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Average Daily Membership (ADM) Enrollment Projections Reporting for Fiscal Year 2020

The ADM Enrollment Projections for school year 2019-20 are due on or before June 10, 2019 for all school districts and charter schools. Data submitted on or before June 10, 2019, will be used to compute aid entitlements beginning July 15, 2019, for school year 2019-20.

- Districts and charter schools four years and older will submit their ADM Enrollment Projections via the Average Daily Membership Web Estimates ([ADMWE](#)) system.
- Charter schools 1-3 years old will submit using the school year 2019-20 [Enrollment Projections Form](#).

Note: The ADMWE system and the Minnesota Automated Student Reporting System (MARSS) system are separate student reporting systems and designed for separate student reporting results. Student data are not transferred from one system to another.

Please share this with the person in your school district or charter school who is responsible for submitting ADM estimates. If you have questions regarding ADM Enrollment Projections, please contact [Jeanne Krile](mailto:Jeanne.Krile@state.mn.us) (Jeanne.Krile@state.mn.us).

Changing Student Information Systems (SIS) Software

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

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

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

meal counts, English learner (EL) staff for language and EL data, special education staff for special education counts by disability and setting, etc.

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

Additionally, once a district is on-boarded to Ed-Fi, changing SIS vendors will require a re-certification with the new vendor. The key and secret that a district uses to submit Ed-Fi data is unique to the vendor for which the district is certified. Submissions under a different vendor will fail until the district is certified with that SIS.

For assistance with "Changing Student Information Systems (SIS) Software," please contact the Minnesota Department of Education (MDE) at marss@state.mn.us.

Fiscal Year (FY) 2019 Maximum Allowable Wage Classification—Food Service

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

The statewide average hourly wage for food service directors based on published data by the Bureau of Labor Statistics – May 2018, is \$28.32. This is the maximum rate at which the labor of a superintendent or fiscal manager performing the duties of a food service director can be charged back to the food service fund. As with any direct charge to a federal program, adequate documentation to support the number of hours attributable to food service must be available.

For assistance with the *FY 2019 Maximum Allowable Wage Classification – Food Service*, please submit inquiries to the MDE – [Food and Nutrition Service](mailto:mde.fns@state.mn.us) (mde.fns@state.mn.us).

Food Service Unpaid Meal Charges, Delinquent and Uncollectable Debt

Classification

Unpaid meal charges are classified as either delinquent or uncollectable. It is this classification that determines the course of action when recording associated transactions.

Unpaid meal charges are considered "delinquent debt" when payment is overdue as defined by local policies. The debt is classified as delinquent as long as it is considered collectable and efforts are being made to collect it. A debt owed (an account receivable) to the Nonprofit School Food Service Account (NSFSA) is an asset. As such, the debt remains on the accounting records of Fund 02 until it is either collected or is determined to be uncollectable and written off.

When local officials determine delinquent debt is uncollectable, the debt must be reclassified as “bad debt.” Debts are initially considered assets because they represent money due to the NSFSA. However, once a delinquent debt is reclassified as a bad debt, it is no longer considered an asset because it is, by definition uncollectable. Therefore, bad debts must be written off as operating losses. Expenditures from the NSFSA must meet the standards for allowable costs set out in the federal cost principles at 2 Code of Federal Regulations (C.F.R.) Part 200, Subpart E, so it is actually the resulting operating loss that is unallowable.

2 C.F.R. Part 200, Subpart E – Cost Principles § 200.426 Bad debts. Bad debts (debts which have been determined to be uncollectable), including losses (whether actual or estimated) arising from uncollectable accounts and other claims, are unallowable. Related collection costs, and related legal costs, arising from such debts after they have been determined to be uncollectable are also unallowable.

Local Educational Agency (LEA) Meal Charge Policy

As of July 1, 2017, the U.S. Department of Agriculture (USDA) required all LEAs to have a written and clearly communicated meal charge policy or procedure. The policy/procedure should outline how students will be charged for meals, as well as offering alternate meals, limits on meal charges, or allowing neither meal charges nor alternate meals when a student’s account has insufficient funds. Per USDA guidance, the specific policy/procedure is at the discretion of each LEA and must include information about how unpaid meal debt will be collected.

Recordkeeping Requirements for Bad Debts

Once delinquent debts are converted to bad debts, records relating to those charges must be maintained in accordance with the record retention requirements outlined in 7 C.F.R. 210.9(b)(17) and 7 C.F.R. 210.15(b). The following records should be maintained to document the appropriate establishment and handling of bad debt:

- Evidence of efforts to collect unpaid meal charges in accordance with the local unpaid meal charge policy;
- Evidence the collection efforts fell within the timeframe and methods established by the local meal charge policy;
- Financial documentation showing when the unpaid meal charge(s) became an operating loss; and
- Evidence any funds written off as bad debt were restored to the NSFSA using non-Federal sources.

Accounting for Food Service Delinquent and Uncollectable Meal Accounts

Accounting for Uncollectable Service Accounts

John's parents pay \$100 to food service prior to the start of school.

Debit	Amount	Credit	Amount
02-101-00	100	02-230-00	100
Cash		Unearned Revenue (formerly Deferred Revenue)	

John eats lunch and a la carte items throughout the next two months

Month 1:

02-230-00	60	02-XXX-770-701-601-00	40
Unearned Revenue		Lunch Sales to pupils	
		02-XXX-770-707-601-000	20
		A la carte sales to pupils	

Month 2:

02-230-00	40	02-XXX-770-701-601-000	50
Unearned Revenue		Lunch sales to pupils	
02-115-00	30	02-XXX-770-707-601-00	20
Accounts Receivable		A la carte sales to pupils	

Scenario 1

Month 3: John's parents pay \$100 to food service.

02-101-00	100	02-230-00	70
Cash		Unearned Revenue	
		02-115-00	30
		Accounts Receivable	

John eats school lunch and a la carte items during the month. The entries in Month 1 and 2 will be repeated each month, but dollar amounts will change based upon actual food purchases.

Scenario 2

Month 3: John leaves the school district. The \$30 owed is not recovered by the school district prior to John's departure. The district determines John is never coming back– the family moved out of the state. Therefore, the district categorizes this as bad debt expense (uncollectable).

01-XXX-770-00-899-000	30	02-115-00	30
Miscellaneous Expense (Bad debt expense i.e. uncollectable)		Accounts Receivable	
02-101-000	30	01-101-000	30
Cash		Cash	

Note: It is important to use **Fund 01** and **Program Code 770** when recording the write off of uncollectible student account balances for food service sales.

Accounting for Donations for Food Service

The district has received miscellaneous donations for **delinquent** food service account balances.

01-101-00	800	01-XXX-770-00-096-00	800
Cash		Donations to food service (for bad debt)	

Move donations from Fund 01 to Fund 02 to cover the accounts receivable in arrears.

01-XXX-770-000-899-000	800	02-115-00	800
Miscellaneous Expense (Bad debt expense, i.e. Delinquent)			

02-101-00	800	01-101-00	800
Cash		Cash	

This entry is for the food service general ledger and not individual student accounts. The individual student account will need to be adjusted in the point of sale system (i.e., Pay Pams) by food service.

The school board needs to implement a policy that clarifies how donations are distributed to the student food service accounts in arrears. Donations that are designated to a specific student would be recorded directly into Fund 02 and would not be a tax deductible contribution.

Collections

Prior to sending uncollectible food service accounts to collections, the district has determined based on school board policy which accounts should be written off as uncollectible. See Scenario 2 for the journal entry to write off uncollectible accounts.

Districts that receive funds from collections, should consult their auditors on the accounting treatment to record the recovered funds.

See Minnesota Statutes, section, 124D.111, Lunch Aid; Food Service Accounting regarding Fund Balance deficits in Food Service.

For assistance with compliance and regulation contact [Minnesota Department of Education–Food and Nutrition Service](mailto:mde.fns@state.mn.us) (mde.fns@state.mn.us). For assistance with accounting, contact the [UFARS Accounting Helpdesk](mailto:MDE.UFARS-Accounting@state.mn.us) (MDE.UFARS-Accounting@state.mn.us).

Audit Requirements for FY 2019

Memorandum

Date: May 13, 2019

To: Superintendents, School Business Managers, Charter School Directors, Charter School Business Managers, and External Certified Public Accountant (CPA) Auditors

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

Subject: Summary of Audit Requirements–Fiscal Year (FY) 2019 Audit Year

Summary of Audit Requirements–Fiscal Year (FY) 2019 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 2019 audited final Uniform Financial Accounting and Reporting Standards (UFARS) data submission and Fiscal Compliance Table data submission reporting is November 30, 2019. Audit Reports are due by December 31, 2019.

- Audited Final UFARS Data Submission–due November 30, 2019
- Fiscal Compliance Table Data Submission–due November 30, 2019
- Audit Reports–due December 31, 2019

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 (Code of Federal Regulations) C.F.R., 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 educational agency (LEA) audit for MDE review. Audit findings should be numbered with the fiscal year and audit finding number (for example: 2019-1, 2019-2, 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: 2019-01, 2019-02, etc.).

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

The LEA or auditor must enter the audited data into the Fiscal Compliance Table located on the MDE website. After the audited data has been entered, it is important to 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, 2019.

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. The checklist of reports that are required to be submitted to MDE and State Auditor's Office are:
 - 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.
 5. The official responsible for monitoring the completion of the corrective action plan.
- 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 memorandum stating that fact is to be included with the audit submission).

FY 2019–Charter School Reporting Requirements

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

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

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

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

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

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

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, 2019. Required charter school

supplemental information is **not** a requirement of the Office of State Auditor and is not to be submitted to the Office of State Auditor.

Required documents are for the period of the fiscal year being reported. This year, the period for fiscal reporting is July 1, 2018–June 30, 2019. An agreement overlapping the fiscal year will require both agreements to be submitted.

Example:

1. A management contract with effective dates of January 1, 2018–December 31, 2018 and January 1, 2019–December 31, 2019, requires both contracts to be submitted.
2. A management contract that covers multiple years should be submitted for the fiscal reporting period. (Contract July 1, 2016–June 30, 2019, would submit the same contract in the years of 2017, 2018 and 2019.)

A Charter school must submit:

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

Agreements for Management Services:

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

General definitions

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

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

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

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

Total annual amount paid is \$100,000.

Or

Total annual amount paid is 10 percent of the year-end audited expenditures.

Agreements for Other Services (Vendors):

- Examples: Business Services
- Food Services
- Transportation
- Teaching Staff

The contracts must detail the terms of the agreement and identify the provided services detailing the annual cost for the services identified.

Note: Charter schools without management services contracts or agreements over the lesser of \$100,000 or 10 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."

Charter 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, section 124E.16, subdivision 1(d).
- b) Submission of Supplemental Information – Assist school with submitting agreement information.
- c) An auditor, as a condition of providing financial services to a charter school, must agree to make available information about a charter school's financial audit to the commissioner and authorizer upon request, per Minnesota Statutes, section 124E.16, subdivision 1(e).

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

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

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

Note: Submit a separate file for each of these reports. If multiple files will be submitted in each category, number the files beginning with one.

A. Management Agreements suffix convention: Mgmt.Agree

- Examples: 2019.4113.07.FraserAcad.Mgmt.Agree1
- 2019.4113.07.FraserAcad.Mgmt.Agree2

B. Service Agreements suffix convention: Service.Agree

- Examples: 2019.4113.07.FraserAcad.Service.Agree1
- 2019.4113.07.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: Pam Sanders (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](mailto:mde.ufars-accounting@state.mn.us) (mde.ufars-accounting@state.mn.us).

Submission Options

2019 Submission

1. Districts may submit completed financial audits and required supplemental information in standard printed and bound format via U.S. 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 below.

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:

Fiscal Year	District Number	District Type	District Name	Report Name
Four characters	Four characters	Two characters	Up to 12 characters in length	– FinStmt.District – MgtLtr.District – FinStmt.Student – MgtLtr.Student – Other

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

Audited District Financial Statements	convention: 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:

Examples:

2019.0001.03.Minneapolis.FinStmt.District
2019.0001.03.Minneapolis.FinStmt.Student
2019.0001.03.Minneapolis.MgtLtr.District
2019.0001.03.Minneapolis.MgtLtr.Student
2019.0001.03.Minneapolis.Other

Minnesota Statutes, section 123B.77, subdivision 3, also requires each district to send a copy of the audit and all supplemental reports to the Office of the State Auditor. The Office of the State Auditor requests all copies to be in electronic format and must be received no later than December 31, 2019.

The email addresses for electronic submission are:

[MDE Financial Management](mailto:MDE.FinMgt@state.mn.us) (MDE.FinMgt@state.mn.us)

[Office of the State Auditor](mailto:SingleAudit@osa.state.mn.us) (SingleAudit@osa.state.mn.us)

Districts Submitting via U.S. Postal Service (USPS) or Courier:

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

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

If you have any questions, please contact [Pam Sanders](mailto:Pam.Sanders@state.mn.us) at 651-582-8489.

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

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

FY 2020 Federal Indirect Cost Rates

FY 2020 Federal Indirect Cost Rates have been posted to the MDE website under [Indirect Cost Rates 2020](#) (Data Center > Data Reports and Analytics: **School Finance Spreadsheets**, select category: **Indirect Cost Rates**) as shown below:

The screenshot shows the Minnesota Department of Education website. At the top right, there are links for "Skip navigation", "Español", "Soomaali", "Himoob", and "Resources by Language". Below these is the MDE logo and the text "DEPARTMENT OF EDUCATION". To the right of the logo are social media icons for Twitter, Facebook, YouTube, and Email, with the text "stay connected:". A navigation bar contains links for Home, About, Students and Families, Licensing, Districts, Schools and Educators, and Data Center. Below the navigation bar is a breadcrumb trail: "MDE > Data Center > Data Reports and Analytics". A search bar is located on the right side of the page. The main heading is "Indirect Cost Rates". Below this heading is a paragraph: "The spreadsheets available here show the calculation of annual approved indirect cost rates used by local education agencies (LEAs) in Minnesota to recover any indirect costs for the administration of federal or state grants." Below the paragraph is a section titled "Use the Drop Downs to identify the files of interest" with three dropdown menus: "Category" (set to "Indirect Cost Rates"), "Subcategory" (set to "ALL"), and "Year" (set to "2020"). There are "List files" and "Reset" buttons. Below the filters is a section titled "Available Files" with a table:

Category	Subcategory	Year	Document	Data Files	Help Files
Indirect Cost Rates		2020	2020 Indirect Cost Rates	File	

If you have questions about *FY 2020 Indirect Cost Rates*, contact [Pam Sanders](mailto:Pam.Sanders@state.mn.us) (Pam.Sanders@state.mn.us, 651-582-8489). Inquiries may also be sent to the [UFARS Accounting Helpdesk](#) (MDE.UFARS-Accounting@state.mn.us).

FY 2020 Charter School Lease Aid Application and Requirements

The *FY 2020 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 2020 Charter School Lease Aid Requirements* as shown below:

The screenshot shows the MDE website's navigation menu with 'Charter Schools' selected. The main content area includes a search bar, a description of charter schools, and a list of links. A red arrow points to the link: [FY 2020 Charter School Lease Aid Requirements - 4/2/19](#). Other links include 'FY 2019 Charter School Lease Aid Requirements - 3/26/18' and 'Charter School Audit Exception Summary - 10/5/17'. A sidebar on the left lists various school finance topics, and a right sidebar offers email alerts and related resources.

Included in the lease aid application information, please reference the April 2, 2019, 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 2020 Charter School Lease Aid Application* to the [Charter School Application email](#) (MDE.CharterSchoolapps@state.mn.us).

(IDEAS stands for Integrated Department of Education Aids System)

Governmental Accounting Standards Board (GASB) Statement No. 84 Fiduciary Activities

MDE is working on a question and answer document that will be provided in the near future. Please make sure you are part of the Business Manager’s Listserv so you are notified when the document has been posted. Please contact [Nicki Cha](#) (Nicki.Cha@state.mn.us) if you would like to be added to the listserv.

UFARS Coding Updates – Effective July 1, 2019 for FY 2020

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

Fund Code Changes

The following **Fund** Dimensions **will be added** effective July 1, 2019:

18 Custodial Fund

Custodial funds are used to report fiduciary activities that are *not* required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust fund. Custodial funds represent a flow through mechanism in which the LEA receives funds and distributes these funds to an organization, with no financial benefit to the LEA.

The assets are for the benefit of organizations or other governments that are not part of the financial reporting entity. In addition, the assets are not derived from the government's provision of goods or services to those organizations or other governments.

The following **Fund** Dimensions **will have description changes** effective July 1, 2019:

08 Trust Fund

The Trust Fund is used to record the revenues and expenditures for trust agreements where the school board has accepted the responsibility to serve as trustee. **Per GASB Statement No. 84, Fiduciary Activities, a trust is defined as a trust agreement or equivalent arrangement.** *The property in the trust agreement typically comes to the district by gift. For example, a community member may create a scholarship trust to be awarded to an outstanding student every year or the local parent group may establish a trust to purchase computer equipment.

Trust funds are composed of two types: expendable and nonexpendable. Expendable trust funds are used where both principal and earnings may be spent. Nonexpendable trust funds are used to account for trusts which require that only earnings and not principal be spent.

To be in accordance with GAAP, expendable trust funds must use the modified accrual basis of accounting used by governmental funds. Nonexpendable trust funds use the full accrual basis of accounting, the same as proprietary funds.

***Note:** GASB Statement No. 84 defines an equivalent arrangement as *“one that, although not a trust by name, has the same characteristics required of a trust: (a) assets are dedicated to providing benefits to recipients in accordance with the benefit terms and (b) assets are legally protected from the creditors of the government that is acting as a fiduciary, as stated in paragraph 11c.”*

The following **Fund Dimensions will be deleted** effective July 1, 2019:

Fund 09 Agency Fund

Program Code Changes

The following **Program Code Dimensions will have description changes** effective July 1, 2019:

291 Co-Curricular Activities (Non-Athletics)

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

1. They are conducted at regular and uniform times during school hours, or at times established by school authorities.
2. Although not offered for credit, they are **directed or supervised by instructional staff** in a learning environment similar to that found in courses offered for credit.
3. They are partially funded by public funds for general instructional purposes under direction and control of the board.

298 Extra-Curricular Activities

All extracurricular student activities must be “under board control” per GASB Statement No. 84 (Minn. Stat. § [123B.49](#)).

All activities under board control for public school pupils that are managed and operated under the guidance of an adult or staff member. Funds raised by the students and the students choose how to spend the funds. Extracurricular activities have all of the following characteristics:

1. They are not offered for school credit nor required for graduation.
2. They are generally conducted outside school hours, or if partly during school hours, at times agreed by the participants and approved by school authorities.
3. The **content of the activities is determined primarily by the pupil participants** under the guidance of a staff member or other adult.

422 Special Education—Students without Disabilities

Enter revenue and expenditure activity for Special Education services provided to students without disabilities under the following situations:

Minnesota Statutes, section [125A.75](#), subdivision 3 – Full state payment for students without a disability whose district of residence has been determined by Minnesota Statutes, section [125A.17](#) or [125A.51 \(b\)](#) and who is temporarily placed in a state institution, a licensed residential facility or foster facility for care and treatment. The regular education program at the

facility must be an approved program according to Minnesota Statutes, section [125A.515](#). Use with Finance Code 761.

Minnesota Statutes, section [125A.50](#) – Alternative delivery of specialized instructional services to serve low-performing pupils who have not been identified with a disability but, who without intervention, may be expected to qualify for special education service in the future. Use with Finance Codes 317 and 740.

34 C.F.R., section 300.226, Early Intervening Services – To develop and implement coordinated, early intervening services for students in kindergarten through grade 12 (with a particular emphasis on students in kindergarten through grade three) who have not been identified as needing special education or related services, but who need additional academic and behavioral support to succeed in a general education environment. Use with Finance Codes 425 and 429.

Note: For Comprehensive Coordinated Early Intervening Services (CEIS)/Mandatory CEIS, Finance Code 429, MDE interprets the phrase students with disabilities to mean the disability categories of analysis listed under C.F.R. §300.646(d) for computing significant disproportionality, which include: Developmental Cognitive Disabilities, Specific Learning Disabilities, Emotional or Behavioral Disorders, Speech or Language Impairments, Other Health Disabilities, Autism Spectrum Disorder and all disabilities listed in any combination. LEAs reporting costs under Finance Code 429 (Mandatory CEIS) may report costs for students with disabilities under this program code, as long as the costs are approved under their Mandatory CEIS application.

Finance Code Changes

The following **Finance** Dimensions **will be added** effective July 1, 2019:

301 Extra-Curricular

Record revenues and expenditures for the funds raised by the students of an activity and where the content of the activities is determined by the students. This finance code must be used with Program Code 298 Extracurricular Activities and can be used with Program Codes 292, 294 or 296. The activities in this code apply to Balance Sheet Code 401, Restricted/Reserved for Extracurricular Activities Minnesota Statutes, section [123B.49](#).

340 Scholarships (Funds 01, 08 and 18)

Record revenues and expenditures for scholarship funds that the LEA distributes. If the LEA has administrative involvement** (i.e., selecting the recipient(s) and/or reviewing recipient(s) eligibility), then record financial transactions in the General Fund 01. If the LEA has a legal trust agreement that protects the assets and documents the distribution of funds to the recipient(s), then record financial transactions in the Trust Fund 08. If the LEA does not have administrative involvement and/or does not select the scholarship recipient(s), then record financial

transactions in the Custodial Fund 18. This finance code must only be used with Object Code 898, Scholarships. This finance code is used to identify revenues and expenditures that apply to Balance Sheet Code 402, Restricted/Reserved for Scholarships.

****A government has administrative involvement with the assets if for example it (a) monitors compliance with the requirements of the activity that are established by the government that does not receive the direct benefits of the activity, (b) determines eligible expenditures that are established by the government that does not receive the direct benefit of the activity or (c) has the ability to exercise discretion over how assets are allocated.**

The following **Finance Dimensions will have description changes** effective July 1, 2019:

175 Title VII – Impact Aid (Fund 01 and Fund 06)

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 (Catalog of Federal Domestic Assistance (CFDA) No. 84.041 Elementary and Secondary Education Act (ESEA), Public Law (P.L.) 107-110) as reauthorized under the Every Student Succeeds Act (ESSA). (34 C.F.R. § 200.35(a)(i)(B)(2)). To record the revenue, use Source Code 019, Miscellaneous Tax Revenues Paid by County. 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 **federal** 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)). To record the revenue, use Source Code 019, Miscellaneous Tax Revenues Paid by County. This finance code is used to identify revenues and expenditures against Balance Sheet Code 476, Restricted for Payments in Lieu of Taxes (PILT).

319 Teacher Development and Evaluation Revenue (Funds 01 and 04)

Record revenues and expenditures for teacher development and evaluation revenue for a school district, intermediate school district, or charter school that does not have an alternative professional pay system agreement (Minn. Stat. §§ [122A.414-415](#)). The activities in this code apply to Balance Sheet Code 440, Restricted/Reserved for Teacher Development and Evaluation.

Payment Description – 01F319 TCHR DEVELOPMENT & EVAL

- 830 Career and Technical Education Revenue (Fund 01)**
- Record revenues and expenditures eligible for career and technical revenue under Minnesota Statutes, section [124D.4531](#).
- 848/948 Title I, Part A of Elementary and Secondary Education Act (ESEA) – Improving Basic Programs Operated by Local Educational Agencies (LEAs) (Fund 01)**
- Record revenues and expenditures for Title I, No Child Left Behind-Adequate Yearly Progress (NCLB-AYP) Improvement Grants (CFDA No. 84.010, Title I, Elementary and Secondary Education Act of 1965 (ESEA) P.L. 107-110) as reauthorized under the Every Student Succeeds Act (ESSA). This finance code is to be used only with Program Code 216.
- 859/959 Title V, Part B – Charter School Federal Grant (Funds 01 and 02)**
- Record revenues and expenditures for the total amount received in Charter School Federal Title V Start-Up Grant, often referred to as Charter Schools Programs (CSP) grants. Grants are to provide financial assistance for the designing, planning and initial implementation of charter schools; and to evaluate the impact of charter schools on student achievement, families, communities, staff and share best practices between charter schools and other public schools (P.L. 107-110; CFDA No. 84.282. Elementary and Secondary Education Act of 1965 as reauthorized under the Every Student Succeeds Act (ESSA)).
- 851/951 Title I, Part A of Elementary and Secondary Education Act (ESEA) – Improving Basic Programs Operated by Local Educational Agencies (LEAs) – Part II (Fund 01)**
- Record revenues and expenditures related to Title I, NCLB-AYP Improvement Grants (CFDA No. 84.010, Title I, Elementary and Secondary Education (ESEA) P.L. 107-110) as reauthorized under the Every Student Succeeds Act (ESSA). This finance code is to be used only with Program 216.

Source Code Changes

The following **Source Dimensions will have description changes** effective July 1, 2019:

- 019 Miscellaneous Tax Revenues Paid by County**
- Record miscellaneous county tax revenues. This account includes the following revenues pertaining to: confession judgments, Green Acres, public property rental, open space, air space interest, timber interest, mineral interest, state forest land, auxiliary forest, excess transmission lines, mineral royalties, tax-forfeited sales, conservation land fund, interest on levy payments, Payments in Lieu of Taxes (PILT) and special levies not recorded elsewhere.

474 Commodity Distribution Program (Fund 02)

Record as revenue the value of USDA donated commodities established by the latest revision of the "Standardized Commodity Costs" provided by the Child Nutrition Section of the Minnesota Department of Education. The total revenue in this code must equal Object Code 491, Commodities. Use with Finance Codes 701-709 and the appropriate balance sheet code (P.L. 105-336; CFDA No. 10.555).

Payment Description – N/A

506 Impact Aid (Fund 01)

Record revenue from Federal Impact Aid received directly from federal sources to provide revenue to substitute for lost property tax revenues (CFDA No. 84.041, Elementary and Secondary Education Act, Title VII, Section 8003). Do not use this code to record Title VII – Impact Aid (Finance Code 175) revenue received from the county; use Source Code 019, Miscellaneous Tax Revenues Paid by County should be used.

629 Health and Safety Other Revenue

Record other revenue sources for health and safety projects beyond state aid or levy. This includes, but is not limited to: insurance and legal settlements, Petrofund reimbursements and utility rebates. This code includes Federal Emergency Management Agency (FEMA) proceeds related to Health and Safety projects.

Note: Please reference the Levy Certification Process webpage and locate the Levy Information System Instructions, page 16 for guidance on other Health and Safety Revenue (Minn. Stat. § 123B.57) reporting for insurance lawsuits recoveries, federal and state grants and utilities rebates relating to Health and Safety projects. These revenues should be reported on Line 10 of the Levy System under the General Fund – Other Health and Safety Revenue section. Assign the same finance code as the related project. Do not include Health and Safety Levy and Aid revenue, or Petrofund reimbursements.

631 Sale of Bonds (Funds 01, 02, 04, 06, 07 or 47)

Record proceeds received from the sale of bonds for funding the OPEB liability in the Operating Funds (01, 02 and 04). These bond proceeds may be transferred to the Revocable Fund (25) or the Irrevocable Fund (45). Record proceeds from the sale of bonds for capital projects or Long-Term Facilities Maintenance in the Building Construction Fund (06) and from the sale of bonds for the purpose of refunding debt in the Debt Service Fund (07) (Minn. Stat. § [475.60](#)). This amount is recorded as *other financing source* in the financial statements.

Object Code Changes:

The following **Object Dimensions will have description changes** effective July 1, 2019:

143 Licensed Instructional Support Personnel

Includes salaries of all licensed auxiliary personnel supporting the teacher/student learning relationship or assisting individual students. Examples of licensed auxiliary personnel are as follows: instructional assistance for elementary education, teachers involved with resource-curricular and in-service of staff, coordinators (see Object Code 120), peer coaches, quality compensation (Qcomp) coordinators, media and resource center coordinators, and librarians.

Refer to Object Code

Physical Therapists	150
Occupational Therapists	151
Audiologists	153
School Nurses	154
Licensed Nursing Services	155
Social Workers	156
Psychologists	157
Foreign Language Interpreters	163
Interpreters for the Deaf	164
School Counselors	165
Child Find Facilitators	166
Regional Low Incidence Consultants	167
Alcohol and Chemical Dependency Counselors	169
Certified Orientation and Mobility Specialists and Assistants	173
Social Workers for Interagency Activities	176

405 Non-Instructional Software Licensing Agreements

Record expenditures for non-instructional annual subscriptions or software license agreements that are under the capitalization threshold. Includes the cost of electronic service plans that support and maintain due process documents and special education forms. See Object Codes 455 and 505 for purchase of software. Also, see Object Code 430, Supplies and Materials – Non-Individualized Instruction, for additional coding.

406 Instructional Software License Agreements

Record expenditures for instructional annual subscriptions or software license agreements that are under the capitalization threshold. See Object Codes 456 and 506 for purchase of software. Also, see Object Code 433, Supplies and Materials – Individualized Instruction, for additional coding.

430 Supplies and Materials – Non-Individualized Instructional

The instructions for this code must be read in conjunction with Object Code 433, Individualized Instructional Materials. Expenditures to be included here are instructional supplies that do not fit the criteria set forth for expenditures in Object Codes 406, 433, 456 or 465.

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

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

433 Supplies and Materials – Individualized Instruction

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

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

- a. Designed primarily for individual pupil use or use by pupils in a cooperative learning group in a particular class or program in the school the pupil regularly attends.
- b. Secular, neutral, nonideological and not capable of diversion for religious use; and
- c. Available, used by, or of benefit to Minnesota public school pupils.

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

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

When recording expenditures for nonpublic students; use this code in conjunction with Finance Code 351, Aid to Nonpublic Pupils – Textbooks and Tests. When recording expenditures for public school students; use the appropriate codes in the other UFARS dimensions.

Expenditures for "individualized instructional or cooperative learning materials" do not include instructional equipment, instructional hardware including dedicated hardware equipment known as eReaders or e-book devices, or ordinary daily consumable classroom supplies. Please refer to Object Code 406, Instructional Software License Agreements; Object Code 466, Instructional Technology Devices; and Object Code 556, Capitalized Instructional Technology Hardware, for additional information. Includes freight/shipping costs associated with items purchased.

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

Balance Sheet Account Code Changes:

The following **Balance Sheet** Dimensions **will be added** effective July 1, 2019:

401 Restricted/Reserved for Student Activities (Fund 01)

Represents the resources available for the extracurricular activity funds raised by students. Activities associated with Finance Code 301 Extracurricular Activities must be restricted in this code (Minn. Stat. § [123B.49](#)). *This restricted/reserved account is not allowed to go into deficit.*

402 Restricted/Reserved for Scholarships (Funds 01, 08, 18)

Represents the resources available for the scholarship funds. Activities associated with Finance Code 340 Scholarships must be restricted in this code. *This restricted/reserved account is not allowed to go into deficit.*

FY 2020 UFARS Chapter 10 Updates

Finance Codes

313 Achievement and Integration Aid and Levy

Program Codes – all
Remove Object Code 191

337 Pathway II

Program Codes – all
Add Object Code 389

338 Pathway I

Program Codes – all
Add Object Code 389

859/959 Title V, Part B Charter School Federal Grants

Program Codes – all
Remove Object Code 895

Finance Codes related to Long-Term Facilities Maintenance (LTFM) and CEIS

369 Building Hardware and Equipment

Program Codes 865, 867 and 868
Remove Object Codes 315, 465, 466 and 555-556

370 Electrical

Program Codes 865, 867 and 868
Remove Object Codes 315, 465, 466 and 555-556

425/625 CEIS (voluntary)

Program Code 422
Add 152, 343, 369, 373 and 430
Remove Object Codes 153, 164, 168-169, 344, 350, 356-357, 359, and 374

429/629 CEIS (mandatory)

Program Code 422
Add 152, 343, 353-354, 359, 361, 369, 373, 381-382, 384-385, 390-395, 430 and 506
Remove 153, 164, 168, 169, 350 and 356-357

Finance Codes Related to Special Education

317 Basic Skills

Program Code 420
Add Object Code 399
Remove Object Code 581

- 317 Basic Skills**
 Program Code 422
 Remove Object Codes 307, 535, 545 and 580-581
- 372 Medical Assistance**
 Program Codes 401-416 and 420
 Remove Object Codes 532 and 581
- 419/619 Federal Special Education**
 Program Code 420
 Remove Object Code 581
- 420/620 Individuals with Disabilities Education Act (IDEA) Part B Section 619 – Preschool Grant**
 Program Code 420
 Remove Object Code 581
- 740 State Special Education**
 Program Codes 401-416 and 420
 Remove Object Code 581
- 740 State Special Education**
 Program Code 422
 Remove Object Codes 545 and 580-581
- 799 Collaboration–Expansion of Early Intervention and Prevention**
 Program Code 400
 Add **Program** Codes 203 and 211
 Program Codes 401-416 and 420
 Remove Object Code 581
 Program Code 422
 Add Object Codes 406, 456, 466, 506 and 556
 Remove Object Codes 141, 399, 545 and 580

Finance Codes Related to Title Programs

- 401/601 Title I**
 Program Code 216
 Add Object Codes 158-160, 163, 176, 345-352, 355, 358, 362-363, 375-379 and 898
 Remove Object Code 319
- 401/601 Title I**
 Program Code 201
 Add Object Codes 158-160, 163, 176, 345-352, 355, 358, 362-363, 375-379 and 898
 Remove Object Code 319

- 401/601 Title I**
Program Codes 579 and 581
Add Object Codes 158-160, 163, 176, 345-352, 355, 358, 362-363, 375-379 and 898
Remove Object Codes 319
- 406/606 Title I, Part D**
Program Code 216
Add Object Codes 120, 159, 163, 169, 176, 351, 355, 358, 363, 390-391 and 394
Remove Object Code 319
- 414/614 Title II**
Program Code 204
Add Object Codes 120, 163, 315, 350, 530 and 820
Remove Object Code 490
- 414/614 Title II**
Program Code 205
Add Object Codes 120 and 375
Remove Object Codes 164, 168-189, 172-173 and 319
- 414/614 Title II**
Program Code 206
Add Object Codes 120, 315, 320, 350, 369, 370, 456, 506 and 556
Remove Object Codes 164, 356, 357 and 490
- 414/614 Title II**
Program Code 207
Add Object Codes 120, 158-160, 163, 176, 315, 351-352, 355, 358, 362-363, 379, 456, 506 and 556
- 414/614 Title II**
Program Code 216
Add Object Codes 158-160, 163, 176, 345-352, 355, 358, 362-363, 375-379, 456 and 898
Remove Object Code 319
- 417/617 Title III**
Program Code 205
Add Object Code 120
Remove Object Codes 164, 168-169 and 172-173
- 424/624 Title V**
Program Code 204
Add Object Codes 120, 163, 315, 350, 530 and 820
Remove Object Code 490

- 424/624 Title V**
Program Code 205
Add Object Code 120
Remove Object Codes 164, 168-169, 172-173 and 319
- 424/624 Title V**
Program Code 206
Add Object Codes 120, 315, 320 and 369-370
Remove Object Codes 164, 356-357 and 490
- 424/624 Title V**
Program Code 207
Add Object Codes 120, 158-160, 163, 176, 315, 351-352, 355, 358, 362-363 and 379
- 424/624 Title V**
Program Code 216
Add Object Codes 158-160, 163, 176, 315, 345-352, 355, 358, 362-363, 375-379 and 898
Remove Object Code 319
- 433/633 Title IV**
Program Code 206
Add Object Codes 154-155, 345-349, 351-352, 355, 358, 362-363, 375-379, 390-391, 460 and 465-466
Remove Object Codes 150-153, 162, 164, 166-167, 172-174, 330-340, and 393-395
- 442/642 Title III**
Program Code 205
Add Object Codes 120, 159, 176, 315, 320, 350-352 and 375-376
Remove Object Codes 166-169, 172 and 174
- 715 Foster Care Transportation**
Program Code 760
The only **allowed** Object Codes are 360 and 364-365
- 863/963 Title I, Part C Education of Migrant Children**
Program Code 216
Add Object Codes 163, 176, 252-289, 315, 355, 358, 362-363, 375-379, 381-385, 461 and 530
Remove Object Codes 316, 330 and 340
- 868/968 Title VIII – Education for Homeless**
Program Code 201, 203 and 211
Add Object Codes 120, 141, 146, 163, 199, 345-346, 350, 355, 358, 364-365 and 381-385
Remove Object Codes 173, 394, 397 and 890

UFARS Submission Deadlines for Fiscal Year 2019

The FY 2020 budget must be board-approved prior to July 1, 2019 (Minn. Stat. § 123B.77, subd. 4).

Information on the FY 2019 budget must be published within one week of accepting the FY 2019 audit or November 30, 2019, whichever is earlier (Minn. Stat. § 123B.10, subd. 1).

The FY 2019 Preliminary Unaudited UFARS data is due September 15, 2019 (Minn. Stat. § 123B.77, subd. 2). The statutory deadline falls on a Sunday; therefore, submissions are timely if submitted on the next succeeding day which is not a Saturday, Sunday, or legal holiday (Minn. Stat. § 474A.025). Submit by Monday, September 16, 2019.

The FY 2019 Final Audited UFARS data is due November 30, 2019 (Minn. Stat. § 123B.77, subd. 3). 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, December 2, 2019.

The FY 2019 Fiscal Compliance Table (audit data and UFARS) is due November 30, 2019 (Minn. Stat. § 123B.77, subd. 3). 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, December 2, 2019.

The *FY 2019 Audit Report* is due on December 31, 2019.

If the audit is mailed, it must be postmarked on or before December 31, 2019 (Minn. Stat. § 123B.77, subd. 3).

UFARS Coding Reminders and Common Errors

Special Education Litigation Costs – Object Code 306

Per Minnesota Statutes, section 125A.75, subdivision 9, MDE must publish a Special Education (SPED) Litigation cost report every year. This report includes the list of districts and the expenditures recorded in Object Code 306, Special Education Litigation Costs. During the past legislative session, the amounts were questioned as many districts reported small amounts or \$0. MDE contacted a sample of districts and found that many were using in-house attorneys or retainers and were not breaking out SPED litigation costs. Please review the definition of Object Code 306 below and be sure to code all relevant expenses to this code.

306 Special Education Litigation Costs:

Include all special education expenditures incurred for time spent by legal counsel in consideration of litigation, during litigation and in post-litigation work, including appeals and discussions regarding potential appeals. Costs should include the legal fees associated with a request for a due process hearing whether or not it settles the issue, and any expense incurred when seeking counsel in consideration of filing. Districts using this code for special education cases must use Program Code 400 with Finance Code 000 for these expenditures.

Finance Code 175 and 176

For UFARS Finance Code 175, Title VII-Impact Aid, and Finance Code 176, Payments in Lieu of Taxes, please use Source Code 019, Miscellaneous Tax Revenues paid by County.

Do not use Source Code 506, Impact Aid, since this code is to record revenue received directly from federal sources.

Object Codes 505 and 506

Reminder that these object codes were added a few years ago. MDE federal staff wants to ensure these codes are used appropriately.

505 Capitalized Non-Instructional Technology Software:

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

506 Capitalized Instructional Technology Software:

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

Finance Code 317 Basic Skills Accounting for Revenues, Expenditures and Fund Balance

After recently receiving inquiries from news media and others about school district basic skills revenues and expenditures, MDE is providing an overview on how to account for Finance Code 317 Basic Skills.

While there is no requirement for Basic Skills revenues and expenditures to match exactly, a review of the data for FY 2018 has shown that some districts reported expenditures that are significantly below the revenue generated, while other districts reported expenditures that significantly exceed the revenue generated. To address potential accounting and reporting issues going forward, and to ensure that we have accurate data to respond to inquiries, we are asking school districts with wide variations between Basic Skills revenues and expenditures to review their accounting data. Districts may need to review their accounting and reporting procedures for FY 2019 to ensure that expenditures are reported accurately for FY 2019 and later.

Noted below is the Minnesota statute discussing the uses for basic skills revenue and the Uniform Financial Accounting and Reporting Standards (UFARS) accounting guidance.

Minnesota Statutes, section, 126C.15 Basic Skills; Compensatory Education Revenue states the following uses:

Subdivision 1. Use of revenue. The basic skills revenue under section [126C.10, subdivision 4](#), must be reserved and 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. Any of the following may be provided to meet these learners' needs:

- (1) direct instructional services under the assurance of mastery program according to section [124D.66](#);*
- (2) remedial instruction in reading, language arts, mathematics, other content areas, or study skills to improve the achievement level of these learners;*
- (3) additional teachers and teacher aides to provide more individualized instruction to these learners through individual tutoring, lower instructor-to-learner ratios, or team teaching;*
- (4) a longer school day or week during the regular school year or through a summer program that may be offered directly by the site or under a performance-based contract with a community-based organization;*
- (5) comprehensive and ongoing staff development consistent with district and site plans according to section [122A.60](#) and to implement plans under section [120B.12, subdivision 4a](#), for teachers, teacher aides, principals, and other personnel to improve their ability to identify the needs of these learners and provide appropriate remediation, intervention, accommodations, or modifications;*
- (6) instructional materials, digital learning, and technology appropriate for meeting the individual needs of these learners;*
- (7) programs to reduce truancy, encourage completion of high school, enhance self-concept, provide health services, provide nutrition services, provide a safe and secure learning environment, provide coordination for pupils receiving services from other governmental agencies, provide psychological services to determine the level of social, emotional, cognitive, and intellectual development, and provide counseling services, guidance services, and social work services;*
- (8) bilingual programs, bicultural programs, and programs for English learners;*
- (9) all-day kindergarten;*
- (10) early education programs, parent-training programs, school readiness programs, kindergarten programs for four-year-olds, voluntary home visits under section [124D.13, subdivision 4](#), and other outreach efforts designed to prepare children for kindergarten;*
- (11) extended school day and extended school year programs; and*
- (12) substantial parent involvement in developing and implementing remedial education or intervention plans for a learner, including learning contracts between the school, the learner, and the parent that establish achievement goals and responsibilities of the learner and the learner's parent or guardian.*

The UFARS manual states the following for Finance Code 317 Basic Skills (Fund 01):

Record revenues and expenditures pertaining to the Basic Skills Revenue of Minnesota Statutes, section 126C.10, subdivision 3. 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. The activities in this code apply to Balance Sheet Code 441, Restricted/Reserved for Basic Skills.

This statute was amended in the 2013 Legislative Session to include programs designed to prepare children and their families for entry into school. These programs include early education, parent-training, school readiness, kindergarten for 4 year-olds, voluntary home visits under Minnesota Statutes, section 124D.13, subdivision 4, and other outreach efforts designed to prepare children for kindergarten. Use Finance Code 309, Basic Skills Extended Time, for extended time expenditures.

Use Programs Codes 579 – Preschool Instructional, 581 – Prekindergarten, and 582 – School Readiness in Fund 01 to report early childhood education expenditures.

Payment Description – 01S211 GEN ED AID FY

Note: American Indian Education revenues and expenditures are coded to Finance Codes 320 and 375.

Basic Skills revenue can be obtained from the general education aid entitlement report (posted to MDE web site under Data Center / Data Reports and Analytics/ MFR). The journal entry may be:

Debit:

Cash 01-101-XX

Credit:

General Education Revenue 01-XXX-XXX-317-211-XXX

The UFARS manual states the following for Source Code 211 General Education (Fund 01):

According to Minnesota Statutes, section 126C.13, subdivision 4, General Education Aid is the sum of the following amounts for fiscal year 2015 and later:

- 1. General education revenue, excluding operating capital revenue, equity revenue, local optional revenue, and transition revenue, minus the student achievement levy, multiplied times the ratio of the actual amount of student achievement levy levied to the permitted student achievement levy; plus*
- 2. Operating capital aid under section 126C.10, subdivision 13b;*
- 3. Equity aid under section 126C.10, subdivision 30; plus*
- 4. Transition aid under section 126C.10, subdivision 33; plus*
- 5. Shared time aid under section 126C.01, subdivision 7 (see Source Code 213 to record state revenue received for shared time students); plus*
- 6. Referendum aid under section 126.17, subdivisions 7 and 7a; plus*
- 7. Online learning aid according to section 124D.096; plus*
- 8. Local optional aid according to section 126C.10, subdivision 2d, paragraph (d).*

The following components of General Education Revenue included in this code are restricted by statute for specific purposes and must be identified by finance code:

<i>Operating Capital</i>	<i>Finance Code 302</i>
<i>Basic Skills for Extended Time</i>	<i>Finance Code 309</i>
<i>Staff Development</i>	<i>Finance Code 316</i>
<i>Basic Skills</i>	<i>Finance Code 317</i>
<i>Learning and Development</i>	<i>Finance Code 330</i>
<i>Gifted and Talented</i>	<i>Finance Code 388</i>

Payment Description – 01S211 GEN ED AID FY

Basic Skills expenditures reported in UFARS should follow the permitted uses as listed by statute and in the UFARS Manual, Chapter 10, Permitted Code Combinations for Finance Code 317 Basic Skills. LEAs may use other funding sources for Basic Skills expenditures that exceed the prior year ending fund balance and/or current year compensatory revenue. Please note that LEAs may use several program codes with Finance Code 317. Note additional funding for English learner (EL) can be used with Finance Code 317.

The UFARS manual states the following for Program Code 219 English learner:

Record expenditures for English as a Second Language (ESL) and/or Bilingual Education Programs. EL is a subset of the Basic Skills Revenue Component of General Education Revenue (Minn. Stat. § [124D.58](#), Minn. Stat. § [124D.65](#) and Minn. Stat. § [126C.10](#), subd. 4).

At year end, the fund balance for Balance Sheet code 441 (Restricted / Reserved for Basic Skills) should be calculated by adding FY2018 ending balance to FY2019 revenues less FY2019 expenditures resulting in the FY2019 ending fund balance. Balance Sheet code 441 is not allowed to have a deficit balance; therefore, a journal entry from the Balance Sheet code 422 (Unassigned Fund Balance) is necessary to absorb the deficit.

If you have questions, send you inquiries to mde.ufars-accounting@state.mn.us.

Software Vendor Approval

Due to the Mainframe Modernization project at MDE, we are unable to test and approve any new financial software system until January 2021. The Mainframe Modernization project is converting all COBOL program language in the School Finance Division to another program language.

UFARS 101 Training Schedule

The next three scheduled dates for UFARS 101 training are June 18, 2019, July 18, 2019 and August 22, 2019, at MDE (1500 Highway 36 West, Roseville, Minnesota 55113). UFARS 101 training will introduce Uniform Financial Accounting and Reporting Standards (UFARS) and review: A) Chart of Accounts; B) UFARS System Uses; C) Dimension Descriptions; D) Legislative Requirements, and review basic accounting concepts and financial reporting for Minnesota schools. The training will also include expenditure and revenue exercises and website navigation.

Registration information is posted on the [MDE Calendar](#) or by following About MDE > Calendar.

For assistance with the *UFARS 101 Training Schedule*, please contact [Nicki Cha](mailto:Nicki.Cha@state.mn.us) (Nicki.Cha@state.mn.us).

Business Managers Listserv Subscriptions, Updates and MDE Contact Information

This service is provided to business managers by MDE (1500 Highway 36 West, Roseville, Minnesota 55113) as an ongoing communication informing them of current MDE news. If you are a new subscriber or updating current information, please contact [Nicki Cha](mailto:nicki.cha@state.mn.us) (nicki.cha@state.mn.us) and provide the following information in your email:

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

Contacts

UFARS

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

MARSS Student Reporting

[MARSS contact](mailto:MARSS@state.mn.us) (MARSS@state.mn.us)

SERVS Financial

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

Title Programs

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

Special Education

[Special Education Funding contact](mailto:mde.spedfunding@state.mn.us) (mde.spedfunding@state.mn.us)