

**SCHOOL BUSINESS BULLETIN**

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**In this Bulletin**

FY 2013 Significant Changes to Charter School Reporting Requirements .....	1
FY 2014 and 2015 - Staff Development Update .....	4
UFARS 101 Training Scheduled on October 9, 2013 at MDE .....	4
FY 2014 UFARS Manual Code Dimension Updates .....	5
FY 2013 District/School ADM Report.....	15
FY 2013 Pupil Transportation Reporting – General Overview.....	15
Excess Funds Related to Alternative Facility Funding for Health and Safety Projects over \$500,000 at a Site .....	17
Health and Safety Program Revenue Application for the 2013 Payable 2014 Levy .....	18
IT Helpdesk .....	18
UFARS Accounting Helpdesk .....	18

**FY 2013 – Significant Changes to Charter School Reporting Requirements**

Laws 2013, Chapter 116, Article 4, Section 1, Subd. 6a requires charter schools to submit to the Minnesota Department of Education (MDE) additional information with the fiscal year end audit report. The requirements begin with FY 2013 reporting period.

The law is as follows:

*Subd. 6a. Audit report. (a) The charter school must submit an audit report to the commissioner and its authorizer by December 31 each year.*

*(b) The charter school, with the assistance of the auditor conducting the audit, must include with the report, as supplemental information, a copy of all charter school agreements for corporate management services, including parent company or other administrative, financial, and staffing 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.*

*(c) A charter school independent audit report shall include audited financial data of an affiliated building corporation or other component unit.*

*(d) 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 clarifies the requirement of charter schools to provide “agreement” documents with outside providers. The term agreement includes 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 the Department of Education and the school’s authorizer by December 31 of each year. Required charter school supplemental information is NOT a requirement of the Office of State Auditor.

Required documents are:

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

Agreements for:

Administrative services  
Management services,  
Legal services  
Transportation services  
Food services

- B. Financial Services

Financial Services agreements may already be a part of the Administrative services outlined in section A above. The examples below are for any additional services purchased to assist management with the operations of the school.

Agreements for:

Financial management  
Accounting services  
Audit services  
Audit preparation services  
Business services, etc.

- C. Staffing Services

Only agreements with staffing companies. Do not provide agreements with individuals unless the individual is contracting for managerial, administrative, or director functions.

Example: Agreements with staffing companies for any staffing services such as teachers, support services, etc.

An entity that provides professional services to the charter school AND is tax exempt under section 501 of the IRS code 1986, under section 6033, must submit a copy of their IRS Form 990 to the Department of Education and the school’s authorizer by February 15 of each year.

**Note: If the charter school does not have any of the above services, a letter stating no such agreements were in place for the fiscal year and signed by the executive director, is to be submitted to MDE no later than December 31 of each year.**

## School Auditors

- A. A clarification to phrase “supplemental information”: The statute is not intended to impact financial reporting standards for annual financial reporting of the reporting entity. The intent of the phrase “supplemental information” is the information charter schools are to provide in addition to, but not part of, the annual financial audit. Auditors are to assist their clients with identifying agreements and contracts which meet the criteria outlined in the charter school section of this document.
- B. Independent audit reports for charter schools must include the audited data from the affiliated building corporation or other component units, per Subdivision 6a (c),
- C. Submission of Supplemental Information

Submit supplemental information to MDE via e-mail using the naming convention and e-mail address below:

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

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

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

1. Management Agreements      convention:      Agree.Charter
2. All other agreements          convention:      Other.Charter

Examples:    2013.4113.07.FraserAcad.Agree.Charter  
                   2013.4113.07.FraserAcad.Other.Charter

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

Examples:    2013.4113.07.FraserAcad.Agree1.Charter  
                   2013.4113.07.FraserAcad.Agree2.Charter  
                   2013.4113.07.FraserAcad.Agree3.Charter  
                   2013.4113.07.FraserAcad.Other1.Charter  
                   2013.4113.07.FraserAcad.Other2.Charter  
                   2013.4113.07.FraserAcad.Other3.Charter

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

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

Minnesota Department of Education  
 Division of School Finance  
 Attn: David Day (I-12)  
 1500 Highway 36 W  
 Roseville, MN 55113

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

## **FY 2014 and 2015 – Staff Development Update**

The 2013 Minnesota Legislature (Laws of Minnesota for 2013, Chapter 116, Article 3, Section 20) enacted the following changes:

### **The temporary suspension of the requirement to set-aside 2 percent for staff development is no longer in effect:**

School districts are required to reserve an amount equal to at least 2 percent of the basic revenue for staff development. A district may annually waive the requirement to reserve their basic revenue under this section if a majority vote of the licensed teachers in the district and a majority vote of the school board agree to a resolution to waive the requirement. A district in statutory operating debt is exempt from reserving basic revenue according to this section. Districts may expend an additional amount of unreserved revenue for staff development based on their needs.

### **Transfer of carry-over staff development funds:**

The authority for school districts to transfer carry-over staff development funds from district, school or exemplary grant accounts expires after fiscal year 2013. Districts may still transfer funds as of June 30, 2013, as part of FY 2013 closing, but authority to transfer funds in FY 2014 and FY 2015 was eliminated. A school district may transfer money from one fund or account to another if the following conditions are met:

- a. The transfer must not increase state aid obligations or increase local property taxes;
- b. Transfers cannot be made from the community service fund or the food service fund under this section or from the reserved account for staff development after FY 2013.
- c. The school board must adopt a resolution stating that the transfer will not diminish instructional opportunities for students;
- d. The district must apply to the commissioner to make the transfer. The application must include the amount to be transferred and the funds/accounts involved. It must be signed by the superintendent and approved by the school board.

For additional information regarding 2013 Minnesota staff development legislative changes and reporting requirements, [see the June 27, 2013, memo](#).

For staff development program questions, contact [Deborah Luedtke](#) at 651-582-8440.

Send staff development UFARS coding questions to [mde.ufars-accounting@state.mn.us](mailto:mde.ufars-accounting@state.mn.us).

[View the "Guidance for Fund Transfers"](#) for staff development change in law for FY 2014.

For questions about Permanent Fund Transfers, contact [David Day](#) at 651-582-8384.

## **UFARS 101 Training Scheduled on October 9, 2013 at MDE**

The next scheduled date for UFARS 101 training is October 9, 2013 at the Minnesota Department of Education, 1500 Highway 36 West, Conference Center A, Room CC14, Roseville, MN 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 special topics and website navigation.

Registration information is still **pending** and will be [posted on the MDE's Calendar of Workshops](#).

## FY 2014 UFARS Manual Code Dimension Updates

The following **UFARS Dimensions** have been **added** effective July 1, 2013:

### **ADDITIONS**

<b>Account</b>	<b>Description</b>
<b>Finance</b>	
<b>313</b>	<b>Achievement and Integration Aid and Levy (Fund 01)</b> Record revenues from Achievement and Integration Aid and Levy received according to Minnesota Statutes, section 124D.862, and expenditures to implement the integration plan on file at MDE and as required under Minnesota Administrative Rules, Part 3535.0160 Integration of Racially Identifiable Schools, and Part 3535.0170 Integration of Racially Isolated School Districts. This applies to all districts identified under the rule, districts that are eligible as a member of a multidistrict integration collaborative that files a plan with the commissioner, and joint power districts implementing multi-district plans. (Collaboratives should record related expenditures under Finance Code 000 and Course Code 313 to prevent duplication.)
<b>Course</b>	
<b>668</b>	<b>School Improvement Implementation Set-Aside (Prior Year Federal Award)</b> Use only with federal finance codes to track expenditures that have a program, finance and object code designation. Also, identify funds set-aside for school improvement implementation. Use this code to report federal expenditures related to this set-aside for federal awards in which the current state fiscal year is the same as the current federal award year. State fiscal year 2013 equals the "current" federal award year (2012). The current federal award year, 2012, is the calendar year when the federal award was initially awarded (October 1, 2012 to September 30, 2013, though forward-funded back to July 1, 2012).

The following **Fund** Dimension has description **changes** effective July 1, 2013:

### **CHANGES**

<b>Account</b>	<b>Description</b>
<b>02</b>	<b>Food Service Fund</b> The Food Service Fund is used to record financial activities of a school district's food service program. Food service includes activities for the purpose of preparation and service of milk, meals, and snacks in connection with school and community service activities.  All expenditures relating to meal preparation must be recorded in the Food Service Fund. Eligible expenditures include application processing, meal accountability, food preparation, meal service, and kitchen custodial service ( <a href="#">Minn. Stat. § 124D.111, Subd. 3</a> ).

Generally excluded from the Food Service Fund are the costs of lunchroom supervision, lunchroom custodial services, lunchroom utilities, or any other administrative costs that are the responsibility of the General Fund. These costs may only be included if a surplus exists in the Food Service Fund at the end of a fiscal year for three successive years. The district may then reclassify these costs for the third fiscal year, not to exceed the amount of the surplus in the Food Service Fund ([Minn. Stat. § 124D.111, Subd. 3](#)).

Capital expenditures for the purchase of food service equipment must be made from the General Fund and not the Food Service Fund unless the unreserved balance in the Food Service Fund at the end of the last fiscal year is greater than the cost of the equipment to be purchased. ([Minn. Stat. § 124D.111, Subd. 3\(d\)](#)).

If a deficit in the Food Service Fund exists on June 30, and if that deficit is not eliminated by operations during the following year, it must then be eliminated by a permanent fund transfer from the General Fund. However, if a district had contracted with a food service management company during the period in which the deficit accrued, the deficit must be eliminated by a payment from the food service management company.

As an alternative to a fund transfer, a district may incur a deficit for up to three years without making the permanent transfer if the district submits a plan for eliminating the deficit by the end of the third fiscal year to the Minnesota Department of Education's Safety, Health and Nutrition Division by January 1 of the second fiscal year ([Minn. Stat. § 124D.111, Subd. 3](#)).

The following **Finance** Dimensions have description **changes** effective July 1, 2013:

## **CHANGES**

<b>Account</b>	<b>Description</b>
<b>302</b>	<p><b>Operating Capital (Fund 01)</b></p> <p>This code is used to record all revenue and expenditures of Total Operating Capital Revenue (a component of General Education Revenue), which closes to Balance Sheet Code 424, Restricted/Reserved for Operating Capital Fund Balance (<a href="#">Minn. Stat. § 126C.10</a>, Subd. 13a, 13b). Total Operating Capital Revenue may be used only for the purposes specified in <a href="#">Minnesota Statutes, section 126C.10</a>, Subdivision 14. These purposes include: personnel costs directly related to the acquisition, operation and maintenance of telecommunications systems, computers, related equipment, network and applications software, purchase or lease vehicles; to pay the costs directly associated with closing a school facility, including moving and storage costs; to purchase or lease computers and related hardware, software, and annual licensing fees; to purchase textbooks as defined in Minnesota Statutes, section 123B.41, Subdivision 2. Expenditures for capital items not associated with Total Operating Capital Revenue should be recorded in Finance Code 000, District-Wide, or the appropriate finance code.</p> <p style="text-align: center;"><i>Payment Description – 01S211 GEN ED AID FY</i></p>
<b>322</b>	<p><b>State Adult Basic Education (Fund 04)</b></p> <p>Record revenues and expenditures for adult basic education programming funded with adult basic education formula revenue provided under <a href="#">Minnesota Statutes, section 124D.531</a> (Adult Basic Education). Up to 20 percent of the prior year allocation may be carried over to the current year and spent in the first three months of the year. Prior year</p>

course codes must be used in all expenditures to correspond to the prior year carry over amount. Current year expenditures may use Course Code 000. Do not include expenditures properly recorded in Finance Codes 324 or 438. The activity in this code applies to Balance Sheet Code 447, Restricted/Reserved for Adult Basic Education.

*Payment Description – 04F322 ABE FY*

**342 Safe Schools – Levy (Fund 01)**

Record levy revenue and expenditures for directly funding the following purposes or for reimbursing the cities and counties who contract with the district for the following purposes: (1) to pay for the costs incurred for the salaries, benefits and transportation of peace officers and sheriffs for liaison in services in the district's schools; (2) to pay for the costs for a drug abuse prevention program as defined in section 609.101 Subdivision 3, paragraph (e) in the elementary schools; (3) to pay for the costs for a gang resistance education training curriculum in the district's schools; (4) to pay for the costs of security in the district's schools and on school property; (5) to pay the costs for other crime prevention, drug abuse, student and staff safety, voluntary opt-in suicide prevention tools, and violence prevention measures taken by the school district; (6) to pay costs for licensed school counselors, licensed school nurses, licensed social workers, licensed school psychologists, and licensed alcohol and chemical dependency counselors to help provide early responses to problems; (7) to pay for facility security enhancements including laminated glass, public announcement systems, emergency communications devices, and equipment and facility modifications related to violence prevention and facility security; (8) to pay for costs associated with improving the school climate; or (9) to pay costs for collocating and collaborating with mental health professionals who are not district employees or contractors.

The activity in this code relates to Balance Sheet Code 449 Restricted/Reserved for Safe Schools Levy ([Minn. Stat. § 126C.44](#)).

*Payment Description – NA*

**830 Career and Technical Education Aid and Levy (Fund 01)**

Record revenue and expenditures eligible for career and technical education aid and levy under Minnesota Statutes, section 124D.4531, Subdivision 1b.

The activity in this code applies to Balance Sheet 445, Restricted/Reserved for Career and Technical Programs.

The following **Finance** Dimensions have been **deleted** effective July 1, 2013:

**DELETIONS**

<b>Account</b>	<b>Description</b>
<b>151/251</b>	<b>ARRA Stabilization Title VIII – Impact Aid (Funds 01, 02, 04 and 06)</b> Effective FY 2013, this is an expired ARRA award available only for recoveries due to audits, reconciliations and entitlement adjustments. Do not record expenditures using this finance code. Only record revenue adjustments for overpayments or refunds for allowable expenditures under Impact Aid. (CFDA No. 84.394, Title VIII: Elementary and Secondary Education Act (ESEA), P.L. 107-110 and the American Recovery and Reinvestment Act of 2009 (ARRA) P.L. 111-5.)

- 152/252 Education Jobs Fund (Funds 01, 02, and 04)**  
Record revenues and expenditures for allowable expenditures under the Education Jobs Fund Program. This program is one-time federal money that provides funds to save or create education jobs for the 2010-11 school year. Jobs funded under this program include those that provide educational and related services for early childhood elementary and secondary education. [P.L. 111-226 (CFDA 84.410)]
- 306 Staff Development – Fifty Percent Site (Fund 01)**  
Effective July 1, 2012 school boards are no longer required to allocate 50 percent of the reserved revenue for staff development to each school site in the district on a per teacher basis (Laws of Minnesota for 2012, Chapter 206, Section 2)
- Use this code only if there was a fund balance in Balance Sheet Code 403 on June 30, 2012.
- Payment Description – N/A*
- 307 Staff Development – Twenty-Five Percent Exemplary Site Grants (Fund 01)**  
Effective July 1, 2012 school boards are no longer required to allocate 25 percent of the reserved revenue for staff development for exemplary site grants (Laws of Minnesota for 2012, Chapter 206, Section 2).
- Use this code only if there was a fund balance in Balance Sheet Code 403 on June 30, 2012.
- Payment Description – N/A*
- 308 Staff Development – Twenty-Five Percent District-Wide (Fund 01)**  
Effective July 1, 2012 school boards are no longer required to allocate 25 percent of the reserved revenue for district-wide staff development (Laws of Minnesota for 2012, Chapter 206, Section 2).
- Use this code only if there was a fund balance in Balance Sheet Code 403 on June 30, 2012.
- Payment Description – N/A*
- 312 Alternative Attendance (Fund 01)**  
Record expenditures (see Finance code 315 for proper revenue coding) for Integration Alternative Attendance Aid generated on behalf of Minneapolis, St. Paul and Duluth residents, who open enroll to an eligible district and who are eligible for the free or reduced price meal program. Districts must qualify for Integration Revenue and have an approved budget on file at MDE. This finance code has an aid component only, no levy (refer to [Minn. Stat. § 124D.86](#)).
- 315 Integration Aid and Levy (Fund 01)**  
Record revenues from Integration Aid and Levy (Finance 315) and Alternative Attendance Aid (Finance 312) received according to [Minnesota Statutes, section 124D.86](#), and expenditures for Integration Aid and Levy (see Finance 312 for coding expenditures for Alternative Attendance) to implement the integration plan on file at MDE and as required under Minnesota Administrative Rules, Part 3535.0170 Integration of Racially Isolated

School Districts. This applies to all districts identified under the rule and joint power districts implementing multi-district plans. (Cooperatives should record related expenditures under Finance Code 000 and Course Code 315 to prevent duplication.)

*Payment Description – 01F315 INTEG GRT FY*

**327 Certain Teacher Programs (Fund 01)**

Record revenues and expenditures to develop Family Connections and Teacher Mentoring Programs. Used in conjunction with Balance Sheet Account 423, Restricted/Reserved for Certain Teacher Programs ([Minn. Stat. § 124D.25 to § 124D.31](#)).

*Payment Description – 01F327 TCHR PROGS FY*

**339 Safe Schools – Levy \$3 Set-Aside (Fund 01)**

Effective July 1, 2011, use of this code is only required to record expenditures of prior years' balances of the \$3/pupil unit safe schools levy set-aside for licensed school support staff. The set-aside requirement and the requirement for districts to annually certify that they maintain spending for licensed school support staff at previous year's amounts were repealed effective FY 2012 (Laws 2011, 1 SP, Art. 5, sec. 11).

The activity in this code and Finance Code 342 relate to Balance Sheet Code 449 Restricted/Reserved for Safe Schools Levy ([Minn. Stat. § 126C.44](#)).

*Payment Description – NA*

**415/615 Title V, Part A – Innovative Programs (Fund 01)**

This finance code is only available for expenditures by districts that qualify to REAP/Flex into this program. Funding for this award has expired and should not be used to report revenue. (CFDA No. 84.298, Title V, Part A: Elementary and Secondary Education Act (ESEA), P.L. 107-110).

**433/633 Title IV, Part A – Safe and Drug-Free Schools and Communities (Fund 01/04)**

Record revenues and expenditures for formula grants based on approved applications to provide drug and violence prevention activities that meet the "Principles of Effectiveness" required by law (CFDA 84.186; Title IV, Part A, Subpart I: Safe and Drug Free Schools and Communities). Use with Program Code 206. See Chapter 10, Permitted Code Combinations, for additional programs that can be used in the flexibility provision for this finance code. See information below for Project Reconnect.

The use of this code for Project Reconnect, which is supporting community-based drug and violence prevention programs serving children and youth not normally served by state and local agencies, must be coded to Fund 04 (U.S. Department of Education NCLB Act of 2001, Title IV, Part A, Section 4112).

**437/637 Individuals with Disabilities Education Act (IDEA) Part B Section 619 Discretionary Professional Development (Fund 01)**

This program is funded with discretionary dollars and the funds are to be used for personnel development activities to ensure that systems are in place for personnel to meet the needs of students ages three to five and their families (P.L. 108-446; CFDA No. 84.173).

- 440/640 Individuals with Disabilities Education Act (IDEA) Part B Section 619 Discretionary Low Incidence Professional Development Autism (Fund 01)**  
This program is funded with discretionary dollars and the funds are to be used for personnel development activities to ensure that systems are in place for personnel to meet the needs of students with autism, ages three to five, and their families (P.L. 108-446; CFDA No. 84.173).
- 480/680 ARRA Targeted Funds – Individuals with Disabilities Education Act (IDEA) Part B 611**  
Effective FY 2013, this is an expired ARRA award available only for recoveries due to audits, reconciliations and entitlement adjustments. Do not record expenditures using this finance code. Only record revenue adjustments for overpayments or refunds for Individuals with Disabilities Education Act (IDEA), Part B, Section 611 (P.L. 108-446 (CFDA No. 84.391 and the American Recovery and Reinvestment Act of 2009 (ARRA) P.L. 111-5).
- 481/681 ARRA Targeted Funds – Individuals with Disabilities Education Act (IDEA) Part B 611 CEIS**  
Effective FY 2013, this is an expired ARRA award available only for recoveries due to audits, reconciliations and entitlement adjustments. Do not record expenditures using this finance code. Only record revenue adjustments for overpayments or refunds for Coordinated Early Intervening Services (CEIS) under the Individuals with Disabilities Education Act (IDEA). These services are provided for students who have not been identified as needing special education but who require academic or behavioral support to succeed in general education classes. For students not yet identified as needing special education services, an application is required (P.L. 108-446; CFDA No. 84.391 and the American Recovery and Reinvestment Act of 2009 (ARRA) P.L. 111-5)
- 482/682 ARRA Targeted Funds – Individuals with Disabilities Education Act (IDEA) Part B 611 CEIS Mandatory**  
Effective FY 2013, this is an expired ARRA award available only for recoveries due to audits, reconciliations and entitlement adjustments. Do not record expenditures using this finance code. Only record revenue adjustments for overpayments or refunds for mandatory Coordinated Early Intervening Services (CEIS) under the Individuals with Disabilities Education Act (IDEA). This requirement is mandatory if the LEA has experienced significant disproportionality in special education in specific areas (P.L. 108-446; CFDA No. 84.391 and the American Recovery and Reinvestment Act of 2009 (ARRA) P.L. 111-5).
- 483/683 ARRA Targeted Funds – Individuals with Disabilities Education Act (IDEA) Part B 611 Schoolwide Title I**  
Effective FY 2013, this is an expired ARRA award available only for recoveries due to audits, reconciliations and entitlement adjustments. Do not record expenditures using this finance code.  
Only record revenue adjustments for overpayments or refunds under the Individuals with Disabilities Education Act (IDEA), Part B, Section 611 for pupils with disabilities ages 3 – 21 participating in a Schoolwide Title I program. Application required. P.L. 108-446; (CFDA No. 84.391 and the American Recovery and Reinvestment Act of 2009 (ARRA) P.L. 111-5)

- 484/684 ARRA Targeted Funds – Individuals with Disabilities Education Act (IDEA) Part B 619 – Preschool Grant for Children with Disabilities**  
Effective FY 2013, this is an expired ARRA award available only for recoveries due to audits, reconciliations and entitlement adjustments. Do not record expenditures using this finance code. Only record revenue adjustments for overpayments or refunds for Preschool Grants for Children with Disabilities. These grants are to assist states in providing a free appropriate public education (FAPE) to children with disabilities between the ages of three to five years (P.L. 108-446; CFDA No. 84.392, Individuals with Disabilities Education Act, Part B, Section 619 and the American Recovery and Reinvestment Act of 2009 (ARRA) P.L. 111-5).
- 486/686 ARRA Targeted Funds - Individuals with Disabilities Education Act (IDEA), Part C Infants and Toddlers Programs – Ages Birth through Two (Fund 01)**  
Effective FY 2013, this is an expired ARRA award available only for recoveries due to audits, reconciliations and entitlement adjustments. Do not record expenditures using this finance code. Only record revenue adjustments for overpayments or refunds for grants to assist in planning development and expansion of interagency special education service activities for children from birth through two years of age (CFDA No.84.393, Individuals with Disabilities Education Act, Part C and the American Recovery and Reinvestment Act of 2009 (ARRA) P.L. 111-5).
- 487/687 ARRA Targeted Funds - Individuals with Disabilities Education Act (IDEA), Part C Infants and Toddlers Programs – Ages Birth through Two – Low-Incidence Professional Development (Fund 01)**  
Effective FY 2013, this is an expired ARRA award available only for recoveries due to audits, reconciliations and entitlement adjustments. Do not record expenditures using this finance code. Only record revenue adjustments for overpayments or refunds for grants to be used for the purpose of providing infant and toddler early intervention and preschool special education services consistent with state and federal statutes, rules and regulations (CFDA No.84.393, Individuals with Disabilities Education Act, Part C and the American Recovery and Reinvestment Act of 2009 (ARRA) P.L. 111-5).
- 823/923 Individuals with Disabilities Education Act (IDEA), Part B, Section 611 Discretionary Parent Resources/Surrogate Training Grants (Fund 01)**  
Record revenue and expenditures for this discretionary special education grant that provides parents and other providers knowledge, resources and training specific to special education so their child's/student's education is enhanced (P.L. 108-466, CFDA 84.027A, Special Education – Grants to States).

The following **Object** Dimensions have description **changes** effective July 1, 2013:

#### **CHANGES**

<b>Account</b>	<b>Description</b>
<b>896</b>	<b>Taxes, Special Assessments, Fines, and Interest Penalties</b> Use this code to record all expenditures incurred by the district for any local, state, federal tax or payment of any fines assessed by other governmental units, or interest penalty. This would include all property tax and special assessment expenditures. Use Balance Sheet Code 212 to pay the sales tax collected on the sale of materials.

**911 Commissioner Approved Transfers – Out**

For FY 2014 and FY 2015 only, use this code with the appropriate finance code to record transfers out adopted by school board resolution and approved by the commissioner under [Minnesota Statutes, section 123B.80](#). Laws 2013, Chapter 116, Article 7, Section 19 requires the board to adopt a resolution stating that the transfer will not diminish instructional opportunities for students. The transfer cannot increase state aid or result in additional property tax authority for the district. Transfer requests under this temporary authority are not permitted from the Food Service Fund (02), the Community Service Fund (04), or the reserved account for staff development under section 122A.61 (effective July 1, 2013).

The following **Object** Dimensions have been **deleted** effective July 1, 2013:

**DELETIONS****Account Description****301 Federal Cooperative Subawards/Subcontracts to a Member District for IEP-MA Services (amount up to \$25,000)**

Special Education Cooperatives - Record the initial \$25,000 of a federal subaward or subcontract made to a member district for services related to an Individualized Education Program - Medical Assistance (IEP-MA) reportable category. Subawards or subcontracts made by the cooperative to a member district for IEP-MA services that is greater than \$25,000 should record the amount in excess of the initial \$25,000 in Object Code 302. A subaward/subcontract to a member district may include multiple MA reportable categories and the 25,000 threshold should be applied to the subaward/subcontract as a whole. Special education cooperatives should record the reimbursement payment to the member local education agency (LEA) using Object Code 301 or 302 and the member district would use the appropriate object code for the expense paid. The member district would record the IEP-MA categories in the following object codes:

- physical therapist (143/371/341)
- occupational therapist (151/372/342)
- educational speech/language pathologist (152/373/343)
- audiologist (153/374/344)
- school nurse (154/375/345)
- licensed nursing services (155/376/346)
- school social worker (156/377/347)
- school psychologist (157/378/348)
- qualified mental health professional (158/379/349)
- mental health behavioral aide (159/363/351)
- mental health practitioner (160/362/352)
- personal care assistants/paraprofessional (161/361/353)
- one-to-one paraprofessional (162/359/354)
- foreign language interpreter (163/358/355)
- interpreter for the deaf (164/357/356)

**302 Federal Cooperative Sub Awards/Sub Contracts to a Member District for IEP/MA Services (amount in excess of \$25,000)**

Special Education Cooperatives - Record the amount in excess of the initial \$25,000 of a federal subaward or subcontract made to a member district for services related to an Individualized Education Program - Medical Assistance (IEP-MA) reportable

category. Subawards or subcontracts made by the cooperative to a member district for IEP-MA services that is greater than \$25,000 should record the initial \$25,000 in Object Code 301.

**Note:** A subaward/subcontract to a member district may include multiple MA reportable categories and the 25,000 threshold should be applied to the subaward/subcontract as a whole.

Special education cooperatives should record the reimbursement/payment to the member district using Object Code 301/302 and the member district would use the appropriate Object code for the expense paid. The member district would record the IEP-MA categories in the following Object codes:

- physical therapist (143/371/341)
- occupational therapist (151/372/342)
- educational speech/language pathologist (152/373/343)
- audiologist (153/374/344)
- school nurse (154/375/345)
- licensed nursing services (155/376/346)
- school social worker (156/377/347)
- school psychologist (157/378/348)
- qualified mental health professional (158/379/349)
- mental health behavioral aide (159/363/351)
- mental health practitioner (160/362/352)
- personal care assistants/paraprofessional (161/361/353)
- one-to-one paraprofessional (162/359/354)
- foreign language interpreter (163/358/355)
- interpreter for the deaf (164/357/356)

The following **Source** Dimensions have description **changes** effective July 1, 2013:

## CHANGES

Account	Description
211	<p><b>General Education Aid (Fund 01)</b></p> <p>For fiscal years 2013 and 2014 only, a district's General Education Aid is the sum of the following amounts:</p> <ol style="list-style-type: none"> <li>1) general education revenue, excluding equity revenue, total operating capital revenue, alternative teacher compensation revenue, and transition revenue;</li> <li>2) operating capital aid under section 126C.10, Subdivision 13b;</li> <li>3) equity aid under section 126C.10, Subdivision 30;</li> <li>4) alternative teacher compensation aid under section 126C.10, Subdivision 36</li> <li>5) transition aid under section 126C.10, Subdivision 33;</li> <li>6) shared time aid under section 126C.01, Subdivision 7;</li> <li>7) referendum aid under section 126.17, Subdivisions 7 and 7a; and</li> <li>8) online learning aid according to section 124D.096</li> </ol>

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:

Operating Capital	Finance Code 302
Basic Skills	Finance Code 317
Learning and Development	Finance Code 330
Alternative Teacher Compensation/ Quality Compensation	Finance Code 335
Gifted and Talented	Finance Code 388

*Payment Description - 01S211 GEN ED AID FY*

**400 Federal Aids Received through Minnesota Department of Education (Except as Noted for Food and Nutrition)**

Record revenue from federal aids received through the Minnesota Department of Education for revenue programs defined in the, 400 and 800 series of the finance dimension, including Finance Code 499 – Miscellaneous Federal Revenue through MDE. Nutrition programs in Finance Codes 701 through 709 are to use the appropriate Source Codes 471-476 and 479.

*Payment Description - XXFXXX XXX FY*

**651 Commissioner-Approved Transfers – In (Fund 01 or 06)**

For FY 2014 and FY 2015 only, use this code with the appropriate finance code to record transfers in adopted by school board resolution and approved by the commissioner under [Minnesota Statutes, section 123B.80](#). Laws 2013, Chapter 116, Article 7, Section 19 requires the board to adopt a resolution stating that the transfer will not diminish instructional opportunities for students. The transfer cannot increase state aid or result in additional property tax authority for the district. Transfer requests under this temporary authority are not permitted from the Food Service Fund (02), the Community Service Fund (04), or the reserved account for staff development under section 122A.61 (effective July 1, 2013).

The following **Balance Sheet** Dimension has description **changes** effective July 1, 2013:

**CHANGES**

**Account Description**

**449 Restricted/Reserved for Safe Schools – Levy (Fund 01)**

The unspent resources available from the safe schools levy must be restricted in this account for future use. All activity in this account must be related to Finance Code 342 (refer to [Minn. Stat. § 126C. 44](#)).

The following **Balance Sheet** Dimension has been **deleted** effective July 1, 2013:

**DELETION**

**Account Description**

**257 Construction Loans (Bonds) Payable (Independent School Districts #12, 14, 279)**

Represents the outstanding principal of school districts' bonds issued to the State Board of Education under authority of Laws 1957, Chapter 804. This law was repealed in 1959.

These bonds are to be used by a district to purchase sites and to erect and equip school buildings. Interest (paid semi-annually) and principal shall be paid to MDE.

## **FY 2013 District/School ADM Report**

The first District/School ADM Report for the 2012-13 school year will be posted to the Minnesota Funding Reports (MFR) website the week of June 17, following the June 11 MARSS reporting deadline. The reports are posted in the Student category.

Please review each report posted over the summer and fall. Contact your MARSS Coordinator for information on the number of records with MARSS local and/or statewide errors to determine the completeness of the average daily membership (ADM). Records with local or statewide errors are excluded from the District/School ADM Reports.

Documentation for reading the report is located on the MDE website at:

[education.state.mn.us/MDE/SchSup/SchFin/MARSSStuAcc/AvgDailyMemb/index.html](http://education.state.mn.us/MDE/SchSup/SchFin/MARSSStuAcc/AvgDailyMemb/index.html).

Updated reports will be posted the week following each year-end MARSS reporting deadline. Each new report replaces the prior report and a new report will be posted whether or not the district or charter school submitted new MARSS files. Therefore, either print or save a copy of each new report prior to the posting of the successive reports because we cannot reproduce old versions at MDE.

### **Updated FY 2013 District/School ADM Reports will be posted the following weeks:**

**July 16 – 19, 2013**, using MARSS data submitted by July 9.

**August 13 – 16, 2013**, using MARSS data submitted by August 6. These data will be used for the September 30 entitlements for independent school districts.

**September 17 – 20, 2013**, using MARSS data submitted by September 10. These data will be used for the October 30 entitlements for independent school districts and charter schools.

**October 29 – November 1, 2013**, using MARSS data submitted by October 22.

**December 10 – 13, 2013**, using appeal files submitted by December 6.

**January 13-17, 2014.**

For questions about the FY 2013 District/School ADM Report, contact [Sharon Peck](#) at 651-582-8811.

## **FY 2013 Pupil Transportation Reporting – General Overview**

School districts report the number of nonpublic school students transported to and from school, and bus ownership on the Pupil Transportation Annual Report (ED-01652-32) for fiscal year 2013. Districts will also report on mileage by category.

Districts report the number of public school students transported to and from school on the Minnesota Automated Reporting Student System (MARSS). The MARSS student record has fields in which districts must enter the student's to-and-from school transportation code and the "Transporting District Number and Type."

Expenditure data are reported on the Uniform Financial Accounting and Report Standards (UFARS) data submission.

As in the past, the Pupil Transportation Data Verification Report (DVR) will be posted to the Minnesota Funding Reports section of the department's website by mid-October. It will be titled, FY 12-13 Transportation Data Verification Report. The department plans to update the posting periodically throughout the fall. The DVR summarizes data from the Annual Report, MARSS and the UFARS data submissions. If there are any discrepancies among the data reported on these reports, districts will be asked to explain or correct them.

### **Transportation to Interdistrict Desegregation or Integration Schools or Programs (paper report)**

Districts that transported students to Interdistrict Desegregation and Integration Programs must complete the report titled, Transportation to Interdistrict Desegregation or Integration Schools or Programs (ED-02370-09). This report is available to districts that have been identified as racially isolated. Instructions have been developed to aid districts in completing this report.

### **MARSS – Public School Students Transported To and From School**

Districts are required to enter the appropriate transportation code on each MARSS student record. See the section at the end of this memorandum for the website location for further instructions on reporting students on MARSS.

Districts are required to enter the "Transporting District Number and Type". District staff may have to contact other district staff to obtain information on which district is transporting the student. Do not assume that it is either the resident district or serving district. Sometimes students live in foster or group homes in a third district. The third district where the foster or group home is located is responsible for the transportation and should be listed as the "Transporting District Number and Type".

### **UFARS Data Submission**

All transportation costs are obtained from the UFARS data submission. If a district reports students and/or miles in any category on MARSS or the annual report, then a cost must be reported in the corresponding finance number on the UFARS data submission. Sample cost allocation methods are available on our website.

Districts must allocate transportation expenditures among categories based on a cost per mile or cost per student regardless of whether districts own their buses or whether they contract for bus service. Information on this cost allocation method is available on the department's website. In addition, districts are limited on which district employees' salaries and fringe benefits can be included in transportation.

Districts will be required to submit the worksheets on how they determined their cost for each category of transportation service. The worksheets are due to MDE on September 15 each year. Districts will not have to re-submit updated worksheets after that date unless there is a substantial change between the costs reported on UFARS and the worksheets submitted on September 15.

Districts are reminded that the deadline for submitting audited financial data is November 30. School districts must submit their state reports early enough so that any financial errors discovered during the editing process can be corrected by the deadline.

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## June 30, 2012 – Bus Inventories

If your district owns any school buses, an inventory listing was mailed out on June 3, 2013. If your district has purchased or disposed of a school bus between July 1, 2012, and June 30, 2013, and the transaction does not appear on this listing, please complete a District-Owned Transaction form and mail it to our office as soon as possible.

Please use form ED-00186-13 for the purchase or disposal of a Type A, B, C or D school bus (yellow school buses). Use form ED-01658-11 for the purchase or disposal of a Type III school bus (car, station wagon or van). A Type III school bus can only be added to the inventory if it is used the majority of time for pupil transportation purposes. The bus transaction forms can be found on our website.

Do not complete a transaction form for vehicles that the district is leasing. The Certificate of Title of the vehicle must be in the name of the lease company during the lease period. Having title to a vehicle denotes ownership.

Districts will receive a separate inventory for school buses used primarily for special education purposes. The inventory will have the universal handicapped symbol at the top to differentiate it from the other inventory. Special forms have been developed to report these purchases. These forms also have the universal handicapped symbol on the forms. The value of these inventories will be used in calculating the district's special education funding. However, vehicles purchased with federal funds are not eligible for bus depreciation per Minnesota Statutes, section 123B.92, Subdivision (1) (a) (ii) and (iii) as the costs have already been covered 100 percent.

The Special Education School Bus Transaction Forms, both Regular and Type III have been modified so that districts must indicate whether or not the vehicle was purchased with federal special education funds. The district's Special Education Bus Inventory Reports will show the selected indicator. The buses purchased with federal special education funds will not be included in the bus depreciation calculation in determining state program aid.

Do not submit a transaction form for Multi-Function School Activity Buses (MFSAB) as they are not used for to-and-from transportation. However, they are reported on the paper Annual Report under school bus type and ownership.

### Documents on Our Website

Districts may obtain information on reporting students on MARSS, allocating transportation expenditures and the forms necessary to report purchases or disposals of school buses by visiting our website at: <http://education.state.mn.us/mde/index.html> Select School Support > School Finance > Transportation > Resources.

### Questions on Transportation Reporting

If you have questions about pupil transportation reporting, contact Kelly Wosika, Student Transportation Specialist, at 651-582-8855 or [kelly.wosika@state.mn.us](mailto:kelly.wosika@state.mn.us).

## Excess Funds Related to Alternative Facility Funding for Health and Safety Projects over \$500,000 at a Site

Minnesota Statutes, section 123B.57, Subdivision 1(b), provides districts with approved health and safety projects of greater than \$500,000 at a site the authority to finance the project with an annual levy over a period of years or to issue non-voter approved bonds under Minnesota Statutes, section 123B.59,

Subdivisions 1(b) and 3, to finance the project. Proceeds of bonds issued under this authority may be used **only** for an approved health and safety qualifying project with a cost greater than \$500,000 at a site. Based on questions received, it is apparent that there is a misconception that these funds may be used for other projects.

Pursuant to Minnesota Statutes, section 475.65, any excess in the building construction fund when the project is complete must be transferred to the debt service fund if the funding source was bonds, or be reduced by a general fund levy reduction if the source was an annual levy. If the funding source was bonds, the amount to be transferred from Fund 6 to Fund 7 equals the bond proceeds deposited to Fund 6 less UFARS expenditures reported using the appropriate health and safety Finance Code and Program Code 855. If the funding source was an annual levy, the amount of the levy reduction equals the sum of annual levies less the UFARS expenditures reported using the appropriate health and safety Finance Code and Program Code 855. In each case, the amount determined by the calculation should equal the reserved fund balance in Balance Sheet Code 409.

Questions regarding this information may be directed to Chris Kubesh ([chris.kubesh@state.mn.us](mailto:chris.kubesh@state.mn.us) or 651-582-8319).

## Health and Safety Program Revenue Application for the 2013 Payable 2014 Levy

The Health and Safety Program Revenue Application for the 2013 Payable 2014 Levy will be similar to last year's revenue application process. School districts will need to have a school board approved Health and Safety Policy with the addition of estimated Health and Safety costs for fiscal years 2013, 2014, and 2015. The school board will either adopt any updates to the Health and Safety Policy, or in the event there are no changes, the school board will approve the Health and Safety Policy as it currently exists. Board minutes identifying FY 13-15 estimated Health and Safety expenditures by finance code and a school board adopted Health and Safety Policy will need to be submitted to regional management assistant professionals by July 19, 2013.

For questions about the Health and Safety Program Revenue Application for the 2013 Payable 2014 Levy, and school districts that are not members of a service cooperative may submit their application electronically to [Michael Oxborough](mailto:Michael.Oxborough).

## IT Helpdesk

Submit technical questions or problems with the MDE website to [mde.helpdesk@state.mn.us](mailto:mde.helpdesk@state.mn.us)

## UFARS Accounting Helpdesk

For UFARS accounting questions, please contact [mde.ufars-accounting@state.mn.us](mailto:mde.ufars-accounting@state.mn.us).