

INTRODUCTION

This Uniform Financial Accounting and Reporting Standards (UFARS) Manual is the edition for Fiscal Year (FY) 2015. It contains changes reflecting legislation passed in the 2014 Legislative Session (ending May 2014).

Background

In 1976, the UFARS Advisory Council was established by the Minnesota Legislature. The 1976 Legislature also mandated that the local education agencies begin using the UFARS system for reporting Fiscal Year 1977 financial activity. The UFARS Advisory Council was charged with making recommendations to the State Board of Education for accounting standards consistent with [Minnesota Statutes, section 123B.75 through 123B.83](#), and with Generally Accepted Accounting Principles (GAAP).

In December of 1991, the UFARS Advisory Council passed a resolution for the revision of the UFARS Manual. The resolution directed that the revision provide simplification of the UFARS accounting structure, including a lesser number of accounting codes, to bring greater accuracy and uniformity in the use of the system by the local education agencies. The council directed that a report be provided recommending such changes to the account structure within present legislative requirements, as well as suggesting changes to the statutes which would permit elimination of unproductive accounting and reporting.

The council created a special task force on March 13, 1992. The special task force adopted as its mission statement:

"The UFARS and related reporting systems will be reviewed so as to increase the simplicity and accuracy of reporting and to improve the efficiency and effectiveness of local education agency (LEA) business operations."

During 1992, the special task force conducted an extensive review of the UFARS system. It concluded that the multi-dimensional account code structure and the crosswalk system were strengths of the system. In addition, the task force developed several recommendations which were implemented to increase the efficiency and effectiveness of the system:

- A. That the UFARS concepts be refined to better focus the design and use of the account codes within the system.
- B. That more than 200 existing dimension codes be deleted from the system.
- C. That criteria be developed for approval of new code requests, including (when possible) at least six months of notice to LEAs prior to the use of changes.

The Minnesota Department of Education (MDE) is committed to maintaining a GAAP-based accounting system that provides accurate and comparable data to the lawmakers and public, while remaining an effective tool for LEA operations.

During the summer of 2002, a subcommittee was formed to review the requirements of *Governmental Accounting Standards Board (GASB) Statement 34*. The GASB's purpose is to develop and improve financial reporting rules for state and local governments in the United States. *GASB Statement 34* makes sweeping changes in the way public school districts report their financial information. A special section (Chapter 13, Section 3) was written to address implementation issues common to Minnesota public schools.

Revisions to the UFARS Manual

MDE's goal is to revise the manual prior to the beginning of each fiscal year; however, changes to the manual are often the result of legislative activity. In the case of an extended session or a special session, the publication of the manual will be delayed. During the year, accounting changes necessitated by various developments (e.g., federal legislation) will be provided to districts through the School Business Bulletin (published quarterly). [View School Business Bulletins](#).

Other Provisions

In the 2004 session, the legislature repealed the statute requiring school districts to allocate general education revenue amount by buildings ([Minn. Stat. § 126C.23](#) – AGER), and replaced it with new requirements for school districts to report expenditures by building and for MDE to post financial information by building on its website. Under this new law, districts are no longer required to track revenues by building; however, additional expenditure allocations to building sites are required. The legislation was effective for the fiscal year 2004 year-end reporting and thereafter.

Implementation Plans for General Fund Reporting

Website Reporting by the Minnesota Department of Education

1. MDE will annually report information showing school district general fund expenditures per pupil by program category for each building.

Expenditures that districts are not required to report by building site shall be allocated to sites on a uniform per pupil basis by MDE (see district-wide reporting above).

2. MDE will annually report estimated school district general fund revenue generated by pupils attending each building.
 - a. Basic skills revenue, secondary sparsity revenue and elementary sparsity revenue shall be allocated based on the amounts generated under the statutory formulas by students attending each building.
 - b. Other general education revenue shall be allocated in a uniform per pupil unit basis.
 - c. State and federal special education aid and Title I aid shall be allocated in proportion to district expenditures for these programs by building (including district-wide coordination expenditures for these programs allocated to buildings in proportion to direct program expenditures by building).
 - d. Other general fund revenues shall be allocated on a uniform per pupil basis, except that MDE may allocate other revenues attributable to specific buildings directly to those buildings (e.g., fees and other revenues not included in a-c above that are reported by districts at the building level).

[View site based revenue and expenditure reports](#).

[View "Financial Data" by district and school](#) as part of the Minnesota Report Card.

District Consolidated Financial Statements

The 2006 Legislature ([Minn. Stat. § 123B.77, Subd. 1a](#)) required MDE, in consultation with the Advisory Committee on Financial Management, Accounting and Reporting, to develop and maintain a school district consolidated financial statement format that converts UFARS data into a more understandable format. The consolidated financial statement must be published on the department's website by February 15 of the next fiscal year ([Minn. Stat. § 123B.77, Subd. 3](#)).

[View consolidated financial statements](#). This link also provides a definition of terms for the consolidated financial statement and a link to School District Financial Profiles Data.