School Business Bulletin
A Publication of the Division of School Finance

May 2018 Number 62

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Fiscal Year (FY) 2018 Maximum Allowable Wage Classification – Food Service

Based on current information published by the Bureau of Labor Statistics – May 2017, the average hourly wage for public school food service directors is $30.22. 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 2018 Maximum Allowable Wage Classification – Food Service,” please submit inquiries to the Minnesota Department of Education (MDE) – Food and Nutrition Service (mde.fns@state.mn.us).

Nonprogram Food Revenue Requirement

Regulation

Section 206 of the Healthy, Hunger-Free Kids Act of 2010 requires that the ratio of nonprogram revenue to total revenue must be greater than the ratio of nonprogram food to total food. The calculation to assess compliance with this requirement is below.

\[
\frac{\text{Nonprogram food revenue}}{\text{Total Revenue}} \geq \frac{\text{Cost of nonprogram food}}{\text{Total food cost}}
\]

Equation Component Definitions:

- Nonprogram Food Revenue – refers to all funds accumulated to the school food service account associated with the sale of nonprogram foods in the above definition which includes food costs associated with adult meals.
- Total Revenue – refers to all funds accumulated to the school food service account.
- Cost of Nonprogram Food – refers to the amount paid for food sold in a participating school other than a reimbursable meal and is purchased using funds from the school food service account of the school. This is a broad definition and includes beverages, a la carte foods, and any extra reimbursable foods that are sold such as an extra slice of pizza or carton of milk.
- Total Food Cost – refers to the total amount paid for food for both reimbursable meals and nonprogram food purchased with the school food service account.

Reporting

The uniform allocation of costs is vital to providing comparable programmatic financial data on a statewide basis. In Minnesota, the Uniform Financial Accounting and Reporting Standards (UFARS) contains the multi-dimensional account code structure that guides consistent reporting of revenues and expenditures.
Food Service Fund Food Costs

Accurate accounting and effective program management requires that costs of food, labor and fringe benefits, and other direct costs be allocated to each of the food programs. Each food program is identified in UFARS by a specific finance code:

<table>
<thead>
<tr>
<th>701</th>
<th>702</th>
<th>703</th>
<th>705</th>
<th>706</th>
<th>707</th>
<th>709</th>
<th>469</th>
</tr>
</thead>
<tbody>
<tr>
<td>National School Lunch Program (NSLP)</td>
<td>After School Snack Program</td>
<td>Special Milk Program and Minnesota Kindergarten Milk Program</td>
<td>School Breakfast Program (SBP)</td>
<td>Fresh Fruit/Veg Grant Program (FFVP)</td>
<td>A La Carte and Other Nonprogram</td>
<td>Summer Food Service Program (SFSP)</td>
<td>Child and Adult Care Food Program (CACFP)</td>
</tr>
</tbody>
</table>

Once the program has been identified, each revenue is further defined with a Source Code and each expense is further defined with an Object Code.

Assessing Compliance Through Reporting

If revenue and expense are coded as described below, an accurate calculation can be made to assess compliance with the Nonprogram Food Revenue requirement.

Nonprogram Food Revenue

The UFARS Source Codes that may be used to identify sales within a program are:

- 601 Student Sales – sales to students can be either program or nonprogram.
- 606 Adult Sales – all adult sales are considered nonprogram.
- 608 Special Function Food Sales – all special function (catering) sales are considered nonprogram.

In the event of student sales, it is the Finance Code that identifies whether or not the sale is program or nonprogram. If the student sale is a reimbursable meal, it is considered a program sale and must be recorded in either Finance 701 or Finance 705. If the student sale is not a reimbursable meal, it is considered a nonprogram sale and must be recorded in Finance 707.

Cost of Nonprogram Food

The UFARS Object Codes that may be used to identify food costs within a program are:

- 490 Food – all food costs associated with all programs.
- 495 Milk – all milk costs associated with all programs.

UFARS does not allow for a dedicated Object Code to identify the cost of nonprogram foods, so in order to accurately allocate these costs, the Finance Code 707 must be used for all food that is associated with nonprogram sales.
Example: Adult Lunch Meal Sales and associated food costs

(FD-ORG-PRO-FIN-SCR/OBJ-CRS)
- Revenue 02-XXX-770-707-606-XXX
- Expense 02-XXX-770-707-490-XXX

Financial Management for School Nutrition Programs (School Lunch Scramble Sessions)

Tuesday, June 19, 2018
8:30 a.m.–5:30 p.m.
One-hour lunch break
Locations: Thief River Falls, Fergus Falls, Marshall, Roseville
Register for Financial Management for School Nutrition Programs.

Good financial management is critical to operating fiscally solvent school nutrition programs. This session will explore key performance indicators to identify how well your program is functioning and areas for improvement. Topics will include:

- Basic financial recording and reporting.
- Using financial reports to achieve a cost-effective program.
- Financial management tools and standards for financially accountable programs.
- Interpreting and analyzing revenue and expenditure data for program improvement.
- The importance of budgeting.
- Cost control measures to operate a financially sound program.
- Presented by an Institute for Child Nutrition trainer (Face-to-Face Method)

Target Audience: School Nutrition Managers and Directors, Business/Finance Managers and Directors.

Average Daily Membership Web Estimates (ADMWE) Estimates Reporting Deadline

The ADMWE System has a June 10, 2018, reporting date for school districts and charter schools. ADMWE data submitted for the June 10 deadline is used to compute aid entitlements beginning July 15, 2018, school year 2018-19.

School districts and charter schools 4 years or older enter ADM via the ADMWE System. Charter schools 1-3 years old will use the 2018-2019 Enrollment Projections Report form.

Note: ADMWE and MARSS are separate student reporting systems and designed for separate student reporting results. ADMWE 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 (jeanne.krile@state.mn.us) at MDE with questions regarding ADM Enrollment Projections.

**Timelines for ADM Estimates and Selected Aid Entitlements for Calendar Year 2018**

These timelines are subject to change.

January 1, 2018, MDE School Finance – Contact Jeanne Krile at 651-582-8637

<table>
<thead>
<tr>
<th>Date Due</th>
<th>School Year</th>
<th>Source</th>
<th>Data</th>
<th>Used for</th>
</tr>
</thead>
</table>
| December 18, 2017| 2017-18     | Average Daily Membership Web Estimates (ADMWE) | Charter Schools 4 years and older and Districtwide Resident, Adjusted, Extended Time and English learner (EL) Average Daily Membership (ADM) estimates | a. Update estimated general education aid entitlements for metered payments beginning February 15, 2018  
b. February forecast  
c. Legislative requests  
d. End-of-session analysis reports and What If  |
| December 18, 2017| 2018-19     | ADMWE  | Charter Schools 4 years and older and Districtwide Resident, Adjusted, Extended Time and EL ADM estimates | a. February forecast  
b. Legislative requests  
c. End-of-session analysis reports and What If  |
| December 18, 2017| 2019-20     | ADMWE  | Charter Schools 4 years and older and Districtwide Resident, Adjusted, Extended Time and EL ADM estimates | a. February forecast  
b. Legislative requests  
c. End-of-session analysis reports  |
<table>
<thead>
<tr>
<th>Date Due</th>
<th>School Year</th>
<th>Source</th>
<th>Data</th>
<th>Used for</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 19, 2017</td>
<td>2017-18</td>
<td>Form ED-02158</td>
<td>Charter Schools 1-3 years old third update to Enrollment Projections Report Fiscal Year (FY) 2018 Form ED-02158</td>
<td>Charter Schools aid entitlement January 30 thru End-of-Year (EOY)</td>
</tr>
</tbody>
</table>
| April 7, 2018    | 2017-18     | Form ED-02158     | Charter Schools 1-3 years old fourth update to Enrollment Projections Report FY 2017 Form ED-02158 | a. Charter schools 1-3 years old Aid Entitlements April 30 FY 2018  
<pre><code>                          |              |                   |                                                                      | b. ADM decreases will be reviewed.                                      |
                          |              |                   |                                                                      | b. Aid entitlements are not updated.                                    |
                          |              |                   |                                                                      | b. New estimates are not loaded to Integrated Department of Education Aids System (IDEAS).  |
</code></pre>
<p>| April 20, 2018   | 2019-20     | ADMWE             | Districtwide Resident, Adjusted and Extended Time ADM estimates        | Seed the ADMWE FY 2020-21 estimates                                         |
|              |                   |                                                                      | b. Verification of ADM Estimates                                      |
|                  |             |                   |                                                                      | c. IDEAS metered payments are not updated.                                |</p>
<table>
<thead>
<tr>
<th>Date Due</th>
<th>School Year</th>
<th>Source</th>
<th>Data</th>
<th>Used for</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 10, 2018</td>
<td>2018-19</td>
<td>Form ED-02158</td>
<td>Charter Schools 1-3 years old first update to Enrollment Projections Report 2018-19 Form ED-02158</td>
<td>Charter Schools 1-3 years old aid entitlement effective July 15 FY 2018</td>
</tr>
<tr>
<td>June 10, 2018</td>
<td>2017-18</td>
<td>ADMWE</td>
<td>Districtwide Resident, Adjusted, Extended Time and EL ADM estimates</td>
<td>Districts can use this data in refining their year-end receivables.</td>
</tr>
</tbody>
</table>
| August 1, 2018 | 2017-18     | MARSS  | MARSS year-end files | a. August 30 FY 2018 entitlements  
b. Special education tuition billing  
c. September 30 FY 2018 Early Childhood Screening Aid |
These estimates generally are not changed after August 28 for levy reports  
These estimates can be changed through September 30 for levy reports. |
<table>
<thead>
<tr>
<th>Date Due</th>
<th>School Year</th>
<th>Source</th>
<th>Data</th>
<th>Used for</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 5,</td>
<td>2017-18</td>
<td>MARSS</td>
<td>MARSS year-end files</td>
<td>September 30 and October 30 FY 2018 entitlements; special education tuition billing</td>
</tr>
<tr>
<td>September 30,</td>
<td>2018-19</td>
<td>Form ED-02158</td>
<td>Charter Schools 1-3 years old second update to Enrollment Projections Report 2018-19 Form ED-02158</td>
<td>Charter Schools 1-3 years old aid entitlement effective October 30 FY 2019</td>
</tr>
</tbody>
</table>
| September 30, | 2018-19     | ADMWE           | Districtwide Resident, Adjusted, Extended Time and EL ADM estimates   | a. Estimated Districts and Charter Schools General Education aid entitlements for metered payments beginning October 30, 2018  
b. November forecast  
c. Governor’s recommendations  
d. Update to proposed levy 2018 Pay 2019 |
| September 30, | 2019-20     | ADMWE           | Districtwide Resident, Adjusted, Extended Time and EL ADM estimates   | a. November forecast  
b. Governor’s recommendations  
c. Update to proposed levy 2018 Pay 2019 |
| September 30, | 2020-21     | ADMWE           | Districtwide Resident, Adjusted, Extended Time and EL ADM estimates   | a. November forecast  
b. Governor’s recommendations  
c. Update to proposed levy 2018 Pay 2019 |
<p>| October 17,   | 2017-18     | 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 |
| November 15,  | 2017-18     | MARSS           | MARSS appeal files, if needed.                                        | Final ADM for all aid entitlements using FY 2018 ADM and/or pupil units |</p>
<table>
<thead>
<tr>
<th>Date Due</th>
<th>School Year</th>
<th>Source</th>
<th>Data</th>
<th>Used for</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 3, 2018</td>
<td>2017-18</td>
<td>MARSS</td>
<td>Appeals of EOY FY 2018 MARSS data</td>
<td>Final ADM for all aid entitlements using FY 2018 ADM and/or pupil units</td>
</tr>
<tr>
<td>December 17, 2018</td>
<td>2018-19</td>
<td>Form ED-02158</td>
<td>Charter Schools 1-3 years old third update to Enrollment Projections Report 2018-19 Form ED-02158</td>
<td>Charter Schools 1-3 years old aid entitlement beginning January 30 FY 2019</td>
</tr>
<tr>
<td>December 17, 2018</td>
<td>2017-18</td>
<td>MARSS</td>
<td>MARSS fall files</td>
<td>FY 2020 Compensatory revenue</td>
</tr>
</tbody>
</table>
b. February forecast  
c. Legislative requests  
d. End-of-session analysis reports |
| December 17, 2018| 2019-20     | ADMWE    | Districtwide Resident, Adjusted, Extended Time and EL ADM estimates   | a. February forecast  
b. Legislative requests  
c. End of session analysis reports |
| December 17, 2018| 2020-21     | ADMWE    | Districtwide Resident, Adjusted, Extended Time and EL ADM estimates   | a. February forecast  
b. Legislative requests  
c. End-of-session analysis reports |
| January 4, 2019  | 2018-19     | MARSS    | Final Fall files                                                      | FY 2020 Compensatory revenue                       |
Changing Student Information Systems (SIS) Software

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

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

1. Verify the data to make sure all students were converted to the new software. Compare a list of students generated from both systems to assure the same results, e.g., number of students by school and grade.
2. Make sure the data for individual students is correct, for example student’s grade level was converted correctly, resident district, enrollment and withdrawal dates, calendars, etc.
3. Edit the MARSS files extracted from both software for the end of year to make sure results match. Compare the results generated by both files using the local MARSS WES reports, e.g., MARSS 15 ADM Served. There are also several reports that generate counts. The results should match for both software files.
4. Run the MARSS files through the MARSS WES for the first fall submission early enough to address errors and/or omissions that may occur.
5. Have staff from multiple areas of the school verify the data with which they are familiar, e.g., 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.

If you have questions about “Changing Student Information Systems (SIS) Software,” please contact MARSS (marss@state.mn.us).

Audit Requirements for FY 2018

Memorandum

To: Superintendents, School Business Managers, Charter School Directors, and Charter School
From: Melody Santana-Marty, Education Finance Specialist
         Division of School Finance
Date: May 1, 2018
Subject: Summary of Audit Requirements – Fiscal Year (FY) 2018 Audit Year

Minnesota Statutes, section 123B.77, subdivision 3, requires reporting entities to submit audited financial data to the commissioner of the Minnesota Department of Education (MDE) and to the Office of the State Auditor
(OSA). Minnesota Statutes, section 123B.77, also states the required timelines for the reporting of financial data to the commissioner (MDE). The statutory deadline for the FY 2018 Audited Final UFARS Data Submission and Fiscal Compliance Table Data Submission reporting is November 30, 2018, and Audit Reports are due by December 31, 2018.

- Audited Final UFARS Data Submission – due November 30, 2018
- Fiscal Compliance Table Data Submission – due November 30, 2018
- Audit Reports – due December 31, 2018

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

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

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

MDE also requires a Corrective Action Plan (CAP) to be submitted as a component of all findings cited as a result of state, federal, or legal audit finding. The CAP must be included within the local education agency (LEA) audit for MDE review. Audit findings should be numbered with the fiscal year and audit finding number (for example: 2018-1, 2018-2, etc.) and follow the CAP format listed in item four below.

MDE will review the audit report submitted by the auditor on behalf of each LEA. As part of the OMB Omni Circular, MDE is required to provide a management decision for audit findings that relate to Federal Awards. If the auditor and/or LEA does not receive a follow up communication from MDE within six months of the submission of the audit report or by June 30 of the subsequent year, the management decision is complete.

2. 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 memorandum or letter stating the school district does not have any student activity accounts. These steps will assist with verification if 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 corrective action plan included for each finding. Audit findings should be numbered with the fiscal year and audit-finding number (for example: 2018-01, 2018-02, etc.).

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

The LEA or auditor must enter the audited data into the fiscal compliance table located on the MDE website. After the audited data has been entered, 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, 2018.

MDE reporting requirements expect that at the fund level: 1) prior year ending fund balances will equal current year beginning fund balances; and 2) current year beginning fund balances, plus total revenues and transfers in, minus total expenditures and transfers out, will result in the calculated current year ending fund balance. The calculated ending fund balance should equal the current year ending fund balance. Any discrepancies identified should be reported to MDE.

4. Checklist of reports that are required to be submitted to MDE and State Auditor’s Office:
   - Report on financial statements.
   - List of school board members for the reporting year.
   - Management’s discussion and analysis (prepared by the finance officials of the LEA).
   - Report on entity’s internal control structure.
   - Report on entity’s compliance with laws and regulations.
   - Corrective action plan for all written findings (including student activity audit).
   - Corrective action plan 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 2018 – Charter School Reporting Requirements**

Laws 2014, chapter 272, article 3, section 37, subdivision 6a, requires charter schools to submit to MDE additional information with the fiscal year-end audit report. The requirements begin with FY 2014 reporting period.

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

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

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

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

(e) If the audit report finds that a material weakness exists in the financial reporting systems of a charter school,
the charter school must submit a written report to the commissioner explaining how the charter school will
resolve the material weakness. 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.

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, 2018. Required charter school
supplemental information is NOT a requirement of the Office of the State Auditor and is not to be submitted to
the Office of the State Auditor.

Required documents are for the period of the fiscal year being reported. This year, the period for fiscal reporting
is 7/1/2017 – 6/30/2018. An agreement overlapping the fiscal year will require both agreements to be
submitted.

Examples:

1. Management contract with effective dates of 1/1/2017–12/31/2017 and 1/1/2018–12/31/2018, requires both contracts to be submitted.

2. Management contract which covers multiple years would submit the contract for the fiscal reporting
   period. (Contract 7/1/2015-6/30/2018 would submit the same contract in the years of 2016, 2017,
   and 2018.)

Charter school must submit:

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

Agreements for:

Management Services

Examples: Charter Management Organization (CMO)

Education Management Organization (EMO)
General definitions:

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

A contract details the terms under which administrative authority to operate one or more schools is given to an EMO/CMO in return for a commitment to produce measurable outcomes within a given time frame. The term “education/charter management organization” and the acronyms “EMO/CMO” are most commonly used to describe these private/non-profit organizations that manage public schools under contract. However, other names or labels, such as “education service providers,” are sometimes used to describe these companies.

An important distinction should be made between EMOs/CMOs, which have administrative authority to operate a school, and service contractors, often referred to as “vendors.” Vendors provide, for a fee, specific services such as accounting, payroll and benefits administration, transportation, financial and legal advice, personnel recruitment, professional development, and special education.

Copy of service agreements or contracts over the 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 over the lessor of $100,000 or ten percent of the school’s most recent annual audited expenditures should include with their submission, a letter to the Minnesota Department of Education, signed by the school’s director, stating: “The XYZ Charter school does not have a contract with a management company or contracts which exceeds either $100,000 or greater than 10 percent of year-end audited expenditures.”
School Auditors

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

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

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

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

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

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

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

A. Management Agreements suffix convention: Mgmt.Agree

B. Service Agreements suffix convention: Service.Agree

Examples: 2018.4113.07.FraserAcad.mgmt.Agree  
2018.4113.07.FraserAcad.service.agree

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

Examples: 2018.4113.07.FraserAcad.mgmt.agree1  
2018.4113.07.FraserAcad.mgmt.agree2  
2018.4113.07.FraserAcad.service.agree1  
2018.4113.07.FraserAcad.service.agree2

The email for electronic submission is 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: Melody Santana-Marty (I-12)  
1500 Highway 36 West  
Roseville, MN  55113-4266
If you have questions about the “Changes to Charter School Reporting Requirements”, please contact the UFARS Accounting Helpdesk (mde.ufars-accounting@state.mn.us).

Submission Options

2018 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 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:

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

Each element must be separated by a “.” (period).
Examples:

- 2018.0001.03.Minneapolis.FinStmt.District
- 2018.0001.03.Minneapolis.FinStmt.Student
- 2018.0001.03.Minneapolis.MgtLtr.District
- 2018.0001.03.Minneapolis.MgtLtr.Student
- 2018.0001.03.Minneapolis.Other

Minnesota Statutes, section 123B.77, subdivision 3, also requires each district to send a copy of the audit and all supplemental reports to the Office of State Auditor. The Office of the State Auditor requests all copies to be in electronic format and must be received no later than December 31, 2018.

The email addresses for electronic submission are:

- **MDE Financial Management** (MDE.FinMgt@state.mn.us)
- **Office of State Auditor** (SingleAudit@osa.state.mn.us)

**Districts Submitting via USPS or Courier:**

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

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

If you have any questions, please contact **Melody Santana-Marty**, 651-582-8260 (Melody.Santana-Marty@state.mn.us).

This letter is also posted on the MDE [Financial Management website](https://education.mn.gov/MDE/dse/schfin/fin/).

As indicated above, MDE must receive all audit reports by December 31, 2018. If received after December 31, 2018, the postmark must be on or before December 31, 2018.
FY 2019 Federal Indirect Cost Rates

FY 2019 Federal Indirect Cost Rates have been posted to the MDE website under Indirect Cost Rates 2019 (Data Center > Data Reports and Analytics, under “School Finance Spreadsheets,” select category “Indirect Cost Rates”) as shown below:

![Indirect Cost Rates](image)

If you have questions about “FY 2019 Indirect Cost Rates,” contact Melody Santana- Marty (Melody.Santana-Marty@state.mn.us, 651-582-826). Inquiries may also be sent to the UFARS Accounting Helpdesk (MDE.UFARS-Accounting@state.mn.us).
FY 2019 Charter School Lease Aid Application and Requirements

The FY 2019 Charter School Lease Aid Application and Requirements have been posted on the MDE website at MDE > Districts, Schools and Educators > Business and Finance > School Finance > Charter Schools, select FY 2019 Charter School Lease Aid Requirements) as shown below:

Included in the lease aid application information, please reference the March 28, 2018, memorandum from Director Tom Melcher, Division of School Finance. As indicated in the memorandum, apply as soon as possible:

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

Please submit your completed FY 2019 Charter School Lease Aid Application to the Charter School Application email (MDE.CharterSchoolapps@state.mn.us).
UFARS Coding Additions, Changes and Deletions – Effective July 1, 2017, for FY 2018

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

<table>
<thead>
<tr>
<th>Account</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>226</td>
<td><strong>Title II – State Activities for School Leaders</strong></td>
</tr>
<tr>
<td></td>
<td>Record expenditures related to Title II, State Activities for School Leaders, to provide support for school leaders (principals). This program code must be used with Finance Code 414/614, Title II, Part A – Teacher and Principal Training and Recruiting.</td>
</tr>
</tbody>
</table>

| 584     | **School Readiness Plus** |
|         | A district, a charter school, or a group of districts and charter schools may establish a school readiness plus program for children age 4 up to kindergarten entrance per Laws of Minnesota 2017, 1st Special Session, chapter 5, article 8, section 8. The purpose of a school readiness plus program is to prepare children for success as they enter kindergarten in the following year. Record expenditures and revenues in Fund 01 for at-risk children not paying a fee. Record expenditures and revenues in Fund 04 for fee-generated School Readiness Plus activity. The revenues and expenditures in this code apply to Balance Sheet Code 422 (Fund 01) and Balance Sheet Code 464, Restricted Fund Balance (Fund 04). |

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

<table>
<thead>
<tr>
<th>Account</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>351</td>
<td><strong>Technical Education</strong></td>
</tr>
<tr>
<td></td>
<td>The study of the underlying sciences and mathematics inherent in a technology, and the methods, skills, materials and processes commonly used in a technology. A planned sequence of study leading to extensive knowledge in a field of specialization is typical.</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Account</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>380</td>
<td><strong>Special Needs</strong></td>
</tr>
<tr>
<td></td>
<td>Activities which serve disabled pupils in career and technical education. This program code must be used with Finance Code 835, Career and Technical Programs – Children with Disabilities.</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Account</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>911</td>
<td><strong>Commissioner Approved Transfers Out</strong></td>
</tr>
<tr>
<td></td>
<td>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</td>
</tr>
</tbody>
</table>
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 Object Dimensions will have description changes effective July 1, 2017:

393  Special Education and Transition Programs for Children with a Disability Contracted Services

For special instruction and services provided to a pupil or parent on the pupil’s behalf, by contracting with public, private or voluntary agencies other than school districts. The student is placed elsewhere and is not receiving the services at the district. The corresponding entry in the Special Education Data Reporting Application (SEDRA) is “C.”

Transition Programs for Children with a Disability Usage: Expenditures for transition programs for children with disabilities provided by a contract approved by the commissioner with public, private or voluntary agencies other than a Minnesota school district or cooperative center, in place of programs provided by the district.

394  Payments for Educational Purposes to Other Agencies (non-school districts)

Includes payments made for students to any other public or private agencies (other than school districts) for tuition, PSEO tuition, community services and capital expenditures. This object code applies when the district brings in contracted personnel to serve in your district (not just for the students). The corresponding entry in SEDRA is “B.”

Federal Program Usage: Includes costs for supplemental services for needs improvement schools.

Transition Programs for Children with a Disability Usage: Expenditures for transition programs for children with disabilities provided by a contract approved by the commissioner with public, private or voluntary agencies other than an Minnesota school district or cooperative center, that are supplementary to a full educational program provided by the district.

891  TRA and PERA 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 Teachers Retirement Association (TRA) and Public Employees Retirement Association (PERA) special funding situations per Governmental Accounting Standards Board (GASB) statement No. 68, Accounting and Financial
Reporting for Pensions – an amendment of GASB Statement No. 27. See Source Code 397 for TRA and PERA Special Funding Situations Revenue.

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

**Additions**

**175 Title VII – Impact Aid (Fund 01)**

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).

**309 Basic Skills for Extended Time (Fund 01)**

Record revenues and expenditures pertaining to the Basic Skills Extended Time Revenue of Minnesota Statutes, section 126C.10, subdivision 3(d). This includes EL program expenditures and Compensatory Education expenditures as defined by Minnesota Statutes, section 126C.15, subdivision 1. Expenditures using this code must be in the list of permitted expenditures contained in the above statute. Of the amount of this revenue 1.7 percent for fiscal year 2018, 3.5 percent for fiscal year 2019, and for fiscal year 2020 and later, 3.5 percent plus the percentage change in the formula allowance from fiscal year 2019, must be used for extended time activities under subdivision 2a, paragraph (c). The activities in this code apply to Balance Sheet Code 459, Restricted/Reserved for Basic Skills Extended Time. Use Finance Code 317, Basic Skills, for all other basic skills expenditures.

**333 Maximum Effort Loan Aid (Fund 07)**

Record revenues and expenditures for the Maximum Effort Loan Aid Program established in Minnesota Statutes, section 477A.09. Aid payments under this section must be used to reduce
current year property taxes levied on net tax capacity within the district or to reduce future years' tax levies by:

1. Retaining payments made under this section in the district's debt redemption fund for up to 20 years, notwithstanding the two-year limit under section 475.61, subdivision 3; or
2. Financing a defeasance of any future payments on outstanding bonded debt.

The activity in this code applies to Balance Sheet Code 433, Restricted for Maximum Effort Loan Aid. There are only 10 districts that should use this finance code.

**715 Foster Care Transportation (Fund 01)**

Record revenues and expenditures for the transportation of foster care students to and from a foster home to their school or origin when a student is placed in a foster care setting outside the school of origin’s boundaries. A school district must submit an application. To qualify for participation, one or more school districts and the local child welfare agency must have a written interagency agreement that describes the local plan for ensuring educational stability for foster care students. Do not include homeless, special education or children awaiting placement (Laws of 2017, chapter 5, article 2, section 54).

*Payment Description – N/A*

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

**Deletions**

**412/612 Foster Care Transportation (Fund 01)**

For FY 2013, this award is limited to eligible school districts and one Bureau of Indian Affairs (BIA) school. Record revenues and expenditures to provide Early Learning and Development (ELD) programs and to increase support and involvement in early childhood programs. (CFDA No. 84.412, American Recovery and Reinvestment Act of 2009 (ARRA), Sections 14005, 14006, and 14013, Title XIV, Public Law 112-10). Use with Program Codes 201, 578, 579 and 581.

**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, Subpart 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**

351 **Aid to Nonpublic Pupils– Textbooks, Tests and Technology (Fund 04)**

Record expenditures for textbooks (including on-line books with annual subscription costs), individualized instructional or cooperative learning materials, standardized tests and software or other educational technology to include software, programs, applications, hardware, and any other electronic educational technology for nonpublic school pupils. The expenditures in this code apply to Balance Sheet Code 464, Restricted Fund Balance (Minn. Stat. § 123B.40 – 123B.42).

*Payment Description – N/A*
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. Revenues and expenditures in this code apply to Balance Sheet Code 472, Restricted/Reserved for Medical Assistance.

Payment Description – N/A

401/601 Title I, Part A – Improving the Academic Achievement of the Disadvantaged (Fund 01 and 04)

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.

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.

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).
A La Carte/Other (Fund 02)

Record revenues and expenditures for the A La Carte/Other Program and adult food sales. This includes food items and milk served a la carte, nonexpendable equipment with a useful life of more than one year and other items not otherwise listed.

Payment Description – N/A

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)).

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

Restricted/Reserved for Maximum Effort Loan Aid (Fund 07)

Represents the resources available to reduce current year property taxes levied on net tax capacity within the district or to reduce future years' tax levies by either:

1. Retaining payments made under this section in the district’s debt redemption fund for up to 20 years, notwithstanding the two-year limit under section 475.61, subdivision 3.
2. Financing a defeasance of any future payments on outstanding bonded debt.

Related to Finance Code 433, Maximum Effort Loan Aid. There are only 10 districts that should use this finance code. This restricted/reserved account is allowed to go into deficit.

Restricted/Reserved for Basic Skills Extended Time (Fund 01)

Represents resources available for the basic skills extended time uses listed in Minnesota Statutes, section 126C.15, subdivision 1. Related to Finance Code 309, Basic Skills for Extended Time. Portions of compensatory revenue must be used for extended-time activities according to the following ratios: 1.7 percent for fiscal year 18; 3.5 percent for fiscal year 19; and for fiscal year 20 and later, 3.5 percent plus the percentage change in the formula allowance from fiscal
year 19 (Minn. Stat. § 126C.10, subd. 3(d)). Please see Balance Sheet Account Code 441 for Restricted/Reserved or Basic Skills. *This restricted/reserved account is not allowed to go into deficit.*

475  **Restricted for Title VII – Impact Aid Funds (Fund 01)**

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)). This restricted balance sheet account is not allowed to go into deficit.

476  **Restricted for Payments in Lieu of Taxes (PILT) (Fund 01)**

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). This restricted balance sheet account is not allowed to go into deficit.

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

441  **Restricted/Reserved for Basic Skills (Fund 01)**

Represents resources available for the basic skills uses listed in Minnesota Statutes, section 126C.15, subdivision 1. Related to Finance Code 317, Basic Skills (Minn. Stat. § 126C.10, subd. 4). Please see Balance Sheet Account Code 459 for Restricted/Reserved or Basic Skills for Extended Time. *This restricted/reserved account is not allowed to go into deficit.*
## UFARS Finance Code and Balance Sheet Combinations for FY 2018

<table>
<thead>
<tr>
<th>Finance Code</th>
<th>Balance Sheet Code – Restricted/Reserved for:</th>
</tr>
</thead>
<tbody>
<tr>
<td>175 – Title VII – Impact Aid</td>
<td>475 – Title VII – Impact Aid*</td>
</tr>
<tr>
<td>176 – Payments in Lieu of Taxes</td>
<td>476 – Payments in Lieu of Taxes*</td>
</tr>
<tr>
<td>302 – Operating Capital</td>
<td>424 – Operating Capital *MDE</td>
</tr>
<tr>
<td>304 – Contracted Alternative Programs</td>
<td>435 – Contracted Alternative Programs *</td>
</tr>
<tr>
<td>305 – State-Approved Public Alternative Programs</td>
<td>436 – State-Approved Alternative Programs *</td>
</tr>
<tr>
<td>309 – Basic Skills for Extended Time</td>
<td>459 – Basic Skills for Extend*</td>
</tr>
<tr>
<td>310 – Interdistrict Cooperative Activities</td>
<td>408 – Cooperative Programs *</td>
</tr>
<tr>
<td>313 – Achievement and Integration Aid and Levy</td>
<td>448 – Achievement and Integration Revenue *</td>
</tr>
<tr>
<td>316 – General Education Revenue for Staff Development</td>
<td>403 – Staff Development *</td>
</tr>
<tr>
<td>317 – Basic Skills</td>
<td>441 – Basic Skills Programs *</td>
</tr>
<tr>
<td>318 – Incentive Revenue</td>
<td>448 – Achievement and Integration Revenue *</td>
</tr>
<tr>
<td>319 – Teacher Development and Evaluation Revenue</td>
<td>440 – Teacher Development and Evaluation *</td>
</tr>
<tr>
<td>321 – Community Education</td>
<td>431 – Community Education *DA</td>
</tr>
<tr>
<td>322 – State Adult Basic Education</td>
<td>447 – Adult Basic Education *</td>
</tr>
<tr>
<td>324 – GED Testing and Adult Basic Education Supplemental Services</td>
<td>447 – Adult Basic Education *</td>
</tr>
<tr>
<td>325 – Early Childhood and Family Education</td>
<td>432 – Early Childhood and Family Education *DA</td>
</tr>
<tr>
<td>326 – Adults with Disabilities</td>
<td>431 – Community Education *DA</td>
</tr>
<tr>
<td>328 – Home Visiting</td>
<td>432 – Early Childhood and Family Education *DA</td>
</tr>
<tr>
<td>330 – Learning and Development</td>
<td>428 – Learning and Development *</td>
</tr>
<tr>
<td>332 – After School Enrichment Program</td>
<td>431 – Community Education *DA</td>
</tr>
<tr>
<td>333 – Maximum Effort Loan Aid</td>
<td>433 – Maximum Effort Loan Aid *DA</td>
</tr>
<tr>
<td>337 – Early Learning Scholarships Program – Pathway II</td>
<td>4xx – Refer to UFARS Finance code for details.</td>
</tr>
<tr>
<td>338 – Early Learning Scholarships Program – Pathway I</td>
<td>4xx – Refer to UFARS Finance code for details.</td>
</tr>
<tr>
<td>342 – Safe Schools – Levy</td>
<td>449 – Safe Schools Levy *DA</td>
</tr>
<tr>
<td>344 – School Readiness</td>
<td>444 – School Readiness *DA</td>
</tr>
<tr>
<td>347 – Physical Hazards</td>
<td>467 – Long-Term Facilities Maintenance (LTFM) *FRA</td>
</tr>
<tr>
<td>349 – Other Hazardous Materials</td>
<td>467 – Long-Term Facilities Maintenance (LTFM) *FRA</td>
</tr>
<tr>
<td>350 – Aid to Nonpublic Pupils – Health Services</td>
<td>464 – Community Services *</td>
</tr>
<tr>
<td>351 – Aid to Nonpublic Pupils – Textbooks, Tests and Technology</td>
<td>464 – Community Services *</td>
</tr>
<tr>
<td>352 – Environmental Health and Safety Management</td>
<td>467 – Long-Term Facilities Maintenance (LTFM) *FRA</td>
</tr>
<tr>
<td>353 – Aid to Nonpublic Pupils – Guidance and Counseling</td>
<td>464 – Community Services *</td>
</tr>
<tr>
<td>354 – Early Childhood Screening Program</td>
<td>464 – Community Services *</td>
</tr>
<tr>
<td>355 – Voluntary Prekindergarten Remodeling Costs</td>
<td>467 – Long-Term Facilities Maintenance (LTFM) *FRA</td>
</tr>
<tr>
<td>358 – Asbestos Removal and Encapsulation</td>
<td>467 – Long-Term Facilities Maintenance (LTFM) *FRA</td>
</tr>
<tr>
<td>Finance Code</td>
<td>Balance Sheet Code – Restricted/Reserved for:</td>
</tr>
<tr>
<td>--------------</td>
<td>---------------------------------------------</td>
</tr>
<tr>
<td>362 – Youth Development/Youth Service</td>
<td>431 – Community Education *DA</td>
</tr>
<tr>
<td>363 – Fire Safety</td>
<td>467 – Long-Term Facilities Maintenance (LTFM) *FRA</td>
</tr>
<tr>
<td>364 – Hearing Impaired Support Services</td>
<td>4xx – Fund 04 fund balance follows program area used.</td>
</tr>
<tr>
<td>366 – Indoor Air Quality</td>
<td>467 – Long-Term Facilities Maintenance (LTFM) *FRA</td>
</tr>
<tr>
<td>367 – Accessibility</td>
<td>467 – Long-Term Facilities Maintenance (LTFM) *FRA</td>
</tr>
<tr>
<td>368 – Building Envelope (excluding roof)</td>
<td>467 – Long-Term Facilities Maintenance (LTFM) *FRA</td>
</tr>
<tr>
<td>369 – Building Hardware and Equipment</td>
<td>467 – Long-Term Facilities Maintenance (LTFM) *FRA</td>
</tr>
<tr>
<td>370 – Electrical</td>
<td>467 – Long-Term Facilities Maintenance (LTFM) *FRA</td>
</tr>
<tr>
<td>371 – Taconite $25 Restricted/Reserved</td>
<td>426 – $25 Taconite *</td>
</tr>
<tr>
<td>372 – Medical Assistance/Third Party Revenue</td>
<td>472 – Medical Assistance *</td>
</tr>
<tr>
<td>379 – Interior Surfaces</td>
<td>467 – Long-Term Facilities Maintenance (LTFM) *FRA</td>
</tr>
<tr>
<td>380 – Mechanical Systems</td>
<td>467 – Long-Term Facilities Maintenance (LTFM) *FRA</td>
</tr>
<tr>
<td>381 – Plumbing</td>
<td>467 – Long-Term Facilities Maintenance (LTFM) *FRA</td>
</tr>
<tr>
<td>382 – Professional Services and Salary</td>
<td>467 – Long-Term Facilities Maintenance (LTFM) *FRA</td>
</tr>
<tr>
<td>383 – Roofing Systems</td>
<td>467 – Long-Term Facilities Maintenance (LTFM) *FRA</td>
</tr>
<tr>
<td>384 – Site Projects</td>
<td>467 – Long-Term Facilities Maintenance (LTFM) *FRA</td>
</tr>
<tr>
<td>388 – Gifted and Talented</td>
<td>438 – Gifted and Talented *</td>
</tr>
<tr>
<td>390 – Taconite Revenue Used for Building Maintenance and Repair</td>
<td>417 – Excess Taconite Building Maintenance Funds *</td>
</tr>
<tr>
<td>438/638 – Federal Adult Basic Education Formula Revenue</td>
<td>447 – Adult Basic Education *</td>
</tr>
<tr>
<td>791 – Projects Funded by Certificates of Participation/Lease Purchase (COP/LP) Agreement with Related Lease Levy Authority</td>
<td>413 – Building Projects Funded by Certificates of Participation/Lease Purchase (COP/LP) Agreement with Related Lease Levy Authority *</td>
</tr>
<tr>
<td>792 – Unfunded Severance and Retirement Levy</td>
<td>4xx – Refer to UFARS Finance code for details.</td>
</tr>
<tr>
<td>793 – Funded OPEB Liabilities not Held in a Trust</td>
<td>452 – Funded OPEB Liabilities not Held in a Trust *</td>
</tr>
<tr>
<td>794 – Disabled Accessibility</td>
<td>427 – Disabled Accessibility *FRA</td>
</tr>
<tr>
<td>795 – Capital Projects Levy</td>
<td>407 – Capital Projects Levy *FRA</td>
</tr>
<tr>
<td>798 – Children with Disabilities in School Age Care</td>
<td>431 – Community Education *DA</td>
</tr>
<tr>
<td>801/901 – ABE EL – Civics Competitive Allocation</td>
<td>447 – Adult Basic Education *</td>
</tr>
<tr>
<td>802/902 – ABE ESL Supplemental Program for Refugees – Competitive (Interagency Agreement with DHS)</td>
<td>447 – Adult Basic Education *</td>
</tr>
<tr>
<td>803/903 – ABE Statewide Supplemental Services – Regular Federal Competitive</td>
<td>447 – Adult Basic Education *</td>
</tr>
<tr>
<td>830 – Career and Technical Education Revenue</td>
<td>445 – Career and Technical Programs*</td>
</tr>
</tbody>
</table>

* – One-way reserve account; must not have a deficit balance.
*DA – Deficit allowed for this restricted/reserved account.
*FRA – Deficit limited to future revenue authority.
*MDE – Deficit requires prior MDE approval.

**Balance Sheet Code 406 – Restricted/Reserved for Health and Safety will continue to have levy adjustments applied through June 30, 2019.
UFARS Coding Updates – Effective July 1, 2018 for FY 2019

Updated program code:

Program Code 867 – Long-Term Facilities Maintenance (LTFM) Projects that are $2,000,000 or More per Site and bond financed (Fund 6)

Updated description: Record the expenditures related to the project that are bond financed.

New Program Code:

Program Code 868 – Long-Term Facilities Maintenance (LTFM) Projects that are $2,000,000 or More per Site and financed on a pay-as-you-go basis (Fund 6)

New description: Record the expenditures related to the project that are financed on a pay-as-you-go basis.

Program Codes 867 and 868 examples:

These program codes should be used when LTFM projects are financed by bonds or on a pay-as-you-go basis when the entire project is $2,000,000 of more per site. A project that is $2,000,000 or more per site must be coded to Program 867 or 868 depending upon the funding source.

Example 1: If a project at Building A is $3,000,000 and $2,000,000 is funded by bonds and $1,000,000 is funded by pay-as-you-go, the bond expenditures should be coded to Program Code 867, while the remaining pay-as-you-go expenditures should be coded to Program Code 868.

Example 2: If a project at Building B is $2,000,000 and $1,500,000 is funded by bonds and $500,000 is funded by pay-as-you-go, the bond expenditures should be coded to Program Code 867, while the remaining pay-as-you-go expenditures should be coded to Program Code 868.

Finance Code Deletions:

802/902
884
885/985
887/987
888/988
FY 2019 UFARS Chapter 10 Updates

Finance Codes

317, 372, 740 and 799  With Program Codes 401-420

Remove Object Codes 316-319, 330, 341-349, 351-359, 361-363, 371-379

317, 372, 740 and 799  With Program Code 422

Add Object Code 533

325  With Program Code 580


328  With Program Code 580


337  With Program Codes 580-582 and 590

Add Object Codes 150-153, 176, 350, 371-374, 397, 433, 461, 535 and 589

338  With Program Codes 581-582 and 590

Add Object Codes 150-153, 176, 350, 371-374, 397, 433, 461, 535 and 589

344  With Program Codes 581 and 582


354  With Program Code 583

Add Object Codes 357, 470 and 820

714-721, 725-728  With Various Programs

Remove Object Code 460
Finance Codes

859/959  With Various Programs
Add Object Codes 360 and 364

414/614  With Program Code 204
Add Object Codes 405 and 555
Remove Object Codes 175, 316, 350, 360, 364, 365

414/614  With Program Code 205
Add Object Codes 315, 318-320, 456, 506 and 556
Remove Object Codes 375-379, 890 and 891

414/614  With Program Code 216
Add Object Codes 120, 154-157, 165, 315, 318-320, 456, 506 and 556
Remove Object Codes 350, 890, and 891

417/617  With Program Code 205
Add Object Codes 315, 318 and 350
Remove Object Codes 370, 380, 890 and 891

424/624  With Program Code 204
Add Object Codes 320
Remove Object Codes 175, 350, 360, 364-365, 370, 380, 456, 465-466, 506, 556

424/624  With Program Code 205
Add Object Codes 315, 318-320
Remove Object Codes 890 and 891

424/624  With Program Code 216
Add Object Codes 120, 318-320
Remove Object Codes 350, 890, and 891
Finance Codes

442/642  With Program Code 205
Add Object Codes 895
Remove Object Codes 320, 370, and 380

714-721, 725-728  With Various Programs
Remove Object Code 460

859/959  With Various Programs
Add Object Codes 360 and 364

Long Term Facilities Maintenance Reminder

Please remember to code each project to the Organization/Site, not 005 District-Wide. Coding to the site will ensure that your district will receive their maximum-allowed revenue.

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.

If you have questions about “Debt Service Bond Refunding – UFARS Coding,” please contact the UFARS Accounting Helpdesk (MDE.UFARS-Accounting@state.mn.us).

Health and Safety Fund Closeout Memorandum

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 Lonn Moe (lonn.moe@state.mn.us preferred) or 651-582-8569. The memorandum may be found on the MDE website under MDE > Districts, Schools and Educators > Business and Finance > School Finance > Facilities and Technology > Long-Term Facilities Maintenance, then select Health and Safety Fund Closeout Memo.

UFARS Submission Deadlines for Fiscal Year 2018

FY 2019 budget must be board approved prior to July 1, 2018 (Minn. Stat. § 123B.77, subd. 4).

Information on the FY 2018 budget must be published within one week of accepting the FY 2018 audit or November 30, 2018, whichever is earlier (Minn. Stat. § 123B.10, subd. 1).

The FY 2018 Preliminary Unaudited UFARS data is due September 15, 2018 (Minn. Stat. § 123B.77, subd. 2). The statutory deadline falls on a Saturday; 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 Monday, September 17, 2018.

The FY 2018 Final Audited UFARS data is due November 30, 2018 (Minn. Stat. § 123B.77, subd. 3).

The FY 2018 Fiscal Compliance Table (audit data and UFARS) is due November 30, 2018 (Minn. Stat. § 123B.77, subd. 3).
The FY 2018 Audit Report is due on December 31, 2018.

If the audit is mailed, it must be postmarked on or before December 31, 2018 (Minn. Stat. § 123B.77, subd. 3).

Next UFARS 101 Trainings Scheduled on July 19, 2018, and August 22, 2018

The next two scheduled dates for UFARS 101 training are July 19, 2018, and August 22, 2018, at MDE, 1500 Highway 36 West, Conference Center B, Room 14, Roseville, Minnesota 55113. UFARS 101 training will introduce Uniform Financial Accounting and Reporting Standards (UFARS) and review: A) Chart of Accounts; B) UFARS System Uses; C) Dimension Descriptions; D) Legislative Requirements, and review basic accounting concepts and financial reporting for Minnesota schools. The training will also include expenditure and revenue exercises and website navigation.

Registration information is posted on the MDE calendar or by following About MDE > Calendar.

For questions about the "UFARS 101 Training Schedule," please contact UFARS (mde.ufars-accounting@state.mn.us).

Business Managers Listserv Subscriptions, Updates and MDE Contact Information

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

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

For UFARS accounting, manual and Chapter 10 Grid questions, contact the UFARS Accounting Helpdesk (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 (MDE.SERVSFinancial@state.mn.us).

Title Programs

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

Special Education

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