

# SCHOOL BUSINESS BULLETIN

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## **FY 2017 Maximum Allowable Wage Classification – Food Service**

Based on current information published by the Bureau of Labor Statistics – May 2016, the average hourly wage for public school food service directors is \$26.93. 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.

For questions regarding the “FY 2017 Maximum Allowable Wage Classification – Food Service”, please [submit inquiries to the UFARS Accounting Helpdesk](#) (mde.ufars-accounting@state.mn.us).

## **Electronic Data Reporting System (EDRS) Average Daily Membership (ADM) Estimates Reporting Deadline**

The EDRS ADM Projections System has a **June 9, 2017**, reporting date for school districts and charter schools. EDRS ADM data submitted for the June 9 deadline is used to compute aid entitlements beginning July 15, 2017, school year 2017-2018.

School districts and charter schools four years of older enter ADM via the [EDRS ADM/EL Projections System](#). Charter schools one-three years old will use the 2017-2018 Enrollment Projections Report form.

**NOTE:** EDRS and MARSS are **separate** student reporting systems and designed for separate student reporting results. EDRS is the means by which schools submit **estimated** ADM data; Minnesota Automated Student Reporting System (MARSS) is the means by which schools report **actual** enrollment data. Student numbers are never 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.

Contact [Jeanne Krile](#) at MDE with questions regarding EDRS ADM Enrollment Projections.

## Timelines for ADM Estimates – Calendar Year 2017

The Timelines for ADM Estimates and Selected Aid Entitlements for Calendar Year 2017 may be found on the MDE website under MDE > Districts, Schools and Educators, School Finance > MARSS Student Accounting > [Average Daily Membership](#).

### Timelines for ADM Estimates and Selected Aid Entitlements for Calendar Year 2017

These timelines are subject to change.

**December 1, 2016, MDE School Finance – Contact Jeanne Krile at 651.582.8637 or [jeanne.krile@state.mn.us](mailto:jeanne.krile@state.mn.us)**

- a) Be sure to follow each EDRS Update session step #2 with a Sum & Authorize step #3.
- b) Confirm accuracy of current estimates with a Sum & Authorize step #3 to change "Date Last Modified."

Date Due:	School Year:	Source:	Data:	Used for:
<b>Dec. 19, 2016</b>	2016-17	EDRS	Charter Schools 4+ and District-wide Resident, Adjusted, Extended Time and EL ADM estimates	<ol style="list-style-type: none"> <li>a. Update estimated General Education aid entitlements for metered payments beginning January 30, 2017</li> <li>b. February forecast</li> <li>c. Legislative requests</li> <li>d. End of session analysis reports and What If</li> </ol>
	2017-18	EDRS	Charter Schools 4+ and District-wide Resident, Adjusted, Extended Time and EL ADM estimates	<ol style="list-style-type: none"> <li>a. February forecast</li> <li>b. Legislative requests</li> <li>c. End of session analysis reports and What If</li> </ol>
	2018-19	EDRS	Charter Schools 4+ and District-wide Resident, Adjusted, Extended Time and EL ADM estimates	<ol style="list-style-type: none"> <li>a. February forecast</li> <li>b. Legislative requests</li> <li>c. End of session analysis reports</li> </ol>
<b>Dec. 19, 2016</b>	2016-17	ED0158	Charter Schools 1-3 Yrs. Old Third Update to Enrollment Projections Report FY 2017 Form ED-02158	Charter Schools aid entitlement January 30 thru End of Year
<b>April 9, 2017</b>	2016-17	ED02158	Charter Schools 1-3 Yrs. Old Fourth Update to Enrollment Projections Report FY 2017 Form ED-02158	<ol style="list-style-type: none"> <li>a. Charter Schools 1-3 Yrs old Aid Entitlements April 30 FY 2017</li> <li>b. ADM decreases will be reviewed.</li> </ol>
<b>April 19, 2017</b>	2016-17	EDRS	District-wide Resident, Adjusted and Extended Time ADM estimates	<ol style="list-style-type: none"> <li>a. What If and projection model updated for estimating year end receivables &amp; school district's use in budgeting and cash planning.</li> <li>b. Aid entitlements are not updated.</li> </ol>
	2017-18	EDRS	District-wide Resident, Adjusted and Extended Time ADM estimates	<ol style="list-style-type: none"> <li>a. Update What If with new estimates for district use in budgeting and cash planning.</li> <li>b. New estimates are not loaded to IDEAS.</li> </ol>
	2018-19	EDRS	District-wide Resident, Adj. and Extended Time ADM estimates	Seed the EDRS FY20 estimates
<b>May 20, 2017</b>	2016-17	EDRS	Charter Schools 4+ and School Districts Resident, Adjusted and EL ADM estimates	<ol style="list-style-type: none"> <li>a. What If and projection model updated for estimating year end receivables &amp; district's use in budgeting and cash planning.</li> <li>b. Verification of ADM Estimates</li> <li>c. Aid entitlements are not updated</li> </ol>
	2017-18	EDRS	Charter Schools 4+ and School Districts Resident, Adjusted and EL ADM estimates	a. Update What If with new estimates for district use in budgeting and cash planning.
<b>June 10, 2017</b>	2016-17	EDRS	District-wide Resident, Adjusted, Extended Time and EL ADM estimates	Districts can use this data in refining their year-end receivables.
<b>June 10, 2017</b>	2017-18	ED02158	Charter Schools 1-3 Yrs. Old 1st Update to Enrollment Projections Report 2017-18 Form ED-02158	Charter Schools 1-3 Yrs. old Aid Entitlement effective July 15 FY 2018

<b>Date Due:</b>	<b>School Year:</b>	<b>Source:</b>	<b>Data:</b>	<b>Used for:</b>
<b>Aug. 2, 2017</b>	2016-17	MARSS*	MARSS year-end files	a. August 30 FY 2017 entitlements b. Special Education tuition billing c. September 30 FY 2017 Early Childhood Screening Aid
<b>Aug. 18, 2017</b>	2017-18	EDRS	District-wide Resident, Adjusted, Extended Time and EL ADM estimates	a. Levy limitations for 2017 Pay 2018. These estimates generally are not changed after August 28th for levy reports b. Estimated General Education aid entitlements for metered payments beginning Sept. 30, 2017.
	2018-19	EDRS	District-wide Resident, Adjusted, Extended Time and EL ADM estimates	Levy limitations for 2017 Pay 2018. These estimates can be changed through September 30 for levy reports.
<b>Sept. 6, 2017</b>	2016-17	MARSS*	MARSS year-end files	September 30 and October 30 FY 2017 entitlements; Special Education tuition billing
<b>Sept. 30, 2017</b>	2017-18	ED02158	Charter Schools 1-3 Yrs. Old 2nd Update to Enrollment Projections Report 2017-18 Form ED-02158	Charter Schools 1-3 Yrs. old Aid Entitlement effective October 30 FY 2018
<b>Sept. 30, 2017</b>	2017-18	EDRS	District-wide Resident, Adjusted, Extended Time and EL ADM estimates	a. Estimated Districts and Charter Schools General Education aid entitlements for metered payments beginning Oct. 30, 2017 b. November forecast c. Governor's recommendations d. Update to proposed levy 2017 Pay 2018
	2018-19	EDRS	District-wide Resident, Adjusted, Extended Time and EL ADM estimates	a. November forecast b. Governor's recommendations c. Update to proposed levy 2017 Pay 2018
	2019-20	EDRS	District-wide Resident, Adjusted, Extended Time and EL ADM estimates	a. November forecast b. Governor's recommendations c. Update to proposed levy 2017 Pay 2018
<b>Oct. 18, 2017</b>	2016-17	MARSS*	MARSS Year End files. Only electronic appeal Web Files will be accepted after this date.	Estimated General Education aid entitlement for November 30 final payment
<b>Nov. 16, 2017</b>	2016-17	MARSS*	MARSS appeal files, if needed.	Final ADM for all aid entitlements using FY 2017 ADM and/or pupil units
<b>Dec. 1, 2017</b>	2016-17	MARSS*	Appeals of EOY FY 2017 MARSS data	Final ADM for all aid entitlements using FY 2017 ADM and/or pupil units
<b>Dec. 18, 2017</b>	2017-18	ED02158	Charter Schools 1-3 Yrs. Old 3rd Update to Enrollment Projections Report 2017-18 Form ED-02158	Charter Schools 1-3 Yrs. old Aid Entitlement beginning January 30 FY 2018
<b>Dec. 18, 2017</b>	2017-18	MARSS*	MARSS Fall files	FY 2019 Compensatory revenue
<b>Dec. 18, 2017</b>	2017-18	EDRS	District-wide Resident, Adjusted, Extended Time and EL ADM estimates	a. Estimated General Education aid entitlements until August 30. b. February forecast c. Legislative requests d. End of session analysis reports
	2018-19	EDRS	District-wide Resident, Adjusted, Extended Time and EL ADM estimates	a. February forecast b. Legislative requests c. End of session analysis reports
	2019-20	EDRS	District-wide Resident, Adjusted, Extended Time and EL ADM estimates	a. February forecast b. Legislative requests c. End of session analysis reports
<b>Jan. 5, 2018</b>	2017-18	MARSS*	Final Fall Files	FY 2019 Compensatory revenue

Contact Jeanne Krile at 651-582-8637 or [Jeanne.Krile@state.mn.us](mailto:Jeanne.Krile@state.mn.us) with questions about ADM timeline estimate reporting.

## 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 underreporting.

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., 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.

For questions about "Changing Student Information Systems (SIS) Software" please contact MDE at [marss@state.mn.us](mailto:marss@state.mn.us).

## Audit Requirements for FY 2017

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 2017 Audited Final Uniform Financial Accounting and Reporting Standards (UFARS) Data Submission and Fiscal Compliance Table Data Submission reporting is November 30, 2017, and Audit Reports are due by December 31, 2017. However, the **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).

- Audited Final UFARS Data Submission – due November 30, 2017
- Fiscal Compliance Table Data Submission – due November 30, 2017
- Audit Reports – due January 2, 2018 (for FY 2017)

**Note: Refer to “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 (GAAP or Yellow Book), the Federal Single Audit Act and the Minnesota Legal Compliance Guide as issued by the OSA. 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 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 CAP must be included within the LEA audit for MDE review. Audit findings should be numbered with the fiscal year and audit finding number (for example: 2017-1, 2017-2, etc.) and follow the CAP format listed in item 4 below.

MDE will review the audit report submitted by the auditor on behalf of each Local Education Agency (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 do 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. The MDE Manual for Activity Fund Accounting (MAFA) requires the student activity audit be listed in the table of contents of the full district audit unless a separate report is issued. If all student activities are under board control, a statement to that fact must be included in the financial notes.

School districts without student activity accounts must enclose a separate written memo or letter stating the school district does not have any student activity accounts. These steps will assist with verification a student activity audit has been completed or that the student activities are all under board control and were audited with the general fund. MDE requires any findings resulting from the audit have a CAP included for each finding. Audit findings should be numbered with the fiscal year and audit finding number (for example: 2017-01, 2017-02, etc.).

3. The (LEA) 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 column 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's website](#) (MDE > Districts, Schools and Educators > Data Submissions, Fiscal Compliance Table). After the audited data has been entered, 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, 2017.

MDE reporting requirements expects 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 the OSA include :

- 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.
- CAP for all written findings (including student activity audit).
- CAP should contain the following elements for each finding:
  - (1) an explanation of any disagreement with the finding.
  - (2) actions planned in response to the finding.
  - (3) the official responsible for ensuring the corrective action.
  - (4) a plan to monitor completion of corrective actions.
- Student activity audit or statement that funds are audited with the general fund.
- UFARS Fiscal Compliance Table.
- Single audit reports, if applicable.
- Management letter (if no management letter was issued to the district, a separate and additional memo stating that fact is to be included with the audit submission).

### **FY 2017 – Charter School Reporting Requirements**

According to Minnesota Statutes, section 124E.16, charter schools are required to submit audit reports and other annual public reports as outlined in Subdivisions 1 and 2:

**Subd.1. Audit report.**

- (a) A charter school is subject to the same financial audits, audit procedures, and audit requirements as a district, except as required under this subdivision. Audits must be conducted in compliance with generally accepted governmental auditing standards, the federal Single Audit Act, if applicable, and section [6.65](#). A charter school is subject to and must comply with sections [15.054](#); [118A.01](#); [118A.02](#); [118A.03](#); [118A.04](#); [118A.05](#); [118A.06](#); [471.38](#); [471.391](#); [471.392](#); and [471.425](#). The audit must comply with the requirements of sections [123B.75](#) to [123B.83](#), except to the extent deviations are necessary because of the program at the school. Deviations must be approved by the commissioner and authorizer. The Department of Education, state auditor, legislative auditor, or authorizer may conduct financial, program, or compliance audits. A charter school determined to be in statutory operating debt under sections [123B.81](#) to [123B.83](#) must submit a plan under section [123B.81, subdivision 4](#).
- (b) The charter school must submit an audit report to the commissioner and its authorizer by December 31 each year.
- (c) The charter school, with the assistance of the auditor conducting the audit, must include with the report, as supplemental information, a copy of management agreements with a charter management organization or an educational management organization and 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 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.



**Subd. 2. Annual public reports.**

- (a) A charter school must publish an annual report approved by the board of directors. The annual report must at least include information on school enrollment, student attrition, governance and management, staffing, finances, academic performance, innovative practices and implementation, and future plans. A charter school may combine this report with the reporting required under section [120B.11](#). A charter school must post the annual report on the school's official Web site. A charter school must also distribute the annual report by publication, mail, or electronic means to its authorizer, school employees, and parents and legal guardians of students enrolled in the charter school. The reports are public data under chapter 13.
- (b) The commissioner shall establish specifications for an authorizer's annual public report that is part of the system to evaluate authorizer performance under section [124E.05, subdivision 5](#). The report shall at least include key indicators of school academic, operational, and financial performance.

**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 (January 2, 2018 for FY 2017 reporting) of each year. Required charter school supplemental information is NOT a requirement of the OSA and is not to be submitted to the OSA.

Required documents are for the period of the fiscal year being reported. This year the period for fiscal reporting is 7/1/2016- 6/30/2017. An agreement overlapping the fiscal year will require both agreements to be submitted.

**Examples:**

1. Management contract with effective dates of 1/1/2016 – 12/31/2016 and 1/1/2017 – 12/31/2017, requires both contracts to be submitted.
2. Management contract which cover multiple years would submit the contract for the fiscal reporting period. (Contract 7/1/2014 -6/30/2017 would submit the same contract in the years of 2015, 2016 and 2017.)

## Required Charter School Submissions:

1. Copies 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:** Education Management Organization (EMO)  
Charter Management Organization (CMO)

## General Definitions

An Education Management Organization, or EMO, is usually defined as a private organization or firm (for profit) that manages public schools, including district and charter public schools. A Charter Management Organization, or 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.

2. Copies of service agreements or contracts **over** the lessor 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 exceeding the \$100,000 or 10 percent of year end audited expenditures should include with their submission, a letter to MDE, signed by the school's director, stating: "The XYZ Charter school does not have a contract with a management company or contracts which exceeds \$100,000 or 10 percent of year end audited expenditures."

## School Auditors

1. Independent audit reports for charter schools must include the audited data from the affiliated building corporation or other component units (Minn. Stat. § 124E.16, Subd. 1(d)).
2. Submission of Supplemental Information – Assist school with submitting agreement information.
3. 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 (Minn. Stat. § 124E.16, Subd. 1(e)).

Supplemental information is recommended to be submitted to MDE via email using the file naming convention and submitted to the email address below:

Fiscal Year	District ID	District Type	District Name	Report Name
4 characters	4 characters	2 characters	Up to 12 characters	<ul style="list-style-type: none"> <li>• Management</li> <li>• Service</li> </ul>

Each element must be separated by a "." (Period)

**Note:** Submit a separate file for each of these reports (see examples below):

- (1) Management Agreements suffix convention (mgmt.agree)
- (2) Service Agreements suffix convention (service.agree)

**Examples:** 2017.4113.07.FraserAcad.mgmt.agree  
2017.4113.07.FraserAcad.service.agree

If multiple files will be submitted in each category, number the files beginning with 1.

**Examples:** 2017.4113.07.FraserAcad.mgmt.agree1  
2017.4113.07.FraserAcad.mgmt.agree2  
  
2017.4113.07.FraserAcad.service.agree1  
2017.4113.07.FraserAcad.service.agree2

The email address for electronic submission is [mde.finmgt@state.mn.us](mailto:mde.finmgt@state.mn.us).

If electronic format is unavailable, required information may be submitted via U.S. Mail or by other courier; please submit printed (hard) copy of the required documents to:

Minnesota Department of Education  
Division of School Finance  
Attn: Mary Weigel  
1500 Highway 36 W  
Roseville, MN 55113

If you have questions about the "Changes to Charter School Reporting Requirements", please contact the UFARS Accounting Helpdesk at: [mde.ufars-accounting@state.mn.us](mailto:mde.ufars-accounting@state.mn.us).

## Submission Options

### 2017 Submission

1. Districts 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.**
2. Districts may submit completed financial audits and required supplemental information via email with attached files in a Portable Document Format (PDF) format using the naming convention identified here.

### To Submit E-files to MDE

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

### Naming Conventions

Audit reports may be submitted using the MDE email address provided below and must use the following naming convention. A separate file for each of these reports (see examples below):

Audited District Financial Statements	convention: FinStmt.District
District Management Letters	convention: MgtLtr.District
Student Activity Audits	convention: FinStmt.Student
Student Activity Management Letter	convention: MgtLtr.Student
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:

Fiscal Year	District Number	District Type	District Name	Report Name
4 characters	4 characters	2 characters	Up to 12 characters in length	- FinStmt.District - MgtLtr.District - FinStmt.Student - MgtLtr.Student - Other

Each element must be separated by a “.” (Period)

### Naming Convention Examples:

2017.0001.03.Minneapolis.FinStmt.District  
 2017.0001.03.Minneapolis.FinStmt.Student  
 2017.0001.03.Minneapolis.MgtLtr.District  
 2017.0001.03.Minneapolis.MgtLtr.Student  
 2017.0001.03.Minneapolis.Other

Minnesota Statute, section 123B.77, Subdivision 3, also requires each district to send a copy of the audit and all supplemental report to the OSA. The OSA requests all copies to be in

electronic format and must be received no later than December 31, 2017 (January 2, 2018 for FY 2017 reporting).

The email addresses for electronic submission are:

**MDE:** [MDE.FinMgt@state.mn.us](mailto:MDE.FinMgt@state.mn.us)  
**OSA:** [SingleAudit@osa.state.mn.us](mailto: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: Mary Weigel  
 1500 Highway 36 West  
 Roseville, MN 55113-4266

If you have any questions, please contact Mary Weigel at (651) 582-8770 or email [Mary.Weigel@state.mn.us](mailto:Mary.Weigel@state.mn.us).

This letter is also posted on the [MDE website](#) (MDE > Districts, Schools and Educators > School Finance > Financial Management). As indicated above, MDE must receive all audit reports by December 31, 2017 (January 2, 2018 for FY2017 reporting), if received after December 31, 2017 (January 2, 2018 for FY 2017 reporting), the postmark must be on or before December 31, 2017 (January 2, 2018 for FY 2017 reporting).

### FY 2018 Federal Indirect Cost Rates

FY 2018 Federal Indirect Cost Rates are currently being reviewed and finalized for posting on the MDE website in May 2017 under [Indirect Cost Rates 2018](#) (Data Center > Data Reports and Analytics, under “School Financial Spreadsheets” select category “Indirect Cost Rates”):

Home About MDE Students and Families Licensing Districts, Schools and Educators Data Center

Minnesota Department of Education Home > Data Center > Data Reports and Analytics Search

## Indirect Cost Rates

Bookmark this page

The spreadsheets available here show the calculation of annual approved indirect cost rates used by local education agencies (LEAs) in Minnesota to recover any indirect costs for the administration of federal or state grants.

Use the Drop Downs to identify the files of interest

Category: Indirect Cost Rates  
 Subcategory: ALL  
 Year: 2017

List files  
 Reset

**Available Files**

Category	Subcategory	Year	Document	Data Files	Help Files
Indirect Cost Rates		2017	2017 Indirect Cost Rates	<a href="#">xlsx</a>	

For questions about “FY 2018 Federal Indirect Cost Rates”, contact [Mary.Weigel@state.mn.us](mailto:Mary.Weigel@state.mn.us) 651-582-8770. Inquiries may also be sent to the Accounting Helpdesk at [MDE.UFARS-Accounting@state.mn.us](mailto:MDE.UFARS-Accounting@state.mn.us).

## FY 2018 Charter School Lease Aid Application and Requirements

The FY 2018 Charter School Lease Aid Application and Requirements have been posted on the MDE website at [MDE > Districts, Schools and Educators > School Finance > Charter Schools](#) (select FY 2018 Charter School Lease Aid Requirements):

The screenshot shows the Minnesota Department of Education website. The navigation bar includes Home, About MDE, Students and Families, Licensing, Districts, Schools and Educators, and Data Center. The breadcrumb trail is MDE > Districts, Schools and Educators > School Finance > Charter Schools. The page title is Charter Schools. The main content area includes a sidebar with a list of categories, a main text area with introductory information and links, and a right sidebar with a search bar, a print button, and a photo of a teacher and students. A red arrow points to the link 'FY 2018 Charter School Lease Aid Requirements - 3/22/17' in the main text area.

**Minnesota Department of Education**  
MDE > Districts, Schools and Educators > School Finance > Charter Schools

**Charter Schools**

Audits  
 ▶ **Charter Schools**  
 Community Education, ECFE and School Readiness  
 Facilities and Technology  
 Federal Aid  
 Financial Management  
 Funding Projections and Trends  
 General Education  
 Levy Certification Process  
 MARSS Student Accounting  
 Nonpublic  
 Postsecondary Enrollment Options  
 Special Education  
 Transportation  
 Contact  
 School Finance  
 mde.funding@state.mn.us  
 651-582-8779

Charter schools are independent public schools of choice for parents and students. The first charter schools in the nation opened in Minnesota in 1992. Charter schools continue to be a popular choice for students seeking an alternative to traditional public schools. Currently there are 149 charter schools in operation in Minnesota serving over 37,000 students.

Charter schools offer a unique educational program and students can expect quality education based on results. Charter schools employ licensed teachers, offer services to special needs students and require students to take state and national tests to assure academic accountability. They do not charge tuition, and there are no admission requirements to enroll students in charter schools. New charter schools with exciting programs open their doors to students every year in Minnesota. Parents may contact charter schools directly to find out about the type of programs they offer and their enrollment options.

Visit the Data Center: [School Finance Spreadsheets: Charter Schools](#) to view Charter School Lease Aid spreadsheets.

**FY 2018 Charter School Lease Aid Requirements - 3/22/17** ←

Enrollment Projections Report for Charter Schools-School Year 2016-17 - 8/15/16  
 Enrollment Projections Report for Charter Schools-School Year 2018-19 - 3/28/16  
 Enrollment Projections Report for Charter Schools-School Year 2017-2018 - 3/28/16  
 FY 2017 Charter School Lease Aid Requirements - 3/25/16  
 FY 2016 Charter School Lease Aid Requirements - 5/4/15  
 2014 Building Lease Aid Legislation - 6/19/14  
 This memorandum is intended to answer several frequently asked questions regarding the 2014 amendment to the building lease aid statute.  
 Facilities Information Addressing the American Disabilities Act (ADA) and the Federal Asbestos Hazard Emergency Response Act (AHERA) - 10/18/11

Charter Schools Are Independent Public Schools of Choice

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Related MDE resources:  
 Minnesota Funding Reports (MFR)  
 MARSS Student Accounting - Average Daily Membership  
 Charter School Reports and Spreadsheets

Related offsite resources:

Included in the lease aid application information, please reference the March 27, 2017 memo from Director Tom Melcher, Division of School Finance. As indicated in the memo, 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 2018 Charter School Lease Aid Application to [MDE.CharterSchoolapps@state.mn.us](mailto:MDE.CharterSchoolapps@state.mn.us).

## UFARS Coding Additions, Changes and Deletions – Effective July 1, 2016 for FY 2017

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

### CHANGES

Account	Description
865	<p><b>Long-Term Facilities Maintenance (LTFM) – Excluding Costs in Program Codes 866 and 867 (Fund 01 and/or Fund 06) (<i>March 2017 description change</i>)</b></p> <p>Record costs for LTFM projects not included in Program Codes 866 or 867, which includes projects less than \$100,000 in all LTFM Finance Codes. 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).</p>
950	<p><b>Transfers</b></p> <p>All recurring expenditure transfers between funds to supplement resources of another fund. Also consists of expenditures that reflect a loss of assets to the district excluding payments for tuition and maintenance payments to other districts.</p>

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

### ADDITIONS

Account	Description
890	<p><b>Federal In-Kind Match Expenditures</b></p> <p>Expenditures related to a contributed service that creates or enhances nonfinancial assets (for example, volunteer improvements to a capital asset) or a contributed service that 1) requires specialized skills and 2) is provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation (the services of accountants, architects, carpenters, doctors, electricians, lawyers, nurses, plumbers, teachers and other professionals and craftsmen). These expenditures must equal the related Federal In-Kind Match Revenue, Source Code 097.</p>

**891 TRA and PERA Special Funding Situations Pension Expense**

Record the additional pension expense related to the support received from the State of Minnesota (as a nonemployer contributing entity) for TRA and PERA special funding situations per GASB statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. This amount represents Pension Expense as reported on the TRA and PERA GASB 68 “Footnotes Suggested Year-End Footnotes” entry number 5. See Source Code 397 for TRA and PERA Special Funding Situations Revenue.

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

**CHANGES****Account Description****199 Salary Adjustments - Full Cafeteria Plans/Cash in Lieu of Benefits**

Includes the adjustment necessary to align contracts to payments when an employee in a qualified cafeteria plan elects to receive cash amounts different than what their contract specifies. The amount recorded is the difference between the amount that the employee elects to receive as monetary compensation and the contracted amount that the district must report as salary in the appropriate object codes.

Districts should use this code for expenditures for personal days and unused sick days (when sick days are not part of a severance or retirement plan-see Object code 191-Severance and Early Retirement). Districts should also use this code for wellness incentives. These expenditures will be considered benefits (not salaries) by the Division Special Education and will not be reimbursed with state aid.

**295 Interdepartmental Employee Benefits (Chargeback)**

Use this code to reclassify the costs recorded in the employee benefit program (Program Code 930, Employee Benefits) as costs to other program categories. A debit entry using this object code charges the prorated expenditures to the specific program code receiving the benefits. A credit entry using this object code with Program Code 930 creates a contra-expenditure account (credit amount) to “zero out” expenditure(s). The total for this object code must equal zero.

**Note:** Federal program reporting requires the use of actual employee benefit object codes. Chargeback Object Code 295 cannot be used with a federal finance code.

**365 Interdepartmental Transportation (allocation)**

Include expenditures incurred to reclassify the costs incurred by the district’s transportation department in providing transportation services to the programs receiving their service. A debit entry using this Object code charges the prorated expenditure to the specific program that used the service. The credit side of the entry using this object code with Program Code 760, Pupil Transportation, creates a contra-expenditure amount that reduces the total expenditures in the



pupil transportation program. Reclassified costs should represent a fair allocation of the total costs. Total costs include labor, material, contracted services, and other direct and indirect costs. The total for this object code must equal zero.

**Note:** [Minnesota Statute, section 123B.92](#), Subdivision 5, requires school districts to allocate student transportation expenditures among categories by miles. Districts will need to determine a rate based on the district's total transportation expenditures for the entire school year in order to allocate the cost correctly. In addition, districts will need to document the miles that relate to the various federal programs on the supplemental sheet of the Pupil Transportation Annual Report (ED-01652). In the interim, before final rates are determined, districts may use estimated or prior year rates to report costs in the State Educational Record and View Submission (SERVS) system. Once final rates are determined, the district would need to align reported expenditures with final rates.

See Object Code 366 for travel information for staff in Transition Programs for Children with a Disabilities Usage.

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

### **CHANGES**

<b>Account</b>	<b>Description</b>
<b>401</b>	<p><b>Supplies and Materials - Non Instructional</b></p> <p>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, printer toner or office supplies and instructional materials purchased for resale. Also includes freight/shipping cost items associated with items purchased.</p>
<b>405</b>	<p><b>Non-Instructional Software Licensing Agreements</b></p> <p>Record expenditures for non-instructional annual software license agreements that are under the capitalization threshold. Includes the cost of electronic service plans that support and maintain due process documents and special education forms. See Object Codes 455 and 505 for purchase of software.</p>
<b>545</b>	<p><b>Interdepartmental Operating Capital (Chargeback)</b></p> <p>Use this code to reclassify the costs of making a capital improvement or creating a capital asset from departments within the district. Reclassification of costs is necessary to utilize revenues restricted/reserved for Operating Capital when the costs were originally incurred in other departments. The total debits and credits using this code must equal zero. Examples include any major repair project, creation of built-in storage or equipment by district personnel or students in program categories such as Operations and Maintenance or vocational instruction.</p>

Costs such as labor, materials, contracted services, and other direct and indirect costs of the capital project are accumulated in the program incurring the costs. These capital project costs may be kept separate from other program expenditures by use of a unique locally defined project code in the finance dimension. The same finance code should also appear in the reclassification entries described above to provide further identification and an audit trail. The total for this object code must equal zero.

This object code may also be used to reclassify expenditures for capital equipment between Finance Code 302, Operating Capital and Finance Code 000, District-Wide.

**Note:** Chargeback Object Code 545 cannot be used with a federal finance code.

### **895 Federal and Nonpublic Indirect Cost (Chargeback)**

Use this code to reclassify the indirect costs allowed in federal grants using the indirect cost rate calculated by the Minnesota Department of Education. This code allows federal revenue and federal expenditures to balance. This code must be included on reports sent to the state for reimbursement. This code can also be used to report the administrative portion of nonpublic expenditures. Finance Code 000 should be used to record the nonpublic administrative percentage allotment. The total for this object code must equal zero.

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

#### **ADDITIONS**

<b>Account</b>	<b>Description</b>
<b>097</b>	<b>Federal In-Kind Match Revenue</b>
	Revenue related to a contributed service that creates or enhances nonfinancial assets (for example, volunteer improvements to a capital asset) or a contributed service that 1) requires specialized skills and 2) is provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation (the services of accountants, architects, carpenters, doctors, electricians, lawyers, nurses, plumbers, teachers and other professionals and craftsmen). The revenue must equal the related Federal In-Kind Match Expenditures.
<b>397</b>	<b>TRA and PERA Special Funding Situations Revenue</b>
	Record the support received from the State of Minnesota (as a nonemployer contributing entity) for TRA special funding situation per GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. This amount represents the Revenue – State Aid as reported on the TRA GASB 68 “Footnotes Suggested Year-End Footnotes” entry number 5. See Object code 891 for TRA Special Funding Situations Pension Expense.

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

#### **CHANGES**

<b>Account</b>	<b>Description</b>
<b>014</b>	<b>Taconite Property Tax Relief and Supplementary Homestead Property Tax Relief Revenue</b>  Record revenue from the county for Taconite Property Tax Relief and Supplementary Homestead Property Tax Relief. This revenue is to be allocated to all funds having this levy (Minn. Stat. § <a href="#">273.1391</a> and Minn. Stat. § <a href="#">273.136</a> ).

The following **Balance Sheet** Dimensions **have had description changes** effective July 1, 2016:

#### **ADDITIONS**

<b>Account</b>	<b>Description</b>
<b>261</b>	<b>Special Assessments and Compensated Absences</b>  Represents long-term debt for special assessment charges and compensated absences [see Governmental Accounting Standards Board (GASB) 6].
<b>448</b>	<b>Restricted/Reserved for Achievement and Integration Revenue (Fund 01 and 09)</b>  The unspent resources available from the Achievement and Integration program must be restricted in this account for use within the fiscal year (no carryover is allowed). All activity in this account must be related to Finance Code 313 and 318 (Minn. Stat. § <a href="#">124D.862</a> ) and spent on the students that generated the revenue in the current year. <i>This restricted/reserved account is not allowed to go into deficit.</i>

### **UFARS Coding Additions, Changes and Deletions – Effective July 1, 2017 for FY 2018**

The following **Finance** Dimensions **will be added** effective July 1, 2017:

#### **ADDITIONS**

<b>Account</b>	<b>Description</b>
<b>175</b>	<b>Title VII – Impact Aid (Fund 01)</b>  Record revenues and expenditures for Impact Aid Program. Many local school districts across the United States include within their boundaries parcels of land that are owned by the Federal Government or that have been removed from the local tax rolls by the Federal Government, including Indian lands. Impact Aid was designed to assist local school districts that have lost property tax revenue due to the presence of tax-exempt Federal property, or that have experienced increased expenditures due to the enrollment of federally connected children, including

children living on Indian lands (CFDA No. 84.041 Elementary and Secondary Education Act (ESEA), P.L. 107-110) as reauthorized under the Every Student Succeeds Act (ESSA). (34 C.F.R. § 200.35(a)(i)(B)(2)). This finance code is used to identify revenues and expenditures against Balance Sheet Code 475, Restricted for Title VII-Impact Aid.

**176 Payments in Lieu of Taxes (PILT) (Fund 01)**

This code is used to record all revenues and expenditures of PILT. PILT are payments to local governments that help offset losses in property taxes due to non-taxable Federal lands within their boundaries. (34 C.F.R. § 200.35(a)(i)(B)(2)). This finance code is used to identify revenues and expenditures against Balance Sheet Code 476, Restricted for Payments in Lieu of Taxes (PILT).

**185 Private Sources (Fund 01)**

Record revenues and expenditures from Private Sources. Private Sources are funds from individuals, private enterprises, local foundations that are outside of government. Federal, state or local governmental revenues and expenditures must be excluded from Private Sources (Elementary and Secondary Education Act (ESEA), P.L. 107-110) as reauthorized under the Every Student Succeeds Act (ESSA). (34 C.F.R. § 200.35(a)(i)(B)(2)). This finance code is used to identify revenues and expenditures against Balance Sheet Code 485, Restricted for Private Sources.

The following **Finance Dimensions will be deleted** effective July 1, 2017:

**DELETIONS**

**Account Description**

**818/918 Individuals with Disabilities Education Act (IDEA), Part B, Section 611 Content Literacy Continuum Replacement (Fund 01)**

Record revenues and expenditures used to develop a plan to scale up and sustain Minnesota's capacity to coach districts in reaching full implementation of the CLC model. The grantee may use funds to negotiate and prepare to be a certified training site for staff and districts adopting the CLC model, develop a plan for building capacity and sustained implementation in Minnesota, and establish demonstration site(s) for successful implementation of the CLC model grades 7-12 (P.L. 108-466, CFDA 84.027A, Special Education – Grants to States).

**837/937 Individuals with Disabilities Education Act (IDEA), Special Education – State Program Improvement Grants for Children with Disabilities**

Record revenues and expenditures for this special education discretionary grant used to enhance personnel development programs for the purpose of building capacity that will improve educational outcomes for students with disabilities (CFDA 84.323A).

- 860/960 Title V, Part B, Sub 1 - Public Charter School Program (PCSP) Dissemination Grant (Fund 01)**  
Record revenues and expenditures for the activities of funding a dissemination grant for best practices of high quality given to a charter school. The charter school must have been in operation for at least three years (P.L. 107-110; CFDA No. 84.282. Elementary and Secondary Education Act of 1965 as amended by No Child Left Behind-2001, Title V, Part B, Subpart I. 20 U.S.C. 8061-8067).
- 865/965 Voluntary Public School Choice (Fund 01)**  
Record revenues and expenditures for the voluntary public school choice program. These funds are used to support efforts to establish or expand intra-district, inter-district, and open enrollment public school choice programs to provide parents, particularly parents whose children attend low-performing public schools, with expanded education options and with greater choice for their children's education (CFDA No. 84.361, Title V, Part B, Subpart 3: Elementary and Secondary Education Act (ESEA), P.L. 107-110).
- 876/976 Individuals with Disabilities Education Act (IDEA), Part B, Section 611 Discretionary Building Capacity (Fund 01)**  
Record revenues and expenditures for this special education discretionary grant that creates work experiences and competitive employment opportunities for high school students with disabilities (P.L. 108-466, CFDA 84.027A, Special Education – Grants to States).

The following **Finance Dimensions will have description changes** effective July 1, 2017:

### **CHANGES**

<b>Account</b>	<b>Description</b>
<b>401/601</b>	<p><b>Title I, Part A – Improving the Academic Achievement of the Disadvantaged (Fund 01 and 04)</b></p> <p>Record revenues and expenditures to expand and improve educational programs to meet the needs of educationally disadvantaged children in low-income areas (CFDA No. 84.010, Title I, Part A: Elementary and Secondary Education Act (ESEA), P.L. 107-110) as reauthorized under the Every Student Succeeds Act (ESSA). Fund 04 must be used for pre-kindergarten programs funded by Title I, Part A. Use with Program Code 216 unless you are a recipient of the Race to the Top Early Learning Challenge (ELC) Grant.</p> <p>If you are a recipient of the Race to the Top ELC Grant, you must use Program Codes 579 and 581 for expenditures in excess of the amount spent in the previous year.</p>

- 406/606 Title I, Part D – Prevention and Intervention Programs for Children and Youth who are Neglected, Delinquent or At-Risk (Fund 01)**  
Formula grants to expand and improve educational programs to meet the special needs of children under 21 years of age who have been placed in a correctional/treatment institution for the delinquent (CFDA No. 84.010A, Title I, Part D: Elementary and Secondary Education Act (ESEA), P.L. 107-110) as reauthorized under the Every Student Succeeds Act (ESSA). Use only with Program Code 216.
- 414/614 Title II, Part A – Teacher and Principal Training and Recruiting (Fund 01)**  
Record revenues and expenditures from grants for the improvement of teaching skills and in the instruction of core curricula areas, specifically mathematics and science (CFDA No. 84.367, Title II, Part A: Elementary and Secondary Education Act (ESEA), P.L. 107-110) as reauthorized under the Every Student Succeeds Act (ESSA). Use with Program Code 204. See Chapter 10, Permitted Code Combinations, for additional programs that can be used in the flexibility provision for this finance code.
- 417/617 Title III, Part A – English Language Acquisition, Language Enhancement and Academic Achievement (Fund 01)**  
Federal education program designed to help ensure that children who are English Learners, including immigrant children and youth, attain English proficiency. (CFDA 84.365, Title III, Part A: Elementary and Secondary Education Act (ESEA), P.L. 107-110) as reauthorized under the Every Student Succeeds Act (ESSA). These funds cannot be redirected. Use only with Program Code 205.
- 424/624 Title V, Part B, Subpart 2 – Rural and Low-Income Schools (Fund 01 and 04) (Previously Title VI)**  
Federal education program, REAP, Rural and Low-Income School grant program designed to provide financial assistance to rural districts to assist them in meeting the state academic achievement standards (CFDA 84.358B, Title V, Part B, Subpart 2: Elementary and Secondary Education Act (ESEA), P.L. 107-110), as reauthorized under the Every Student Succeeds Act (ESSA). See Chapter 10, Permitted Code Combinations, for additional programs that can be used in the flexibility provision for this finance code.
- 442/642 Title III, Part A – Immigrant Grant (Fund 01)**  
Federal Education Program, which is a subpart of Title III, Part A, designed to help ensure that immigrant children gain access to the regular school curriculum (CFDA 84.365, Title III, Part A: Elementary and Secondary Education Act (ESEA), P.L. 107-110) as reauthorized under the Every Student Succeeds Act (ESSA). These funds cannot be redirected. Use only with Program Code 205.

- 514 Title V, Part A – Small, Rural Education Achievement Program Grants (Fund 01 and 04) (Previously Title VI)**
- Record revenues and expenditures for the Small, Rural Education Achievement Grant that districts may receive directly from the federal government. This grant is made available to conduct education programs and services that will meet the unique needs of students in small, rural schools (CFDA 84.358, Elementary and Secondary Education Act (ESEA) 20 U.S.C 7101 et seq.) as reauthorized under the Every Student Succeeds Act (ESSA).
- 859/959 Title V, Part B – Charter School Federal Grant (Fund 01 and/or Fund 02)**
- Record revenues and expenditures for the total amount received in Charter School Federal Title V Start-Up Grant. Grants are to provide financial assistance for the designing, planning and initial implementation of charter schools; and to evaluate the effects of such schools, including the effects on students, student achievement, staff and parents (P.L. 107-110; CFDA 84.282. Elementary and Secondary Education Act of 1965 as reauthorized under the Every Student Succeeds Act (ESSA)).
- 868/968 Title VIII: Education for Homeless Children and Youths (Fund 01) (Previously Title X)**
- Record revenues and expenditures to provide education and support services to homeless children through funding under the authority of the McKinney-Vento Homelessness Assistance Act (CFDA No. 84.196, Elementary and Secondary Education Act (ESEA), P.L. 107-110) as reauthorized under the Every Student Succeeds Act (ESSA)).

The following **Balance Sheet Dimensions will be added** effective July 1, 2017:

**ADDITIONS**

<b>Account</b>	<b>Description</b>
<b>475</b>	<b>Restricted for Title VII – Impact Aid Funds (Fund 01)</b> Represents the unspent resources available from the Title VII – Impact Aid funds. All activity in this account must be related to Finance Code 175 (CFDA No. 84.041 Elementary and Secondary Education Act (ESEA), P.L. 107-110) as reauthorized under the Every Student Succeeds Act (ESSA). (34 C.F.R. § 200.35 (a)(i)(B)(2)). <i>This restricted balance sheet account is not allowed to go into deficit.</i>
<b>476</b>	<b>Restricted for Payments in Lieu of Taxes (PILT) (Fund 01)</b> Represents the unspent resources available from the PILT funds. All activity in this account must be related to Finance Code 176 (CFDA No. 84.041 Elementary and Secondary Education Act (ESEA), P.L. 107-110) as reauthorized under the Every Student Succeeds Act (ESSA). <i>This restricted balance sheet account is not allowed to go into deficit.</i>

**485 Restricted for Private Sources (Fund 01)**

Represents the unspent resources from Private Sources. All Activity in this account must be related to Finance Code 185 (Elementary and Secondary Education Act (ESEA), P.L. 107-110) as reauthorized under the Every Student Succeeds Act (ESSA). (34 C.F.R. § 200.35 (a)(i)(B)(2)). *This restricted balance sheet account is not allowed to go into deficit.*

*\*Note – This Balance Sheet Account is required for Charter Schools.*

**Transportation Routing Software – UFARS Coding**

The Minnesota Department of Education (MDE) Division of School Finance has received many questions on how to code electronic transportation routing software expenditures. Every Local Education Agency (LEA) needs to segregate all expenditures for the various transportation categories. Transportation routing costs are initially considered general education costs because they are required whether or not you serve all general education, special education or a mix of students in a public school.

At the beginning of the year, you should code the routing software to Uniform Financial Accounting and Reporting System (UFARS) Finance Code 733. If the expenditure meets your capitalization threshold use Object Code 505 – Capitalized Non-Instructional Technology Software. If the expenditure does not meet your capitalization threshold, use Object Code 405 Non-Instructional Software Licensing Agreements.

At the end of the year, you should allocate to the appropriate finance codes (i.e. Regular To-and-From, or 723, Transportation of Pupil) based upon your allocation method. Please review Chapter 13 in the UFARS Manual regarding cost allocation standards. The UFARS chapters are posted to the MDE website under [MDE > Districts, Schools and Educators > School Finance > Financial Management > UFARS](#).

Another resource is the “Financial Accounting for Student Transportation Services”. The document is posted on the MDE website under [MDE > Districts, Schools and Educators > School Finance > Reporting](#).

For “Transportation Routing Software – UFARS Coding” questions, please email [mde.funding@state.mn.us](mailto:mde.funding@state.mn.us)

**Career and Technical Education (CTE) – UFARS Coding**

As of June 30, 2016, there were a few districts who had fund balances in the Balance Sheet Account 445 – Career and Technical Programs.

Due to CTE funding calculations, which are based upon expenditure reimbursement of 35 percent, it is not feasible to accumulate a fund balance. If your district currently has a fund balance, please review to determine when and how this accumulated. It may be due to over levying, an unapproved CTE program or inappropriate expenditures coding.

For questions about “Career and Technical Education (CTE) – UFARS Coding”, please contact the UFARS Helpdesk at [MDE.UFARS-Accounting@state.mn.us](mailto:MDE.UFARS-Accounting@state.mn.us).



## Debt Service Bond Refunding - UFARS Coding

If your district has a bond refunding during the fiscal year, please make sure you code to the appropriate Balance Sheet Account 425 – Restricted/Reserved for Bond Refunding. *Coding the bond refunding to incorrect balance sheet accounts will cause inaccurate debt excess calculations which will reduce the allowable debt levy amount.*

For questions about “Debt Service Bond Refunding – UFARS Coding”, please contact the UFARS Accounting Helpdesk at [MDE.UFARS-Accounting@state.mn.us](mailto:MDE.UFARS-Accounting@state.mn.us).

## Credit Card Fee Charges

If your school is considering initiating credit card fees, please reference the following Minnesota Statute 123B.38 for guidance on how to proceed:

### 123B.38 HEARING.

Before the initiation of any fee not authorized or prohibited by sections [123B.36](#) and [123B.37](#), the local board must hold a public hearing within the district upon three weeks published notice in the district's official newspaper, or such notice as is otherwise required for a regular board meeting given three weeks before the hearing on the proposed adoption of the policy.

As indicated in the statute, this applies to the initiation of any fee. For further questions, please contact the UFARS Accounting Helpdesk at [MDE.UFARS-Accounting@state.mn.us](mailto:MDE.UFARS-Accounting@state.mn.us).

## Health and Safety Fund Closeout Memo

**FROM:** Tom Melcher, School Finance Director

**DATE:** March 14, 2017

**SUBJECT:** HEALTH AND SAFETY FUND CLOSEOUT (Minn. Stat. § 123B.595)

FY 2016 was the last year of the old Health & Safety revenue formula. Revenue equaled cumulative cost through FY 2016 less cumulative revenue through FY 2015. In past years, MDE has limited Health & Safety revenue for a fiscal year to the amount calculated using the district's estimated costs at the time of initial levy certification, which occurs in the fall of the year before the year in which the fiscal year begins. Subsequent adjustments to costs were used to adjust revenues for later years. Some districts also have elected to levy less than the maximum and spread the levy authority over more than one year. Because FY 2016 was the last year of the old Health & Safety formula, the revenue limit based on the initial levy data was lifted for FY 2016 and all remaining adjustments to old formula Health & Safety revenue for FY 2016 and earlier were administered as part of the FY 2016 Health and Safety revenue calculations.

Some districts are currently carrying negative Health and Safety balances, which may be caused by (1) district under levies in past years, (2) the lag in revenue for costs not included in initial levy estimates that were adjusted for in subsequent revenue, (3) districts recording some costs in H&S on UFARS which were not approved by MDE and therefore did not generate H&S revenue or (4) districts had H&S costs approved by MDE but did not properly record the expenditures on UFARS and therefore did not generate H&S revenue. Lifting the revenue cap

enables districts to eliminate negative balances caused by the first two items as Health & Safety levies for FY 2016 are adjusted over a three-year period. The third and fourth issues were addressed through an appeal process last year for including previously unreported / unapproved costs to in FY 2016 revenue calculations.

The FY 2016 Health and Safety final carry-forward adjustment due for FY 2019 is found on line 28 of the 15-16 Capital Health and Safety Aid found on MFR under "Aid Entitlement Reports" and will be included on the payable 2018 levy this fall. After recording this adjustment, any remaining balance (positive or negative) should be transferred from Balance Sheet Code 406, Restricted/Reserved for Health and Safety, to the Balance Sheet Code 422, Unassigned Fund Balance.

## QUESTIONS

Questions concerning this memo should be directed to Lonni Moe at [lonni.moe@state.mn.us](mailto:lonni.moe@state.mn.us) (preferred) or (651) 582-8569. The memo may be found on the MDE website under MDE > Districts, Schools and Educators > School Finance > Facilities and Technology > Long-Term Facilities Maintenance, then select [Health and Safety Fund Closeout Memo](#).

## **FY 2017 Financial Reporting (only for new charters that received public funds in FY 2017)**

Minnesota charter schools are required by law to prepare financial reports and annual budgets (Minn. Stat., § 124E.16). The Uniform Financial Accounting and Reporting Standards (UFARS) is an integral part of the accounting and reporting process for school districts.

- New charter schools are strongly encouraged to attend UFARS training, which will be listed on [MDE's Calendar](#).

New schools that received state or federal revenue in FY 2017 (including current federal CSP grantees) are required to submit financial data to MDE for FY 2017 per Minnesota Statutes, section 123B.77, Subdivisions 2 and 3:

- FY 2017 **Preliminary Unaudited** UFARS data is **due September 15, 2017**.
- FY 2017 **Final Audited** UFARS data is **due November 30, 2017**.
- FY 2017 Compliance Table (audit data and UFARS) is **due November 30, 2017**.
- FY 2017 Audit Report is **due on December 31, 2017**. The 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-**January 2, 2018** ([Minn. Stat. § 474A.025](#)). **If the audit is mailed, it must be postmarked on or before January 2, 2018.**

According to [Minnesota Statutes, section 124E.16, Subdivision 1\(a\)](#), "A charter school is subject to the same financial audits, audit procedures, and audit requirements as a district, except as required under subdivision 6a". Every charter school is required by law to publish an annual report on the school's official website to include financial and other relevant information ([Minn. Stat. § 124E.16, Subd. 2](#)). Charter schools are not statutorily required, but are strongly encouraged, to comply with Minnesota Statutes, section 123B.10, Subdivision 1, which requires the school's board to publish prior and current fiscal year revenue, expenditures and fund

balances as follows:

- Publish the school's revenue and expenditure budgets for the prior year (FY 2017) and the actual revenues, expenditures, fund balances for the current year (FY 2018) in a form prescribed by the commissioner (form ED-00110-40 on the [MDE website](#): select "District Expenditures and Revenues Budget for FY 2017 and FY 2018") by November 30, 2017, or within one week of the board's acceptance of the school's final audit for FY 2017, whichever is earlier.

Questions regarding UFARS and audit report submissions or budget publication requirements should be directed to the MDE Accounting Helpdesk at [mde.ufars-accounting@state.mn.us](mailto:mde.ufars-accounting@state.mn.us).

### **UFARS Submission Deadlines for Fiscal Year 2017**

FY 2018 budget must be board approved *prior* to July 1, 2017 (Minn. Stat. § 123B.77, Subd. 4).

Information on the FY 2017 budget must be published within one week of accepting the FY 2017 audit or November 30, 2017, whichever is earlier (Minn. Stat. § 123B.10, Subd. 1).

The FY 2017 **Preliminary** Unaudited UFARS data is due September 15, 2017 (Minn. Stat. § 123B.77, Subd. 2).

The FY 2017 **Final** Audited UFARS data is due November 30, 2017 (Minn. Stat. § 123B.77, Subd. 3).

The FY 2017 Fiscal Compliance Table (audit data and UFARS) is due November 30, 2017 (Minn. Stat. § 123B.77, Subd. 3).

The FY 2017 Audit Report is due on December 31, 2017. The **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, 2018**.

If the audit is mailed, it must be postmarked on or before January 2, 2018 (Minn. Stat. § 123B.77, Subd. 3).

### **NEXT UFARS 101 Training Scheduled on July 20, 2017**

The next scheduled date for UFARS 101 training is July 20, 2017, at MDE, 1500 Highway 36 West, Conference Center B, Room CC13, 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](#) webpage or by following About MDE > Calendar.

For questions about the "UFARS 101 Training Scheduled on July 20, 2017", please contact [MDE.UFARS-Accounting@state.mn.us](mailto:MDE.UFARS-Accounting@state.mn.us).

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## **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 [MDE Funding](#) and provide the following information in your email:

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

### **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](mailto:MDE.UFARS-Accounting@state.mn.us).

#### **MARSS Student Reporting**

Minnesota Automated Student Reporting System (MARSS) contact [MARSS@state.mn.us](mailto:MARSS@state.mn.us).

#### **SERVS Financial**

To gain access and utilize SERVS Financial contact [MDE.SERVSFinancial@state.mn.us](mailto:MDE.SERVSFinancial@state.mn.us).

#### **Title Programs**

Title Programs contact [MDE.NCLB@state.mn.us](mailto:MDE.NCLB@state.mn.us).

#### **Special Education**

Special Education Funds contact [MDE.Spedfunding@state.mn.us](mailto:MDE.Spedfunding@state.mn.us).