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The Division of School Finance Welcomes Nicki Cha, Pam Sanders and Molly Koppes to the Financial Management Team

Nicki Cha has over 13 years of experience working in the higher education private sector. She worked closely with students on academic success, academic advising, financial aid process, student accounts (making payment plans), and student services such as tutoring and daycare assistance, transportation, etc. Nicki has a bachelor of science (BS) degree in business administration from Globe University. Nicki can be reached at nicki.cha@state.mn.us or 651-582-8312.

Pam Sanders comes to us with nine years of experience working within the Business and Financial Affairs Department of Saint Paul Public Schools. She performed many different duties including federal grants, payroll and debt service accounting. She has an associate of applied science (AAS) degree in accounting from Century College, and a BS degree in business administration from Metro State University. Pam can be reached at Pam.Sanders@state.mn.us or 651-582-8489.

Molly Koppes comes to the Minnesota Department of Education (MDE) with over six years of public school experience. She has worked in both school operations as well as working in charter school authorizing providing oversight to schools that were both operational and start up. Molly holds a BS degree from Augsburg University in mathematics. Molly can be reached at Molly.Koppes@state.mn.us or 651-582-8249.

Long-Term Facilities Maintenance (LTFM) – Organization/Site Coding Update

School districts, intermediate districts or cooperative units may code LTFM expenditures to either district wide 005 or a specific organization/site code in the following scenarios:

1. Day-to-day/routine projects for health and safety or,
2. Day-to-day/routine projects for deferred maintenance

School districts, intermediate districts or cooperative units must code LTFM expenditures to a specific organization/site code in the following scenarios:

1. Additional LTFM revenue for health and safety projects $100,000 or more per site, per year
2. Deferred maintenance projects $2,000,000 or more per site, per year
Health and Safety Sections of the LTFM Ten-Year Spreadsheet

Questions on LTFM Organization/Site Coding can be addressed to Sarah Miller (Sarah.C.Miller@state.mn.us), 651-582-8370.

Deferred Maintenance Projects Section of the LTFM Ten-Year Spreadsheet

$2 Million or more project/site/year – REQUIRES SPECIFIC UFARS ORG CODE
Facilities Age and Square Footage Report

Charter schools and cooperatives are not required to complete this report.

School districts are required to annually review the district’s inventory of buildings and the vital information pertaining to each building.

The information reported to MDE is used in calculating the operating capital portion of general education revenue under Minnesota Statutes, section 126C.10; in calculating Long-Term Facilities Maintenance (LTFM) revenue under Minnesota Statutes, section 123B.595; and other miscellaneous uses, such as review and comment.

The 2019 Age and Square Footage Report also plays an important role in the February state forecast, as the data provided by the district is used to establish appropriations required to fund state aid for operating capital and LTFM. For this reason, districts are requested to submit any changes or corrections to this report no later than December 17, 2018.

Currently, you can access the inventory of buildings from the MDE website by selecting Districts, Schools and Educators from the top navigation bar, then Business and Finance, and Data Submissions from the drop-down menu. Scroll down to the Facilities Age and Square Footage Report, located in the left column.

All reporting for buildings owned or being acquired by the district shall be completed on the MDE website no later than December 17, 2018. Access the system using the same four-digit district number and password as used for the Health and Safety website. Districts may adjust ages and square footage (without commas) as necessary, and answer questions regarding mechanical ventilation and other district specific information. It is important to verify data accuracy by checking the reviewed checkbox (checkmark should be visible) toward the top of each individual building record, whether or not there are changes. Save by clicking the Update, Return to Building List button at the bottom of the page.

New buildings occupied as of January 1, 2019, that are not included on the inventory need to be added. Buildings no longer owned by the district need to be deleted, and buildings with change of usage need to be revised. The website does not have capacity to add or delete buildings, so you must contact Sarah Miller (Sarah.C.Miller@state.mn.us) to report current building information that is not included on the district’s building inventory.

Buildings include both instructional and administrative buildings as well as other buildings owned by the school district. Other buildings include all permanent, enclosed spaces that have a roof, walls and a door. Buildings such as garages would be considered “other buildings,” while structures such as dugouts would not.

Please note at the bottom of the Building Summary List is a space to input the total square footage for districtwide administration. This total square footage for districtwide administration is not required for the 2019 report, but you may update if you choose. In addition, the Update, Show Projects button for each individual building is not required to be reported. This facility project list is not currently used at MDE; however, districts may use this feature for internal facilities maintenance planning.
Compensatory Reserve for Extended Learning Activities

We’ve been asked by several districts about the statute requirement to spend a portion of compensatory revenue on extended learning activities. The requirement is in Minnesota Statutes, section 126C.10, subdivision 3, paragraph (d), which reads as follows:

Subdivision 3 Compensatory education revenue.

(d) Of the amount of revenue under this subdivision, 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).

Minnesota Statutes, section 126C.10, subdivision 2a, paragraph (c), cited above, reads as follows:

(c) A school district's extended time revenue may be used for extended day programs, extended week programs, summer school, vacation break academies such as spring break academies and summer term academies, and other programming authorized under the learning year program.

This language needs to be read in conjunction with other requirements for the use of Basic Skills revenue, which are in Minnesota Statutes, section 126C.15, subdivision 1. All basic skills revenue, including the portion of compensatory revenue required to be used for extended time programs, must be used “used to meet the educational needs of pupils who enroll under-prepared to learn and whose progress toward meeting state or local content or performance standards is below the level that is appropriate for learners of their age.” Basic skills revenue may also be used for programs designed to prepare children and their families for entry into school whether the student first enrolls in kindergarten or first grade. The law goes on to list 14 strategies a district may use basic skills revenue for to meet these learners’ needs, which includes: “(11) extended school day and extended school year programs.”

So essentially, the new requirement is mandating that at least a certain percentage of compensatory revenue be used each year for extended school day and extended school year programs for at-risk students. The requirement is a districtwide one, not a site-by-site requirement. For Fiscal Year (FY) 2019, a district must spend at least 3.5 percent of its compensatory revenue district-wide on extended time activities.

MDE has not issued formal guidance to school districts on the allowable uses of compensatory revenue. It is the responsibility of local school districts to plan, budget and report on the use of compensatory revenue consistent with the requirements of Minnesota Statutes, sections 126C.10 and 126C.15. Here are some thoughts on how a district can meet the new requirement to use a percentage of compensatory revenue for extended time programs:
1. If the district has a State-Approved Alternative Program (SAAP), the district is required to use 100 percent of the compensatory revenue generated by students enrolled at each SAAP site for programs at that site. A portion of this revenue can be used for extended time programs at the SAAP, enriching the program from what can be funded with extended time revenue alone. A portion of the 50 percent of compensatory revenue generated by students attending other schools not required to be spent at the school where the students generating the revenue are served could also be used for extended time programs at the SAAP, further enriching those programs. Compensatory revenue spent on enriching the extended time program at the SAAP counts toward the overall 3.5 percent requirement.

2. There is no requirement for the district to start its own SAAP just to spend compensatory dollars. The phrase “other programing authorized under the learning year statute” in Minnesota Statutes, section 126C.10, subdivision 2a, paragraph (c), above, refers to the types of services provided by learning year programs and does not require districts to be state authorized learning year programs. Therefore, a district could provide additional instruction in non-SAAP programs outside the core school year to assist the students who are under-prepared. These students may or may not be the same students served in a SAAP – but it would need to be a separate class or instructional activity that isn’t duplicated by the SAAP. This could include classes for students who have already generated 1.2 average daily membership (ADM) at the SAAP but need additional credits to graduate.

3. For each of the options above, the services provided with compensatory revenue should be academic to assist students with grade progression and ultimately graduation.

4. Districts could use the portion of compensatory revenue reserved for extended time activities to fund transportation costs for students to attend extended time programs at SAAPs.

If you have questions or require additional information, please contact:

Daley Lehmann (Daley.Lehmann@state.mn.us), 651-582-8817

Sharon Peck (Sharon.Peck@state.mn.us), 651-582-8811.

School Finance Award Requirements

The School Finance Award is awarded annually by MDE, Division of School Finance, to recognize schools for meeting statutory deadlines for submission of audited fiscal financial data and reporting criteria.

Criteria for FY 2018 Financial Reporting:

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

A.1. Preliminary unaudited Uniform Financial and Accounting Reporting Standards (UFARS) data is submitted to MDE by September 15, 2018 (Minn. Stat. § 123B.77, subd. 2).

A.2. Final audited UFARS data is submitted to MDE by November 30, 2018 (Minn. Stat. § 123B.77, subd. 3).

A.3. The Fiscal Compliance Table is completed and error-free by November 30, 2018 (Minn. Stat. § 123B.77, subd. 3).

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

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

B. Presence of Select Indicators of Fiscal Health

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

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

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

C. Accuracy in Financial Reporting

C.1. The district/school’s final UFARS Turnaround Edit Report has no errors.

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

Requirements and current award recipients can be found on the MDE Financial Management webpage (https://education.mn.gov/MDE/dse/schfin/fin/). Questions on the School Finance Award can be addressed to Molly Koppes (Molly.Koppes@state.mn.us).

Memo: October 2018 Deadline for Submitting FY 2019 Concurrent Enrollment Aid Application

TO: High Schools and Postsecondary Institutions Participating in PSEO Concurrent Enrollment

FROM: Mary Barrie, Supervisor, High School to Postsecondary Initiatives Office of Career and College Success

DATE: September 20, 2018

SUBJECT: FY 2019 Concurrent Enrollment Aid Application: Due October 30, 2018

Postsecondary Enrollment Options (PSEO) Concurrent Enrollment is a program authorized under Minnesota Statutes, section 124D.09, subdivision 10, in which courses are taught in the high school by either a postsecondary professor or instructor, or an accredited high school teacher. Approved concurrent programs offer courses which offer students the opportunity to earn both high school and postsecondary credit, i.e., dual credit.
Concurrent Enrollment Program Aid is generated for each eligible concurrent course taken at the high school. An application is not required for partnerships with postsecondary institutions that are National Alliance of Concurrent Enrollment Partnership (NACEP) accredited for the academic year 2018-19.

An updated and signed Concurrent Enrollment Aid Application is required, each year, from high schools that are partnering with eligible postsecondary institutions which are not NACEP accredited, or in the process of being accredited. To be considered an eligible course(s) to generate concurrent enrollment aid for the dual credit courses which are offered during the 2018-19 school year, statute requires that a Concurrent Enrollment Program Aid Application be completed and submitted for approval by MDE. The application must be signed by both the superintendent and the postsecondary administrator or dean. It is the district’s responsibility to submit the annual application and required documents, signed by both parties, to MDE by October 30, 2018.

Students participating in eligible concurrent courses are flagged on the enrolling high school’s Minnesota Automated Reporting Student System (MARSS) files as concurrent students. The aid is based on a file of participating students and courses that is provided to MDE by the postsecondary institutions. Participants identified on MARSS and/or the postsecondary institution’s file who are not covered by an application on file at MDE by October 30 will not generate concurrent enrollment aid for FY 2019.

Questions on the Concurrent Enrollment Program Aid Application form can be addressed to Jacqui McKenzie (jacqui.mckenzie@state.mn.us). Questions on concurrent aid and postsecondary file submissions can be addressed to Jeanne Krile (jeanne.krile@state.mn.us). Information on concurrent enrollment is also posted to the MDE website (https://education.mn.gov/MDE/dse/ccs/cce/).

**School Nutrition Programs and Cost Allocation – Chargeback or Indirect Cost Rate?**

School nutrition programs are federal grant assisted meal programs administered by the state agency. Most federal grants are funded by a reimbursement of costs, one of them being indirect costs. Reimbursement for school nutrition programs is driven by a meals-times-rate formula rather than by the reimbursement of actual costs so when the district seeks to recover costs associated with school nutrition programs, it must do so either by assigning costs directly or by using the indirect cost rate. To clarify, a chargeback is simply a direct cost that is allocated at a point in time – usually at the end of the year. If a cost does not meet the documentation requirement, it can be recovered only by the general fund using the indirect cost rate.

**Adequate Documentation**

**What is adequate documentation?**

Adequate documentation varies among different types of costs but in all cases, it must substantiate the benefit received by the program.
Utilities

A true direct charge to program 770 for utilities can only be achieved by a separate meter to each kitchen facility, in which the costs associated with that meter would be the direct cost. Since most buildings do not have this configuration, some flexibility is available. The method most used is to calculate the ratio of square footage of the kitchen to the square footage of the building and then applying the resulting percentage to the actual utility cost of the building. This method is often misused by applying the percentage to the utility cost for the entire district.

Refuse Disposal

Refuse disposal is another area that is difficult to determine a true direct charge to Program 770. Many districts use an estimate provided by custodial staff or justify the cost with a hunch that foodservice generates a certain percentage of waste in the district. Neither of these constitutes as adequate documentation. What would be acceptable as documentation of a direct charge for refuse disposal to program 770 would be an invoice with a line item charge corresponding to the receptacle used exclusively for foodservice. If this type of documentation is not available, then the cost can only be recovered using the indirect cost rate.

Labor

Labor costs that are routinely charged directly to program 770 are for custodial services, administrative services, warehouse and delivery services and lunchroom supervision. Most likely, all these costs involve multiple cost objectives and would require the kind of documentation described in the Uniform Guidance: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

New guidance on labor costs can be found at 2 Code of Federal Regulations (CFR) 200 specifically, 2 CFR 200.430. There is now an emphasis on strong internal controls rather than a prescriptive personnel activity report; however, 2 CFR 200.430(i) still requires non-federal entities to maintain records that “accurately reflect the work performed.” These records must:

- Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- Be incorporated into the official records of the non-federal entity;
- Reasonably reflect the total activity for which the employee is compensated by the non-federal entity, not exceeding 100 percent of compensated activities;
- Encompass both federally assisted and all other activities compensated by the non-federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-federal entity's written policy;
- Comply with the established accounting policies and practices of the non-federal entity; and
- Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one federal award; a federal award and non-federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.
Indirect Cost Rates

What is an indirect cost rate?

An indirect cost rate is a means to establish, in an approved manner, the percentage of allowable general management costs that each federal grant should bear. There are two types of indirect cost rates; unrestricted and restricted.

Where can I find the rates?

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

Which rate can I use?

School nutrition program guidelines allow for the unrestricted rate when allocating indirect costs to Fund 02. There is no regulation that requires the district to recover indirect costs from school nutrition programs so some districts opt to support the food service by absorbing indirect costs in the general fund. Other districts choose to bill foodservice at the lower restricted rate or some rate between the restricted and unrestricted rate. Keep in mind that if anything above the restricted rate percentage is used, there cannot be a direct charge to foodservice for anything in the unrestricted indirect cost pool.

How are the rates calculated?

In general, the rates are calculated by dividing the total indirect costs by the total direct costs. For the purposes of this calculation, all costs are classified as either indirect, direct, disallowed or excluded. The data used for the current year’s rate is the district’s submitted UFARS data from the second preceding year. The difference between the restricted and unrestricted rates is what is considered as the total indirect costs in each calculation.

To determine the restricted rate, certain costs are removed from the unrestricted indirect cost pool and reclassified as direct costs. By excluding otherwise allowable costs from the indirect cost pool and adding them to the direct cost base, the result is a smaller numerator and larger denominator. The resulting calculation generates the lower, restricted rate. The following is an example of the relationship:

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Restricted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indirect Costs</td>
<td>$ 17,951,921.45</td>
<td>$(14,898,453.46)</td>
</tr>
<tr>
<td>Direct Costs</td>
<td>$ 180,567,492.18</td>
<td>$ 14,898,453.46</td>
</tr>
<tr>
<td>Indirect Cost Rate</td>
<td>9.94%</td>
<td></td>
</tr>
</tbody>
</table>

As indirect costs decrease, the direct cost base increases by the same amount.
What is included in the Indirect Cost Pool?

Chapter 13 of the UFARS Manual offers a detailed guide outlining the Fund, Program and Object codes used in each data point of the calculation for both the restricted and unrestricted rates. The following charts show the Fund and Program codes considered as indirect costs in each type of rate.

**Restricted Rate**

<table>
<thead>
<tr>
<th>Program</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program 105</td>
<td>General Administrative Support</td>
</tr>
<tr>
<td>Program 108</td>
<td>Administrative Technology Services</td>
</tr>
<tr>
<td>Program 110</td>
<td>Business Support Services</td>
</tr>
</tbody>
</table>

**Unrestricted Rate**

<table>
<thead>
<tr>
<th>Program</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program 010</td>
<td>Board of Education</td>
</tr>
<tr>
<td>Program 020</td>
<td>Office of the Superintendent</td>
</tr>
<tr>
<td>Program 105</td>
<td>General Administrative Support</td>
</tr>
<tr>
<td>Program 107</td>
<td>Other Administrative Support</td>
</tr>
<tr>
<td>Program 108</td>
<td>Administrative Technology Services</td>
</tr>
<tr>
<td>Program 110</td>
<td>Business Support Services</td>
</tr>
<tr>
<td>Program 805</td>
<td>Equipment Repair Services for Other Clients</td>
</tr>
<tr>
<td>Program 810</td>
<td>Operations and Maintenance</td>
</tr>
</tbody>
</table>
How do I apply the rate to determine the maximum allowable cost recovery from Fund 02?

To determine the maximum amount of indirect costs that may be recovered from a federal program, the indirect cost rate is applied to the modified direct cost base. There cannot be a direct charge for any cost that is included in the indirect cost pool if this method is used.

What is the modified direct cost base?

The modified direct cost base consists of program costs less distorting items. Distorting items are excluded because they do not generate or benefit from the administrative overhead in the same manner as wages and salaries. U.S. Department of Agriculture (USDA) determines distorting items for school nutrition programs as:

- Food and milk costs in the school food service
- Value of USDA foods
- Equipment purchases and other capital expenditures
- Payments to contractors beyond the first $25,000

Calculation example:

<table>
<thead>
<tr>
<th>Indirect Cost Rate Method</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a Total Program 770 Direct Costs</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>(cannot include indirect cost pool program costs)</td>
<td></td>
</tr>
<tr>
<td>b Food/Milk Costs</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>c Capital Outlay</td>
<td>$50,000</td>
</tr>
<tr>
<td>d USDA Foods Value</td>
<td>$300,000</td>
</tr>
<tr>
<td>e Contracts&gt;$25,000</td>
<td>$80,000</td>
</tr>
<tr>
<td>f Modified Direct Cost Base (a-b-c-d-e=f)</td>
<td>$2,570,000</td>
</tr>
<tr>
<td>g Approved Unrestricted Indirect Cost Rate</td>
<td>10%</td>
</tr>
<tr>
<td>h Maximum Indirect Costs to be recovered by Fund 01 (f*g=h)</td>
<td>$257,000</td>
</tr>
</tbody>
</table>
**Consistency**

Costs may be charged as either direct costs or indirect costs, depending on their identifiable benefit to a particular project or program, but all costs must be treated consistently for all work of the district under similar circumstances, regardless of the source of funding.

For example, if the district recovers costs from special education programs using the restricted indirect cost rate, those same costs cannot be charged directly to foodservice. Since the indirect cost pool for the restricted rate includes Program 110 (payroll/purchasing/finance) and Program 105 (human resources (HR)/benefits), those same costs cannot be recovered directly for foodservice.

For assistance with Nutrition, Health and Youth Development please contact: Kala Constant, (kala.constant@state.mn.us).

**Community Eligibility for Meal Programs**

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

**Application for Educational Benefits**

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

**Alternate Application for Educational Benefits**

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

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

All of these schools should use the *Household Income Guidelines and Alternate Application for Educational Benefits* which removes references to receiving a meal but provides a description of how the data will be used for determining the student’s economic status. The form and related documentation are available on the MARSS-Student Accounting website. The cost of processing these applications cannot be attributed to food service and should be charged as a general education fund cost.
Direct Certification

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

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

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

Cost of Certifying Alternate Applications for Educational Benefits

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

Contact Kelly Wosika (651-582-8855) if you have questions on the Alternate Application for Educational Benefits.

For questions on accounting for the cost of certifying the Alternate Applications for Educational Benefits, email the Accounting Helpdesk (mde.ufars-accounting@state.mn.us).

UFARS Chapter 10 Updates

FY 2019 UFARS Chapter 10 has now been posted on the UFARS webpage, (https://education.mn.gov/MDE/dse/schfin/fin/UFARS/). Please reference this chapter for additional changes since the last School Business Bulletin was published.

Telecommunications Cluster

If your entity does not receive telecommunications funds directly and your entity utilizes a telecommunication cluster, the cluster receives all the revenue. The telecommunications cluster must distribute the funds received to the members. The journal entries for the telecommunication cluster are as follows:
Revenue:

Debit: 01-101-XX $X.XX
Credit: 01-005-000-311-300-000 $X.XX

Expenditure:

Debit: 01-005-108-000-391-000 $X.XX
Credit: 01-101-XX $X.XX

The journal entries for the members of a telecommunications cluster are as follows:

Revenue:

Debit: 01-101-XX $X.XX
Credit: 01-005-000-000-021-000 $X.XX

Expenditure:

Debit: 01-005-108-311-320-000 $X.XX
Credit: 01-101-XX $X.XX

To record the entities’ expenditures for telecommunication costs the object code is dependent upon the type of expenditure. We are using Object Code 320, Communication Services, for this example.

The Journal entry for an entity that receives the funds directly is as follows:

Debit: 01-101-XX $X.XX
Credit: 01-005-XXX-311-300-000 $X.XX

**Q Comp Finance Code 335**

Quality Compensation—Alternative Teacher Professional Pay System, Finance Code 335, revenues can be split between Fund 01 and Fund 04 based upon actual expenditures in Fund 04. The journal entry will be a transfer from Fund 01 to Fund 04, the amount dependent upon Fund 04 expenditures.

Debit: 01-005-XXX-335-910-000 $X.XX
Credit: 04-005-XXX-335-649-000 $X.XX
Debit: 04-101-XX $X.XX
Credit: 01-101-XX $X.XX
Finance Code 433 Addition FY 2019

Finance Code 433, Title IV – Student Support and Academic Enrichment (Catalog of Federal Domestic Assistance (CFDA) 84.424) will be added for FY 2019.

Use Program Code 206, Title IV, Part A – Student Support and Academic Enrichment (updated title)


These updates are not currently in the FY 2019 UFARS Manual.

Career and Tech: Addition of Object Code 406 to Calculation

The following object codes will now be included in the 35 percent revenue calculation for Career and Tech.

- Finance Code 830, Program Codes 301; 311; 321; 331; 341; 361; 365; 371; 385; 399 and 610.
- The allowable Object Codes are: 140; 143; 185; 305; 365; 366; 394; 396; 406*; 433 and 490.

Please note all other object codes will be allowed in UFARS, but not included in the revenue calculation.

*Object code addition.

FY 2018 UFARS Data Submission Deadlines

FY 2018 Preliminary Unaudited UFARS (September 15, 2018). 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). Therefore, submissions are due by Monday, September 17, 2018.

- FY 2018 Final Audited UFARS (November 30, 2018)
- FY 2018 Fiscal Compliance Table (November 30, 2018)
- FY 2018 Audit Report (December 31, 2018)

Upcoming UFARS 101 Training Sessions

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 expenditures/revenues exercises and website navigation.
Registration information for future UFARS 101 workshops are posted on the MDE Calendar webpage or by following About MDE > Calendar. Scheduled dates for future registrations are:

- February 21, 2019
- June 18, 2019
- July 18, 2019

Questions on UFARS 101 training sessions can be addressed to Nicki Cha (Nicki.Cha@state.mn.us).

Contacts

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

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

**State Educational Record View and Submission (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).