 Audit Report is due on December 31, 2020.

If the audit is mailed, it must be postmarked on or before December 31, 2020 (Minn. Stat. § 123B.77, subd. 3).

**UFARS 101 Training Schedule**

The next three scheduled tentative dates for UFARS 101 training are July 9, 2020, August 20, 2020 and November 10, 2020 at MDE (1500 Highway 36 West, 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 Calendar or by following About MDE > Calendar.

For assistance with the UFARS 101 Training Schedule, please contact Nicki Cha (Nicki.Ch@state.mn.us).
Business Managers Listserv Subscriptions, Updates and MDE Contact Information

This service is provided to business managers by MDE as an ongoing communication informing them of current MDE news. If you are a new subscriber or updating current information, please contact Nicki Cha (nicki.cha@state.mn.us) and provide the following information in your email:

- First Name
- Last Name
- District Name
- District Number
- Email
- Phone Number
- Phone Extension
- Staff Position

Contacts

UFARS

For assistance with UFARS accounting, manual and Chapter 10 Grid questions, contact the UFARS Accounting Helpdesk (mde.ufars-accounting@state.mn.us).

COVID-19

COVID-19 Questions (COVID-19.Questions.MDE@state.mn.us)

MARSS Student Reporting

MARSS contact (MARSS@state.mn.us)

SERVS Financial

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

Title Programs

Title Programs contact (MDE.NCLB@state.mn.us)

Special Education

Special Education Funding contact (mde.spedfunding@state.mn.us)