The Division of School Finance Welcomes Jessi Aretz to the Financial Management Team

Jessi Aretz has worked on the finance team with South Washington County Schools and Eden Prairie Schools. She performed many different accounting duties including accounts payable, accounts receivable, tracking of grants and donations. Jessi has a Bachelor of Science degree in Accounting and Business Administration and a Master’s degree in Accountancy from Saint Mary’s University. Jessi may be reached at Jessica.aretz@state.mn.us or 651-582-8276.

Isolated Districts Report

The Minnesota Department of Education (MDE) recently posted a new report for the 2015-16 school year called “Isolated Districts Report” to the Student category of the Minnesota Funding Reports (MFR) website. This report shows the data and calculations used to identify isolated districts and the determination of eligibility for Achievement and Integration Revenue for FY 2017. The report does not include charter schools because they are not eligible for Achievement and Integration Revenue and do not have contiguous districts.
The report was recently re-written as a mainframe application for our own internal purposes but which allowed us to post every districts’ data and not just those districts that qualify for the revenue. A list of the districts that currently receive Achievement and Integration Revenue is posted to Districts, Schools and Educators > Achievement and Integration Program. The Achievement and Integration Aid Report is also posted to MFR under Aid Entitlement Reports. Districts in which the percentage of non-American Indians exceeds that of any contiguous district by at least 20 percentage points are considered isolated and are required to develop an Achievement and Integration Plan with the identified neighboring district. These districts are identified on the “Isolated Districts Report” with an asterisk (*) next to the district’s name. All contiguous districts are eligible to participate in the plan and generate the revenue.

There is nothing that districts need to do with the “Isolated District Report.” The report shows the final October 1, 2015 enrollment. A report for October, 2016 enrollments will be posted in January for the 2016-17 school year and for revenue for FY 2019. However, if a district is curious as to how close it is to becoming eligible for Achievement and Integration Revenue, the report will provide the data for each contiguous district.

Contacts: mde.integration@state.mn.us for more information about the Achievement and Integration program and budget.

Jan Carlson at 651-582-8342 for information on Achievement and Integration Revenue.

Kelly Wosika at 651-582-8855 for information on the enrollment used in the report.

Implications for Minnesota Automated Reporting Student System (MARSS) reporting for Children Awaiting Foster Care Based on Changes in the Every Student Succeeds Act (ESSA)

The McKinney-Vento Homeless Assistance Act (McKinney-Vento Act) was amended by the Every Student Succeeds Act (ESSA) on December 10, 2015. One of the key provisions is that “children awaiting foster care” was removed from the definition of “homeless children and youths”. Under this provision, schools cannot use McKinney-Vento funds to serve children and youth who are in and awaiting foster care. Districts will no longer be able to access state special education funds that have been available to cover the additional costs of transporting students awaiting foster care to their school of origin. This affects students initially placed for foster care on or after December 10, 2016. Students that are awaiting foster care before December 10, 2016 would be eligible to generate Special Education Aid to cover their additional transportation cost until the end of the school year. However, students that are awaiting foster care on or after December 10, 2016 would not be eligible to generate Special Education Aid for transportation. No special education transportation dollars will be available for children awaiting foster care beginning in the 2017-2018 school year. This does not relieve a district’s obligation to provide transportation to the school the children were enrolled at the time of placement.

ESSA provides that Local Education Agencies (LEAs) receiving Title IA funds collaborate with state or local child welfare agencies on local procedures for transportation for students in foster care. Child welfare agencies must ensure that children placed in foster homes or awaiting foster care stay in the school in which the children were enrolled at the time of placements (unless it is not in their best interest to do so). Therefore, LEAs and child welfare agencies should work together to ensure that school transportation is provided when needed.
Past Practice: In the past, MDE provided guidance that students initially placed in the foster system in Minnesota may meet the McKinney-Vento definition of homeless until the required court hearings have been completed and the student is formally placed into long term foster care. Districts were instructed to have each district’s and charter school’s homeless liaison interview these families and students to make the actual determination. If the homeless liaison determined that a student does meet the homeless definition, whether through the initial foster placement or otherwise, the MARSS coordinator flagged the student on MARSS as homeless. The student would have been eligible for special transportation to the school of origin and the district would have been reimbursed the additional transportation costs through Special Education Aid.

New Guidance: Until the provision takes place on December 10, 2016, a student awaiting foster placement may still be considered to be homeless by the district or charter school’s homeless liaison. This would authorize the payment of state special education aid to cover the additional cost of transportation for the student through the end of the 2016-17 school year as a formerly homeless student.

Minnesota Statutes, section 123B.92 provides, in part, state aid for transportation of homeless students:

For purposes of computing special education initial aid under section 125A.76, the cost of providing transportation for children with disabilities includes (A) the additional cost of transporting a homeless student from a temporary nonshelter home in another district to the school of origin, or a formerly homeless student from a permanent home in another district to the school of origin but only through the end of the academic year; and (B) depreciation on district-owned school buses purchased after July 1, 2005, and used primarily for transportation of pupils with disabilities, calculated according to paragraph (a), clauses (ii) and (iii). Depreciation costs included in the disabled transportation category must be excluded in calculating the actual expenditure per pupil transported in the regular and excess transportation categories according to paragraph (a). For purposes of subitem (A), a school district may transport a child who does not have a school of origin to the same school attended by that child’s sibling, if the siblings are homeless.

Beginning December 10, 2016, students that are identified as children awaiting foster care are no longer considered homeless and will therefore not be eligible for McKinney-Vento services unless they meet the revised definition of “homeless children and youths”. The students would no longer be eligible to be reported as homeless on MARSS. The students would not qualify for Special Education Aid for transportation. According to ESSA, the district would be responsible to provide transportation to the school of origin for students awaiting foster care if applicable. However, the cost would not be eligible in UFARS under Finance Code 728 for Special Education Aid. In addition, the student cannot be reported in MARSS with 06 - Special Transportation Category if the student is provided modified transportation because he/she is awaiting foster care.
How Many Children in Foster Care or Awaiting Foster Care Will Require Transportation To Stay in the Same School?

Children Not Requiring Transportation: Not every child in foster care or awaiting foster care requires transportation to remain in their current school. For example, the following categories of children will not require transportation:

- Children who are placed within the school boundaries and are within walking distances.
- Children whose “best interest” prescribes that they should be immediately enrolled in a new school.
- Children who have completed high school.

Children Requiring Transportation at Minimal or No Additional Cost: Some students requiring transportation can be transported for minimal or no additional cost. Here are some examples:

- Children who meet the definition of “homeless” children under the McKinney-Vento Act. If the district or charter school’s homeless liaison identifies a student awaiting foster care as also homeless, i.e. children living in emergency and transitional shelters, children abandoned in hospitals, unaccompanied homeless youth, etc., special transportation may be provided because of the homelessness. The district would receive additional funding for providing special transportation through Special Education Aid.

- Children who have transportation written into their Individualized Education Plans (IEPs) for special education accommodations or adaptations. If the related service of transportation is written into a student’s IEP based on the student’s disability, the district may claim the cost under special education transportation and receive additional funding through Special Education Aid.

- Children who are placed within the school boundaries and can access regular transportation.

- Children who move within the same school district may access available transportation options across attendance lines. For example, school districts that have existing transportation options such as magnet schools, special education and McKinney-Vento routes. If students of different categories ride on the same bus, for example a regular student riding on a special education bus, a cost-per-student would need to be determined. Allocated expenditures would need to be reported in the appropriate finance dimensions.

Can Title, Part A homeless set-aside funds be used to fund transportation for homeless children?

The Every Student Succeeds Act (ESSA) authorizes the use of Title I, Part A funds for transportation to the school of origin for homeless children and youth for costs of transportation if other state and local funding sources are exhausted. Title IA funds can also be used to help fund other kinds of transportation, such as transportation to early childhood education programs, extra-curricular activities and academic enrichment services for homeless children and youth. However, Title I, Part A funds cannot be used for transportation of children in or awaiting foster care.
Title IV-E Dollars

Federal child welfare reimbursement dollars are available to assist with transportation. To be eligible for Title IV-E reimbursement, the child must meet all eligibility requirements under Title IV-E of the Social Security Act for foster care, including that the child has been:

- Removed from an income-eligible home pursuant to a voluntary placement agreement or as a result of a judicial determination that continuation in the home would be contrary to the welfare of the child,
- Placed in the care of the child welfare agency, and
- Placed with a licensed foster family home or in a licensed child-care institution.

These costs can be reimbursed for Title IV-E eligible children in the following ways by:

- Including transportation in a child’s Minnesota Assessment of Parenting for Children and Youth (MAPCY), the assessment that calculates the foster care maintenance payment to the foster parent for the care of the child.
- Making a separate payment for a child’s transportation costs to foster parents through mileage reimbursement or gas cards.
- Making separate payments to another provider, such as the local school district or third party provider.
- Paying for public transportation through the use of bus cards.

Program Guidance: Districts and charter schools should seek other resources to cover their transportation expenditures for transporting students in foster care or awaiting foster care. Local counties may have funds available.

Other Provisions: Students in foster care or awaiting foster care continue to be eligible for free meals, Title I services before and after the December 10, 2016 change.

Contact Information: If you have questions or need further information, contact:

Julie Belisle, MDE Student Transportation Specialist, 651-582-8265
Roberto Reyes, MDE State McKinney Vento Homeless Coordinator, 651-582-8302
Kelly Wosika, MDE Student Accounting Specialist, 651-582-8855

October 1 Assignment for Compensatory Revenue

The October 1 enrollment count is the official enrollment count generated by the fall MARSS files. These counts are used in federal reports as well as compensatory revenue. By definition, the October 1 enrollment is an unduplicated head count of students enrolled in a public school on October 1. If October 1 falls on a weekend or holiday, the next business day is used as the official count date. October 3 will be used for FY 2017 as October 1 fell on a Saturday this year.

According to Minnesota Statues, section 125C.05, a student is counted only once during a school year for compensatory revenue. This is based on the student’s enrollment as of October 1. Date overlap errors on the fall MARSS files do not cause both records to be excluded from the October 1 enrollment counts. If the student has overlapping enrollment records on October 1, MDE programming will determine the site at which the student is counted. This is based on a statewide hierarchy decision process. During the fall statewide MARSS edit each enrollment record is flagged as either ‘Yes’ or ‘No’ for October 1 enrollment.
This decision process may explain why student counts on the local MARSS 12 Compensatory Student Count report would differ from the statewide MARSS 28 Economic Indicator report.

The October 1 assignment is as follows:

- For dual enrolled students, i.e., Percent Enrolled is 999 at a State Approved Alternative Program (SAAP) that is classified as 41, Area Learning Center (ALC) or 42, Alternative Learning Program (ALP) and the student is enrolled in a non-SAAP school, the October 1 flag is assigned to the non-SAAP school.

- For concurrent enrolled students, i.e., Percent Enrolled is 998 at a SAAP school classification 41, ALC or 42, ALP and the student is enrolled in a non-SAAP school, the October 1 flag is assigned to the SAAP.

- For non-SAAP overlapping enrollment records where both records span October 1:
  - If both records are Percent Enrolled 100 (whether inter-district or intra-district)
    - The October 1 flag is assigned to the record with the later Start Date.
    - If both records have the same Start Date, the October 1 flag is assigned to the record with the lowest school classification.
    - If both records have the same Start Date and the same school classification, the October 1 flag is assigned to the record with the lowest school number.
  - If both records are Percent Enrolled 999 (whether inter-district or intra-district)
    - The October 1 flag is assigned to the record with the later Start Date.
    - If both records have the same Start Date, the October 1 flag is assigned to the record with the lowest school classification.
    - If both records have the same Start Date and school classification, the October 1 flag is assigned to the record with the lowest school number.
  - When one record is Percent Enrolled 999 and one is at least 50 percent, the October 1 flag is assigned to the record with the Percent Enrolled of 50 percent or more.
  - When one record is Percent Enrolled 999 and one is less than 50 percent, the October 1 flag is assigned to the record with 999 percent enrolled. If there are three or more overlapping records, and one is 999, and the others are less than 50 percent, the October 1 flag is assigned to the 999 percent record.
  - If there are three or more overlapping records and all records have Percent Enrolled of less than 999, the October 1 flag is assigned to the record with the greatest Percent Enrolled.
    - For records with the same Percent Enrolled, the October 1 flag is assigned to the record with the later State Date.
    - For records with the same Percent Enrolled and same Start Date, the October 1 flag is assigned to the school with lowest school classification.
For records with the same Percent Enrolled, same Start Date, and same school classification, the October 1 flag is assigned to the school with lowest school number.

More information about the Economic Indicator is available in the MARSS Manual. Questions may also be addressed to marss@state.mn.us.

**FY 2017 Federal Indirect Cost Rates**

FY 2017 Federal Indirect Cost Rates are now posted on the MDE website under Data Center > Data Reports and Analytics, then locate the section “School Finance Spreadsheets” and select “Indirect Cost Rates”:

For questions about “FY 2017 Federal Indirect Cost Rates”, contact Jessica Aretz at Jessica.aretz@state.mn.us or 651-582-8276. Inquiries may also be sent to the Accounting Helpdesk at MDE.UFARS-Accounting@state.mn.us.
**E-Rate Program Review and UFARS Accounting**

**What is E-Rate?**

The [E-rate Federal Telecommunications Discount Program](http://www.sl.universalservice.org) provides discounts ranging from 20 to 90 percent to eligible schools and public libraries on telecommunications, Internet access. The amount of discount depends on the eligibility of students in the school district for the National School Lunch Program (free and reduced price lunch) and whether the school is located in an urban or rural location. The programs may also involve reimbursements from telecommunications vendors or the Federal Communications Commission (FCC) for costs incurred related to these services or access.

The FCC created the Universal Service Administrative Company (USAC) to operate the E-rate program on its behalf. The E-rate program is funded through fees collected on consumer bills from telecommunications providers. The division of USAC that administers the E-rate program is known as the Schools and Libraries Division (SLD).

School districts and public libraries access E-rate through an annual application process. There is a limited window of time for application and discounts are applied for one year in advance.

**How do eligible schools code these discounts or reimbursements?**

According to current (2014) guidance from the National Center for Education Statistics (NCES):

> “The method of recognition of E-Rate as a financial resource in the accounting records may differ depending on whether it is a reimbursement or a discount. As a result, inconsistencies exist in current practice regarding the accounting treatment afforded E-Rate. **NCES suggests, as a matter of practice, that E-Rate be netted against the expenditure if it was received in the same fiscal year or coded as a Refund of Prior Year’s Expenditures if it was received in a subsequent fiscal year**”…

Currently, UFARS coding does not provide a category for “Refund of Prior Year’s Expenditures”; therefore, the suggested UFARS coding for subsequent years’ revenue should be recorded as follows:

<table>
<thead>
<tr>
<th>Account</th>
<th>Fund</th>
<th>Organization</th>
<th>Program</th>
<th>Finance</th>
<th>Source</th>
<th>Course</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>01</td>
<td>XXX</td>
<td>XXX</td>
<td>311</td>
<td>099</td>
<td>XXX</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Account</th>
<th>Fund</th>
<th>Balance Sheet Code</th>
<th>Sub-Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>01</td>
<td>101</td>
<td>XX</td>
</tr>
</tbody>
</table>

**UFARS Code Dimensions:**

**Fund 01** – General Fund  
**Finance Code 311** – Telecommunications Access Costs (Fund 01 and/or 04)  
**Source Code 099** – Miscellaneous Revenue from Local Sources  
**Balance Sheet Code 101** – Cash

For questions about “E-rate Program Review and UFARS Accounting”, please contact [MDE.UFARS-Accounting@state.mn.us](mailto:MDE.UFARS-Accounting@state.mn.us).
Voluntary Pre-Kindergarten Program Information

Information about Voluntary Pre-Kindergarten may be found under the MDE website at MDE > Districts, School and Educators > Early Learning > Voluntary Pre-Kindergarten as shown below:

Under this Voluntary Pre-Kindergarten webpage (on bottom of webpage) you will find:

2. Site-Level Compensatory Revenue Spreadsheet.
3. Resources to include the program application process, Questions & Answers (Q & A’s) and webinar PowerPoint slides.

For further questions about the “Voluntary Pre-Kindergarten Information”, please contact June Reineki at mde.vpk@state.mn.us or 651-582-8849.
Locate UFARS coding information by selecting “Resources for Funded Programs” which will bring you to the Voluntary Pre-Kindergarten webpage (MDE > Districts, Schools and Educators > Early Learning > Voluntary Pre-Kindergarten > Resources):

Further information on this Voluntary Pre-Kindergarten webpage includes:

1. State Negotiated Early Childhood Online Assessment Rates
2. UFARS Codes Memo
3. Program Implementation Manual
4. Achievement and Integrations (AI) Memo
5. Overview for Funded Programs Webinar PowerPoint
6. Early Learning Assessment Memo
7. School Nutrition Memo

For further questions about the “Voluntary Pre-Kindergarten Information”, please contact June Reineki at 651-582-8476 or mde.vpk@state.mn.us.
UFARS Coding Additions, Changes and Deletions – Effective July 1, 2016 for FY 2017

Past School Business Bulletins included many of the following UFARS code additions, changes and deletions. This is the complete list of UFARS dimensions effective July 1, 2016 for review:

The following Fund Dimensions have had description changes effective July 1, 2016:

**ADDITIONS**

<table>
<thead>
<tr>
<th>Account</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>General Fund</td>
</tr>
</tbody>
</table>

**Overview**

The General Fund is used to account for all revenues and expenditures of the school district not accounted for elsewhere. The General Fund is used to account for educational activities, district instructional and student support programs, expenditures for the superintendent, district administration, normal operations and maintenance, pupil transportation, capital expenditures, and legal school district expenditures not specifically designated to be accounted for in any other fund. A district may use General Fund balances for capital purposes except when the requirements for a specific categorical revenue state that it may not be used for capital purchases.

The General Fund is used to show the financial activities of a school district’s pupil transportation program; however, chargebacks must be made against other operating funds when appropriate.

Revenue for operating capital and revenue from bonds for certain capital facilities must be recorded in the Restricted/Reserved Account for Operating Capital in the General Fund. Revenue for Long-Term Facilities Maintenance must be recorded in the Restricted/Reserved Account for these purposes in the General Fund.

Capital expenditures may be made from either the Unassigned Fund Balance 422 in the General Fund, or from one of the appropriate Restricted/Reserved accounts in the General Fund. To indicate that the expenditure is made from the Unassigned General Fund, Finance Code 000, District-Wide, should be used. To indicate that the expenditure is made from the Restricted/Reserved Account for Operating Capital, use Finance Code 302, Operating Capital. To indicate that the expenditure is made from the Restricted/Reserved Account for Long-Term Facilities Maintenance, use these Finance Codes: 347, Physical Hazards; 349, Other Hazardous Materials; 352, Environmental Health & Safety Management; 358, Asbestos Removal; 363, Fire Safety; or 366, Indoor Air Quality.

When the sale of bonds is consummated with the proceeds to be used for school building construction, a Building Construction Fund must be established (see Building Construction Fund 06).

If the Restricted Fund Balance in the Food Service or the Restricted/Reserved Account Community Service Fund is in deficit, the deficit may be eliminated by a transfer from the General Fund (Minn. Stat. § 123B.79). See the following description of each fund to determine when a fund transfer is required. Such a transfer requires school board action.
When providing services for other funds, the General Fund must credit a chargeback account to reflect expenditures for the benefit of the other funds and debit the chargeback account in the other funds using the proper Finance code. Examples of this situation would be transportation services provided for community education or for food service.

Extra-curricular activities under the control of the school board must be recorded in the General Fund (Minn. Stat. § 123B.49, Subd. 2). If the extra-curricular activities are not under school board control, only the direct salary costs and indirect costs for use of school facilities are to be recorded in this fund. Other revenues and expenditures for extra-curricular activities not under board control should not be reported as part of UFARS reporting (Minn. Stat. § 123B.49, Subd. 4).

**06 Building Construction Fund**

The Building Construction Fund is used to record all operations of a district's building construction program that are funded by the sale of bonds, capital loans, or major capital projects costing $2,000,000 or more.

Construction for buildings and additions may be comprised of the following: expenditures for general construction; advertisement for contracts; payments on contracts of construction; installations of plumbing, heating, lighting, ventilating and electrical systems; expenditures for lockers, elevators, and other equipment; architectural and engineering services; travel expenses; paint and decorating expenses, technology and technology upgrades; and any other related costs. Include the costs of floating the bond issue in this fund by reclassification from the General Fund. Note: This is a partial list of items.

All revenues and expenditures for projects being funded under the Capital Loan Program, must be reported in this fund. If levy dollars are received for capital loan projects by the “pay-as-you-go” method, instead of bonds, then a transfer must be made from the General Fund to the Building Construction Fund for the amount of the levy received in the General Fund.

Long Term Facilities Maintenance (LTFM) Program (Minn. Stat. § 123B.595) expenditures that are funded by bonds or major capital projects costing $2,000,000 or more must be recorded in the Building Construction Fund.

Where a balance from a bond issue remains in the Building Construction Fund after the project has been completed and all claims against the Building Construction Fund have been paid, the balance must be permanently transferred (residual equity transfer) by official board resolution to the Debt Service Fund and used to pay the bonded indebtedness incurred in the project (Minn. Stat. § 475.61). There can be no borrowing from the Building Construction Fund. Any cash balance or investment in a Building Construction Fund is held in trust for authorized building projects for which the bonds were sold and must not be used to support cash deficits in other funds (Minn. Stat. § 123B.78, Subd. 4).
The following Program Dimensions have been added effective July 1, 2016:

**ADDITIONS**

<table>
<thead>
<tr>
<th>Account</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>200</td>
<td>Voluntary Pre-kindergarten</td>
</tr>
</tbody>
</table>

For districts with an approved voluntary pre-kindergarten program as defined in Minnesota Statues, section 124D.151 to prepare children for success as they enter kindergarten in the following year. Only the LEA’s approved for this program can record expenditures to this program code. Please see program code 581 for pre-kindergarten offered through Community Education.

| 865     | Long-Term Facilities Maintenance (LTFM) – Excluding Costs in Program Codes 866 and 867 (Fund 01 and/or Fund 06) |

Record costs for LTFM projects not included in Program Codes 866 or 867. This Program Code includes Health and Safety and Deferred Maintenance projects costing less than $2,000,000 per site. This Program Code excludes projects costing $100,000 to $1,999,999 for Finance Codes 358 – Fire Safety, 363 - Asbestos and 366 – Air Quality (see Program Code 866), and excludes any projects costing $2,000,000 per site or more (see Fund 06, Program Code 867).

| 866     | Long-Term Facilities Maintenance (LTFM) - $100,000 – $1,999,999.99 per Site for Finance Codes 358, 363 and 366 (Fund 01 and/or Fund 06) |

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 $1,999,999.99.

| 867     | Long-Term Facilities Maintenance (LTFM) Projects that are $2,000,000 or More per Site (Fund 06) |

This Program Code can only be used with Fund 06, Building Construction Fund.

The following Program Dimensions have had description changes effective July 1, 2016:

**CHANGES**

<table>
<thead>
<tr>
<th>Account</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>291</td>
<td>Co-Curricular Activities (Non-Athletics)</td>
</tr>
</tbody>
</table>

Co-curricular activities means school sponsored and directed activities designed to provide opportunities for pupils to participate, on an individual or group basis, in school and public events for the improvement of skills (Minn. Stat. § 123B.49). Co-curricular activities are not offered for school credit, cannot be counted toward graduation and have one or more of the following characteristics:

a) They are conducted at regular and uniform times during school hours, or at times established by school authorities.

b) Although not offered for credit, they are directed or supervised by instructional staff in a learning environment similar to that found in courses offered for credit.

c) They are partially funded by public funds for general instructional purposes under direction and control of the board.
298 Extra-Curricular Activities

A resolution by the School Board determines if extra-curricular student activities are to be “under board control” or “not under board control” (Minn. Stat. §123B.49).

All activities under board control for public school pupils that are managed and operated under the guidance of an adult or staff member. Extra-curricular activities have the following characteristics:

a) they are not offered for school credit nor required for graduation;
b) they are generally conducted outside school hours, or if partly during school hours, at times agreed by the participants and approved by school authorities; and

c) the content of the activities is determined primarily by the pupil participants under the guidance of a staff member or other adult.

581 Pre-kindergarten

Record all costs of pre-kindergarten classes as defined in Minnesota Statutes, section 120A.05, Subdivision 10(a) and Minnesota Statutes, section 126C.126 excluding early childhood special education, serving children who turn age four by September 1 that prepare them to enter kindergarten the following school year. Do not include costs recorded in the General Fund (01) under Program Code 200, Voluntary Pre-kindergarten. Do not include costs in the Community Service Fund (04) under Program Code 582 School Readiness.

Note: When general education revenue is reallocated for a school readiness program for four-year olds, use both Program Code 581 and Finance Code 344 for reporting revenue and expenditures (Minn. Stat. § 126C.126).

582 School Readiness

Record all costs of providing a school readiness program that prepares children to enter kindergarten and serves children three years of age to kindergarten entry. Program activities include assessment of children’s cognitive skills at program entry and exit; provision of research-based early childhood educational programming focused on children’s cognitive skills and development and transition to kindergarten; arrangement for early childhood screening; involvement of parents in program planning and decision-making; coordination with relevant community-based services; and cooperation with adult basic education and other adult literacy programs (Minn. Stat. § 124D.15).

Except where general education revenue is reallocated for a school readiness pre-kindergarten program serving four-year olds, Program Code 582 must be used for all school readiness expenditures and revenue activity (Minn. Stat. § 126C.126).

850 Capital Facilities

Expenditures incurred under the school district's capital expenditure facilities program. The school district should annually adopt a capital expenditure program which would include plans for repair and restoration of existing district-owned facilities and plans for new construction. Excludes Programs 865, 866 and 867 for Long-Term Facilities Maintenance (LTFM) Expenditures. Total Operating Capital
Revenue may only be used for the purposes specified in Minnesota Statutes, section 126C.10, Subdivision 14.

Charter schools must code all eligible lease aid expenditures including any additional rent payments for property taxes (excluding special assessments) to Program Code 850, Finance Code 348, and Object Code 370. Ineligible lease aid expenditures such as custodial, utilities, and maintenance should be coded to Program Code 810, Finance Code 000 and the appropriate object codes(s).

The following Program Dimensions have been deleted effective July 1, 2016:

**DELETIONS**

<table>
<thead>
<tr>
<th>Account</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>855</td>
<td>Alternative Facilities (Health and Safety Criteria Related) (Fund 06 only)</td>
</tr>
</tbody>
</table>

This program code must be used for revenue and expenditures when the cost of the project is based on criteria of the Health and Safety program and the total amount is over $500,000 (Minn. Stat. § 123B.59, Subd. 1(b)). Health and safety finance codes must be used with this program to accurately reflect the costs of the alternative facilities program. All activity related to this code with the proper health and safety finance codes must be used in Fund 6 (Building Construction) and applied to Balance Sheet Code 409, Restricted/Reserved for Alternative Facilities Programs. Districts that are approved for funding under Minnesota Statute, section 123B.59, Subdivision 1(a), must use Program Code 850 or 870 with Finance Code 386, Alternative Facility Program, for the proper coding of the cost of these projects.

The following Finance Dimensions have been added effective July 1, 2016:

**ADDITIONS**

<table>
<thead>
<tr>
<th>Account</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>355</td>
<td>Voluntary Pre-kindergarten Remodeling Costs (Fund 01 and/or 06)</td>
</tr>
</tbody>
</table>

For districts with an approved pre-kindergarten remodeling costs program per Minnesota Statutes, section 151, record expenditures approved by the commissioner for remodeling existing instructional space to accommodate pre-kindergarten instruction. Expenditures in this code apply to Balance Sheet Code 467, Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) (Minn. Stat. § 123B.595, Subd. 12).

<table>
<thead>
<tr>
<th>Account</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>367</td>
<td>Accessibility (Fund 01 and/or 06)</td>
</tr>
</tbody>
</table>

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. Expenditures in this code apply to Balance Sheet Code 467, Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) (Minn. Stat. § 123B.595, Subd. 12).

Payment Description – XXS317 LTFM AID FY

<table>
<thead>
<tr>
<th>Account</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>368</td>
<td>Building Envelope (excluding roof) (Fund 01 and/or 06)</td>
</tr>
</tbody>
</table>

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. Expenditures in this code apply to Balance Sheet Code 467, Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) (Minn. Stat. § 123B.595, Subd. 12).

**Payment Description – XXS317 LTFM AID FY**

**369 Building Hardware and Equipment (Fund 01 and/or 06)**

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. Expenditures in this code apply to Balance Sheet Code 467, Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) (Minn. Stat. § 123B.595, Subd. 12).

**Payment Description – XXS317 LTFM AID FY**

**370 Electrical (Fund 01 and/or 06)**

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. Expenditures in this code apply to Balance Sheet Code 467, Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) (Minn. Stat. § 123B.595, Subd. 12).

**Payment Description – XXS317 LTFM AID FY**

**379 Interior Surfaces (Fund 01 and/or 06)**

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. Expenditures in this code apply to Balance Sheet Code 467, Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) (Minn. Stat. § 123B.595, Subd. 12).

**Payment Description – XXS317 LTFM AID FY**

**380 Mechanical Systems (Fund 01 and/or 06)**

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. Expenditures in this code apply to Balance Sheet Code 467, Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) (Minn. Stat. § 123B.595, Subd. 12).

**Payment Description – XXS317 LTFM AID FY**
381 Plumbing (Fund 01 and/or 06)

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. Expenditures in this code apply to Balance Sheet Code 467, Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) (Minn. Stat. § 123B.595, Subd. 12).

Payment Description – XXS317 LTFM AID FY

382 Professional Services and Salary (Fund 01 and/or 06)

Record expenditures for professional services and in-house salary for work performed on deferred capital and maintenance projects to prevent further erosion of facilities. Expenditures in this code apply to Balance Sheet Code 467, Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) (Minn. Stat. § 123B.595, Subd. 12).

Payment Description – XXS317 LTFM AID FY

383 Roofing Systems (Fund 01 and/or 06)

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. Expenditures in this code apply to Balance Sheet Code 467, Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) (Minn. Stat. § 123B.595, Subd. 12).

Payment Description – XXF317 LTFM AID FY

384 Site Projects (Fund 01 and/or 06)

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 per Minnesota Statutes 123B.595, section 10, Subdivision 10(a)(1). Examples include parking lots, lighting, tennis courts, fencing, playground, stadium bleachers, and field turf replacement. Expenditures in this code apply to Balance Sheet Code 467, Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) (Minn. Stat. § 123B.595, Subd. 12).

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

Payment Description – XXF317 LTFM AID FY
The following **Finance** Dimensions have been deleted effective July 1, 2016

**DELETIONS**

<table>
<thead>
<tr>
<th>Account</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>385</td>
<td><strong>Deferred Maintenance Program (Fund 01)</strong></td>
</tr>
<tr>
<td>386</td>
<td><strong>Alternative Facilities Program (Fund 06)</strong></td>
</tr>
<tr>
<td>513</td>
<td><strong>Indian Education Assistance to Schools – Johnson O’Malley (Fund 01)</strong></td>
</tr>
<tr>
<td>831/931</td>
<td><strong>Individuals with Disabilities Education Act (IDEA), Part B, Section 619 Discretionary Early Childhood Statewide Low Incidence Grants (Fund 01)</strong></td>
</tr>
<tr>
<td>841/941</td>
<td><strong>Individuals with Disabilities Education Act (IDEA), Part B, Section 611 Discretionary Early Childhood Family Resources Grants (Fund 01)</strong></td>
</tr>
</tbody>
</table>

Beginning in FY 2008 (2006 pay 2007 levy) a new funding source will be available for most districts. An independent or special school district that does not qualify to participate in the alternative facilities bonding and levy program under Minnesota Statutes, section 123B.59, Subdivision 1a., is eligible to receive deferred maintenance revenue. Deferred Maintenance aid and levy can only be used for projects and costs that would be eligible for:

1. health and safety revenue, or
2. disabled access levy, or
3. deferred maintenance projects necessary to prevent further erosion of facilities.

The revenue and expenditures in this code apply to Balance Sheet Code 405 Restricted/Reserved for Deferred Maintenance (Fund 01) (Minn. Stat. § 123B.591).

**Payment Description – 01F385 DEF MAINT FY**

Record revenues and expenditures for the alternative facilities bonding and levy program if your district qualifies under Minnesota Statutes, section 123B.59, Subdivision 1a. This statute contains class size and square footage requirements, along with an insufficient funds clause to cover major facilities costs and a ten year facility plan. Districts must have approval from the commissioner to use this program. The activity in this code apply to Balance Sheet Code 409, Restricted/Reserved for Alternative Facilities in the Construction Fund (06).

**Payment Description – N/A**

Record revenue and expenditures for special educational related needs of Indian students to assure adequate educational opportunities (Johnson O’Malley Act of 1984 as amended by P.L. 93-638; CFDA No. 15.130).

**Payment Description – N/A**

Record revenue and expenditures for this special education discretionary grant used to improve knowledge of staff, parents and others serving young children with low incidence disabilities (P.L. 108-466, CFDA 84.027A, Special Education – Grants to States).

**Payment Description – N/A**

Record revenue and expenditures for this special education discretionary grant (SPDG) initiative to a nonprofit for the dissemination of multicultural parent and
provider outreach materials and the provision of outreach and training to professionals, education providers, parents and others (P.L. 108-466, CFDA 84.027A, Special Education – Grants to States).

871/971 Title I, Part B, Subpart 3 – Even Start Family Literacy (Fund 01 and/or 04)

Record revenues and expenditures for even start programs. Even start is a family literacy program for adults in need of adult basic skills and their children aged zero to seven. There are four components: adult education, early childhood education, parenting skills education and parent-child activities. These components are integrated to create a comprehensive education program for families [P.L. 107-110; CFDA No. 84.213, Title I, Part B, Subpart 3, Elementary and Secondary Education Act (ESEA)].

879/979 Deaf-Hard of Hearing Professional Development Grant (Fund 01)

Record revenues and expenditures related to the Deaf/Hard of Hearing Professional Development Grants. The purpose of this grant is for the coordination and provision of professional development opportunities for teachers of the deaf/hard of hearing student community (CFDA 84.027A)

The following Finance Dimensions have had description changes effective July 1, 2016:

**CHANGES**

<table>
<thead>
<tr>
<th>Account</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>347</td>
<td>Physical Hazards (Fund 01 and/or 06)</td>
</tr>
</tbody>
</table>

Record health and safety expenditures made to correct appropriate physical hazards that are not defined by other health and safety finance codes, for example: playground resurfacing, bleacher repair or rebuilding, boiler control circuit, mechanical and power equipment-safety modification, OSHA physical or electrical hazard violations and indoor air quality. Also includes costs to support MDH Food Code Requirements (see application materials).

Expenditures in this code apply to Balance Sheet Code 467, Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) (Minn. Stat. § 123B.595, Subd. 12).

**Payment Description** – XXS317 LTFM AID FY

349 Other Hazardous Materials (Fund 01 and/or 06)

Record expenditures according to an approved health and safety plan to clean up and dispose of polychlorinated biphenyl found in school buildings or property; wood boiler hazards, fuel tank removal/replacement, and cleanup, hazardous/infectious waste management and disposal, lead in water; testing and mitigation, local exhaust ventilation systems, radon; detection and mitigation, well capping and boiler-main supply back flow preventer, and transportation fuel. Expenditures in this code apply to Balance Sheet Code 467, Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) (Minn. Stat. § 123B.595, Subd. 12).

**Payment Description** – XXS317 LTFM AID FY

352 Environmental Health and Safety Management (Fund 01 and/or 06)

Record expenditures made for Environmental Health and Safety Management. Health, safety, and environmental management means school district activities necessary for a district's compliance with state statutes and rules of the
Departments of Health, Labor and Industry, Public Safety and Pollution Control as well as any related federal standards.

These activities include hazards assessment, required training, recordkeeping, right-to-know, and program management. Expenditures in this code apply to Balance Sheet Code 467, Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) (Minn. Stat. § 123B.595, Subd. 12).

**Note:** Districts qualifying under the hold harmless provisions of the LTFM law must be aware of the reimbursable cap used and that the total expenditure activity in this code may not be fully reimbursed.

Payment Description – XXS317 LTFM AID FY

358 Asbestos Removal and Encapsulation (Fund 01 and/or 06)

Record expenditures necessary for the removal or encapsulation of asbestos from school buildings or property, related repairs, staff training, and asbestos worker required health physicals in accordance with an approved health and safety plan. Expenditures in this code apply to Balance Sheet Code 467, Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) (Minn. Stat. § 123B.595, Subd. 12).

Payment Description – XXS317 LTFM AID FY

363 Fire Safety (Fund 01 and/or 06)

Record expenditures to correct fire code violations in school buildings, in accordance with an approved health and safety plan. Expenditures in this code apply to Balance Sheet Code 467, Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) (Minn. Stat. § 123B.595, Subd. 12).

Payment Description – XXS317 LTFM AID FY

366 Indoor Air Quality (Fund 01 and/or 06)


Payment Description – XXS317 LTFM AID FY

372 Medical Assistance/Third Party Revenue (Fund 01)

Record expenditures with this finance code related to additional special education activities funded only from the revenue recorded in Source Code 071 and/or Source Code 072. The expenditures of this money must follow the guidelines of Minnesota Statutes, section 125A.21, Subdivision 3, which states districts may:

1. retain an amount sufficient to compensate the district for its administrative costs of obtaining reimbursements;
2. regularly obtain from education and health-related entities training and other appropriate technical assistance designed to improve the district’s ability to access third-party payments for individualized education program health-related services, or
3. reallocate reimbursements for the benefit of students with individualized education programs or individual family service plans in the district.
Use this finance code in all charge back entries to achieve the conditions of the statute. If the expenditure is not eligible for state special education regular program aid, the district should code the expenditure to Finance Code 372, Program Code 400, and use the appropriate object code. Expenditures in this code apply to Balance Sheet Code 472, Restricted/Reserved for Medical Assistance.

*Payment Description – N/A*

The following **Object Dimensions have been added** effective July 1, 2016:

**ADDITIONS**

<table>
<thead>
<tr>
<th>Account</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>315</td>
<td>Repairs and Maintenance for Computers and Technology</td>
</tr>
<tr>
<td></td>
<td>Record expenditures for repairs and maintenance services for technology equipment that are not directly provided by school district personnel. This includes ongoing service agreements for technology hardware (e.g., personal computers and servers). For library media center (Program Code 620) expenditures, this section included repairs and maintenance for computers and associated technology (such as, but not limited to printers and scanners), automated library cataloging and circulation systems, and digital equipment, such as, but not limited to camcorders, cameras and electronic book viewers.</td>
</tr>
<tr>
<td>318</td>
<td>Data-Processing and Coding Services</td>
</tr>
<tr>
<td></td>
<td>Record expenditures for data entry, formatting and processing services other than programming. Examples are accounts payable entry, payroll entry or storage of student data. See Object Code 316 for Services Purchased from other Minnesota Joint Powers Agencies. <strong>Note: This code cannot be used with federal funds.</strong></td>
</tr>
<tr>
<td>319</td>
<td>Other Technical Services</td>
</tr>
<tr>
<td></td>
<td>Record expenditures for technical services other than data-processing and related services. Examples include the following: consultants for network improvements; server replacements and enhancements; and security enhancements. <strong>Note: This code cannot be used with federal funds.</strong></td>
</tr>
<tr>
<td>380</td>
<td>Rental of Computers or Technology Related Hardware</td>
</tr>
<tr>
<td></td>
<td>Record expenditures for the lease or rental of computers or technology related hardware for temporary or long-term usage that does not result in the ownership of the asset. Operating leases and rental for computers must be coded to the program where the equipment is used.</td>
</tr>
<tr>
<td>406</td>
<td>Instructional Software Licensing</td>
</tr>
<tr>
<td></td>
<td>Record expenditures instructional software licensing fees that are below the capitalization threshold. See Object Codes 456 and 506 for purchase of software.</td>
</tr>
<tr>
<td>455</td>
<td>Non-Instructional Technology Supplies</td>
</tr>
</tbody>
</table>
|         | Non-Instructional technology-related supplies include supplies that are typically used in conjunction with technology-related hardware or software. Some examples
that should be reported here are CD's, flash or jump drives, parallel cables, monitor stands. Please refer to Object Code 465, Non-Instructional Technology Devices, for equipment that is the lesser of the capitalization level established by the LEA for financial statement purposes or $5,000 with a normal useful life extending beyond a single reporting period.

456  **Instructional Technology Supplies**

Instructional technology-related supplies include supplies that are typically used in conjunction with technology-related hardware or software. Some examples that should be reported here are CD's, flash or jump drives, parallel cables, monitor stands. Please refer to Object Code 466, Instructional Technology Devices, for equipment that is the lesser of the capitalization level established by the LEA for financial statement purposes or $5,000 with a normal useful life extending beyond a single reporting period.

465  **Non-Instructional Technology Devices**

Non-Instructional technology devices with a normal useful life beyond a single reporting period. Must be the lesser of the capitalization level established by the LEA or $5,000 for financial statement purposes. Some examples that should be reported here are E-readers, including Kindles, iPads and GPS devices. Please refer to Object Code 405 for non-instructional software license agreements, Object Code 455 for non-instructional technology supplies, Object Code 505 for capitalized non-instructional software and Object Code 555 for capitalized non-instructional technology hardware.

466  **Instructional Technology Devices**

Instructional technology devices with a normal useful life beyond a single reporting period. Must be the lesser of the capitalization level established by the LEA or $5,000 for financial statement purposes. Some examples that should be reported here are E-readers, including Kindles and iPads. Please refer to Object Code 406 for instructional software license agreements, Object Code 456 for instructional technology supplies, Object Code 506 for capitalized instructional technology software and Object Code 556 for capitalized instructional technology hardware.

505  **Capitalized Non-Instructional Technology Software**

Record expenditures for purchased software used for non-instructional purposes that meet the capitalization threshold. Software having a useful life of more than one year and per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the LEA for financial statement purposes, or $5,000. Please refer to Object Code 405 for Non-Instructional Software License Agreements and Object Code 555 for Capitalized Non-Instructional Technology Hardware.

506  **Capitalized Instructional Technology Software**

Expenditures for purchased software used for instructional purposes that meet the capitalization threshold. Software having a useful life of more than one year and per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the LEA for financial statement purposes, or $5,000. Please
refer to Object Code 406 for Instructional Software License Agreements and Object Code 556 for Capitalized Instructional Technology Hardware.

The following Object Dimensions have had description changes effective July 1, 2016:

CHANGES

Account  Description

305 Consulting Fees/Fees for Services
Include payments for professional services such as legal, audit, accounting, advertising, custodial, laundry, etc. This code is used by districts in the special education programs, for contracted service costs provided to staff. Include expenditures for purchased services if not enumerated by other object codes in this series.

Note: See Object Codes 303 and 304 for description of Federal Subawards/Subcontracts under or over $25,000.

316 Services Purchased from Other Minnesota Joint-Powers Agencies
Expenditures for purchase services performed by any Minnesota educational agency or joint service arrangement (Service Cooperatives and Regional Centers) not related to tuition or transportation fees. Includes capital-related assessments for fees and related pass-through levy of any entity formed under a cooperative agreement between two or more districts that may be coded as an Operating Capital expenditure according to Minnesota Statutes, section 126C.10, Subdivision 14 (line 17).

350 Repairs and Maintenance
Includes expenditures incurred for repair and maintenance services provided through a contract with an outside vendor. Include contracts and agreements for the upkeep of grounds, buildings and equipment. Excludes costs for new construction, renovation and remodeling (betterments) and repairs for computers and technology. Charter schools should record the portion of the lease that represents the cost of repair and maintenance services.

370 Operating Leases or Rentals
Record Expenditures for the lease or rental of land, buildings, vehicles and equipment for temporary or long-term usage that does not result in the ownership of the asset. Excludes lease or rental of computers or technology related hardware (See Object Code 380).

401 Supplies and Materials - Non Instructional
Expenditures for all supplies other than those to be included in Object Codes 430, Supplies and Materials Non-Individualized Instructional; 433, Supplies and Materials - Individualized Instructional; 455, Non-Instructional Technology Supplies and 465 Non-Instructional Technology Devices. Includes, for example, maintenance supplies or office supplies and instructional materials purchased for resale. Also includes freight/shipping cost items associated with items purchased.

405 Non-Instructional Software License Agreements
Record expenditures for non-instructional software license agreements that are under the capitalization threshold. See Object Codes 455 and 505 for purchase of software.
430 Supplies and Materials - Non-Individualized Instructional

The instructions for this code must be read in conjunction with Object Code 433, Individualized Instructional Materials. Expenditures to be included here are instructional supplies that do not fit the criteria set forth for expenditures in Object Codes 433, 456 or 465.

Include non-individualized expenditures for classroom supplies consumed in the instructional process. This code is used in conjunction with any instructional Program Code, 200 through 699, plus Program Code 790, Other Pupil Support.

Note: Expenditures for the Library Media Center (Program Code 620) are to be listed in Object Code 470.

433 Supplies and Materials - Individualized Instruction

This object code is used to account for supplies and materials for individualized instruction. The definition of individualized instructional materials, as opposed to non-individualized instructional materials to be recorded in Object Code 430, is contained in Minnesota Statutes, section 123B.41, Subdivision 5:

Subdivision 5. "Individualized instructional or cooperative materials" means educational materials which:

(a) are designed primarily for individual pupil use or use by pupils in a cooperative learning group in a particular class or program in the school the pupil regularly attends;

(b) are secular, neutral, nonideological and not capable of diversion for religious use; and,

(c) are available, used by, or of benefit to Minnesota public school pupils.

Subject to the requirements in clauses (a), (b) and (c), "individualized instructional or cooperative learning materials" include, but are not limited to, the following if they do not fall within the definition of "textbook" in Minnesota Statutes, section 123B.41, Subdivision 2: published materials; periodicals; documents; pamphlets; photographs, reproductions; pictorial or graphic works; prerecorded video programs; prerecorded tapes, cassettes and other sound recordings; manipulative materials; desk charts; games; study prints and pictures; desk maps; models; learning kits; blocks or cubes; flash cards; individual multimedia systems; prepared instructional computer software programs; choral and band sheet music; electronic books and other printed materials delivered electronically; and CD-ROM.

This code is used by MDE to compute the rates for textbooks, individualized instructional materials, and standardized tests that are used in determining Educational Aids for Nonpublic School Children (Minn. Stat. § 123B.40 to 43). The rates of reimbursement for nonpublic students are based on these expenditures plus textbook and workbook expenditures recorded in Object Code 460 for public school students.

When recording expenditures for nonpublic students; use this code in conjunction with Finance Code 351, Aid to Nonpublic Pupils - Textbooks and Tests. When recording expenditures for public school students; use the appropriate codes in the other UFARS dimensions.
Expenditures for "individualized instructional or cooperative learning materials" do not include instructional equipment, instructional hardware including dedicated hardware equipment known as eReaders or e-book devices, or ordinary daily consumable classroom supplies. Please refer to Object Code 466, Instructional Technology Devices and Object Code 556, Capitalized Instructional Technology Hardware, for additional information. Includes freight/shipping costs associated with items purchased.

This code is used in conjunction with any instructional Program Code, 200 through 699 (for use with all Programs 010 through 850 – see “Unrestricted – General Fund 01 Permitted Expenditure code Grid – page 3).

460 Textbooks and Workbooks

Expenditures for books or electronic substitutes that a pupil uses as a text or text substitute in a particular class or program. This includes books, workbooks or manuals, as well as electronic books and other printed materials delivered electronically. Please refer to Object Codes 406, Instructional Software License Agreements; and 466, Instructional Technology Devices for additional information. These textbooks are intended for use as a principal source of study material for a given class or group of students, a copy of which is expected to be available for the individual use of each pupil. Materials prepared and/or copied at the school qualify as textbook substitutes if such materials are basic (not supplementary) to a unit of study. See Minnesota Statutes, section 123B.41, Subdivision 2 for the complete definition.

To qualify for textbook aid to nonpublic pupils, these materials must include only such secular, neutral and nonideological textbooks as are available, used by, or of benefit to Minnesota public school pupils.

Includes the freight/shipping costs associated with items purchased. Excludes costs of teacher's workbooks, costs of binding, textbook repairs (Object Code 401), and dedicated hardware equipment known as eReaders or e-book devices Object Code 466).

The rates of reimbursement for nonpublic students are based on these expenditures plus individualized instructional supply and material expenditures recorded in Object Code 433 for public school students.

This code is used in conjunction with any instructional Program Code, 200 through 699 (for use with all Programs 010 through 850 – see “Unrestricted – General Fund 01 Permitted Expenditure code Grid – Page 3).

470 Media Resources

Expenditures for library books, dictionaries, reference sets and pamphlets (including freight and cartage) for general use (not certain classes, grades or student groups). Also used for binding and repair of existing library books. This would include student books and most print materials, print periodicals, audio and video/DVD, electronic journal subscriptions, electronic encyclopedias and licenses for specific electronic materials (both), and other physical materials. Please refer to Object Codes 405, Non-Instructional Software License Agreements, and 505, Capitalized Non-Instructional Software, for media management system expenditures for textbooks and library materials. Please refer to Object Code 465 for Non-Instructional Technology Devices.
490 Food

Expenditures for all purchases of food for all uses excluding milk not used in preparation of food. Purchases of food for the food service program must be associated with Program Code 770, Food Services. Purchases of food for instructional use should be associated with the appropriate Regular Instruction or Vocational Instruction program category.

Note: For Special Education, when food is purchased and used for instructional purposes and the student’s IEP says there is a need for transition services; LEAS should use Object Code 433, Supplies and Materials – Individualized Instruction, instead of 490 and enter the expenses on EDRS with Service Code “H”.

530 Other Equipment Purchased

Include expenditures incurred for the purchase of furniture and any other equipment not classified in another object code of this series. Please refer to Object Codes 465, Non-Instructional Technology Devices; 466, Instructional Technology Devices; 555, Capitalized Non-Instructional Technology Hardware; and 556, Capitalized Instructional Technology Hardware for technology equipment. Include only equipment which meets the criteria for capital expenditures cited at the beginning of this series.

Note: For Library Media Center (Program Code 620) expenditures include shelving, service desks and display cases.

533 Other Equipment Purchased for Special Education Direct Instruction

Include expenditures incurred for the purchase of furniture and any other equipment not classified in another object code of this series. Equipment purchased under this code must be used for special education direct student instruction. Technology equipment should be coded to Object Codes 466, 555 or 556. Include only equipment which meets the criteria for capital expenditures cited at the beginning of this series.

555 Capitalized Non-Instructional Technology Hardware

Record expenditures to purchase technology equipment that meet the capitalization threshold. Technology-related hardware having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the LEA for financial statement purposes, or $5,000. Includes network equipment, servers, computers and peripheral equipment, interactive telecommunications equipment, printers, cameras and monitors (refer to Object Code 455 for Non-Instructional Non-Capitalized Technology Related Supplies and Object Code 556 for Instructional Technology Related Hardware).

556 Capitalized Instructional Technology Hardware

Record expenditures to purchase technology equipment that meet the capitalization threshold. Technology-related hardware having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the LEA for financial statement purposes, or $5,000. Includes network equipment, servers, computers and peripheral equipment, interactive telecommunications equipment, printers, cameras and monitors.
monitors (refer to Object Code 455 for Non-Instructional Non-Capitalized Technology Related Supplies and Object Code 555 for non-Instructional Technology Related Hardware).

911 Commissioner Approved Transfers Out

For FY 2014 through FY 2017 only, use this code with the appropriate finance code to record transfers out adopted by school board resolution and approved by the commissioner under Minnesota Statutes, section 123B.80. Laws 2013, Chapter 116, Article 7, Section 19 as amended by Laws 2015, 1st Special Session, Chapter 3, Article 7, Section 6 requires the board to adopt a resolution stating that the transfer will not diminish instructional opportunities for students. The transfer cannot increase state aid or result in additional property tax authority for the district. Transfer requests under this temporary authority are not permitted from the Food Service Fund (02), the Community Service Fund (04), or the reserved account for Staff Development under section 122A.61. This expenditure is recorded as an Other Financing Use in the financial statements.

The following Source Dimension has been added effective July 1, 2016:

**ADDITIONS**

<table>
<thead>
<tr>
<th>Account</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>317</td>
<td>Long Term Facilities Maintenance (LTFM) State Aid (Fund 01 and 07)</td>
</tr>
</tbody>
</table>

Enter revenue for LTFM Aid in the General Fund and Debt Service. These funds are for restricted purposes and expenditures must be coded to one of the following Finance Codes: 347, 349, 352, 358, 363, 366, 367, 368, 369, 370, 379, 380, 381, 382, 383 and 384.

*Payment Description – XXS317 LTFM AID FY*

The following Source Dimension has had description changes effective July 1, 2016:

**CHANGES**

<table>
<thead>
<tr>
<th>Account</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>506</td>
<td>Impact Aid (Fund 01)</td>
</tr>
</tbody>
</table>

Record revenue from Federal Impact Aid received directly from federal sources to provide revenue to substitute for lost property tax revenues (CFDA No. 84.041, Elementary and Secondary Education Act, Title VII, Section 8003).

The following Balance Sheet Dimensions have been added effective July 1, 2016:

**ADDITIONS**

<table>
<thead>
<tr>
<th>Account</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>467</td>
<td>Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) (Funds 01 and 06)</td>
</tr>
</tbody>
</table>

Represents available resources to be used for LTFM projects in accordance with the 10 Year Plan. (Minn. § Stat. 123B.595, Subd. 12). This restricted/reserved account may go into deficit to the extent of future revenue authority.
Restricted/Reserved for Medical Assistance (Fund 01)

Represents available resources to be used for Medical Assistance expenditures in Finance Code 372 (Minn. Stat. § 125A.21, Subd. 3). This restricted/reserved account is not allowed to go into deficit.

The following Balance Sheet Dimension has had description changes effective July 1, 2016:

### CHANGES

<table>
<thead>
<tr>
<th>Account</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>406</td>
<td>Restricted/Reserved for Health and Safety (Fund 01)</td>
</tr>
</tbody>
</table>

Represented available resources to be used for health and safety projects in accordance with an approved health and safety plan through June 30, 2016. The June 30, 2016 ending fund balance in Balance Sheet Account 406 will continue to have levy adjustments applied through June 30, 2019. A positive or negative balance at June 30, 2019 must be transferred to the General Fund 01 Unassigned Balance Sheet Account 422.

The following Balance Sheet Dimensions have been deleted effective July 1, 2016:

### DELETIONS

<table>
<thead>
<tr>
<th>Account</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>405</td>
<td>Restricted/Reserved for Deferred Maintenance (Fund 01)</td>
</tr>
</tbody>
</table>

Districts that qualified for deferred maintenance revenue (aid and levy) but have not spent the proceeds must restrict the balance in this code. An independent or special school district that does not qualify to participate in the alternative facilities bonding and levy program under Minnesota Statutes, section 123B.59, Subdivision 1a, is eligible to receive deferred maintenance revenue per Minnesota Statutes, section 123B.591. See Finance Code 385 Deferred Maintenance for a description of the uses of this revenue. This restricted/reserved account in Fund 01 may have a deficit balance in anticipation of aid/levy receipts.

### 409

Restricted/Reserved for Alternative Facilities Program (Fund 06)

This restricted account represents the balance for two different programs; Alternative Facilities (1a) and Health and Safety related Alternative Facilities (1b). A district can only have revenue in one of the two programs. Alternative Facilities (1a) program reserve amount represents the resources available for approved expenditures based on the 10-year plan for capital projects for districts qualifying under Minnesota Statutes, section 123B.59, Subdivision 1a. See Finance Code 386 for a description of the expenditure possibilities. Health and Safety Alternative Facilities (1b) represents the restricted amounts remaining from projects over $500,000 that are based on criteria of the Health and Safety program (Minn. Stat. § 123B.59, Subd. 1b). See Health and Safety Finance Codes for a description of expenditure possibilities. This restricted/reserved account may go into deficit to the extent of future levy and/or bonding authority.
UFARS Submission Deadlines for Fiscal Year 2017

Minnesota Statutes, sections 123B.10 and 123B.77

- FY 2017 Preliminary Unaudited UFARS (September 15, 2017)
- FY 2017 Final Audited UFARS (November 30, 2017)
- FY 2017 Fiscal Compliance Table (November 30, 2017)
- FY 2017 Audit Report (December 31, 2017)
- For FY 2017 reporting, the December 31, 2017 statutory deadline falls on a Sunday; therefore, submissions are timely if submitted on the next succeeding day which is not a Saturday, Sunday, or legal holiday (Minn. Stat. § 474A.025). Submit by January 2, 2017. If the audit is mailed, it must be postmarked on or before January 2, 2017. Future UFARS 101.

UFARS 101 Workshops and Registration Information

UFARS 101 training introduces 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 expenditures/revenues exercises and website navigation.

Registration information for future UFARS 101 workshops are posted on the MDE calendar webpage or by following About MDE > Calendar. Scheduled dates for future registrations are:

- February 23, 2017
- April 20, 2017
- July 20, 2017

For questions about upcoming “Future UFARS 101 Workshops and Registration Information”, please contact MDE.UFARS-Accounting@state.mn.us.
Business Manager’s LISTSERV Subscriptions, Updates and MDE Contact Information

This service is provided to Business Manager’s by the Minnesota Department of Education (MDE) 1500 Highway 36 West, Roseville, Minnesota 55113 as an ongoing communication to Business Manager’s informing them of current MDE news. If you are a new subscriber or updating current information, please contact Michelle Carey at Michelle.Carey@state.mn.us or 651-582-8848 and provide the following in your email:

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

MDE Program Contacts

MDE Accounting Helpdesk
For UFARS Accounting, Manual and Chapter 10 Grid questions, contact the UFARS Accounting Helpdesk at MDE.UFARS-Accounting@state.mn.us.

MARSS Student Reporting
Minnesota Automated Student Reporting System (MARSS) contact MARSS@state.mn.us.

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

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

Special Education
Special Education Funds contact MDE.Spedfunding@state.mn.us.
Long-Term Facilities Maintenance (LTFM) Fund Transfer Guidance

Please reference the LTFM guidance for fund transfers (in this bulletin, page 33) to assist school districts with required UFARS coding. This guidance will be posted under the current MDE webpage for Long-Term Facilities Maintenance.
Minnesota Department of Education (MDE)
Long-Term Facilities Maintenance (LTFM) Fund Transfers
As of 12/29/16

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Project Description</th>
<th>Conclusion</th>
<th>Minnesota Statutes</th>
<th>Funds Program Code(s)</th>
<th>Finance Codes</th>
<th>Object Code</th>
<th>Source Code</th>
<th>Journal Entry</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A - Fund 01</strong></td>
<td>Project(s) between $100,000 to $1,999,999 per site for finance codes 358, 363 and 366 funded on a pay as you go basis with excess funds remaining.</td>
<td>No fund transfer required. MDE will adjust revenues based on the lesser of actual expenditures or approved costs.</td>
<td>123B.595 (reserve)</td>
<td>1 to 6</td>
<td>358, 363 &amp; 366</td>
<td>910</td>
<td>649</td>
<td>No Entry Required</td>
</tr>
<tr>
<td><strong>B - Fund 06</strong></td>
<td>Project(s) $2 million or more per site for finance codes 358, 363 and 366, funded with pay as you go (no debt issued) project is completed with excess funds remaining.</td>
<td>Funds must be transferred from Fund 01 to Fund 06 in the amount of the payments for the project. At the completion of the project any amount that was transferred in excess of expenditures must be returned to Fund 01. MDE will adjust revenues in the general fund based on the lesser of final expenditures or approved costs.</td>
<td>123B.595 (reserve)</td>
<td>1 to 6</td>
<td>865 and 867</td>
<td>358, 363 and 366</td>
<td>910</td>
<td>649</td>
</tr>
<tr>
<td><strong>C - Fund 06</strong></td>
<td>Project(s) between $100,000 to $1,999,999 per site for finance codes 358, 363 and 366, funded with debt, with excess funds remaining.</td>
<td>At the conclusion of the project, if the district does not have further approved LTFM projects in Finance Codes 358, 363, and 366 that can be funded under the language of the bond issue, the district should transfer the excess funds from Fund 06 to Fund 07. Districts with additional approved LTFM projects in Finance Codes 358, 363 or 366 that can be funded under the language of the bond issue should retain the excess in the LTFM Restricted/Reserved 467, Fund 06 and incorporate the excess funds into the calculation of the next LTFM bond issue for Finance Codes 358, 363 and 366. LTFM revenue is computed based on actual debt service payments.</td>
<td>475.61 (transfer)</td>
<td>6 to 7</td>
<td>866</td>
<td>358, 363 &amp; 366</td>
<td>910</td>
<td>649</td>
</tr>
<tr>
<td>Scenario</td>
<td>Project Description</td>
<td>Conclusion</td>
<td>Minnesota Statutes</td>
<td>Funds</td>
<td>Program Code(s)</td>
<td>Finance Codes</td>
<td>Object Code</td>
<td>Source Code</td>
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<tr>
<td>D - Fund 06</td>
<td>Project(s) $2,000,000 or more per site for Finance codes 358, 363 and 366, funded with debt with excess funds remaining.</td>
<td>At the conclusion of the project, the district does not have further approved LTFM projects in Finance Codes 358, 363, and 366 that can be funded under the language of the bond issue, the district should transfer the excess funds from Fund 06 to Fund 07. Districts with additional approved LTFM projects in Finance Codes 358, 363 or 366 that can be funded under the language of the bond issue should retain the excess in the LTFM Restricted/Reserved 467, Fund 06 and incorporate the excess funds into the calculation of the next LTFM bond issue for Finance Codes 358, 363 and 366. LTFM revenue is computed based on actual debt service payments.</td>
<td>475.61 (transfer)</td>
<td>6 to 7</td>
<td>867</td>
<td>358, 363 &amp; 366</td>
<td>910</td>
<td>649</td>
</tr>
<tr>
<td>E - Fund 01</td>
<td>Funding in Fund 01 has accumulated over time providing for a project over $2 million per site.</td>
<td>Funds must be transferred from Fund 01 to Fund 06 in the amount of the payments for the projects. At the completion of the project any amount that was transferred in excess of final expenditures must be returned to Fund 01.</td>
<td>123B.595 (reserve)</td>
<td>1 to 6</td>
<td>Fund 01-865 Fund 06-867</td>
<td>All except Finance Codes 358, 363 and 366</td>
<td>910</td>
<td>649</td>
</tr>
<tr>
<td>F - Fund 06</td>
<td>Project(s) $2 million or more per site funded with pay as you go (no debt issued), project is completed with excess funds remaining.</td>
<td>Funds must be transferred from Fund 01 to Fund 06 in the amount of the payments for the projects. At the completion of the project any amount that was transferred in excess of final expenditures must be returned to Fund 01.</td>
<td>123B.595 or MN Laws 2015, 1st SS, Ch 3, Art 7, Sec 19</td>
<td>1 to 6</td>
<td>867</td>
<td>All except Finance Codes 358, 363 and 366</td>
<td>910</td>
<td>649</td>
</tr>
<tr>
<td>Scenario</td>
<td>Project Description</td>
<td>Conclusion</td>
<td>Minnesota Statutes</td>
<td>Funds Program Code(s)</td>
<td>Finance Codes</td>
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<td>Source Code</td>
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<tr>
<td>G - Fund 06</td>
<td>Project(s) under $2 million per site funded with debt issued, project is completed with excess funds remaining.</td>
<td>At the conclusion of the project, if the district does not have further approved LTFM projects that can be funded under the language of the bond issue, the district should transfer the excess funds from Fund 06 to Fund 07. Districts with additional approved LTFM projects that can be funded under the language of the bond issue should retain the excess in the LTFM Restricted/Reserved 467, Fund 06 and incorporate the excess funds into the calculation of the next LTFM bond issue. LTFM revenue is computed based on actual debt service payments.</td>
<td>123B.595 (reserve) or 475.61 (transfer), 475.65</td>
<td>6 to 7</td>
<td>865</td>
<td>All except Finance Codes 358, 363 and 366</td>
<td>910</td>
<td>649</td>
</tr>
<tr>
<td>H - Fund 06</td>
<td>Project(s) $2 million or more per site funded with debt, project is completed with excess funds remaining.</td>
<td>At the conclusion of the project, if the district does not have further approved LTFM projects that can be funded under the language of the bond issue, the district should transfer the excess funds from Fund 06 to Fund 07. Districts with additional approved LTFM projects that can be funded under the language of the bond issue should retain the excess in the LTFM Restricted/Reserved 467, Fund 06 and incorporate the excess funds into the calculation of the next LTFM bond issue. LTFM revenue is computed based on actual debt service payments.</td>
<td>123B.595 (reserve) or 475.61 (transfer), 475.65</td>
<td>6 to 7</td>
<td>867</td>
<td>All except Finance Codes 358, 363 and 366</td>
<td>910</td>
<td>649</td>
</tr>
</tbody>
</table>