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**Minnesota** Department of  
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**Fiscal Year 2016 Edition**

Minnesota Department of Education  
Division of School Finance  
Financial Management Section

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## TABLE OF CONTENTS

INTRODUCTION.....	1 – 2
OVERVIEW OF DIMENSIONS.....	1 – 22
<b>PART I – UFARS ACCOUNT CODES</b>	
CHAPTER 1 – FUND DIMENSION.....	1 – 8
CHAPTER 2 – ORGANIZATION/SITE DIMENSION .....	1 – 4
CHAPTER 3 – PROGRAM DIMENSION .....	1 – 21
CHAPTER 4 – FINANCE DIMENSION .....	1 – 33
CHAPTER 5 – OBJECT DIMENSION.....	1 – 33
CHAPTER 6 – SOURCE DIMENSION.....	1 – 16
CHAPTER 7 – COURSE DIMENSION.....	1 – 9
CHAPTER 8 – BALANCE SHEET ACCOUNTS .....	1 – 18
CHAPTER 9 – LIST OF CODES .....	1 – 18
CHAPTER 10 – PERMITTED CODE COMBINATIONS .....	1 – 30
<b>PART II – FINANCIAL MANAGEMENT PROCEDURES</b>	
CHAPTER 11 – PLACEHOLDER FOR FUTURE DEVELOPMENT	
CHAPTER 12 – AUTHORIZED BORROWING FOR SCHOOL DISTRICTS.....	1 – 6
CHAPTER 13 – FINANCIAL ACCOUNTING AND REPORTING	
SECTION 1 – COST ALLOCATION STANDARDS.....	1 – 29
SECTION 2 – STUDENT TRANSPORTATION SERVICES .....	30 – 55
SECTION 3 – GASB STATEMENT 34 .....	56 – 62
SECTION 4 – GASB STATEMENT 45 .....	63 – 77
SECTION 5 – GASB STATEMENT 54 .....	78 – 84
CHAPTER 14 – STUDENT ACTIVITY ACCOUNTING.....	1 – 46
CHAPTER 15 – EFFECTIVE PRACTICES AND MANAGEMENT OPINIONS .....	1 – 6
CHAPTER 16 – GLOSSARY.....	1 – 25

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## INTRODUCTION

This Uniform Financial Accounting and Reporting Standards (UFARS) Manual is the edition for Fiscal Year (FY) 2016. It contains changes reflecting legislation passed in the 2015 Legislative Session (ending June 2015).

### 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.

## OVERVIEW OF UFARS

The first UFARS Manual was completed in 1974 for implementation by school districts in Fiscal Year (FY) 1977. UFARS is an acronym for the Uniform Financial Accounting and Reporting Standards which became law in 1976 ([Minn. Stat. § 123B.77](#)). These standards were related to other new legislation for FY 1977 requiring districts to use modified accrual accounting for revenues and expenditures ([Minn. Stat. § 123B.75-76](#)). Computer information system requirements also became law in 1980 ([Minn. Stat. § 125B.05](#)). These changes were made to help ensure the submission of timely, accurate and uniform financial data from all reporting units.

The Advisory Committee on Financial Management, Accounting and Reporting was organized in 2003 to advise the Minnesota Department of Education (MDE) on matters of school accounting, reporting, budgeting and financial management. It is composed of representatives from school districts, charter schools, independent accounting firms, state agencies, and professional organizations to continually review the standards and make recommendations for improvements. The committee meets bi-monthly. [View minutes from the Advisory Committee.](#)

Minnesota school districts, charter schools, cooperative districts, area learning centers, private alternative schools and nonpublic schools are required by law to prepare financial reports and annual budgets. The need for the accounting and reporting of financial data pertaining to school districts and the increasing number of charter schools has expanded in recent years and is expected to grow in the future. For all public entities, these financial reports include the detailed tracking of revenues and expenditures within UFARS fund classifications in order to meet legislative requirements for school districts and provide financial accountability for public fund allocations. This is due to the increasing demand for accurate financial reporting data and the growing need for legislative accountability, including:

- Providing better financial information for public review and evaluation.
- Demonstrating financial accountability for program implementation.
- Enabling compliance with state and federal financial reporting requirements.
- Improving decision-making capabilities for state and local agencies.

The Uniform Financial Accounting and Reporting Standards is an integral part of the accounting and reporting process for school districts. The accuracy of the school district financial reports to be used in funding opportunities and decision-making activities is the responsibility of the governing boards of Minnesota school districts, charter schools and its authorizers, and education cooperatives. The accuracy of the UFARS recording, reporting and classification procedures is the responsibility of the superintendent or director and the business manager.

The need for the accounting and reporting of financial data pertaining to local school districts has expanded in recent years and is expected to grow in the future. This is due to the increasing demand for an effective use of school district resources and an increasing interest in equalizing educational opportunities for all pupils, regardless of background or locale.

This overview of UFARS includes:

- Part A: Chart of Accounts
- Part B: UFARS System Uses
- Part C: Dimension Descriptions
- Part D: Legislative Requirements

## A. Chart of Accounts

UFARS requires the revenue and expenditure account code structure to be multi-dimensional. Expenditure and revenue accounting and reporting is based on individual accounts. An account in a multi-dimensional system requires the use of codes in six dimensions, each of which has a distinct purpose as described in Chapters 1-7. The same dimensions are used in both revenue and expenditure accounts with the exception of the Object Dimension, which is used with expenditure accounts and the Source Dimension, which is used with revenue accounts. Five of these dimensions are represented by a three-digit code and one (the fund dimension) by a two-digit code. These dimensions are used in the following sequence:

FUND	ORG/SITE	PROGRAM	FINANCE	OBJECT/SOURCE	COURSE
XX	XXX	XXX	XXX	XXX	XXX

Each dimension identifies one aspect of a revenue or expenditure account. No single dimension could provide enough information for local and state reporting of financial information. Expenditures such as salaries, purchased services, supplies and materials need to be related to at least a program or site (organization). Revenue accounts may or may not be dedicated for specific purposes. The fund and possibly the program, site (organization), or finance dimension may be necessary to describe the specific activities for which the revenue is to be used. Therefore, the total account structure is required to provide a meaningful account description.

Districts have been required to report “site-based data” since FY 1999. The organization dimension must relate to *District-Wide – 005, Home School Sites – 799, or Budgeted Learning Sites – 001 to 004, 006 to 798, 800 to 997 and 999, and Tuition Billing Sites - 998.*

Since each code within a dimension could be associated with every code in every other dimension, a vast number of individual accounts can be defined. However, only a fraction of the possibilities are useful or would be legitimate accounts. For example, salary objects should not be associated with the Debt Redemption Fund (see *Permitted Code Combinations – Chapter 10*).

In defining accounts, districts need to consider two factors. First, is the information required for state and/or other reporting? Second, does the district need the information for management decisions? Each dimension of the UFARS system contains a catalog of state-defined codes that are required for state reporting purposes. All codes for which the state will request information are included in this manual. From this catalog, districts can select the codes from each dimension that pertain to their operations. For example, a district can use this structure to define a salary expense for custodians at a secondary school site by selection of codes from each dimension as follows:

FUND	ORG/SITE	PROGRAM	FINANCE	OBJECT/SOURCE	COURSE
01	325	810	000	170	000
General	Bradbury High School	Operation and Maintenance	N/A	Non-Instructional Support Salary	N/A

Each district has somewhat different accounting and reporting requirements for local control and management. Additional accounts may be required for day-to-day operations. The UFARS reporting structure does **not** control or constrain local operations but rather provides flexibility for accounting structure. Districts may add codes in any dimension to accommodate local accounting needs; however, for state reporting, these codes must be cross-walked to codes existing in the UFARS manual. For example, a district can use a local code structure to define a salary expense for custodian overtime by the selection of locally defined codes in certain dimensions. Then, using the crosswalk feature, local codes can be reclassified to the appropriate UFARS codes as follows:



**EXAMPLE: DISTRICT-DEFINED CODES**

FUND	ORG/SITE	PROGRAM	FINANCE	OBJECT/SOURCE	COURSE
01	325	810	000	175	010
General	Bradbury High School	Operation and Maintenance	N/A	Custodian Overtime	Cleaning

**EXAMPLE: DISTRICT DEFINED CODES CROSS-WALKED TO UFARS CODES**

FUND	ORG/SITE	PROGRAM	FINANCE	OBJECT/SOURCE	COURSE
01	325	810	000	175	000
>	>	>	>	>	>
01	325	810	000	170	000

The sequence or arrangement of the dimensions as presented in this manual is for state reporting purposes only. In the automated multi-dimensional statewide finance system, the arrangement of dimensions varies from district to district. Input documents may have dimensions arranged in one sequence, be manipulated internally by the computer software in a different sequence, and be rearranged for reporting purposes in a third sequence. Detailed explanations of each dimension may be found preceding the list of codes in the chapter devoted to each dimension. Figures 1 and 2 on the following pages illustrate the type and content of the six dimensions for revenue and expenditure accounts. Part C of this overview provides a more extensive description of each dimension.

**A. UFARS System Uses**

UFARS is used at the district level for: (1) budgeting and budget projections; (2) financial management; and, (3) for reporting to district administrators, the school board and the public. At the state level, MDE requires information on a uniform basis from all the school districts and charter schools for the following purposes:

- a. State funding programs that provide state aid or levy authority based on expenditure data.
- b. Federal programs (such as Title I, adult basic education and national school lunch) which are administered through MDE and require financial information for entitlement.
- c. The preparation by MDE of the "Profiles" report, an annual financial condition report, and general data regarding the finances of each district.
- d. To provide the governor and the Legislature with financial and statistical data relating to proposed aid formulas, past payments made, and other research regarding historical and projected costs.
- e. To provide financial information to the National Center for Education Statistics (NCES) and the Bureau of the Census. This information includes financial data for federal programs that are administered outside MDE.
- f. The 2009 Legislature made changes to the publication of financial information ([Minn. Stat. § 123B.10, Subd. 1](#)). Every board must publish revenue and expenditure budgets for the current year and the actual revenues, expenditures, fund balances for the prior year, and projected fund balances for the current year within one week of the acceptance of the final audit or November 30, whichever is earlier. The statute states that a district must post the materials in a conspicuous place on the district's official website with a link to the school report card information (Data Center) on MDE's website; and publish a summary of the information in a qualified newspaper of general circulation within the district. These changes ensure that the budget publication reflects final audited data for the previous fiscal year.

According to Minnesota Statutes, section 124D.10, Subdivision 14, “A charter school must publish an annual report approved by the board of directors. The annual report must at least include information on school enrollment, student attrition, governance and management, staffing, **finances**, academic performance, innovative practices and implementation, and future plans. A charter school must post the annual report on the school’s official Web site. A charter school must also distribute the annual report by publication, mail, or electronic means to, its authorizer, school employees, and parents and legal guardians of students enrolled in the charter school. The reports are public data under chapter 13.”

**Figure 1  
EXPENDITURE ACCOUNTS**

	<b>FD</b>	<b>ORG</b>	<b>PRO</b>	<b>FIN</b>	<b>OBJ</b>	<b>CRS</b>
X = Number of Digits in UFARS Dimension	XX	XXX	XXX	XXX	XXX	XXX
FUND – Provides for a segregation of expenditures which are generally established in accordance with statutory requirements and GAAP. Includes the general, food service, community services, trust, agency, debt service, construction, and internal service funds.						
ORG/SITE – Provides separation of expenditures by budgeted learning site or district-wide. The learning sites have the same numbers as in the Minnesota Accounting and Reporting Student Systems (MARSS).						
PROGRAM – Provides separation of expenditures for all aspects of school district operations, including direct instructional, administrative and various support activities. Examples include school administration, mathematics, staff development and facilities.						
FINANCE – Provides detailed information on expenditures for which funding is restricted and also identifies expenditures which relate to a restricted/reserved fund balance. In some cases, this dimension is used to link expenditures to revenue. Examples include Title I, basic skills education, and the national school lunch program. If the Finance Dimension is not needed, <i>Code 000</i> is used.						
OBJECT – Provides expenditure detail as to the service or commodity purchased. Examples include teacher salaries, food, bond interest, and technology equipment.						
COURSE – Used in state reporting to track alternative facility project expenditures authorized under <a href="#">Minnesota Statutes, section 123B.59</a> , Subdivision 1, (a) (large schools) and Subdivision 1 (b) (Health and Safety); and to track federal expenditures by award year and required Title and special education program set-asides. An optional use of this dimension is to classify expenditures by locally defined relationships.						

**Figure 2  
REVENUE ACCOUNTS**

	<b>FD</b>	<b>ORG</b>	<b>PRO</b>	<b>FIN</b>	<b>SRC</b>	<b>CRS</b>
X = Number of Digits in UFARS Dimension	XX	XXX	XXX	XXX	XXX	XXX
FUND – Provides for a segregation of revenues which are generally established in accordance with statutory requirements and GAAP. Includes the general, food service, community services, trust, agency, debt service, construction, and internal service funds.						
ORG/SITE – Provides separation of revenues by budgeted learning site or district-wide. The learning sites have the same numbers as in the Minnesota Automated and Reporting Student System (MARSS).						
PROGRAM – Provides separation of revenues for all aspects of school district operations, including direct instructional, administrative and various support activities. Examples include school administration, mathematics, staff development and facilities.						
FINANCE – Provides detailed information on revenues for which funding is restricted and also identifies expenditures which relate to a restricted/reserved fund balance. In some cases, this dimension is used to link expenditures to revenue. Examples include Title I, basic skills education, and the national school lunch program. If the Finance Dimension is not needed, <i>Code 000</i> is used.						
SOURCE - Provides for a separation of revenues by source of funding. Identifies revenues of a general nature such as property tax levies or general education aid, or for specific categorical programs. Serves as a means of summarizing by major revenue classifications (e.g., local, state, or federal). Required for all revenues received. <i>Code 000</i> is not valid and must not be used.						
COURSE – This dimension is used in state reporting to track federal revenues by award year. An optional use of this dimension is to classify revenues by locally defined relationships.						

## A. Dimension Descriptions

### Fund Dimension

A fund is a fiscal entity with a set of accounts that record financial resources, liabilities and equities. Each fund is segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The Fund Dimension has the largest aggregation of transactions. Transfers between funds are allowed only when authorized in statute ([Minn. Stat. § 123B.79](#)). Such transfers require school board action. There are generally two different methods to classify the various funds depending on whom the district is reporting:

- 1. Audited financial statements must use Generally Accepted Accounting Principles (GAAP).**
- 2. UFARS is the classification method used to report to MDE.**

For accounting and reporting in accordance with GAAP, and as presented in the audited financial statements, the funds described in this manual consist of Governmental Funds, Proprietary Funds, Fiduciary Funds and Account Groups in accordance with standards established by the Governmental Accounting Standards Board (GASB). The Governmental Funds are further divided into General (01), Special Revenue (02 and 04), Building Construction (06), Debt Service (07) and Postemployment Benefits Debt Service Fund (47). The Fiduciary Funds are Trust (08), Agency (09), and Postemployment Benefits Irrevocable Trust Fund (45). The Proprietary Funds are Internal Service (20), and Postemployment Benefits Revocable Trust Fund (25). The Account Groups are General Fixed Assets (designated in the Fund Dimension as 98) and General Long-Term Debt (designated in the Fund Dimension as 99).

For UFARS reporting to the state of Minnesota, funds are divided into Operating Funds (Funds 01, 02 and 04), Non-Operating (Funds 06, 07 and 47), Fiduciary (08, 09 and 45), Proprietary (Funds 20 and 25), and Account Groups (98 and 99).

### Organization/Site Dimension

The Organization/Site Dimension is the portion of the total account code that makes it possible to identify expenditures and revenues as district-wide or by budgeted learning site.

For state reporting purposes, revenues and expenditures must be coded either to a budgeted learning site or as district-wide. All revenues or expenditures which cannot be directly related to a learning site are reported to MDE as district-wide. The local district may also use separate site codes for local needs such as administration buildings, bus garages, distribution centers or warehouses, etc. These must be cross walked for state UFARS reporting.

Individual site codes are not used for departments, sections, or other cost centers within the district, budgeted learning site, or instructional level. This subdivision is accomplished by use of the appropriate program category code. Individual site codes are also not used for defining geographic areas, administrative projects, or intra-district reporting hierarchies.

### Program Dimension

This dimension is used to separate sets of activities within a fund. The Program Dimension describes all instructional and support service activities associated with public schools. For example, Program Code 810, Operations and Maintenance, is used to report all expenditures associated with operating and maintaining a district's facilities. By combining the Organization/Site with Program Code 810, it is possible for the district to report on operations and maintenance costs on a site-by-site basis.

Each program code describes the complete set of activities pertaining to that program except for those activities for which another program code exists. Thus, the program "Office of the Superintendent" is used for all expenditures for that office including the salary of all staff (the

superintendent and his/her staff), benefits, supplies and any other expenses incurred directly by that office. However, maintenance costs are not allocated to this activity, since Program Code 810 exists.

The codes in this dimension are divided into ten categories: Administration (000 Series); District Support Services (100 Series); Elementary and Secondary Regular Instruction (200 Series); Vocational Education (300 Series); Special Education Instruction (400 Series); Community Education and Services (500 Series); Instructional Support Services (600 Series); Pupil Support Services (700 Series); Sites, Buildings and Equipment (800 Series); Fiscal and Other Fixed Costs Programs (900 Series); and other 800/900 programs.

## Finance Dimension

The Finance Dimension is used to establish the revenue and expenditure relationship for financial accounting and reporting. This linkage is maintained for accounting and reporting by establishing unique finance codes and using them in conjunction with the other dimensions in both revenue and expenditure accounts. Detailed or summary reports of revenues and expenditures for reporting financial information for aids or grants may be obtained through use of the finance dimension.

The series in this dimension are District-wide (000), State (300), Federal (400, 500, 600, 800 and 900), Child Nutrition (701-710), Transportation (711-739), Special Education (740-760), State Placement (761-770), Levy Supported Programs (771-799) and Secondary Vocational (830 and 835).

The term in the description for federal programs "CFDA No. XX.XXX" requires special notice. This refers to a federal identification number listed in the Catalog of Federal Domestic Assistance. For projects funded by MDE, each finance code definition includes the warrant description for aid or grant payments.

## Object Dimension

The Object Dimension identifies the generic service or commodity obtained as the result of an expenditure. This is the most detailed level of expenditure reporting. A specific object code is required for each expenditure account. Therefore, "000" may not be used in the Object Dimension. The descriptions in the Object Dimension chapter define the type and nature of the expenditures appropriate for each object code.

The Object Dimension is subdivided into eight series: Salaries and Wages (100); Employee Benefits (200); Purchased Services (300); Supplies and Materials (400); Capital Expenditures (500); Debt Service (700); Other Expense (800); and Other Financing Uses, including Transfers (900).

## Source Dimension

The Source Dimension identifies the origin of revenues. A specific source code is required in each revenue account therefore, "000" may not be used in the Source Dimension.

The descriptions in the Source chapter identify the sources of revenue in the following series: Local Sources (001-099); State Sources (200-399); Federal Sources (400-599); and Sales/Other Conversions (600-699).

## Course Dimension

For state reporting purposes, use of the Course Dimension is to report revenues and expenditures for projects that overlap school district fiscal years.

Beginning with FY 2007, the Course Dimension Code is used to track Alternative Facility project expenditures authorized under [Minnesota Statutes, section 123B.59](#), Subdivision 1(a) (large schools) and Subdivision 1(b) (Health and Safety). The district and agency will be able to track the changing

costs of a project through multiple fiscal years and application years by means of the Alternative Facilities website.

Beginning with FY 2010, Course Dimension Codes 011-015, are used to track federal funds that have carry-forward provisions. Carry forward funds are the funds that are available for use beyond the initial award period. Even though funds are carried forward for use in another year, the initial federal award year assignment does not change. The use of these codes will allow tracking of expenditures throughout the entire grant award period.

For local management purposes, the course dimension is that segment of the total UFARS account code that makes it possible to further describe or identify an activity within another dimension to achieve more detailed information.

Chapter 14 of the manual contains a 900 series of course code numbers. These codes may be used by local districts for the recording of student activity accounts, with or without the Manual for Activity Fund Accounting (MAFA).

**GAAP and UFARS Fund Structures**

Figure 3 below illustrates the two methods of classifying school district funds. For audit reports, independent auditors must use GAAP. When districts report their financial data to the state, the UFARS classification for funds is used.

**Figure 3  
FUND CLASSIFICATION  
GAAP REPORTING**

Fund Name and Number	FUND TYPE						
	Governmental				Fiduciary	Proprietary	Account Groups
	General	Special Revenue	Capital Projects	Debt Service			
General (01)	X						
Food Service (02)		X					
Community Service (04)		X					
Building Construction (06)			X				
Debt Service (07)				X			
Trust (08)					X		
Agency (09)					X		
Internal Service (20)						X	
Postemployment Benefits Revocable Trust Fund (25)						X	
Postemployment Benefits Irrevocable Trust Fund (45)					X		
Postemployment Benefits Debt Service Fund (47)				X			
General Fixed Assets (98)							X
General Long-Term Debt (99)							X

**UFARS FUND CLASSIFICATION  
STATE REPORTING  
by Fund Type**

Fund Name and Number	FUND TYPE			
	Operating	Non-Operating	Proprietary	Account Groups
General (01)	X			
Food Service (02)	X			
Community Service (04)	X			
Building Construction (06)		X		
Debt Service (07)		X		
Trust (08)		X		
Agency (09)		X		
Internal Service (20)			X	
Postemployment Benefits Revocable Trust Fund (25)			X	
Postemployment Benefits Irrevocable Trust Fund (45)		X		
Postemployment Benefits Debt Service Fund (47)		X		
General Fixed Assets (98)				X
General Long-Term Debt (99)				X

## A. Legislative Requirements

### Authorized Computer Information Systems

[Minnesota Statutes, section 125B.05](#), requires MDE to develop and maintain a computerized information system for state information needs. Another purpose of the computerized information system is to meet the management needs of school districts. The department maintains a list of certified service providers for administrative data processing software and support. To be certified, a service provider must provide the department with a written statement identifying software products and support functions that will be provided to school districts and state its intent to meet state standards for software, data elements, edits and support services. The standards ensure the quality of the data reported to the state. Refer to Figure 4 for the current list of certified service providers.

### Audit Requirements

[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 2015 Audited Final UFARS Data Submission and Fiscal Compliance Table Data Submission reporting is November 30, 2015, and Audit Reports are due by December 31, 2015;



**Note: Refer to “Submission Options” section below.**

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 respective OMB Circulars such as A-133, A-87, etc., 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 LEA audit for MDE review. Audit findings should be numbered with the fiscal year and audit finding number (for example: 2015-1, 2015-2, etc.) and follow the CAP format listed in item 4.

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 memo or letter stating the school district does not have any student activity accounts. These steps will assist with verification that 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: 2015-01, 2015-02, etc.).

3. The Local Education Agency (LEA) audits must contain a comparative fiscal compliance table. A copy of the fiscal compliance table must include the comparison between audited data and UFARS data and a column displaying the variance. The fiscal compliance table 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 MDE's website. After the audited data has been entered, run the fiscal compliance table comparison report and review the results. Any differences between the UFARS data and the audited financial data must be corrected. The entry of the audited data to the fiscal compliance table must be completed by November 30, 2015.

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

4. Checklist of reports that must be submitted to MDE and State Auditor's Office:

Report on financial statements

List of school board members for the reporting year

Management's discussion and analysis (prepared by the finance officials of the LEA);

Report on entity's internal control structure;

Report on entity's compliance with laws and regulations;

Corrective action plan for all written findings (including student activity audit);

Corrective action plan should contain the following elements for each finding:

1. an explanation of any disagreement with the finding;
2. actions planned in response to the finding;
3. the official responsible for ensuring the corrective action; and
4. a plan to monitor completion of corrective actions

Student activity audit or statement that funds are audited with the general fund;

UFARS Fiscal Compliance Table;

Single audit reports, if applicable; and

Management letter (if no management letter was issued to the district, a separate and additional memo stating that fact is to be included with the audit submission)

For audit requirements for the FY 2015 audits, contact David Day at: [David.Day@state.mn.us](mailto:David.Day@state.mn.us) or 651-582-8384.

## **FY 2015 – Charter School Reporting Requirements**

### **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 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 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 7/1/2014 – 6/30/2015. An agreement overlapping the fiscal year will require both agreements to be submitted.

#### **Example:**

1. Management contract with effective dates of 1/1/2014 – 12/31/2014 and 1/1/2015 – 12/31/2015, requires both contracts to be submitted.
2. Management contract which cover multiple years would submit the contract for the fiscal reporting period. (Contract 7/1/2014 -6/30/2017 would submit the same contract in the years of 2015, 2016, and 2017.)

**Charter School must submit:**

- 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:

Management Services

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

**General Definitions:**

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

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

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

- B. Copy of service agreements or contracts over the lessor of the following:

Total annual amount paid is greater than \$100,000 OR  
Total annual amount paid is greater than 10 percent of the year end audited expenditures.

Agreements for:

Other Services (Vendors)

Examples: Business Services  
Food Services  
Transportation  
Teaching Staff

The agreements must detail the terms of the agreement and must identify the services provided along with annual cost for the services identified in the agreement.

**NOTE:**

Charter schools without management services contracts or agreements meeting the \$100,000 /  $\geq$  10 percent of year end audited expenditures should include with their submission, a letter to the MDE, signed by the School’s Director, stating: “The XYZ Charter school does not have a contract with a management company or contracts which exceed \$100,000 / or greater than 10 percent of year end audited expenditures.”

## School Auditors

- A. Independent audit reports for charter schools must include the audited data from the affiliated building corporation or other component units, per Subdivision 6a (c),
- 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 Subdivision 6a (d).

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
4 characters	4 characters	2 characters	Up to 12 characters	<ul style="list-style-type: none"> <li>• Management</li> <li>• Service</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 suffix convention: Mgmt.Agree
- 2. Service Agreements suffix convention: Service.Agree

Examples: 2015.4113.07.FraserAcad.mgmt.agree  
2015.4113.07.FraserAcad.service.agree

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

Examples: 2015.4113.07.FraserAcad.mgmt.agree1  
2015.4113.07.FraserAcad.mgmt.agree2  
  
2015.4113.07.FraserAcad.service.agree1  
2015.4113.07.FraserAcad.service.agree2

The email 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 “FY 2015 Charter School Reporting Requirements,” please contact the UFARS Accounting Helpdesk at: [MDE.UFARS-Accounting@state.mn.us](mailto:MDE.UFARS-Accounting@state.mn.us).

**SUBMISSION OPTIONS**

**2015 Submission**

1. Districts may submit completed financial audits and required supplemental information in standard printed and bound format via United States Mail or other courier service, **OR (preferred method)**
2. Districts may submit completed financial audits and required supplemental information via email with attached files in PDF format using the naming convention identified here.

As stated above, MDE must receive all audit reports by December 31, 2015, if received after December 31, 2015; the postmark must be on or before December 31, 2015.

Printed audit reports may be submitted via USPS or other courier (UPS, FedEx, etc.) and postmarked or time stamped by courier NO LATER than December 31, 2015.

MDE accepts, and would prefer, electronic files (e-files) via email, and using the standard file naming convention listed below and stored in a PDF format.

**To Submit E-files to MDE**

Each management letter (or “COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE”) must be transmitted in a separate pdf file.

**Naming Conventions** – Audit reports may be submitted using the MDE email address provided below and must use the following naming convention:

A separate file for each of these reports (see examples below):

Audited District Financial Statements	convention: FinStm.District
District Management Letters	convention: MgtLtr.District
Student Activity Audits	convention: FinStmt.Student
Student Activity Management Letter	convention: MgtLt.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:

Fiscal Year	District Number	District Type	District Name	Report Name
4 characters	4 characters	2 characters	Up to 12 characters in length	- FinStm.District - MgtLtr.District - FinStmt.Student - MgtLt.Student - Other

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

Example:

- 2015.0001.03.Minneapolis.FinStm.District
- 2015.0001.03.Minneapolis.FinStm.Student
- 2015.0001.03.Minneapolis.MgtLtr.District
- 2015.0001.03.Minneapolis.MgtLtr.Student
- 2015.0001.03.Minneapolis.Other

The email addresses for electronic submission are:

Minnesota Department of Education: [MDE.FinMgt@state.mn.us](mailto:MDE.FinMgt@state.mn.us)  
Office of State Auditor: [SingleAudit@osa.state.mn.us](mailto:SingleAudit@osa.state.mn.us)

### **Districts Submitting via USPS or Courier:**

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

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

Minnesota Statute, section 123B.77, Subdivision 3, also requires each district to send a copy of the audit and all supplemental report to the Office of State Auditor. The Office of State Auditor requests all copies to be in electronic format and must be received no later than December 31, 2015.

If you have any questions, please contact David Day at (651) 582-8384 or email [david.day@state.mn.us](mailto:david.day@state.mn.us).

This letter is also posted on the MDE website at  
[education.state.mn.us/MDE/SchSup/SchFin/FinMgmt/index.html](http://education.state.mn.us/MDE/SchSup/SchFin/FinMgmt/index.html)

## **MDE Fiscal Compliance Table Website**

The fiscal compliance report is completed by the reporting entity or the auditor at the conclusion of a reporting entity's audit and after the financial statements has been completed. This report is a comparison between the UFARS data and the audited financial statements. The fiscal compliance data entry form must be completed electronically and a copy of the Fiscal Compliance Report, which includes the comparison between audit data and UFARS data and any differences between the two, must be included with the reporting entity's audited financial statements. [View the Fiscal Compliance Table.](#)

Since this is an online active database, each time entries are made, the numbers will change at the department level. The reporting entity or the auditor will be responsible for entering data to the fiscal compliance table and printing out a copy for submission with the audit report.

**Important Note:** Effective for FY 2011 reporting, UFARS balance sheet accounts and the fiscal compliance table were revised to accommodate Governmental Accounting Standards Board Statement (GASB) 54, Fund Balance Reporting and Governmental Fund Type Definitions. A sample of the FY 2015 Report is provided in Figure 3.

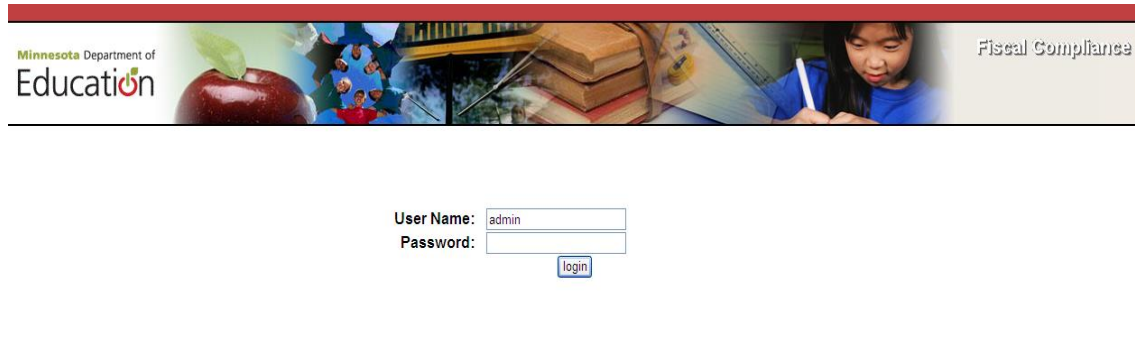
The report organizes fund balances for each of the governmental funds by the GASB 54 reporting categories: nonspendable, restricted, which includes restricted/reserved, committed, assigned, and unassigned. Another new feature is the Reconciliation of Fund Balance line, which totals all fund balances within each of the governmental funds to ease comparison of UFARS data—which may not strictly follow GASB 54—with the audited financial statement data. The difference between the reconciliation totals of the UFARS column and the Audit column should be zero. UFARS reporting requires any deficit in a restricted/reserved account that may report a deficit to be reported in that account. For example, a deficit in the restricted/reserved for Community Education account 4.31 would be reported on UFARS in that account; under GASB 54, the deficit would be reported as a deficit unassigned fund balance on the audited financial statements. For further discussion, see UFARS Manual Chapter 8 – Balance Sheet Accounts.

For more information, please contact David Day at 651-582-8384 or [david.day@state.mn.us](mailto:david.day@state.mn.us).

The MDE Fiscal Compliance website is located at School Support > Data Submissions > Fiscal Compliance Table and has four pages: Log In, District Selection, Data Entry and Fiscal Compliance Table.

## Log In

You will enter the Fiscal Compliance user name and password to access the website. The user name is comp and the password is Gr3en. The user name and password are case sensitive.



Minnesota Department of Education

Fiscal Compliance

User Name:

Password:

## District Selection

You may select your district by district name or district number, and then choose Search or Run Report. The Search button will direct you to the data entry page. The Run Report button will generate the comparison report between the audited financial data and submitted UFARS data.



Minnesota Department of Education

Fiscal Compliance

Fiscal Compliance Search/Reporting - 6/30/2014 [Help](#)

District Name:

District Number:

## Data Entry

Enter your audited financial information into the Fiscal Compliance Table on this page. When typing in the financial data keep in mind these points: 1) type in the amount as a whole number excluding cents; 2) do not use dollar signs or commas; and, 3) enter the FY 2015 Operating Capital Transfer amount including Per Pupil Amount, Adjusted Marginal Cost Pupil Unit (AMCPU) and Total Transfer. Enter zero if that was the transfer amount. When all the financial data has been entered, choose the submit button. This will start an edit process. If an error occurs, a note in red letters will display at the top of the page. Please make the appropriate adjustments and re-submit. After successful submission, run the Fiscal Compliance Table by choosing Run Report. The Fiscal Compliance Table will automatically show up on the screen.

Fiscal Compliance Data Entry - 6/30/2014    Help    Logoff  
 District: AITKIN (1-1)

<b>01 GENERAL FUND</b>		<b>06 BUILDING CONSTRUCTION</b>	
Total Revenue	<input type="text" value="1.2049132E7"/>	Total Revenue	<input type="text" value="0.0"/>
Total Expenditures	<input type="text" value="1.1777877E7"/>	Total Expenditures	<input type="text" value="0.0"/>
<i>Non Spendable:</i>		<i>Non Spendable:</i>	
4.60 Non Spendable Fund Balance	<input type="text" value="101623.0"/>	4.60 Non Spendable Fund Balance	<input type="text" value="0.0"/>
<i>Restricted / Reserved:</i>		<i>Restricted / Reserved:</i>	
4.03 Staff Development	<input type="text" value="106334.0"/>	4.07 Capital Projects Levy	<input type="text" value="0.0"/>
4.05 Deferred Maintenance	<input type="text" value="0.0"/>	4.09 Alternative Facility Program	<input type="text" value="0.0"/>
4.06 Health and Safety	<input type="text" value="-58881.0"/>	4.13 Project Funded by COP	<input type="text" value="0.0"/>
4.07 Capital Projects Levy	<input type="text" value="0.0"/>	<i>Restricted:</i>	
4.08 Cooperative Revenue	<input type="text" value="0.0"/>	4.64 Restricted Fund Balance	<input type="text" value="0.0"/>
4.09 Alternative Facility Program	<input type="text" value="0.0"/>	<i>Unassigned:</i>	
4.13 Project Funded by COP	<input type="text" value="0.0"/>	4.63 Unassigned Fund Balance	<input type="text" value="0.0"/>
4.14 Operating Debt	<input type="text" value="0.0"/>	<b>07 DEBT SERVICE</b>	
4.16 Levy Reduction	<input type="text" value="0.0"/>	Total Revenue	<input type="text" value="116918.0"/>
4.17 Taconite Building Maint	<input type="text" value="0.0"/>	Total Expenditures	<input type="text" value="118741.0"/>
<i>Restricted:</i>			
4.64 Restricted Fund Balance	<input type="text" value="18976.0"/>		
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	<input type="text" value="0.0"/>		



## Fiscal Compliance Table

On the Fiscal Compliance Table screen you will view the results of the comparison between the audited financial data and submitted UFARS data. If there are discrepancies noted, you will need to identify and correct these items. The error is corrected by repeating the data entry steps and the run report step. You may repeat these steps as many times as necessary until all discrepancies have been resolved.



**Fiscal Compliance Report - 6/30/2014**      Help      Logoff  
 District: AITKIN (1-1)      Back      Print

	Audit	UFARS	Audit - UFARS		Audit	UFARS	Audit - UFARS
<b>01 GENERAL FUND</b>				<b>06 BUILDING CONSTRUCTION</b>			
Total Revenue	\$12,049,132	\$12,049,128	\$4	Total Revenue	\$0	\$0	\$0
Total Expenditures	\$11,777,877	\$11,777,875	\$2	Total Expenditures	\$0	\$0	\$0
Non Spendable:				Non Spendable:			
4.00 Non Spendable Fund Balance	\$101,823	\$101,823	\$0	4.00 Non Spendable Fund Balance	\$0	\$0	\$0
Restricted / Reserved:				Restricted / Reserved:			
4.03 Staff Development	\$108,334	\$108,334	\$0	4.07 Capital Projects Levy	\$0	\$0	\$0
4.05 Deferred Maintenance	\$0	\$0	\$0	4.09 Alternative Facility Program	\$0	\$0	\$0
4.06 Health and Safety	(\$58,881)	(\$58,881)	\$0	4.13 Project Funded by COP	\$0	\$0	\$0
4.07 Capital Projects Levy	\$0	\$0	\$0	Restricted:			
4.08 Cooperative Revenue	\$0	\$0	\$0	4.04 Restricted Fund Balance	\$0	\$0	\$0
4.09 Alternative Facility Program	\$0	\$0	\$0	Unassigned:			
4.13 Project Funded by COP	\$0	\$0	\$0	4.03 Unassigned Fund Balance	\$0	\$0	\$0
4.14 Operating Debt	\$0	\$0	\$0				
4.16 Levy Reduction	\$0	\$0	\$0	<b>07 DEBT SERVICE</b>			
4.17 Taconite Building Maint	\$0	\$0	\$0	Total Revenue	\$116,918	\$116,819	(\$9)
4.23 Certain Teacher Programs	\$0	\$0	\$0	Total Expenditures	\$118,741	\$118,741	\$0
4.24 Operating Capital	\$299,834	\$299,834	\$0	Non Spendable:			
4.26 825 Taconite	\$0	\$0	\$0	4.00 Non Spendable Fund Balance	\$0	\$0	\$0
4.27 Disabled Accessibility	\$0	\$0	\$0	Restricted / Reserved:			
4.28 Learning & Development	\$0	\$0	\$0	4.25 Bond Refundings	\$0	\$0	\$0
4.34 Area Learning Center	\$0	\$0	\$0	4.51 QZAB Payments	\$0	\$0	\$0
4.35 Contracted Alt. Programs	\$0	\$0	\$0	Restricted:			
4.36 State Approved Alt. Program	\$13,521	\$13,521	\$0	4.04 Restricted Fund Balance	\$5,158	\$5,158	\$0
4.38 Gifted & Talented	\$6,834	\$6,834	\$0	Unassigned:			
				4.03 Unassigned Fund Balance	\$0	\$0	\$0

The print button located on the top of the data entry screen and the Fiscal Compliance Report screen will give you a hard copy of the report information.

**Figure 4**  
**Approved Finance Systems Certified for UFARS Reporting**  
**July 2015**

The following software service providers/vendors are approved for the reporting of school district financial information in accordance with [Minnesota Statutes, section 125B.05](#), Subdivision 3.

<b>Service Providers/Vendors</b>	<b>Contact</b>	<b>Phone and Email</b>
Regional Management Information Center (RMIC) 1 SMART SOFTWARE	Wayne Miller Region 1 3031 17th Street South Moorhead, MN 56560	218-284-3104 218-236-2368 (fax) <a href="mailto:wmillers@Region1.k12.mn.us">wmillers@Region1.k12.mn.us</a>
Regional Management Information Center (RMIC) 2 SMART SOFTWARE	Jeff Yeager A.R.C.C. Region 2 5 West First Street, Suite 300 Duluth, MN 55802-2070	218-723-1700, ext. 110 218-723-1923 (fax) <a href="mailto:jyeager@arcc.org">jyeager@arcc.org</a>
Regional Management Information Center (RMIC) 3 SMART SOFTWARE	Tracey Fioreck CMERDC- Region 3 570 1st Street SE St. Cloud, MN 56304	320-257-1924 320-252-8569 (fax) <a href="mailto:tfioreck@erdc.k12.mn.us">tfioreck@erdc.k12.mn.us</a>
Regional Management Information Center (RMIC) 4 SMART SOFTWARE	Darin Jensen Region 4 SW/WC Service Coop 1420 East College Drive Marshall, MN 56258	507-537-2280 507-537-6985 (fax) <a href="mailto:darin.jensen@swsc.org">darin.jensen@swsc.org</a>
Regional Management Information Center (RMIC) 5 SMART SOFTWARE	Dianna Groskreutz Region 5 314 Chestnut Street Mankato, MN 56001	507-386-4804 507-388-5978 (fax) <a href="mailto:diannaq@regionv.k12.mn.us">diannaq@regionv.k12.mn.us</a>
Regional Management Information Center (RMIC) 7	Jennifer Charles Jolene Kroschel TIES 1667 Snelling Avenue North St. Paul, MN 55108 Send Updates to:	651-999-6405 651-999-6401 651-999-6099 (fax) <a href="mailto:jennifer.charles@ties.k12.mn.us">jennifer.charles@ties.k12.mn.us</a> <a href="mailto:jolene.kroschel@ties.k12.mn.us">jolene.kroschel@ties.k12.mn.us</a> <a href="mailto:financesupport@ties.k12.mn.us">financesupport@ties.k12.mn.us</a>
Skyward Software Inc.	Lori Mohs Skyward Software, Inc. 868 3 <sup>rd</sup> Street South Suite 101 Waite Park, MN 56387	320-259-6115 320-259-5256 (fax) <a href="mailto:lorim@skyward.com">lorim@skyward.com</a>
Computer Management Technologies	Stephanie Bowman Computer Management Technologies 731 Gratiot Avenue Saginaw, MI 48602	1-800-222-9124, ext.119 <a href="mailto:sbowman@cmtonline.com">sbowman@cmtonline.com</a>

Service Providers/Vendors	Contact	Phone and Email
Escape Technology	Robert Towery Escape Technology 3017 Douglas Boulevard Suite 140 Roseville, CA 95661-3848	916-773-6363, ext. 114 <a href="mailto:bobt@escapetech.com">bobt@escapetech.com</a>
ORACLE	Ajit Sathaye Strategic Information Solutions, Inc. 200 North LaSalle, Suite 900 Chicago, IL 60601	312-422-1552 <a href="mailto:asathaye@sisus.com">asathaye@sisus.com</a>
IFAS	Christian Meyer Regional Sales Manager SunGard Bi-Tech, Inc. 890 Fortress Street Chico, CA 95973	530-879-2847 <a href="mailto:christian@bi-tech.com">christian@bi-tech.com</a>
Microsoft Dynamics Great Plains	Sherry L. Berg, CPA Avastone Technologies LLC 1700 Stephen Street Little Chute, WI 54140	920-687-4636 920-997-1755(fax) <a href="mailto:sberg@avastonetech.com">sberg@avastonetech.com</a>
SAP Public Services, Inc.	Richard Beggs Consulting Engagement Manager State and Local Government SAP Public Service, Inc. 4 Van De Graff Drive Burlington, MA 01803	512-299-3442 512-233-5366 (fax) <a href="mailto:richard.beggs@sap.com">richard.beggs@sap.com</a>
	Glen Krapf 20 Perimeter Summit Blvd. Atlanta, GA 30319	404-943-6528 404-943-4290 (fax) <a href="mailto:glen.krapf@sap.com">glen.krapf@sap.com</a>
	Don Seaman 3999 West Chester Pike Newtown Square, PA 19073	(770) 521-7598 (610) 492-9495 (fax) (404) 457-9578 (mobile) <a href="mailto:don.seaman@sap.com">don.seaman@sap.com</a>
Infinite Campus	Jaycie Benton Matt Lindstrom Burke Stucker Gary Behm Kraig Goodman 4321 109 <sup>th</sup> Avenue NE Blaine, MN 55449	<a href="mailto:jaycie.benton@infinitecampus.com">jaycie.benton@infinitecampus.com</a> <a href="mailto:matt.lindstrom@infinitecampus.com">matt.lindstrom@infinitecampus.com</a> <a href="mailto:burke.stucker@infinitecampus.com">burke.stucker@infinitecampus.com</a> <a href="mailto:gary.behm@infinitecampus.com">gary.behm@infinitecampus.com</a> <a href="mailto:kraig.goodman@infinitecampus.com">kraig.goodman@infinitecampus.com</a> (800) 850-2335 (toll free) (651) 631-000 (local) (651) 697-1203 (fax) <a href="http://www.infinitecampus.com">http://www.infinitecampus.com</a>

**Figure 5 – Fiscal Compliance  
Sample Comparison Between UFARS and Audited Financial Statement Fiscal Year End 6/30/2016**

	Audit	UFARS	Audit UFARS
<b>01 GENERAL FUND</b>			
Total Revenue	\$389,638,239	\$389,638,239	\$0
Total Expenditures	\$390,895,938	\$390,895,940	(\$2)
<i>Non Spendable:</i>			
4.60 Non spendable Fund Balance	\$0	\$0	\$0
<i>Restricted / Reserve:</i>			
4.03 Staff Development	\$1,557,007	\$1,557,007	\$0
4.05 Deferred Maintenance	\$0	\$0	\$0
4.06 Health and Safety	(\$307,593)	(\$307,593)	\$0
4.07 Capital Projects Levy	\$0	\$0	\$0
4.08 Cooperative Revenue	\$0	\$0	\$0
4.09 Alternative Facility Program	\$0	\$0	\$0
4.11 Severance Pay	\$3,794,214	\$3,794,214	\$0
4.13 Project Funded by COP	\$0	\$0	\$0
4.14 Operating Debt	\$0	\$0	\$0
4.16 Levy Reduction	\$0	\$0	\$0
4.17 Taconite Building Maint	\$0	\$0	\$0
4.23 Certain Teacher Programs	\$0	\$0	\$0
4.24 Operating Capital	\$4,961,940	\$4,961,940	\$0
4.26 \$25 Taconite	\$0	\$0	\$0
4.27 Disabled Accessibility	\$0	\$0	\$0
4.28 Learning & Development	\$1,710,407	\$1,710,407	\$0
4.34 Area Learning Center	\$866,257	\$866,257	\$0
4.35 Contracted Alt. Programs	\$0	\$0	\$0
4.36 State Approved Alt. Program	\$0	\$0	\$0
4.38 Gifted & Talented	\$357,222	\$357,222	\$0
4.41 Basic Skills Programs	\$0	\$0	\$0
4.45 Career Tech Programs	\$0	\$0	\$0
4.49 Safe School Crime/Crime Levy	\$318,231	\$318,231	\$0
4.50 Pre-Kindergarten	\$0	\$0	\$0
4.51 QZAB Payments	\$0	\$0	\$0
4.52 OPEB Liab Not In Trust	\$0	\$0	\$0
4.53 Unfunded Sev & Retrmt Lev	\$0	\$0	\$0
<i>Restricted:</i>			
4.64 Restricted Fund Balance	\$0	\$0	\$0
<i>Committed:</i>			
4.18 Committed for Separation	\$0	\$0	\$0
4.61 Committed Fund Balance	\$0	\$0	\$0
<i>Assigned:</i>			
4.62 Assigned Fund Balance	\$0	\$0	\$0
<i>Unassigned:</i>			
4.22 Unassigned Fund Balance	\$0	\$0	\$0
<b>Reconciliation of Fund Balance</b>			
- General fund	\$13,257,635	\$13,257,635	\$0
<b>02 FOOD SERVICES</b>			
Total Revenue	\$18,173,645	\$18,173,645	\$0
Total Expenditures	\$17,555,985	\$17,555,986	(\$1)
<i>Non Spendable:</i>			
4.60 Non spendable Fund Balance	\$0	\$0	\$0
<i>Restricted:</i>			
4.64 Restricted Fund Balance	\$0	\$0	\$0
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$3,739,876	\$3,739,876	\$0
<b>Reconciliation of Fund Balance</b>			
- Food Services	\$3,739,876	\$3,739,876	\$0
<b>04 COMMUNITY SERVICE</b>			
Total Revenue	\$19,212,772	\$19,212,771	\$1
Total Expenditures	\$18,708,948	\$18,708,949	(\$1)
<i>Non Spendable:</i>			
4.60 Non spendable Fund Balance	\$0	\$0	\$0
<i>Restricted / Reserve:</i>			
4.26 \$25 Taconite	\$0	\$0	\$0
4.31 Community Education	\$2,169,672	\$2,169,672	\$0
4.32 E.C.F.E	\$436,498	\$436,498	\$0
4.44 School Readiness	\$179,128	\$179,128	\$0
4.47 Adult Basic Education	\$549,481	\$549,481	\$0
4.52 OPEB Liab Not In Trust	\$0	\$0	\$0
<i>Restricted:</i>			
4.64 Restricted Fund Balance	\$0	\$0	\$0
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance:	(\$15,739)	(\$15,739)	\$0

	Audit	UFARS	Audit UFARS
<b>Reconciliation of Fund Balance</b>			
- Community Service	\$3,319,040	\$3,319,040	\$0
<b>06 BUILDING CONSTRUCTION</b>			
Total Revenue	\$135,162	\$135,162	\$0
Total Expenditures	\$7,505,820	\$7,505,821	(\$1)
<i>Non Spendable:</i>			
4.60 Non spendable Fund Balance	\$0	\$0	\$0
<i>Restricted / Reserve:</i>			
4.07 Capital Projects Levy	\$0	\$0	\$0
4.09 Alternative Facility Program	\$330,020	\$330,020	\$0
4.13 Project Funded COP	\$7,350	\$7,350	\$0
<i>Restricted:</i>			
4.64 Restricted Fund Balance	\$0	\$0	\$0
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$65,677	\$65,677	\$0
<b>Reconciliation of Fund Balance</b>			
- Building Construction	\$403,407	\$403,407	\$0
<b>07 DEBT SERVICE</b>			
Total Revenue	\$21,083,079	\$21,083,080	(\$1)
Total Expenditures	\$23,326,761	\$23,326,761	\$0
<i>Non Spendable:</i>			
4.60 Non spendable Fund Balance	\$0	\$0	\$0
<i>Restricted / Reserve:</i>			
4.25 Bond Refunding	\$19,198,934	\$19,198,934	\$0
4.51 QZAB Payments	\$0	\$0	\$0
<i>Restricted:</i>			
4.64 Restricted Fund Balance	\$0	\$0	\$0
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$6,797,002	\$6,797,002	\$0
<b>Reconciliation of Fund Balance</b>			
- Debt Service	\$25,995,936	\$25,995,936	\$0
<b>08 TRUST</b>			
Total Revenue	\$223,608	\$223,608	\$0
Total Expenditures	\$194,650	\$194,650	\$0
<i>Unassigned:</i>			
4.22 Net Assets	\$0	\$0	\$0
<b>20 INTERNAL SERVICE</b>			
Total Revenue	\$46,191,673	\$46,191,673	\$0
Total Expenditures	\$44,349,404	\$44,349,405	(\$1)
<i>Unassigned:</i>			
4.22 Net Assets	\$0	\$0	\$0
<b>25 OPEB REVOCABLE TRUST</b>			
Total Revenue	\$0	\$0	\$0
Total Expenditures	\$0	\$0	\$0
<i>Unassigned:</i>			
4.22 Net Assets	\$0	\$0	\$0
<b>45 OPEB IRREVOCABLE TRUST</b>			
Total Revenue	\$144,144	\$144,144	\$0
Total Expenditures	\$681,109	\$681,109	\$0
<i>Unassigned:</i>			
4.22 Net Assets	\$0	\$0	\$0
<b>47 OPEB DEBT SERVICE</b>			
Total Revenue	\$0	\$0	\$0
Total Expenditures	\$0	\$0	\$0
<i>Non Spendable:</i>			
4.60 Non spendable Fund Balance	\$0	\$0	\$0
<i>Restricted:</i>			
4.25 Bond Refunding	\$0	\$0	\$0
4.64 Restricted Fund Balance	\$0	\$0	\$0
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance:	\$0	\$0	\$0
<b>Reconciliation of Fund Balance</b>			
- OPEB Debt Service	\$0	\$0	\$0

Figure 6

**Required UFARS Data Format**

(for service providers/vendors with approved software in accordance with Minn. Stat., section 125B.05, Subd. 3)

	Unaudited Audited	District Number	District Type	Region	Fiscal Year	Submission Date	Submission Time	Users Blank Empty	Accounting Period	Total GNL Records	Total Exp. Records	Total Rev. Records
Header Record	U or A	9999	99	9	06-07	091507	1057		99	99999	999999	999999
Number of Characters	1	4	2	1	5	6	4	17	2	6	6	6

Example: UXXXXxxX05-060915061057 01000001000001000001

	General Ledger	District Number	District Type	Fund Number	GNL Number	Plus or Minus Sign	Beginning Balance	Plus Sign	Year-to-Date Debit	Plus Sign	Year-to-Date Credit
General Ledger Records	G	9999	99	99	999	+/-	99999999999	+	99999999999	+	99999999999
Number of Characters	1	4	2	2	3	1	11	1	11	1	11

Example: GXXXXxx01101+12345678999+12345678999+12345678999

	Revenue	District Number	District Type	GNL Sum. Number	Fund Number	Org/Site Number	Program Number	Finance Number	Source Number	Course Number	Plus Sign	Adopted Budget	Plus Sign	Revised Budget	Plus Sign	Next Year Budget	Plus Sign	Year to Date Amount
Revenue Records	R	9999	99	999	99	999	999	999	999	999	+	99999999999	+	99999999999	+	99999999999	+	99999999999
Number of Characters	1	4	2	3	2	3	3	3	3	3	1	11	1	11	1	11	1	11

Example: RXXXXxx51901005000000060000+12345678999+12345678999+12345678999+12345678999

	Expenditure	District Number	District Type	GNL Sum. Number	Fund Number	Org/Site Number	Program Number	Finance Number	Object Number	Course Number	Plus Sign	Adopted Budget	Plus Sign	Revised Budget	Plus Sign	Next Year Budget	Plus Sign	Year-to-Date Amount
Expenditure Records	E	9999	99	999	99	999	999	999	999	999	+	99999999999	+	99999999999	+	99999999999	+	99999999999
Number of Characters	1	4	2	3	2	3	3	3	3	3	1	11	1	11	1	11	1	11

Example: EXXXXXxx53901005110000110000+12345678999+12345678999+12345678999+12345678999

## CHAPTER 1 – FUND DIMENSION

### General Description

The Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Section 1300, defines a fund as:

*A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.*

Funds are established in the Uniform Financial Accounting and Reporting Standards (UFARS) in accordance with statutory requirements and Generally Accepted Accounting Principles (GAAP). Transfers between funds are allowed only as specified in Minnesota Statutes, sections 123B.79 and 123B.80. In general, revenues may be transferred from the General Fund to any operating fund only to eliminate a deficit. Such a transfer requires school board action.

Under Minnesota Laws 2011, First Special Session, Chapter 11, Article 5, Section 11 as amended by Laws 2012, Chapter 239, Article 1, Section 31, temporary authority was granted for FY 2014 through FY 2015 to request and receive commissioner approval of a Permanent Fund Transfer. Refer to Source Code 651 and Object Code 911 for further guidance.

For state UFARS accounting and reporting, the funds and account groups are divided into categories and are numbered as listed below. Neither an appropriate reclassification, chargeback or an allocation of expenditures is considered to be a fund transfer.

### Funds and Account Groups

#### Operating Funds

01	General Fund
02	Food Service Fund
04	Community Service Fund

#### Non-Operating Funds

06	Building Construction Fund
07	Debt Service Fund
47	Post-Employment Benefits Debt Service Fund

#### Fiduciary Funds

08	Trust Fund
09	Agency Fund
45	Post-Employment Benefits Irrevocable Trust Fund

#### Proprietary Funds

20	Internal Service Fund
25	Post-Employment Benefits Revocable Trust Fund

#### Account Groups

98	General Fixed Assets Group
99	General Long-Term Debt Group

## Code Title and Definition

### 01 General Fund

#### Overview

The General Fund is used to account for all revenues and expenditures of the school district not accounted for elsewhere. The General Fund is used to account for educational activities, district instructional and student support programs, expenditures for the superintendent, district administration, normal operations and maintenance, pupil transportation, capital expenditures, and legal school district expenditures not specifically designated to be accounted for in any other fund. A district may use General Fund balances for capital purposes except when the requirements for a specific categorical revenue state that it may not be used for capital purchases.

The General Fund is used to show the financial activities of a school district's pupil transportation program; however, chargebacks must be made against other operating funds when appropriate.

Revenue for operating capital and revenue from bonds for certain capital facilities must be recorded in the Restricted/Reserved Account for Operating Capital in the General Fund. Revenue for health and safety and for disabled accessibility must be recorded in the Restricted/Reserved Account for these purposes in the General Fund.

Capital expenditures may be made from either the Unassigned Fund Balance 422 in the General Fund, or from one of the appropriate Restricted/Reserved accounts in the General Fund. To indicate that the expenditure is made from the Unassigned General Fund, Finance Code 000, District-Wide, should be used. To indicate that the expenditure is made from the Restricted/Reserved Account for Operating Capital, use Finance Code 302, Operating Capital. To indicate that the expenditure is made from the Restricted/Reserved Account for Health and Safety, use these Finance Codes: 347, Physical Hazards; 349, Other Hazardous Materials; 352, Environmental Health & Safety Management; 358, Asbestos Removal; 363, Fire Safety; or 366, Indoor Air Quality. To indicate that the expenditure is made from the Restricted/Reserved for Disabled Accessibility, use Finance Code 794, Disabled Accessibility.

When the sale of bonds is consummated with the proceeds to be used for school building construction, a Building Construction Fund must be established (see Building Construction Fund 06).

If the Restricted Fund Balance in the Food Service or the Restricted/Reserved Account Community Service Fund is in deficit, the deficit may be eliminated by a transfer from the General Fund ([Minn. Stat. § 123B.79](#)). See the following description of each fund to determine when a fund transfer is required. Such a transfer requires school board action.

When providing services for other funds, the General Fund must credit a chargeback account to reflect expenditures for the benefit of the other funds and debit the chargeback account in the other funds using the proper Finance code. Examples of this situation would be transportation services provided for community education or for food service.

Extra-curricular activities under the control of the school board must be recorded in the General Fund ([Minn. Stat. § 123B.49, Subd. 2](#)). If the extra-curricular activities are not under school board control, only the direct salary costs and indirect costs for use of school facilities are to be recorded in this fund. Other revenues and expenditures for extra-curricular activities not under board control should not be reported as part of UFARS reporting ([Minn. Stat. § 123B.49, Subd. 4](#)).

## 02 Food Service Fund

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 ([Minn. Stat. § 124D.111, Subd. 3](#)).

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 restricted 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 ([Minn. Stat. § 124D.111, Subd. 3\(f\)](#)).

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 to the commissioner by January 1 of the second fiscal year a plan for eliminating that deficit at the end of the third fiscal year ([Minn. Stat. § 124D.111, Subd. 3\(g\)](#)).

### Federal Food Service Excess

The school food authority shall limit its net cash resources to an amount that does not exceed three (3) months average expenditures for its nonprofit school food service or such other amount as may be approved by the state agency in accordance with U.S. Code (USC) Section 210.19(a). This amount is calculated using nine (9) months as a service year.

## 04 Community Service Fund

The Community Service Fund is used to record all financial activities of the Community Service program. The Community Service Fund is comprised of five components, each with its own fund balance:

- Community Education, Restricted/Reserved Fund Balance 431
- Community Education, Restricted Fund Balance 464
- Early Childhood Family Education (ECFE), Restricted/Reserved Fund Balance 432
- School Readiness, Restricted/Reserved Fund Balance 444
- Adult Basic Education (ABE), Restricted/Reserved Fund Balance 447

Community Education includes only those activities authorized in [Minnesota Statutes, section 124D.19](#). The focus of these activities is enrichment programs for any age level that are not part of the K-12 education program. This section may also be used for K-12 summer school enrichment activities which, although educational in nature, are not for credit and are not required for graduation. A district may spend up to 10 percent of its community education revenue (levy, aids,



and fees) to purchase or lease computers and related items, equipment for instructional programs, and library books used exclusively for community education ([Minn. Stat. § 124D.20, Subd. 8](#)).

Early Childhood Family Education includes only activities authorized in [Minnesota Statutes, section 124D.13](#). The focus of these activities is to improve parenting skills of new and expectant parents, and to provide learning experiences for parents and children. The fund balance for Early Childhood Family Education is limited by [Minnesota Statutes, section 124D.135, Subdivision 8](#).

School Readiness includes activities authorized in [Minnesota Statutes, section 124D.15](#). Activities in this reserve fund should be based on the needs of children, identified through a screening process. These activities will include social services, a development and learning plan, health referral services, a nutrition component and parental involvement. The fund balance for School Readiness is limited by [Minnesota Statutes, section 124D.16, Subdivision 6](#).

The Adult Basic Education Restricted/Reserved Fund Balance 447 will include all activities in the Adult Basic Education (Minn. Stat. § 124D.52).

The Community Service Fund includes all other community programs not described above, such as Preschool Screening and Nonpublic Pupil Aid programs. The fund balance for these community programs is recorded in Restricted Fund Balance Account Code 464.

When federal monies are expended for community service purposes as a part of a program primarily for elementary/secondary children, the General Fund is used. Federal programs, such as Adult Basic Education, which are predominately or totally directed toward adult groups, are recorded in the appropriate account of the Community Service Fund.

Funds may be transferred from the General Fund to the Community Service Fund for the employer contributions for Teachers Retirement Association (TRA) and FICA-Medicare for members of TRA who are paid from the Community Service Fund and who are not paid for by a fully funded grant or special project. The funds transferred must be recorded in the specific program areas from which the employer contribution expenditures were incurred ([Minn. Stat. § 123B.79, Subd. 3](#)). If a deficit exists in the Restricted/Reserved Fund Balance 431 of the Community Service Fund, a transfer may be made from the General Fund. Such transfer requires school board action.

## **06 Building Construction Fund**

The Building Construction Fund is used to record all operations of a district's building construction program that are funded by the sale of bonds, capital loans, or the Alternative Bonding Program (including levies).

Construction costs for buildings and additions consist of the following: expenditures for general construction; advertisement for contracts; payments on contracts of construction; installations of plumbing, heating, lighting, ventilating and electrical systems; expenditures for lockers, elevators, and other equipment; architectural and engineering services; travel expenses; paint and decorating expenses; and any other related costs. Include the costs of floating the bond issue in this fund by reclassification from the General Fund.

All revenues and expenditures for projects being funded under the Capital Loan Program and the Alternative Bonding Program must be reported in this fund. If levy dollars are received for capital loan projects by the "pay-as-you-go" method, instead of bonds, then a transfer must be made from the General Fund to the Building Construction Fund for the amount of the levy received in the General Fund.

Where a balance from a bond issue remains in the Building Construction Fund after the project has been completed and all claims against the Building Construction Fund have been paid, the balance must be permanently transferred (residual equity transfer) by official board resolution to the Debt Service Fund and used to pay the bonded indebtedness incurred in the project

([Minn. Stat. § 475.61](#)). There can be no borrowing from the Building Construction Fund. Any cash balance or investment in a Building Construction Fund is held in trust for authorized building projects for which the bonds were sold and must not be used to support cash deficits in other funds ([Minn. Stat. § 123B.78, Subd. 4](#)).

If health and safety dollars are spent in the Building Construction Fund then a transfer must be made from the Health and Safety Restricted/Reserved Fund Balance Account 406 in the General Fund. The transfer must equal the amount of the total dollars spent in the Building Construction Fund on health and safety projects.

## **07 Debt Service Fund**

The Debt Service Fund is used to record revenues and expenditures for a school district's outstanding bonded indebtedness, whether for building construction or operating capital, and whether for initial or refunding bonds.

When a bond issue is sold, the school board must levy a direct general tax upon the property of the district for the payment of principal and interest on such bonds as due. The revenue from such a tax and related state aid must be separately accounted for in the Debt Service Fund ([Minn. Stat. § 475.61](#)).

When an excess is accumulated in a Debt Service Fund due to interest earnings, lower than anticipated tax delinquency, or excess building funds, the levy for debt service may be reduced in whole or in part as dictated by fund balances and debt retirement requirements. When there are accumulations in the fund as the process of debt repayment nears an end, the accumulations should be used to reduce debt levies. When there is any balance left in the Debt Service Fund after all obligations have been discharged, such balance shall be permanently transferred to the General Fund, with an equal levy reduction to the General Education Levy ([Minn. Stat. § 475.61](#)).

Net revenue is included in this fund (revenue minus operating expenditures) from rental or lease of property not currently being used for school purposes when there is outstanding debt on the property. The net revenue should be used to reduce the Debt Service Levy in accordance with [Minnesota Statutes, section 123B.51, Subdivision 4](#). Revenue from sale or reimbursement from loss of property shall be deposited in this fund if the property has outstanding bonds. Amounts in excess of the amount required to retire the bonds may remain in the Debt Service Fund or be deposited in the Balance Sheet Code 424, Restricted/Reserved for Operating Capital, in the General Fund according to [Minnesota Statutes, section, 123B.51, Subdivision 6](#). There can be no borrowing from the Debt Service Fund. Any cash balance or investment in the Debt Service Fund is held in trust for the bondholders and must not be used to support cash deficits in other funds ([Minn. Stat. § 123B.78, Subd. 4](#)).

## **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. 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.

**09 Agency Fund**

The Agency Fund is used to account for assets where the school district has a formal agency agreement with other governmental units, employees, students or others. As an agent, the district holds property for others and performs duties as directed. Therefore, **this fund does not report operations, only asset and liability account balances.** Examples of the use of an Agency Fund include deferred compensation and activity fund accounting. It is inappropriate for school districts to maintain accounts in their general ledger for boosters, foundations, or other third parties.

**20 Internal Service Fund**

An internal service fund is used to account for the financing of goods or services provided by one department to another within the school district or to other governmental units on a cost-reimbursement basis. School districts are not required to use internal service funds. The most common use of an internal service fund by school districts is for self-insurance programs.

An internal service fund is designed to provide cost-reimbursement; thus, the fund must not maintain a material surplus or deficit. The definition of "cost" includes depreciation expense on equipment purchased; therefore, the fund uses the full accrual method of accounting. This concept of full-cost reimbursement requires that the Internal Service Fund only be used when the school district intends to recover the full cost of providing the service (including depreciation expense) through user charges. If the fund has a material deficit or surplus without demonstrable intent and ability to eliminate the balance through user fees over a reasonable period of time, the amount of deficit or surplus must be charged back to the participating funds.

Internal service funds may charge for asset use in excess of historical cost depreciation to ensure that adequate funds (historical cost plus inflation) are available for replacement of assets. This method of providing for replacement cost is allowed because the surpluses in the fund are only temporary. Districts should be aware of potential overcharges from internal service funds and their impact on federal grants and fund balances. If the Internal Service Fund retained earnings are excessive by federal standards, some costs may be disallowed on federal grants.

The use of an internal service fund does result in duplication of expenses within the school district. The expense is first reported in the Internal Service Fund to recognize the cost of providing goods and services. This same expense is then duplicated in the form of user charges to other funds. The advantage in using the Internal Service Fund is the isolation of expenses in the fund where the character of the transactions is clearer to the users of financial statements.

If a school district uses an internal service fund for self-insurance purposes, the expenses or claims are charged as expenditures in the other funds and recognized as revenue in the Internal Service Fund. Also, any excess of premiums over actual losses must represent a reasonable provision for anticipated catastrophic losses or be the result of a systematic funding method designed to match revenues and expenses over a reasonable period of time.

**25 Post-Employment Benefits Revocable Trust Fund**

This trust fund is used for reporting resources set aside and held in a revocable trust arrangement for post-employment benefits. District contributions to this fund must be expensed to an operating fund.

**45 Post-Employment Benefits Irrevocable Trust Fund**

This trust fund is used for reporting resources set aside and held in an irrevocable trust arrangement for post-employment benefits. District contributions to this fund must be expensed to an operating fund.

**47 Post-Employment Benefits Debt Service Fund**

Activity to record levy proceeds and the repayment of the Other Postemployment Benefits (OPEB) bonds will be accounted for in this fund.

**Account Groups**

Two different account groups are defined in this section of the manual. Account group classifications are established to account for the district's general fixed assets and general long-term indebtedness. An account group is not a fund, but rather comprises a self-balancing group of accounts. The account groups are numbered as follows:

**Code Title and Definition****98 General Fixed Assets Group**

The General Fixed Assets account group is comprised of the accounts (Balance Sheet Accounts 140-149 and 171-174) maintained for a district's investment in land, buildings, equipment, and construction work in progress. These assets are recorded in this account group at historical cost, including all costs to ready the asset for its intended use. However, where the items have been received as gifts, the fixed asset should be recorded at the appraised value at the date of receipt.

**99 General Long-Term Debt Group**

The General Long-Term Debt account group is comprised of the accounts (Balance Sheet Accounts 150-162) maintained for outstanding bonds, state loans payable, separation pay, and severance payables.

## FUND DIMENSION CHANGES – FY 2016

**ADDITIONS**  
**ACCOUNT**

**DESCRIPTION**

**DELETIONS**  
**ACCOUNT**

**DESCRIPTION**

**CHANGES**  
**ACCOUNT**

**DESCRIPTION**

02 Food Service (April 2016)  
09 Agency Fund (July 2015)

## CHAPTER 2 – ORGANIZATION/SITE DIMENSION

### General Description

The organization/site dimension is a three-digit number that is the portion of the total account code which makes it possible, at the local level, to identify expenditures and revenues by a specific budgeted learning site or district-wide. A budgeted learning site is an organizational unit where students attend. It is established for a specific purpose and registered with the Minnesota Department of Education (MDE). A typical budgeted learning site is an elementary, middle or secondary school (whether or not it is in a separate building) or a budgeted learning site that is located in several buildings and is identified in the Minnesota Automated Reporting Student System (MARSS) and Staff Automated Reporting (STAR) systems.

Each school district must use the same numbers in the UFARS reporting system as they use in MARSS and STAR. In MARSS, the school number is used to link school file records with student file records for the purpose of calculating average daily membership (ADM) and assigning fall enrollment counts to a school. The three-digit numbers registered with MDE are the official identification of the learning sites within a district. For state reporting purposes, the K-12 learning sites used for MARSS and STAR reporting must be used in the organization/site dimension. However, MARSS and STAR learning sites may be grouped into “budgeted learning sites.”

### Revenue Accounting

District-wide revenues should be coded to Organization/Site Code 000 or 005. Revenues earned at specific learning sites should be coded to the organization/site code using the designated number for the respective learning site.

### Expenditure Accounting

Expenditures are identified by either budgeted learning sites (cost centers) or as district-wide.

### Code Title and Definition

#### **005 District-Wide or Not Otherwise Identified By Budgeted Learning Site**

This code is used for all activities that cannot be related to an individual learning site. Program Codes which should be coded district-wide are 010, 020, 030, the 100 series (district support services), the 500 series (community education and services) and the 900 series (fiscal and other fixed costs). The Community Service Fund should be charged to district-wide with the exception of nonpublic schools that have their own unique organization/site code number. In accordance with instructions provided for MARSS and STAR, expenditures that occur at more than three sites may be designated as district-wide. This code cannot be used as a budgeted learning site number.

#### **001-004, 006-798, 800-997, 999 Budgeted Learning Sites**

Record transactions that relate to budgeted learning sites. This must include, but is not limited to, expenditures for basic skills education, expenditures pursuant to a site-based management agreement, and area learning center expenditures.

The following UFARS Program Codes should have a budgeted learning site number as the organization/site code: 050, and the 200 and 300 series. Exceptions may exist depending on the district organization; however, every effort should be made to allocate expenditures in these series to budgeted learning sites. The following program series should be coded with the organization/site dimension as either district-wide (005) or budgeted learning site (001-004, 006-999) depending on the district organization: 400 series (special education), 600 series (instructional support), 700 series (pupil support) and 800 series (site, buildings and equipment). Every effort should be made to allocate expenditures to budgeted learning sites when this accords with actual site association.

Do not use the same number for a public school as designated for a non-public school. Record expenditures made by the school district for pupils attending a non-public school using the same school number as in MARSS. If any budgeted learning site number is the same as a nonpublic school number, it is recommended that the nonpublic school number be changed to a unique number by contacting the financial management team of MDE at [mde.ufars-accounting@state.mn.us](mailto:mde.ufars-accounting@state.mn.us).

### 799 Home School Sites

Record expenditures made by all home school sites. This organization/site code cannot be used as a budgeted learning site number.

### 998 Tuition Billing Sites

**Only** record expenditures for **individual tuition payments for students served outside of the district** (e.g., academic pairing, care and treatment, and special education) using the Organization Site Code 998. The serving district reports the Average Daily Membership (ADM) of these students through MARSS. Only the following MARSS state aid category (SAC) codes are used to identify a student chargeable to the 998 Organization Site - **05, 06, 10, 14, 19, 27, and 28**. In all these cases, the serving district reports the students with the general education revenue going to the resident district.

#### MARSS SAC CODES:

- 03 Graduation Incentives (in a joint powers without a fiscal host)
- 05 Inter-district Cooperative Agreement
- 06 Cooperative Facilities
- 10 Joint Powers Agreement
- 14 Enrollment in another state (Resident District Reports MARSS)
- 19 Tuition Agreement / District Placement
- 27 Care and Treatment
- 28 Nonpublic Placed IEP/IFSP/IIIP Care and Treatment

Include SAC **01, 03, 04, 11 or 12** when the student has an Individual Education Program (IEP) and the resident district is responsible for unreimbursed special education cost via tuition billing. Use **03** when an alternative leaning center (ALC) is in a cooperative with a fiscal host.

#### MARSS SAC CODES:

- 01 Enrollment Options/Open-Enrolled - excess special education costs only
- 03 Graduation Incentive
- 04 Enrollment Choice- 11<sup>th</sup> and 12<sup>th</sup> graders
- 11 Non-tuition Parent Initiated Agreement

**DO NOT REPORT THE FOLLOWING EXPENDITURES IN THIS CODE****CONCURRENT STUDENTS**

If the tuition is paid by the district, the expenditures will be charged to the district/high school site where the student is enrolled. This is true no matter where the instruction takes place, at the high school or on the college campus.

**POSTSECONDARY ENROLLMENT OPTIONS (PSEO)**

Student tuition paid directly to the college by the state of Minnesota is not a cost of the district and is not reflected in the district expenditures.

**COST-SHARING AGREEMENTS**

Cost-Sharing Agreements are expenditures shared among districts/cooperatives based on a percentage of program costs and not on individual tuition billings. This pertains to part-time arrangements. An example would be where four students attend chemistry class in another district. They are considered full-time students in their resident district. The resident district would pay a pro-rated share of the expenditures of that class to the serving district.



## ORGANIZATION/SITE DIMENSION CHANGES – FY 2016

***ADDITIONS***  
**ACCOUNT      DESCRIPTION**

***DELETIONS***  
**ACCOUNT      DESCRIPTION**

***CHANGES***  
**ACCOUNT      DESCRIPTION**

## CHAPTER 3 – PROGRAM DIMENSION

The program dimension designates the programmatic use for which financial activity is taking place. In Minnesota, the program dimension encompasses all aspects of school district operations, including instructional, administrative and various support activities.

The program dimension codes are separated into a series of 10 categories. Further definition of each category is found at the beginning of each listing. The 10 categories of the program series are:

Administration	010-099
District Support Services	100-199
Elementary and Secondary Regular Instruction	200-299
Vocational Education Instruction	300-399
Special Education Instruction	400-499
Community Education and Services	500-599
Instructional Support Services	600-699
Pupil Support Services	700-799
Sites and Buildings	800-899
Fiscal and Other Fixed-Cost Programs	900-999

Several aspects of accounting procedures should be noted:

1. All expenditures must have a program code; however, revenues often do not relate to a specific program and are therefore coded to Program Code 000, District-wide. (The finance dimension is usually used to tie together revenues and their allowed expenditures. Districts may choose to use a program code to further identify various categorical revenues.)
2. Codes in this manual represent the minimum set of codes which are necessary for state reporting. For management purposes, districts may also construct and use many other program codes and crosswalk them to the set of state reporting codes.
3. The program dimension has historically not been used to identify expenditures for pupil transportation cost reporting. Instead, the finance dimension has been used to report the components of transportation expenditures.
4. Expenditures made for capital items may use any appropriate program code; however, expenditures from the Operating Capital Restricted/Reserved (Fund Balance Account 424) must also use Finance Code 302, Operating Capital.
5. Occasionally an expenditure will have several possible program dimension codes; for example, legal expenses (110) for special education (400 series). In these circumstances, the rule is to always use the non-instructional code (000 through 199) if it applies. Thus, in this example, use Program Dimension Code 110, Business Support Services. Another example would be for a director of vocational education whose primary tasks are administrative. Use Program Dimension Code 030, Instructional Administration rather than Program Dimension Codes 300 to 399, Vocational Instruction.
6. All employee benefits at year-end are to be allocated to the program that generated the benefit. Program Code 930 is a "clearing account" that may be used during the year for employee benefit expenditures before the end-of-year allocation to appropriate programs.

**Code Title and Definition****000 District-Wide Revenue**

Program Code 000 is not a valid code for expenditure accounts. Code 000 may be used as a revenue program code when it is desired to not associate the revenue with a specific program. (It may be used as a "filler" for filling out the 17-digit code when program is not relevant for coding a revenue.)

**ADMINISTRATION (010 to 099)**

These programs include all costs for general administration, instructional administration and school site administration for the school district. Administrative services are defined as those provided by head administrators who are in charge of instructional or instruction-related units. This includes the school board, superintendent, principals, assistant superintendents, and directors of instructional areas. Included are the costs of their immediate offices, including those individuals in direct support of the administrator. This series does not include administrators of non-instructional activities such as the business manager, food service manager, or director of buildings and grounds. Include these individuals in their respective programs.

**Code Title and Definition****010 Board of Education**

Activities related to the board of education, its members, and professional and support staff reporting directly to the board. Includes travel, conventions and memberships in school board organizations, and other expenses related to the board's official duties. Also use this code for boards of Regional Management Information Center (RMIC), service cooperatives, education districts, charter schools, and joint powers entities.

**020 Office of the Superintendent**

Activities performed by the superintendent and immediate staff in the general management of affairs of the chief executive officer.

**030 Instructional Administration**

Activities of administrators, and their offices, responsible for a group of schools or an instructional area. For example: director of elementary education, assistant superintendent for secondary, area directors, and directors of career and technical education. Also include federal program administrators. Do not include administrators of offices which deal with the non-instructional aspects of operations, or for which another program series exists; include these individuals with their respective programs.

**050 School Administration**

Activities relating to the administration of local schools, including the cost of one licensed principal, or a pro-rated amount if the principal is shared between sites and his/her immediate office. Do not include personnel for whom a separate series is provided. Also do not include assistant principals (see Program Code 605). Include expenditures for administrative site councils.

## DISTRICT SUPPORT SERVICES (100-199)

### Code Title and Definition

#### 105 General Administrative Support

Activities related to general administrative support not included in the offices of the superintendent, assistant superintendent, principals, instructional administrators, or business services. Include activities associated with:

- Federal Program Administration Support.
- Miscellaneous District Administration not otherwise classified.
- Human Resources - Acquiring and maintaining staff; includes recruiting, employing, assigning, maintenance of personnel records, and management of benefit programs.
- Government Relations - Providing coordination and liaison with governmental agencies at all levels and with citizens' groups.
- School Elections - Preparation, conducting, and reporting of elections for bonding, local levies, reorganization, and school board membership.
- Credit entry for the federal indirect cost allocation using Object Code 895, Federal Indirect Cost Chargeback. Debit entries should be charged to the appropriate federal program.

#### 107 Other Administrative Support

Activities related to assistant superintendents (not in Program Code 030 - Instructional Administration) and activities associated with:

- Community Relations - Writing, editing and other preparations necessary to disseminate educational and administrative information to the public through various news media or personal contact.
- Census - Enumeration and collection of data to determine the number of children of certain ages as residents in the district and to secure other information pertinent to education.
- Research and Evaluation - Conducting and managing programs for research, evaluation, planning and development.
- Membership and attendance recording and reporting.

#### 108 Administrative Technology Services

Activities concerned with supporting the school district's information technology systems, including supporting administrative networks, maintaining administrative information systems, and processing data for administrative and managerial purposes. These activities include expenditures for internal technology support, as well as support provided by external vendors using operating funds. These activities include costs associated with the administration and supervision personnel, systems planning and analysis, systems application development, systems operations, network support services, hardware maintenance and support services, and other technology-related administrative costs.

Technology service supervision and administration - Activities concerned with directing, managing and supervising data-processing services.

Systems analysis and planning-activities concerned with searching for and evaluating alternatives for achieving defined objectives, based on judgment and, wherever, possible, on quantitative methods. Where applicable, these activities pertain to the development of data-processing procedures or application to electronic data-processing equipment.

Systems application development-activities concerned with the preparation of a logical sequence of operations to be performed, either manually or electronically, in solving problems or processing data. These activities also involve preparing coded instructions and data for such sequences.

Systems operations-activities concerned with scheduling, maintaining, and producing data. These activities include operating business machines, data preparation devices, and data-processing machines.

Network support.

Hardware maintenance and support.

Professional development costs for administrative technology personnel. Report these expenditures in program 640.

Other technology services-activities concerned with data processing not described above.

### **110 Business Support Services**

Consists of activities included in the fiscal operation and business management aspects of the school district including finance, budgeting, accounting and other related areas. Include payments made to RMIC's and service cooperatives for business services provided.

- Finance - Budgeting, accounting, auditing, payroll, purchasing, property management, warehousing, inventory distribution, and other fiscal services.
- Data Processing - Internal data processing activities which include collecting and organizing data, converting data to machine usable form, and the preparation of financial, property, pupil, personnel, program, community, and statistical reports. Data processing expenditures which are an integral part of the student learning process are recorded in the appropriate instructional program.
- Legal Services - Counseling services relative to existing laws and statutes, research of legal questions, and defense of the district in legal proceedings. Also, include the purchase of these same activities.
- Printing - Printing, publishing and duplicating administrative materials, such as annual reports, school directories, school bulletins, and notices. Printing done for a specific educational program should be charged to that program.
- Credit entry for the federal indirect cost allocation using Object Code 895, Federal Indirect Cost Chargeback. Debit entries should be charged to the appropriate federal program.
- Record interest expense on short-term borrowing using Object Code 740.

### **120 Cooperative Purchasing and Services (Service Cooperatives Only)**

All costs and activities associated with cooperative purchasing and services rendered in a service cooperative.

## **ELEMENTARY AND SECONDARY REGULAR INSTRUCTION (200-299)**

Regular Instruction includes all activities dealing directly with the teaching of pupils, the interaction between teachers and pupils in the classroom and co-curricular activities at the kindergarten, elementary and secondary levels. Do not include special education instruction. The instructional subject areas are included under regular instruction and are not included under Vocational Education (300 series), Special Education Instruction (400 series), or Community Education (500 series). It includes activities of aides or assistants of any type (paraprofessionals, clerks, graders, etc.) who assist in the educational process, except special education aides.

Subjects should be recorded under their primary purpose. Thus, if an English course is taught on the subject of business writing, the course is properly recorded as Program Code 220 - English. However, if a business course in business communications is taught where the emphasis is on business communication skills, the course is properly recorded in Program Code 215 - Business.

When coding expenditures at the secondary level, every effort should be made to identify the subject area rather than using Program Code 211 (Education - Secondary General).

## **Code Title and Definition**

### **201 Education – Kindergarten**

Consists of all aspects of mainstream kindergarten education (i.e., except special education instruction). This account is to include Object Code 145, Substitute Teacher Salaries, and Object Code 430 or 433, Instructional Supplies.

### **203 Education - Elementary General**

Consists of all aspects of mainstream elementary education, grades one through six. This category is not required to be divided by either subject matter or grade level for state reporting purposes. However, subject program codes beginning with 212 may be used if more detail is preferred in any elementary program. This account is to include Object Code 145, Substitute Teacher Salaries, and Object Code 430 or 433, Instructional Supplies.

### **204 Title II, Part A - Teacher and Principal Training and Recruiting Fund**

Federal education program is to increase the academic achievement of all students by helping schools and districts improve teacher and principal quality through professional development and support mechanisms. Combines the Eisenhower and Federal Class Size Reduction of P.L. 103-182 (CFDA 84.367, Title II, Part A Elementary and Secondary Education Act (ESEA), P.L. 107-110).

### **205 Title III, Part A - English Language Acquisition, Language Enhancement and Academic Achievement (Fund 01)**

Federal education program designed to help ensure that children who are English Learners, including immigrant children and youth, attain English proficiency (Title III Elementary and Secondary Education Act ESEA), P.L. 107-110).

### **206 Title IV, Part A - Safe and Drug-Free Schools and Communities**

Federal programs of 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, Elementary and Secondary Education Act (ESEA), P.L. 107-110).

### **207 Title V, Part A - Innovative Programs**

Federal education program designed to support local education reform efforts that are consistent with and support statewide education reform efforts (Title V, Part A, Elementary and Secondary Education Act (ESEA), P.L. 107-110).

### **210 Title II, Part D – Enhancing Education through Technology**

The focus of these funds is to promote local and state initiatives for using technology to increase academic achievement, increase access to technology, and expand teacher professional development in technology. Funds allocated to Minnesota by the federal government will be distributed to school districts on a 50/50 basis, with 50 percent of the allocation to be distributed based on formula determined by Title I shares and 50 percent to be disbursed based on competitive grant competitions. Competitive grant processes must give priority to schools that meet federal definitions of high-need and high-poverty and schools that do not generate sufficient funds from the formula distribution to effectively implement technology. Districts must spend at least 25 percent of funds from either the formula allocation or a competitive grant competition on professional development (CFDA No. 84.318, Title II, Part D, Sections 2401-2404, Elementary and Secondary Education Act (ESEA), P.L. 107-110).

**211 Education - Secondary General**

Consists of educational activities not identified as kindergarten or elementary, and which cannot be otherwise identified by subject matter areas. This account is to include Object Code 145, Substitute Teacher Salaries unless the salaries are reimbursed by categorical programs. In this instance, the appropriate program code of the categorical program would be used.

**212 Visual Art**

Courses involving visual expression, including drawing, painting or printmaking, sculpture or pottery, other spatial disciplines such as architecture, and the history and theory of art.

**215 Business**

Courses designed to develop the pupil's perspectives, knowledge and skills concerned with the principles and practices of business, both personal and professional.

**216 Title I Improving the Academic Achievement of the Disadvantaged**

Record revenue and expenditures to expand and improve educational programs to meet the needs of educationally disadvantaged children in low-income areas (Elementary and Secondary Education Act (ESEA), P.L. 107-110)). Finance Code 317, Basic Skills, can be used with this program.

**217 Assurance of Mastery**

Record expenditures for activities conducted under the Assurance of Mastery Program. This program is a subset of the Basic Skills Revenue Component of General Education Revenue ([Minn. Stat. § 126C.10, Subd. 4](#) and [Minn. Stat. § 124D.66](#)).

**218 Gifted and Talented**

Special learning experiences for individuals, who, by virtue of outstanding abilities, are capable of high performance. The high performance may be in general intellectual ability, specific academic aptitude; creative or productive thinking, leadership ability, psychomotor abilities, visual or performing arts, and others that require differentiated educational programs and/or services beyond those normally required by the regular school programs.

**219 English Learner (EL)**

Record expenditures for English as a Second Language 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](#)).

**220 English (Language Arts)**

Courses which assists the pupil in acquiring proficiency in listening, speaking, reading, writing, the conducting of structural analysis of the English language, appreciating a variety of literary forms, and understanding and appreciating various aspects of past and present cultures as expressed in literature.

**230 Foreign Language/Native Language**

Courses for a variety of foreign and native languages, including English as a Second Language. The courses are organized to assist the pupil in acquiring proficiency in listening, speaking, reading, writing, structural analysis, and in having a knowledge of the culture, history and attitudes of the people whose language is being learned.

**240 Health, Physical Education and Recreation**

Courses in health, physical education and recreation concerned with developing knowledge, attitudes, appreciation, and conduct essential to individual and group health. Includes physical and mental growth and fitness by means of activities designed to improve the muscles, coordination, attitudes and behaviors of students.

**250 Family Living Science**

Courses relevant to personal, home, and family life. The subject matter includes concepts drawn from the humanities and the natural and social sciences.

**255 Industrial Education**

Courses for the development of understanding the occupational, recreational, organizational, social, historical, and cultural aspects of industry and technology.

**256 Mathematics**

Courses pertaining to carrying on learning experiences concerned with the science of numbers and their operations, interrelations, combinations and abstractions.

**257 Computer Science/Technology Education**

Courses for the purpose of enabling pupils to acquire knowledge, understanding and skills relevant to the use and development of computer hardware and software.

**258 Music**

Courses to impart the skills and knowledge necessary for the creation, understanding, and performance of music.

**260 Natural Sciences**

Courses concerned with knowledge of the physical and biological world and the process of discovering and validating this knowledge.

**270 Social Sciences/Social Studies**

Courses organized to impart knowledge, develop skills, and identify goals concerning elements and institutions of society in the disciplines of history, economics, political science, sociology, anthropology, geography, psychology, and philosophy.

**291 Co-Curricular Activities (Non-Athletics)**

School-sponsored and directed activities designed to provide opportunities for pupils to participate in school and public events for the improvement of skills. An example could be Student Council or Yearbook (local determination). Co-curricular activities are offered for school credit, help meet a standard(s), or count toward graduation and have one or more of the following characteristics:

- a) they are conducted at regular and uniform times during school hours, or at times established by school authorities;
- b) they are directed or supervised by instructional staff in a learning environment similar to that found in courses offered for credit or are themselves offered for credit or standard; and,
- c) they are fully or partially funded by public moneys for general instructional purposes under the direction and control of the board.



**292 Boys/Girls Athletics**

Co-educational physical sports or contests. Athletics differs from physical education (see Program Code 240) in that:

- a) the majority of time is other than regular school hours;
- b) teachers, coaches, or supervisors normally receive remuneration beyond base salary for these activities; and,
- c) physical sports events or contests occur outside of the usual instructional class environment.

Boys/Girls Athletics includes that part of the total athletic program that is shared by male and female participants or cannot be easily separated for either boys' or girls' athletic activities (see Boys Athletics – Program Code 294, and Girls Athletics – Program Code 296).

**294 Boys Athletics**

Athletic activities (see Program Code 292) in which 90 percent or more of the participants are male.

**296 Girls Athletics**

Athletic activities (see Program Code 292) in which 90 percent or more of the participants are female.

**297 Community Service Projects**

Activities relating to community service projects done by pupils as part of instruction for credit coursework.

**298 Extra-Curricular Activities**

A resolution by the School Board determines if extra-curricular student activities are to be “under the control of the board” or “not under the control of the board”.

All activities under board control for public school pupils that are managed and operated under the guidance of an adult or staff member. Extra-curricular activities have the following characteristics:

- a) they are not offered for school credit, do not go to a standard, nor are they required for graduation;
- b) they are generally conducted outside school hours, or if partly during school hours, at times agreed by the participants and approved by school authorities; and,
- c) the content of the activities is determined primarily by the pupil participants under the guidance of a staff member and other adult.

**CAREER AND TECHNICAL EDUCATION INSTRUCTION (300-399)**

Courses and activities which develop knowledge, skills, attitudes and behavioral characteristics for students seeking career exploration and employability. This series pertains only to courses which are approved by the Department and operated in accordance with [Minnesota Rules Chapter 3505](#).

**Code Title and Definition****301 Agriculture Education**

Courses providing learning experiences concerned with developing knowledge, understanding, and skills in agricultural, agribusiness and agricultural science subjects.

**311 Distributive Education**

Courses and learning experiences pertaining to employment that directs the flow of goods and services from the producer to the consumer. Emphasis is on the development of attitudes, skills and understanding related to marketing, merchandising and management.

**321 Health Science Technology Education**

Courses and learning experiences designed to develop knowledge and skills required in the supportive services to the health professions. Instruction is organized to prepare pupils for assisting qualified personnel in providing diagnostic, therapeutic, preventative, restorative and rehabilitative services. Includes care and health services to patients.

**331 Family and Consumer Science**

Courses of instruction concerned with work in a home environment. Includes relationships among family members and the managing of family resources.

**341 Business and Office Education**

Courses of instruction in selected office or business occupations in public and private enterprises or organizations.

**351 Technical Education**

The study of the underlying sciences and mathematics inherent in a technology, and the methods, skills, materials and processes commonly used in a technology. A planned sequence of study leading to extensive knowledge in a field of specialization is typical.

**361 Trade and Industrial Education**

This program is involved in a wide range of trades and industrial occupations, both skilled and semiskilled, and may involve apprenticeships.

**365 Service Occupations**

Courses of instruction in child care/guidance and education occupations, fashion and apparel, foods, grooming, housing, public safety, and tourism occupations. Programs include instruction in safety, decisions in the use of energy, self-concept, work attitudes and behaviors.

**371 Related Subjects/Diversified and Interrelated Occupations**

Related subjects include those which cannot be assigned to any of the above programs, as they serve all programs (e.g., industrial communications). Diversified and Interrelated Occupations include combinations of subject matter and learning experiences related to the performance of various skills in a variety of career objectives. Emphasis is on the development of attitudes, skills, and understanding related to the career objectives of the pupils.

**380 Special Needs**

Activities which serve disabled pupils in career and technical education. Activities include both special programs and support services for pupils enrolled in a regular career and technical education program.

**385 Special Needs Non-Disabled**

Activities which serve students who are non-disabled but are economically or academically disadvantaged in career and technical education. Activities include both special programs and support services for pupils enrolled in a regular career and technical education program.

**399 Career and Technical – General**

Consists of all learning experiences related to career and technical education unable to be classified to the specific programs defined above.

**SPECIAL EDUCATION INSTRUCTION (400-499)**

Activities providing learning experiences for pupils of any age who, because of certain atypical characteristics or conditions, have been identified as requiring, or who would benefit by, educational programs differentiated from those provided for pupils in regular or vocational instruction.

**Code Title and Definition****400 General Special Education**

This program code is to be used only for the following two purposes:

Revenue: Use this code to receipt all special education revenue. When this code is used to record local special education tuition revenue, do not use in combination with Finance Code 740.

Expenditures: Use this code for expenditure activities that are associated with special education but that are not reimbursable for state or federal aid and cannot be included in the tuition billing purposes (e.g., special education litigation costs). For coding special education expenditures, this program code must be used with Finance Code 000. Do not use Finance Code 740 with this program.

**401 Speech/Language Impaired**

Specialized instruction and services for pupils with a communication disorder, such as stuttering, impaired articulation, language impairment, or voice impairment which adversely affects an individual's educational performance; includes speech-impaired, speech-disabled, and communicatively impaired (field usage). This program corresponds to the Special Education Disability Code 01 used in MARSS reporting.

**402 Developmental Cognitive Disabilities: Mild-Moderate**

Consists of special instruction and services for the mild to moderately disabled individual whose development rate is two-thirds to one-half of the average rate in the intellectual and adaptive behavior domains. Formerly known as educable mentally handicapped. Includes the terms educable mentally retarded, mentally handicapped, and mildly mentally handicapped. This program corresponds to the Special Education Disability Code 02 used in MARSS reporting.

**403 Developmental Cognitive Disabilities: Severe-Profound**

Special instruction and services for the individual whose development rate is one-half to one-third of the average rate in the intellectual and adaptive behavior domains. Formerly known as trainable mentally handicapped. Includes trainable mentally retarded, mentally retarded, mentally handicapped, moderately mentally handicapped and sometimes severely multiply impaired. This program corresponds to the Special Education Disability Code 03 used in MARSS reporting.

**404 Physically Impaired**

Specialized instruction and services for pupils with a severe physical impairment which adversely affects an individual's educational performance. The term includes impairments caused by congenital anomaly (e.g., clubfoot, absence of some member, etc.), and impairments caused by disease or injury (e.g., cerebral palsy, amputations, fractures or burns which cause contractures). Includes physically handicapped, orthopedically handicapped, and orthopedically impaired. This program corresponds to the Special Education Disability Code 04 used in MARSS reporting.

**405 Deaf/Hard-of-Hearing**

Hearing loss ranging from so severe that the child is impaired in processing linguistic information through hearing, with or without amplification; to hearing impairment, whether permanent or fluctuating, that adversely affects a child's education performance but which is not included under the definition of deafness. This program corresponds to the Special Education Disability Code 05 used in MARSS reporting.

**406 Visually Impaired**

Specialized instruction and services for a partially sighted individual having a visual condition with a best correction in the better eye of 20/70 or less which adversely affects an individual's educational performance. Includes blind individuals and individuals who exhibit a limited visual field of 20 degrees or less. Includes the terms blind, visually impaired, visually disabled, and partially sighted. This program corresponds to the Special Education Disability Code 06 used in MARSS reporting.

**407 Specific Learning Disability**

Special instruction and services to pupils with disorders in the basic psychological processes involved in understanding or using spoken or written language which may impair their ability to listen, think, speak, read, write, spell or to do mathematical calculations. Includes such conditions as perceptual disabilities, brain injury, minimal brain dysfunction, dyslexia, and development aphasia. Does not include individuals who have learning problems that are primarily the result of visual, hearing or motor disabilities, or due to environmental, cultural, or economic disadvantage. Includes the terms special learning disabilities, learning disabled, exceptional learning disabilities and specific learning disabilities. This program corresponds to the Special Education Disability Code 07 used in MARSS reporting.

**408 Emotional/Behavioral Disorder**

Special instruction and services for a condition exhibiting the following characteristics over a period of time and to a marked degree that adversely affects educational performance: an inability to learn which cannot be explained by intellectual, sensory or health factors; an inability to build or maintain satisfactory interpersonal relationships with peers and teachers; a general pervasive mood of unhappiness or depression; or a tendency to develop physical symptoms or fears associated with personal or school problems. Does not include individuals who are socially maladjusted, unless it is determined that they are seriously emotionally disturbed. This program corresponds to the Special Education Disability Code 08 used in MARSS reporting.

**409 Deaf-Blind**

Concomitant hearing and visual impairments, the combination of which causes such severe communication and other developmental and educational problems that they cannot be accommodated in special education programs solely for children with deafness or children with blindness. This program corresponds to the Special Education Disability Code 09 used in MARSS reporting.

**410 Other Health Disabilities**

Special instruction and services which address limited strength, vitality, or alertness, due to chronic or acute health problems which adversely affects educational performance. Such conditions include: heart condition, tuberculosis, rheumatic fever, nephritis, asthma, sickle cell anemia, hemophilia, epilepsy, lead poisoning, leukemia, or diabetes. This program corresponds to the Special Education Disability Code 10 used in MARSS reporting.

**411 Autistic Spectrum Disorders**

Special instruction and services to individuals diagnosed with the disorder of autism. This program corresponds to the Special Education Disability Code 11 used in MARSS reporting.

**412 Developmentally Delayed**

Developmentally Delayed education includes activities for children from birth through age six. Includes special education instruction or services for individuals who are hearing impaired; physically, neurologically or other health impaired; seriously emotionally disturbed; have an identifiable syndrome known to hinder normal growth or development; have significant delay or impairment in cognitive speech or language development. This program corresponds to the Special Education Disability Code 12 used in MARSS reporting.

**414 Traumatic Brain Injury**

Special learning experiences for children with brain injuries caused by external physical force, or by internal occurrence such as stroke or aneurysm, resulting in impairments that adversely affect educational performance. Does not include children with brain injuries that are congenital or degenerative or caused by birth trauma. This program corresponds to the Special Education Disability Code 14 used in MARSS reporting.

**416 Severely Multiply Impaired**

Special instruction and services for a pupil who has severe learning and developmental problems resulting from two or more disability conditions determined by assessment. The assessment team shall determine that a pupil is eligible as being severely multiple impaired if the pupil meets the entrance criteria for two or more of the following disabilities: hearing impaired, physically impaired, moderate-severe mentally impaired, visually impaired, emotional or behavioral disorders or autism. This program corresponds to the Special Education Disability Code 16 used in MARSS reporting.

**420 Special Education – Aggregate (three or more disabilities)**

Use this program for personnel or contracted services, excluding teachers, who provide or coordinate special education or related services when three or more disability categories are served and the disability categories cannot be disaggregated. Also use this program for materials that are purchased for specialized instruction or related services for three or more disability areas when the disability categories cannot be easily disaggregated. Excludes the educationally disadvantaged (Program Code 216) and gifted and talented (Program Code 218). Activities of directors and assistant directors, supervisors are coded to this program.

**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 CFR Sec. 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 481.

## **COMMUNITY EDUCATION AND SERVICES (500-599)**

Programs, activities, and events beyond the scope of regular K-12 schooling that enable people of all ages to develop skills and abilities, to find and use local resources and services, and to work toward improvements in their lives and their communities. Includes jointly planned and developed programs under terms of a cooperative agreement with a city council, park board, recreation department, or similar agency.

The 2013 Legislative Session allows basic skills revenue to be used for the education of preschool children and their families. Report these expenditures using program codes 579 – Preschool Instructional, 581 – Prekindergarten, and 582 – School Readiness in Fund 01 instead of fund 04.

### **Code Title and Definition**

#### **505 General Community Education**

Courses, activities, and other learning events that enable individuals of any age to develop skills and abilities to enhance their own or their family's life. Included in this category are general enrichment, cultural, and skill development programs intended for individuals and not accounted for below.

#### **510 Adults with Disabilities**

Programs operated through community education that enable adults with physical and developmental disabilities to participate fully in the mainstream of community life. Included in this program are: activities specifically for adults with disabilities; services to assist adults with disabilities to join already existing activities; outreach activities to identify and communicate with adults needing services; and activities to increase public awareness of the roles of people with disabilities.

#### **520 Adult Basic and Continuing Education**

K-12 level basic skills learning opportunities for functionally illiterate people 16 years of age or older who are not enrolled in elementary or secondary school. Enables participants, according to their individual needs, to: identify, plan for, and achieve their individual goals; master basic academic problem solving; learn interpersonal skills needed to function in society; find and use community resources that address their needs; and continue education to the level of high school completion, further education or training that will make them more employable and productive citizens.

#### **570 School-Age Care**

Consists of childcare cooperatives, regular day care, and latchkey programs that provide educational, recreational, or custodial experiences for children from kindergarten through grade six that are beyond the scope of regular school programming ([Minn. Stat. § 124D.19, Subd. 11](#)).

#### **579 Preschool – Instructional (Fund 04)**

Record all costs for non-fee based preschool programs that provide educational opportunities to children three through five-years old that do not generate average daily membership with respect to MARSS. Childcare costs should be reported in Program Code 570.

**580 Early Childhood and Family Education**

Record revenue and expenditures for activities, classes and events in schools, community centers and homes for children, aged birth to kindergarten, their parents and other relatives, and for expectant parents. This code includes programs that educate parents (and other relatives) so they may understand and enhance a child's learning and development. Other services include providing resource materials, parenthood education in secondary schools, and outreach work. The state-funded Community Education Early Childhood and Family Education (ECFE) program is included in this category. The district must use Program Code 580 for all revenues when Finance Code 325 is not used. It may also use the program code with Finance Code 325 if the district wishes. Program Code 580 must be used for all ECFE expenditures.

**581 Prekindergarten**

Record all costs of prekindergarten classes as defined in [Minnesota Statutes, section 120A.05, Subdivision 10\(a\)](#) and [Minnesota Statutes, section 126C.126](#) excluding early childhood special education, serving children who turn age four by September 1 that prepare them to enter kindergarten the following school year. Do not include costs recorded in the General Fund (01) under Program Code 202 Education-Transition for Prekindergarten or in the Community Service Fund (04) under Program Code 582 School Readiness.

**Note:** When general education revenue is reallocated for a school readiness program for four-year olds, use both Program Code 581 and Finance code 344 for reporting revenue and expenditures.

**582 School Readiness**

Record all costs of providing a school readiness program that prepares children to enter kindergarten and serves children three years of age to kindergarten entry. Program activities include assessment of children's cognitive skills at program entry and exit; provision of research-based early childhood educational programming focused on children's cognitive skills and development and transition to kindergarten; arrangement for early childhood screening; involvement of parents in program planning and decision-making; coordination with relevant community-based services; and cooperation with adult basic education and other adult literacy programs ([Minn. Stat. § 124D.15](#)).

Except where general education revenue is reallocated for a school readiness prekindergarten program serving four-year olds, Program Code 582 must be used for all school readiness expenditures and revenue activity.

**583 Early Childhood Screening**

Report expenditures incurred by the district for providing a mandatory early childhood developmental screening program per [Minnesota Statutes, section 121A.17](#). The district is entitled to state aid of \$75 for each child it screens at age three; \$50 for each child it screens at age four; \$40 for each child screened by the district at age five or six prior to kindergarten; and \$30 for a student screened within 30 days after first enrolling in a public school kindergarten if the student has not previously been screened. If this amount of aid is insufficient, the district may make a permanent transfer from the General Fund ([Minn. Stat. § 121A.19](#)). See Finance Code 354.

**585 Youth Development/Youth Services/After School Enrichment**

A process for involving youth and adults in planning and implementing programs that meet the needs of youth in their local communities. These programs provide services within the school (e.g., tutoring, peer helper programs), and services to meet needs in the larger community (e.g., services for younger children or the elderly, environmental projects). See Finance Codes 332 and 362 for sources of revenue.

**590 Other Community Programs**

Record revenue and expenditures for activities, events and other services provided through the school system that benefit the community and are not coded elsewhere (Program Code 590 should not be used with Finance Code 344). This code includes Crime-Watch, food shelves, community counseling, chemical abuse and family violence prevention programs, public forums, community welfare activities, job skills training, services to nonpublic schools, non-tuition payments to other districts for community services, parent-teacher association activities and other community uses for school facilities.

Program Code 590 is also used to record the costs of child care programs for preschool children and for any preschool programs serving children younger than five years of age that are operated separate from the district's early childhood family education, Program Code 580, and school readiness, Program Code 582. Use Program Code 581 to record activity for prekindergarten programs separately from school readiness that prepares children who are age four by September 1 to enter kindergarten the following year.

**INSTRUCTIONAL SUPPORT SERVICES (600-699)**

Instructional support services include activities for assisting the instructional staff with the content and process of providing learning experiences for pupils in kindergarten through 12<sup>th</sup> grade.

**Code Title and Definition****605 General Instructional Support**

Activities associated with general instructional support including the activities of assistant principals and other intermediate professional and administrative staff. Not included are offices reported elsewhere, including those of superintendent, principal and instructional administrators, and more specialized supportive activities (e.g., curriculum development, educational media, human relations and staff development).

**610 Curriculum Consultant and Development**

Professional and/or technical assistance in curriculum consultation and development. This includes preparing and utilizing curriculum materials, training in the various techniques of stimulating and motivating pupils, and instruction-related research and evaluation done by consultants.

**620 Library Media Center**

An organized collection of printed and/or audiovisual and/or computer resources which is administered as a unit, is located in a designated place or places, and makes resources and services available to students, teachers and administrators. A library media center may also be called a library, media center, resource center, information center, instructional materials center, learning resource center or some other name.

**Note:** Definition comes from *School Library Media Centers*, December 2004 (NCES 2005-302), repeated in *2007-2008 School Library Media Center Questionnaire*, NCES

**630 Instruction-Related Technology**

This program encompasses all technology activities and services for the purpose of supporting instruction. These activities include expenditures for internal technology support as well as support provided by external vendors using operating funds. These activities include costs associated with the administration and supervision of technology personnel, systems planning and analysis, systems application development, systems operations, network support services, hardware maintenance and support services, and other technology-related costs that relate to the



support of instructional activities. Specifically, costs associated with the operation and support of computer learning labs, media center computer labs, instructional technology centers, instructional networks, and similar operations should be captured in this code. Technology that is used by students in the classroom or that has a student instruction focus should be coded to instruction.

Student computer centers - Activities concerned with supporting and maintaining computer centers (outside the classroom) that are established to support the instructional environment. These centers may be located in the library or in other locations but are not primarily dedicated to student-teacher learning. Computer centers that are primarily dedicated to instruction should be coded to instruction.

Technology service supervision and administration-activities concerned with directing, managing and supervising data-processing services.

Systems analysis and planning-activities concerned with searching for and evaluating alternatives for achieving defined objectives, based on judgment, and wherever, possible, on quantitative methods. Where applicable, these activities pertain to the development of data-processing procedures or application to electronic data-processing equipment.

Systems application development-activities concerned with the preparation of a logical sequence of operations to be performed, either manually or electronically, in solving problems or processing data. These activities also involve preparing coded instructions and data for such sequences.

Systems operations-activities concerned with scheduling, maintaining, and producing data. These activities include operating business machines, data-preparation devices, and data-processing machines.

Network support-services that support the networks used for instruction-related activities.

Hardware maintenance and support.

Professional development for instruction-focused technology personnel-costs that are incurred when staff acquire knowledge and skills to support instructional technologies. Report these expenditures in program 640.

Technology training for instructional staff should be reported in program 640.

#### **640 Staff Development**

Activities designed to contribute to professional growth of instructional staff members during their service to the school district. Includes costs associated with workshops, in-service training, site visits, courses for college credit, and sabbatical and travel leaves.

### **PUPIL SUPPORT SERVICES (700-799)**

This includes all services provided to pupils which do not qualify as instructional services.

#### **Code Title and Definition**

##### **710 Secondary Counseling and Guidance Services**

Activities involved in counseling secondary (7-12) pupils, parents and staff members on learning problems, career planning, and behavioral problems. Services include the evaluation of the abilities of pupils, assistance to pupils in personal and social development, provision of referral assistance, and work with other staff members in planning and conducting guidance programs for pupils.

**712 Elementary Counseling and Guidance Services**

Activities involved in counseling elementary (1-6) pupils, parents and staff members on learning problems, career planning, and behavioral problems. Services include the evaluation of the abilities of pupils, assistance to pupils in personal and social development, provision of referral assistance, and work with other staff members in planning and using guidance programs for pupils.

**720 Health Services**

Physical and mental health services which are not involved with direct instruction. Included are: health appraisal, vision screening, communicable disease control, appraisal of speech and hearing, periodic health exams, emergency health care, appropriate medical, dental and nursing services, and communication with parents and medical officials.

**730 Psychological and Mental Health Services**

This code consists of those activities related to administering psychological and mental health services, including those services necessary to perceive, clarify, solve and resolve interpersonal relationships, emotional problems and disorders.

**740 Social Work Services**

Social work activities include investigating and diagnosing pupil problems arising out of the home, school or community; casework and group work services for pupils and parents; interpreting the problems of pupils for other staff members; and promoting change in the circumstances surrounding the individual pupil. Services include activities promoting attendance and preventing dropping out.

**760 Pupil Transportation**

Activities concerned with the transporting, by public or private carrier, of pupils to and from school or between schools for instructional purposes. Expenditures related to instructional programs and not authorized for transportation aid reimbursement should be charged to the appropriate instructional program. This code includes transportation safety coordination, training and information activities. **The Finance Dimension is used to detail the categories of transportation expenditures.** Despite transportation formula changes, this detailing will continue to be needed for the calculation of targeted needs transportation allowances.

**770 Food Services**

Activities concerned with providing, preparing and serving regular and incidental meals, milk, or snacks in conjunction with school activities.

**790 Other Pupil Support Services**

Activities related to pupil support services that cannot be classified above.

## SITES, BUILDINGS AND EQUIPMENT (800-899)

Activities related to the acquisition (including leasing), operation, maintenance, repair, and remodeling of all physical plant, facilities, and grounds of the school district. Equipment purchases should be charged to the program area utilizing the equipment.

### Code Title and Definition

#### 805 Equipment Repair Services for Other Clients

Repair services offered to clients (e.g., typewriter repair and computer repair). Includes provision of services to other districts or organizations.

#### 810 Operations and Maintenance

Activities related to maintaining and sustaining the utility, economic and aesthetic value of existing real property. For buildings, this includes custodial care and ordinary upkeep. For equipment, it consists of repairs and maintenance of equipment that sustains the original condition of completeness and efficiency.

#### 850 Capital Facilities

Expenditures incurred under the school district's capital expenditure facilities program. The school district should annually adopt a capital expenditure program which would include plans for repair and restoration of existing district-owned facilities and plans for new construction.

Charter schools must code all eligible lease aid expenditures including any additional rent payments for property taxes (excluding special assessments) to Program Code 850, Finance Code 348, and Object Code 370. Ineligible lease aid expenditures such as custodial, utilities, and maintenance should be coded to Program Code 810, Finance Code 000 and the appropriate object codes(s).

#### 855 Alternative Facilities (Health and Safety Criteria Related) (Fund 06 only)

This program code **must** be used for revenue and expenditures when the cost of the project is based on criteria of the Health and Safety program and the total amount is over \$500,000 ([Minn. Stat. § 123B.59, Subd. 1\(b\)](#)). Health and safety finance codes must be used with this program to accurately reflect the costs of the alternative facilities program. All activity related to this code with the proper health and safety finance codes must be used in Fund 6 (Building Construction) and applied to Balance Sheet Code 409, Restricted/Reserved for Alternative Facilities Programs. Districts that are approved for funding under [Minnesota Statute, section 123B.59, Subdivision 1\(a\)](#), must use Program Code 850 or 870 with Finance Code 386, Alternative Facility Program, for the proper coding of the cost of these projects.

#### 870 Building Construction (Fund 06 Only)

All activities related to the acquisition, addition or improvement of real property, including grounds, buildings and equipment. To be used only in conjunction with Fund 06 and funded by the sale of bonds. Districts with alternative facilities funding may track the expenditures of the pay-as-you-go levy with this program.

## **FISCAL AND OTHER FIXED COSTS PROGRAMS (900-999)**

Fiscal and fixed cost activities that are not recorded elsewhere.

### **Code Title and Definition**

**910 Retirement of Long-Term Obligations**

All payments of interest and principal to retire properly approved bond issues.

**920 Retirement of Nonbonded Obligations**

All payments of interest and principal for current nonbonded obligations.

**930 Employee Benefits (CLEARING ACCOUNT ONLY)**

Activities relating to employer costs of maintaining employee insurance programs (including reemployment compensation) and retirement plans for employees. At year-end all costs associated with benefits, reemployment compensation, and workers' compensation are to be allocated to the program which generated the benefit. This program code must not be used in Fund 20.

**935 Post-Employment Benefits**

Expenditures in this program are for post-employment benefits paid from the district's trust funds. This code should be used only in Fund 25-Revocable Postemployment Trust Fund or Fund 45-Irrevocable Postemployment Trust Fund. Please refer to Chapter 13 of the UFARS Manual for additional Other Postsecondary Employment Benefits (OPEB) accounting instructions.

**940 Insurance**

Consists of all insurance activities relating to property and liability (excluding transportation), surety, and fidelity bond insurance programs.

**950 Transfers**

All recurring expenditure transfers between funds to supplement resources of another fund. Also consists of expenditures that reflect a loss of assets to the district excluding payments for tuition and maintenance payments to other districts. Program Code 855 Alternative Facilities for Health and Safety, may be used to transfer levy revenue from Fund 01 to fund 06.

**960 Other Nonrecurring Items**

All nonrecurring costs such as judgments or liens levied against the district not covered by insurance with a provision for contingent liabilities and miscellaneous charges. Use in Trust Fund (08) with Object Code 898 for scholarships expenditures.

**PROGRAM DIMENSION CHANGES – FY 2016****ADDITIONS****ACCOUNT DESCRIPTION****DELETIONS****ACCOUNT DESCRIPTION**

202 Education – Transition for Prekindergarten (Fund 01) (July 2015)  
578 Optional Fee Based Programs for Kindergarten Age Students (April 2016)

**CHANGES****ACCOUNT DESCRIPTION**

331 Family and Consumer Science (April 2016)  
583 Early Childhood Screening (April 2016)

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## CHAPTER 4 – FINANCE DIMENSION

### General Description

The finance dimension is generally used to record revenues and expenditures that relate to an activity funded with a categorical aid or levy, or relate to a restricted/reserved fund balance.

The finance dimension is also that segment of the total UFARS account structure used to define specific local, federal, or state projects (e.g., food service meal programs and transportation categories).

### General Accounting Information

At the district's discretion for local purposes, finance codes may be used for both revenues and expenditures. However, each finance code explanation states whether or not the finance code needs to be used for UFARS revenue reporting. The following are standards for using a finance code for revenue reporting:

1. If the program is entirely state funded, federally funded, or relates to a restricted/reserved fund balance, use the appropriate finance code, if established, for both revenues and expenditures.
2. If state aid payments for a program are combined with state aid for other purposes, and/or revenue for a program consists in whole or in part from property tax levy revenue, the finance dimension need not be used to identify these revenues. In this case, only expenditures will be identified using the finance code. However, a finance code needs to be used in all cases for revenues and expenditures which relate to a Restricted/Reserved Fund Balance.
3. Individual restricted/reserved codes are listed in the description of a finance code when the activities of that code necessitate the need for separation of the balance amount in that account. If no restriction/reserve is listed, the activities should be summarized in Unassigned Fund Balance Sheet Account Code 422 (Fund 01), Committed Fund Balance Sheet Account Code 461 (Fund 01), Assigned Fund Balance Sheet Code 462 (Fund 01), Unassigned Fund Balance Sheet Code 463 (Appropriate Fund other than Fund 01) or Restricted Fund Balance Sheet Code 464.

### General Information

Included in the narrative of state and federal finance dimension codes is a payment description. The payment description defines the payment being made by check or by electronic transfer and consists of three components: the fund and dimension to be credited; the description; and the fiscal year of payment. For example, "01F320 SUCC FOR FUT FY" indicates that the payment should be credited to the General Fund (01), Finance Dimension (F320), and Fiscal Year 2015(15). In this text, when an "XX" is used in either the fund or the description it denotes that the information may vary.

The Finance Dimension has ten categories. These are:

District-Wide	000
State Supported Programs	302-399
Federal Program Aid Received Through Department of Education for Formula Grants	401-499 and 601-699
Federal Aid Received Directly From Federal Sources	501-599
Child Nutrition	701-710
Transportation	711-739
Special Education	740-760
State Placement	761-770
Levy Supported Programs	771-799
Career and Technical Education and Federally Funded	

Competitive Grants

801-899 and 901-999

**Code Title and Definition****000 District-Wide**

Record revenues and expenditures when a specific finance dimension code is not required. This fills out the 17-digit code needed for each transaction.

**STATE SUPPORTED PROGRAMS (300)****302 Operating Capital (Fund 01)**

This code is used to record all revenues 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 ([Minn. Stat. § 126C.10](#), Subd. 13a, 13b). Total Operating Capital Revenue may be used only for the purposes specified in [Minnesota Statutes, section 126C.10](#), 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.

*Payment Description – 01S211 GEN ED AID FY*

**303 Area Learning Center (Fund 01)**

Except for a district located in a city of the first class, an area learning center must be established in cooperation with other districts and must serve the geographic area of at least two districts under section 123A.05, subdivision 1(b). Per Minnesota Statutes, section 123A.05, Subdivision 2, each district that is a member of a state approved area learning center must restrict/reserve revenue for expenditures at the area learning center in an amount equal to the sum of 1) at least 90 and no more than 100 percent of the district average General Education Revenue per adjusted pupil unit minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0466, calculated without basic skills revenue, local optional revenue, and transportation sparsity revenue, times the number of pupil units attending a state-approved area learning center, plus (2) the amount of basic skills revenue generated by pupils attending the area learning center. This applies to programs with School Classification Code 41, Area Learning Centers and School Classification Code 45, Targeted Services. This finance code is used to identify revenues and expenditures against Balance Sheet Code 434, Restricted/Reserved for Area Learning Center ([Minn. Stat. § 123A.05](#), Subd. 2 and [Minn. Stat. § 126C.05](#), Subd. 15 (b)).

*Payment Description – 01S211 GEN ED AID FY*

**304 Contracted Alternative Programs (Fund 01)**

A contract alternative is an alternative learning program operated by a private organization that has contracted with a school district to provide educational services for students under section 124D.68, subdivision 3(d). Per Minnesota Statutes, section 124D.69, Subdivision 1, school districts contracting with a private organization must reimburse the provider an amount equal to the sum of (1) at least 95 percent of the district's average general education less basic skills revenue per pupil unit times the number of pupil units for pupils attending the program, and (2) the amount of basic skills revenue generated by pupils attending the program according to section [126C.10, subdivision 4](#). This applies to programs with School Classification Code 43. This finance code is used to identify revenues and expenditures against Balance Sheet Code 435, Restricted/Reserved for Contracted Alternative Programs ([Minn. Stat. § 124D.69](#)).



*Payment Description – 01S211 GEN ED AID FY*

**305 State-Approved Public Alternative Programs (Fund 01)**

An alternative learning program may serve the students of one or more districts, may designate which grades are served, and may make program hours and a calendar optional under section 123A.05, subdivision 1(c). Per Minnesota Statutes, section 123.05, Subdivision 2, each district that is a member of a state approved alternative learning program must restrict/reserve revenue in an amount equal to the sum of (1) at least 90 and no more than 100 percent of the district average General Education Revenue per adjusted pupil unit minus an amount equal to the product of the formula allowance according to section [126C.10, subdivision 2](#), times .0466, calculated without basic skills revenue, local optional revenue, and transportation sparsity revenue, times the number of pupil units attending a state-approved public alternative program, plus (2) the amount of basic skills revenue generated by pupils attending the alternative learning program. This applies to programs with School Classification Code 42, Alternative Learning Program. This finance code is used to identify revenues and expenditures against Balance Sheet Code 436, Restricted/Reserved For State-Approved Public Alternative Programs ([Minn. Stat. § 123A.05](#), Subd. 2 and [Minn. Stat. § 126C.05](#), Subd. 15 (b)).

*Payment Description – 01S211 GEN ED AID FY*

**310 Interdistrict Cooperative Activities (Fund 01)**

Record revenues and expenditures for purchasing of services for cooperative purposes, or to provide educational services in a cooperative manner. The activities in this code apply to Balance Sheet Code 408, Restricted/Reserved for Cooperative Revenue. Districts should refer to [Minnesota Statutes, section 123A.27](#). Since FY 2001, the revenue is included in General Education Revenue.

*Payment Description – N/A*

**311 Telecommunications Access Costs (Fund 01 and/or 04)**

This code is used to record eligible expenditures pertaining to Telecommunications/Internet Access Equity Aid.

Record expenditures for approved costs **exceeding** \$15 times the prior year's AMCPU, unless the district is a member of an organized telecommunications access cluster. For districts that are cluster members, **all** approved costs are to be recorded.

Schools are required to submit eligible cost data for the prior fiscal year on an annual basis, at a time determined by MDE. Revenues must be used for ongoing or recurring telecommunication access costs, including access to data lines, video lines and/or Internet access, and ongoing cooperative costs associated with the delivery of telecommunications access.

This aid is available to all school districts, charter schools and nonpublic schools (Fund 04 for nonpublic). All public and charter schools are required to have a technology plan on file with the Minnesota Department of Education and file an e-rate application either separately or through their telecommunications grant cluster to be eligible for aid under [Minnesota Statutes, section 125B.26](#). Revenue received from another school district or host cooperative should be recorded as source 021 with a 000 finance code.

**313 Achievement and Integration Aid and Levy (Fund 01)**

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, district's 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.) The activities in this code apply to Restricted/Reserved for Achievement and Integration Balance Sheet Account 448.

### 316 General Education Revenue for Staff Development

Record revenues and expenditures used to provide staff development programs according to [Minnesota Statutes, section 122A.60](#). The activities in this code apply to Restricted/Reserved for Staff Development Balance Sheet Account 403 ([Minn. Stat. § 122A.61](#)).

Finance Codes 306, 307 and 308 were deleted in FY 2014 for state reporting purposes. These codes may still be used locally as needed and then cross-walked to Finance Code 316.

*Payment Description – N/A*

### 317 Basic Skills (Fund 01)

Record revenues and expenditures pertaining to the Basic Skills Revenue of [Minnesota Statutes, section 126C.10](#), Subdivision 4. 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 four-year olds, voluntary home visits under Minnesota Statutes, section 124D.13, Subdivision 4, and other outreach efforts designed to prepare children for kindergarten.

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

*Districts that receive compensatory revenue pilot project funds or compensatory pilot project formula aid should use this code to track the additional revenue received and the expenditures by site for reporting purposes.*

*Payment Description – 01S211 GEN ED AID FY*

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

### 318 Incentive Revenue (Fund 01)

Record revenues and expenditures for Incentive Revenue according to Minnesota Statutes, section 124D.862, Subdivision 2. An eligible school district's maximum incentive revenue equals \$10 per adjusted pupil unit. In order to receive this revenue, a district must be implementing a voluntary plan to reduce racial and economic enrollment disparities through intradistrict and interdistrict activities that have been approved as a part of the district's achievement and integration plan. (Collaboratives should record related expenditures under Finance Code 000 and Course Code 318 to prevent duplication.) The activities in this code apply to Restricted/Reserved for Achievement and Integration Balance Sheet Account 448.

**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. To participate in this program, a school district, intermediate school district, school site, or charter school must have an educational improvement plan (Minn. Stat. § 122A.413-415). The activities in this code apply to Balance Sheet Code 440, Restricted/Reserved for Teacher Development and Evaluation.

*Payment Description – 01F319 TCHR DEVELOPMENT & EVAL*

**320 American Indian Education Aid (Fund 01)**

Record revenues and expenditures designed to enhance American Indian cultural education programs ([Minn. Stat. § 124D.81](#)). Must have at least 20 American Indian students on October 1 of the previous school year and operating an American Indian education program according to [Minnesota Statutes, section 124D.74](#).

*Payment Description – 01F320 AMER IND EDUC AID FY*

**321 Community Education (Fund 04)**

Record community education revenues and expenditures of the Community Service Fund. Community Education activity is defined in [Minnesota Statutes, section 124D.20](#), Subdivision 8. The activities in this code apply to Balance Sheet Code 431, Restricted/Reserved for Community Education ([Minn. Stat. § 124D.20](#)).

*Payment Description – 04F321 COMMUN ED FY*

**322 State Adult Basic Education (Fund 04)**

Record revenues and expenditures for adult basic education programming funded with adult basic education formula revenue provided under [Minnesota Statutes, section 124D.531](#) (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 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 and 438. The activity in this code applies to Balance Sheet Code 447, Restricted/Reserved for Adult Basic Education.

*Payment Description – 04F322 ABE FY*

**324 GED Testing and Adult Basic Education Supplemental Services (Fund 04)**

Record revenues and expenditures related to Adult Basic Education or GED testing, including GED reimbursement ([Minn. Stat. § 124D.55](#)) and Adult Basic Education Supplemental Service Grants ([Minn. Stat. § 124D.522](#)). Do not include formula revenue recorded in Finance Code 322, or other activity that should be properly recorded in Finance Code 438. The activity in this code for Fund 04 applies to Balance Sheet Code 447, Restricted/Reserved for Adult Basic Education.

*Payment Description – 04F324 GED/SUPPLEMENTAL FY*

**325 Early Childhood and Family Education (Fund 04 and 09)**

Record revenues and all expenditures for the ECFE programs offered by the school district. The proceeds of the ECFE aid and levy may be coded only for ECFE programs. See Program Code 580 for proper coding of all revenues. The revenues and expenditures in this code apply to

Balance Sheet Code 432, Restricted/Reserved for Early Childhood Family Education Fund Balance ([Minn. Stat. § 124D.13](#) and § [124D.135](#)). **Note:** If a district wishes to use community education revenue for ECFE expenditures, use Finance Code 321, Community Education with Program Code 580.

*Payment Description – 04F325 ECFE FY*

### **326 Adults with Disabilities (Fund 04)**

Record revenues from the adults with disabilities levy and state aid and all expenditures for programs for disabled adults. The expenditures in this code apply to Balance Sheet Code 431, Restricted/Reserved for Community Education Fund Balance ([Minn. Stat. § 124D.56](#)).

*Payment Description – 04F326 ADULT DIS FY*

### **328 Home Visiting (Fund 04)**

Record the revenue from the optional home visiting levy of \$1.60 per residents zero to four years of age, and all expenditures for the home visiting program offered by the school district as part of its Early Childhood Family Education program. The proceeds of the home visiting levy may only be coded for ECFE home visiting programs, which provide parent education to isolated or at-risk families. The revenues and expenditures in this code apply to Balance Sheet Code 432, Restricted/Reserved for Early Childhood Family Education ([Minn. Stat. § 124D.13](#), Subd. 4 and § [124D.135](#), Subd. 6).

*Payment Description – N/A*

### **330 Learning and Development (Fund 01)**

Record revenues and expenditures intended to reduce and maintain the district's instructor-to-learner ratio. This code is used with the Program Codes 201, 203 and Balance Sheet Code 428, Restricted/Reserved for Learning and Development Fund Balance. Revenue for this purpose is included in General Education Revenue ([Minn. Stat. § 126C.12](#)).

*Payment Description – N/A*

### **332 After School Enrichment Program (Fund 04)**

Record revenues and expenditures to support after-school enrichment programs to maintain and expand participation by school-age youth in supervised activities during non-school hours. Use Program Code 585, Youth Development/Youth Services. The activity in this code applies to Balance Sheet Code 431, Restricted/Reserved for Community Education ([Minn. Stat. § 124D.19](#), Subd. 12-13).

*Payment Description – N/A*

### **335 Quality Compensation – Alternative Teacher Professional Pay System (Fund 01/04)**

Record revenues and expenditures related to the Quality Compensation – Alternative Teacher Professional Pay System. The participating districts have developed an education improvement plan and an alternative teacher pay system.

Teachers in the following programs may be paid using quality compensation revenue only if they are members of the teacher's bargaining unit: Program Code 520 (adult basic and continuing education, Program Code 580 (Early Childhood Family Education) and Program Code 582 (School Readiness) ([Minn. Stat. § 122A.413-415](#)).

*Payment Description – XXF335 FY 15*

**336 Raised Academic Achievement – Advanced Placement Programs**

This code should be used to track the revenues and expenditures for a program established to raise kindergarten through grade 12 academic achievement through increased student participation in pre-advanced placement and advance placement programs through a one-year, one-time appropriation ([Minn. Stat. §120B.132](#)).

*Payment Description – 01F336 RAISED ACAD ACH*

**337 Early Learning Scholarships Program – Pathway II (Fund 04)**

Record revenues and expenditures for the Early Learning Scholarship Program Pathway II established in Minnesota Statutes, section 124D.165. Early Learning Scholarships are awarded to children through a Four-Star Parent Aware rated early childhood program that has been designated as a Pathway II site in communities with the highest need. The Four-Star Parent Aware rated early childhood program families may choose from school district prekindergarten and preschool programs, Head Start, child care centers, and licensed family child care providers.

If the scholarships are used in conjunction with the school readiness program, Finance Codes 337 would close to Fund Balance Account 444 - Restricted/Reserved for School Readiness. If the scholarships **are not** used in conjunction with the school readiness program, Finance Code 337 would close to Fund Balance Account 464 - Restricted Fund Balance.

**338 Early Learning Scholarships Program – Pathway I (Fund 04)**

Record revenues and expenditures for the Early Learning Scholarship Program Pathway I established in Minnesota Statutes, section 124D.165. Early Learning Scholarships are awarded directly to eligible children through regional Early Learning Scholarships Administrator Offices. These scholarships are paid to the early childhood program the family chooses. The early childhood program must be participating in Parent Aware, Minnesota's quality rating and improvement system and may include school district prekindergarten and preschool programs, Head Start, child care centers, and licensed family child care providers.

If the scholarships are used in conjunction with the school readiness program, Finance Codes 338 would close to Fund Balance Account 444 - Restricted/Reserved for School Readiness. If the scholarships **are not** used in conjunction with the school readiness program, Finance Code 338 would close to Fund Balance Account 464 - Restricted Fund Balance.

**341 Regional Mathematics and Science Teacher Centers**

Expenditures in a teacher center shall be used for quality professional development and technical assistance to assist teachers in learning about effective pedagogical approaches to implement Minnesota's content standards, experiment with the use of multiple instructional approaches to differentiate instruction and improve skills to diagnose student learning needs using assessment of student performances ([Minn. Stat. § 122A.72](#), Subd. 5).

*Payment Description – 01F341 TEACHER CTR*

**342 Safe Schools – Levy (Funds 01 and 06)**

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 colocating 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*

### **343 Systemic Science, Technology, Engineering and Mathematics (STEM) School Redesign**

This finance code should be used to track revenues and expenditures for a program established to integrate the state’s revised mathematics standards into new or existing comprehensive STEM initiatives and will serve as models to other schools and/or districts by sharing information and providing technical assistance. This is a National Governor’s Association Grant identified as NGA Center Project 110-200-2921.

*Payment Description – 01F343 NGA STEM GRANT*

### **344 School Readiness (Fund 04 and Fund 01)**

Record revenues and expenditures for the purpose of providing comprehensive early childhood education that will prepare children to enter kindergarten. Program must assess children’s cognitive skills at program entry and exit; provide research-based early childhood educational programming focused on children’s cognitive skills and development; and prepare children for transition to kindergarten; arrange for early childhood screening; involve parents in program planning and decision-making; coordinate with relevant community-based services; and cooperate with adult basic education and other adult literacy programs. See Program Codes 582 and 581 for proper activity coding. The revenue and expenditures in this code apply to Balance Sheet Code 444, Restricted/Reserved for School Readiness Fund Balance ([Minn. Stat. § 124D.15](#) and [§ 124D.16](#)).

*Payment Description – 04F344 SCHOOL READ FY*

### **346 Iron Range Resources and Rehabilitation Board Taconite Grants**

The IRRRB will provide funds to assist school districts with the payment of bonds that were issued for qualified school projects, or for any other school disbursement as approved by the IRRRB. For purposes of this section, “qualified school projects” means school projects within the taconite assistance area as defined in Minnesota Statutes, section 273.1341 that were (1) approved, by referendum, after December 7, 2009; and (2) approved by the commissioner of education pursuant to Minnesota Statutes, section 123B.71. This code will be used to track expenditures of IRRRB grant projects separately from regular health and safety projects funded by state aid and levy. The total expenditures of this code should equal Source Code 015 IRRRB Taconite Grants. If grant dollars remain unspent at year’s end the balance should be deferred to next year.

*Payment Description – N/A*



## HEALTH AND SAFETY FINANCE CODES

**Note:** The health and safety program uses Finance Codes 347, 349, 352, 358, 363, and 366. All projects funded by the health and safety aid and levy must be restricted/reserved in Balance Sheet Code 406 and expensed in the General Fund (01). See Source Code 307 Health and Safety Aid for revenue recording. A revenue transfer, equal to the total expenditure, would be needed for all expenditure activity in the Construction Fund (06).

### Code Title and Definition

#### 347 Physical Hazards (Fund 01 and/or 06)

Record health and safety expenditures made to correct appropriate physical hazards that are not defined by other health and safety finance codes, for example: playground resurfacing, bleacher repair or rebuilding, boiler control circuit, mechanical and power equipment-safety modification, OSHA physical or electrical hazard violations and indoor air quality. Also includes costs to support MDH Food Code Requirements (see application materials).

General Fund expenditures in this code apply to Balance Sheet Code 406, Restricted/Reserved for Health and Safety ([Minn. Stat. § 123B.57](#)).

*Payment Description – N/A*

**Note:** Districts should use this finance code when making payments to reimburse intermediate school districts for health and safety levies collected on their behalf.

#### 348 Charter School Building Lease Aid (Fund 01)

Record revenue and expenditures for Charter School Building Lease Aid. When a charter school finds it economically advantageous to rent or lease a building or land for any instructional purpose and it determines that the total operating capital revenue per [Minnesota Statutes, section 126C.10](#), Subdivision 13, is insufficient for this purpose, it may apply to the commissioner for Building Lease Aid per [Minnesota Statutes, section 124E.22](#).

**This finance code must be used only with Program Code 850.**

*Payment Description – 01F348 BLDGLEASE AID FY*

#### 349 Other Hazardous Materials (Fund 01 and/or 06)

Record expenditures according to an approved health and safety plan to clean up and dispose of polychlorinated biphenyl found in school buildings or property; wood boiler hazards, fuel tank removal/replacement, and cleanup, hazardous/infectious waste management and disposal, lead in water; testing and mitigation, local exhaust ventilation systems, radon; detection and mitigation, well capping and boiler-main supply back flow preventor, and transportation fuel. General Fund expenditures in this code apply to Balance Sheet Code 406, Restricted/Reserved for Health and Safety ([Minn. Stat. § 123B.57](#)).

*Payment Description – N/A*

#### 350 Aid to Nonpublic Pupils – Health Services (Fund 04)

Record expenditures for nonpublic pupils for health services provided. The expenditures in this code apply to Balance Sheet Code 464 Restricted Fund Balance ([Minn. Stat. § 123B.40 to 123B.445](#) and [Minn. Stat. § 123B.41](#), Subd. 15).

*Payment Description – N/A*

**Note:** For Aid to Nonpublic Pupils, Finance Codes 350, 351, and 353 are used to record expenditures. See Source Code 301 Nonpublic Aid for revenue recording.

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

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

*Payment Description – N/A*

**352 Environmental Health and Safety Management (Fund 01 and/or 06)**

Record expenditures made for Environmental Health and Safety Management. Health, safety, and environmental management means school district activities necessary for a district's compliance with state statutes and rules of the Departments of Health, Labor and Industry, Public Safety, and Pollution Control as well as any related federal standards.

These activities include hazards assessment, required training, recordkeeping, right-to-know, and program management. General Fund expenditures in this code apply to Balance Sheet Code 406, Restricted/Reserved for Health and Safety ([Minn. Stat. § 123B.56-57](#)).

**Note:** Districts must be aware of the reimbursable cap used in this program and that the total expenditure activity in this code may not be fully reimbursed.

*Payment Description – N/A*

**353 Aid to Nonpublic Pupils – Guidance and Counseling (Fund 04)**

Record expenditures for guidance and counseling services for nonpublic school pupils. The expenditures in this code apply to Balance Sheet Code 464, Restricted Fund Balance ([Minn. Stat. § 123B.40 to 123B.445](#)).

*Payment Description – N/A*

**354 Early Childhood Screening Program (Fund 04)**

Record revenues and expenditures for health and developmental screening of preschool children. The expenditures in this code apply to Balance Sheet Code 464 Restricted Fund Balance ([Minn. Stat. § 121A.16 to 121A.19](#)).

*Payment Description – 04F354 PRESCH SCR FY*

**358 Asbestos Removal and Encapsulation (Fund 01 and/or 06)**

Record expenditures necessary for the removal or encapsulation of asbestos from school buildings or property, related repairs, staff training, and asbestos worker required health physicals in accordance with an approved health and safety plan. General Fund expenditures in this code apply to Balance Sheet Code 406, Restricted/Reserved for Health and Safety ([Minn. Stat. § 123B.57](#)).

*Payment Description – N/A*



**362 Youth Development/Youth Service (Fund 04)**

Record revenues and expenditures to support the district youth development plan and programs. (Revenue of \$1/per capita is part of community education levy and aid ([Minn. Stat. § 124D.20](#) Subd. 4). Use Program Code 585, Youth Development/Youth Services. The activity in this code applies to Balance Sheet Code 431, Restricted/Reserved for Community Education ([Minn. Stat. § 124D.19](#), Subd. 9 and 10).

*Payment Description – N/A*

**363 Fire Safety (Fund 01 and/or 06)**

Record expenditures to correct fire code violations in school buildings, in accordance with an approved health and safety plan. General Fund expenditures in this code apply to Balance Sheet Code 406, Restricted/Reserved for Health and Safety ([Minn. Stat. § 123B.57](#), Subd. 6).

*Payment Description – N/A*

**364 Hearing Impaired Support Services (Fund 01 and/or 04)**

Record revenues and expenditures for interpreter or note taker services for adult education or vocational programs. If expenditures in this code are in the General Fund, they apply to Balance Sheet Code 422, Unassigned Fund Balance. If expenditures are in the Community Service Fund, the program in which the expenditures are incurred will determine which account, restricted or restricted/reserved, will be charged ([Minn. Stat. § 124D.57](#)).

*Payment Description – XXF364 HEAR SUPPT FYE*

**366 Indoor Air Quality (Fund 01 and/or 06)**

Record health/safety expenditures to correct indoor air quality code violations in school buildings, in accordance with an approved Indoor Air Quality Management Plan. General Fund expenditures in this code apply to Balance Sheet Code 406, Restricted/Reserved for Health and Safety ([Minn. Stat. § 123B.57](#), Subd. 6).

*Payment Description – NA*

**371 Taconite \$25 Restricted/Reserved (Fund 01 and/or 04)**

Record revenues and expenditures for early childhood programs. This finance dimension code is used to record expenditures. In the General Fund 01 may be used with Program Code 412 – Developmentally Delayed and Program Code 605 - General Instructional Support. In the Community Education Fund 04 may be used with Program Code 579 – Preschool Instructional, Program Code 580 – Early Childhood and Family Education, Program Code 581 – Prekindergarten, and Program Code 582 – School Readiness. Source Code 018 – Taconite Referendum Payment should be used to record revenues in Fund 01 and Fund 04. The expenditures in this code apply to Balance Sheet Code 426, Restricted/Reserved for \$25 Taconite ([Minn. Stat. § 298.28](#), Subd. 4(d)).

*Payment Description – N/A*

**372 Medical Assistance/Third Party Revenue (Fund 01)**

Record expenditures with this finance code related to additional special education activities funded **only** from the revenue recorded in Source Code 071 and/or Source Code 072. The expenditures of this money must follow the guidelines of [Minnesota Statutes, section 125A.21](#), Subdivision 3, which states districts may:

1. retain an amount sufficient to compensate the district for its administrative costs of obtaining reimbursements;
2. regularly obtain from education and health-related entities training and other appropriate technical assistance designed to improve the district's ability to access third-party payments for individualized education program health-related services, or
3. reallocate reimbursements for the benefit of students with individualized education programs or individual family service plans in the district.

Use this finance code in all charge back entries to achieve the conditions of the statute. If the expenditure is not eligible for state special education regular program aid, the district should code the expenditure to Finance Code 372, Program Code 400, and use the appropriate object code.

*Payment Description – N/A*

### **375 Grants to Prepare Indian Teachers (Fund 01)**

Record revenues and expenditures for Indian teacher grants to assist American Indians to become teachers and to provide additional education to American Indian teachers ([Minn. Stat. § 122A.63](#)).

*Payment Description – 01F375 IND TCHRS GRTS FY*

### **377 Family Services and Mental Health Initiative (Fund 01 and/or 04)**

Record revenues and expenditures for the purpose of fostering local collaboration in working together to meet the needs of children and families ([Minn. Stat. § 124D.23](#) and [Minn. Stat. § 245.491](#)).

*Payment Description – XXF377 FS/MENTAL HTH FY*

### **385 Deferred Maintenance Program (Fund 01)**

Beginning in FY 2008 (2006 pay 2007 levy) a new funding source will be available for most districts. An independent or special school district that does not qualify to participate in the alternative facilities bonding and levy program under [Minnesota Statutes, section 123B.59](#), Subdivision 1a., is eligible to receive deferred maintenance revenue.

Deferred Maintenance aid and levy can only be used for projects and costs that would be eligible for:

1. health and safety revenue, or
2. disabled access levy, or
3. deferred maintenance projects necessary to prevent further erosion of facilities.

The revenue and expenditures in this code apply to Balance Sheet Code 405 Restricted/Reserved for Deferred Maintenance (Fund 01) ([Minn. Stat. § 123B.591](#)).

*Payment Description – 01F385 DEF MAINT FY*

### **386 Alternative Facilities Program (Fund 06)**

Record revenues and expenditures for the alternative facilities bonding and levy program if your district qualifies under [Minnesota Statutes, section 123B.59](#), Subdivision 1a. This statute contains class size and square footage requirements, along with an insufficient funds clause to cover major facilities costs and a ten year facility plan. Districts must have approval from the commissioner to use this program. The activity in this code apply to Balance Sheet Code 409, Restricted/Reserved for Alternative Facilities in the Construction Fund (06).

**388 Gifted and Talented (Fund 01)**

Record the revenues and expenditures of this General Education Aid component for a program which identifies gifted and talented students, provides educational programs for these students and/or provides staff development for teachers to best meet the unique needs of Gifted and Talented Students ([Minn. Stat. § 120B.15](#)). The activities in this code apply to Balance Sheet Code 438 Restricted/Reserved for Gifted and Talented Fund Balance.

*Payment Description – 01S211 GEN ED AID FY*

**390 Taconite Revenue Used for Building Maintenance and Repair (Fund 01)**

Record the revenues and expenditures from taconite disbursements for use on building maintenance and repairs. This code is used to record all activity for Balance Sheet Code 417, Restricted/Reserved for Taconite used for Building Maintenance and Repair (Minn. Stat. § 298.28 Subd. 4).

*Payment Description – NA*

## **FEDERAL PROGRAM AID RECEIVED THROUGH MINNESOTA DEPARTMENT OF EDUCATION FOR FORMULA GRANTS (400)**

### **Code Title and Definition**

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

Record revenues and expenditures to expand and improve educational programs to meet the needs of educationally disadvantaged children in low-income areas (CFDA No. 84.010, Title I, Part A: Elementary and Secondary Education Act (ESEA), P.L. 107-110). Fund 04 must be used for prekindergarten programs funded by Title I, Part A. Use with Program Code 216 unless you are a recipient of the Race to the Top Early Learning Challenge (ELC) Grant.

If you are a recipient of the Race to the Top ELC Grant, you must use Program Codes 579 and 581 for expenditures in excess of the amount spent in the previous year.

**406/606 Title I, Part D – Prevention and Intervention Programs for Children and Youth who are Neglected, Delinquent or At-Risk (Fund 01)**

Formula grants to expand and improve educational programs to meet the special needs of children under 21 years of age who have been placed in a correctional/treatment institution for the delinquent (CFDA No. 84.010A, Title I, Part D: Elementary and Secondary Education Act (ESEA), P.L. 107-110). Use only with Program Code 216.

**412/612 Race-to-the-Top – Early Learning Challenge – Title I Prekindergarten Incentive (Fund 01 and 04)**

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

**414/614 Title II, Part A – Teacher and Principal Training and Recruiting (Fund 01)**

Record revenues and expenditures from grants for the improvement of teaching skills and in the instruction of core curricula areas, specifically mathematics and science (CFDA No. 84.367, Title II, Part A: Elementary and Secondary Education Act (ESEA), P.L. 107-110). Use with Program Code 204. See Chapter 10, Permitted Code Combinations, for additional programs that can be used in the flexibility provision for this finance code.

**417/617 Title III, Part A – English Language Acquisition, Language Enhancement and Academic Achievement (Fund 01)**

Federal education program designed to help ensure that children who are English Learners, including immigrant children and youth, attain English proficiency. (CFDA 84.365, Title III, Part A: Elementary and Secondary Education Act (ESEA), P.L. 107-110). These funds **cannot** be redirected. Use only with Program Code 205.

**419/619 Individuals with Disabilities Education Act (IDEA) Part B Section 611 (Fund 01)**

Record revenues and expenditures for Individuals with Disabilities Education Act (IDEA), Part B, Section 611. These grants are to assist states in providing a free appropriate public education (FAPE) to students with disabilities ages 3 – 21 (P.L. 108-446; CFDA No. 84.027).

**420/620 Individuals with Disabilities Education Act (IDEA) Part B Section 619 – Preschool Grant for Children with Disabilities (Fund 01)**

Record revenues and expenditures 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. 84.173).

**421/621 Individuals with Disabilities Education Act (IDEA) Part B Section 611 Discretionary Low Incidence (Fund 01)**

Record revenues and expenditures under the Discretionary Low Incidence Projects. These funds are for regional low incidence projects to plan and coordinate services to students with low incidence disabilities (P.L. 108-446; CFDA No. 84.027).

**422/622 Individuals with Disabilities Education Act (IDEA) Part C – Ages Birth through Two (Fund 01)**

Record revenues and expenditures 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.84.181, Individuals with Disabilities Education Act, Part C).

**423/623 Individuals with Disabilities Education Act (IDEA) Part C – Regional IEIC Grant for Children Ages Birth to Two (Fund 01)**

Record revenues and expenditures for Regional IEIC Grants for Children ages birth to two. These federal funds are received by recipients of the Part C IEIC grant for the purpose of ensuring that local systems of child-find service delivery and payment for services are in place for infants and toddlers with disabilities (P.L. 105-17, Part C; CFDA No. 84.181A).

**424/624 Title VI, Part B, Subpart 2 – Rural and Low-Income Schools (Fund 01 and 04)**

Federal education program designed to help ensure that children who are English Learners, including immigrant children and youth, attain English proficiency (CFDA 84.358, Title VI, Part B, Subpart 2: Elementary and Secondary Education Act (ESEA), P.L. 107-110). See Chapter 10, Permitted Code Combinations, for additional programs that can be used in the flexibility provision for this finance code.

**425/625 Individuals with Disabilities Education Act (IDEA) Part B Section 611 Coordinated Early Intervening Services (CEIS) (Fund 01)**

Record revenues and expenditures 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 receiving special education with an IEP (individualized education program) but who require academic or behavioral support to succeed in general education classes. For students not yet identified as needing special education services (P.L. 108-446; CFDA No. 84.027).

**428/628 Carl Perkins Vocational and Applied Technology (Fund 01)**

Record all revenues and expenditures related to the activities identified in the local applications submitted under the Carl D. Perkins Vocational and Applied Technology Education Act of 1990 (P.L. 105-332; CFDA No. 84.048A).

**429/629 Individuals with Disabilities Education Act (IDEA) Part B Section 611 Mandatory Coordinated Early Intervening Services (Fund 01)**

Record revenues and expenditures 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. 84.027).

**430/630 Individuals with Disabilities Education Act (IDEA) Part B Section 619 – Centers of Excellence Discretionary Regional CSPD Grant (Fund 01)**

Record revenues and expenditures for the purpose of professional development activities through the Centers of Excellence for Young Children with Disabilities (P.L.108-446, Part B; CFDA No. 84.173A). These federal funds are for the purpose of building regional capacity on the identified professional development needs that will result in improved performance of preschool special education programs related to the State Performance Plan and Annual Performance Report and stronger programs at the level of the local education agency.

**431/631 Individuals with Disabilities Education Act (IDEA) Part B Section 611 Schoolwide Title I (Fund 01)**

Record revenues and expenditures 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. 84.027).

**432/632 Individuals with Disabilities Education Act (IDEA) Part B Section 611 Discretionary Comprehensive System of Personnel Development – CSPD (Fund 01)**

Record revenues and expenditures under the Discretionary CSPD. These funds are for regional low incidence projects to plan and coordinate services to students with low incidence disabilities (P.L. 108-446; CFDA No. 84.027).

**438/638 Federal Adult Basic Education Formula Revenue (Fund 04)**

Record revenues and expenditures for adult basic education programming funded with formula revenues provided under P.L. 105-220: CFDA 84.002. Do not include activity properly recorded in Finance Codes 322, 324, 801, 802, or 803. The activity in this code applies to Balance Sheet Code 447, Restricted/Reserved for Adult Basic Education.

**442/642 Title III, Part A – Immigrant Grant (Fund 01)**

Federal Education Program, which is a subpart of Title III, Part A, designed to help ensure that immigrant children gain access to the regular school curriculum (CFDA 84.365, Title III, Part A: Elementary and Secondary Education Act (ESEA), P.L. 107-110). These funds **cannot** be redirected. Use only with Program Code 205.

**446/646 Individuals with Disabilities Education Act (IDEA) Part C – Regional Centers of Excellence CSPD Grant (Fund 01)**

Record revenues and expenditures for the purpose of professional development activities through the Centers of Excellence for Young Children with Disabilities (P.L. 105-17, Part C; CFDA No. 84.181.A). These federal funds are for the purpose of building regional capacity on the identified

professional development needs that will result in improved performance of infant and toddler early intervention programs related to the State Performance Plan and Annual Performance Report.

**469 Child and Adult Care Food Program (CACFP) (Fund 02 and Fund 04)**

Record revenues and expenditures for grants to initiate, maintain or expand food service programs for school districts and charter schools (or organizational equivalents) providing child care. Programs operating the CACFP may receive reimbursement for two meals and one snack OR two snacks and one meal per day per eligible participants of this program. (P.L. 105-336, CFDA No. 10.558, National School Lunch Act, Section 17).

**The At-Risk Afterschool Meals component of the CACFP** offers Federal funding to **afterschool** programs that serve a meal and/or snack to children in low-income areas. Programs operating the At-Risk Afterschool Meal Program may receive reimbursement for one meal and one snack per day per eligible participant when served after the school day has ended. Eligible participants must participate in an approved afterschool program and must be age 18 and under at the start of the school year.

**475/675 Carl Perkins Career and Technical Education – Reserve (Fund 01)**

Record revenues and expenditures for the Carl Perkins reserve funds to be used to address rural needs and/or the needs of programs servicing high numbers of career and technical education students. Funds may be used only for required or permissive activities as specified in P.L. 109-270, Section 135(b) and (c). CFDA 84.048.

**499 Miscellaneous Federal Revenue Received from the Minnesota Department of Education (Fund 01, 02 and 04)**

Record the revenues and expenditures for miscellaneous federal aid received from the Minnesota Department of Education where there is no other designated finance code. **Use with Source Code 400.**

*Payment Description-NA*

**FEDERAL AID RECEIVED DIRECTLY FROM FEDERAL SOURCES (500)**

**Code Title and Definition**

**510 Indian Elementary and Secondary School Assistance (Fund 01)**

Record revenues and expenditures for grants to develop and implement programs designed to meet the special needs of Indian children in reaching the national education goals (P.L. 103-387, CFDA No. 84.060, Elementary and Secondary Education Act of 1965, Title VII, Part A, Subd. 1).

*Payment Description – N/A*

**513 Indian Education Assistance to Schools – Johnson O’Malley (Fund 01)**

Record revenues and expenditures for special educational related needs of Indian students to assure adequate educational opportunities (Johnson O’Malley Act of 1984 as amended by P.L. 93-638; CFDA No. 15.130).

*Payment Description – N/A*

**514 Title VI, Part B – Small, Rural Education Achievement Program Grants (Fund 01 and 04)**

Record revenues and expenditures for the Small, Rural Education Achievement Grant that districts may receive directly from the federal government. This grant is made available to conduct education programs and services that will meet the unique needs of students in small, rural schools (CFDA 84.358, Title VI, Part B section 6211, Elementary and Secondary Education Act (ESEA) P.L.107-110).

*Payment Description – N/A*

**518 ARRA Targeted Funds - Head Start Grants (Fund 04)**

Record revenues and expenditures for the Head Start program expansion funded from the American Recovery and Reinvestment Act of 2009 (P.L. 111-5). This expansion is made available to increase the number of pre-school age children served in Head Start (CFDA 93.708, Title VI, Subtitle A, Chapter 8, Subchapter B of the Omnibus Budget Reconciliation Act of 1981, P.L. 97-35).

**599 Miscellaneous Direct Federal Revenue (Fund 01, 02 and 04)**

Record the revenues and expenditures for miscellaneous federal aid received directly from federal sources where there is no other designated finance code. Record federal interest subsidy payments for Build America Bonds (BABs) and Qualified School Construction Bonds (QSCB) to this code in the debt service fund. **Use with Source Code 500.**

*Payment Description – N/A*

**600-699 Sub-Awards (600-699)****699 Miscellaneous Federal Revenue Received from Others (Fund 01, 02 and 04)**

Record the revenues and expenditures for miscellaneous federal aid received as a sub-award from an entity other than the Minnesota Department of Education or the U.S. Department of Education where there is no other designated finance code.

The use of any 600 series finance code is for tracking a federal sub-award grant from another district or agency where the receiving district has continual responsibility for the federal revenue. Corresponding numbers must be used between the 400 and 600 series codes.

Example:

419 – Federal Special Education = 619 – Federal Special Education Sub-award; or  
428 – Carl Perkins = 628 – Carl Perkins Sub-award

This accounting procedure will eliminate double accounting of federal revenue and expenditures.

**CHILD NUTRITION (701-710)****Code Title and Definition****701 National School Lunch Program – NSLP (Fund 02)**

Record revenues and expenditures for the National School Lunch Program. Reimbursements provided to schools for lunches that meet the NSLP meal pattern requirements for specified age groups of children (P.L. 105-336; CFDA No. 10.555, National School Lunch Act of 1946).

*Payment Description – 02F701 FREE-RED LUNCH FY (Source Code 472)  
02F701 FED REG LUNCH FY (Source Code 471)  
02S300 STSCHLUNCH FY*

**702 After-School Snack Program (Fund 02 and/or 04)**

Record revenues and expenditures for the After-School Snack Program. This program is a part of the National School Lunch Program (P.L. 105-336; CFDA No. 10.555).

*Payment Description – 02, 04F702 AFT SCH SNACK FY (Source Code 471)*

**703 Special Milk Program – SMP/MN Kindergarten Milk Program – MKMP (Fund 02)**

Record revenues and expenditures for Special Milk Program or Minnesota Kindergarten Milk Program. Federal reimbursement provided to school sites for milk served to students who **do not** have access to a meal program (i.e., lunch or breakfast). Usually, the SMP is for a group of split session (i.e., "half day") kindergarten or pre-kindergarten students only. In some cases, an entire school building is eligible if it does not have a lunch or breakfast program (P.L. 105-336; CFDA No. 10.556, Child Nutrition Act of 1966). State reimbursement is provided for milk served to kindergarten students only participating in the MKMP, and is limited to one half pint of milk per child per day (Laws of 1988, Chapter 688, Article 16, Section 1). Milk sold to students and adults as an a la carte item for lunches brought from home or as additional milk to the first half-pint included with the school pattern lunch should be reported in Finance Code 707, A La Carte/Other.

*Payment Description – XXF703 SPEC MILK FY (Source Code 475)  
XXF703 STSPECMILK FY (Source Code 300)*

**705 School Breakfast Program – SBP (Fund 02)**

Record revenues and expenditures for the School Breakfast Program. Reimbursement provided to schools for breakfasts which meet the SBP meal pattern requirements for specified age groups of children (P.L. 105-336; CFDA No. 10.553, Child Nutrition Act of 1966).

*Payment Description – 02F705 BREAKFAST FY (Source Code 476)  
02F705 SBREAKFAST FY (Source Code 300)*

**706 Fresh Fruit and Vegetable Grant Program (Fund 02)**

Record revenues and expenditures for the USDA Fresh Fruit and Vegetable Grant Program (CFDA No. 10.582). The program is designed to serve fresh fruits and vegetables and givenutrition education outside the existing meal times. Administrative costs are limited to 10 percent of expenditures.

*Payment Description – 02F706 FRUIT & VEGIES FY*

**707 A La Carte/Other (Fund 02)**

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

*Payment Description – N/A*

**709 Summer Food Service Program for Children (Fund 02)**

Record revenues and expenditures for the Summer Food Service Programs for Children. To initiate, maintain and expand food service programs for children in public and nonprofit service institutions and summer camps in areas in which poor economic conditions exist (P.L. 105-336; CFDA No. 10.559, National School Lunch Act, Section 13).

*Payment Description – 02F709 SFSP FY (Source Code 479)  
02F709 SFSP ADMIN FY (Source Code 479)*



## TRANSPORTATION (711-739)

The following codes are to be used to segregate all expenditures incurred for the various transportation categories. These codes are authorized principally by [Minnesota Statutes, sections 123B.92](#) and [124D.87](#). If other statutes are applicable, they are included with the definition.

### Code Title and Definition

#### 711 Learning Year – Summer (Fund 01)

Record expenditures for transportation provided during the summer in conjunction with an approved learning year program ([Minn. Stat. § 123B.92](#), Subd. 5).

*Payment Description – N/A*

#### 713 Open Enrollment Transportation – Outside the District (Fund 01)

Record expenditures for district-provided transportation of nonresident open enrollment students between the students' residences and the district or attendance area border. Only report expenditures for the part of the trip outside the district or attendance area border ([Minn. Stat. § 124D.03](#), Subd. 8 and [Minn. Stat. § 123B.92](#), Subd. 3). If the district is charging a fee for this service, use Finance Code 737, Ineligible/Nonresident Pupils.

*Payment Description – N/A*

#### 714 Transportation to Multi-District Integration/Desegregation Programs (Fund 01)

Record revenues and expenditures for the transportation of pupils to and from approved multi-district integration/desegregation schools or programs. The pupils could be transported to and from school or between schools to attend a program or event ([Minn. Stat. § 124D.87](#)).

*Payment Description – N/A*

#### 716 Noon Kindergarten Transportation (Fund 01)

Record expenditures for noon transportation to and from school for kindergarten pupils enrolled in half-day programs ([Minn. Stat. § 123B.92](#), Subd. 5).

*Payment Description – N/A*

#### 717 Late Activities Bus for Public School Pupils (Fund 01 and/or 04)

Record revenues from fees and expenditures for late bus transportation services for public school pupils involved in after-school activities. Transportation service could be: home from school, between schools within a district, or between schools in one or more districts which have an agreement under Minnesota Statutes, sections [123A.30](#), [123A.32](#), [123A.35](#) to [123A.43](#), [123A.445](#), and [123B.92](#), Subdivision 9.

*Payment Description – N/A*

#### 718 Student Transportation Safety (Fund 01)

Record expenditures incurred for training and salaries of bus monitors, training of volunteer bus monitors, program coordinators, purchase or lease of school-bus-installed public address system or video recording camera system, or other activities or equipment reviewed and approved by the commissioner of Public Safety. Use with Program Code 760.

*Payment Description – N/A*

**719 Traffic Hazards – Walkers (Fund 01)**

Record expenditures for crossing guards who are hired to assist pupils who cross at hazardous intersections during their walk to and from school and between school buildings. Districts may also include expenditures for tuition and transportation to and from the Legionville school safety patrol training camp on the shores of North Long Lake near Brainerd, Minnesota ([Minn. Stat. § 123B.92](#), Subd. 5).

*Payment Description – N/A*

**720 Regular To-and-From School (Fund 01)**

Record expenditures for "to and from" school transportation of public and nonpublic pupils who are offered regular transportation services (elementary pupils who live one mile or more from school and secondary pupils who live two miles or more from school). Also, include the cost of transporting pupils because of traffic, drug and crime hazards (live less than one mile from school) and secondary pupils who live one mile or more but less than two miles from school.

Also, include the cost of transporting a pupil who is a custodial parent and the parent's child between the pupil's home and a childcare provider and/or the childcare site and the school. The costs of transporting pupils to language immersion magnet programs are also included ([Minn. Stat. § 123B.92](#), Subd. 1 and 9).

*Payment Description – N/A*

**721 Regular Summer School (Fund 01)**

Record expenditures for transportation to and from approved nondisabled summer school programs ([Minn. Stat. § 123B.92](#), Subd. 5).

*Payment Description – N/A*

**723 Transportation of Pupils Attending Special Education Programs (Fund 01)**

Include only the expenditures for providing transportation when the pupil's transportation has been identified and approved as a related service by the pupil's IEP team. Transportation as a related special education service must address a transportation need of the student that is different from the general student population and is necessary for the student to make progress towards goals established in the pupil's IEP. Also, include the cost of board and lodging for pupils with disabilities. Districts may include the cost of staff travel between a public and nonpublic school so that special education services may be provided at the nonpublic school. Beginning in FY 2012, districts may include the cost of transporting a student on a school bus equipped with a power lift to provide transportation for a curricular field trip activity when the power lift is required by a participating student's IEP.

*Payment Description – 01S360 SPEC EDUC FY*

**725 Between Schools – Public (Fund 01)**

Record expenditures for transporting public school pupils between school buildings within the district for regular instructional classes, to Commissioner-approved vocational centers, to service learning programs, and to jointly offered academic or vocational classes offered in two or more districts. Also, record expenditures for district-provided transportation of secondary students to a postsecondary institution under an agreement between the district and the postsecondary institution. Report low-income PSEO students under Finance Dimension 739 ([Minn. Stat. § 123B.92](#), Subd. 5).

*Payment Description – N/A*

**726 Nonpublic Nonregular (Fund 01)**

Record expenditures for transporting nonpublic school pupils to regular education shared time programs, and transporting nonpublic school pupils to health, guidance and counseling services when the programs and services are at a public school or neutral site. In addition, include the cost of transporting nonpublic school pupils on late activity bus routes ([Minn. Stat. § 123B.92](#), Subd. 9).

*Payment Description – 01F720 NONPUBLIC PUPIL TRANS FY*

**728 Special Transportation of Selected Pupils (Fund 01)**

Record expenditures for the special transportation or special accommodations of pupils who do **not** have special education transportation identified in their IEP or do **not** have an IEP but require special transportation because they are homeless, attend care and treatment programs, or have a 504 Accommodation Plan where special transportation is included as an accommodation. The transportation services could be to and from school or between school buildings during the regular or summer terms. Beginning in FY 2012, districts may include the cost of transporting students in a school bus equipped with a power lift to provide transportation for a curricular field trip activity when the power lift is required by a participating student's section 504 Plan.

*Payment Description – 01S360 SPEC EDUC FY*

**733 Non-Authorized Transportation (Fund 01, 02 and/or 04)**

Record expenditures for extracurricular activities and curricular activities that are part of a learning situation (e.g., field trips, tours, concerts, plays, orientations and competitions, shuttle buses, lunch buses, and nondisabled preschool pupils, community education, summer recreation, staff travel, and federally funded migrant summer school). Also, record the expenditures for the purchase of school buses and equipment.

*Payment Description – N/A*

**737 Ineligible/Nonresident Pupils (Fund 01)**

Record expenditures for transportation of resident pupils living less than one mile from the school and where no traffic, drug or crime hazards were present. Record fee based revenues to this finance code. These students may or may not be charged a fee for this transportation service. Also, record expenditures for transportation of pupils residing in other districts (e.g., tuition paying pupils and nonresidents attending nonpublic schools). If a school district's policy is to only provide free transportation to and from school for pupils living two miles or more from school, the district's cost for providing fee-based transportation for nondisabled pupils living less than two miles from school must be recorded in this finance dimension. Also record expenditures for transporting non-mandated transportation services for which the district is charging a fee. Do not include the cost of transporting nonresident pupils enrolled in your district under an enrollment options program unless the district is charging a fee for this service ([Minn. Stat. § 123B.92](#), Subd. 1 and § 123B.36).

*Payment Description – N/A*

**739 Low Income Families Enrollment Options Transportation Reimbursement (Fund 01)**

Record mileage reimbursement made to low income families for transporting their child/children under the provisions of the open enrollment, charter schools, and postsecondary enrollment option programs. In the open enrollment and charter school programs, mileage reimbursement is available between the pupil's residence and the attendance area boundary or the district boundary for qualifying families. In the postsecondary enrollment options program, mileage reimbursement is available between the pupil's residence or secondary school and the postsecondary institution for qualifying families ([Minn. Stat. § 124D.03](#), Subd. 8; [§ 124D.10](#), Subd. 16; and [§ 124D.09](#), Subd. 22).

*Payment Descriptions – 01F739 OPENRTRANS FY  
01F739 POSTSECTRAN FY*

**SPECIAL EDUCATION (740-756)**

Use the following codes to segregate all expenditures incurred for state funded Special Education programs. In the General Fund (01), use Finance Code 740 with the Program Codes 401-422. . Use Finance Code 756 with Program Codes 010-030 and 105-120. In the Community Service Fund (04), use Finance Code 798, Children with Disabilities in School Age Care, with the Program Code 570, School Age Care.

**Code Title and Definition****740 State – Special Education, Ages Birth through Twenty-one (Fund 01)**

Record revenues and expenditures for state funded special education services for children/students birth through twenty-one (Minn. Stat. § 125A.76).

*Payment Description – 01S360 SPEC EDUC FY*

**756 State – Special Student Aid (Fund 01)**

Record revenues and expenditures for special education students defined under [Minnesota Statutes, section 125A.75](#), Subdivision 3, which is a special appropriation for the education costs of special education students whose district of residence is defined under [Minnesota Statutes, section 125A.17](#). Often these students are referred to as “special pupils” or wards of the state. Contact the Special Education Funding and Data Team at MDE for assistance in determining if an expense or revenue qualifies for this code.

*Payment Description – 01F756 SPEC PUPIL FY*

**STATE PLACEMENT (761)****761 Non-Special Education State Placement**

Record revenues and expenditures for non-special education student programs for students who are temporarily placed by the state ([Minn. Stat. § 125A.75](#), Subd. 3).

*Payment Description – 01F761 NON-SPEC PUPIL FY*

## LEVY SUPPORTED PROGRAMS (791-799)

### Code Title and Definition

**791 Projects Funded by Certificates of Participation/Lease Purchase (COP/LP) Agreement with Related Lease Levy Authority (Fund 06)**

Record proceeds of certificate of participation/lease purchase agreements and related expenditures for building projects in the Building Construction Fund (Fund 06). The COP/LP agreement is retired with the lease levy authorized under [Minnesota Statutes, section 126C.40](#). The activity in this code applies to Balance Sheet 413, Restricted/Reserved for Building Projects Funded by Certificates of Participation/Lease Purchase (COP/LP) agreement with related lease levy authority.

**792 Unfunded Severance and Retirement Levy (Funds 01, 02 and 04)**

Record revenues and expenditures related to the unfunded severance and retirement levy. If the levy revenue is reimbursement for severance and/or retirement costs of prior years' recorded in the General Fund (Fund 01), the account should to Balance Sheet Code 422-Unassigned Fund Balance, 461-Committed, or 462-Assigned Fund Balance; levy proceeds in excess of prior severance and retirement costs in the General Fund (Fund 01) apply to Balance Sheet Code 453, Restricted/Reserved for Unfunded Severance and Retirement Levy. In Fund 02, activities related to this levy should close to 464-Restricted Fund Balance; in Fund 04, to the appropriate Restricted/Reserved Account or 464-Restricted ([Minn. Stat. § 126C.41](#), Subd. 6).

**793 Funded OPEB Liabilities not Held in a Trust (Funds 01, 02 and 04)**

Record revenues and expenditures for Other Postemployment Benefits (OPEB) not held in a trust and funded by OPEB bond proceeds. The activity in this code applies to Balance Sheet Code 452, Restricted/Reserved for Funded OPEB not held in a trust ([Minn. Stat. § 475.52](#), Subd. 6).

*Payment Description – N/A*

**794 Disabled Accessibility (Fund 01)**

Record revenues and expenditures related to the removal of architectural barriers and for fire safety modifications. The activity in this finance code applies to Balance Sheet Code 427, Restricted/Reserved for Disabled Accessibility ([Minn. Stat. § 123B.58](#)).

*Payment Description – N/A*

**795 Capital Projects Levy (Fund 01 and/or 06)**

Record proceeds of the Capital Projects Levy in the General Fund. These funds can be used only for purposes specified in [Minnesota Statutes, section 126C.10](#), Subdivision 14. If the project activity is in Fund 6, then the proceeds equaling that amount must be transferred to the Building Construction Fund and all expenditures and revenues must use Finance Code 795. Interest income attributable to the capital projects account must be credited to the capital projects account. A district must meet the requirements of [Minnesota Statutes, section 123B.71](#) for projects funded under this section. All activity in this finance code relates to Balance Sheet Code 407, Restricted/Reserved for Capital Projects levy ([Minn. Stat. § 123B.63](#)).

*Payment Description – XXF795 CAP PROJ FY*

**796 Health Benefits (Fund 01, 02 and/or 04)**

Record expenditures **only** for providing health insurance and unreimbursed medical expenditures required by the collective bargaining agreement in effect on March 30, 1992, for employees who retired before July 1, 1992. If the district has a sunset clause in their current bargaining agreement(s), the district should also record expenditures for providing health insurance and unreimbursed medical expenditures required by the collective bargaining agreement in effect on March 30, 1992, for employees who retired between July 1, 1992 and June 30, 1998.

The health benefits levy authority will be adjusted for this actual expenditure data. OPEB costs may qualify for levy authority under the health benefits levy, annual OPEB levy, various severance levies, or OPEB bonding authority. The district can receive levy revenue only once for any specific cost. If levy authority is received under a provision other than the health benefits levy for the costs described above, these costs should not be coded to Finance Code 796 ([Minn. Stat. § 126C.41](#)).

*Payment Description – N/A*

**797 OPEB Pay-As-You-Go Levy (Funds 01, 02 and 04)**

Record levy revenue under the authority of [Minnesota Statutes, section 126C.41](#), Subdivision 2(b), and related annual disbursements for other postemployment benefit (OPEB) costs, including the implicit rate subsidy, for retired employees under qualifying contracts, not funded with another levy source. Use only with Object Code 291. Refer to Chapter 13 for additional OPEB accounting instructions.

The OPEB pay-as-you-go Levy authority will be adjusted for actual expenditure data. OPEB costs may qualify for levy authority under the health benefits levy, annual OPEB levy, various severance levies, or OPEB bonding authority. The district can receive levy revenue only once for any specific cost. If levy authority is received under a provision other than the OPEB pay-as-you-go levy for the costs described above, these costs should not be coded Finance Code 797 ([Minn. Stat. § 126C.41](#), Subd. 2(b)).

*Payment Description – N/A*

**798 Children with Disabilities in School Age Care (Fund 04)**

Record revenues and expenditures incurred for additional costs of providing services to children with disabilities or to children experiencing family or related problems of a temporary nature who participate in the school-age care program ([Minn. Stat. § 124D.22](#)). This code should be used to record activity in Balance Sheet Code 431, Restricted/Reserved for Community Education.

*Payment Description – 04F798 DIS EXT DAY FY*

**799 Collaboration – Expansion of Early Intervention and Prevention Services (Fund 01 and/or 04)**

Record revenues and expenditures to expand early intervention, prevention and mental health services for children and families. These are Local Collaborative Time Study (LCTS) dollars that flow from the federal level through the Department of Human Services to the county and on to the integrated fund of the collaborative. Individual school districts that receive LCTS funds from the county through the collaborative integrated fund are to consider these funds as being received from a local source and not as federal dollars.

*Payment Description – N/A*

## FEDERALLY FUNDED COMPETITIVE GRANTS and CAREER AND TECHNICAL EDUCATION (800)

### Code Title and Definition

#### **801/901 ABE EL – Civics Competitive Allocation**

Record revenues and expenditures for this federally funded competitive grant program for adult basic education providers to deliver English as a second language instruction for adults blended with civics content. The activity in this code applies to Balance Sheet Code 447, Restricted/Reserved for Adult Basic Education (CFDA 84.002A).

#### **802/902 ABE ESL Supplemental Program for Refugees – Competitive (Interagency Agreement with DHS)**

Record revenues and expenditures for federal funds that are received from the Minnesota Department of Human Services by the MDE Adult Basic Education Office. The purpose of these funds is to provide sub-grants to eligible ABE providers for the purpose of providing English as a second language instruction to Minnesota refugees that have arrived in the United States within the past 60 months. The activity in this code applies to Balance Sheet Code 447, Restricted/Reserved for Adult Basic Education (CFDA 84.002A).

#### **803/903 ABE Statewide Supplemental Services – Regular Federal Competitive**

Record revenues and expenditures for this federally funded grant program for eligible ABE providers and other nonprofits to deliver specialized, low-incidence or unique-innovative ABE services in support of all ABE programs statewide. The activity in this code applies to Balance Sheet code 447, Restricted/Reserved for Adult Basic Education (CFDA 84.002A).

#### **806/906 Individuals with Disabilities Education Act (IDEA), Part B, Section 611 Discretionary PBIS Multiple Grants (Fund 01)**

Record revenues and expenditures for this special education discretionary grant used to coordinate local implementation of Positive Behavior Supports into school-wide system to enhance services to students (CFDA 84.027A, Special Education – Grants to States).

#### **817/917 Individuals with Disabilities Education Act (IDEA), Part B, Section 611 Statewide Low Incidence Project (Fund 01)**

Record revenues and expenditures for this discretionary special education grant used to improve knowledge of staff, parents and others to better assist in enhancing the education of students with low incidence disabilities (P.L. 108-466, CFDA 84.027A, Special Education – Grants to States).

#### **818/918 Individuals with Disabilities Education Act (IDEA), Part B, Section 611 Content Literacy Continuum Replacement (Fund 01)**

Record revenues and expenditures used to develop a plan to scale up and sustain Minnesota's capacity to coach districts in reaching full implementation of the CLC model. The grantee may use funds to negotiate and prepare to be a certified training site for staff and districts adopting the CLC model, develop a plan for building capacity and sustained implementation in Minnesota, and establish demonstration site(s) for successful implementation of the CLC model grades 7-12 (P.L. 108-466, CFDA 84.027A, Special Education – Grants to States).

#### **830 Career and Technical Education Revenue (Fund 01)**

Record revenues and expenditures eligible for career and technical revenue under Minnesota Statutes, section 124D.4531. The activity in this code applies to Balance Sheet 445, Restricted/Reserved for Career and Technical Programs.



**831/931 Individuals with Disabilities Education Act (IDEA), Part B, Section 619 Discretionary Early Childhood Statewide Low Incidence Grants (Fund 01)**

Record revenues and expenditures for this special education discretionary grant used to improve knowledge of staff, parents and others serving young children with low incidence disabilities (P.L. 108-466, CFDA 84.027A, Special Education – Grants to States).

**835 Career and Technical Programs – Children with Disabilities (Fund 01)**

Record expenditures eligible to be included in the formula for state funded Transition Disabled Revenue ([Minn. Stat. § 124D.454](#)). The revenue generated by this formula is a component of State Special Education Aid and is sent to districts as part of State Aid for Special Education, Source Code 360 (see Source Code 360 for more information).

**836/936 Deaf-Blind Technical Assistance Project for Children and Youth who are Deaf-Blind, – Sole Source – Newest 5 year award**

Record revenues and expenditures for this special education discretionary grant used to support families and school teams by providing technical assistance and training to enhance capacity to better serve children/students who are deaf-blind (CFDA 84.326C, Award H326C080056).

**837/937 Individuals with Disabilities Education Act (IDEA), Special Education – State Program Improvement Grants for Children with Disabilities**

Record revenues and expenditures for this special education discretionary grant used to enhance personnel development programs for the purpose of building capacity that will improve educational outcomes for students with disabilities (CFDA 84.323A).

**841/941 Individuals with Disabilities Education Act (IDEA), Part B, Section 611 Discretionary Early Childhood Family Resources Grants (Fund 01)**

Record revenues and expenditures for this special education discretionary grant (SPDG) initiative to a nonprofit for the dissemination of multicultural parent and provider outreach materials and the provision of outreach and training to professionals, education providers, parents and others (P.L. 108-466, CFDA 84.027A, Special Education – Grants to States).

**848/948 No Child Left Behind (NCLB) – Adequate Yearly Progress (AYP) Improvement Grant (Fund 01)**

Record revenues and expenditures for Title I, NCLB-AYP Improvement Grants (CFDA 84.010, Title I, Elementary and Secondary Education (ESEA) P.L. 107-110.) This finance code is to be used only with Program Code 216.

**849/949 Title I – School Improvement Grants (Fund 01)**

Record revenues and expenditures for the Title I school improvement grants. The purpose of these grants is to improve student achievement in low-performing Title I schools, charter schools of any size, and districts (with a student population of 1000 or less) identified in the corrective action or preparing for restructuring phase of Adequate Yearly Progress (AYP).

The Minnesota Title I School Improvement Grants are intended to leverage change through high-quality professional development and increase achievement in the area(s) of reading and/or mathematics (CFDA 84.377A, Title I, Elementary and Secondary Education (ESEA) P.L. 107-110).



**851/951 No Child Left Behind (NCLB) – Adequate Yearly Progress (AYP) Improvement Grant II (Fund 01)**

Record revenues and expenditures related to Title I, NCLB-AYP Improvement Grants (CFDA 84.010, Title I, Elementary and Secondary Education (ESEA) P.L. 107-110.) This finance code is to be used only with Program 216.

**859/959 Title V, Part B – Charter School Federal Grant (Fund 01 and/or Fund 02)**

Record revenues and expenditures for the total amount received in Charter School Federal Title V Start-Up Grant. Grants are to provide financial assistance for the designing, planning and initial implementation of charter schools; and to evaluate the effects of such schools, including the effects on students, student achievement, staff and parents (P.L. 107-110; CFDA 84.282. Elementary and Secondary Education Act of 1965 as amended by No Child Left Behind-2001, Title V, Part B, Subpart I. 20 U.S.C. 8061-8067).

**860/960 Title V, Part B, Sub 1 - Public Charter School Program (PCSP) Dissemination Grant (Fund 01)**

Record revenues and expenditures for the activities of funding a dissemination grant for best practices of high quality given to a charter school. The charter school must have been in operation for at least three years (P.L. 107-110; CFDA No. 84.282. Elementary and Secondary Education Act of 1965 as amended by No Child Left Behind-2001, Title V, Part B, Subpart I. 20 U.S.C. 8061-8067).

**863/963 Title I, Part C – Education of Migrant Children (Fund 01)**

Record revenues and expenditures used for Part C Discretionary Grants. The Education of Migrant Children funding is used to expand and improve programs to meet the special educational needs of children of migratory agricultural workers or migratory fishers (CFDA No. 84.011, Title I, Part C: Elementary and Secondary Education Act (ESEA), P.L. 107-110). Use only with Program Code 216.

**865/965 Voluntary Public School Choice (Fund 01)**

Record revenues and expenditures for the voluntary public school choice program. These funds are used to support efforts to establish or expand intra-district, inter-district, and open enrollment public school choice programs to provide parents, particularly parents whose children attend low-performing public schools, with expanded education options and with greater choice for their children's education (CFDA No. 84.361, Title V, Part B, Subpart 3: Elementary and Secondary Education Act (ESEA), P.L. 107-110).

**866/966 Carl Perkins Competitive Grants (Fund 01)**

Record revenues and expenditures related to the competitive grants funded under the Carl D. Perkins Vocational and Applied Technology Education Act of 1990 (P.L. 105-332; CFDA No. 84.048A).

**867/967 Learn and Serve America School Based**

Record revenues and expenditures for grants to provide financial assistance for the designing, planning and implementation of local service-learning initiatives. The focus of these grants is providing support for school-community partnerships; providing training and technical assistance resources to teachers, administrators, schools and community groups; and collecting and disseminating research on effective practices, curricula, and program models.

**868/968 Title X, Part C – Sub B: Education for Homeless Children and Youths (Fund 01)**

Record revenues and expenditures to provide education and support services to homeless children through funding under the authority of the McKinney-Vento Homelessness Assistance Act (CFDA No. 84.196, Title X, Part C: Elementary and Secondary Education Act (ESEA), P.L. 107-110).

**869/969 Minnesota Reading First Statewide Model for Scaling Up K-3 Reading Instruction (Fund 01 and/or 04)**

Record revenues and expenditures used in establishing reading programs for students in kindergarten through grade 3 that are based on scientifically based reading research, to ensure that every student can read at grade level or above not later than the end of grade 3 (CFDA No. 84.357, Title I, Part B Elementary and Secondary Education Act (ESEA), P.L. 107-110). Expenditures must be recorded at the site code that was awarded the funds.

**870/970 Title I, Part H – School Dropout Prevention, Retention and Graduation Initiative (Fund 01)**

Record revenues and expenditures for contracts to selected pilot districts to plan and implement a Dropout Prevention, Retention and Graduation Initiative (Elementary and Secondary Education Act of 1965, as amended, (P.L. 107-110; CFDA No. 84.360A Title I Part H).

**871/971 Title I, Part B, Subpart 3 – Even Start Family Literacy (Fund 01 and/or 04)**

Record revenues and expenditures for even start programs. Even start is a family literacy program for adults in need of adult basic skills and their children aged zero to seven. There are four components: adult education, early childhood education, parenting skills education and parent-child activities. These components are integrated to create a comprehensive education program for families [P.L. 107-110; CFDA No. 84.213, Title I, Part B, Subpart 3, Elementary and Secondary Education Act (ESEA)].

**873/973 Individuals with Disabilities Education Act (IDEA), Part B, Section 619 Discretionary Interagency Early Intervention Regional Planning Grants (Fund 01)**

Record revenues and expenditures for this special education discretionary grant used for regional planning grants to coordinate local Interagency Early Intervention Committees' (IEICs) efforts (P.L. 108-466, CFDA 84.027A, Special Education – Grants to States).

**876/976 Individuals with Disabilities Education Act (IDEA), Part B, Section 611 Discretionary Building Capacity (Fund 01)**

Record revenues and expenditures for this special education discretionary grant that creates work experiences and competitive employment opportunities for high school students with disabilities (P.L. 108-466, CFDA 84.027A, Special Education – Grants to States).

**879/979 Deaf-Hard of Hearing Professional Development Grant (Fund 01)**

Record revenues and expenditures related to the Deaf/Hard of Hearing Professional Development Grants. The purpose of this grant is for the coordination and provision of professional development opportunities for teachers of the deaf/hard of hearing student community (CFDA 84.027A).

**883/983 Voluntary School Choice – Choice Information and Support Services (Fund 01)**

Record revenues and expenditures relating to the Choice Information and Support Services grant. This grant provides support for students and families participating in the Choice is Yours (CIY) Program. Development of Individual learning plans, mentoring and coaching for students and parents, coordination of informational meetings, assistance for students and families to obtain transportation (CFDA 84.361A).

**884/984 Autism Team Training in Evidence Based Practices (Fund 01)**

Record revenues and expenditures related to the Autism Team Training in Evidence Based Practices Grant. This grant will provide training on evidence based practices for school teams, technical assistance to providers/coaches, and faculty and staff associated with MDE's training initiative with the National Professional Development Center on Autism Spectrum Disorders (CFDA 84.027A).

**885/985 Migrant Education Lending Library Program (Fund 01)**

Record revenues and expenditures related to the migrant education lending library program. The primary purpose of this grant is to provide culturally and linguistically appropriate materials for summer and school programs. Hamline University established a library for migrant resource materials in 1983. Having a centralized area for migrant education materials results in cost savings as each school district with a migrant student program does not have to purchase and store education materials separately (CFDA 84.011A).

**887/987 Migrant Education Identification and Recruitment (Fund 01)**

Record revenues and expenditures related to the migrant education identification and recruitment program. The primary purpose of this grant is to provide migrant education students with age appropriate health screenings and follow-up medical care as needed and to also ensure that all meals and snacks provided to these students are nutritious (CFDA 84.011A).

**888/988 Migrant Education Health and Nutrition Program (Fund 01)**

Record revenues and expenditures related to the migrant education health and nutrition program. The primary purpose of these grants is to identify and recruit eligible migrant students to participate in the Migrant Education program. Tri-Valley has extensive migrant and recruitment resources available. Moorhead and Willmar Public Schools have strong relationships with the surrounding communities and the migrant populations which helps increase the efficiencies in reaching the migrant students in their geographic areas (CFDA 84.011A).

**900-999 Sub-Awards**

The use of any 900 series finance code would be to track a federal sub-award grant from another district or agency where the receiving district has continual responsibility for the federal revenue. Corresponding numbers must be used between the 800 and 900 series codes. Example:

830-Career and Technical Education Levy = 930-Career and Technical Education Levy or  
869-Title I, Part B - Reading First = 969-Title I, Part B - Reading First

This accounting procedure will eliminate double accounting of federal revenue and expenditures.

## FINANCE DIMENSION CHANGES – FY 2016

### **ADDITIONS ACCOUNT**

### **DESCRIPTION**

### **DELETIONS ACCOUNT**

### **DESCRIPTION**

329	Raised Academic Achievement – International Baccalaureate (April 2016)
435/635	IDEA Part B Section 611 Discretionary Continuous Improvement Monitoring Processing – CIMP (July 2015)
473/673	ARRA Targeted Funds – School Improvement Grants (April 2016)
853/953	Title II, Part D – Enhancing Education through Technology – Competitive Grant (April 2016)
856/956	Title IV, Part B – 21 <sup>st</sup> Century Community Learning Centers – Cohort 4 (April 2016)
857/957	Title IV, Part B – 21 <sup>st</sup> Century Community Learning Centers – Cohort 3 (April 2016)
862/962	Title II, Part B – Mathematics and Science Partnerships (April 2016)
864/964	Refugee Children School Impact Grant (April 2016)
878/978	Advanced Placement Incentive Program (April 2016)
882/982	Title IV, Part B – 21 <sup>st</sup> Century Community Learning Centers Technical Assistance Grants (April 2016)

### **CHANGES ACCOUNT**

### **DESCRIPTION**

303	Area Learning Center (July 2015)
304	Contracted Alternative Programs (April 2016)
305	State-Approved Public Alternative Programs (April 2016)
320	American Indian Education Aid (July 2015)

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## CHAPTER 5 – OBJECT DIMENSION

The Object Dimension identifies the services or commodities obtained as the result of expenditures. This is the most detailed level of expenditure reporting. A specific object code is required and thus "000" may not be used for expenditure accounts. The Object Dimension has eight major series. These are as follows:

Salaries and Wages	110-199
Employee Benefits	210-299
Purchased Service	301-399
Supplies and Materials	401-499
Capital Expenditures	510-590
Debt Service	710-790
Other Expenditures	810-899
Other Financing Uses	910-920

### SALARIES AND WAGES (100)

Object codes 110-199 record the salary costs of personnel.

#### Code Title and Definition

##### 110 Administration/Supervision

Includes salaries of all personnel who have administrative and managerial duties. Include all administrative staff not directly and primarily involved in daily individual student contact necessary in the teacher-student learning situation.

This category includes school board members, superintendents, directors, principals, business managers, buildings and grounds directors/supervisors, community education directors, purchasing supervisors, transportation supervisors, food service supervisors, accounting supervisors, area supervisors, etc. (Do not include personnel whose primary duties are instructional or non-instructional support.)

The salary of an administrator/supervisor should be prorated between two or more classifications if from the job description you can clearly see that the salary should not all be administrative.

The use of this object code for Early Childhood Family Education and/or School Readiness is limited to 5 percent of the current revenue of those programs.

##### 120 Early Childhood/School Readiness/Adult Basic Education Administration/Supervision

Includes salaries of the early childhood family education and school readiness program coordinators and adult basic education program managers, whose direct duties are program administration, management, supervision of program staff, and coordination with other relevant programs related to young children or adults. Early childhood family education and school readiness personnel in this object code must be licensed in early childhood education/pre K, parenting education or early childhood family education. For superintendents, community education directors, principals, business directors, accounting supervisors, etc; use Object Code 110, Administrative Salaries. This code does not include any Early Childhood Special Education expenditures.

**140 Licensed Classroom Teacher**

Includes salaries of licensed teaching personnel whose duties include direct student instruction on a regular and systematic basis. For substitute teacher salaries, refer to Object Code 145, Substitute Teacher Salaries. Salary amounts in addition to the basic classroom teaching salary should be recorded in Object Code 185, Other Salaries.

For educational speech/language pathologist, refer to Object Code 152. For Developmental Adapted Physical Education (DAPE) specialists, refer to Object Code 174.

**141 Non-Licensed Classroom Personnel**

Includes salaries of non-licensed personnel who, under the direct supervision of a licensed classroom teacher, assist in the instruction of students on a regular and systematic basis. These assistants may possess a teacher's license but are not required to be licensed in their present positions. For non-licensed personnel involved in instructional support but not under the direct supervision of a classroom teacher, refer to Object Code 144, Non-Licensed Instructional Support Personnel.

For certified one-to-one paraprofessionals under these requirements, refer to Object Code 162. For mental health behavioral aides, refer to Object Code 159.

**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), media and resource center coordinators, and librarians.

	<b>Refer to Object Code</b>
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

**144 Non-Licensed Instructional Support Personnel**

Includes salaries of all non-licensed auxiliary personnel supporting the teacher/student learning relationship or assisting individual students. Examples of non-licensed instructional support personnel include assistants to licensed employees defined in Object Code 143.

For mental health behavioral aide, refer to Object Code 159. For cultural liaisons, refer to Object Code 175.

**145 Substitute Teacher Salaries**

Includes salaries of substitute teachers replacing regular classroom instructors (140) or licensed instructional support personnel (143) due to short-term absences. Includes, but not limited to, staff development and illness. If the substitute is replacing a teacher on leave and that regular teacher's salary is paid from another object code or no longer on the payroll, the substitute's salary should be recorded using the regular teacher's salary object code (Object Code 140, Licensed Classroom Teacher or 143 Licensed Instructional Support Personnel). This object code should be used with Program Codes 201, 203, 211, and 640 unless substitute salaries are reimbursed by categorical programs. In those instances, the appropriate program code of the categorical program should be used.

**Note:** When the substitute is reimbursable through state special education funding (teacher is licensed to teach in the area they substitute for), then the expenditure code should identify the UFARS program code (401 through 420) with the UFARS Finance Code 740. When the substitute is reimbursable through federal special education funding (teacher is licensed to teach in the area they substitute for), then the expenditure code should identify the UFARS program code (401 through 420), the appropriate federal special education UFARS finance code, and the UFARS course code that identifies the year of the federal award (000, 011, 012). When the substitute is not reimbursable through state or federal special education funding (not licensed to teach in the area they substitute for), then the expenditure code should use UFARS Program Code 400 with UFARS Finance Code 000.

**146 Substitute Non-Licensed Classroom/Instructional Salaries**

Include the salaries of substitutes due to short term absences of the regular staff person coded to non-licensed classroom (Object Code 141) or instructional support (Object Code 144). Use this object code with the Program Codes 201, 203, 211, and 640 unless the substitute salaries need to be tracked by a categorical program. All certified paraprofessionals, personal care assistants, or one-to-one paraprofessionals that need to meet the requirements of the Individuals with Disabilities Education Act (IDEA) and [Minnesota Statutes, section 125A.08\(b\)](#), must be reported under the appropriate object code (161 or 162).

**Note:** When the substitute is reimbursable through state special education funding (paraprofessional or personal care assistant is certified), then the expenditure code should identify the UFARS program code (401 through 420) with the UFARS Finance Code 740. When the substitute is reimbursable through federal special education funding (paraprofessional or personal care assistant is certified), then the expenditure code should identify the UFARS program code (401 through 420), the appropriate federal special education UFARS finance code, and the UFARS course code that identifies the year of the federal award (000, 011, 012). When the substitute is not reimbursable through state or federal special education funding (not certified as a paraprofessional or personal care assistant), then the expenditure code should be UFARS Program Code 400 with UFARS Finance Code 000.

**150 Physical Therapist**

Include salaries of registered physical therapists or physical therapy assistants licensed by the Minnesota Department of Health and Human Services. For special education, these costs are reported in Electronic Data Reporting System (EDRS) under Personnel Type Code 4.

**151 Occupational Therapist**

Include salaries of certified occupational therapists or certified occupational therapy assistants licensed by the Minnesota Department of Health and Human Services. For special education, these costs are reported in EDRS under Personnel Type Code 5.



**152 Educational Speech/Language Pathologist**

Include salaries of educational speech language pathologists licensed by the Minnesota Department of Education. For special education, these costs are reported in EDRS under Personnel Type Code 7.

**153 Audiologist**

Include salaries of audiologists certified by the Minnesota Department of Health and Human Services. For special education, these costs are reported in EDRS under Personnel Type Code 14.

**154 School Nurse**

Include salaries of school nurses (LSN) licensed by the Minnesota Department of Education. For special education, these costs are reported in EDRS under Personnel Type Code 6.

**155 Licensed Nursing Services**

Include salaries of nursing staff licensed by the Minnesota Department of Health and Human Services. For special education, these costs are reported in EDRS under Personnel Type Code 44.

**156 School Social Worker**

Include salaries of school social workers licensed by the Minnesota Department of Education. For special education, these costs are reported in EDRS under Personnel Type Code 11.

**157 School Psychologist**

Include salaries of school psychologists licensed by the Minnesota Department of Education. For special education, these costs are reported in EDRS under Personnel Type Code 13.

**158 Qualified Mental Health Professional**

Include salaries of mental health professionals licensed by the Minnesota Department of Health and Human Services. For special education, these costs are reported in EDRS under Personnel Type Code 49.

**159 Mental Health Behavioral Aide**

Include salaries of mental health behavioral aides working as paraprofessionals under qualified supervision. These aides are certified by the Minnesota Department of Health and Human Services. For special education, these costs are reported in EDRS under Personnel Type Code 50.

**160 Mental Health Practitioner**

Include salaries of mental health practitioners licensed by the Minnesota Department of Health and Human Services. For special education, these costs are reported in EDRS under Personnel Type Code 52.

**161 Certified Paraprofessional and Personal Care Assistant**

Include salaries of instructional paraprofessionals and personal care assistants that need to meet the requirements of the Individuals with Disability Education Act (IDEA) and [Minnesota Statutes, section 125A.08\(b\)](#). For special education, these costs are reported in EDRS under Personnel Type Code 08. Also use Object Code 161 for Title I Programs. For Mental Health Behavioral Aides, refer to Object Code 159. For one-to-one paraprofessionals, refer to Object Code 162. For other paraprofessionals that do not need to meet the requirements of IDEA, [Minnesota Statutes, section 125A.08\(b\)](#), refer to Object Code 141.

**162 Certified One-to-One Paraprofessional**

Include salaries of one-to-one paraprofessionals that need to meet the requirements of the Individuals with Disability Education Act (IDEA) and [Minnesota Statutes, section 125A.08\(b\)](#). For special education, these costs are reported in EDRS under Personnel type Code 53. For Mental Health Behavioral Aides, refer to Object Code 159. For Certified Paraprofessionals and Personal Care Assistants, refer to Object Code 161. For other paraprofessionals that do not need to meet the requirements of IDEA, [Minnesota Statutes, section 125A.08\(b\)](#), refer to Object Code 141.

**163 Foreign Language Interpreter**

Include salaries of foreign language interpreters. For special education, these costs are reported in EDRS under Personnel Type Code 26.

**164 Interpreter for the Deaf**

Include salaries of certified interpreters for the deaf. For special education, these costs are reported in EDRS under Personnel Type Code 28.

**165 School Counselor**

Include salaries of school counselors licensed by the Minnesota Department of Education. For special education, these costs are reported in EDRS under Personnel Type Code 35.

**166 Child Find Facilitator**

Include salaries of individuals who are responsible for child find. For special education, these costs are reported in EDRS under Personnel Type Code 18.

**167 Regional Low Incidence Consultant**

Include salaries of special education regional low incidence consultants and facilitators licensed by the Minnesota Department of Education. For special education, these costs are reported in EDRS under Personnel Type Code 33 or 46.

**168 Security Specialist**

Include salaries of appropriately trained staff employed to provide security services licensed by the Minnesota Department of Public Safety. For special education, these costs are reported in EDRS under Personnel Type Code 38.

**169 Alcohol and Chemical Dependency Counselor**

Include salaries of alcohol and chemical dependency counselors certified by the Minnesota Department of Health and Human Services and the Minnesota Department of Education.

**170 Non-Instructional Support**

Includes salaries of non-instructional support personnel. For example, accountants, bookkeepers, secretaries, clerks, custodians, bus drivers, food service cooks, Interagency Early Intervention Committee (IEIC) licensed parent educators, IEIC service coordinators, etc. Does not include administrators and supervisors.

For qualified mental health professionals, refer to Object Code 158. For mental health practitioners, refer to Object Code 160. For personal care assistants, refer to Object Code 161. For security specialists, refer to Object Code 168. For physicians doing evaluations, refer to Object Code 172.

**172 Physician (evaluation only)**

Include salaries/wages for licensed medical doctors completing assessments or evaluations for an individual child. For special education, these costs are reported in EDRS under Personnel Type Code 42.

**173 Certified Orientation and Mobility Specialist/Assistant**

Include salaries of nationally certified orientation and mobility specialist or certified orientation and mobility specialist assistants. For special education, these costs are reported in EDRS under Personnel Type Codes 29 and 37.

**174 Therapeutic Recreational Service and Developmental Adapted Physical Education (DAPE) Specialist**

Include salaries of therapeutic recreational service specialist licensed by the Minnesota Department of Health and Human Services or the DAPE Specialist licensed by the Minnesota Department of Education. For special education, these costs are reported in EDRS under Personnel Type Codes 15 and 57.

**175 Cultural Liaison**

Include salaries of cultural liaisons. For special education, these costs are reported in EDRS under Personnel Type Code 12.

**176 Social Worker for Interagency Activities**

Include salaries of social workers for interagency activities. These social workers are licensed by the Minnesota Department of Health and Human Services. For special education, these costs are reported in EDRS under Personnel Type Code 40.

**185 Other Salary Payments (Licensed or Certified)**

Includes all other compensation which is beyond the contract school day or school year. Includes compensation which is hourly-based or event-based not described in other salary object dimensions for employees whose primary employment in the district or school is in a position requiring **licensure** or **certification** through the Minnesota Department of Education, Minnesota Department of Health, or a national professional association.

**186 Other Salary Payments (Non-Licensed or Non-Certified)**

Includes all other compensation which is hourly-based or event-based and beyond the contract school day or school year not described in other salary object dimensions for employees whose primary employment in the district or school is in a position that does not require licensure or certification. This code should also be used for employees whose primary employment is outside the district.

**190 Sabbatical Leave**

Record expenditures for any salary payments made to any person on sabbatical leave.

**191 Severance**

Record direct payments to or for all terminated and retired employees for severance pay, compensated absences and service awards. Examples include severance under [Minnesota Statutes, section 465.72 to 465.722](#), and Teacher Early Retirement Incentive Program under [Minnesota Statutes, section 122A.48](#).

**Note:** This code cannot be used as a direct charge to any federal program.

**195 Interdepartmental Employee Salaries and Wages (Chargeback)**

Use this code to reclassify the costs recorded in one program code to another program code. A debit entry using this object code charges the prorated expenditures to the specific program code receiving the salaries and wages. A credit entry using this object code with the program code originally charged the salaries and wages creates a contra-expenditure account (credit amount) to “zero out” expenditures. The total for this object code must be zero.

**Note:** Federal program reporting requires the use of actual salary and wages object codes. Chargeback Object Code 195 cannot be used with a federal finance code.

**199 Salary Adjustments - Full Cafeteria Plans/Cash in Lieu of Benefits**

Includes the adjustment necessary to align contracts to payments when an employee in a qualified cafeteria plan elects to receive cash amounts different than what their contract specifies. The amount recorded is the difference between the amount that the employee elects to receive as monetary compensation and the contracted amount that the district must report as salary in the appropriate object codes.

Districts should use this code for expenditures for personal days and unused sick days (when sick days are not part of a severance or retirement plan-see Object code 191-Severance and Early Retirement). These expenditures will be considered benefits (not salaries) by the Division Special Education and will not be reimbursed with state aid.

**EMPLOYEE BENEFITS (200)**

Expenditures incurred by the school district for the personal benefit of employees, not included in their gross salary.

**Code Title and Definition****210 FICA (Federal Insurance Contribution Act)/Medicare**

Includes the school district's portion of taxes required by the Federal Insurance Contributions Act.

**214 PERA (Public Employees Retirement Association)**

Includes the school district's portion of contributions to the Public Employees Retirement Association.

**218 TRA (Teachers Retirement Association)**

Includes the school district's portion of contributions to the Teachers Retirement Associations. Include district's TRA portion for extended leaves of absence.

**220 Health Insurance**

Include expenditures incurred by the school district for employer-sponsored health insurance premiums for all employees. This includes the district's portion paid on behalf of the retirees. See Object Codes 230, 235 and 240 for other district insurance costs.

**230 Life Insurance**

Include expenditures for life insurance costs incurred by the district for employees.

**235 Dental Insurance**

Include expenditures for dental insurance costs incurred by the district for employees.

**240 Long-Term Disability Insurance**

Include expenditures for long-term disability insurance costs incurred by the district for employees.

**250 Tax-Sheltered Annuities/Minnesota Deferred Compensation Plan**

Includes expenditures by the school district for the school district's portion of tax-sheltered annuities purchased under Internal Revenue Service (IRS) code 403(B) or Minnesota deferred compensation contributions under IRS Code 457 as a benefit for employees ([Minn. Stat. § 356.24](#)).

**251 Tax-Advantage Employer-Sponsored Health Arrangements**

Record expenditures made to a trust account that includes the costs for employer-sponsored tax-advantage health arrangements authorized under Internal Revenue Code Section 501(c)(9). These include health savings accounts (HSA), medical savings accounts (MSA), health reimbursement accounts (HRA) and health flexible spending arrangements (FSA).

**252 Other Postemployment Benefits (OPEB) – Up to or equal to the Annual Required Contribution (ARC)**

Record the amount of the Annual Required Contribution (ARC) to a trust for health insurance or other postemployment benefits for employees. Only OPEB costs calculated using an actuarial cost method recognized by generally accepted accounting principles (GAAP) are allowable under federal programs. Office of Management and Budget (OMB) Omni Circular, 2 CFR Chapter I, Chapter II, Part 200.431 ([Minn. Stat. § 471.6175](#)). See Object Codes 290 and 291 for other OPEB funding options and requirements. Please refer to chapter 13 for additional OPEB accounting instructions.

**270 Workers' Compensation**

Include premiums payable to the State Compensation Fund for Workers' Compensation Insurance.

**280 Unemployment Compensation**

Include expenditures incurred for Unemployment Compensation. This expenditure account closes to the Unassigned Balance Sheet Code 422 ([Minn. Stat. § 126C.43 Subd. 2](#)). The unemployment levy is collected in Fund 1 only and must be transferred to other funds if the expenditures had previously been recorded in these funds. Unemployment expenditures must be recorded in operating funds only or the levy calculation will not include all actual expenditures.

**289 Other Postemployment Benefits (OPEB) Contributions (Not Pay-as-you-go or ARC)**

Record the amount set aside for future OPEB liabilities in the internal service fund. Total contributions made to the internal service fund should not exceed the Unfunded Actuarial Accrued Liability (UAAL). The contributions do not fund the OPEB liability according to Governmental Accounting Standards Board (GASB) 45. OPEB bond proceeds must be held in a restricted/reserved fund or trust account and may not be held in Fund 20. See Object Codes 252, 290 and 291 for other OPEB funding options and requirements. Please refer to chapter 13 of the UFARS manual for additional OPEB accounting instructions.

**Note:** This code cannot be used as a direct charge to any federal program.

**290 Other Postemployment Benefits (OPEB) (In excess of the ARC)**

Record the amount in excess of the Annual Required Contributions (ARC) to a trust for health insurance or other postemployment benefits for employees. Only OPEB costs calculated using an actuarial cost method recognized by GAAP are allowable under federal programs. OMB Omni Circular, 2 CFR Chapter I, Chapter II, Part 200.431 ([Minn. Stat. § 471.6175](#)). See Object Codes 252 and 291 for other OPEB funding options and requirements. Please refer to Chapter 13 of the UFARS Manual for additional OPEB accounting instructions.

**Note:** *This code cannot be used as a direct charge to any federal program.*

**291 Other Postemployment Benefits (OPEB) (Pay-as-you-go)**

Record expenditures for health insurance or other postemployment benefits paid to retired employees on a pay-as-you-go basis. Districts authorized to levy for OPEB costs under [Minnesota Statutes, section 126C.41, Subdivision 2\(b\)](#), as a result of having an approved sunset clause in a current bargaining agreement must use this code in conjunction with Finance Code 797. Refer to Chapter 13 of the UFARS Manual for additional OPEB accounting instructions ([Minn. Stat. § 471.611](#)).

**Note:** This code cannot be used as a direct charge to any federal program.

**295 Interdepartmental Employee Benefits (Chargeback)**

Use this code to reclassify the costs recorded in the employee benefit program (Program Code 930, Employee Benefits) as costs to other program categories. A debit entry using this object code charges the prorated expenditures to the specific program code receiving the benefits. A credit entry using this object code with Program Code 930 creates a contra-expenditure account (credit amount) to “zero out” expenditure(s).

**Note:** Federal program reporting requires the use of actual employee benefit object codes. Chargeback Object Code 295 cannot be used with a federal finance code.

**299 Other Employee Benefits**

Includes expenditures incurred by the school district for all employee benefits not properly accounted for in another 200 Series object code.

## **PURCHASED SERVICES (300)**

Includes expenditures for services rendered by personnel who are not on the payroll of the school district and other services the district may purchase. The purpose or use of the service is further defined by other dimension codes. Payments are coded using the same dimension codes as if the expenditures were made within the district.

### **Code Title and Definition**

#### **303 Federal Subawards and Subcontracts (amount up to \$25,000)**

When a district receives a federal grant (400/600, 500 and 800/900 finance code series) and has expenditures in that grant for a subaward or subcontract, the cost of the subaward/subcontract may have to be expensed in two different object codes. The amount up to and including \$25,000 of each subaward/subcontract expenditure must use this code. Any amount in excess of \$25,000 of each subaward/subcontract must use Object Code 304-Federal Subawards and Subcontracts-Excess (amount over \$25,000). This combination of codes should be used in lieu of the 390 object series when expenditures for a subaward or subcontract are from a federal grant. The reason for this coding is that only the first \$25,000 in expenditures of any subaward/subcontract may be allowed in the calculation and application of indirect cost rates. In other words, since the organization is not performing the services and are only providing administrative support to the activity, they only get to claim the first \$25,000 of the contract for purposes of indirect cost. Expenditures reported in this code will be eligible for indirect cost purposes. Please refer to Chapter 13 of the UFARS Manual for a description of Indirect Cost Rate Calculation and the OMB Circular A-133 for references to Federal Subawards or Subcontracts.

- Transportation Contracts with Private and Public Carriers – Object Code 360
- Physical Therapist Services – Object Code 371
- Occupational Therapist Services – Object Code 372
- Educational Speech Therapist/Language Pathologist Services – Object Code 373
- Audiologist Services – Object Code 374
- School Nurse Services – Object Code 375
- Licensed Nursing Services – Object Code 376
- School Social Worker Services – Object Code 377
- School Psychologist Services – Object Code 378
- Qualified Mental Health Professional Services – Object Code 379
- Mental Health Behavioral Aide Services – Object Code 363
- Mental Health Practitioner Services – Object Code 362
- Certified Paraprofessional/Personal Care Assistant Services – Object Code 361
- Certified One-to-One Paraprofessional Services – Object Code 359
- Foreign Language Interpreter Services – Object Code 358
- Interpreter for the Deaf Services – Object Code 357
- Contracted Transportation Services – Object Code 360

**304 Federal Subawards and Subcontracts (excess amount over \$25,000)**

When a district receives a federal grant (400/600, 500 and 800/900 finance code series) and has expenditures in that grant for a subaward or subcontract, the cost of the subaward/subcontract may have to be expensed in two different object codes. The amount up to and including \$25,000 of each subaward/subcontract expenditure must use Object Code 303 – Federal Subawards and Subcontracts (amount up to \$25,000). Any amount in excess of \$25,000 of each subaward/subcontract must use this code. This combination of codes should be used in lieu of the 390 object series when expenditures for a subaward or subcontract are from a federal grant. The reason for this coding is that only the first \$25,000 in expenditures of any subaward/subcontract may be allowed in the calculation and application of indirect cost rates. In other words, since the organization is not performing the services and are only providing administrative support to the activity, they only get to claim the first \$25,000 of the contract for purposes of indirect cost. Expenditures reported in this code will not be eligible for indirect cost purposes. Please refer to Chapter 13 of the UFARS Manual for a description of Indirect Cost Rate Calculation and the OMB Circular A-133 for references to Federal Subawards or Subcontracts.

- Transportation Contracts with Private and Public Carriers – Object Code 364
- Physical Therapist Services – Object Code 341
- Occupational Therapist Services – Object Code 342
- Educational Speech Therapist/Language Pathologist Services – Object Code 343
- Audiologist Services – Object Code 344
- School Nurse Services – Object Code 345
- Licensed Nursing Services – Object Code 346
- School Social Worker Services – Object Code 347
- School Psychologist Services – Object Code 348
- Qualified Mental Health Professional Services – Object Code 349
- Mental Health Behavioral Aide Services – Object Code 351
- Mental Health Practitioner Services – Object Code 352
- Certified Paraprofessional/Personal Care Assistant Services – Object Code 353
- Certified One-to-One Paraprofessional Services – Object Code 354
- Foreign Language Interpreter Services – Object Code 355
- Interpreter for the Deaf Services – Object Code 356
- Contracted Transportation Services – Object Code 364

**305 Consulting Fees/Fees for Services**

Include payments for professional services such as legal, audit, accounting, data processing not from other Minnesota Joint powers agencies (See Object Code 316), advertising, custodial or laundry, etc. This code is used by districts in the special education programs, for contracted service costs provided to staff. Include expenditures for purchased services if not enumerated by other object codes in this series.

**Note:** See Object Codes 303 and 304 for description of Federal Subawards/Subcontracts under or over \$25,000.

**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.

DO NOT USE WITH FINANCE CODE 740 ([Minn. Stat. § 125A.75, Subd. 9](#)).



**307 Contracted Substitutes for Special Education Programs**

Record the expenditures for personnel, certified and non-certified, hired through a private personnel employment agency for the purpose of substitute employment in the district's special education program. The costs are not reimbursable from state special education aids unless the substitute is licensed in the specific disability area in which they are assigned. Non-licensed, contracted personnel recorded with this object code will be added to the cost of non-reimbursable expenditures for tuition billing rates.

**308 Federal Tuition Bill Payments (amount up to \$25,000)**

Include expenditures for special education federal tuition bill payments. This code should report only the amount of the cost up to \$25,000. Refer to Object Code 309 to record the amount in excess of \$25,000 of the cost.

**309 Federal Tuition Bill Payments (excess amount over \$25,000)**

Include expenditures for special education federal tuition bill payments. This code should only report the amount of the cost in excess of \$25,000. Refer to Object Code 308 to record the initial \$25,000 of the cost.

**316 Services Purchased from other MN Joint Powers Agencies**

Expenditures for purchased services performed by any Minnesota educational agency or joint service arrangement (Service Cooperatives and Regional Centers) not related to tuition or transportation fees. Includes capital-related assessments for fees and related pass-through levy of any entity formed under a cooperative agreement between two or more districts that may be coded as an Operating Capital expenditure according to Minnesota Statutes, section 126C.10, Subd. 14 (line 17).

**Note:** Service Cooperative and Regional Centers memberships are coded to Object 820

**320 Communication Services**

Expenditures for services provided by a person or businesses to assist in transmitting messages or information. Includes telephone, Internet services, etc.

**329 Postage and Parcel Services**

Includes expenditures incurred for all postage and parcel services. Includes messenger services. Do not include freight and shipping charges that were included in other expenditures.

**330 Utility Services**

Includes expenditures incurred for services provided by utility companies such as electricity, water, natural gas, steam, sewage, and garbage collection. Charter schools should record the portion of the lease that represents the cost of utility services.

**340 Insurance**

Includes expenditures incurred for all forms of insurance, except employee benefits in the 200 object series.

**341 Physical Therapy Services (excess amount over \$25,000)**

Include contracted services of registered physical therapists or physical therapy assistants licensed by the Minnesota Department of Health and Human Services. This code should only report the amount of the cost in excess of \$25,000. Refer to Object Code 371 to record the initial \$25,000 of the cost.

For special education, these costs are reported in EDRS under Personnel Type Code 4. Physical therapy services paid for with state special education funds should be reported using the following object codes: Purchase of Service – 396 and 397; Contracted Service – 392, 393, 394, and 399.

**342 Occupational Therapy Services (excess amount over \$25,000)**

Include contracted services of certified occupational therapists or certified occupational therapy assistants licensed by the Minnesota Department of Health and Human Services. This code should report only the amount of the cost in excess of \$25,000. Refer to Object Code 372 to record the initial \$25,000 of the cost.

For special education, these costs are reported in EDRS under Personnel Type Code 5. Occupational therapy services paid for with state special education funds should be reported using the following object codes: Purchase of Service – 396 and 397; Contracted Service – 392, 393, 394, and 399.

**343 Educational Speech/Language Pathologist Services (excess amount over \$25,000)**

Include contracted services only for those educational speech language pathologists licensed by the Minnesota Department of Education. This code should report only the amount of the cost in excess of \$25,000. Refer to Object Code 373 to record the initial \$25,000 of the cost.

For special education, these costs are reported in EDRS under Personnel Type Code 7. Educational speech/language pathologist services paid for with state special education funds should be reported using the following object codes: Purchase of Service – 396 and 397; Contracted Service – 392, 393, 394, and 399.

**344 Audiologist Services (excess amount over \$25,000)**

Include contracted services of audiologists certified by the Minnesota Department of Health and Human Services. This code should report only the amount of the cost in excess of \$25,000. Refer to Object Code 374 to record the initial \$25,000 of the cost.

For special education, these costs are reported in EDRS under Personnel Type Code 14. Audiologist services paid for with state special education funds should be reported using the following object codes: Purchase of Service – 396 and 397; Contracted Service – 392, 393, 394, and 399.

**345 Licensed School Nurse Services (excess amount over \$25,000)**

Include contracted services of school nurses (LSN) licensed by the Minnesota Department of Education. This code should report only the amount of the cost in excess of \$25,000. Refer to Object Code 375 to record the initial \$25,000 of the cost.

For special education, these costs are reported in EDRS under Personnel Type Code 6. Licensed school nurse services paid for with state special education funds should be reported using the following object codes: Purchase of Service – 396 and 397; Contracted Service – 392, 393, 394, and 399.

**346 Licensed Nursing Services (excess amount over \$25,000)**

Include salaries of nursing staff licensed by the Minnesota Department of Health and Human Services. This code should report only the amount of the cost in excess of \$25,000. Refer to Object Code 376 to record the initial \$25,000 of the cost.

For special education, these costs are reported in EDRS under Personnel Type Code 44. Licensed nursing services paid for with state special education funds should be reported using the following object codes: Purchase of Service – 396 and 397; Contracted Service – 392, 393, 394, and 399.

**347 Licensed School Social Worker Services (excess amount over \$25,000)**

Include contracted services of school social workers licensed by the Minnesota Department of Education. This code should report only the amount of the cost in excess of \$25,000. Refer to Object Code 377 to record the initial \$25,000 of the cost.

For special education, these costs are reported in EDRS under Personnel Type Code 11. Licensed school social worker services paid for with state special education funds should be reported using the following object codes: Purchase of Service – 396 and 397; Contracted Service – 392, 393, 394, and 399.

**348 Licensed School Psychologist Services (excess amount over \$25,000)**

Include contracted services of school psychologists licensed by the Minnesota Department of Education. This code should report only the amount of the cost in excess of \$25,000. Refer to Object Code 378 to record the initial \$25,000 of the cost.

For special education, these costs are reported in EDRS under Personnel Type Code 13. Licensed school psychologist services paid for with state special education funds should be reported using the following object codes: Purchase of Service – 396 and 397; Contracted Service – 392, 393, 394, and 399.

**349 Qualified Mental Health Professional Services (excess amount over \$25,000)**

Include contracted services of mental health professionals licensed by the Minnesota Department of Health and Human Services. This code should report only the amount of the cost in excess of \$25,000. Refer to Object Code 379 to record the initial \$25,000 of the cost.

For special education, these costs are reported in EDRS under Personnel Type Code 49. Licensed mental health professional services paid for with state special education funds should be reported using the following object codes: Purchase of Service – 396 and 397; Contracted Service – 392, 393, 394, and 399.

**350 Repairs and Maintenance Services**

Includes expenditures incurred for repair and maintenance services provided through a contract with an outside vendor. Include contracts and agreements for the upkeep of grounds, buildings and equipment. Excludes costs for new construction, renovation and remodeling (betterments). Charter schools should record the portion of the lease that represents the cost of repair and maintenance services.

For library media center (Program Code 620) expenditures, this section includes repairs and maintenance for computers and associated technology (such as but not limited to printers and scanners), automated library cataloging and circulation systems, and digital equipment such as but not limited to camcorders, cameras and electronic book viewers.

**351 Mental Health Behavioral Aide Services (excess amount over \$25,000)**

Include contracted services of health behavioral aides working as paraprofessionals under qualified supervision. These aides are certified by the Minnesota Department of Health and Human Services. This code should report only the amount of the cost in excess of \$25,000. Refer to Object Code 363 to record the initial \$25,000 of the cost.

For special education, these costs are reported in EDRS under Personnel Type Code 50. Mental health behavioral aide services paid for with state special education funds should be reported using the following object codes: Purchase of Service – 396 and 397; Contracted Service – 392, 393, 394, and 399.

**352 Mental Health Practitioner Services (excess amount over \$25,000)**

Include contracted services of health practitioners licensed by the Minnesota Department of Health and Human Services. This code should report only the amount of the cost in excess of \$25,000. Refer to Object Code 362 to record the initial \$25,000 of the cost.

For special education, these costs are reported in EDRS under Personnel Type Code 52. Mental health practitioner services paid for with state special education funds should be reported using the following object codes: Purchase of Service – 396 and 397; Contracted Service – 392, 393, 394, and 399.

**353 Certified Paraprofessional/Personal Care Assistant Services (excess amount over \$25,000)**

Include contracted services of instructional paraprofessionals and personal care assistants that need to meet the requirements of the Individuals with Disability Education Act (IDEA) and [Minnesota Statutes, section 125A.08\(b\)](#). This code should report only the amount of the cost in excess of \$25,000. Refer to Object Code 361 to record the initial \$25,000 of the cost.

For special education, these costs are reported in EDRS under Personnel Type Code 08. Certified paraprofessional/personal care assistant services paid for with state special education funds should be reported using the following object codes: Purchase of Service – 396 and 397; Contracted Service – 392, 393, 394, and 399.

**354 Certified One-to-One Paraprofessional Services (excess amount over \$25,000)**

Include contracted services of one-to-one paraprofessionals that need to meet the requirements of the Individuals with Disability Education Act (IDEA) and [Minnesota Statutes, section 125A.08\(b\)](#). This code should report only the amount of the cost in excess of \$25,000. Refer to Object Code 359 to record the initial \$25,000 of the cost.

For special education, these costs are reported in EDRS under Personnel Type Code 53. Certified one-to-one paraprofessional services paid for with state special education funds should be reported using the following object codes: Purchase of Service – 396 and 397; Contracted Service – 392, 393, 394, and 399.

**355 Foreign Language Interpreter Services (excess amount over \$25,000)**

Include contracted services of foreign language interpreters. This code should report only the amount of the cost in excess of \$25,000. Refer to Object Code 358 to record the initial \$25,000 of the cost.

For special education, these costs are reported in EDRS under Personnel Type Code 26. Foreign language interpreter services paid for with state special education funds should be reported using the following object codes: Purchase of Service – 396 and 397; Contracted Service – 392, 393, 394, and 399.

**356 Interpreter for the Deaf Services (excess amount over \$25,000)**

Include contracted services of certified interpreters for the deaf. This code should report only the amount of the cost in excess of \$25,000. Refer to Object Code 357 to record the initial \$25,000 of the cost.

For special education, these costs are reported in EDRS under Personnel Type Code 28. Interpreter for the deaf services paid for with state special education funds should be reported using the following object codes: Purchase of Service – 396 and 397; Contracted Service – 392, 393, 394, and 399.

**357 Interpreter for the Deaf Services (amount up to \$25,000)**

Include contracted services of certified interpreters for the deaf. This code should report only the amount of the cost up to \$25,000. Refer to Object Code 356 to record the amount in excess of \$25,000 of the cost.

For special education, these costs are reported in EDRS under Personnel Type Code 28. Interpreter for the deaf services paid for with state special education funds should be reported using the following object codes: Purchase of Service – 396 and 397; Contracted Service – 392, 393, 394, and 399.

**358 Foreign Language Interpreter Services (amount up to \$25,000)**

Include contracted services of foreign language interpreters. This code should report only the amount of the cost up to \$25,000. Refer to Object Code 355 to record the amount in excess of \$25,000 of the cost.

For special education, these costs are reported in EDRS under Personnel Type Code 26. Foreign language interpreter services paid for with state special education funds should be reported using the following object codes: Purchase of Service - 396 and 397; Contracted Service – 392, 393, 394, and 399.

**359 Certified One-to-One Paraprofessional Services (amount up to \$25,000)**

Include contracted services of one-to-one paraprofessionals that need to meet the requirements of the Individuals with Disability Education Act (IDEA) and [Minnesota Statute, section 125A.08\(b\)](#). This code should report only the amount of the cost up to \$25,000. Refer to Object Code 354 to record the amount in excess of \$25,000 of the cost.

For special education, these costs are reported in EDRS under Personnel Type Code 53. Certified one-to-one paraprofessional services paid for with state special education funds should be reported using the following object codes: Purchase of Service – 396 and 397; Contracted Service – 392, 393, 394, and 399.

**360 Transportation Contracts with Private or Public Carriers (includes federal payments – amount up to \$25,000)**

Include all expenditures incurred when contracting for the transportation of pupils and paid for with state or local funds. Contracts could be with privately owned school bus companies, parents or guardians who transport their children in the family vehicle, other public entities (e.g., school districts or transit services) or privately owned charter carriers. Also, include the purchase of bus passes for pupils who use public transit services, including the transportation for parents and/or their children participating in ECFE or other early childhood programs. Gas cards are not an allowable expenditure.

For each contract paid for with federal funds, the first \$25,000 of the contract should be coded to Object Code 360 and the amount in excess of \$25,000 should be coded to Object Code 364.

**361 Certified Paraprofessional/Personal Care Assistant Services (amount up to \$25,000)**

Include contracted services of instructional paraprofessionals and personal care assistants that need to meet the requirements of the Individuals with Disability Education Act (IDEA) and [Minnesota Statute, section 125A.08\(b\)](#). This code should report only the amount of the cost up to \$25,000. Refer to Object Code 353 to record the amount in excess of \$25,000 of the cost.

For special education, these costs are reported in EDRS under Personnel Type Code 08. Certified paraprofessional/personal care assistant services paid for with state special education funds should be reported using the following object codes: Purchase of Service – 396 and 397; Contracted Service – 392, 393, 394, and 399.

**362 Mental Health Practitioner Services (amount up to \$25,000)**

Include contracted services of health practitioners licensed by the Minnesota Department of Health and Human Services. This code should report only the amount of the cost up to \$25,000. Refer to Object Code 352 to record the amount in excess of \$25,000 of the cost.

For special education, these costs are reported in EDRS under Personnel Type Code 52. Mental health practitioner services paid for with state special education funds should be reported using the following object codes: Purchase of Service – 396 and 397; Contracted Service – 392, 393, 394, and 399.

**363 Mental Health Behavioral Aide Services (amount up to \$25,000)**

Include contracted services of health behavioral aides working as paraprofessionals under qualified supervision. These aides are certified by the Minnesota Department of Health and Human Services. This code should report only the amount of the cost up to \$25,000. Refer to Object Code 351 to record the amount in excess of \$25,000 of the cost.

For special education, these costs are reported in EDRS under Personnel Type Code 50. Mental health behavioral aide services paid for with state special education funds should be reported using the following object codes: Purchase of Service – 396 and 397; Contracted Service – 392, 393, 394, and 399.

**364 Transportation Contracts with Private or Public Carriers Paid with Federal Funds (excess amount over \$25,000)**

Include expenditures incurred when contracting for the transportation of pupils and paid for with federal funds. Contracts could be with privately owned school bus companies, parents or guardians who transport their children in the family vehicle, other public entities (e.g. school districts or transit services) or privately owned charter carriers. Also, include the purchase of bus passes for pupils who use public transit services.

For each contract paid for with federal funds, the first \$25,000 of the contract should be coded to Object Code 360 and the amount in excess of \$25,000 should be coded to Object Code 364. Do not use this object code when the contract is paid with state or local funds.

**365 Interdepartmental Transportation (allocation)**

Include expenditures incurred to reclassify the costs incurred by the district's transportation department in providing transportation services to the programs receiving their service. A debit entry using this Object code charges the prorated expenditure to the specific program that used the service. The credit side of the entry using this object code with Program Code 760, Pupil Transportation, creates a contra-expenditure amount that reduces the total expenditures in the pupil transportation program. Reclassified costs should represent a fair allocation of the total costs. Total costs include labor, material, contracted services, and other direct and indirect costs.

**Note:** [Minnesota Statute, section 123B.92](#), Subdivision 5, requires school districts to allocate student transportation expenditures among categories by miles. Districts will need to determine a rate based on the district's total transportation expenditures for the entire school year in order to allocate the cost correctly. In addition, districts will need to document the miles that relate to the various federal programs on the supplemental sheet of the Pupil Transportation Annual Report (ED-01652). In the interim, before final rates are determined, districts may use estimated or prior year rates to report costs in the State Educational Record and View Submission (SERVS) system. Once final rates are determined, the district would need to align reported expenditures with final rates.

See Object Code 366 for travel information for staff in Transition Programs for Children with a Disabilities Usage.

### **366 Travel, Conventions and Conferences**

Include expenditures incurred for the cost of transportation, meals, hotel, registration fees, and other expenditures associated with travel and attendance at conventions and conferences by staff, or anyone else performing an assignment for the district (e.g., parents in district committees). This includes both in-state and out-of-state travel (see Object Code 368, Out-of-State Travel, Federal Reimbursed). Include per diem payments.

Transition Programs for Children with Disabilities Usage. Expenditures for necessary travel between instructional sites (including employment sites of students in work-based learning programs) by transition program teachers of children with a disability. This does not include travel to and from local, regional, district, state or national career and technical student organization meetings, or student transportation. If the travel between sites by staff is in district owned vehicles, Object Code 365, Interdepartmental Transportation (Chargeback), could be used to record the expenditures.

### **368 Out-Of-State Travel, Federal Reimbursed**

This code is to be used only for federal programs that require segregation of out-of-state expenses. Includes expenditures for transportation, meals, hotel, registration fees, and other expenses incurred while traveling out-of-state. Include all Title I in-service expenditures incurred out-of-state.

### **369 Entry Fees/Student Travel Allowances**

Record as expenditures the costs of entry fees so students can participate in athletic, scholastic, or other competitive events. Additional student travel costs, including meals and lodging, should be coded here. This also includes fees and admissions for field trips. Transportation costs should be coded to the appropriate transportation code.

### **370 Operating Leases or Rentals**

Record expenditures for the lease or rental of land, buildings, vehicles, and equipment for temporary or long-term usage that does not result in the ownership of the asset.

### **371 Physical Therapy Services (amount up to \$25,000)**

Include contracted services of registered physical therapists or physical therapy assistants licensed by the Minnesota Department of Health and Human Services. This code should report only the amount of the cost up to \$25,000. Refer to Object Code 341 to record the amount in excess of \$25,000 of the cost.

For special education, these costs are reported in EDRS under Personnel Type Code 4. Physical therapy services paid for with state special education funds should be reported using the following object codes: Purchase of Service – 396 and 397; Contracted Service – 392, 393, 394, and 399.

**372 Occupational Therapy Services (amount up to \$25,000)**

Include contracted services of certified occupational therapists or certified occupational therapy assistants licensed by the Minnesota Department of Health and Human Services. This code should report only the amount of the cost up to \$25,000. Refer to Object Code 342 to record the amount in excess of \$25,000 of the cost.

For special education, these costs are reported in EDRS under Personnel Type Code 5. Occupational therapy services paid for with state special education funds should be reported using the following object codes: Purchase of Service – 396 and 397; Contracted Service – 392, 393, 394, and 399.

**373 Educational Speech/Language Pathologist Services (amount up to \$25,000)**

Include contracted services only for those educational speech language pathologists licensed by the Minnesota Department of Education. This code should report only the amount of the cost up to \$25,000. Refer to Object Code 343 to record the amount in excess of \$25,000 of the cost.

For special education, these costs are reported in EDRS under Personnel Type Code 7. Educational speech/language pathologist services paid for with state special education funds should be reported using the following object codes: Purchase of Service – 396 and 397; Contracted Service – 392, 393, 394, and 399.

**374 Audiologist Services (amount up to \$25,000)**

Include contracted services of audiologists certified by the Minnesota Department of Health and Human Services. This code should report only the amount of the cost up to \$25,000. Refer to Object Code 344 to record the amount in excess of \$25,000 of the cost.

For special education, these costs are reported in EDRS under Personnel Type Code 14. Audiologist services paid for with state special education funds should be reported using the following object codes: Purchase of Service – 396 and 397; Contracted Service – 392, 393, 394, and 399.

**375 Licensed School Nurse Services (amount up to \$25,000)**

Include contracted services of school nurses (LSN) licensed by the Minnesota Department of Education. This code should report only the amount of the cost up to \$25,000. Refer to Object Code 345 to record the amount in excess of \$25,000 of the cost.

For special education, these costs are reported in EDRS under Personnel Type Code 6. Licensed school nurse services paid for with state special education funds should be reported using the following object codes: Purchase of Service – 396 and 397; Contracted Service – 392, 393, 394, and 399.

**376 Licensed Nursing Services (amount up to \$25,000)**

Include salaries of nursing staff licensed by the Minnesota Department of Health and Human Services. This code should report only the amount of the cost up to \$25,000. Refer to Object Code 346 to record the amount in excess of \$25,000 of the cost.

For special education, these costs are reported in EDRS under Personnel Type Code 44. Licensed nursing services paid for with state special education funds should be reported using the following object codes: Purchase of Service – 396 and 397; Contracted Service – 392, 393, 394, and 399.



**377 Licensed School Social Worker Services (amount up to \$25,000)**

Include contracted services of school social workers licensed by the Minnesota Department of Education. This code should report only the amount of the cost up to \$25,000. Refer to Object Code 347 to record the amount in excess of \$25,000 of the cost.

For special education, these costs are reported in EDRS under Personnel Type Code 11. Licensed school social worker services paid for with state special education funds should be reported using the following object codes: Purchase of Service – 396 and 397; Contracted Service – 392, 393, 394, and 399.

**378 Licensed School Psychologist Services (amount up to \$25,000)**

Include contracted services of school psychologists licensed by the Minnesota Department of Education. This code should report only the amount of the cost up to \$25,000. Refer to Object Code 348 to record the amount in excess of \$25,000 of the cost.

For special education, these costs are reported in EDRS under Personnel Type Code 13. Licensed school psychologist services paid for with state special education funds should be reported using the following object codes: Purchase of Service – 396 and 397; Contracted Service – 392, 393, 394, and 399.

**379 Qualified Mental Health Professional Services (amount up to \$25,000)**

Include contracted services of mental health professionals licensed by the Minnesota Department of Health and Human Services. This code should report only the amount of the cost up to \$25,000. Refer to Object Code 349 to record the amount in excess of \$25,000 of the cost.

For special education, these costs are reported in EDRS under Personnel Type Code 49. Licensed mental health professional services paid for with state special education funds should be reported using the following object codes: Purchase of Service – 396 and 397; Contracted Service – 392, 393, 394, and 399.

**381 Medicaid Reimbursed Equipment**

Include expenditures for assistive technology equipment purchased for Medicaid eligible students when medical assistance (MA)/Minnesota Care will be billed for part or all of the costs. An assistive technology device means any item, piece of equipment, or product system, whether acquired commercially, modified, or customized that is used to increase, maintain, or improve functional capabilities of individuals with disabilities.

**382 Medicaid Reimbursed Services**

Include expenditures for Medicaid eligible services to students when MA/Minnesota Care will be billed for part or all of the costs.

**384 Third-Party Reimbursed Equipment, not Medicaid**

Include expenditures for assistive technology equipment purchased for eligible students when a third-party insurer will be billed for part or all of the costs. An assistive technology device means any item, piece of equipment, or product system, whether acquired commercially, modified, or customized that is used to increase, maintain, or improve functional capabilities of individuals with disabilities.

**385 Third-Party Reimbursed Services, not Medicaid**

Include expenditures for eligible services to students when a third-party insurer will be billed for part or all of the costs.

**389 Staff Tuition and Other Reimbursements**

Record all expenditures associated with course work for teacher quality training, including tuition, books and materials. Also include reimbursements for parental involvement and other reimbursable activities of federal programs.

**390 Payments for Educational Purposes to Other Minnesota School Districts**

**Note:** See Object Codes 303 and 304 for a description of expenditures for services purchased with federal funds. Do not use the object 390 series for federal subawards/contracts – use Object Code 303/304.

Includes payments to other Minnesota school districts for transportation, community service, and capital expenditures for resident pupils and learners attending another district. Districts who are recipients of these payments must use Source Code 021 to recognize this revenue. Refer to Object Code 391 for payments to other Minnesota school districts where there is a cost-sharing agreement.

**Note:** Further guidance will be provided on tuition payments made with federal funds.

Transition Programs for Children with a Disability Usage: Expenditures for a contract approved by the commissioner with another Minnesota school district or cooperative center for vocational evaluation services for children with a disability that are not yet enrolled in grade 12.

**391 Payments to Minnesota School Districts (cost-sharing agreements)**

Includes reimbursements to other Minnesota school districts (primarily joint powers agreements, education districts, and paired districts) for the provision of teachers, staff, equipment, material, etc. This code should be used for payments made under various cost-sharing agreements. Districts who are recipients of these payments must use Source Code 021 to recognize this revenue.

Special Education Program Usage: See Object Codes 396 and 397 for coding of special education teacher costs between districts.

**392 Payments for Educational Purposes to Out-of-State School Districts/Other Agencies**

Include payments to out-of-state school districts/other agencies for tuition, transportation, community service, and capital expenditures for resident pupils and learners who are attending out-of-state districts. Special Education Program Usage: Include the cost of students placed out of state.

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

For special instruction and services provided to a pupil or parent on the pupils behalf, by contracting with public, private or voluntary agencies other than school districts.

Special Education Program Usage: Includes payments for special education students placed in state. (See Object Code 394.)

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

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

Includes payments made for students to any other public or private agencies (other than school districts) for tuition, PSEO tuition, community services, and capital expenditures.

Special Education Program Usage: Costs for contractual services for students performed in the district buildings. (See Object Code 393.)

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

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

**395 Shared Costs for Paired Districts Only**

Includes the expenditures and revenues for districts that are involved in pairing and sharing agreements, where program expenditures initially appear in more than one district. The district having the educational program (site) must report the total program costs. Therefore, if more than one of the pairing districts has expenditures related to the program, then the serving district site must record additional journal entries in order to report all expenditures at the educational site.

The serving district site should use Object Code 395 to record additional expenditures (debit) incurred by the paired (non-site) district in conjunction with the site and program series and an equal amount (credit) in conjunction with the district-wide organizational series using this same object code. These entries will balance to zero in the serving district site. The serving district would receive the details for these entries from the other paired (non-site) district(s). The non-site district(s) will make no journal entries. All districts (site and non-site) will also use Object Code 395 in conjunction with their district-wide organizational series (000 or 005) to reflect cost adjustments with its paired district(s).

**396 Salary Purchased from Another District**

Include payments made to other Minnesota school districts for the salary of licensed teachers or related service providers who are working in your district but employed by another district.

**397 Benefits Purchased from Another District**

Include payments made to other Minnesota school districts for the benefits of licensed teachers or related service providers who are working in your district but employed by another district. Purchasing districts must use the appropriate finance code for benefit costs.

**398 Interdepartmental Services (Chargeback)**

Use this code to reclassify the costs incurred by a service department, other than transportation, in providing services to the program dimension codes receiving the services. A debit entry using this object code charges the allocated expenditures for services provided by a service department to the appropriate program code. A credit entry using this object code, with the program code for the department providing the service, represents a contra-expenditure amount that reduces the total program expenditures of that program. Examples of service departments include a warehouse, reprographic center, and computer/video repair centers. Reclassified costs should represent a fair allocation of the total costs. Costs include labor, materials, contracted services, and other direct and indirect costs of providing services. The total debits and credits using this code must equal zero.

**Note:** Chargeback Object Code 398 cannot be used with a federal finance code.

**399 Purchase of Special Education Contracted Services from Another District/Cooperative**

The activity in this code represents the costs to a district which has purchased contracted special education services from another district/cooperative that had initially purchased the services from a public, private or voluntary agency other than a school district. See Object Codes 396 and 397 when the district is purchasing services that are provided by staff employed in another district.

**SUPPLIES AND MATERIALS (400)**

A supply item (as opposed to an equipment item) is any article of material that meets one or more of the following conditions:

- a. It is consumed in use;
- b. It loses its original shape or appearance with use;
- c. It is expendable; that is, if the article is damaged or some of its parts are lost or worn out, it is usually more feasible to replace it with an entirely new unit rather than repair it;
- d. It loses its identity through incorporation into a different or more complex unit or substance.

**Code Title and Definition****401 Supplies and Materials - Non Instructional**

Expenditures for all supplies other than those to be included in Object Codes 430, Supplies and Materials Non-Individualized Instructional; and 433, Supplies and Materials - Individualized Instructional. Includes, for example, maintenance supplies or office supplies and instructional materials purchased for resale. Also includes freight/shipping cost items associated with items purchased.

**405 Non-Instructional Computer Software and Software Licensing**

Expenditures for non-instructional computer software and non-instructional annual licensing fees. See Object Code 555 for purchase of software with an initial useful life extending beyond one accounting period and software licensing fees related to this software.

**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 Code 433.

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:

- (a) are 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) are secular, neutral, nonideological and not capable of diversion for religious use; and,
- (c) are 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. 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).

**440 Fuels**

Include expenditures incurred for the purchase of fuels, including gasoline, propane gas, coal, fuel oil, wood, diesel oil, etc. Include the transportation costs involved in securing and delivering the fuel.

**460 Textbooks and Workbooks**

Expenditures for books or electronic substitutes that a pupil uses as a text or text substitute in a particular class or program. This includes books, workbooks or manuals, as well as electronic books and other printed materials delivered electronically. Also includes instructional software and related licensing costs. These textbooks are intended for use as a principal source of study material for a given class or group of students, a copy of which is expected to be available for the individual use of each pupil. Materials prepared and/or copied at the school qualify as textbook substitutes if such materials are basic (not supplementary) to a unit of study. See [Minnesota Statutes, section 123B.41](#), Subdivision 2 for the complete definition.

To qualify for textbook aid to nonpublic pupils, these materials must include only such secular, neutral and nonideological textbooks as are available, used by, or of benefit to Minnesota public school pupils.

Includes the freight/shipping costs associated with items purchased. Excludes costs of teacher's workbooks, costs of binding, textbook repairs (Object Code 401), and dedicated hardware equipment known as eReaders or e-book devices (Object Code 555).

The rates of reimbursement for nonpublic students are based on these expenditures plus individualized instructional supply and material expenditures recorded in Object Code 433 for public school students.

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).

**461 Standardized Tests**

Expenditures for the purchase of standardized tests and the contracted scoring of these tests as used in the teaching learning process. Include expenditures for Title I evaluation materials and expense not recorded under Fees for Service Code (Object Code 305), see [Minnesota Statutes, section 123B.41](#), Subdivision 3 for definition. This also includes early childhood assessments and development screening instruments.

**470 Media Resources**

Expenditures for library books or electronic substitutes, dictionaries, reference sets and pamphlets (including freight and cartage) for general use (not certain classes, grades or student groups). Also used for binding and repair of existing library books. This would include student books and most print materials, print periodicals, audio and video/DVD, electronic journal subscriptions, electronic encyclopedias and licenses for specific electronic materials (both), and other physical materials. Also includes media management system expenditures for textbooks and library materials.

**490 Food**

Expenditures for all purchases of food for all uses excluding milk not used in preparation of food. Purchases of food for the food service program must be associated with Program Code 770, Food Services. Purchases of food for instructional use should be associated with the appropriate Regular Instruction or Vocational Instruction program category.

**491 Commodities**

Record the value of U.S. Department of Agriculture (USDA) commodities consumed in food service programs, plus the value of food consumed that was purchased with "Cash in Lieu of Commodities" money. The value of USDA commodities consumed should be calculated from the latest revision of the Standardized Commodity Costs list. Include delivery costs in Object Code 490, Food (CFDA No. 10.550). The total expenditures in this code must equal Source Code 474.

**495 Milk**

Expenditures for all purchases of milk not used in the preparation of food, including delivery costs. Purchases of milk for the food service program will be associated with Program Code 770, Food Services. Purchases of milk for instructional use will be associated with the Regular or Vocational Instruction program category.

**499 Warehouse Inventory Adjustment**

Charge this account with any inventory shrinkage determined by an audit or count of items held in a stores or warehouse inventory. Only a loss should be charged to this account. If the physical inventory reflects an overage, the excess is debited to the appropriate asset account.

**CAPITAL EXPENDITURES (500)**

Capital expenditures consist of expenditures for acquisition, additions or improvement of a capital asset, which may include land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period (Paragraph 19 of GASB 34).

This definition is conceptual in nature and should not be interpreted to mean that all capital assets districts report in the 500 Object Series should be *capitalized*. The decision to capitalize an asset is a local decision determined by school district policy. Under GASB 34, schools must establish and disclose a local capitalization policy in the notes to the financial statements, the dollar value above which asset acquisitions are added to the capital asset accounts reported on the district-wide financial statements.

Different types of assets, subsystems, or networks may have different capitalization policies (GASB 34 Implementation Guide). While the Office of the State Auditor has issued guidance to local governments, the State of Minnesota has not established a statutory capitalization threshold for school districts.

For UFARS reporting, equipment or technology qualifies as a capital expenditure if the item meets all of the following criteria:

- a. It retains its original shape and appearance with use. It has a normal useful life extending beyond a single reporting period.
- b. It is nonexpendable. That is, if the article is damaged or some of its parts are lost or worn out, it is usually more feasible to repair it rather than replace it with an entirely new unit.
- c. It does not lose its identity through incorporation into a different or more complex unit or substance.

Capital improvements consist of initial or additional site or building expenditures that may involve changes of partitions, roof structure or walls, or replacement of built-in equipment. Repairs may be considered capital projects if they clearly increase the value or extend the useful life of a site or building.

With respect to federal funds, capital equipment means an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals or exceeds the lesser of the capitalization level established by the LEA for financial statement purposes, or \$5,000 (OMB OMNI Circular, 2 CFR Chapter I, Chapter II, Part 200.33 Equipment).

For federally purchased equipment, districts may establish capitalization levels more restrictive (threshold less than \$5,000) than federal guidelines but not less restrictive (threshold greater than \$5,000).

The State of Minnesota Guide to Local Government Capital Assets guide is located at [auditor.state.mn.us/other/GASBTools/capital\\_asset\\_guide.pdf](http://auditor.state.mn.us/other/GASBTools/capital_asset_guide.pdf)

[View OMB OMNI Circular \(2 CFR Chapter I, Chapter II, Part 200.12 – Capital Assets and Part 200.13 Capital Expenditures\).](#)

All expenditures that meet the above criteria should be charged to one of the following codes:

### **Code Title and Definition**

#### **510 Site or Grounds Acquisition**

Expenditure for the initial acquisition and improvement of real property exclusive of buildings.

#### **520 Building Acquisition or Construction**

Expenditures made for the acquisition, capital lease, or construction of buildings, installation of heating and ventilating systems, electrical, plumbing, fire protection and other service systems, lockers, elevators and other equipment built into the building, paint, and other interior or exterior decoration.

#### **530 Other Equipment Purchased**

Include expenditures incurred for the purchase of furniture and any other equipment not classified in another object code of this series. Technology equipment should be coded to Object Code 555. Include only equipment which meets the criteria for capital expenditures cited at the beginning of this series.

**Note:** For Library Media Center (Program Code 620) expenditures include shelving, service desks and display cases.

#### **531 Depreciation Expense**

Record the depreciation expense on buildings and equipment purchased.

#### **532 Bus Equipment - Purchased (Updating Bus Equipment)**

Record expenditures for equipment that update pupil transportation vehicles currently in service. Include in this code expenditures for two-way communication systems, wheelchair securement devices, ramps and lifts for handicapped access, and conversion of gasoline fueled engines to alternative fuels. This type of equipment purchase was formerly funded by the bus levy, but was not eligible for depreciation aid.

#### **533 Other Equipment Purchased for Special Education Direct Instruction**

Include expenditures incurred for the purchase of furniture and any other equipment not classified in another object code of this series. Equipment purchased under this code must be used for special education direct student instruction. Technology equipment should be coded to Object Code 555 or 556. Include only equipment which meets the criteria for capital expenditures cited at the beginning of this series.

#### **535 Capital Leases**

Expenditures under installment or lease contracts which have a terminal date and which result in the acquisition of equipment, vehicles, or technology equipment. This code must be used only with Object Code 589 (contra account) and the activity must equal zero (debit must equal credit).



**545 Interdepartmental Operating Capital (Chargeback)**

Use this code to reclassify the costs of making a capital improvement or creating a capital asset from departments within the district. Reclassification of costs is necessary to utilize revenues restricted/reserved for Operating Capital when the costs were originally incurred in other departments. The total debits and credits using this code must equal zero. Examples include any major repair project, creation of built-in storage or equipment by district personnel or students in program categories such as Operations and Maintenance or vocational instruction.

Costs such as labor, materials, contracted services, and other direct and indirect costs of the capital project are accumulated in the program incurring the costs. These capital project costs may be kept separate from other program expenditures by use of a unique locally defined project code in the finance dimension. The same finance code should also appear in the reclassification entries described above to provide further identification and an audit trail.

This object code may also be used to reclassify expenditures for capital equipment between Finance Code 302, Operating Capital and Finance Code 000, District-Wide.

**Note:** Chargeback Object Code 545 cannot be used with a federal finance code.

**548 Pupil Transportation Vehicles**

Record expenditures for the purchase of school buses including mobile units which are recorded in the bus inventory. Include excise tax, fees, license plate fees, delivery charges and additional add-on equipment installed at time of purchase as part of the purchase price. If a vehicle is traded in on a replacement vehicle, only the net cost is recorded in this object code. Finance Code 000 or 302 may be used to purchase pupil transportation vehicles.

When a district discontinues operation of a district-owned bus fleet or a substantial portion of a fleet, the balance shall cancel to the district's general fund ([Minn. Stat. § 123B.79, Subd. 1](#)).

Districts are reminded that Type III school buses must be used more than 50 percent of the time for transporting pupils before a district can add the vehicle to the eligible inventory (Refer to [Minnesota Statutes, section 123B.92](#), Subdivision 1, for a definition of authorized uses.)

**550 Other Vehicles Purchased**

Record expenditures for the purchase of all other vehicles not included in Object Code 548, Pupil Transportation Vehicles. Other types of vehicles include the superintendent's car, staff cars, maintenance vehicles, food service vehicles, etc. Include excise taxes, fees, license plate fees, delivery charges, additional add-on equipment and other expenditures incurred at the time of purchase. If a vehicle is traded in at the time of purchase, only the net cost is recorded in this object code.

**555 Technology Equipment and Software**

Record expenditures to purchase technology equipment. Includes computers and peripheral equipment, software and software licensing, interactive telecommunications equipment, cameras, monitors, and microphones. Also, include telecommunication transmission equipment such as fiberoptic cables, repeaters, transmitters, receivers, and antennas (Refer to Object Code 405 for non-Instructional Computer Software).

**556 Technology Equipment for Special Education Direct Instruction**

Record expenditures to purchase technology equipment used for direct instruction of special education students. Includes computers and peripheral equipment, software and related software licensing, interactive telecommunications equipment, cameras, monitors, and microphones. Also, include telecommunication transmission equipment such as fiberoptic cables, repeaters, transmitters, receivers, and antennas.

**580 Principal on Capital Lease/Installment Sales Contracts**

Record expenditures to reduce principal on outstanding capital lease agreements and installment sales contracts.

**581 Interest on Capital Lease/Installment Sales Contracts**

Record expenditures related to payment of interest on capital lease agreements and installment sales contracts.

**582 Principal on Capital Lease/Installment Sales Contracts Used for Direct Instruction of Special Education Students**

Record expenditures to reduce principal on outstanding capital lease agreements and installment sales contracts used for direct instruction of special education students.

**583 Principal on Capital Lease/Installment Sales Contracts Used for Vehicles Used for Special Education Students**

Record expenditures to reduce principal on outstanding capital lease agreements and installment sales contracts used for vehicles for special education students.

**589 Lease Transactions/Installment Sales (Fund 01-Other Financing Source)**

Used in conjunction with Object Code 535, Capital Leases, this entry represents a contra-expenditure amount (credit amount) so that the General Fund balance is not affected by the recording of a capital lease transaction or an installment sales contract. This expenditure is recorded as *other financing source* in the financial statements. The expenditure activity in Object Code 535 and Object Code 589 must equal zero.

**590 Other Capital Expenditures**

Expenditures for all other capital expenditures not classified above.

**DEBT SERVICE (700)**

Expenditures for the reduction of principal, interest, and service costs for the following:

- a. Bonds
- b. Long-term loans - term of more than five years
- c. Short-term loans - term of five years or less, but it does not mature before the end of the current fiscal year including Guaranteed Energy Saving Contracts
- d. Current loans - payable in the same fiscal year in which the money was borrowed

**Code Title and Definition****710 Bond, Redemption of Principal**

Expenditures to reduce principal on outstanding bonds. Include payments on bonds acquired from discontinued school districts.

**720 Bond, Interest**

Expenditures related to payment of interest charges on outstanding bonds. Include interest payments on bonds acquired from discontinued school districts.

**730 Loans, Redemption of Principal**

Expenditures made to reduce or eliminate principal of outstanding loans. Exclude loans of discontinued school districts.

**740 Loans, Interest**

Expenditures related to payment of interest charges on outstanding loans. Exclude interest on loans for discontinued school districts. Include warrant interest expense and interest expense for funds in deficit.

**750 Indebtedness of Discontinued School Districts**

Expenditures for accounts payable, contracts payable, or payment of floating indebtedness acquired from discontinued school districts by process of reorganization, consolidation, annexation, or dissolution.

**790 Other Debt Service Expenditures**

Expenditures for any expense incurred in connection with debt service, such as fiscal agent charges.

**OTHER EXPENDITURES (800)**

Amounts paid for goods and services not otherwise classified.

**Code Title and Definition****810 Judgments Against the School District**

Expenditures made from current funds for all judgments (except as indicated) against the school district that are not covered by liability insurance. Only amounts paid as a result of court decisions are recorded here. Judgments against the school district resulting from failure to pay bills or debt service are recorded under the appropriate expenditure accounts as though the bills or debt service had been paid when due ([Minn. Stat. § 126C.43 Subd. 3](#)).

**820 Dues, Membership, Licenses and Certain Fees**

Expenditures or assessments for membership in professional, other organizations or associations. Memberships in economic development community and civic organizations may be included ([Minn. Stat. § 123B.02](#)). Also include special fees for bus licenses, postage meter permits, boiler licenses, kitchen inspections, authorizer fees or other fees. Include membership costs for joint powers organizations or cooperatives organized under education statutes.

For Library Media Center (Program Code 620) expenditures include only online databases. Online, licensed databases are supplied by commercial vendors via the Internet. They may include indexes, abstracts, full-text article databases or full-text reference sources such as encyclopedias, almanacs, biographical sources and other quick fact-finding sources. (Database definition: *2007-2008 School Library Media Center Questionnaire, NCES*.)

**895 Federal and Nonpublic Indirect Cost (Chargeback)**

Use this code to reclassify the indirect costs allowed in federal grants using the indirect cost rate calculated by the Minnesota Department of Education. This code allows federal revenue and federal expenditures to balance. This code must be included on reports sent to the state for reimbursement. This code can also be used to report the administrative portion of nonpublic expenditures. Finance Code 000 should be used to record the nonpublic administrative percentage allotment.

**896 Taxes, Special Assessments, and Interest Penalties**

Use this code to record all expenditures incurred by the district for any local, state, federal tax or interest penalty (i.e. arbitrage). This would include all property tax and special assessment expenditures. This would also include “Patient-Centered Outcomes Research Institute” (PCORI) fees associated with the Affordable Care Act (ACA). Use Balance Sheet Code 212 to pay the sales tax collected on the sale of materials.

**897 Affordable Care Act (ACA) Penalties**

Use this code to record all expenditures related to penalties paid due to failure to provide health insurance to employees under the Affordable Care Act.

**898 Scholarships**

Expenditures for the dollar amount given to students in the form of scholarships should use this code. Whenever possible these monies should be sent to the Educational Institution and not given to the student. When the monies will be paid the following year, a payable should be recorded at year’s end to show the expenditure and the liability. This code will be used primarily in the Trust Fund (08) with Program Code 960.

**899 Miscellaneous Expenditures**

Expenditures made for items not otherwise classified.

**OTHER FINANCING USES (900)**

The purpose of the 900 Series is to facilitate reconciliation of UFARS and audited financial statements. Other financing uses are classified separately on the financial statement and include governmental operating transfers out, the amount of refunding bond proceeds deposited with the escrow agent and bond reclassifications from the general long-term debt account group to a fund liability.

**Code Title and Definition****910 Permanent Transfers to other Funds**

Transfers from one fund to another, usually from the General Fund to another fund. These transfers between funds are recorded as expenditures. These expenditures are recorded as *other financing use* in the financial statements ([Minn. Stat. § 123B.79](#)).

**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).

**920 Bond Refunding Payments**

Amount paid to bondholders or placed in escrow in connection with refunding resulting in the redemption or defeasance of debt. These expenditures are recorded as *other financing use* in the financial statements.

**OBJECT DIMENSION CHANGES – FY 2016****ADDITIONS  
ACCOUNT****DESCRIPTION****DELETIONS  
ACCOUNT****DESCRIPTION****CHANGES  
ACCOUNT****DESCRIPTION**

191	Severance (April 2016)
252	Other Postemployment Benefits (OPEB) – Up to or equal to the Annual Required Contribution (ARC) (July 2015)
280	Unemployment Compensation (July 2015)
290	Other Postemployment Benefits (OPEB) (In excess of the ARC) (July 2015)
820	Dues, Membership, Licenses and Certain Fees (April 2016)
896	Taxes, Special Assessments, and Interest Penalties (July 2015)

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## CHAPTER 6 – SOURCE DIMENSION

The source dimension identifies the origin of revenues received. A specific source code is required for all revenues received and thus "000" may not be used. The finance dimension is used to further classify revenues when their uses are restricted. The source dimension is subdivided into the following series:

Local Revenues	001-099
State Revenues	200-399
Federal Revenues Received through the Minnesota Department of Education and Other State Agencies	400-499
Federal Revenues Received Directly from Federal Sources	500-599
Local Sales, Insurance Recovery and Judgments	601-629
Sale of Bonds and Loans	631-640
Incoming Transfers from Other Funds	649-699

When source account codes are used only with specific funds, the funds are noted in the title of the account. Otherwise, any appropriate fund is to be used.

### OTHER FINANCING SOURCES

"Other Financing Sources" are classified separately on the financial statements and include proceeds from the sale of general fixed assets, operating transfers, general long term debt proceeds, and the present value of minimum lease payments arising from capital leases. Different treatment of these transactions necessitates reconciliation between the UFARS system and the annual financial statement. The following codes are included in this category:

Source Code	Description
623	Sale of Real Property
624	Sale of Equipment
631	Sale of Bonds
636	Capital Loans
637	Debt Service Loans
639	Proceeds from Other State and Nonstate Loans Received
649	Permanent Transfers from Other Funds
Object Code	Description
589	Lease Transactions/Installment Sales (credit/contra expenditure)

### LOCAL SOURCES (001-099)

#### Code Title and Definition

#### 001 Property Tax Levy (Funds 01, 04, 07 and 47)

Record the revenue from the property tax levies described below. **Note: Exclude any levies described in other source codes.** The levy breakdown by fund may be obtained by review of the Levy Certification Report.

#### General Fund Levy (Fund 01)

Record revenue from the General Fund Levy. Include the Mobile Home Tax Revenue applicable to the General Fund. Note that capital expenditure levies are now a component of the General Fund Levy.

**Community Service Fund Levy (Fund 04)**

Record revenues from the Community Service Fund Levy. Include all components of Community Service Levy and the Mobile Home Tax Levy applicable to the Community Service Fund ([Minn. Stat. § 124D.20](#)).

**Debt Service Levy (Fund 07)**

Record revenue from the Debt Service Fund Levy. Include the Mobile Home Tax applicable to the Debt Service Fund ([Minn. Stat. § 475.61](#)).

**Other Postemployment Benefits (OPEB) Debt Service Fund (Fund 47)**

Record revenue from the OPEB Debt Service Fund Levy proceeds.

**004 Revenue from Municipalities for Tax Increment Finance (Fund 01)**

Record all revenues received from cities or counties for tax increment financing district payments made for referendums, distribution of excess tax increments, and for Neighborhood Revitalization Program tax increments ([Minn. Stat. § 469.176](#), Subd. 2; and [§ 469.1831](#), Subd. 4; and [§ 469.177](#), Subd. 1a).

**009 Fiscal Disparities Revenue (Funds 01, 04, 07 and 47)**

Record the revenue from the Fiscal Disparities Adjustment. This revenue must be identified with the source code and apportioned to the several funds on the county report ([Minn. Stat. § 473F.08](#)).

**010 County Apportionment (Fund 01)**

Record revenue that the county auditor apportions to school districts at the time of the March and November settlements. State aid is reduced by the total amount received. For districts off the formula, the General Fund Levy limitation may also be reduced ([Minn. Stat. § 127A.34](#)).

**014 Taconite Homestead Credit Revenue**

Record revenue from the county for Taconite Homestead Property Tax Relief. This revenue is to be allocated to all funds having this levy ([Minn. Stat. § 273.1391](#)).

**015 Iron Range Resource & Rehabilitation Board Grants**

Record grant revenue received from bonds sold by the IRRRB for the benefit of school districts in the Taconite tax relief area. See Finance Code 346 for the proper accounting of the revenue and expenditures of these funds.

**016 Taconite Levy Replacement Revenue**

Record revenue from the county that is to replace the levy limitation reduction for the year. This revenue is to be allocated to all funds that have a levy limitation reduction for taconite. Districts receiving bond replacement funds should also use this code to identify these amounts in Fund 7 ([Minn. Stat. § 298.28](#) and [126C.48](#)).

**017 Taconite General Education Aid Replacement Revenue (Fund 01)**

Record taconite revenue from the county that is to replace state General Education Aid for the current year in the General Fund. Unmined Taconite Revenue is also included in this amount ([Minn. Stat. § 298.26](#), [§ 298.28](#), and [§ 298.37](#)).

**018 Taconite Referendum Revenue (Fund 01 and Fund 04)**

Record revenue from the county for the Taconite Referendum payment on July 15 ([Minn. Stat. § 298.28](#)).

**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, federal forest land, auxiliary forest, excess transmission lines, mineral royalties, tax forfeited sales, conservation land fund, interest on levy payments, and special levies not recorded elsewhere.

**020 Property Tax Shift Recognition Revenue (Computed)**

Record by fund the revenue from the property tax levy that is the net shift (the difference between the amount of property tax revenues recognized in accordance with statutory tax shift provisions in the current fiscal year and the amount recognized in the prior fiscal year). If the net shift is negative, the entry will be a debit. The amount recorded with this code should equal, with opposite sign, the amount recorded with Source Code 299, State Aid Adjustments for Property Tax Shift ([Minn. Stat. § 123B.75](#)).

## **TUITION, FEES, AND ADMISSIONS**

**021 Tuition and Reimbursements from Minnesota School Districts**

Districts should record revenue for tuition costs received from other districts for educational purposes for pupils. Also, record revenue received for reimbursements of costs from Minnesota school districts. Revenues must be coded to the proper fund and, when appropriate, coded to other dimensions (organization, program and finance). Reimbursement received for transportation services should be coded with Program Code 760, Pupil Transportation. Tuition for Special Education students should use Program Code 400, General Special Education. See Source Code 405 for proper coding of federal dollars received from other Minnesota school districts.

**022 Reimbursement Revenue for Special Education Purchased Services from another District (Fund 01)**

Record reimbursement revenue from a Minnesota school district for all the costs of licensed special education teachers, including: salaries and benefits, supplies and equipment, travel, or contracted purchased services that have been sold to another district. The district selling the services must use General Special Education Program Code 400 to show the expenditures as being Special Education in nature but not reimbursable costs to their district. The receiving district must also use Source Code 022 with Program Code 400, General Special Education, to record the revenue reimbursement. The purchasing district must use Finance Code 740 and the proper object code to qualify the purchase costs for inclusion in the special education base revenue and excess cost aid calculations when the object code dictates such inclusion.

**031 Tuition from Out-Of-State School Districts**

Record revenue for educational purposes received for pupils from out-of-state school districts which are paying for these services. Revenues must be coded to the proper fund and, when appropriate, coded to other dimensions (organization, program and finance). Tuition received for transportation services should be coded with Program Code 760, Pupil Transportation.

**035 Out-Of-State Non-school Revenues**

Record in the proper funds and programs revenue from out-of-state non-school institutions and nonprofit organizations for various educational purposes. Use other dimensions where appropriate.

**040 Tuition from Patrons (Funds 01 and 04)**

Record revenue from students, parents, or guardians received for tuition for instructional programs. Revenue must be coded to the fund and program for which the tuition was charged. **For example, Fund 01 for tuition from foreign exchange students or Fund 04 for community education programs, including driver's education.**

**Note:** For the Early Learning and Development (ELD) Programs, record revenue from federal and state scholarship payments received through third party administrators.

**050 Fees from Patrons**

Record revenue for various charges made to students, parents, or guardians for rental or user fees for items such as musical instruments, physical education equipment, and all other charges permitted by law including transportation **and activity or athletic fees** (see [Minn. Stat. § 123B.34 to 123B.37](#)). Excludes all instructional tuition, admission fees, and revenue from sales. Revenues must be coded to the proper fund and, when appropriate, coded to other dimensions (organization, program and finance). This source code may be used with Program Code 570 – School Age Care for programs beyond the scope of regular school programming.

**060 Admission and Student Activity Revenue (Funds 01 and 04)**

Record revenue for admissions, gate receipts, and voluntary donations relating to attendance at any event or activity sponsored by and under the control of the school board. This includes athletic events, fine arts performances, and exhibitions. Exclude revenue for any extra-curricular activities not under the control of the school board ([Minn. Stat. § 123B.49](#)) Revenues must be coded to the proper fund and, when appropriate, coded to other dimensions (organization, program and finance). See Source code 620 for fund raising activities.

**071 Medical Assistance Revenue Received from Minnesota Department of Human Services (Fund 01)**

Record revenue received from billing medical assistance for the provisions of IEP services. This revenue is generated from medical assistance billings as special education revenue at the school district level. This revenue will be included in cross-subsidy reports. Exclude this revenue from the calculation of excess cost aid ([Minn. Stat. § 125A.08](#) and [125A.76](#)).

**072 Third Party Revenue Received from Private Insurance Providers (Fund 01)**

Record revenue received from billing private insurance providers for the provisions of IEP services. This revenue is generated from third-party billings as special education revenue at the school district level. This revenue will be included in cross-subsidy reports. Exclude this revenue from the calculation of excess cost aid [Minn. Stat. § 125A.08](#) and [125A.76](#)).

**092 Interest Earnings**

Record interest earned from investments in government bonds, treasury certificates, or any other investments authorized by statute. These earnings shall be allocated proportionally to the funds from which the resources were invested.

**093 Rent**

Record revenue for the rent or lease of school property for any purpose, including the rental of entire buildings or portions thereof. Also, include rent from property being held for future construction.

In districts with outstanding bonds on the rental property, the rent, net of expenses, shall be recorded pursuant to [Minnesota Statutes, section 123B.51](#), Subdivision 4.

## OTHER LOCAL REVENUE

### 096 Gifts and Bequests

Record revenue from philanthropic foundations, private individuals, private organizations, and other organizations for which no repayment or special service to the contributor is expected. Board acceptance of gifts and bequests is required.

### 099 Miscellaneous Revenue from Local Sources

Record revenue received from the fines, special assessments, refunds of prior year's expenditures, and any other miscellaneous revenue items not classified elsewhere ([Minn. Stat. § 471.15 to 19](#)). The proceeds from the sale of equipment should be recorded in Source Code 624, Sale of Equipment. Include miscellaneous monies received from the county not recorded elsewhere. See Source Code 019, Miscellaneous County Tax Revenue.

## STATE SOURCES (200-399)

State sources are payments made by the Minnesota Department of Education (MDE), and other state agencies, to local educational agencies. Payment descriptions in italics denote the fund to which the payment should be credited, the source code number, the payment description, and the fiscal year for which the payment is made.

### Code Title and Definition

#### 201 Endowment Fund Apportionment (Fund 01)

Record the September and March apportionment of the School Endowment Fund ([Minn. Stat. § 127A.33](#)).

*Payment Description - 01S201 ENDOWMENT FY*

#### 211 General Education Aid (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 1) 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:

Operating Capital	Finance Code 302
Staff Development	Finance Code 316
Basic Skills	Finance Code 317
Learning and Development	Finance Code 330

Pre-K Transition  
Gifted and Talented

Finance Code 345  
Finance Code 388

*Payment Description - 01S211 GEN ED AID FY*

## **212 Literacy Incentive Aid (Fund 01)**

Record state revenue for literacy incentive aid available to districts and charter schools. Requires a district to submit its local literacy plan to the commissioner as authorized in [Minnesota Statutes, section 120B.12, Subdivision 4\(a\)](#). Submission of the plan is a condition of receiving proficiency and growth aid ([Minn. Stat. § 124D.98](#)). The plan must be consistent with Minnesota Statutes, section 122A.06, Subdivision 4. Use Finance Code 000.

*Payment Description – 01S212 LITERACY INCENT FY*

## **213 Shared Time Aid (Fund 01)**

Record Shared Time General Education Aid. Shared time represents state revenue received for students who attend both public and nonpublic school. State aid is based on the percentage of student time while attending the public school ([Minn. Stat. § 126C.19](#)).

*Payment Description - 01S213 SHARE TIME FY*

## **227 Abatement Aid**

Record the amount of Abatement Aid. This aid is to be recognized in the fiscal year in which it is received ([Minn. Stat. § 127A.49](#)).

*Payment Description - XXS227 ABATEMENT FY*

## **229 Disparity Reduction Aid**

Record state payments for Disparity Reduction Aid ([Minn. Stat. § 273.1398](#), Subd. 3).

*Payment Description - XXS229 DSPRED AID FY*

## **234 Agricultural Market Value Credit**

Record revenue from the state for Agricultural Market Value Credit. This revenue is allocated to all funds having a levy ([Minn. Stat. § 273.1384](#)).

*Payment Description –XXS234 ED AGRICULT CR FY*

## **235 Private Alternative Programs Aid (Fund 01)**

Record aid for private alternative programs. Districts receive separate Basic General Education Revenue for students enrolled in contracted private alternative programs ([Minn. Stat. § 124D.69](#)).

*Payment Description - 01S235 PRIV ALT FY*

## **258 Other State Credits and Exempt Property Reimbursements**

Record in the proper fund other aids received for the replacement of local taxes. These credits currently include those for Agricultural Preserve, Disaster Credit, Border City Disparity Credit, and Mobile Home Credits.

*Payment Description - XXS258 FY*

**296 Property Tax Shift Offset Adjustment**

When tax receipts are not adequate to cover the property tax shift and unearned general education revenue needs to be recognized (Balance Sheet Code 214), an entry to Source Code 296 may be necessary to keep the general education revenue recognized early (using Source Code 211) equal to the Balance Sheet Code 214.

**298 Levy Equity Adjustment**

Record by fund the amount by which district state aid payments have been reduced for school districts "off-the-formula." If additional payments to the state are required to fulfill the total amount of levy equity, these amounts will also be debited to this Source Code. The gross payment of General Education Aid is to be recorded in Source Code 211, General Education Aid (Minn. Stat. § 126C.10).

*Payment Description - N/A*

**299 State Aid Adjustments for Property Tax Shift**

Record the adjustments to state aid resulting from the property tax shift. The state aid adjustment amounts may represent either an increase or decrease to state aid payments. If a payment is made, the amount is recorded in the General Fund. If there is a negative adjustment, the amounts are recorded in the appropriate fund. The amounts in this code should equal, with opposite sign, Source Code 20, Property Tax Shift Recognition ([Minn. Stat. § 123B.75](#)).

*Payment or Adjustment Description - XXS299 TX SHF AID FY*

**300 State Aids Received from Minnesota Department of Education for which a Finance Code is Specified**

Record state aid revenues, which have only the finance dimension, identified on the payment description. This source code is used only when a state finance code is required. See Source Code 370 when a finance code has not been assigned to the revenue.

*Payment Description - XXFXXX XXX FY*

**301 Nonpublic Aid (Fund 04)**

Record revenue for Nonpublic Aid in the Community Service Fund ([Minn. Stat § 123B.44](#), Subd. 2). These funds are for restricted purposes. Revenues and expenditures must be coded to one of the following finance codes:

Aid to Nonpublic Pupils – Health Services	Finance Code 350
Aid to Nonpublic Pupils – Textbooks and Tests	Finance Code 351
Aid to Nonpublic Pupils – Guidance and Counseling	Finance Code 353

*Payment Description - 04S301 NONPUBLIC FY*

**306 Refund of an Overpayment of State Aids/Grants (contra-revenue account)**

Record payments made to the Minnesota Department of Education for overpayment of state aids/grants. Use the appropriate course code (Codes 001 through 010) to reflect the state fiscal year that the aid entitlement was earned or grant was awarded – not the state fiscal year that the refund was paid in. Use the appropriate finance code when applicable.

**307 Health and Safety Aid (Fund 01)**

Enter revenue for Health and Safety Aid in the General Fund ([Minn. Stat. § 123B.57](#)). These funds are for restricted purposes and expenditures must be coded to one of the following finance codes:

Physical Hazards	Finance Code 347
Other Hazardous Materials	Finance Code 349
Environmental Health & Safety Management	Finance Code 352
Asbestos Removal and Encapsulation	Finance Code 358
Fire Safety	Finance Code 363
Indoor Air Quality	Finance Code 366

*Payment Description - 01S307 HTH & SAF FY*

**308 Telecommunications/Internet Access Equity Aid (Fund 01)**

Record revenue for ITV in the General Fund ([Minn. Stat. § 125B.26](#)).

*Payment Description - 01S308 CAP ITV AID FY*

**309 Debt Service Equalization Aid (Fund 07)**

Record the amount of Debt Service Aid in the Debt Service Fund ([Minn. Stat. § 123B.53](#), Subd. 6).

*Payment Description - 07S309 DEBT SERV FY*

**360 State Aid for Special Education (Fund 01)**

Record revenue received as State Aid for Special Education programs and activities. State Special Education Aid includes calculations for:

Special Education Aid Formula ([Minn. Stat. § 125A.76](#)),  
 Excess Cost Formula ([Minn. Stat. §125A.79](#)),  
 Transition-Disabled Formula ([Minn. Stat. §124D.454](#)),  
 Special Education Bus Depreciation Initial Aid ([Minn. Stat. §123B.92](#)).  
 Special Education Tuition adjustments are also included in State Special Education Aid

Consult your district's Special Education Aid Entitlement Report for the correct revenue calculated by the various formulas and the Net Prorated Special Education Aid Entitlement due to you district.

*Payment Description - 01S360 XXX FY*

**369 Other Revenue from other State Agencies**

Record state revenue received from state agencies other than MDE not defined above.

**370 Other Revenue from Minnesota Department of Education**

Record state revenue received from MDE not defined above. This source code should be used only when a state finance code is not required. If a state finance code is required, Source Code 300 should be used.

*Payment Description - XXS370 XXX FY*

## FEDERAL AIDS RECEIVED THROUGH MINNESOTA DEPARTMENT OF EDUCATION, AND OTHER AGENCIES (400-499)

### Code Title and Definition

**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*

**405 Federal Aid Received through other State, Local or Fiscal Agencies**

Record federal revenues received through other state, local or fiscal agencies other than the Minnesota Department of Education. Districts must be knowledgeable as to whether they are sub-award grantees or a subcontractor of all federal funds received from another agency. The determination of sub-award or subcontractor will determine responsibility for the funds and how expenditures incurred for these funds will be coded.

*Payment Description - N/A*

**406 Refund of an Overpayment of Federal Aids/Grants (contra-revenue account)**

Record payments made to the Minnesota Department of Education for overpayment of federal funds.

For transactions not reflected in the State Educational Record and Submission (SERVS) system, use the appropriate course code (Codes 001 through 010) to reflect the state fiscal year that the federal award was granted, not the state fiscal year that the refund was paid in. Use the appropriate finance code.

For transactions that are reflected in the State Educational Record and Submission (SERVS) system, use the appropriate course code (Codes 000, 011, 012, 013, 014, and 015) to reflect the appropriate federal award year of the funds, not the state fiscal year that the refund was paid in. Use the appropriate finance code.

Interest payments resulting from the overpayment of federal funds and paid to the Minnesota Department of Education should be recorded in Object Code 896 – Taxes, Special Assessments and Interest Penalties.

**471 School Lunch Program (Fund 02-Finance Codes 701, 702, 706; Fund 04-Finance Code 702)**

Record revenue from federal School Lunch Program Aid pursuant to the National School Lunch Act and the Child Nutrition Act. Use with Finance Code 701, National School Lunch Program (P.L. 105-336; CFDA No. 10.555), Finance Code 702, After-School Snack Program, and Finance Code 706, Fresh Fruit and Vegetable Grant Program.

*Payment Description – N/A*

**472 Special Assistance - Needy Child Program (Fund 02)**

Record revenue from the federal Free and Reduced-Price Lunch Program, which is paid in addition to the basic aid of Source Code 471. Use with Finance Code 701, National School Lunch Program (P.L. 105-336; CFDA No. 10.555).

*Payment Description – N/A*

**473 Commodity Cash Rebate Program (Fund 02)**

Record the cash rebate payment received from the Food and Nutrition Service of the Minnesota Department of Education for the value of the USDA commodities contained in approved commercial products purchased by the district.

*Payment Description – 02S473 Commodity Cash FY*

**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. Use with Finance Codes 701-709 and the appropriate balance sheet code (P.L. 105-336; CFDA No. 10.555).

*Payment Description - N/A*

**475 Special Milk Program (Fund 02 and/or 04)**

Record federal revenue earned from the Special Milk Program. Use with Finance Code 703, Special Milk (P.L. 105-336; CFDA No. 10.556).

*Payment Description – N/A*

**476 School Breakfast Program (Fund 02)**

Record federal revenue from the School Breakfast Program. Use with Finance Code 705, Breakfast (P.L. 105-336; CFDA No. 10.553).

*Payment Description – N/A*

**477 Cash In Lieu of Commodities (Fund 02 and/or 04)**

Record revenue received in lieu of commodities distributed through the Commodity Distribution Program. Use with Finance Code 469 (P.L. 105-336; CFDA No. 10.558).

*Payment Description – N/A*

**479 Summer Food Service Program (Fund 02 and/or 04)**

Record federal revenue earned from the Summer Food Service Program. Use with Finance Code 709, Summer Food Service Program for Children (P.L. 105-336; CFDA No. 10.559).

*Payment Description – N/A*

**495 Special Education Contract Placement General Education Deduction (contra-revenue account)**

Record the amount of the general education revenue earned for the time a special education student is placed outside of the serving district.



**FEDERAL AID RECEIVED DIRECTLY FROM FEDERAL SOURCES (500-599)****Code Title and Definition****500 Federal Aid Received Directly from Federal Sources for which a Finance Code is Specified**

Record all revenue received directly from federal sources when a unique finance code or Finance Code 599 – Miscellaneous Direct Federal Revenue is required. Do not use to record Impact Aid (Source Code 506).

**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 VIII, Section 8003).

**SALES AND INSURANCE RECOVERY (601-630)****Code Title and Definition****601 Food Service Sales to Pupils (Fund 02)**

Record revenue generated from sales of food, milk, etc., to pupils. Use with Finance Codes 701-709.

**606 Food Service Sales to Adults (Fund 02)**

Record revenue related to the school lunch program generated from sales of food, milk, etc., to adults. Use with Finance Codes 701-709.

**608 Special Function Food Sales (Fund 02 and/or 04)****(Fund 02)**

Record revenue generated from food services provided for school-related meetings and lunch functions not related to the National School Lunch Program.

**(Fund 04)**

Record revenue generated from all food service sales of breakfasts, lunches, dinners, and snacks for senior citizens and other social service programs not related to school lunch programs.

**614 Contributions to Postemployment Benefits Trust**

Record contributions made by the district to the post-employment benefits trust fund. Contributions can be made to either Fund 25-Revocable Post-Employment Trust Fund or Fund 45-Irrevocable Postemployment Trust Fund.

**615 Contributions for Postemployment Benefits (Fund 20)**

Record contributions made by the district for postemployment benefits not held in a trust fund or reserve. Total contributions made to the internal service fund should not exceed the Unfunded Actuarial Accrued Liability (UAAL). OPEB bond proceeds must be held in a reserve fund or trust account and may not be held in Fund 20.

**616 Retiree Contributions to Postemployment Benefits Trust (Fund 20, 25 or 45)**

Record retiree's share of postemployment benefits costs.

**619 Cost of Materials for Revenue-Producing Activities (Contra Revenue)**

Record the cost of the materials that were purchased for the purpose of (a) producing an object for sale or (b) for reselling of the material at a profit.

Example (a)	building a house, an art work, or a storage shed
Example (b)	fundraising by selling candy concession stands school stores vending machines

**620 Sales of Materials from Revenue-Producing Activities**

Record the revenue generated from the sale of goods and services (see examples of sales in Source Code 619 above) under the control of the board of education. Exclude as revenue any sales taxes collected applicable to such sales. Sales taxes are held until paid in the Balance Sheet Account 212, Due to Other Governmental Units.

**621 Sale of Materials Purchased for Resale (Net of Tax) (Fund 01 and/or 04)**

Record net revenue from sales of materials and supplies to pupils including lumber sold to industrial arts classes, supplies sold to family living classes, and any other materials sold which were originally purchased for resale to pupils. Exclude as revenue any sales taxes collected applicable to such sales. Sales taxes are held until paid in the Balance Sheet Account 212, Due to Other Governmental Units.

**622 Sale of Materials (Net of Tax)**

Record net revenue from sales of materials and supplies from inventories not purchased for resale. Exclude sales of materials purchased for resale and any sales taxes collected applicable to such sales (see Source Code 621).

**623 Sale of Real Property (Fund 01 and/or 07)**

Record proceeds from the sale or exchange of school buildings or real property of a school. This amount is recorded as an *Other Financing Source* in the financial statements ([Minn. Stat. § 123B.51](#), Subd. 6).

**624 Sale of Equipment**

Record proceeds from the sale of equipment. This amount is recorded as an *Other Financing Source* in the financial statements.

**625 Insurance Recovery**

Record revenue from insurance recoveries for losses of school property. These revenues must be recorded in the fund that incurred the loss. Districts must identify insurance receipts for the repair of school buses involved in accidents or to replace stolen garage supplies with Finance Code 720, Regular To-and-From School. School buses declared total losses should use Finance Code 000, District-Wide. This code includes FEMA proceeds not related to Health and Safety projects.

*(Include former Source Code 626, Insurance Recovery on Pupil Transportation Vehicles)*

**628 Judgments for the School District**

Record non-recurring funds received as a result of class action suits/litigation settlements.

**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 FEMA proceeds related to Health and Safety projects.

**SALE OF BONDS AND LOANS (631-640)****Code Title and Definition****631 Sale of Bonds (Fund 01, 02, 04, 06 or 07)**

Record proceeds received from the sale of bonds for funding the OPEB liability in the Operating Funds (01, 02, 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 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.

**635 Certificates of Participation (Lease-Purchase Agreement)**

Record proceeds received from Certificates of Participation. This amount is recorded as *other financing source* in the financial statements.

**636 Capital Loans (Fund 06)**

Record proceeds received from Capital Loans ([Minn. Stat. § 126C.69](#)). This amount is recorded as an *Other Financing Source* in the financial statements.

Note: Only a limited number of schools qualify under this statute and are allowed to use this code.

**637 Debt Service Loans (Fund 07)**

Record proceeds received from Debt Service Loans ([Minn. Stat. § 126C.68](#)). This amount is recorded as an *Other Financing Source* in the financial statements.

Note: Only a limited number of schools qualify under this statute and are allowed to use this code.

**639 Proceeds from other State and Non-state Loans Received (Fund 01)**

Record proceeds received from other loans not classified in the above codes. This amount is recorded as an *Other Financing Source* in the financial statements.

## INCOMING TRANSFERS

### 649 Permanent Transfers from other Funds

Record board-approved operating transfers pursuant to [Minnesota Statutes, section 123B.79](#) for amounts received by one fund from another fund. This amount is recorded as an *Other Financing Source* in the financial statements.

### 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).

**SOURCE DIMENSION CHANGES – FY 2016**

***ADDITIONS***  
**ACCOUNT      DESCRIPTION**

***DELETIONS***  
**ACCOUNT      DESCRIPTION**

***CHANGES***  
**ACCOUNT      DESCRIPTION**  
211            General Education Aid (Fund 01) (July 2015)  
212            Literacy Incentive Aid (Fund 01) (July 2015)

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## CHAPTER 7 – COURSE DIMENSION

The course code dimension is that segment of the UFARS account code which makes it possible to further describe or identify an activity within another dimension to achieve more detailed information. The course code was originally designed for school district's local use. There are currently several uses:

- 1) Cross-walks – Example: a district may wish to modify Program Codes 294 and 296-Boys' Athletics and Girls' Athletics-to designate various sports. In most cases, local codes are to be cross-walked to Course Code 000.
- 2) Alternative facilities projects – Course codes are used to track alternative facility projects approved by MDE that cross fiscal years.
- 3) Federal program set-asides – Use with certain federal finance codes that already have a program, finance and object code designation.
- 4) Keeping track of fiscal years – Used to designate revenues and expenditures that are carryovers from previous years.

### COURSE DIMENSION CODES FOR DESIGNATED YEARS

#### Code Title and Definition

#### **000 Non-Federal Projects that End during the Current Year or Current Federal Awards**

Record revenues and expenditures for non-federal projects that end during the current state fiscal year. Also use this code to report federal revenues and expenditures for federal awards in which the current state fiscal year is the same as the current federal award year. State fiscal year 2016 equals the "current" federal award year (2015). The current federal award year, 2015, is the calendar year when the federal award was initially awarded (October 1, 2015 to September 30, 2016, forward-funded back to July 1, 2015).

#### **001 Projects That End During the FY that ends with '1' (20x1)**

#### **002 Projects That End During the FY that ends with '2' (20x2)**

#### **003 Projects That End During the FY that ends with '3' (20x3)**

#### **004 Projects That End During the FY that ends with '4' (20x4)**

#### **005 Projects That End During the FY that ends with '5' (20x5)**

#### **006 Projects That End During the FY that ends with '6' (20x6)**

#### **007 Projects That End During the FY that ends with '7' (20x7)**

#### **008 Projects That End During the FY that ends with '8' (20x8)**

#### **009 Projects That End During the FY that ends with '9' (20x9)**

#### **010 Projects That End During the FY that ends with '0' (20x0)**

**011 Prior Year Federal Awards**

Record revenues and expenditures for federal funds awarded a year prior to the current state fiscal year. The prior year federal award year, 2014, is the calendar year when the federal award was initially awarded (October 1, 2014 to September 30, 2015, forward-funded back to July 1, 2014).

**012 Second Prior Year Federal Awards**

Record revenues and expenditures for federal funds awarded two years prior to the current state fiscal year. The second prior year federal award, 2013, is the calendar year when the federal award was initially awarded (October 1, 2013 to September 30, 2014, forward-funded back to July 1, 2013).

**013 Third Prior Year Federal Awards**

Record revenues and expenditures for federal funds awarded three years prior to the current state fiscal year. The third prior year federal award, 2012, is the calendar year when the federal award was initially awarded (October 1, 2012 to September 30, 2013, forward-funded back to July 1, 2012).

**014 Fourth Prior Year Federal Awards**

Record revenues and expenditures for federal funds awarded four years prior to the current state fiscal year. The fourth prior year federal award, 2011, is the calendar year when the federal award was initially awarded (October 1, 2011 to September 30, 2012, forward-funded back to July 1, 2011).

**015 Fifth Prior Year Federal Awards**

Record revenues and expenditures for federal funds awarded five years prior to the current state fiscal year. The fifth prior year federal award, 2010, is the calendar year when the federal award was initially awarded (October 1, 2010 to September 30, 2011, forward-funded back to July 1, 2010).

**619 Intermediate Districts (Non-reimbursable Special Education Expenditures)**

INTERMEDIATE DISTRICTS WILL USE THIS CODE to record non-reimbursable special education expenditures that do not receive federal funds.

Note: This code continues to be available for Alternative Facilities projects.

**620 Compensatory and Quality Compensation (Q-Comp) Revenue Used for Individuals with Disabilities Education Act Birth through Age Two (B-2)**

To record expenditures of compensatory aid for birth through two (B-2) students receiving Special Education services. Use with Finance Code 317.

To record expenditures of Quality Compensation (Q-Comp) aid and levy for birth through two (B-2) students receiving Special Education services. Use with Finance Code 335.

These code combinations are necessary for the Special Education Maintenance of Effort (MOE) calculation.



**621 Highly Qualified Staff (Second Prior Year Federal Award)**

Use only with federal finance codes to track expenditures that have a program and object code designation. Also, identify set-aside funds to ensure that staff members in core academic subject areas meet the highly qualified provisions. 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. The second prior year federal award year, 2013, is the calendar year when the federal award was initially awarded (October 1, 2013 to September 30, 2014, forward-funded back to July 1, 2013).

**622 Local Education Agencies (LEA) Level Activities (Second Prior Year Federal Award)**

Use only with federal finance codes to track expenditures that have a program, finance and object code designation and must also identify set-aside funds for activities that are conducted by the district for all Title I schools. Use this code for expenditures for federal funds awarded two years prior to the current state fiscal year. The second prior year federal award year, 2013, is the calendar year when the federal award was initially awarded (October 1, 2013 to September 30, 2014, forward-funded back to July 1, 2013).

**623 Neglected (Second Prior Year Federal Award)**

Use only with federal finance codes to track expenditures that have a program, finance and object code designation. Also, identify set-aside funds for comparable services to neglected students. Use this code for expenditures for federal funds awarded two years prior to the current state fiscal year. The second prior year federal award year, 2013, is the calendar year when the federal award was initially awarded (October 1, 2013 to September 30, 2014, forward-funded back to July 1, 2013).

**624 Homeless (Second Prior Year Federal Award)**

Use only with federal finance codes to track expenditures that have a program, finance and object code designation. Also, identify set-aside funds for comparable services to homeless/highly mobile children, regardless of school attendance area. Use this code for expenditures for federal funds awarded two years prior to the current state fiscal year. The second prior year federal award year, 2013, is the calendar year when the federal award was initially awarded (October 1, 2013 to September 30, 2014, forward-funded back to July 1, 2013).

**625 Parent Involvement (Second Prior Year Federal Award)**

Use only with federal finance codes to track expenditures that have a program, finance and object code designation. Also, identify funds set-aside or spent on parental involvement activities. Use this code for expenditures for federal funds awarded two years prior to the current state fiscal year. The second prior year federal award year, 2013, is the calendar year when the federal award was initially awarded (October 1, 2013 to September 30, 2014, forward-funded back to July 1, 2013).

**626 School Choice and Supplemental Educational Services (Second Prior Year Federal Award)**

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 choice and supplemental education services. Use this code for expenditures for federal funds awarded two years prior to the current state fiscal year. The second prior year federal award year, 2013, is the calendar year when the federal award was initially awarded (October 1, 2013 to September 30, 2014, forward-funded back to July 1, 2013).

**627 Highly Qualified Staff (Prior Year Federal Award)**

Use only with federal finance codes to track expenditures that have a program, finance and object code designation. Also, identify set-aside funds to ensure that staff members in core academic subject areas meet the highly qualified provisions. Use this code for expenditures for federal funds awarded a year prior to the current state fiscal year. The prior year federal award year, 2014, is the calendar year when the federal award was initially awarded (October 1, 2014 to September 30, 2015, forward-funded back to July 1, 2014).

**628 LEA Level Activities (Prior Year Federal Award)**

Use only with federal finance codes to track expenditures that have a program, finance and object code designation. Also, identify set-aside funds for activities that are conducted by the district for all Title I schools. Use this code for expenditures for federal funds awarded a year prior to the current state fiscal year. The prior year federal award year, 2014, is the calendar year when the federal award was initially awarded (October 1, 2014 to September 30, 2015, forward-funded back to July 1, 2014).

**629 Neglected (Prior Year Federal Award)**

Use only with federal finance codes to track expenditures that have a program, finance and object code designation. Also, identify set-aside funds for comparable services to neglected students. Use this code for expenditures for federal funds awarded a year prior to the current state fiscal year. The prior year federal award year, 2014, is the calendar year when the federal award was initially awarded (October 1, 2014 to September 30, 2015, forward-funded back to July 1, 2014).

**630 Homeless (Prior Year Federal Award)**

Use only with federal finance codes to track expenditures that have a program, finance and object code designation. Also, identify set-aside funds for comparable services to homeless/highly mobile children, regardless of school attendance area. Use this code for expenditures for federal funds awarded a year prior to the current state fiscal year. The prior year federal award year, 2014, is the calendar year when the federal award was initially awarded (October 1, 2014 to September 30, 2015, forward-funded back to July 1, 2014).

**631 Parent Involvement (Prior Year Federal Award)**

Use only with federal finance codes to track expenditures that have a program, finance and object code designation. Also, identify funds set-aside or spent on parental involvement activities. Use this code for expenditures for federal funds awarded a year prior to the current state fiscal year. The prior year federal award year, 2014, is the calendar year when the federal award was initially awarded (October 1, 2014 to September 30, 2015, forward-funded back to July 1, 2014).

**632 School Choice and Supplemental Educational Services (Prior Year Federal Award)**

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 choice and supplemental education services. Use this code for expenditures for federal funds awarded a year prior to the current state fiscal year. The prior year federal award year, 2014, is the calendar year when the federal award was initially awarded (October 1, 2014 to September 30, 2015, forward-funded back to July 1, 2014).

**633 Special Education 50 Percent Maintenance of Effort Reduction (Current Year Federal Award)**

Local Education Agencies (LEAs) meeting certain eligibility criteria are given flexibility to reduce state and local effort for special education and related services by not more than 50 percent of the increase in the LEA's allocation under the Individuals with Disabilities Education Act (IDEA), Part B, Section 611, over the prior fiscal year. Use this code in combination with Finance Code 000 to track the state and local expenditures for activities allowable under the Elementary and Secondary Education Act (ESEA) that otherwise would have been used for special education. For FY 2016 and later, the 50 percent maintenance of effort (MOE) reduction will be handled on a district by district basis.

**634 Highly Qualified Staff (Current Year Federal Award)**

Use only with federal finance codes to track expenditures that have a program, finance and object code designation. Also, identify set-aside funds to ensure that staff members in core academic subject areas meet the highly qualified provisions. 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 2016 equals the "current" federal award year (2015). The current federal award year, 2015, is the calendar year when the federal award was initially awarded (October 1, 2015 to September 30, 2016, forward-funded back to July 1, 2015).

**635 LEA Level Activities (Current Year Federal Award)**

Use only with federal finance codes to track expenditures that have a program, finance and object code designation. Also, identify set-aside funds for activities that are conducted by the district for all Title I schools. 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 2016 equals the "current" federal award year (2015). The current federal award year, 2015, is the calendar year when the federal award was initially awarded (October 1, 2015 to September 30, 2016, forward-funded back to July 1, 2015).

**636 Neglected (Current Year Federal Award)**

Use only with federal finance codes to track expenditures that have a program, finance and object code designation. Also, identify set-aside funds for comparable services to neglected students. 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 2016 equals the "current" federal award year (2015). The current federal award year, 2015, is the calendar year when the federal award was initially awarded (October 1, 2015 to September 30, 2016, forward-funded back to July 1, 2015).

**637 Homeless (Current Year Federal Award)**

Use only with federal finance codes to track expenditures that have a program, finance and object code designation. Also, identify set-aside funds for comparable services to homeless/highly mobile children, regardless of school attendance area. 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 2016 equals the "current" federal award year (2015). The current federal award year, 2015, is the calendar year when the federal award was initially awarded (October 1, 2015 to September 30, 2016, forward-funded back to July 1, 2015).

**638 Parent Involvement (Current Year Federal Award)**

Use only with federal finance codes to track expenditures that have a program, finance and object code designation. Also, identify funds set-aside or spent on parental involvement activities. 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 2016 equals the “current” federal award year (2015). The current federal award year, 2015, is the calendar year when the federal award was initially awarded (October 1, 2015 to September 30, 2016, forward-funded back to July 1, 2015).

**639 School Choice and Supplemental Educational Services (Current Year Federal Award)**

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 choice and supplemental education services. 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 2016 equals the “current” federal award year (2015). The current federal award year, 2015, is the calendar year when the federal award was initially awarded (October 1, 2015 to September 30, 2016, forward-funded back to July 1, 2015).

**640 Professional Development (Current Year Federal Award)**

Use only with federal finance codes to track expenditures that have a program, finance and object code designation. Also, identify staff development costs. 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 2016 equals the “current” federal award year (2015). The current federal award year, 2015, is the calendar year when the federal award was initially awarded (October 1, 2015 to September 30, 2016, forward-funded back to July 1, 2015).

**641 Professional Development (Prior Year Federal Award)**

Use only with federal finance codes to track expenditures that have a program, finance and object code designation. Also, identify staff development costs. Use this code for expenditures for federal funds awarded a year prior to the current state fiscal year. The prior year federal award year, 2014, is the calendar year when the federal award was initially awarded (October 1, 2014 to September 30, 2015, forward-funded back to July 1, 2014).

**642 Professional Development (Second Prior Year Federal Award)**

Use only with federal finance codes to track expenditures that have a program, finance and object code designation. Also, identify staff development costs. Use this code for expenditures for federal funds awarded two years prior to the current state fiscal year. The second prior year federal award, 2013, is the calendar year when the federal award was initially awarded (October 1, 2013 to September 30, 2014, forward-funded back to July 1, 2013).

**667 School Improvement Implementation Set-Aside (Current Year Federal Award)**

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 2016 equals the “current” federal award year (2015). The current federal award year, 2015, is the calendar year when the federal award was initially awarded (October 1, 2015 to September 30, 2016, forward-funded back to July 1, 2015).

**668 School Improvement Implementation Set-Aside (Prior Year Federal Award)**

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 for expenditures for federal funds awarded a year prior to the current state fiscal year. State fiscal year 2015 equals the “current” federal award year (2014). The current federal award year, 2014, is the calendar year when the federal award was initially awarded (October 1, 2014 to September 30, 2015, forward-funded back to July 1, 2014).

**669 School Improvement Implementation Set-Aside (Second Prior Year Federal Award)**

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 for expenditures for federal funds awarded two years prior to the current state fiscal year. State fiscal year 2014 equals the “current” federal award year (2013). The current federal award year, 2013, is the calendar year when the federal award was initially awarded (October 1, 2013 to September 30, 2014, forward-funded back to July 1, 2013).

**016-619, 643-666, 670-999****Alternative Facilities Projects**

The course dimension code is used to track alternative facility project expenditures authorized under [Minnesota Statutes, section 123B.59](#), Subdivision 1(a) (large schools) and Subdivision 1(b) (health and safety).

The process involves identification by the district of a course code when the project is entered for approval. Since many projects are not completed within a fiscal year, this course code will continue to identify the project across fiscal years. The district and agency is able to track the changing costs of a project through multiple fiscal years and application years by means of the Alternative Facilities (revised) website, in a unit record format.

As part of the annual plan update in [Minnesota Statutes, section 123B.59](#), Subdivision 2, districts revise costs of each project and report annual costs in each reporting cycle using the district assigned UFARS course dimension code assigned for the project along with Finance Code 386.

Program Code 855 is used for revenue and expenditures when the cost of the project is based on criteria of the health and safety program and the total amount is over \$500,000 ([Minn. Stat. § 123B.59](#), Subd. 1(b)). Health and safety finance codes must be used with this program to accurately reflect the costs of the alternative facilities program.

Thus, for purposes of reporting, the project number is not cross-walked to 000.

**900 Series of Course Codes**

During FY 2003, the *Manual on Activity Accounting (MAFA)* was implemented. It contained a suggestion on the use of the 900 series of course codes for student activities. See Chapter 14. **The use of these codes (900's) is not a requirement for districts. It was only a sample of a UFARS-based tracking mechanism for student activities.**

## COURSE DIMENSION CHANGES – FY 2016

**ADDITIONS**

<b>ACCOUNT</b>	<b>DESCRIPTION</b>
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**DELETIONS**

<b>ACCOUNT</b>	<b>DESCRIPTION</b>
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**CHANGES**

<b>ACCOUNT</b>	<b>DESCRIPTION</b>
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000	Non-Federal Projects that End During the Current Year or Current Federal Awards (July 2015)
011	Prior Year Federal Awards (July 2015)
012	Second Prior Year Federal Awards (July 2015)
013	Third Prior Year Federal Awards (July 2015)
014	Fourth Prior Year Federal Awards (July 2015)
015	Fifth Prior Year Federal Awards (July 2015)
621	Highly Qualified Staff (Second Prior Year Federal Award) (July 2015)
622	LEA Level Activities (Second Prior Year Federal Award) (July 2015)
623	Neglected (Second Prior Year Federal Award) (July 2015)
624	Homeless (Second Prior Year Federal Award) (July 2015)
625	Parent Involvement (Second Prior Year Federal Award) (July 2015)
626	School Choice and Supplemental Educational Services (Second Prior Year Federal Award) (July 2015)
627	Highly Qualified Staff (Prior Year Federal Award) (July 2015)
628	LEA Level Activities (Prior Year Federal Award) (July 2015)
629	Neglected (Prior Year Federal Award) (July 2015)
630	Homeless (Prior Year Federal Award) (July 2015)
631	Parent Involvement (Prior Year Federal Award) (July 2015)
632	School Choice and Supplemental Educational Services (Prior Year Federal Award) (July 2015)
633	Special Education 50 Percent Maintenance of Effort Reduction (Current Year Federal Award) (July 2015)
634	Highly Qualified Staff (Current Year Federal Award) (July 2015)
635	LEA Level Activities (Current Year Federal Award) (July 2015)
636	Neglected (Current Year Federal Award) (July 2015)
637	Homeless (Current Year Federal Award) (July 2015)
638	Parent Involvement (Current Year Federal Award) (July 2015)
639	School Choice and Supplemental Educational Services (Current Year Federal Award) (July 2015)
640	Professional Development (Current Year Federal Award) (July 2015)
641	Professional Development (Prior Year Federal Award) (July 2015)
642	Professional Development (Second Prior Year Federal Award) (July 2015)
667	School Improvement Implementation Set-Aside (Current Year) (July 2015)
668	School Improvement Implementation Set-Aside (Prior Year Federal Award) (July 2015)
669	School Improvement Implementation Set-Aside (Second Prior Year Federal Award) (July 2015)

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## CHAPTER 8 – BALANCE SHEET ACCOUNTS

### Introduction

A balance sheet is a financial statement that reports the assets, liabilities, and fund balances of a district. It exhibits the financial position of the district at a specified date. This differs from revenue and expenditure reporting that describes the flow of resources during a period of time which impact the net worth of the district.

Balance sheet accounts are meaningful in understanding the financial status of each fund and the resources of the district as a whole. Some of the accounts may be used in any fund. Any fund may have cash, receivables (money owed to the fund), or payables (money owed by the fund) that together provide a means by which a fund balance may be calculated. However, not all of the accounts are appropriate to all of the funds because of the specific nature of the activity allowed in each fund.

Generally Accepted Accounting Principles (GAAP) are used in the application of UFARS unless they conflict with state law. A basic rule of GAAP is that assets equal liabilities plus fund balance. Governmental funds are termed self-balancing, since each fund's assets minus its liabilities must equal its fund balance. To accomplish this, each entry that increases or decreases an asset, liability, or fund balance account will be offset by a corresponding entry to another account within the same fund. This is known as double entry accounting.

The amounts stated in the current asset, current liability and fund balance accounts are required to show the net worth of the LEA. For a full depiction of the financial condition of the LEA, two additional account groups are used. The General Fixed Asset Account Group represents historical dollars spent for land, buildings and equipment. The General Long-Term Debt Account Group represents the long-term liabilities of the district, such as bonds payable, severance pay, or vacation pay.

When balance sheet accounts may be used with only specific funds, the funds are noted in the title. Otherwise, any appropriate fund is to be used.

Due to its use of the full accrual method of accounting, an internal service fund may use all of the balance sheet codes listed. Included are codes previously reserved for the General Fixed Asset Account Group (98) and the General Long Term Debt Account Group (99).

The Balance Sheet Dimension has the following categories:

Asset Accounts	
Current Asset Accounts (Funds 01-09 and 20)	101-139
General Fixed Asset Account Group (Fund 20 and Account Group 98)	140-149, 171-174
General Long-Term Debt Account Group (Account Group 99)	150-162
Liability Accounts	
Current Liability Accounts (Funds 01-09, and 20)	201-235
Long-Term Liabilities (Fund 20 and Account Group 99)	250-262
Fund Balance Accounts:	
Nonspendable	460
Restricted/Reserved	403-417, 424-428, 431-453
Restricted	464
Committed	418, 461
Assigned	462
Unassigned	422, 463
Investment in General Fixed Assets (General Fixed Asset Account Group 98 only)	430



## ASSET ACCOUNTS (100)

Assets are defined as the resources owned or held by a school district. Since each fund has its own asset accounts, every account must include a fund number to identify which fund is to be affected.

### CURRENT ASSET ACCOUNTS (101-139)

#### Code Title and Definition

#### 101 Cash and Cash Equivalents

Cash includes currency on hand and demand deposits (checking accounts and liquid savings accounts) deposited with board-approved banks or other financial institutions. Petty cash, change funds and travel advance funds are to be included as cash on hand. An investment which, when acquired, matures in three months or less may be considered to be a cash equivalent. Depository institutions must be selected in compliance with [Minnesota Statutes, section 118A](#).

#### 103 Cash with Fiscal Agent

Represents deposits with fiscal agents, such as commercial banks, for the payment of bond principal and interest. An example that would utilize this account would be an advance repurchase agreement.

#### 104 Investments

Represents purchases of securities held for the production of revenues. The value of investments in this account should be the purchase price when the investment is purchased. For securities that have been sold, this account should be reduced by only the amount of the initial investment. Districts may invest only in authorized securities that include commercial certificates of deposit or obligations of governmental units ([Minn. Stat. § 136F.91](#)).

#### 110 Current Property Taxes Receivable

Represents current real and personal property tax levies which were certified the previous October and are payable in the current calendar year. Current taxes receivable equals the current spread tax levy that is the net of state or county adjustments. The spread tax levy is calculated according to the School Tax Report (ED-00119-XX):

	The certified levy (positive)
+	County auditor adjustments (negative or positive)
+	Fiscal disparity adjustments (negative)
+	HACA adjustments (negative)
+	Disparity aid adjustments (negative)
=	<b>Current Property Taxes Receivable</b>

The current property taxes receivable account should be reduced for current property taxes received prior to year-end for county auditor tax settlements received in May and June. The net amount in this account will be carried on the year-end books for current property taxes receivable.

**111 Delinquent Property Taxes Receivable**

Represents taxes payable in the prior six calendar years that have not been received by the school district. A district should verify its records of delinquent taxes receivable by fund against the information supplied by the local county auditor.

**115 Other Accounts Receivable**

Represents amounts received from individuals, firms or corporations for goods and services furnished by the district. Exclude any receivables listed in a separate account in this series.

**116 Interest Receivable**

Represents the amount of interest earned but not received from outstanding investments or interest-bearing cash deposits.

**118 Due from other Funds**

Represents amounts due from one fund to another fund in the district for goods sold, services rendered or short-term borrowing. This account includes only short-term obligations and not long-term loans. For a reporting unit, the sum total of all 118 Due from Other Funds accounts equals the sum total in all funds of Balance Sheet Code 205, Due to Other Funds.

**120 Due from other Minnesota School Districts**

Represents amounts due from other school districts and joint power organizations. This includes tuition, transportation costs, reimbursable expenditures and other interdistrict agreements earned but not received.

**121 Due from Minnesota Department of Education**

Represents amounts due and unpaid from the Minnesota Department of Education (MDE). At fiscal year-end, this account would include any estimated final aid payments. It is recommended that subaccounts be maintained locally for the individual aid categories.

**122 Due from Federal Government through the Minnesota Department of Education**

Represents amounts due from federal sources and unpaid by MDE. Includes only aids where the district has incurred eligible expenditures but has not yet been reimbursed.

**123 Due from Federal Government Received Directly**

Represents amounts due from federal sources and unpaid by the federal government. Includes aids where the district has incurred eligible expenditures but has not yet been reimbursed.

**125 Due from other Governmental Units**

Represents amounts due and unpaid from other governmental units. Includes uncollected revenues from all governmental units (e.g., county, another state) except those specifically listed above.

**129 Commodities (Fund 02)**

Represents the value of commodities donated by the U.S. Department of Agriculture and food purchased with cash-in-lieu-of commodities. The value of USDA donated commodities is computed from the "standardized commodities costs" provided by the Child Nutrition Section, Minnesota Department of Education. The inventory value must be supported by an annual physical count. Commodities are not recognized as revenue until they are used; see Balance Sheet Code 230, Deferred Revenue.

**130 Inventory**

Represents amounts of supplies, textbooks, food and other items being stored for future use. The district shall use the consumption method for inventory reporting. The costs of land, buildings, and equipment are not included in the inventory account but rather are included in the General Fixed Asset Group of Accounts.

**131 Prepaid Expenditures and Deposits**

Represents advanced payment amounts for goods and services not yet received. This account represents the unexpired value of prepaid and deposit items. This account includes prepaid items such as rent, insurance, and fuel oil. It also includes deposits of items such as funds deposited by districts as a prerequisite to receiving goods or services. If a district does not maintain central stores and expends supply items as purchased, this account may include purchases paid for at fiscal year-end and clearly identified to next year's budget.

**139 Lease Receivable**

Represents the amount to be received from a direct financing lease in succeeding fiscal years. This amount should also be accounted for in the Fund Balance Liability Code 230, Deferred Revenue.

**GENERAL FIXED ASSET ACCOUNT GROUP - (140-149)**

This account group comprises a self-balancing group of accounts set up to account for the general fixed assets of a school district. It is not associated with any particular fund, except for Fund 20, Internal Service Fund. To comply with Generally Accepted Accounting Principles (GAAP), fixed assets (e.g., land or buildings) are recorded at historical cost (i.e., the original price). In instances where reliable historical cost figures are not available, a district may use an alternative method to approximate the historical cost. Donated assets are recorded at estimated fair value at the date of donation.

**Code Title and Definition****140 Land**

Represents the cost of land owned by the district. This account includes the purchase price and costs such as legal fees, filling and excavation costs or any other costs that put the land in condition for its intended use. This account also includes land acquired by gift. Use the appraised value of the donated property at time of acquisition.

**141 Land Improvements**

Represents the cost of permanent improvements, other than buildings, which add value to land. This account includes improvements as landscaping, fences, retaining walls, parking lots, sidewalks and pavements. It also includes special assessment charges for permanent improvements.

**142 Buildings**

Represents the cost of permanent structures used to house staff, students and property that is owned by the district. This account includes the purchase or contract price of all permanent buildings and fixtures forming a permanent part of such buildings. It also includes the appraised value of buildings acquired by gift. This account also includes the cost of heating systems and related fuel storage tanks, air conditioning, ventilation, electrical, plumbing, fire protection, and other building service systems, built-in equipment, carpeting and draperies.

**143 Equipment**

Represents the cost of tangible property of a durable nature other than land, land improvements and buildings. Equipment includes machinery, tools, fully depreciated or noneligible pupil transportation vehicles, trucks, cars, furniture and fixtures. A distinction should be made between supplies and equipment in accordance with GAAP. Supplies are defined as those items that have a lesser value and are expendable or are consumed in use. Equipment items are tangible units of a nonexpendable character; are not consumed in use; have an extended useful life; and are of material value.

**148 Property and Equipment under Capital Lease**

The amount reported is generally the lesser of: (1) the present value of the minimum lease payments at the beginning of the lease term, excluding executory costs (e.g., insurance or maintenance) or (2) the fair value of the leased property at the inception of the lease.

For more detailed information on the accounting requirement for leases, refer to the Statement of Financial Accounting Standards (SFAS) 13 issued by the Financial Accounting Standards Board.

**149 Construction Work In Progress**

Represents the cost of construction work undertaken but not yet completed.

**GENERAL LONG-TERM DEBT ACCOUNT GROUP – BUDGETING ACCOUNT (150-162)**

This account group is not associated with the Debt Service Fund or any other fund except for Fund 99, General Long-Term Debt Group. It comprises a self-balancing group of accounts set up to account for the assets necessary to meet the general long-term liabilities of a district including bonds, loans and severance pay.

**Code Title and Definition****150 Amount Available for Retirement of Bonds and State Loans**

Represents the fund balance that is available in the Debt Service Fund 07 and the OPEB Debt Service Fund 47 to retire bonds and state loans.

**151 Amount to be provided from Property Taxes for Long-Term Debt Payments**

Represents the amounts needed from property taxes in the future to retire the principal of all long-term debt other than severance pay and compensated absences. It equals the sum of Long-Term Liabilities less amounts in Balance Sheet Account Codes 150, 152, 160, 161 and 162. Charter schools are to use this balance sheet code for long-term bank loans.

**152 Amount to be provided for Capital Lease Agreements**

Represents the amount needed to meet capital lease agreements.

**160 Amount Available for Separation/Retirement Benefits**

Represents the Restricted/Reserved Fund Balances in the operating funds for Balance Sheet Account Code 452, Restricted/Reserved for OPEB Bond Proceeds not held in a Trust, Balance Sheet Account Code 453, Restricted/Reserved for Unfunded Severance and Retirement Levy, and the Committed Fund Balance in the operating funds for Balance Sheet Account Code 418, designated for Separation/Retirement Benefits.

**161 Amount to be provided for Separation/Retirement Benefits**

Represents the amounts needed to meet future separation and severance pay commitments. The balance of this account equals the amount shown in Balance Sheet Account Code 260, Separation/Retirement Benefits Payable, less the amount recorded in Balance Sheet Account Code 160, Amount Available for Separation/Retirement Benefits.

**Note:** This account may have a negative balance if there is a balance in Balance Sheet Account Code 452, Restricted/Reserved for OPEB Bond Proceeds not held in a trust.

**162 Amount to be provided - Compensated Absences**

Represents the amount needed to meet future commitments for compensated absences as recorded in Balance Sheet Account Code 262, Compensated Absences Payable.

**GENERAL FIXED ASSET ACCOUNT GROUP - DEPRECIATION (171-174)****171 Accumulated Depreciation on Land Improvements (Contra Asset)**

Represents the amount of accumulated depreciation to date on land improvements included in Balance Sheet Account Code 141, Land Improvements.

**172 Accumulated Depreciation on Buildings (Contra Asset)**

Represents the amount of accumulated depreciation to date on buildings included in Balance Sheet Account Code 142, Buildings.

**173 Accumulated Depreciation on Equipment (Contra Asset)**

Represents the amount of accumulated depreciation to date on equipment in use included in Balance Sheet Account Code 143, Equipment.

**174 Accumulated Depreciation on Property and Equipment under Capital Lease (Contra Asset)**

Represents the amount of accumulated depreciation to date on property and equipment under capital lease included in Balance Sheet Account Code 148, Property And Equipment Under Capital Lease.

**LIABILITY ACCOUNTS (200)**

Liabilities are defined as the amounts owed by the school district.

**CURRENT LIABILITIES ACCOUNTS (201-235)****Code Title and Definition****201 Salaries and Wages Payable (Any Fund Except 07)**

Represents salaries and wages for personal services performed but not yet paid.

**202 Short-Term Indebtedness**

Represents the principal due on short-term certificates issued in anticipation of tax collections and state aids ([Minn. Stat. § 126C.50-56](#)), warrants ([Minn. Stat. § 123B.12](#)), reverse repurchase agreements ([Minn. Stat. § 118A.05](#)), and lines of credits ([Minn. Stat. § 123B.12](#)). See Balance Sheet Code 208 for interest payable.

**205 Due to other Funds**

Represents the amount due to one fund from another fund in the district for goods sold, services rendered, or short-term borrowing. This account includes only short-term obligations and not long-term loans. For a reporting unit, the sum total in all funds of all Due To Other Fund accounts equals the sum total in all funds of all Balance Sheet Accounts 118, Due from Other Funds.

**206 Other Accounts Payable**

Represents amounts owed to individuals, firms or corporations (not school districts or other governmental districts) for goods and services received by the district. Excluded from this account are other separately listed types of liabilities listed in other accounts in this series.

**207 Judgments Payable**

Represents amounts to be paid by the district as the result of court decisions, including condemnation awards for private property taken for public use.

**208 Interest Payable**

Represents the amount of interest accrued but unpaid, including interest due on the Balance Sheet Account 202, Short-Term Indebtedness. Do not include interest on long-term debt that is accounted for in the Debt Service Fund and is recorded on its due date.

**209 Other Current Liabilities**

Represents the current portion of liabilities not recorded elsewhere in this series and not owed for goods and services (see Balance Sheet Code 206). Current liabilities are those that will be liquidated using current spendable resources.

**210 Due to other Minnesota School Districts**

Represents amounts owed to other school districts and joint power organizations. This includes tuition, transportation costs, reimbursable expenditures and other interdistrict agreements.

**212 Due to other Governmental Units**

Represents amounts owed by the district to other governmental units excluding amounts owed as defined in Balance Sheet Code 210, Due To Other Minnesota School Districts. Include overpayments made to the district by the federal or state governments, and sales taxes collected on the sale of materials.

**213 Property Tax Shift Adjustment (Fund 01)**

Represents an (over/under) payment of state aid due to the property tax shift process. The balance in this account equals the difference between property tax shift revenue and actual state aid payment reductions. It is recommended that districts maintain subaccounts for each year's property tax shift adjustment.

**214 Advance of Unearned General Education Aid**

For districts that have statutory early recognition amounts in excess of spring tax settlements, this account represents the difference between cash receipts from spring tax settlements and the early recognition amount in [Minnesota Statutes, section 123B.75](#), Subdivision 5b. The difference is the amount of general education aid that is recognized early.

**215 Payroll Deductions and Employer Contributions (Any Fund except Fund 07)**

Represents amounts that have been deducted from employees' salaries but have not been paid to the designated agencies. This account also includes the employer's share of payroll liabilities and fringe benefits that are due or earned but unpaid. Include items such as withholding taxes, insurance, annuities, pensions, and union deductions.

**218 Claims Payable**

Represents liabilities for losses incurred but for which claims have not been paid. Include estimates of expenditures relating to self-insurance programs whereby a loss has occurred in the current period but the payment has not yet been made.

**219 Charter School Building Lease Payable (Fund 01)**

Represents amounts due but unpaid by a charter school for building lease payable or building rent payable for the current fiscal year.

**220 Construction Contracts Payable (Any Fund except Fund 07)**

Represents amounts due but unpaid by a district for work completed on contracts for the construction of buildings, structures, and improvements.

**230 Unearned Revenue (Appropriate Fund)**

Represents all payments of revenue received that will not be earned until a future period. Do not include property tax amounts recorded in Balance Sheet Code 235, Property Taxes Levied for Subsequent Year's Expenditures.

**231 Deferred Inflows of Resources – Unavailable Revenue – Delinquent Taxes**

Represents an amount equal to the Balance Sheet Code 111, Delinquent Property Taxes Receivable, less any delinquent taxes that are to be received within 60 days.

**235 Deferred Inflows of Resources – Property Taxes Levied for Subsequent Year's Expenditures**

Represents all current levies of local taxes (including state adjustments) that are not to be recognized as revenue until the following fiscal year. On June 30, the balance in this account equals the tax levy certified in the current fiscal year less the amount recognized in the current period as property tax shift revenue (Source Code 020, Property Tax Shift Recognition). The tax levy certified in the current fiscal year is also represented in the Balance Sheet Code 110, Current Taxes Receivable.

**LONG TERM LIABILITIES (250-262)****Code Title and Definition****250 Bonds Payable**

Represents the face value of general obligation bonds issued and unpaid.

**251 Equipment Notes Payable**

Represents the capital notes and long-term certificates of indebtedness for equipment purchases. The principal and interest from notes payable will be repaid from the Debt Service Fund ([Minn. Stat. § 123B.61](#)).

**252 Capital Improvement Loans Payable**

Represents the amount equal to the outstanding principal on loans received for the purpose of financing capital improvement.

**253 Energy Loans Payable**

Represents the outstanding principal of loans received from the Minnesota Department of Energy and Economic Development for the purpose of energy conservation investment ([Minn. Stat. § 126C.40, Subd. 5](#)).

**254 Capital Lease Payable**

Represents the principal of capital leases that are outstanding and unpaid. These are capital leases which have a terminal date and which result in the acquisition of equipment, vehicles, or technology equipment.

**255 Capital Loans Payable**

Represents the principal of capital loans that are outstanding and unpaid. Capital loans shall be used only for sites for school buildings and for acquiring, bettering, furnishing or equipping school buildings under contract to be entered into within 12 months from and after the date on which each loan is granted ([Minn. Stat. § 126C.69](#)).

**Note:** According to Minnesota Statutes, section 126C.69, Subd. 2, “beginning July 1, 1999, a district is not eligible for a capital loan unless the district’s estimated net debt tax rate as computed by the commissioner after debt service equalization aid would be more than 41.98 percent of adjusted net tax capacity. The estimate must assume a 20-year maturity schedule for new debt.” Only the following schools may report activity in Balance Sheet Account 255: Kelliher, ISD 36; Red Lake, ISD 38; Foley, ISD 51; Cromwell, ISD 95; Caledonia, ISD 299; LaPorte, ISD 306; Ogilvie, ISD 333; Little Fork, ISD 362; Roseau, ISD 682; Warroad, ISD 690; Nett Lake, ISD 707; East Central, ISD 2580.

**256 Debt Service Loans Payable**

Represents the principal of debt service loans that are outstanding and unpaid. The proceeds of the loan are to be used only for the payment of principal and interest on outstanding bonds ([Minn. Stat. § 126C.68](#)). Charter schools are to use this balance sheet code for long-term bank loans.

**Note:** Only the following schools may report activity in Balance Sheet Account 256: Foley, ISD 51; Cromwell, ISD 95; Roseau, ISD 682; Warroad, ISD 690.

**260 Separation/Retirement Benefits Payable**

Represents the total liability related to separation and severance pay commitments to employees who are vested, including the cumulative annual unfunded/overfunded pensions and other-postemployment benefits. The amount recorded in this account equals the total of Balance Sheet Account Code 160, Amount Available for Separation/Retirement Benefits, and 161, Amount to be provided for Separation/Retirement Benefits.

**261 Special Assessments and Long-Term Lease Payables**

Represents two types of long-term debt; debt for special assessment charges [see Governmental Accounting Standards Board (GASB) 6] and debt for long-term lease commitments (present value of minimum lease payments).



**262 Compensated Absences Payable**

Represents the liability related to future vacation, sick leave and other leave benefits, excluding severance pay that is recorded in Balance Sheet Account Code 260, Separation and Severance Payable.

**FUND BALANCE ACCOUNTS (400)**

Effective for FY 2011 and later years, Governmental Accounting Standards Board (GASB) Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, requires fund balance to be classified in one of five categories: nonspendable, restricted, committed, assigned or unassigned.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. Amounts not in a spendable form include items that are not expected to be converted to cash, for example, inventories and prepaid amounts. Also included are the long-term amounts of loans and notes receivable, as well as property acquired for resale. An example of an amount legally or contractually required to be maintained intact would be the corpus (or principal) of a permanent fund (i.e. endowment). The government-wide statements will record this as “nonexpendable” within restricted net assets.

The restricted fund balance uses the same definition as reported for net assets under GASB Statement No. 34, Basic Financial Statements, and Management’s Discussion and Analysis – for State and Local Governments. Fund balance should be reported as restricted when constraints placed on the use of resources are either:

- a) Externally imposed by creditors (such as through debt covenants, grantors, contributors, or laws or regulations of other governments); or
- b) Imposed by law through constitutional provisions or enabling legislation which authorizes a government to levy, charge or otherwise mandate payment of resources from external providers.

In accord with GASB 54, the Minnesota Department of Education has retained existing balance sheet account codes for statutorily required reserves and re-titled these accounts “Restricted/Reserved.” Restricted/reserved fund balances represent the available resources dedicated by statute for specific purposes (e.g., staff development or adult basic education). If all of the revenues are not used within a fiscal year, they are held separate from other balances to be expended in future fiscal years.

Generally, a restricted/reserved account fund balance may not go into deficit without specific legislative authority. However, some restricted balance’s expenditure amounts may exceed the available fund balance and create a deficit fund balance until future funding is received. Also, the Restricted for Operating Capital Account 424 may be overspent only when there is prior approval from the commissioner on a deficit removal plan. A notation is included with each of the restricted fund balance account descriptions indicating whether a deficit balance is allowed. If disallowed, a district must reclassify expenditures at year-end to avoid having a negative fund balance account.

The committed fund balance classification will be used to describe the portion of fund balance designated for a particular use by formal action of the school district’s highest level of decision-making authority (school board). Committed fund balance cannot be used for any other purpose unless the school board acts to remove or change the specified use by taking the same type of action it employed to previously commit those amounts (i.e. resolution). Formal action to constrain resources must occur prior to the year-end reporting period, but the amount can be determined in the subsequent period.

The Assigned Fund Balance classification covers that portion of fund balance that reflects a school district’s intended use of resources that are not restricted or committed, which intent has been established at either the highest level of decision making (school board), or by a body (e.g., budget or finance committee), or an official (e.g., finance director) delegated that authority.

In the general fund, assigned fund balances represent amounts which use is constrained for a specific purpose by the school board or a body or official that has been delegated authority to assign amounts.

For funds other than the general fund, assigned fund balances represent any remaining positive amounts not classified as nonspendable, restricted or committed.

The Unassigned Fund Balance classification in the General Fund represents funds not classified as nonspendable, restricted, committed or assigned. Unassigned fund balances in Fund 01 represent resources available to meet any current and future years' expenditures. The General Fund is the only fund that would report a positive amount in unassigned fund balance. In governmental funds other than the General Fund, if expenditures exceed the amounts restricted, committed or assigned, the deficit is recorded as a negative unassigned fund balance.

**Important Note:** for UFARS reporting, unassigned fund balances in Funds 04 and 06 represent deficits outside of those associated with any activity that closes to restricted/reserved accounts that may have a negative balance. Any deficits in restricted/reserved accounts that may record a negative fund balance must be reported in these accounts to permit statutory revenue calculations based on these accounts' fund balances reported on UFARS. In the presentation of financial statements, however, the sum of any deficits reported in restricted/reserved accounts on UFARS will be interpreted by auditors, MDE and UFARS as unassigned deficit fund balance.

## Code Title and Definition

### 403 Restricted/Reserved for Staff Development (Fund 01)

Represents unspent staff development revenues set aside from General Education Revenue that were Restricted/Reserved for Staff Development related to Finance Code 316. Expenditures for staff development must equal at least two percent of the basic General Education Revenue, unless legal stipulations are met ([Minn. Stat. § 122A.61, Subd. 1](#)). *This restricted/reserve account is not allowed to go into deficit.*

### 405 Restricted/Reserved for Deferred Maintenance (Fund 01)

Districts that qualified for deferred maintenance revenue (aid and levy) but have not spent the proceeds must restrict the balance in this code. An independent or special school district that does not qualify to participate in the alternative facilities bonding and levy program under [Minnesota Statutes, section 123B.59](#), Subdivision 1a, is eligible to receive deferred maintenance revenue per [Minnesota Statutes, section 123B.591](#). See Finance Code 385 Deferred Maintenance for a description of the uses of this revenue. *This restricted/reserved account in Fund 01 may have a deficit balance in anticipation of aid/levy receipts.*

### 406 Restricted/Reserved for Health and Safety (Fund 01)

Represents available resources to be used for health and safety projects in accordance with an approved health and safety plan. Related to Finance Codes 347, 349, 352, 358, 363 and 366 ([Minn. Stat. § 123B.57](#)). *This restricted/reserved account may go into deficit to the extent of future revenue authority.*

### 407 Restricted/Reserved for Capital Projects Levy (Funds 01 and 06)

Represents available resources from the capital projects levy to be used for building construction and other projects under [Minnesota Statutes, section 126C.10](#), Subdivision 14. All interest income attributable to the capital projects levy must be credited to this account. Related to Finance Code 795, Capital Projects Levy ([Minn. Stat. § 123B.63](#)). *This restricted/reserved account may go into deficit to the extent of future levy authority.*

### 408 Restricted/Reserved for Cooperative Programs (Fund 01)

Represents the resources available to purchase services from entities for cooperative purposes or to provide educational services in a cooperative manner. Related to Finance Code 310, Cooperative Revenue ([Minn. Stat. §123A.27](#)). *This restricted/reserved account is not allowed to go into deficit.*

**409 Restricted/Reserved for Alternative Facilities Program (Fund 06)**

This restricted account represents the balance for two different programs; Alternative Facilities (1a) and Health and Safety related Alternative Facilities (1b). A district can only have revenue in one of the two programs. Alternative Facilities (1a) program reserve amount represents the resources available for approved expenditures based on the 10-year plan for capital projects for districts qualifying under [Minnesota Statutes, section 123B.59](#), Subdivision 1a. See Finance Code 386 for a description of the expenditure possibilities. Health and Safety Alternative Facilities (1b) represents the restricted amounts remaining from projects over \$500,000 that are based on criteria of the Health and Safety program ([Minn. Stat. § 123B.59](#), Subd. 1b). See Health and Safety Finance Codes for a description of expenditure possibilities. *This restricted/reserved account may go into deficit to the extent of future levy and/or bonding authority.*

**413 Restricted/Reserved for Building Projects Funded by Certificates of Participation/Lease Purchase (COP/LP) Agreement with Related Lease Levy Authority (Funds 01 and 06)**

This account represents the June 30 balance in the building construction fund (Fund 06) for projects funded by certificates of participation/lease purchase agreement with related lease levy authority under [Minnesota Statutes, section 126C.40](#). It is related to Finance Code 791, Projects Funded by Certifications of Participation/Lease Purchase Agreement with Related Lease Levy Authority. *This restricted/reserved account is not allowed to go into deficit.*

**414 Restricted/Reserved for Operating Debt (Fund 01)**

Represents the amount of remaining operating debt for districts under legislative authority given to them. The Operating Debt Levy is posted directly to this account and is not reflected in the district's revenue accounts. *This restricted/reserved account may go into deficit to the extent of future levy authority.*

**416 Restricted/Reserved for Levy Reduction (Fund 01)**

Represents resources in the General Fund that are transferred from the Debt Service Fund. This restricted fund balance becomes an available resource in the fiscal year in which the related tax levy adjustment is recognized as revenue ([Minn. Stat. § 475.61](#), Subd. 4). *This restricted/reserved account is not allowed to go into deficit.*

**417 Restricted/Reserved for Excess Taconite Building Maintenance Funds (Fund 01)**

Represents resources remaining from the distribution of taconite revenue for the purpose of building maintenance and repair. See Finance Code 390 Taconite Revenue used for Building Maintenance and Repair for a description of expenditures [[Minn. Stat. § 298.28, Subd. 4\(b\) \(ii\)](#)]. *This restricted/reserved account is not allowed to go into deficit.*

**418 Committed for Separation/Retirement Benefits (Fund 01)**

Represents resources segregated from the Unassigned Fund Balance for retirement benefits, including compensated absences, pensions, other post-employment benefits and termination benefits (as defined in GASB Statement Nos. 16, 27, 45, 47, and 50) ([Minn. Stat. § 123B.79](#), Subd. 7). *This committed account is not allowed to go into deficit.*

**422 Unassigned Fund Balance (Fund 01; Funds 08, 20, 25, 45)**

Used in Fund 01 to record Unassigned Fund Balance available to meet current and future years' expenditures. These are resources in Fund 01 that are not restricted and have not been committed or assigned. The fund balance may be positive or negative.

Statutory Operating Debt (SOD) is calculated by using the yearly activity and ending balances of the following six accounts in the General Fund (01) only: 418 Committed for Separation/Retirement Benefits; 460 Nonspendable Fund Balance; 461 Committed Fund Balance; 462 Assigned Fund Balance; 464 Restricted Fund Balance; and 422 Unassigned Fund

Balance. See the UFARS Compliance Report for the SOD percentage that is calculated from these accounts.

Balance Sheet Account 422 is also used to record net assets in the following funds, where GASB 54 is not applicable:

**Fiduciary Funds**

- 08 Trust Fund
- 45 Postemployment Benefits Irrevocable Trust Fund

**Note:** Fiduciary Fund 09 may not have a fund balance and should not be closed to Balance Sheet Account 422.

**Proprietary Funds**

- 20 Internal Service Fund
- 25 Postemployment Benefits Revocable Trust Fund

**424 Restricted/Reserved for Operating Capital (Fund 01)**

Represents available resources in the General Fund to be used to purchase equipment and facilities. Related to Finance Code 302, Operating Capital ([Minn. Stat. § 126C.10, Subd. 14](#)). *This restricted/reserved account may go into deficit for a period of up to three years with prior approval of a plan submitted to the commissioner of Education ([Minn. Stat. § 123B.78, Subd. 5](#)).*

**425 Restricted/Reserved for Bond Refunding (Fund 07 and 47)**

Represents resources set aside from the proceeds of refunded obligations that have not met the criteria of defeasance (crossover bonds). These resources will be used to pay off future bonded obligations. *This restricted/reserved account is not allowed to go into deficit.*

**426 Restricted/Reserved for \$25 Taconite (Funds 01 and 04)**

Represents available resources for outcome-based learning programs or early childhood learning programs from taconite referendum revenue. Related to Finance Code 371, \$25 Taconite [[Minn. Stat. § 298.28 Subd. 4 \(d\)](#)]. *This restricted/reserved account is not allowed to go into deficit*

**427 Restricted/Reserved for Disabled Accessibility (Fund 01)**

Represents resources restricted for disabled accessibility. Related to Finance Code 794, Disabled Accessibility ([Minn. Stat. § 123B.58](#)). *This restricted/reserved account may go into deficit to the extent of future levy authority.*

**428 Restricted/Reserved for Learning and Development (Fund 01)**

Learning and Development is funded by general education revenue. This reserve represents available general education revenues for learning and development, which is mainly for reducing the pupil-to-staff ratio. Related to Finance Code 330 ([Minn. Stat. § 126C.12](#)). This revenue is generated by extra weightings on the pupil units. *This restricted/reserved account is not allowed to go into deficit.*

**430 Investment in General Fixed Assets (General Fixed Asset Account Group 98 Only)**

Represents the district's equity in the general fixed asset accounts. Equals the sum of all assets minus their accumulated depreciation.

**431 Restricted/Reserved for Community Education (Fund 04)**

Represents the resources available to provide programming such as: nonvocational, recreational and leisure time activities, programs for adults with disabilities, non-credit summer programs, adult basic education programs, youth development and youth service programming, early

childhood family education, and extended day programs. Includes aids, levies, fees, grants, and all other revenues received by the school district for community education programs. Activities associated with Finance Code 321 Community Education must be restricted in this code (Minn. Stat. § 124D.20). *This restricted/reserved account may go into deficit. However, if future revenues cannot eliminate the deficit, a transfer from the general fund should be made to eliminate the deficit.*

**432 Restricted/Reserved for Early Childhood and Family Education (Fund 04)**

Represents the resources available to provide for services for early childhood family education programming. Related to Finance Code 325, Early Childhood and Family Education and Finance Code 328, Home Visiting ([Minn. Stat. § 124D.135](#)). Includes aids, levies, fees, grants and all other revenues received by the school district for early childhood education programs. *This restricted/reserved account is allowed to go into deficit.*

**434 Restricted/Reserved for Area Learning Center (Fund 01)**

Represents amounts restricted for students attending area learning centers. Each district that sends students to an area learning center must restrict an amount equal to the sum of 1) at least 90 and no more than 100 percent of the district average General Education Revenue per adjusted pupil unit minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0466, calculated without basic skills revenue, local optional revenue, and transportation sparsity revenue, times the number of pupil units attending a state-approved area learning center, plus (2) the amount of basic skills revenue generated by pupils attending the area learning center. The amount restricted may only be spent on program costs associated with the area learning center ([Minn. Stat. § 123A.05, Subd. 2](#)). Finance Code 303, Area Learning Center, is used to identify revenues and expenditures against this fund balance account. *This restricted/reserved account is not allowed to go into deficit.*

**435 Restricted/Reserved for Contracted Alternative Programs (Fund 01)**

Pursuant to Minnesota Statutes, section 124D.68, Subdivision 3(d) and Minnesota Statutes, section 124D.69, Subdivision 1, school districts must restrict at least 95 percent of the average general education revenue, less basic skills revenue, per pupil unit times the number of pupil units for pupils attending this program, and (2) the amount of basic skills revenue generated by pupils attending the program according to section [126C.10, Subdivision 4](#). Finance Code 304, Contracted Alternative Program, is used to identify revenues and expenditures against this fund balance account. *This restricted/reserved account is not allowed to go into deficit.*

**436 Restricted/Reserved for State-Approved Alternative Programs (Fund 01)**

Per Minnesota Statutes, section 123.05, Subdivision 2, each district that is a member of a state approved alternative learning program must restrict/reserve revenue in an amount equal to the sum of (1) at least 90 and no more than 100 percent of the district average General Education Revenue per adjusted pupil unit minus an amount equal to the product of the formula allowance according to section [126C.10, Subdivision 2](#), times .0466, calculated without basic skills revenue, local optional revenue, and transportation sparsity revenue, times the number of pupil units attending a state-approved public alternative program, plus (2) the amount of basic skills revenue generated by pupils attending the alternative learning program. Finance Code 305, State-Approved Public Alternative Programs is used to identify revenues and expenditures against this fund balance account. *This restricted/reserved account is not allowed to go into deficit.*

**438 Restricted/Reserved for Gifted and Talented (Fund 01)**

The part of general education aid revenue for the gifted and talented program that is unspent at year end must be restricted in this balance sheet account. See Finance Code 388 for the proper accounting of revenue and expenditures for this program (refer to [Minn. Stat. § 126C.10, Subd. 2b](#)). *This restricted/reserved account is not allowed to go into deficit.*

**440 Restricted/Reserved for Teacher Development and Evaluation (Funds 01 and 04)**

Represents resources available for teacher development and evaluation uses listed in Minnesota Statutes, section 122A.40, Subdivision 8 or section 122A.41, Subdivision 5. Related to Finance Code 319, Teacher Development and Evaluation ([Minn. Stat. § 122A.413-415](#)). *This restricted/reserved account is not allowed to go into deficit.*

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

Represents resources available for the basic skills uses listed in [Minnesota Statutes, section 126C.15, Subdivision 1](#). Related to Finance Code 317, Basic Skills ([Minn. Stat. § 126C.10, Subd. 4](#)). *This restricted/reserved account is not allowed to go into deficit.*

**444 Restricted/Reserved for School Readiness (Fund 04)**

Represents the resources available to provide for services for school readiness programs. This includes aids, fees, grants and all other revenues received by the school district. Related to Finance Code 344 – School Readiness ([Minn. Stat. § 124D.16](#)). If Finance Codes 337 – Pathway II and Finance Code 338 – Pathway I are used in conjunction with the School Readiness Program, these accounts would close to Fund Balance Account 444. *This restricted/reserved account is allowed to go into deficit.*

**445 Restricted/Reserved for Career and Technical Programs (Fund 01)**

Represents the balance a district must restrict from the career and technical revenue. See Finance Code 830 for description ([Minn. Stat. § 124D.4531](#)). The district must recognize the full amount of the levy as revenue for the fiscal year in which it is certified. Revenue received under this section must be restricted and used only for career and technical programs. *This restricted/reserved account is not allowed to go into deficit.*

**447 Restricted/Reserved for Adult Basic Education (Fund 04)**

This account will represent the balance of carryover monies for all activity involving Adult Basic Education. This would include all state aid and any grants or local funding used in support of ABE. The activity in this code will come from Finance Codes 322, 324, 438/638, 801/901, 802/902, and 803/903 plus any local funding (Fin 000) received by the district (refer to [Minn. Stat. § 124D.52](#)). *This restricted/reserved account is not allowed to go into deficit.*

**448 Restricted/Reserved for Achievement and Integration Revenue (Fund 01 and Fund 09)**

The unspent resources available from the Achievement and Integration program must be restricted in this account for use within the fiscal year (no carryover is allowed). All activity in this account must be related to Finance Code 313 and 318 ([Minn. Stat. § 124D.862](#)). *This restricted/reserved account is not allowed to go into deficit.*

**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](#)). *This restricted/reserved account is allowed to go into deficit.*

**451 Restricted/Reserved for QZAB and QSCB Payments (Fund 01 and 07)**

Represents resources required by agreement to be segregated for future payments of Qualified Zone Academy Bond (QZAB) or Qualified School Construction Bonds (QSCB) debt instruments. These resources are held by the district and will pay off the debt at maturity. Districts segregate operating capital funds for lease purchase instruments (Fund 01). Districts segregate levy proceeds for bond instruments (Fund 07). *This restricted/reserved account is not allowed to go into deficit.*



**452 Restricted/Reserved for Funded OPEB Liabilities not Held in a Trust (Funds 01, 02, 04)**

Represents available resources from Other Postemployment Benefits (OPEB) bond proceeds used to fund OPEB liabilities that are not held in a trust. Activity for this reserve will be related to Finance Code 793 ([Minn. Stat. § 475.52, Subd 6](#)). *This restricted/reserved account is not allowed to go into deficit.*

**453 Restricted/Reserved for Unfunded Severance and Retirement Levy (Fund 01)**

Represents available resources from the unfunded severance and retirement levy. Related to Finance Code 792, Unfunded Severance and Retirement Levy ([Minn. § Stat. 126C.41, Subd. 6](#)). *This restricted/reserved account is not allowed to go into deficit.*

**460 Nonspendable Fund Balance (Funds 01, 02, 04 06, 07, and 47)**

Represents amounts that cannot be spent due to form such as inventories and prepaid amounts. Also, long-term loan and notes receivables, and property held for resale would be reported here unless the proceeds are restricted, committed or assigned. This also includes amounts that must be maintained intact legally or contractually (corpus or principal of a permanent fund). *The nonspendable account is not allowed to go into deficit.*

**461 Committed Fund Balance (Fund 01)**

Represents amounts constrained for a specific purpose by the district using the highest level of decision making authority (generally the school board). It requires action by the same group to remove or change the constraints placed on the resources. *The committed account is not allowed to go into deficit.*

**462 Assigned Fund Balance (Fund 01)**

Represents amounts constrained by the school district's intent to be used for a specific purpose, but are not restricted or committed. Intent is expressed by the school board itself, or a body (budget or finance committee) or an official (finance director) to which the school board has delegated the authority to assign amounts to be used for specific purposes. The actions to remove or modify assignments are not as strict as for committed fund balances. *The assigned account is not allowed to go into deficit.*

**463 Unassigned Fund Balance (Funds 02, 04, 06, 07, and 47)**

Represents negative unassigned fund balances in funds other than Fund 01. The fund balance must be negative. When used in Funds 04, 06 and 07 this account records the deficits outside of those associated with any activity that closes to restricted/reserved accounts that are allowed to have a deficit. Deficits in restricted/reserved accounts that may record deficits must report deficits, if any, to permit statutory revenue formula calculations based on these accounts' fund balances reported on UFARS.

**464 Restricted Fund Balance (Funds 01, 02, 04, 06, 07, and 47)**

Represents amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Constraints are placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions of enabling legislation. If Finance Codes 337 – Pathway II and Finance Code 338 – Pathway I are not used in conjunction with the School Readiness Program, these accounts would close to Fund Balance Account 464. *The restricted account is not allowed to go into deficit.*

**BALANCE SHEET CODE CHANGES – FY 2016**

***ADDITIONS***  
**ACCOUNT DESCRIPTION**

***DELETIONS***  
**ACCOUNT DESCRIPTION**

***CHANGES***  
**ACCOUNT DESCRIPTION**

434	Restricted/Reserved for Area Learning Center (April 2016)
435	Restricted/Reserved for Contracted Alternative Programs (April 2016)
436	Restricted/Reserved for State-Approved Alternative Programs (April 2016)



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## CHAPTER 9 – LIST OF CODES

### FUND DIMENSION

01	General Fund
02	Food Service Fund
04	Community Service Fund
06	Building Construction Fund
07	Debt Service Fund
08	Trust Fund
09	Agency Fund
20	Internal Service Fund
25	Postemployment Benefits Revocable Trust Fund
45	Postemployment Benefits Irrevocable Trust Fund
47	Postemployment Benefits Debt Service Fund

### ACCOUNT GROUPS

98	General Fixed Assets Group
99	General Long-Term Debt Group

### ORGANIZATION/SITE DIMENSION

001-004	Budgeted Learning Sites (also MARSS and STAR Number)
005	District-Wide or Not Otherwise Identified By Budgeted Learning Site
006-798	Budgeted Learning Sites (also MARSS and STAR Number)
799	Home School Sites
800-997, 999	Budgeted Learning Sites (also MARSS and STAR Number)
998	Tuition Billing Site

### PROGRAM DIMENSION

000	District-Wide (Revenue Use Only)
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### ADMINISTRATION

010	Board of Education
020	Office of the Superintendent
030	Instructional Administration
050	School Administration

### DISTRICT SUPPORT SERVICES

105	General Administrative Support
107	Other Administrative Support
108	Administrative Technology Service
110	Business Support Services
120	Cooperative Purchasing and Services (Service Cooperatives Only)

**ELEMENTARY AND SECONDARY REGULAR INSTRUCTION**

201	Education – Kindergarten
203	Education – Elementary General
204	Title II, Part A, Teacher and Principal Training and Recruiting Fund
205	Title III, Part A, English Language Acquisition, Language Enhancement and Academic Achievement
206	Title IV, Part A – Safe and Drug-Free Schools and Communities
207	Title V, Part A – Innovative Programs
210	Title II, Part D – Enhancing Education through Technology
211	Education – Secondary General
212	Visual Art
215	Business
216	Title I, Improving the Academic Achievement of the Disadvantaged
217	Assurance of Mastery
218	Gifted and Talented
219	English Learners
220	English (Language Arts)
230	Foreign Language/Native Language
240	Health, Physical Education and Recreation
250	Family Living Science
255	Industrial Education
256	Mathematics
257	Computer Science/Technology Education
258	Music
260	Natural Sciences
270	Social Sciences/Social Studies
291	Co-Curricular Activities (Non-Athletics)
292	Boys/Girls Athletics
294	Boys Athletics
296	Girls Athletics
297	Community Service Projects
298	Extra-Curricular Activities

**VOCATIONAL EDUCATION INSTRUCTION**

301	Agricultural Education
311	Distributive Education
321	Health Science Technology Education
331	Family and Consumer Science
341	Business and Office Education
351	Technical Education
361	Trade and Industrial Education
365	Service Occupations
371	Related Subjects/Diversified and Interrelated Occupations
380	Special Needs
385	Special Needs – Non-Disabled
399	Career and Technical – General

## **SPECIAL EDUCATION INSTRUCTION**

400	General Special Education
401	Speech/Language Impaired
402	Developmental Cognitive Disabilities: Mild-Moderate
403	Developmental Cognitive Disabilities: Severe Profound
404	Physically Impaired
405	Deaf-Hard-Of-Hearing
406	Visually Impaired
407	Specific Learning Disability
408	Emotional/Behavioral Disorder
409	Deaf-Blind
410	Other Health Disabilities
411	Autistic Spectrum Disorders
412	Developmentally Delayed Education
414	Traumatic Brain Injury
416	Severely Multiply Impaired
420	Special Education – Aggregate (three or more disabilities)
422	Special Education – Students without Disabilities

## **COMMUNITY EDUCATION AND SERVICES**

505	General Community Education
510	Adults with Disabilities
520	Adult Basic and Continuing Education
570	School Age Care
579	Preschool – Instructional (Fund 04)
580	Early Childhood and Family Education
581	Prekindergarten Programs
582	School Readiness
583	Early Childhood Screening
585	Youth Development/Youth Services/After School Enrichment
590	Other Community Programs

## **INSTRUCTIONAL SUPPORT SERVICES**

605	General Instructional Support
610	Curriculum Consultant and Development
620	Library Media Center
630	Instruction-Related Technology
640	Staff Development

## **PUPIL SUPPORT SERVICES**

710	Secondary Counseling and Guidance Services
712	Elementary Counseling and Guidance Services
720	Health Services
730	Psychological and Health Services
740	Social Work Services
760	Pupil Transportation
770	Food Services
790	Other Pupil Support Services

## **SITES, BUILDINGS AND EQUIPMENT**

805	Equipment Repair Services for Other Clients
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- 810 Operations and Maintenance
- 850 Capital Facilities
- 855 Alternative Facilities (Health and Safety Related)
- 870 Building Construction

### **FISCAL AND OTHER FIXED COSTS PROGRAMS**

- 910 Retirement of Long-Term Obligations
- 920 Retirement of Non-bonded Obligations
- 930 Employee Benefits (CLEARING ACCOUNT ONLY)
- 935 Postemployment Benefits
- 940 Insurance
- 950 Transfers
- 960 Other Nonrecurring Items

## **FINANCE DIMENSION**

- 000 District-Wide

### **STATE SUPPORTED PROGRAMS**

- 302 Operating Capital
- 303 Area Learning Center
- 304 Contracted Alternative Programs
- 305 State-Approved Public Alternative Programs
- 310 Interdistrict Cooperative Activities
- 311 Telecommunications Access Costs
- 313 Achievement and Integration Aid and Levy
- 316 General Education Revenue for Staff Development
- 317 Basic Skills
- 318 Incentive Revenue
- 319 Teacher Development and Evaluation
- 320 American Indian Education Aid
- 321 Community Education
- 322 State Adult Basic Education
- 324 GED Testing and Adult Basic Education Supplemental Services
- 325 Early Childhood and Family Education
- 326 Adults with Disabilities
- 328 Home Visiting
- 330 Learning and Development
- 332 After School Enrichment Program
- 335 Quality Compensation – Alternative Teacher Professional Pay System
- 336 Raised Academic Achievement – Advanced Placement Programs
- 337 Early Learning Scholarships Program – Pathway II
- 338 Early Learning Scholarships Program – Pathway I
- 341 Regional Mathematics and Science Teacher Centers
- 342 Safe Schools –Levy
- 343 Systemic Science, Technology, Engineering and Mathematics (STEM) School Redesign
- 344 School (Learning) Readiness
- 346 Iron Range Resources and Rehabilitation Board Taconite Grants
- 347 Physical Hazards
- 348 Charter School Building Lease Aid
- 349 Other Hazardous Materials
- 350 Aid to Nonpublic Pupils – Health Services
- 351 Aid to Nonpublic Pupils – Textbooks and Tests
- 352 Environmental Health and Safety Management

353	Aid to Nonpublic Pupils – Guidance and Counseling
354	Early Childhood Screening Program
358	Asbestos Removal and Encapsulation
362	Youth Development Service
363	Fire Safety
364	Hearing Impaired Support Services
366	Indoor Air Quality
371	Taconite \$25 Reserve
372	Medical Assistance/Third Party Revenue
375	Grants to Prepare Indian Teachers
377	Family Services and Mental Health Initiative
385	Deferred Maintenance
386	Alternative Facilities
388	Gifted and Talented
390	Taconite Revenue for Building Maintenance and Repair

### **FEDERAL PROGRAM AID RECEIVED THROUGH MINNESOTA DEPARTMENT OF EDUCATION FOR TARGETED ARRA AND FORMULA GRANTS (400 SERIES)**

401	Title I, Part A – Improving the Academic Achievement of the Disadvantaged
406	Title I, Part D – Prevention and Intervention Programs for Children and Youth who are Neglected, Delinquent or At-Risk
412	Race-to-the-Top - Early Learning Challenge - Title I Pre-Kindergarten Incentive
414	Title II, Part A – Teacher and Principal Training and Recruiting
417	Title III, Part A – English Language Acquisition, Language Enhancement and Academic Achievement
419	Individuals with Disabilities Education Act (IDEA) Part B Section 611
420	Individuals with Disabilities Education Act (IDEA) Part B Section 619 – Preschool Grant for Children with Disabilities
421	Individuals with Disabilities Education Act (IDEA) Part B Section 611 Discretionary Low Incidence
422	Infants and Toddlers Programs – Ages Birth through Two
423	Individuals with Disabilities Education Act (IDEA) Part C – Regional IEIC Grant for Children Ages Birth Through Two
424	Title VI, Part B, Subpart 2 – Rural and Low-Income Schools
425	Individuals with Disabilities Education Act (IDEA) Part B Section 611 Coordinated Early Intervening Services (CEIS)
428	Carl Perkins Vocational and Applied Technology
429	Individuals with Disabilities Education Act (IDEA) Part B Section 611 Mandatory Coordinated Early Intervening Services
430	Individuals with Disabilities Education Act (IDEA) Part B Section 619 – Centers of Excellence Discretionary Regional CSPD Grant
431	Individuals with Disabilities Education Act (IDEA) Part B Section 611 Schoolwide Title I
432	Individuals with Disabilities Education Act (IDEA) Part B Section 611 Discretionary Comprehensive System of Personnel Development – CSPD
438	Federal Adult Basic Education Formula Revenue
442	Title III, Part A – Immigrant Grant
446	Individuals with Disabilities Education Act (IDEA) Part C – Regional Centers of Excellence CSPD Grant
469	Child Care Food Program
475	Carl Perkins Career and Technical Education-Reserve
499	Miscellaneous Federal Revenue Received from the Department of Education

### **FEDERAL AID RECEIVED DIRECTLY FROM FEDERAL SOURCES**

510	Indian Elementary and Secondary School Assistance
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- 513 Indian Education Assistance to Schools – Johnson O'Malley
- 514 Title VI, Part B – Small, Rural Education Achievement Program Grants
- 518 ARRA Targeted Funds – Head Start Grants
- 599 Miscellaneous Direct Federal Revenue

### **FEDERAL SUB-AWARD OR SUB-GRANTS FROM OTHER DISTRICTS/AGENCIES**

- 600-696 SAME ACCOUNT NUMBER AS IN THE 400 FINANCE SERIES OF FEDERAL CODES
- 699 Miscellaneous Federal Funds Received From Other Districts/Agencies

### **CHILD NUTRITION**

- 701 National School Lunch Program – NSLP
- 702 After-School Snack Program
- 703 Special Milk Program – SMP/MN Kindergarten Milk Program – MKMP
- 705 School Breakfast Program – SBP
- 706 Fresh Fruit and Vegetable Grant Program
- 707 A La Carte/Other
- 709 Summer Food Service Program for Children

### **TRANSPORTATION**

- 711 Learning Year – Summer
- 713 Open Enrollment Transportation – Outside the District
- 714 Transportation to Multi-District Integration/Desegregation Programs
- 716 Noon Kindergarten Transportation
- 717 Late Activities Bus for Public School Pupils
- 718 Student Transportation Safety
- 719 Traffic Hazards – Walkers
- 720 Regular To-And-From School
- 721 Regular Summer School
- 723 Special Transportation of Pupils Attending Special Education Programs
- 725 Between Schools – Public
- 726 Nonpublic Nonregular
- 728 Special Transportation of Selected Pupils
- 733 Non-Authorized Transportation
- 737 Ineligible/Nonresident Pupils
- 739 Low-Income Families Enrollment Options Transportation Reimbursement

### **SPECIAL EDUCATION**

- 740 State – Special Education, Ages Three through Twenty-one (Fund 01)
- 756 State – Special Student Aid

### **STATE PLACEMENT**

- 761 Non-Special Education State Placement

### LEVY SUPPORTED PROGRAMS

791	Projects Funded by Certificates of Participation
792	Unfunded Severance and Retirement Levy
793	Funded OPEB Liabilities not held in a trust
794	Disabled Accessibility
795	Capital Projects Levy
796	Health Benefits
797	OPEB Pay-as-you-go Levy (Funds 1, 2 and 4)
798	Children with Disabilities in School Age Care
799	Collaboration-Expansion of Early Intervention and Prevention Services

### FEDERALLY FUNDED COMPETITIVE GRANTS and CAREER AND TECHNICAL EDUCATION (800 Series)

801	ABE EL – Civics Competitive Allocation
802	ABE ESL Supplemental Program for Refugees – Competitive (Interagency Agreement with DHS)
803	ABE Statewide Supplemental Services – Regular Federal Competitive
806	Discretionary PBIS Multiple Grants
817	Discretionary Statewide Low Incidence Project
818	Discretionary Content Literacy Continuum Replacement Grants
830	Career and Technical Education Revenue
831	Discretionary Early Childhood Statewide Low Incidence Grants
835	Career and Technical Programs – Children with Disabilities
836	Deaf Blind Technical Assistance Project for Children and Youth who are Deaf-Blind, – Sole Source – Newest 5-year award
837	State Program Improvement Grants for Children with Disabilities
841	Discretionary Early Childhood Family Resource SPDG Grants
848	No Child Left Behind (NCLB) – Adequate Yearly Progress (AYP) Improvement Grant
849	Title I – School Improvement Grants
851	NCLB AYP Improvement Grant II
859	Title V, Part B – Charter School Federal Grant
860	Title V, Part B, Sub 1 - Public Charter School Program (PCSP) Dissemination Grant
863	Title I, Part C – Education of Migrant Children
865	Voluntary Public School Choice
866	Carl Perkins Competitive Grants
867	Learn and Serve America Grants
868	Title X, Part C – Sub B: Education for Homeless Children and Youths
869	Minnesota Reading First Statewide Model for Scaling Up K-3 Reading Instruction
870	Title I, Part H – School Dropout Prevention, Retention and Graduation Initiative
871	Title I, Part B, Subpart 3 – Even Start Family Literacy
873	Discretionary Interagency Early Intervention Regional Planning Grants



- 876 Discretionary Building Capacity to Create Work Experiences and Competitive Employment Opportunities for High School Students with Disabilities
- 879 Deaf-Hard of Hearing Professional Development Grant
- 883 Voluntary School Choice – Choice is Yours Information and Support Services
- 884 Autism Team Training in Evidence Based Practices
- 885 Migrant Education Lending Library Program
- 887 Migrant Education Identification and Recruitment
- 888 Migrant Education Health and Nutrition Program

## **FEDERAL SUB-AWARD OR SUB-GRANTS FROM OTHER DISTRICTS/AGENCIES**

- 901-999 SAME ACCOUNT NUMBER AS IN THE 801-899 FINANCE SERIES OF FEDERAL CODES

## **OBJECT DIMENSION**

### **SALARIES AND WAGES**

- 110 Administration/Supervision
- 120 Early Childhood/School Readiness Administration/Supervision
- 140 Licensed Classroom Teacher
- 141 Non-Licensed Classroom Personnel
- 143 Licensed Instructional Support Personnel
- 144 Non-Licensed Instructional Support Personnel
- 145 Substitute Teacher Salaries
- 146 Substitute Non-Licensed Classroom/Instructional Salaries
- 150 Physical Therapist
- 151 Occupational Therapist
- 152 Educational Speech/Language Pathologist
- 153 Audiologist
- 154 School Nurse
- 155 Licensed Nursing Services
- 156 School Social Worker
- 157 School Psychologist
- 158 Qualified Mental Health Professional
- 159 Mental Health Behavioral Aide
- 160 Mental Health Practitioner
- 161 Certified Paraprofessional and Personal Care Assistant
- 162 Certified One-to-one Paraprofessional
- 163 Foreign Language Interpreter
- 164 Interpreter for the Deaf
- 165 School Counselor
- 166 Child Find Facilitator
- 167 Regional Low Incidence Consultant
- 168 Security Specialist
- 169 Alcohol and Chemical Dependency Counselor

170	Non-Instructional Support
172	Physician (evaluation only)
173	Certified Orientation and Mobility Specialist/Assistant
174	Therapeutic Recreational Service and DAPE Specialist
175	Cultural Liaison
176	Social Worker for Interagency Activities
185	Other Salary Payments (Licensed or Certified)
186	Other Salary Payments (Non-Licensed or Non-Certified)
190	Sabbatical Leave
191	Severance
195	Interdepartmental Employee Salaries and Wages (Chargeback)
199	Salary Adjustments – Full Cafeteria Plans/Cash In Lieu of Benefits

### **EMPLOYEE BENEFITS**

210	FICA/Medicare
214	PERA (Public Employees Retirement Association)
218	TRA (Teacher Retirement Association)
220	Health Insurance
230	Life Insurance
235	Dental Insurance
240	Long Term Disability Insurance
250	Tax Sheltered Annuities/Minnesota Deferred Compensation Plan
251	Tax Advantage Employer-Sponsored Health Arrangements
252	Other Postemployment Benefits (Up to and equal to ARC)
270	Workers Compensation
280	Unemployment Compensation
289	OPEB Contributions (Not Pay-as-you-go or ARC)
290	Other Postemployment Benefits (In excess of the ARC)
291	Other Postemployment Benefits (Pay-as-you-go)
295	Interdepartmental Employee Benefits (Chargeback)
299	Other Employee Benefits

### **PURCHASED SERVICES**

303	Federal Subawards and Subcontracts – Amount up to \$25,000
304	Federal Subawards and Subcontracts – Amount in Excess of \$25,000
305	Consulting Fees/Fees for Services
306	Special Education Litigation Costs
307	Contracted Substitutes for Special Education Programs
308	Federal Tuition Bill Payment (Amount up to \$25,000)
309	Federal Tuition Bill Payment (Excess Amount over \$25,000)
316	Services Purchased from other Minnesota Joint Powers Agencies
320	Communication Services
329	Postage and Parcel Services
330	Utility Services
340	Insurance
341	Physical Therapy Services (Excess Amount over \$25,000)
342	Occupational Therapy Services (Excess Amount over \$25,000)
343	Educational Speech/Language Pathologist Services (Excess Amount over \$25,000)
344	Audiologist Services (Excess Amount over \$25,000)
345	Licensed School Nurse Services (Excess Amount over \$25,000)
346	Licensed Nursing Services (Excess Amount over \$25,000)
347	Licensed School Social Worker Services (Excess Amount over \$25,000)
348	Licensed School Psychologist Services (Excess Amount over \$25,000)
349	Qualified Mental Health Professional Services (Excess Amount over \$25,000)
350	Repairs and Maintenance Services

- 351 Mental Health Behavioral Aide Services (Excess Amount over \$25,000)
- 352 Mental Health Practitioner Services (Excess Amount over \$25,000)
- 353 Certified Paraprofessional/Personal Care Assistant Services (Excess Amount over \$25,000)
- 354 Certified One-to-One Paraprofessional Services (Excess Amount over \$25,000)
- 355 Foreign Language Interpreter Services (Excess Amount over \$25,000)
- 356 Interpreter for the Deaf Services (Excess Amount over \$25,000)
- 357 Interpreter for the Deaf Services (Amount up to \$25,000)
- 358 Foreign Language Interpreter Services (Amount up to \$25,000)
- 359 Certified One-to-One Paraprofessional Services (Amount up to \$25,000)
- 360 Transportation Contracts With Private or Public Carriers
- 361 Certified Paraprofessional/Personal Care Assistant Services (Amount up to \$25,000)
- 362 Mental Health Practitioner Services (Amount up to \$25,000)
- 363 Mental Health Behavioral Aide Services (Amount up to \$25,000)
- 364 Transportation Contracts with Private or Public Carriers Paid with Federal Funds (Excess Amount over \$25,000)
- 365 Interdepartmental Transportation (Allocation)
- 366 Travel, Conventions and Conferences
- 368 Federal Reimbursed Out-of-State Travel
- 369 Entry Fees/Student Travel Allowances
- 370 Operating Leases or Rentals
- 371 Physical Therapy Services (Amount up to \$25,000)
- 372 Occupational Therapy Services (Amount up to \$25,000)
- 373 Educational Speech/Language Pathologist Services (Amount up to \$25,000)
- 374 Audiologist Services Purchased (Amount up to \$25,000)
- 375 Licensed School Nurse Services (Amount up to \$25,000)
- 376 Licensed Nursing Services (Amount up to \$25,000)
- 377 Licensed School Social Worker Services (Amount up to \$25,000)
- 378 Licensed School Psychologist Services (Amount up to \$25,000)
- 379 Qualified Mental Health Professional Services (Amount up to \$25,000)
- 381 Medicaid Reimbursed Equipment
- 382 Medicaid Reimbursed Services
- 384 Third Party Reimbursed Equipment, Not Medicaid
- 385 Third Party Reimbursed Services, Not Medicaid
- 389 Staff Tuition and Other Reimbursements
- 390 Payments for Educational Purposes to Other Minnesota School Districts
- 391 Payments to Minnesota School Districts (Cost Sharing Agreements)
- 392 Payments for Educational Purposes to Out-of-State School Districts and Other Agencies
- 393 Special Education and Transition Programs for Children with a Disability Contracted Services
- 394 Payments for Educational Purposes to other Agencies (Non-school districts)
- 395 Shared Costs for Paired Districts Only
- 396 Salary Purchased from another District
- 397 Benefits Purchased from another District
- 398 Interdepartmental Services (Chargeback)
- 399 Purchase of Special Education Contracted Services from another District/Cooperative

## SUPPLIES AND MATERIALS

401	Supplies and Materials – Non-Instructional
405	Non-Instructional Computer Software and Software Licensing
430	Supplies and Materials – Non-Individualized Instructional
433	Supplies and Materials – Individualized Instruction
440	Fuels
460	Textbooks and Workbooks
461	Standardized Tests
470	Media Resources
490	Food
491	Commodities
495	Milk
499	Warehouse Inventory Adjustment

## CAPITAL EXPENDITURES

510	Site or Grounds Acquisition
520	Building Acquisition or Construction
530	Other Equipment Purchased
531	Depreciation Expense
532	Bus Equipment – Purchased (Updating Bus Equipment)
533	Other Equipment Purchased for Special Education Direct Instruction
535	Capital Leases
545	Interdepartmental Operating Capital (Chargeback)
548	Pupil Transportation Vehicles
550	Other Vehicles Purchased
555	Technology Equipment
556	Technology Equipment for Special Education Direct Instruction
580	Principal on Capital Lease/Installment Sales Contracts
581	Interest on Capital Lease/Installment Sales Contracts
582	Principal on Capital Lease/Installment Sales Contracts Used for Direct Instruction of Special Education Students
583	Principal on Capital Lease/Installment Sales Contracts Used for Vehicles Used for Special Education Students
589	Lease Transactions/Installment Sales (Fund 01-Other Financing Source)
590	Other Capital Expenditures

## DEBT SERVICE

710	Bond, Redemption of Principal
720	Bond, Interest
730	Loans, Redemption of Principal
740	Loans, Interest
750	Indebtedness of Discontinued School Districts
790	Other Debt Service Expenditures

## OTHER EXPENDITURES

810	Judgments against the School District
820	Dues, Membership, Licenses and Certain Fees
895	Federal and Nonpublic Indirect Cost (Chargeback)
896	Taxes, Special Assessments and Interest Penalties
897	Affordable Care Act (ACA) Penalties
898	Scholarships
899	Miscellaneous Expenditures

## OTHER FINANCING USES

- 910 Permanent Transfers to other Funds
- 911 Commissioner Approved Transfers - Out
- 920 Bond Refunding Payment

## SOURCE DIMENSION

### LOCAL SOURCES

- 001 Property Tax Levy – General
- 004 Revenue from Municipalities for Tax Increment Finance
- 009 Fiscal Disparities Revenue
- 010 County Apportionment
- 014 Taconite Homestead Credit Revenue
- 015 Iron Range Resources and Rehabilitation Board Grant
- 016 Taconite Levy Replacement Revenue
- 017 Taconite General Education Aid Replacement Revenue
- 018 Taconite Referendum Revenue
- 019 Miscellaneous Tax Revenue paid by County
- 020 Property Tax Shift Recognition Revenue (Computed)

### TUITION, FEES, AND ADMISSIONS

- 021 Tuition and Reimbursements from Minnesota School Districts
- 022 Reimbursement Revenue for Special Education Services from another District
- 031 Tuition from Out-Of-State School Districts
- 035 Out-Of-State Nonschool Revenues
- 040 Tuition from Patrons
- 050 Fees from Patrons
- 060 Admissions
- 071 Medical Assistance Revenue Received from Minnesota Department of Human Services
- 072 Third Party Revenue Received from Private Insurance Providers
- 092 Interest Earnings
- 093 Rent

### OTHER LOCAL REVENUE

- 096 Gifts and Bequests
- 099 Miscellaneous Revenues from Local Sources

### STATE SOURCES

- 201 Endowment Fund Apportionment
- 211 General Education Aid
- 212 Literacy Incentive Aid
- 213 Shared Time Aid
- 227 Abatement Aid
- 229 Disparity Reduction Aid
- 234 Agricultural Market Value Credit
- 235 Private Alternative Programs Aid
- 258 Other State Credits and Exempt Property Reimbursements
- 296 Property Tax Shift Offset Adjustment
- 298 Levy Equity Adjustment
- 299 State Aid Adjustment for Property Tax Shift

- 300 State Aids Received From Minnesota Department of Education for which a Finance Code Is Specified
- 301 Nonpublic Aid
- 306 Refund of an Overpayment of State Aids/Grants – Contra Account
- 307 Health and Safety Aid
- 308 Interactive Telecommunications Aid (ITV)
- 309 Debt Service Equalization Aid
- 360 State Aid for Special Education
- 369 Other Revenue from Other State Agencies
- 370 Other Revenue from Minnesota Department of Education

### **FEDERAL AIDS RECEIVED THROUGH MINNESOTA DEPARTMENT OF EDUCATION, AND OTHER AGENCIES**

- 400 Federal Aids Received through Minnesota Department of Education for which a Finance Code is Specified (Except Food and Nutrition)
- 405 Federal Aid Received through Other State, Local and Fiscal Agencies
- 406 Refund of an Overpayment of Federal Aids/Grants – Contra Account
- 471 School Lunch Program
- 472 Special Assistance – Needy Child Program
- 473 Commodity Cash Rebate Program
- 474 Commodity Distribution Program
- 475 Special Milk Program
- 476 School Breakfast Program
- 477 Cash In Lieu of Commodities
- 479 Summer Food Service Program
- 495 Special Education Contract Placement General Education Deduction (contra account)

### **FEDERAL AID RECEIVED DIRECTLY FROM FEDERAL SOURCES**

- 500 Federal Aid Received Directly from Federal Sources for which a Finance Code is Specified
- 506 Impact Aid

### **LOCAL SALES AND INSURANCE RECOVERY**

- 601 Food Service Sales to Pupils
- 606 Food Service Sales to Adults
- 608 Special Function Food Sales
- 614 Contributions to Postemployment Benefits Trust
- 615 Contributions for Postemployment Benefits
- 616 Retiree Contributions to Postemployment Benefits Trust
- 619 Cost of Materials for Revenue Producing Activities (Contra Revenue)
- 620 Sale of Materials from Revenue Producing Activities
- 621 Sale of Materials Purchased for Resale (Net of Tax)
- 622 Sale of Materials (Net of Tax)
- 623 Sale of Real Property
- 624 Sale of Equipment
- 625 Insurance Recovery
- 628 Judgments for the School District
- 629 Health and Safety Other Revenue

## SALE OF BONDS AND LOANS

631	Sale of Bonds
635	Certificates of Participation
636	Capital Loans
637	Debt Service Loans
639	Proceeds from Other State and Non-State Loans Received

## INCOMING TRANSFERS

649	Permanent Transfers from Other Funds
651	Commissioner-Approved Transfers – In

## COURSE DIMENSION

### COURSE DIMENSION CODES FOR DESIGNATED YEARS

000	Non-Federal Projects that End during the Current Year or Current Federal Awards
001	Projects That End During the FY that ends with '1' (20x1)
002	Projects That End During the FY that ends with '2' (20x2)
003	Projects That End During the FY that ends with '3' (20x3)
004	Projects That End During the FY that ends with '4' (20x4)
005	Projects That End During the FY that ends with '5' (20x5)
006	Projects That End During the FY that ends with '6' (20x6)
007	Projects That End During the FY that ends with '7' (20x7)
008	Projects That End During the FY that ends with '8' (20x8)
009	Projects That End During the FY that ends with '9' (20x9)
010	Projects That End During the FY that ends with '0' (20x0)
011	Prior Year Federal Awards
012	Second Prior Year Federal Awards
013	Third Prior Year Federal Awards
014	Fourth Prior Year Federal Awards
015	Fifth Prior Year Federal Awards
619	Intermediate Districts (Non-reimbursable Special Education Expenditures)
620	Individuals with Disabilities Education Act Birth through Age Two (B-2) Maintenance of Effort (MOE)
621	Highly Qualified Staff (Second Prior Federal Award)
622	LEA Level Activities Set-Aside (Second Prior Year Federal Award)
623	Neglected Set-Aside (Second Prior Year Federal Award)
624	Homeless Set-Aside (Second Prior Year Award)
625	Parent Involvement Set-Aside (Second Prior Year Federal Award)
626	School Choice and Supplemental Education Set Aside (Second Prior Year Federal Award)
627	Highly Qualified Staff (Prior Year Federal Award)
628	LEA Level Activities (Prior Year Federal Award)
629	Neglected (Prior Year Federal Award)
630	Homeless (Prior Year Federal Award)
631	Parent Involvement (Prior Year Federal Award)
632	School Choice and Supplemental Educational Services (Prior Year Federal Award)
633	Special Education 50 Percent Maintenance of Effort Reduction (Current Year Federal Award)
634	Highly Qualified Staff (Current Year Federal Award)
635	LEA Level Activities (Current Year Federal Award)
636	Neglected (Current Year Federal Award)
637	Homeless (Current Year Federal Award)

638	Parent Involvement (Current Year Federal Award)
639	School Choice and Supplemental Educational Services (Current Year Federal Award)
640	Professional Development (Current Year Federal Award)
641	Professional Development (Prior Year Federal Award)
642	Professional Development (Second Prior Year Federal Award)
667	School Improvement Implementation Set-Aside (Current Year Federal Award)
668	School Improvement Implementation Set-Aside (Prior Year Federal Award)
669	School Improvement Implementation Set-Aside (Second Prior Year Federal Award)

## BALANCE SHEET ACCOUNTS

### ASSET ACCOUNTS

#### Current Asset Accounts

101	Cash and Cash Equivalents
103	Cash with Fiscal Agent
104	Investments
110	Current Property Taxes Receivable
111	Delinquent Property Taxes Receivable
115	Other Accounts Receivable
116	Interest Receivable
118	Due from Other Funds
120	Due from Other Minnesota School Districts
121	Due from Minnesota Department of Education
122	Due from Federal Government through the Minnesota Department of Education
123	Due from Federal Government Received Directly
125	Due from Other Governmental Units
129	Commodities
130	Inventory
131	Prepaid Expenditures and Deposits
139	Lease Receivable

#### General Fixed Asset Account Group (Fund 20 and 98)

140	Land
141	Land Improvements
142	Buildings
143	Equipment
148	Property and Equipment under Capital Lease
149	Construction Work In Progress

#### General Long-Term Debt Account Group – Budgeting Account

150	Amount Available for Retirement of Bonds and State Loans
151	Amount to be provided From Property Taxes for Long-Term Debt Payments
152	Amount to be provided for Capital Lease Agreements
160	Amount Available for Separation/Retirement Benefits
161	Amount to be provided for Separation and Severance Pay
162	Amount to be provided – Compensated Absences

#### General Fixed Asset Account Group – Depreciation

171	Accumulated Depreciation on Land Improvements (Contra Asset)
172	Accumulated Depreciation on Buildings (Contra Asset)
173	Accumulated Depreciation on Equipment (Contra Asset)
174	Accumulated Depreciation on Property and Equipment under Capital Lease (Contra Asset)



## LIABILITY ACCOUNTS

### Current Liabilities Accounts (Funds 01-09, and 20)

201	Salaries and Wages Payable
202	Short-Term Indebtedness
205	Due to Other Funds
206	Other Accounts Payable
207	Judgments Payable
208	Interest Payable
209	Other Current Liabilities
210	Due to Other Minnesota School Districts
212	Due to Other Governmental Units
213	Property Tax Shift Adjustment
214	Advance of Unearned General Education Aid
215	Payroll Deductions and Employer Contributions
218	Claims Payable
219	Charter School Building Lease Payable
220	Construction Contracts Payable
230	Unearned Revenue (Appropriate Fund)
231	Deferred Inflows of Resources – Unavailable Revenue – Delinquent Taxes
235	Deferred Inflows of Resources – Property Taxes Levied for Subsequent Year’s Expenditures

### Long Term Liabilities

250	Bonds Payable
251	Equipment Notes Payable
252	Capital Improvement Loans Payable
253	Energy Loans Payable
254	Capital Lease Payable
255	Capital Loans Payable
256	Debt Service Loans Payable
260	Separation and Severance Payable
261	Special Assessments and Long Term Lease Payables
262	Compensated Absences Payable

### FUND BALANCE ACCOUNTS - NONSPENDABLE, RESTRICTED/RESERVED, COMMITTED, ASSIGNED, UNASSIGNED AND RESTRICTED

403	Restricted/Reserved For Staff Development
405	Restricted/Reserved For Deferred Maintenance
406	Restricted/Reserved For Health and Safety
407	Restricted/Reserved For Capital Projects Levy
408	Restricted/Reserved For Cooperative Programs
409	Restricted/Reserved For Alternative Facilities Program
413	Restricted/Reserved For Projects Funded by Certificates of Participation/Lease Purchase (COP/LP) Agreement with Related Lease Levy Authority
414	Restricted/Reserved For Operating Debt
416	Restricted/Reserved For Levy Reduction
417	Restricted/Reserved For Taconite Building Maintenance Funds
418	Committed for Separation/Retirement Benefits
422	Unassigned Fund Balance
424	Restricted/Reserved For Operating Capital
425	Restricted/Reserved For Bond Refunding
426	Restricted/Reserved For \$25 Taconite
427	Restricted/Reserved For Disabled Accessibility
428	Restricted/Reserved For Learning and Development

430	Investment in General Fixed Assets
431	Restricted/Reserved For Community Education
432	Restricted/Reserved For Early Childhood and Family Education
434	Restricted/Reserved For Area Learning Center
435	Restricted/Reserved For Contracted Alternative Programs
436	Restricted/Reserved For State-Approved Alternative Programs
438	Restricted/Reserved For Gifted and Talented
440	Restricted/Reserved For Teacher Development and Evaluation
441	Restricted/Reserved For Basic Skills Programs
444	Restricted/Reserved For School Readiness
445	Restricted/Reserved For Career and Technical Programs
447	Restricted/Reserved For Adult Basic Education
448	Restricted/Reserved For Achievement and Integration
449	Restricted/Reserved For Safe Schools Levy
451	Restricted/Reserved For QZAB and QSCB Payments
452	Restricted/Reserved For Funded OPEB Liabilities not Held in a Trust
453	Restricted/Reserved For Unfunded Severance and Retirement Levy
460	Nonspendable Fund Balance
461	Committed Fund Balance
462	Assigned Fund Balance
463	Unassigned Fund Balance
464	Restricted Fund Balance

## General Fixed Asset Account Group

Investment in General Fixed Assets (Fund 20 and Account Group 98)

### (DISTRICT USE ONLY)

301 Open Encumbrances (Use is Optional – Not used for State Reporting)

### REVENUE SUMMARY ACCOUNTS

501	Revenue Summary – Community Education
502	Revenue Summary – Early Childhood and Family Education
503	Revenue Summary – Student Transportation Safety
504	Revenue Summary – Operating Capital
505	Revenue Summary – School Readiness
510	Revenue Summary – Reemployment Insurance
515	Revenue Summary – Health and Safety
516	Revenue Summary – Disabled Accessibility
519	Revenue Summary – Unassigned

### EXPENDITURE SUMMARY ACCOUNTS

530	Expenditure Summary – Reemployment Insurance
532	Expenditure Summary – Bus Purchases
535	Expenditure Summary – Health and Safety
536	Expenditure Summary – Disabled Accessibility
539	Expenditure Summary – Unassigned
541	Expenditure Summary – Community Education
542	Expenditure Summary – Early Childhood and Family Education
543	Expenditure Summary – Student Transportation Safety
544	Expenditure Summary – Operating Capital
545	Expenditure Summary – School Readiness

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## CHAPTER 10 – PERMITTED CODE COMBINATIONS

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### Introduction

The main objective of UFARS is to uniformly collect district financial data from all reporting units. The purpose of this chapter is to provide guidance as to the permitted combinations of dimension codes to ensure compliance with state, federal and other external reporting requirements.

Expenditure codes are divided into two basic categories, unrestricted and restricted. Unrestricted codes are used to record expenditures of a Local Educational Agency (LEA) that spends nonspendable, committed, assigned or unassigned revenues of the district. Restricted codes are used to record expenditures of an LEA that spends restricted/reserved revenues. These expenditure accounts utilize a finance code other than 000.

As an assurance that all expenditures are reported in compliance with these formats, each approved financial system must include edit programs that prevent an LEA from reporting data in accounts that do not contain approved combinations of dimension codes. The Department of Education also performs the same edits to double check each account before the data is entered into the state's database. If, for any reason, data is reported that does not comply with the state's edit program, the entire submission is rejected. An LEA must then make the appropriate corrections and resubmit its data.

Revenue accounts have the same classification as expenditures. Unrestricted revenues are recorded to the nonspendable, committed, assigned or unassigned fund balance accounts; restricted revenues are recorded to the appropriate restricted/reserved fund balance accounts. Again, restricted/reserved revenues can be identified through the use of a finance code other than 000. However, there currently are no grids contained in this manual to aid in revenue coding, nor are there edit programs to ensure the compliance of revenue account code combinations. Using the combination of the Finance and Source chapters of this manual, along with the payment information indicated either on the warrant of the Integrated Department of Education Aids System (IDEAS) report; an LEA will be able to determine the permitted revenue code combinations.

The following pages of this chapter contain tables to aid in the selection of proper code combinations for expenditures.

## Unrestricted Expenditure Grid

### Unrestricted Expenditures – Permitted Coding Grids

Unrestricted expenditure account codes must conform to the reporting standards outlined in this section. The unrestricted grids contain the allowable combinations, by fund, organization, program and object.

To use these grids, a determination must first be made regarding the appropriate fund and program. Once these two determinations are made and located on the grids, the allowable organization(s) and object(s) can be located on the horizontal axis of the grids.

A complete and correct determination for unrestricted expenditure codes can be made following those steps.

**Example:** Salary for the superintendent

	<b>Dimension</b>	<b>Account Code</b>	
Determine	Fund:	01	General
Determine	Program:	020	Office of the Superintendent
Grid	Organization:	005	District-Wide
Grid	Object:	110	Administration/Supervision

**Unrestricted – General Fund 01  
Permitted Expenditure Code Grid**

PROGRAM No.	PROGRAM	ORG SERIES 005	ORG SERIES 001-004	ORG SERIES 006-999	OBJECT SERIES 100	OBJECT SERIES 200	OBJECT SERIES 300	OBJECT SERIES 400	OBJECT SERIES 500	OBJECT SERIES 700	OBJECT SERIES 800	OBJECT SERIES 900
010	Board of Education	X			X	X	X	X	X		X	
020	Office of the Superintendent	X			X	X	X	X	X		X	
030	Instructional Administration	X			X	X	X	X	X		X	
050	School Administration	X	X	X	X	X	X	X	X		X	
105-120	District Support Services	X			X	X	X	X	X		X	
201	Kindergarten	X	X	X	X	X	X	X	X		X	
203	Elementary Education	X	X	X	X	X	X	X	X		X	
211	Secondary Education	X	X	X	X	X	X	X	X		X	
212-270	Instructional Education	X	X	X	X	X	X	X	X		X	
291-298	Co-curricular and Extracurricular	X	X	X	X	X	X	X	X		X	
301-399	Career & Technical Education	X	X	X	X	X	X	X	X		X	
401-499	Special Education Instruction	X	X	X	X	X	X	X	X		X	
605-640	Instructional Support Services	X	X	X	X	X	X	X	X		X	
710-760	Pupil Support Services	X	X	X	X	X	X	X	X		X	
790	Pupil Support Services	X	X	X	X	X	X	X	X		X	
805-850	Sites, Buildings and Equipment	X	X	X	X	X	X	X	X		X	
855	Alternative Facilities (Health and Safety Related)											
910	Retirement of Long-Term Obligations	X					305					910
920	Retirement of Non-bonded Obligations	X								X		
930	Employee Benefits	X	X	X		200-251, 253-288, 292-299						
940	Property and other Insurance	X	X	X			X					
950	Transfers	X										X
960	Other Nonrecurring Items	X									X	

**Expenses in Program Code 930, Employee Benefits must be allocated out at year end.**

**Unrestricted – Food Service Fund 02**  
**Permitted Expenditure Code Grid**

PROGRAM NO.	PROGRAM	ORG SERIES 005	ORG SERIES 001-004	ORG SERIES 006-999	OBJECT SERIES 100	OBJECT SERIES 200	OBJECT SERIES 300	OBJECT SERIES 400	OBJECT SERIES 500	OBJECT SERIES 700	OBJECT SERIES 800	OBJECT SERIES 900
910	Retirement of Long-Term Obligations	X					305					910

**Unrestricted – Community Service Fund 04**  
**Permitted Expenditure Code Grid**

PROGRAM NO.	PROGRAM	ORG SERIES 005	ORG SERIES 001-004	ORG SERIES 006-999	OBJECT SERIES 100	OBJECT SERIES 200	OBJECT SERIES 300	OBJECT SERIES 400	OBJECT SERIES 500	OBJECT SERIES 700	OBJECT SERIES 800	OBJECT SERIES 900
301-380	Adult Career & Technical Instruction	X	X	X	X	X	X	X	X		X	
505-585	Community Service	X	X	X	X	X	X	X	X		X	X
590	Other Community Service	X	X	X	X	X	X	X	X	X	X	X
910	Retirement of Long-Term Obligations	X					305					910

**Unrestricted – Building Construction Fund 06**  
**Permitted Expenditure Code Grid**

PROGRAM NO.	PROGRAM	ORG SERIES 005	ORG SERIES 001-004	ORG SERIES 006-999	OBJECT SERIES 100	OBJECT SERIES 200	OBJECT SERIES 300	OBJECT SERIES 400	OBJECT SERIES 500	OBJECT SERIES 700	OBJECT SERIES 800	OBJECT SERIES 900
810-850	Operations & Maintenance Capital Expenditures	X	X	X	X	X	X	X	X	X	X	
870	Building Construction	X	X	X	X	X	X	X	X	X	X	910
910	Retirement of Long-Term Obligations	X	X	X	X	X	X	X	X	X	X	

**Unrestricted – Debt Service Fund 07**  
**Permitted Expenditure Code Grid**

PROGRAM NO.	PROGRAM	ORG SERIES 005	ORG SERIES 001-004	ORG SERIES 006-999	OBJECT SERIES 100	OBJECT SERIES 200	OBJECT SERIES 300	OBJECT SERIES 400	OBJECT SERIES 500	OBJECT SERIES 700	OBJECT SERIES 800	OBJECT SERIES 900
910-920	Fiscal & Other Fixed Costs Programs	X					390		580 590	X		910 920

**Note:** Transfers are not made through expenditure accounts.

**Unrestricted – Internal Service Fund 20**  
**Permitted Expenditure Code Grid**

PROGRAM NO.	PROGRAM	ORG SERIES 005	ORG SERIES 001-004	ORG SERIES 006-999	OBJECT SERIES 100	OBJECT SERIES 200	OBJECT SERIES 300	OBJECT SERIES 400	OBJECT SERIES 500	OBJECT SERIES 700	OBJECT SERIES 800	OBJECT SERIES 900
010-030, 105-120	All Programs as Enumerated	X			X	X	X	X	X	X	X	X
050, 201-929, 931-960	All Programs as Enumerated	X	X	X	X	X	X	X	X	X	X	X

**Unrestricted – Postemployment Benefits Revocable Trust Fund 25**  
**Permitted Expenditure Code Grid**

PROGRAM NO.	PROGRAM	ORG SERIES 005	ORG SERIES 001-004	ORG SERIES 006-999	OBJECT SERIES 100	OBJECT SERIES 200	OBJECT SERIES 300	OBJECT SERIES 400	OBJECT SERIES 500	OBJECT SERIES 700	OBJECT SERIES 800	OBJECT SERIES 900
935	Post-Employment Benefits	X				220-235, 251	305					



**Unrestricted – Postemployment Benefits Irrevocable Trust Fund 45**

**Permitted Expenditure Code Grid**

PROGRAM NO.	PROGRAM	ORG SERIES 005	ORG SERIES 001-004	ORG SERIES 006-999	OBJECT SERIES 100	OBJECT SERIES 200	OBJECT SERIES 300	OBJECT SERIES 400	OBJECT SERIES 500	OBJECT SERIES 700	OBJECT SERIES 800	OBJECT SERIES 900
935	Post-Employment Benefits	X				220-235, 251	305					

**Unrestricted – Postemployment Benefits Debt Service Fund 47**

**Permitted Expenditure Code Grid**

PROGRAM NO.	PROGRAM	ORG SERIES 005	ORG SERIES 001-004	ORG SERIES 006-999	OBJECT SERIES 100	OBJECT SERIES 200	OBJECT SERIES 300	OBJECT SERIES 400	OBJECT SERIES 500	OBJECT SERIES 700	OBJECT SERIES 800	OBJECT SERIES 900
010-999	All Programs	X								710-720, 790		X

**Unrestricted – General Fixed Assets Group Fund 98**

**Permitted Expenditure Code Grid**

PROGRAM NO.	PROGRAM	ORG SERIES 005	ORG SERIES 001-004	ORG SERIES 006-999	OBJECT SERIES 100	OBJECT SERIES 200	OBJECT SERIES 300	OBJECT SERIES 400	OBJECT SERIES 500	OBJECT SERIES 700	OBJECT SERIES 800	OBJECT SERIES 900
010-999	All Programs	X	X	X	X	X	X	X	X	X	X	X

## Restricted Finance Grid

### Restricted Expenditures – Detailed Accounting and Reporting Requirements

School district expenditures that require a finance code because they are funded by federal grants, state statute or rule, or entitlements must be classified in accordance with the UFARS Chapter 10 Restricted Finance Grid that is described below.

The first section of the grid, Restricted Operating Capital Expenditure, is used for capital expenditures that use facilities, equipment, or disabled accessibility revenues. The second section, Restricted Finance Grid, is used for all other restricted expenditures.

Grid Layout

<b>FIN</b>	<b>DESCRIPTION</b>	<b>FUNDS</b>	<b>ORGANIZATION</b>	<b>PROGRAMS</b>	<b>OBJECT</b>
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FIN and DESCRIPTION refer to the Finance Dimension as described in the Finance chapter of this manual. The finance dimension is the key dimension of this grid. Finance codes are listed in ascending numerical order.

Please note that the restricted grid requirements do not change the UFARS code layout. Restricted expenditure codes must follow the usual UFARS coding sequence as follows:

<b>FUND</b>	<b>ORG</b>	<b>PRO</b>	<b>FIN</b>	<b>OBJ</b>	<b>CRS</b>
XX	XXX	XXX	XXX	XXX	XXX

Once a requirement for a finance dimension is determined and the finance number has been located in the Restricted Finance Grid, the remaining possible expenditure code dimensions can be determined.

Further questions on the use of the Restricted Finance Grid can be addressed to a Regional Accounting Coordinator (RAC) or the Department of Education (Financial Management Team). Both of these resources are listed in the appendix.

The use of this Restricted Finance Grid does not supersede state and federal grant regulations. Individual grants may be more restrictive. Be sure to refer to the grant applications for greater detail.

**Permitted Code Combinations for Finance Code 302 - Operating Capital (Minn. Stat. § 126C.10, Subd. 14)**

No.	ACTIVITY	ORGANIZATION	PROGRAM	OBJECT
1.	Acquire Land	005	850	510
2.	Acquire, Construct Buildings	001-999	850	520
3.	Rent or Lease Buildings	001-999	010-999	370, 535, 580, 581, 589
4.	Improve/Repair Sites, Buildings and Permanent attached Fixtures	001-999	850	520, 530, 555
5.	Capital Project to Surplus School used for Public Non-School Purpose	001-999	850	510, 520
6.	Eliminate Barriers or Increase Access for Handicapped	001-999	850	520
7.	State Fire Code Compliance	001-999	850	520
8.	Asbestos Removal	001-999	850	520
9.	Polychlorinated Biphenyl Clean-Up	001-999	850	520
10.	Transportation /Heating Fuels Clean-up	001-999	850	510, 520
11.	Energy Audits and Modifications (if cost can be recovered within 10 years)	001-999	850	305
12.	Buildings Leased according to M.S. 123B.51	001-999	850	520
13.	Special Assessments against School Property	001-999	850	896
14.	Pay Principal and Interest-Energy Conservation or Douglas Johnson Economic Protection Trust Fund	001-999	850	730, 740
15.	Purchase or Lease Interactive Telecommunications Equipment	001-999	010-999	370, 535, 555, 580, 581, 589
16.	Transfer Money into the Debt Redemption Fund	005	950	910
17.	To Pay Capital Expenditure Equipment related Assessment of an Entity formed under a Cooperative Agreement	005	010-999	316
18.	Purchase or Lease Computers and Related Materials, Copying Machines and Other Non-Instructional Equipment	001-999	010-999	370, 405, 530, 535, 555, 580, 581, 589
19.	Purchase or Lease Equipment for Instructional Programs	001-999	010-999	370, 530, 535, 555, 580, 581, 589
20.	Purchase Textbooks	001-999	201-499	460
21.	Purchase Library Media Sources or Technology	001-999	620	470
22.	Purchase Vehicles	001-999	010-999	370, 535, 548, 550, 580, 581, 589
23.	Purchase or Lease Telecommunications	005	108	370, 405, 530, 535, 555, 580, 581, 589
	Purchase or Lease Telecommunications (line 23 continued)	001-999	630	370, 405, 530, 535, 555, 580, 581, 589
24.	Technology Coordinator	005	108	110, 170, 185, 186, 201-299, 305
	Technology Coordinator (line 24 continued)	001-999	630	110, 170, 185, 186, 201-299, 305
25.	Costs Associated with Closing a School Facility	001-999	850	305

**Balance Sheet Account 427 Restricted/Reserved for Disabled Accessibility  
Finance Code 794 – Disabled Accessibility (Fund 01)**

All activities related to removal of architectural barriers and fire safety improvements in accordance with <a href="#">Minnesota Statutes, section 123B.58</a>	PRO 850 OBJ 300-399, 500-599
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**RESTRICTED FINANCE GRID**

<b>FIN</b>	<b>DESCRIPTION</b>	<b>FUNDS</b>	<b>ORG</b>	<b>PROGRAM</b>	<b>OBJECT</b>
302	Operating Capital	01	005	010-999 All Programs	316
302	Operating Capital	01	005	108 Admin. Technology Services	110, 170, 185-186, 201-299, 305
302	Operating Capital	01	005	950 Transfers	910-911
302	Operating Capital	01	001-999	630 Instruction-Related Tech.	110, 170, 185-186, 201-299, 305
302	Operating Capital	01	001-999	201-299 Elem./Sec. Regular Instr. 301-399 Career & Technical Instr. 401-499 Special Ed. Instruction	460
302	Operating Capital	01	001-999	620 Library Media Center	470
302	Operating Capital	01	001-999	850 Capital Facilities	305, 510, 520, 730, 740, 896
302	Operating Capital	01	001-999	010-999 All Programs	370, 405, 530, 535, 545, 548, 550, 535, 555, 580, 581, 589
303	Area Learning Center	01	005	010-030 Administration 105-120 District Support Services	110-599, 810-899
303	Area Learning Center	01	005	950 Transfers	911
303	Area Learning Center	01	001-999	050 School Administration 201-299 Elem./Sec. Regular Instr. 301-399 Career & Technical Instr. 400-420 Special Ed. Instruction 505-590 Comm. Ed. & Services 605-640 Instructional Support 710-760, 790 Pupil Support Serv. 810-850 Sites and Buildings 910-960 Fiscal, Other Fixed Costs	110-599, 810-899
304	Contracted Alternative Programs	01	005	010-030 Administration 105-120 District Support Services	305-399
304	Contracted Alternative Programs	01	005	950 Transfers	911
304	Contracted Alternative Programs	01	001-999	050 School Administration 201-299 Elem./Sec. Regular Instr.	305-399
305	State Approved Public Alternative Programs	01	005	010-030 Administration 105-120 District Support Services	110-599, 810-899
305	State Approved Public Alternative Programs	01	005	950 Transfers	911
305	State Approved Public Alternative Programs	01	001-999	All Other Programs except 770	110-599, 810-899
310	Interdistrict Cooperative Activities	01	005	010-030 Administration 105-120 District Support Services	110-599, 810-899
310	Interdistrict Cooperative Activities	01	005	950 Transfers	911
310	Interdistrict Cooperative Activities	01	001-999	All Other Programs except 770	110-599, 810-899
311	Telecommunications Access Costs	01	001-999	001-999 All Programs	110-599
311	Telecommunications Access Costs	04	005	505-590 Comm. Ed. & Services	110-599

FIN	DESCRIPTION	FUNDS	ORG	PROGRAM	OBJECT
313	Achievement and Integration Aid and Levy	01, 09	005	010-030 Administration 105-120 District Support Services	110, 120, 140-146, 156-157, 161, 163, 165, 170, 175, 185-186 191, 195-199, 210-289, 291-299, 305, 320-329, 358, 360, 365-366, 369-370, 389-391, 394, 398, 401-433, 460-461, 470, 490, 555, 820, 898, 899
313	Achievement and Integration Aid and Levy	01, 09	001-999	050 School Administration 201-299 Elem./Sec. Regular Instr. 301-399 Career & Technical Instr. 605-640 Instructional Support 710-712, 740-760, 790 Pupil Support	110, 120, 140-146, 156-157, 161, 163, 165, 170, 175, 185-186 191, 195-199, 210-289, 291-299, 305, 320-329, 358, 360, 365-366, 369-370, 389-391, 394, 398, 401-433, 460-461, 470, 490, 555, 820, 898, 899
316	General Education Revenue for Staff Development	01	001-999	010-050 Administration 105-110 District Support Services 201-299 Elem./Sec. Regular Instr. 301-399 Career & Technical Instr. 401-420 Special Ed. Instruction 605-640 Instructional Support 710-760, 790 Pupil Support Serv.	110-599, 810-899
317	Basic Skills	01	005	030 Instructional Admin. 105 General Admin. Support	110-599, 810-899
317	Basic Skills	01	005-999	950 Transfers	911
317	Basic Skills	01	001-999	400	110-599, 810-899
317	Basic Skills	01	001-999	401-416 Special Education Instruction	110, 140, 143-146, 150-166, 168-170, 172-176, 185-186, 191, 195, 199, 210-251, 270-280, 295-299, 305, 307, 316-359, 361-363, 365-366, 369-385, 391-394, 396-399, 401-405, 433, 470, 490, 530, 533, 535, 555-556, 582, 589, 820, 898
317	Basic Skills	01	001-999	420 Special Education Instruction	110, 143-146, 150-151, 153-166, 168-170, 172-176, 185-186, 191, 195, 199, 210-251, 270-280, 295-299, 305, 307, 316-359, 361-363, 365-366, 369-385, 391-394, 396-399, 401-405, 433, 470, 490, 530, 533, 535, 555-556, 582, 589, 820, 898
317	Basic Skills	01	001-999	422 Special Education – Students without Disabilities	110, 140, 152, 156, 157, 159, 161-163, 165, 175-176, 191, 199, 210-251, 270-280, 295-299, 305, 307, 329, 394, 396-399, 401, 433, 530, 535, 545, 555, 580
317	Basic Skills	01	001-999	050 School Administration 201-299 Elem./Sec. Regular Instr. 301-399 Career & Technical Instr. 579, 581-582 Comm. Ed & Serv. 605-640 Instructional Support 710-760, 790 Pupil Support Serv	110-599, 810-899

FIN	DESCRIPTION	FUNDS	ORG	PROGRAM	OBJECT
318	Incentive Revenue	01, 09	005	010-030 Administration 105-120 District Support Services	110, 120, 140-146, 156-157, 161, 163, 165, 170, 175, 185-186 195-199, 210-289, 291-299, 305, 320-329, 358, 360, 365-366, 369-370, 389-391, 394, 398, 401-433, 460-461, 470, 490, 555, 820, 898, 899
318	Incentive Revenue	01, 09	001-999	050 School Administration 201-299 Elem./Sec. Regular Instr. 301-399 Career & Technical Instr. 605-640 Instructional Support 710-712, 740-760, 790 Pupil Support	110, 120, 140-146, 156-157, 161, 163, 165, 170, 175, 185-186 195-199, 210-289, 291-299, 305, 320-329, 358, 360, 365-366, 369-370, 389-391, 394, 398, 401-433, 460-461, 470, 490, 555, 820, 898, 899
319	Teacher Development and Evaluation	01	001-999	020-050 Administration 105-120 District Support Services 201-205 Elem./Sec. Regular Instr. 210-270 Elem./Sec. Regular Instr. 301-399 Career & Technical Instr. 401-422 Special Ed. Instruction 605-640 Instructional Support 710-740 Pupil Support Serv.	110-140, 143, 145, 152-154, 156-157, 165, 167, 169-170, 174, 185, 195, 210-251, 270-280, 295, 305, 316-329, 366, 391, 396, 401-405, 461, 490, 555, 820
319	Teacher Development and Evaluation	04	001-999	520 Adult Basic/Continuing Ed. 580 Early Childhood and Family Education 582 School Readiness	110-140, 143, 145, 152-154, 156-157, 165, 167, 169-170, 174, 185, 195, 210-251, 270-280, 295, 305, 316-329, 366, 391, 396, 401-405, 461, 490, 555, 820
320	American Indian Education	01	001-999	105 General Admin. Support 201-270 Elem./Sec. Regular Instr. 401-420 Special Ed. Instruction 605-640 Instructional Support 710-760, 790 Pupil Support Serv.	110, 140-146, 156-158, 162, 164, 169-170, 175-186, 191-195, 199, 210-299, 305, 316-340, 350, 360, 365-366, 369-370, 389-392, 394-395, 398, 401, 430, 440-460, 470-490, 530, 555, 590, 820, 898
321	Community Education	04, 09	001-999	505-590 Comm. Ed. & Services	110-599, 740, 810-899
321	Community Education	04, 09	005	950 Transfers	911
322	State Adult Basic Education	04, 09	001-999	520 Adult Basic/Continuing Ed.	110-499, 530, 555, 580-581, 820
322	State Adult Basic Education	04, 09	005	950 Transfers	911
324	GED Testing & Adult Basic Education Supplemental Services	04	001-999	520 Adult Basic/Continuing Ed.	110-390, 392-499, 530, 555, 820
324	GED Testing & Adult Basic Education Supplemental Services	04	005	950 Transfers	911
325	Early Childhood & Family Education	04	001-999	580 Early Childhood & Family Education	110-146, 170, 175, 185-186, 191, 199, 210-280, 290-291, 299, 305, 320-340, 350, 355, 357-358, 360, 365-366, 369-370, 390-391, 394, 398, 401-430, 460, 470-490, 520-530, 555, 580-581, 820
325	Early Childhood & Family Education	04	005	950 Transfers	911
326	Adults with Disabilities	04	001-999	510 Adults with Disabilities	110-599, 810-899

FIN	DESCRIPTION	FUNDS	ORG	PROGRAM	OBJECT
328	Home Visiting	04	001-999	580 Early Childhood & Family Education	110-143, 145-146, 163-164, 170, 175, 185-186, 191, 199-291, 299, 305, 320-329, 365-366, 390-391, 394, 398, 401-430, 470, 555, 820
328	Home Visiting	04	005	950 Transfers	911
330	Learning & Development	01	001-999	201 Education - Kindergarten 203 Ed. Elementary - General	140, 195, 199, 210-299, 305, 366, 390-391, 395, 430, 433, 460, 470, 555
330	Learning & Development	01	005	950 Transfers	911
332	After School Enrichment Program	04	001-999	585 Youth Development/Youth Services	110-599, 810-895, 898
335	Quality Compensation – Alternative Teacher Professional Pay System	01	001-999	010-050 Administration 100-199 District Support Services 201-299 Elem./Sec. Regular Instr. 301-399 Career & Technical Instr. 401-499 Special Ed. Instruction 505-590 Community Ed. & Serv. 401-499 Special Ed. Instruction 600-699 Instr. Support Services 700-740 Pupil Support Serv. 790 Other Pupil Support Serv.	110-499, 530, 555, 820-899
335	Quality Compensation – Alternative Teacher Professional Pay System	04	001-999	520 Adult Basic/Continuing Ed. 580 Early Childhood and Family Education 582 School Readiness	110-499, 530, 555, 820-899
336	Raised Academic Achievement – Advanced Placement Programs	01	001-999	001-999 All Programs	110-499, 810-898
337	Early Learning Scholarships – Pathway II	04	001-999	581 Prekindergarten 582 School Readiness 590 Other Community Programs	110-146, 154-160, 163-164, 170, 175, 185-186, 191, 199, 210-280, 290-291, 299, 305, 320-340, 345-349, 351-352, 355-358, 360, 362-363, 365-366, 369-370, 375-379, 390-391, 394-395, 398, 401-430, 460, 470, 490, 520-530, 555, 820, 898
337	Early Learning Scholarships – Pathway II	04	005	950 Transfers	911
338	Early Learning Scholarships – Pathway I	04	001-999	581 Prekindergarten 582 School Readiness 590 Other Community Programs	110-146, 154-160, 163-164, 170, 175, 185-186, 191, 199, 210-280, 290-291, 299, 305, 320-340, 345-349, 351-352, 355-358, 360, 362-363, 365-366, 369-370, 375-379, 390-391, 394-395, 398, 401-430, 460, 470, 490, 520-530, 555, 820, 898
338	Early Learning Scholarships – Pathway I	04	005	950 Transfers	911
341	Regional Mathematics & Science Teacher Centers	01	001-999	001-999 All Programs	110-499, 810-898
342	Safe Schools Levy	01	001-999	001-499 All Programs 600-999 All Programs	110-599, 810-895
342	Safe Schools Levy	06	001-999	810, 850, 870 Sites, Building, and Equipment	520-530, 535, 555, 589
343	Systemic Stem School Redesign	01	001-999	001-999 All Programs	110-499, 810-898

FIN	DESCRIPTION	FUNDS	ORG	PROGRAM	OBJECT
344	School Readiness	01, 04	001-999	581 Prekindergarten 582 School Readiness	110-146, 163-164, 170, 175, 185-186, 191, 199, 210-291, 299, 305, 320-340, 350, 355, 357-358, 360, 365-366, 369-370, 390-391, 394, 398, 401-433, 460-461, 470, 490, 520-530, 555, 820, 898
344	School Readiness	01, 04	005	950 Transfers	911
346	Iron Range Resources & Rehabilitation Board Grants	01	001-999	810 Operations & Maintenance 850 Facilities	110-599, 810-899
347	Physical Hazards	01	001-999	850 Facilities	110-599, 910
347	Physical Hazards	06	001-999	855 Alternative Facilities	110-599, 910
347	Physical Hazards	06	001-999	870 Building Construction	110-599
348	Charter School Building Lease Aid	01	001-999	850 Facilities	370
349	Other Hazardous Materials	01	001-999	850 Facilities 855 Alternative Facilities	110-599, 910
349	Other Hazardous Materials	01	001-999	870 Building Construction	110-599
349	Other Hazardous Materials	06	001-999	855 Alternative Facilities	110-599, 910
349	Other Hazardous Materials	06	001-999	870 Building Construction	110-599
350	Aid to Nonpublic Pupils – Health Services	04	001-999	590 Other Community Programs 720 Health Services	143-144, 154-155, 170, 195, 210-299, 305, 320, 330, 345-346, 350, 366, 370, 375-376, 398, 401-405, 530, 535, 555, 895
351	Aid to Nonpublic Pupils – Textbooks & Tests	04	001-004, 006-999	590 Other Community Programs	398, 430-433, 460-461, 895
352	Environmental Health & Safety Management	01	001-999	850 Facilities	110-599, 810-899, 910
352	Environmental Health & Safety Management	06	001-999	870 Building Construction	110-599, 810-899
353	Aid to Nonpublic Pupils – Guidance & Counseling	04	001-999	590 Other Community Programs	110, 143-144, 146, 165, 170, 185-305, 320, 330, 350, 366, 370, 398, 401-405, 530, 535, 555, 895
353	Aid to Nonpublic Pupils – Guidance & Counseling	04	001-999	710-712 Counseling & Guidance	110, 143-144, 146, 165, 170, 185-299, 305, 320, 330, 350, 366, 370, 398, 401-405, 530, 535, 555, 895
354	Early Childhood Screening Program	04	001-999	583 Preschool Screening	110-146, 150-160, 163-165, 170, 175, 185-186, 195, 199, 210-299, 305, 320-329, 345-348, 350, 355, 358, 360, 365-366, 370, 375-379, 390-391, 394, 398, 401-433, 461, 490, 530, 555
358	Asbestos Removal & Encapsulation	01	001-999	850 Facilities	110-599, 820, 910
358	Asbestos Removal & Encapsulation	06	001-999	855 Alternative Facilities	110-599, 820, 910
358	Asbestos Removal & Encapsulation	06	001-999	870 Building Construction	300-599, 820
362	Youth Development/Youth Services	04	005	585 Youth Development	110-599, 810-895
363	Fire Safety	01	001-999	810 Operation & Maintenance 850 Facilities	110-599, 910
363	Fire Safety	06	001-999	855 Alternative Facilities	110-599, 910
363	Fire Safety	06	001-999	870 Building Construction	300-599
364	Hearing Impaired Support Services	01	001-999	301-399 Career & Technical Instr.	110-599, 810-899
364	Hearing Impaired Support Services	04	001-999	505-590 Community Ed. & Serv.	110-599, 810-899



FIN	DESCRIPTION	FUNDS	ORG	PROGRAM	OBJECT
366	Indoor Air Quality	01	001-999	850 Facilities	110-599, 810-899, 910
366	Indoor Air Quality	06	001-999	855 Alternative Facilities	110-599, 810-899, 910
366	Indoor Air Quality	06	001-999	870 Building Construction	300-599, 810-899
371	Taconite \$25 Restricted/Reserved	01	001-999	412 Developmentally Delayed 605 General Instructional Support	110-599, 810-899
371	Taconite \$25 Restricted/Reserved	01	005	950 Transfers	911
371	Taconite \$25 Restricted/Reserved	04	001-999	579 Preschool – Instructional 580 Early Childhood & Family Education 581 Prekindergarten 582 School Readiness	110-599, 810-899
372	Medical Assistance/Third Party Revenue	01	001-999	400 Special Education Instr.	110, 170, 199-280, 295, 305, 308-329, 340, 360, 365-366, 384, 391, 396-397, 401-405, 490, 520, 530, 555, 556
372	Medical Assistance/Third Party Revenue	01	001-999	401-416 Special Education Instr.	110, 140, 143-166, 168-170, 172-186, 191, 195-251, 270-280, 295-299, 305, 307, 316-359, 361-363, 365-366, 369-385, 391-394, 396-399, 401-405, 433, 470-490, 530, 533-535, 555-556, 581-582, 589, 820, 898
372	Medical Assistance/Third Party Revenue	01	001-999	420 Special Education Instr.	110, 143-151, 153-166, 168-186, 191, 195-251, 270-280, 295-299, 305, 307, 316-330, 340-359, 361-363, 365-366, 369-385, 391-394, 396-399, 401-405, 433, 470-490, 530, 533, 535, 548, 555-556, 581-582, 589, 820, 898
375	Grants to Prepare Indian Teachers	01	001-999	640 Staff Development	110-599, 810-899
377	Family Service & Mental Health Initiatives	01	005	105-110 District Support Services	110-499, 810-899
377	Family Service & Mental Health Initiatives	01	001-999	201-211 Elem./Sec. Regular Instr. 710-760, 790 Pupil Support Serv.	110-499, 810-899
377	Family Service & Mental Health Initiatives	04	005	505, 590 Community Education	110-499, 810-899
385	Deferred Maintenance Program	01	001-999	850 Facilities	110-898
385	Deferred Maintenance Program	01	005	950 Transfers	911
386	Alternative Facilities Program	01	005	950 Transfers	910
386	Alternative Facilities Program	06	001-999	850 Capital Facilities 870 Building Construction	110-898
388	Gifted & Talented	01	001-999	218 Gifted & Talented	110-599, 810-899
388	Gifted & Talented	01	005	950 Transfers	911
390	Taconite Revenue used for Building Maintenance & Repair	01	001-999	850 Capital Facilities	110-898
390	Taconite Revenue used for Building Maintenance & Repair	01	005	950 Transfers	911

FIN	DESCRIPTION	FUNDS	ORG	PROGRAM	OBJECT
401/601	Title I, Part A – Improving the Academic Achievement of the Disadvantaged	01, 04	001-999	216 Title I, Part A of ESEA	110, 140-146, 154-157, 161, 165, 170, 175, 185-186, 199-280, 299, 303-304, 320-329, 350, 360, 364-368, 389, 401-433, 460-490, 530, 555, 820-895
401/601	Title I, Part A – Improving the Academic Achievement of the Disadvantaged  <i>If you are a recipient of the Race-to-the-Top ELC Grant, you must use Program Codes 579 or 581 (or 201 if applicable) for expenditures in excess of the amount of programs in the previous year.</i>	01	001-999	201 Education - Kindergarten	110, 120, 140-146, 161, 170, 175, 185-186, 199-280, 299, 303-304, 320-329, 360, 364-366, 370, 389, 401-433, 461-490, 530, 555, 820-895
401/601	Title I, Part A – Improving the Academic Achievement of the Disadvantaged  <i>If you are a recipient of the Race-to-the-Top ELC Grant, you must use Program Codes 579 or 581 (or 201 if applicable) for expenditures in excess of the amount of programs in the previous year.</i>	04	001-999	579 Preschool – Instructional 581 Prekindergarten	110, 120, 140-146, 161, 170, 175, 185-186, 199-280, 299, 303-304, 320-329, 360, 364-366, 370, 389, 401-433, 461-490, 530, 555, 820-895
406/606	Title I, Part D – Prevention and Intervention Programs for Children and Youth Who Are Neglected, Delinquent or At-Risk	01	001-999	216 Title I, Part A of ESEA	110, 140-146, 156-158, 160-161, 165, 170, 175, 185-186, 199-280, 299, 303-304, 329, 345-350, 352, 360, 362, 364-368, 375-379, 401-433, 461-490, 530, 555, 820-895
412/612	Race-to-the-Top – Early Learning Challenge – Title I Pre-K Incentive	01	001-999	201 Education - Kindergarten	110, 120, 140-146, 161, 170, 175, 185-186, 199-280, 299, 303-304, 320-329, 360, 364-366, 370, 389, 401-433, 461-490, 530, 555, 820-895
412/612	Race-to-the-Top – Early Learning Challenge – Title I Pre-K Incentive	04	001-999	579 Preschool – Instructional 581 Prekindergarten 582 School Readiness 590 Other Community Programs	110, 120, 140-146, 161, 170, 175, 185-186, 199-280, 299, 303-304, 320-329, 360, 364-366, 370, 389, 401-433, 461-490, 530, 555, 820-895
414/614	Title II, Part A – Teacher and Principal Training and Recruiting	01	001-999	204 Improve Teacher Quality	110, 140-146, 161, 170, 175, 185-186, 199-280, 299, 303-304, 329, 350, 360, 364-368, 389, 401, 470-490, 895
414/614	Title II, Part A – Teacher and Principal Training and Recruiting  * Program 205 and 505 for use by Reap Districts Only	01	001-999	205 Language Instruction/EL *	110, 140-146, 154-161, 163-165, 168-173, 175-186, 199-280, 299, 303-304, 329, 345-352, 355-358, 360, 362-368, 375-379, 389, 401-433, 460-490, 530, 555, 820-895

FIN	DESCRIPTION	FUNDS	ORG	PROGRAM	OBJECT
414/ 614	Title II, Part A – Teacher and Principal Training and Recruiting	01	001-999	206 Safe and Drug Free Schools	110, 140-146, 154-161, 163-165, 168-170, 175-176, 185-186, 199-280, 299, 303-304, 329, 345-352, 355-358, 360, 362-368, 375-379, 389, 401-433, 460-490, 530, 555, 820-895
414/ 614	Title II, Part A – Teacher and Principal Training and Recruiting	01	001-999	207 Innovative Programs	110, 140-146, 154-157, 161, 165, 170, 175, 185-186, 199-280, 299, 303-304, 329, 345-350, 360, 364-368, 375-378, 389, 401-433, 460-490, 530, 555, 820-895
414/ 614	Title II Part A – Teacher and Principal Training and Recruiting	01	001-999	216 Title I, Part A of ESEA	110, 140-146, 161, 170, 175, 185-186, 199-280, 299, 303-304, 329, 350, 360, 364-368, 389, 401-433, 460-490, 530, 555, 820-895
414/ 614	Title II, Part A – Teacher and Principal Training and Recruiting  * Program 205 and 505 for use by Reap Districts Only	04	001-999	505 General Community Education (for 21st Century)	110, 140-168, 170, 173-176, 185-186, 199-280, 299, 303-304, 316-379, 389, 401-460, 470-490, 495, 530, 555, 589-590, 820-895, 898
417/ 617	Title III, Part A – English Language Acquisition, Language Enhancement and Academic Achievement	01	001-999	205 Language Instruction/EL	110, 140-146, 154-161, 163-165, 168-173, 175-186, 199-280, 299, 303-304, 329, 345-352, 355-358, 360, 362-368, 375-379, 389, 401-433, 460-490, 530, 555, 820-895
419/ 619	Individuals with Disabilities Education Act (IDEA) Part B Section 611  <b>Note:</b> Capital Expenditures Require Prior Minnesota Department of Education Approval.	01	005	010 Board of Education	110, 199-280, 299, 366-368, 820-895
419/ 619	Individuals with Disabilities Education Act (IDEA) Part B Section 611  <b>Note:</b> Capital Expenditures Require Prior Minnesota Department of Education Approval.	01	001-999	401-416 Special Ed. Instruction	140, 143-166, 168, 172-186, 199-280, 299-304, 307-309, 320, 329, 341-379, 389, 392-393, 401-405, 433, 470-490, 520-530, 532-535, 548, 550-556, 582-583, 820-895, 898
419/ 619	Individuals with Disabilities Education Act (IDEA) Part B Section 611  <b>Note:</b> Capital Expenditures Require Prior Minnesota Department of Education Approval.	01	001-999	420 Special Ed. Instruction	110, 143-151, 153-166, 168-186, 199-280, 299-304, 307-329, 340-379, 389, 401-405, 433, 470-490, 520-530, 532-535, 548, 550-556, 582-583, 820-895
420/ 620	Individuals with Disabilities Education Act (IDEA) Part B Section 619 – Preschool Grant for Children with Disabilities  <b>Note:</b> Capital Expenditures Require Prior Minnesota Department of Education Approval.	01	005	010 Board of Education	110, 199-280, 299, 366-368, 820-895

FIN	DESCRIPTION	FUNDS	ORG	PROGRAM	OBJECT
420/ 620	Individuals with Disabilities Education Act (IDEA) Part B Section 619 – Preschool Grant for Children with Disabilities  <b>Note:</b> Capital Expenditures Require Prior Minnesota Department of Education Approval.	01	001-999	401-416 Special Ed. Instruction	140, 143-166, 168, 172-186, 199-280, 299-304, 307, 320-329, 341-379, 389, 392-393, 401- 405, 433, 470-490, 520-530, 532-535, 548, 550-556, 582-583, 820-895, 898
420/ 620	Individuals with Disabilities Education Act (IDEA) Part B Section 619 – Preschool Grant for Children with Disabilities  <b>Note:</b> Capital Expenditures Require Prior Minnesota Department of Education Approval.	01	001-999	420 Special Ed. Instruction	110, 143-151, 153-166, 168-186, 199-280, 299- 304, 307-329, 340-379, 389, 401-405, 433, 470- 490, 520-530, 532-535, 548, 550-556, 582-583, 820-895
421/ 621	Individuals with Disabilities Education Act (IDEA) Part B Section 611 Discretionary Low Incidence  Discretionary Programs and Grants	01	001-999	401-416 Special Ed. Instruction	110, 140, 143-168, 170-186, 199-280, 299, 303- 304, 307, 320-329, 341-363, 366-368, 370-379, 389, 392-393, 401-405, 433, 470-490, 530, 533- 535, 555-580, 582-583, 820-895
421/ 621	Individuals with Disabilities Education Act (IDEA) Part B Section 611 Discretionary Low Incidence  Discretionary Programs and Grants	01	001-999	420 Special Ed. Instruction	110, 143-151, 153-186, 199-280, 299, 303-304, 307, 320-329, 340-363, 366-368, 370-379, 389, 401- 405, 433, 470-490, 530, 533-535, 555-580, 582-583, 820-895
422/ 622	Infants and Toddlers Programs – Ages 0-2	01	001-999	401-420 Special Ed. Instruction	110, 140-141, 143-146, 150-158, 161-164, 166, 170-173, 175-186, 199, 210-280, 299, 303-304, 320, 329, 341-350, 353-361, 366, 368, 370-379, 389, 401- 405, 433, 470- 490, 530, 533, 555-556, 895
423/ 623	Individuals with Disabilities Education Act (IDEA) Part C, Regional IEIC – Grants for Children Ages 0-2	01	001-999	401-420 Special Ed. Instruction	110, 163-164, 166, 170-173, 175, 185-186, 199, 210-280, 299, 303-304, 320, 329, 357-358, 366, 370, 389, 401- 405, 470-490, 895
424/ 624	Title VI, Part B, Subpart 2 – Rural and Low- Income Schools	01	001-999	204 Improve Teacher Quality	110, 140-146, 161, 170, 175, 185-186, 199-280, 299, 303-304, 329, 350, 360, 364-368, 389, 401- 405, 470-490, 895
424/ 624	Title VI, Part B, Subpart 2 – Rural and Low- Income Schools	01	001-999	205 Language Instruction/EL	110, 140-146, 154-161, 163-165, 168-173, 175- 186, 199-280, 299, 303-304, 329, 345-352, 355- 358, 360, 362-368, 375-379, 389, 401-433, 460- 490, 530, 555, 820-895
424/ 624	Title VI, Part B, Subpart 2 – Rural and Low- Income Schools	01	001-999	206 Safe and Drug Free Schools	110, 140-146, 154-161, 163-165, 168-170, 175- 176, 185-186, 199-280, 299, 303-304, 329, 345- 352, 355-358, 360, 362-368, 375-379, 389, 401- 433, 460-490, 530, 555, 820-895
424/ 624	Title VI, Part B, Subpart 2 – Rural and Low- Income Schools	01	001-999	207 Innovative Programs	110, 140-146, 154-157, 161, 165, 170, 175, 185- 186, 199-280, 299, 303-304, 329, 345-350, 360, 364-368, 375-378, 389, 401-433, 460-490, 530, 555, 820-895

FIN	DESCRIPTION	FUNDS	ORG	PROGRAM	OBJECT
424/ 624	Title VI, Part B, Subpart 2 – Rural and Low-Income Schools	01	001-999	216 Title I, Part A of ESEA	110, 140-146, 154-157, 161, 165, 170, 175, 185-186, 199-280, 299, 303-304, 329, 350, 360, 364-368, 389, 401-433, 460-490, 530, 555, 820-895
424/ 624	Title VI, Part B, Subpart 2 – Rural and Low-Income Schools	04	001-999	505 General Community Education (for 21st Century)	110, 140-168, 170, 173-176, 185-186, 199-280, 299, 303-304, 316-379, 389, 401-460, 470-490, 495, 530, 555, 589-590, 820-895, 898
425/ 625	Individuals with Disabilities Education Act (IDEA) Part B Section 611 Coordinated Early Intervening Services (CEIS)	01	001-999	422 Special Education – Students without Disabilities	110, 140, 141, 143-166, 168-186, 199-280, 299, 303-304, 307-329, 340-379, 389, 392-393, 401-405, 433, 470-490, 520-530, 532-535, 548, 550-556, 582-583, 820-895, 898
428/ 628	Carl Perkins Vocational & Applied Technology	01	005	105-120 District Support Services	110, 140-146, 154-155, 161-162, 164-165, 168, 170-172, 185-186, 199-280, 299, 303-304, 316-330, 350, 360, 364-370, 401-495, 530-531, 535, 555, 590, 820-895
428/ 628	Carl Perkins Vocational & Applied Technology	01	001-999	301-399 Career & Technical Instr. 605-640 Instructional Support 710, 730-790 Pupil Support Serv.	110, 140-146, 154-155, 161-162, 164-165, 168, 170-172, 185-186, 199-280, 299, 303-304, 316-330, 350, 360, 364-370, 401-495, 530-531, 535, 555, 590, 820-895
429/ 629	Individuals with Disabilities Education Act (IDEA) Part B Section 611 Mandatory Coordinated Early Intervening Services	01	001-999	422 Special Education – Students without Disabilities	110, 140, 141, 143-166, 168-186, 199-280, 299, 303-304, 307-329, 340-379, 389, 392-393, 401-405, 433, 470-490, 520-530, 532-535, 548, 550-556, 582-583, 820-895, 898
430/ 630	Individuals with Disabilities Education Act (IDEA) Part B Section 619 – Centers of Excellence Discretionary Regional CSPD Grants	01	001-999	401-416 Special Ed. Instruction	140, 143-166, 170, 173-186, 199-280, 299, 303-304, 307, 320-329, 355-358, 366-368, 370, 389, 401-405, 470-490, 530, 533, 555-556, 820-895
430/ 630	Individuals with Disabilities Education Act (IDEA) Part B Section 619 – Centers of Excellence Discretionary Regional CSPD Grants	01	001-999	420 Special Education Aggregate	140, 143-166, 170, 173-186, 199-280, 299, 303-304, 307, 320-329, 355-358, 366-368, 370, 389, 401-405, 470-490, 530, 533, 555-556, 820-895
431/ 631	Individuals with Disabilities Education Act (IDEA) Part B Section 611 School wide Title I	01	001-999	422 Special Education – Students without Disabilities	140-166, 168-186, 199-280, 299, 303-304, 307-329, 341-368, 370-379, 389, 401-405, 433, 460-490, 520-530, 533, 555-556, 582-583, 820-895, 898
432/ 632	Individuals with Disabilities Education Act (IDEA) Part B Section 611 Discretionary Comprehensive System of Personnel Development – CSPD	01	001-999	401-416 Special Ed. Instruction	110, 140, 143-168, 170-186, 199-280, 299, 303-304, 307, 320-329, 341-363, 366-368, 370-379, 389, 392-393, 401-405, 433, 470-490, 530, 533, 555-556, 582-583, 820-895, 898
432/ 632	Individuals with Disabilities Education Act (IDEA) Part B Section 611 Discretionary Comprehensive System of Personnel Development – CSPD	01	001-999	420 Special Education Aggregate	110, 143-151, 153-186, 199-280, 299, 303-304, 307, 320-329, 340-363, 366-368, 370-379, 389, 401-405, 433, 490, 530, 533-535, 555-556, 582-583, 820-895

FIN	DESCRIPTION	FUNDS	ORG	PROGRAM	OBJECT
438/ 638	Federal Adult Basic Education Formula Revenue	04	005	520 Adult Basic/Continuing Ed.	110-146, 156-158, 161-165, 168, 170-172, 175, 185-186, 199-280, 299, 303-304, 316-340, 343-344, 347-350, 353-361, 366-370, 373-374, 377-378, 389-392, 394-395, 401-433, 460-490, 530, 555, 895
442/ 642	Title III, Part A – Immigrant Grant	01	001-999	205 Language Instruction/EL	110, 140-146, 156-158, 160-163, 165-167, 170, 174-186, 199-280, 303-304, 329, 347-349, 353-355, 358-361, 364-368, 377-379, 389, 401-433, 460-490, 530, 555, 820
446/ 646	Individuals with Disabilities Education Act (IDEA) Part C – Regional Centers of Excellence CSPD Grants	01	001-999	401-420 Special Ed. Instruction	140, 143, 145, 146, 150-158, 160, 163-165, 167, 170, 175-176, 185-186, 200-280, 299, 303-304, 320, 329, 330, 340-349, 352, 355-358, 366, 370-379, 389, 401-405, 440, 470, 490, 555, 820, 895
469	Child and Adult Care Food Program	02	001-999	770 Food Services	110, 170, 185-186, 210-214, 220-251, 270-280, 303-304, 316-340, 350, 366-368, 370, 401-405, 440, 490-499, 530, 535, 550-555, 580-581, 820-895
469	Child and Adult Care Food Program	04	001-999	505-599 Comm. Ed. & Services	110, 170, 185-186, 210-214, 220-251, 270-280, 303-304, 316-340, 350, 366-368, 370, 401-405, 440, 490-499, 530, 535, 550-555, 580-581, 820-895
475/ 675	Carl Perkins Career & Technical Education-Reserve	01	005	105-120 District Support Services	110, 140-146, 154-155, 161-162, 164-165, 168, 170-172, 185-186, 199-280, 299, 303-304, 316-330, 350, 360, 364-370, 401-495, 530-531, 535, 555, 590, 820-895
475/ 675	Carl Perkins Career & Technical Education-Reserve	01	001-999	301-399 Career & Technical Instr. 605-640 Instructional Support 710, 730-790 Pupil Support Serv.	110, 140-146, 154-155, 161-162, 164-165, 168, 170-172, 185-186, 199-280, 299, 303-304, 316-330, 350, 360, 364-370, 401-495, 530-531, 535, 555, 590, 820-895
499	Miscellaneous Federal Revenue Received from the Minnesota Department of Education	01, 02, 04	001-999	001-999 All Programs	110-898
510	Indian Elementary & Secondary School Assistance	01	001-999	201-270 Elem./Sec. Regular Instr. 605-640 Instructional Support 710-760, 790 Pupil Support Serv.	110-190, 199-288, 299, 303-304, 306-397, 399-544, 546-599, 810-898
513	Indian Education Assistance to Schools – Johnson O’Malley	01	001-999	201-270 Elem./Sec. Regular Instr. 401-420 Special Ed. Instruction 605-640 Instructional Support 710-760, 790 Pupil Support Serv.	110-190, 192-288, 292-299, 303-304, 306-599, 810-899
514	Title VI, Part B – Small, Rural Education Achievement Program Grants	01	001-999	204 Improve Teacher Quality	110-186, 199-288, 292-299, 303-304, 329, 350, 365-368, 389, 401-433, 470-490, 530, 895
514	Title VI, Part B – Small, Rural Education Achievement Program Grants	01	001-999	205 Language Instruction/EL	110-186, 199-288, 292-299, 303-304, 329, 350-369, 389, 391, 398-433, 460-490, 530, 555, 820-895

FIN	DESCRIPTION	FUNDS	ORG	PROGRAM	OBJECT
514	Title VI, Part B – Small, Rural Education Achievement Program Grants	01	001-999	206 Safe and Drug Free Schools	110-186, 199-288, 292-299, 303-304, 320-329, 350-369, 389, 398-433, 460, 470-490, 530, 555, 820-895
514	Title VI, Part B – Small, Rural Education Achievement Program Grants	01	001-999	207 Innovative Programs	110-186, 199-288, 292-299, 303-304, 329, 350-369, 389, 394, 398-433, 460-490, 530, 555, 820-895
514	Title VI, Part B – Small, Rural Education Achievement Program Grants	01	001-999	210 Enhancing Ed. Thru Tech.	110-186, 199-288, 292-299, 303-304, 320-329, 350-369, 389, 398-433, 460-490, 530, 555, 820-895
514	Title VI, Part B – Small, Rural Education Achievement Program Grants	01	001-999	216 School Improvement	110-186, 199-288, 292-299, 303-304, 329, 350-369, 389, 394, 398-433, 460-490, 530, 555, 820-895
514	Title VI, Part B – Small, Rural Education Achievement Program Grants	04	001-999	505 General Community Education (for 21st Century)	110, 140-168, 170, 173-176, 185-186, 199-280, 299, 303-304, 316-363, 365-379, 389, 401-460, 470-490, 495, 530, 555, 589-590, 820-895, 898
518	ARRA Targeted Head Start Grants	04	001-999	580 Early Childhood & Family Ed	110-305, 320-330, 350, 360, 365-366, 370, 390-391, 394-395, 398-430, 470-490, 530, 555, 580-581, 820
599	Miscellaneous Direct Federal Revenue	01, 02, 04	001-999	001-999 All Programs	110-898
699	Miscellaneous Federal Revenue Received from Another Agency	01, 02, 04	001-999	001-999 All Programs	110-898
701	National School Lunch Program – NSLP	02	001-999	770 Food Services	110, 170-350, 365-370, 391, 395, 398-405, 440, 490-499, 520-531, 535-545, 550-590, 820-899
702	After-School Snack Program	02	001-999	770 Food Services	110, 170-350, 365-370, 391, 395, 398-405, 440, 490-499, 520-531, 535-545, 550-590, 820-899
702	After-School Snack Program	04	001-999	505-590 Comm. Ed. & Services	110, 170-350, 365-370, 391, 395, 398-405, 440, 490-499, 520-531, 535-545, 550-590, 820-899
703	Special Milk Program – SMP/MN Kindergarten Milk Program – MKMP	02	001-999	770 Food Services	110, 170-350, 365-370, 391, 395, 398-405, 440, 490-499, 520-531, 535-545, 550-590, 820-899
705	School Breakfast Program – SBP	02	001-999	770 Food Services	110, 170-350, 365-370, 391, 395, 398-405, 440, 490-499, 520-531, 535-545, 550-590, 820-899
706	Fresh Fruit & Vegetable Grant Program	02	001-999	770 Food Services	110, 170, 210-240, 250-251, 270-280, 299, 303-304, 401-405, 490, 530
707	A La Carte/Other	02	001-999	640 Staff Development	366
707	A La Carte/Other	02	001-999	770 Food Services	110, 170-350, 365-370, 391, 395, 398-405, 440, 490-499, 520-531, 535-545, 550-590, 740, 820-899
709	Summer Food Service Program for Children	02	001-999	770 Food Services	110, 170-350, 365-370, 391, 395, 398-405, 440, 490-499, 520-531, 535-545, 550-590, 820-899
711	Learning Year – Summer	01	001-999	760 Pupil Transportation	110-460, 820-899
713	Open Enrollment Transportation-Outside the District	01	001-999	760 Pupil Transportation	110-460, 820-899
714	Transportation to Multi-District Integration/Desegregation Programs	01, 09	001-999	760 Pupil Transportation	110-460, 820-895

FIN	DESCRIPTION	FUNDS	ORG	PROGRAM	OBJECT
716	Noon Kindergarten Transportation	01	001-999	760 Pupil Transportation	110-460, 820-899
717	Late Activities Bus for Public School Pupils	01	001-999	291-298 Extra/Co-Curr Activities 760 Pupil Transportation	110-460, 820-899
717	Late Activities Bus for Public School Pupils	04	005	505-590 Comm. Ed. & Services	110-460, 820-899
718	Student Transportation Safety	01	001-999	760 Pupil Transportation	110-599, 810-899
719	Traffic Hazards – Walkers	01	001-999	760 Pupil Transportation	110-499, 810-899
720	Regular-to-and-from School	01	001-999	760 Pupil Transportation	110-460, 820-899
721	Regular Summer School	01	001-999	201-299 Elem./Sec. Regular Instr. 301-399 Career & Technical Instr. 401-420 Special Ed. Instruction 760 Pupil Transportation	110-460, 820-899
723	Transportation of Pupils Attending Special Education Programs	01	001-999	201-299 Elem./Sec. Regular Instr. 301-399 Career & Technical Instr. 400-420 Special Ed. Instruction 760 Pupil Transportation	110-140, 143-460, 820-899
725	Between Schools – Public	01	001-999	760 Pupil Transportation	110-460, 820-899
726	Nonpublic Nonregular	01	001-999	291-298 Extra/Cocurr Activities 760 Pupil Transportation	110-460, 820-899
728	Special Transportation of Selected Pupils	01	001-999	760 Pupil Transportation	110-460, 820-899
733	Non-Authorized Transportation	01	005	010-030 Administration 105-110 District Support Services	110-599, 810-899
733	Non-Authorized Transportation	01	005	910-920 Retirement of Long-Term/Non-bonded Obligations	730-740
733	Non-Authorized Transportation	01	001-999	050 School Administration 201-299 Elem./Sec. Regular Instr. 301-399 Career & Technical Instr. 401-420 Special Ed. Instruction 605-640 Instructional Support 710-760, 790 Pupil Support Serv. 800-899 Sites, Building, Equip	110-599, 810-899
733	Non-Authorized Transportation	02	001-999	770 Pupil Support Services	110-599, 810-899
733	Non-Authorized Transportation	04	001-999	505-590 Comm. Ed. & Services	110-599, 810-899
737	Ineligible/Nonresident Pupils	01	001-999	760 Pupil Transportation	110-460, 820-899
739	Low Income Families Enrollment Options Transportation Reimbursement	01	001-999	760 Pupil Transportation	305-399
740	State – Special Education	01, 09	001-999	401-416 Special Ed. Instruction	110, 140, 143-146, 150-166, 168-170, 172-176, 185-186, 191, 195, 199, 210-251, 270-280, 295-299, 305, 307, 316-359, 361-363, 365-366, 369-385, 391-394, 396-399, 401-405, 433, 470, 490, 530, 533, 535, 555-556, 581-582, 589, 820, 898



FIN	DESCRIPTION	FUNDS	ORG	PROGRAM	OBJECT
740	State – Special Education	01, 09	001-999	420 Special Education Instruction	110, 143-146, 150-151, 153-166, 168-170, 172-176, 185-186, 191, 195, 199, 210-251, 270-280, 295-299, 305, 307, 316-359, 361-363, 365-366, 369-385, 391-394, 396-399, 401-405, 433, 470, 490, 530, 533, 535, 555-556, 581-582, 589, 820, 898
740	State – Special Education	01, 09	001-999	422 Special Education – Students without Disabilities	110, 140, 143, 144, 152, 156, 157, 159, 161-162, 163, 165, 175-176, 191, 199, 210-251, 270-280, 295-299, 305, 329, 394, 396-399, 401, 433, 530, 545, 555, 580-581
756	State – Special Student Aid	01	005	010-030 Administration 105-120 District Support Services	110-599, 810-898
756	State – Special Student Aid	01	001-999	All Other Programs except 770	110-599, 810-898
761	Non-Special Education State Placement	01	005	010-030 Administration 105-120 District Support Services	110-599, 810-899
761	Non-Special Education State Placement	01	001-999	201, 203, 211 Instr. Programs 422 Special Education – Students without Disabilities	390, 392, 394
791	Projects Funded by Certificates of Participation (Lease-Purchase Agreement)	06	001-999	870 Building Construction	110-305, 350, 366, 370, 401-430, 510, 520-530, 555-581, 820
792	Unfunded Severance & Retirement Levy	01	005	010-030 Administration 105-120 District Support Services	191, 200-299
792	Unfunded Severance & Retirement Levy	01	001-999	All Other Programs except 770	191, 200-299
792	Unfunded Severance & Retirement Levy	02	001-999	770 Food Services	191, 200-299
792	Unfunded Severance & Retirement Levy	04	005	505-590 Comm. Ed. & Services	191, 200-299
793	Funded OPEB Liabilities not Held in a Trust	01, 02, 04	001-999	All programs	291
794	Disabled Accessibility	01	001-999	850 Facilities	110-599, 810-899
795	Capital Projects Levy	01	005	010-999 All Programs	316
795	Capital Projects Levy	01	005	108 Admin. Technology Services 630 Instruction-Related Tech.	110, 170, 185-186, 201-299, 305, 370, 405, 530, 535, 555, 580, 581, 589
795	Capital Projects Levy	01	005	850 Capital Facilities	510
795	Capital Projects Levy	01	005	950 Transfers	910
795	Capital Projects Levy	01	001-999	010-999 All Programs	370, 530, 548, 550, 535, 555, 580, 581, 589
795	Capital Projects Levy	01	001-999	201-299 Elem./Sec. Regular Instr. 301-399 Career & Technical Instr. 401-499 Special Ed. Instruction	460
795	Capital Projects Levy	01	001-999	620 Library Media Center	470
795	Capital Projects Levy	01	001-999	850 Capital Facilities	305, 510, 520, 530, 555, 730, 740, 896
795	Capital Projects Levy	06	001-999	870 Building Construction	110-305, 350, 366, 370, 401-430, 510-530, 555-581, 820, 910
796	Health Benefits	01	005	010-030 Administration 105-120 District Support Services	220, 291-295
796	Health Benefits	01	001-999	All Other Programs except 770	220, 291- 295
796	Health Benefits	02	001-999	770 Food Services	220, 291- 295

FIN	DESCRIPTION	FUNDS	ORG	PROGRAM	OBJECT
796	Health Benefits	04	005	505-590 Comm. Ed. & Services	220, 291- 295
797	OPEB Pay As You Go Levy	01, 02, 04	005	010-050 Administration 105-120 District Support Services 201-299 Elem./Sec. Regular Instr. 301-399 Career & Technical Instr. 400-499 Special Ed. Instruction 505-590 Comm. Ed. & Services 605-640 Instructional Support 700-799 Pupil Support Services 810 Operations and Maintenance	291
798	Children with Disabilities in School Age Care	04	005	570 School Age Care	110-599, 810-899
799	Collaboration – Expansion of Early Intervention & Prevention Services	01, 09	001-999	400 Special Education	110-599, 810-899
799	Collaboration – Expansion of Early Intervention & Prevention Services	01, 09	001-999	401-416 Special Education Instruction	110, 140, 143-146, 150-166, 168-170, 172-176, 185-186, 191, 195, 199, 210-251, 270-280, 295-299, 305, 307, 316-359, 361-363, 365-366, 369-385, 391-394, 396-399, 401-405, 433, 470, 490, 530, 533, 535, 555-556, 581-582, 589, 820, 898
799	Collaboration – Expansion of Early Intervention & Prevention Services	01, 09	001-999	420 Special Education Instruction	110, 143-146, 150-151, 153-166, 168-170, 172-176, 185-186, 191, 195, 199, 210-251, 270-280, 295-299, 305, 307, 316-359, 361-363, 365-366, 369-385, 391-394, 396-399, 401-405, 433, 470, 490, 530, 533, 535, 555-556, 581-582, 589, 820, 898
799	Collaboration – Expansion of Early Intervention & Prevention Services	01, 09	001-999	422 Special Education – Students without Disabilities	110, 140-141, 152, 156-157, 159, 161-163, 165, 175-176, 191, 199, 210-251, 270-280, 295-299, 305, 329, 394. 396-399, 401, 433, 530, 545, 555, 580
799	Collaboration – Expansion of Early Intervention & Prevention Services	04	001-999	505-590 Comm. Ed. & Services	110, 140-141, 143-146, 150-166, 168-170, 172-176, 185-186, 190-191, 195, 199, 210-280, 291-299, 305-394, 396-399, 401-433, 470, 490, 520-530, 533, 535, 555-556, 582-589, 820, 898
801/ 901	ABE EL – Civics Competitive Allocation	04	005	520 Adult Basic/Continuing Ed.	110, 120, 140-146, 156-158, 161-165, 168, 170-172, 175, 185-186, 199-280, 299, 303-304, 316-340, 344-345, 347-350, 353-361, 364-370, 373-374, 377-378, 389-392, 394-395, 401-433, 460-490, 530, 555, 895
802/ 902	ABE EL Supplemental Program for Refugees – Competitive (Interagency Agreement with DHS)	04	005	520 Adult Basic/Continuing Ed.	110, 140-146, 156-158, 161-165, 168, 170-172, 175, 185-186, 199-280, 299, 303-304, 316-340, 344-345, 347-350, 353-361, 364-370, 373-374, 377-378, 390-392, 394-395, 401-433, 440-490, 530, 555, 895

FIN	DESCRIPTION	FUNDS	ORG	PROGRAM	OBJECT
803/ 903	ABE Statewide Supplemental Services – Regular Federal Competitive	04	005	520 Adult Basic/Continuing Ed.	110-146, 156-158, 161-165, 168, 170-172, 175, 185-186, 199-280, 299-300, 303-304, 316-340, 344, 347-350, 353-361, 364-370, 373-374, 377-378, 389-392, 394-395, 401-433, 460-490, 530, 555, 895
806/ 906	Positive Behavior Supports	01	001-999	640 Staff Development	110-190, 199-280, 299, 303-304, 320-329, 366, 370, 389, 401-430, 490, 895
817/ 917	Statewide Low Incidence	01	001-999	640 Staff Development	110-190, 199-280, 299, 303-304, 307, 320-329, 350, 356-357, 360, 366-370, 389, 401-430, 490, 530-531, 555, 820, 895, 899
818/ 918	(CLC) Content Literacy Continuum Replacement	01	001-999	640 Staff Development	110-190, 199, 210-280, 299, 303-304, 320, 329, 366-368, 370, 389, 401-430, 490, 895
830	Career and Technical Education Revenue*  *Check Secondary Vocational Education Manual for Reimbursed Object Codes.	01	005	030 Instructional Administration	110-599, 810-899
830	Career and Technical Education Revenue*  *Check Secondary Vocational Education Manual for Reimbursed Object Codes.	01	001-999	301-399 Career & Technical Instr. 610 Curriculum Consultant/Dev.	110-599, 810-899
830	Career and Technical Education Revenue*  *Check Secondary Vocational Education Manual for Reimbursed Object Codes.	01	001-999	920 Retirement of Non-bonded Obligations	740
831/ 931	Part B 619 Statewide Low Incidence Grant	01	001-999	640 Staff Development	110-190, 199-280, 299, 303, 307, 320-329, 366, 370, 389, 401-430, 490, 895
835	Career and Technical Programs – Children with Disabilities	01	001-999	380 Special Needs	100-599, 810-899
836/ 936	Deaf Blind Technical Assistance Project for Children and Youth Who are Deaf-Blind	01	001-999	640 Staff Development	110, 170, 172, 185-186, 210-280, 299, 303-304, 320-340, 344, 350, 354-358, 360, 366-370, 374, 389-390, 392-393, 396-397, 399, 401-433, 460, 470-490, 555, 820-895, 898
837/ 937	Individuals with Disabilities Education Act (IDEA), Special Education – State Program Improvement Grants for Children with Disabilities	01	001-999	640 Staff Development	110-190, 199-280, 299, 303-304, 307, 316-329, 366-368, 370, 389, 401-430, 490, 895
841/ 941	Early Child Family Resource-SPDG	01	001-999	640 Staff Development	110, 170, 185-186, 210-280, 299, 303-304, 320-329, 366, 370, 389, 401-430, 470, 490, 895
848/ 948	No Child Left Behind (NCLB) – Adequate Yearly Progress (AYP) Improvement Grant	01	001-999	216 Title I, Part A of ESEA	110, 140-146, 170, 185-186, 199-280, 299, 303-304, 316-329, 350, 365-368, 370, 389, 401-433, 470-490, 530, 555, 820-895
849/ 949	Title I – School Improvement Grants	01	001-999	216 Title I, Part A of ESEA	110, 140-146, 154-165, 168-170, 175-186, 199-280, 299, 303-304, 320-329, 345-352, 355-369, 375-379, 389, 401-433, 460-490, 530, 555, 820-895

FIN	DESCRIPTION	FUNDS	ORG	PROGRAM	OBJECT
851/ 951	NCLB AYP Improvement Grant II	01	001-999	216 Title I, Part A of ESEA	110, 140-146, 170, 185-186, 199-280, 299, 303-304, 316-329, 350, 365-368, 370, 389, 401-433, 470-490, 530, 555, 820-895
859/ 959	Title V, Part B – Charter School Federal Grant	01	001-999	010-050 Administration 100-120 District Support Services 605-640 Instructional Support 810 Operations & Maintenance 930 Employee Benefits 940 Insurance	110, 140-146, 170, 185-186, 199-280, 299, 303-304, 316-340, 350, 366-368, 370, 389, 401-430, 470-490, 530, 535, 555, 580-581, 589, 820, 895
859/ 959	Title V, Part B – Charter School Federal Grant	01	001-999	201-299 Elem./Sec. Regular Instr. 301-399 Career & Technical Instr. 710-740 Pupil Support	370, 399-433, 460-470, 530, 535, 555, 580-581, 589, 820, 895
859/ 959	Title V, Part B – Charter School Federal Grant	02	001-999	770 Food Services	401, 530
860/ 960	Public Charter School Program (PCSP) Dissemination Grant	01	001-999	001-999 All Programs	110, 140-146, 170, 185-186, 210-280, 299, 303-304, 316-340, 350, 366-368, 370, 389, 391, 401-433, 460-490, 530, 535, 555, 590, 820-895
863/ 963	Title I, Part C – Education of Migrant Children	01	001-999	216 Title I, Part A of ESEA	110-145, 152, 154-156, 161-162, 165, 170, 175, 185-186, 199-251, 270, 299, 303-304, 316-340, 350, 360, 365-370, 389, 401-433, 460, 470-490, 555, 895
865/ 965	Voluntary Public School Choice	01	001-999	001-999 All Programs	110, 140, 143-146, 170, 185-186, 210-280, 299, 303-304, 307-340, 350, 360, 364-366, 369-370, 389-391, 394-395, 401-495, 530, 532, 535, 548, 555, 590, 820-895, 898
866/ 966	Carl Perkins Competitive	01	005	105-120 District Support Services	110, 140-146, 154-155, 161-162, 164-165, 168, 170-172, 185-186, 199-280, 299, 303-304, 316-330, 350, 360, 366-370, 401-495, 530-531, 535, 555, 590, 820-895
866/ 966	Carl Perkins Competitive	01	001-999	301-399 Career & Technical Instr. 605-640 Instructional Support 710, 730-790 Pupil Support Serv.	110, 140-146, 154-155, 161-162, 164-165, 168, 170-172, 185-186, 199-280, 299, 303-304, 316-330, 350, 360, 366-370, 401-495, 530-531, 535, 555, 590, 820-895
867/ 967	Learn and Serve America School Based	01	001-999	201 Education - Kindergarten 203 Ed. Elementary - General 211 Ed. Secondary - General	140-141, 145, 185-186, 210-270, 280, 299, 303, 316, 320, 329, 360, 366-368, 401-430, 530, 555
867/ 967	Learn and Serve America School Based	04	005	505 General Community Ed. 585 Youth Development/Youth Services	140-141, 145, 185-186, 210-270, 280, 299, 303, 316, 320, 329, 360, 366-368, 401-430, 530, 555
868/ 968	Title X, Part C – Sub B: Education for Homeless Children and Youths	01	001-999	201 Education - Kindergarten 203 Elem Education General 211 Ed. Secondary - General	110, 140, 143-145, 154-160, 165, 169-170, 175-176, 185-186, 210-280, 299, 303-304, 320-329, 347-349, 351-352, 360, 362-363, 366, 368, 375-379, 389, 394, 397, 401, 430-433, 470-490, 555, 820
869/ 969	Minnesota Reading First Statewide Model for Scaling up K-3 Reading Instruction	01	001-999	201-203 Elem./Sec. Regular Instr.	143, 145, 185-186, 210-280, 303-304, 329, 350, 366, 368, 433, 460-461, 555, 895

FIN	DESCRIPTION	FUNDS	ORG	PROGRAM	OBJECT
869/ 969	Minnesota Reading First Statewide Model for Scaling up K-3 Reading Instruction	04	005	505-590 Comm. Ed. & Services	143, 145, 185-186, 210-280, 303-304, 329, 350, 366, 368, 433, 460-461, 555, 895
870/ 970	Title I, Part H, School Dropout Prevention, Retention & Graduation Initiative	01	001-999	605-640 Instructional Support 710-760, 790 Pupil Support Serv.	110, 143, 145, 170, 185-186, 199-280, 303-304, 360, 366-368, 370, 401-433, 460, 470-490, 820-895
871/ 971	Title I, Part B, Subpart 3 – Even Start Family Literacy	01	001-999	203 Ed. Elementary - General	110-146, 163, 170, 175-186, 199-280, 299, 303-304, 307-330, 355, 358, 360, 364-370, 389-392, 394, 401-495, 530-531, 533-535, 555-590, 820, 898
871/ 971	Title I, Part B, Subpart 3 – Even Start Family Literacy	04	005	505 General Community Ed. 580 Early Childhood 590 Other Community Programs	110-146, 163, 170, 175-186, 199-280, 299, 303-304, 307-330, 355, 358, 360, 364-370, 389-392, 394, 401-495, 530-531, 533-535, 555-590, 820, 898
873/ 973	Interagency Early Intervention Regional Planning Grants	01	001-999	640 Staff Development	110-190, 199, 210-280, 299, 303-304, 320, 329, 366, 370, 389, 401-430, 490, 895
876/ 976	Building Capacity to Create Work Experiences & Competitive Employment Opportunities for High School Students with Disabilities	01	001-999	640 Staff Development	110-190, 199, 210-280, 299, 303, 307, 320, 366, 369, 389, 430, 460, 470-490, 895
879/ 979	Statewide Deaf Hard of Hearing Grant	01	001-999	640 Staff Development	110, 170, 199-280, 299, 303, 320, 329, 356, 366, 370, 389-390, 394, 401, 470-490, 895, 898
883/ 983	Voluntary Public School Choice-Choice Information & Support Services	01	001-999	001-999 All Programs	110, 140, 143-146, 170, 185-186, 210-280, 299, 303-304, 307-340, 350, 360, 364-366, 369-370, 389-391, 394-395, 401-495, 530, 532, 535, 548, 555, 590, 820-895, 898
884/ 984	Autism Team Training in Evidence Based Practices	01	001-999	640 Staff Development	145, 185-186, 303, 320, 329, 366, 370, 401, 430, 460, 461, 470, 490, 895
885/ 985	Migrant Education Lending Library Program	01	001-999	216 Title I, Part A of ESEA	110-145, 152, 154-156, 161-162, 165, 170, 175, 185-186, 199-251, 270, 299, 303-304, 316-340, 350, 360, 366-370, 389, 401-433, 460, 470-490, 555, 895
887/ 987	Migrant Education Identification and Recruitment	01	001-999	216 Title I, Part A of ESEA	110-145, 152, 154-156, 161-162, 165, 170, 175, 185-186, 199-251, 270, 299, 303-304, 316-340, 350, 360, 366-370, 389, 401-433, 460, 470-490, 555, 895
888/ 988	Migrant Education Health and Nutrition Program	01	001-999	216 Title I, Part A of ESEA	110-145, 152, 154-156, 161-162, 165, 170, 175, 185-186, 199-251, 270, 299, 303-304, 316-340, 350, 360, 366-370, 389, 401-433, 460, 470-490, 555, 895

**Appendix A**

**AID TO NONPUBLIC PUPILS**

**Expenditures Recognized for Reimbursement (by UFARS Code)**

TEXT	FUND	ORG	PRO	FIN	OBJ	
Text	04	001-004,006-999	590	351	460	Textbooks and Workbooks
Ind. Inst. Mat'ls.	04	001-004,006-999	590	351	398	Interdepartmental Misc. Services
					430	Instructional Supplies and Materials-Individualized
					433	Supplies and Materials-Individualized Instruction
Standardized Tests	04	001-004,006-999	590	351	461	Standardized Tests
<b>HEALTH SERVICES</b>						
Physical and Mental	04	001-004,006-999	720*	350	143	Licensed Instructional Support Personnel
					144	Non-Licensed Instructional Support Personnel
					154	School Nurse
					155	Licensed Nursing Services
					170	Non-Instructional Support
					195	Interdepartmental Employee Salaries (Chargeback)
					210-299	Employee Benefits
					305	Consultant Fees/Fees for Services
					320	Communication Services
					330	Utility Services
					345/375	School Nurse Purchased Services
					346/376	Purchased Nursing Services
					350	Repairs and Maintenance Service
					366	Travel, Conventions, and Conferences
					370	Operating Leases or Rental
					398	Interdepartmental Misc. Services (Chargeback)
					401	Supplies and Materials-Non Instructional
					405	Non Instructional Computer Software and Licensing
					530	Equipment – Purchased
					535,555	Capital Leases
					895	Federal Indirect Cost (Chargeback)

\*Note: Use of Program Code 720 is preferred.

## AID TO NONPUBLIC PUPILS

### Expenditures Recognized for Reimbursement (by UFARS Code)

	FUND	ORG	PRO	FIN	OBJ	
<b>GUIDANCE/COUNSELING SERVICES</b>						
Secondary Level	04	001-004,006-999	710*	353	110	Administration/Supervision
			590		143	Licensed Instructional Support Personnel
					144	Non-Licensed Instructional Support Personnel
					146	Substitute Non-Licensed Classroom/Instructional Salaries
					165	School Counselor
					170	Non-Instructional Support
					185	Other Salary Payments – Licensed or Certified
					186	Other Salary Payments – Nonlicensed or Noncertified
					199-280	Employee Benefits
					295	Interdepartmental Employee Benefits (Chargeback)
					305	Consultant Fees/Fees for Services
					320	Communication Services
					330	Utility Services
					350	Repairs and Maintenance Service
					366	Travel, Conventions, and Conferences
					370	Operating Leases and Rentals
					398	Interdepartmental Services (Chargeback)
					401	Supplies and Materials-Non Instructional
					405	Non Instructional Computer Software and Licensing
					530	Equipment – Purchased
					535	Capital Leases
					555	Technology Equipment
<b>ADMINISTRATIVE COSTS</b>						
	04	001-004,006-999	590	350**	895	Federal Indirect Cost (Chargeback)
				351**		Providing nonpublic services
				353**		

\* Note: Use of Program Code 710 is preferred.

\*\*Note: Districts may use one, or combination of the three finance codes to account for nonpublic administrative cost.

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## CHAPTER 12 – AUTHORIZED BORROWING FOR SCHOOL DISTRICTS

### INTRODUCTION

This chapter can assist district personnel in understanding the legal requirements of borrowing funds. It does not contain all the legal and financial information a school district may need to borrow funds nor does it replace the possible need for legal assistance or the services of a financial advisor. Section One provides a description of the various types and conditions of borrowing. Section Two provides detail on the Credit Enhancement Program.

### Section One: Authorized Borrowing Conditions and Types

School districts do not have the authority to borrow funds unless that authority is specifically provided in statute. Minnesota Statutes provide for two types of borrowing: (1) Cash Management and Short-Term Debt, and (2) Long-Term Debt. School districts are not allowed to enter into any other forms of borrowing, including common private sector forms such as mortgages, cash advances, and commercial paper.

School districts are also limited to an amount of net long-term debt of 15 percent of actual market value of all taxable property situated within its corporate limits ([Minn. Stat. § 475.53](#), Subd. 4). Net debt generally means the amount remaining after deducting from its gross debt the amount of current revenues which are applicable within the current fiscal year to the payment of any debt, and also after deducting any other debt which authorizing legislation has specified to not be included as part of net debt. Certain exceptions to the above debt limits exist for districts located within a city of the first class ([Minn. Stat. § 475.51](#), Subd. 4). Finally, there is no limit on the rate of interest that a school district obligation can carry ([Minn. Stat. § 475.55](#), subd. 2 (2006)).

### Cash Management and Short-Term Debt

Each fiscal year, a school district should analyze its cash flow by estimating cash receipts and disbursements to determine if a cash flow deficit is projected at any time during any month of the year. There are five authorized methods to eliminate a cash flow deficit.

1. **Borrowing to cover insufficient funds to pay orders** – In the event that a district has insufficient funds to pay its usual lawful current obligations, the board may enter into agreements with banks or any person to take its orders (warrants) ([Minn. Stat. § 123B.12a](#)). A district may also enter into a line of credit agreement with a financial institution ([Minn. Stat. § 123B.12b](#)).

Proceeds from either of the above are not revenue but would increase the amount of cash (General Ledger Asset Account Number 101) and increase the amount recorded in short-term indebtedness (General Ledger Liability Account Number 202). Warrants can only be issued to pay for current lawful obligations. They cannot be used to circumvent the restrictions on borrowing. For example, a district cannot issue warrants for the sole purpose of investing the proceeds.

2. **Tax Settlement Advance** – A district, upon written request to the county treasurer, may possibly receive advances from tax collections prior to the next settlement and distribution ([Minn. Stat. § 276.11](#)).
3. **Emergency State Aid** – A district may appeal to the commissioner to revise the state aid payment dates and percentages prescribed in statute if there is an emergency or there are serious cash flow problems that cannot be resolved by issuing warrants or other forms of indebtedness ([Minn. Stat. § 127A.45](#), Subd. 4). A cash flow waiver to minimize a district's need for short-term borrowing may be negotiated with the commissioner if the district is exceeding its expenditure limitations. ([Minn. Stat. § 127A.45](#), Subd. 6).

4. **Certificates of Indebtedness** – A school district may issue certificates of indebtedness. These certificates are intended to provide cash needed in the short-term by borrowing against either property taxes or state aids receivable ([Minn. Stat. § 126C.50 to 126C.56](#)).
  - a. **Tax Anticipation Certificates** are issued in the calendar year in which the taxes are due and payable. They must mature by the earlier of the anticipated date of payment in full of the taxes anticipated, or three months after the end of the calendar year in which the certificates are issued. The aggregate borrowing must not exceed 75 percent of the current taxes that are due and payable in the calendar year when the certificates are issued.
  - b. **Aid Anticipation Certificates** are issued in the fiscal year (July 1 to June 30) in which the aids are receivable. They must mature no later than 13 months after issuance, but in no event later than three months after the end of the school year (June 30). The Minnesota Department of Education (MDE) supplies a certificate of aids receivable through June 30. They are limited to 75 percent of aids that are receivable in the fiscal year issued.

These two certificates can be in the Credit Enhancement Program which was established to allow Minnesota school districts (with levy authority) to borrow funds at a lower interest rate by extending the state's credit rating to the districts. See Section Two for details.

5. **Reverse Repurchase Agreements** help a district to receive additional cash when it sells a security it has purchased with an agreement to repurchase at a fixed future date and price. ([Minn. Stat. § 475.51](#), Subd. 12). This reverse repurchase agreement allows a school district to borrow money over an extended period of time at tax-exempt interest rates. In this respect, the reverse repurchase agreement is similar to a general obligation bond. However, payments are based upon an annual expenditure appropriation and the school district is not obligated to payments for more than one year at a time. In addition, the reverse repurchase agreement does not require voter approval and does not affect any general obligation debt limitations. Default on lease payments results in asset repossession by the Lessor.

## Long-Term Debt

A school district may issue bonds for the **acquisition or betterment of school facilities**, including gymnasiums, athletic fields, stadia, teacher ages, school garages, school buses, and all other facilities for administration, academic instruction, and physical and vocational education according to [Minnesota Statutes, section 475.52](#), Subdivision 5. In general, voter approval is required prior to any bond issue. However, statutes do authorize certain bonds to be issued without an election. Refer to [Minnesota Statutes, sections 123B.59 to 123B.62](#) for special authorities that do not require an election (Facility Bonds, Calamity Bonds, and Alternative Facility Bonds). Because of the election requirements and other complexities, general obligation bonds should only be undertaken with the assistance of a qualified financial advisor and proper legal advice.

School districts are also permitted by [Minnesota Statutes, section 123B.63](#), to establish a **capital project referendum account** funded by an annual tax levy to finance capital projects. As with a bond issue, establishment of the annual levy must be approved by voters. However, this type of election does not result in the issuance of bonds and does not create long-term debt. This statute is intended to give districts the ability to save funds for a building project over a period of years which reduces the amount a district would need to borrow and the interest costs it would pay. A capital project referendum can also be used when there is no issuance of bonds at a future date.

The only other authorized debt is to **purchase certain capital equipment**. The board of a school district may issue certificates of indebtedness or capital notes, subject to the school district debt limits, to purchase vehicles, computers, telephone systems, cable equipment, photocopy and office equipment, technological equipment for instruction, and other capital equipment having an expected useful life at least as long as the terms of the certificates or notes. The certificates or notes must be payable in not more than five years ([Minn. Stat. § 123B.61](#)).

## Alternative to Long-Term

Some lending institutions have set up **Tax-Exempt Lease Purchase Programs** for school districts as an alternative to issuing long-term indebtedness. A lease purchase may be arranged for a wide variety of essential equipment such as energy improvements, vehicles, food service equipment, computers, gym and playground equipment, and modular classrooms. These obligations are not included in net debt since the district must have the right to terminate a lease purchase agreement at the end of any fiscal year during its term ([Minn. Stat. § 465.71](#)).

## Section Two: Credit Enhancement Program

The Credit Enhancement Program (CEP) was established to allow Minnesota school districts (with levy authority) to borrow funds at a lower interest rate than the current rate of an individual district by extending the state's credit rating to districts. This program was authorized in [Minnesota Statutes, sections 126C.50 to 126C.56](#). ***A school district must covenant and obligate itself to be bound by this statute prior to the issuance of debt obligations in order to ensure participation in this program.***

The state promises to pay from available cash balances on any obligation (both short- and long-term) of the debt service when a district is unable to pay. Payments may be available from the state for debt issued prior to the beginning of the program or otherwise not included in the program. The availability of payments for debt not included in the program will be dependent on the determined effect on the state's credit rating.

## General Instructions for Inclusion in the Program

The **School District Credit Enhancement Application for Program Participation (ED-02110-07)** form comprises the application, paying agent acknowledgment, record of financial advisor (or attorney) and certification of participation from MDE. This form must be completed and signed by all parties before a district is included in the program. A separate form is required for each new debt obligation to be included in the program. An application to participate in the Credit Enhancement Program is available from the local financial advisor or [the MDE Financial Management website](#).

The general steps to complete an application are:

1. The school district contacts its financial advisor with a potential need to participate in the program. The financial advisor will provide the district with borrowing limits and assist it in moving the issue through the bidding and/or quoting procedures.
2. The Board of Education will pass a required resolution that covenants and obligates itself to the conditions of the program. The minutes of the meeting at which the resolution was passed and the resolution itself are retained in the files at the school district. **These items are not sent to the state.**
3. The school district completes its portion of the application form and forwards it to the paying agent.
4. When the application is forwarded to the paying agent, the paying agent affixes proper signatures to acknowledge its responsibility in the process. The rating agencies have requested the requirement that the paying agent be separate and independent of the school district. They also requested that MDE have the documentation (application with all signatures) on file by the paying agent prior to issuance of the certificate.
5. The application is forwarded to the district's financial advisor (or attorney) who completes the financial advisor portion of the application prior to forwarding the application to MDE for certification of participation.

6. Financial advisors may send originals or emailed copies of the certificate with all signatures affixed to MDE for final review, approval and processing.
7. A copy of the application containing all required signatures will be retained at MDE and also emailed to Minnesota Management and Budget (MMB). The completed original or copy of the application will be returned (by mail or email) to the financial advisors for inclusion in their documentation. The advisors should enclose a self-addressed stamped envelope to facilitate the return of any requested originals or copies. The financial advisors may file the original with the district or at least provide the district with a copy of the application that has all signatures affixed.
8. For general obligation bonds, the financial advisor sends the **final** maturity and interest schedule in an Excel spreadsheet format to MDE and to MMB.
9. For refunding bonds:
  - a. The financial advisor sends the final maturity schedule and interest (Excel spreadsheet format) to MDE and to MMB.
  - b. There is an indication of when payment on new refunding bonds will change from escrow to tax levies.
  - c. There is an indication as to whether the bond that is being refunded was part of the CEP.
  - d. If the original bonds were included in the CEP, the financial advisor will provide the Dated Date, Series and Maturities of original bonds to be refunded.
  - e. There is an indication of the amount of debt service from the original bond issue that the school district will remain responsible to pay each six months after the refunding.
  - f. There is an indication where the money for the refunding is held in an escrow account.
10. The expected savings by using the CEP is calculated on each issue by the financial advisor and sent to MDE with the debt service schedule.

Financial advisors have also been requested to send copies of the ratings and savings to MDE and MMB in electronic format.

### **General Instruction in the Event of a Default**

The **Notification of Potential Default (ED-02111-05)** is the form used to notify MDE of potential default on a debt obligation. This form is available from MDE on [the MDE Financial Management website](#) or from the financial advisor of record. This form may be submitted to request payment in the event of a default, whether or not the issue is included in the program. Essential steps and conditions of the notification include:

1. The district will notify the commissioner of education not less than 15 working days before payment is due if the district believes it may be unable to make payment of principal or interest on any debt obligation.
2. If the state has paid all or part of a school district's debt obligation, the pledge of full faith and credit and unlimited taxing powers of the school district to repay the principal and interest due on the debt obligations shall also, without an election, become a pledge of the full faith and credit and unlimited taxing powers of the school district to repay to the state the amount paid, plus interest.

3. The amount paid by the state, plus interest, shall be reduced from state aid payable to the district, except that if a total reduction of the aids would cause an undue hardship, the commissioner may establish a different schedule for reduction of aids.
4. With approval of the commissioner, a school district may levy in the year the state makes a payment an amount up to the amount necessary to repay the state.
5. If the state is not repaid in full by November 30 of the calendar year following the year in which the state makes the payment, the commissioner will require the school district to certify a property tax in the amount necessary to repay the state. To prevent undue hardship, the commissioner may allow the district to certify the levy over a five-year period.
6. The district will include a provision in its agreement with the paying agent that requires the paying agent to inform the commissioner if it becomes aware of a potential default on the day three business days prior to the date a payment is due on the issue.

A separate and detailed set of instructions is available for use by MDE, MMB and financial advisors in the potential or actual event of default. Those instructions and the default form can be obtained by contacting the financial advisor or emailing [mde.ufars-accounting@state.mn.us](mailto:mde.ufars-accounting@state.mn.us).

### Credit Enhancement Program Activity

The Credit Enhancement Program continues to be utilized by the majority of districts in the state of Minnesota. See **Table One: Credit Enhancement Summary Report – FY 2010 through 2014**.

<b>TABLE ONE</b>					
<b>CREDIT ENHANCEMENT SUMMARY REPORT - FY 2010 through FY 2014</b>					
<b>Issue Type</b>	<b>FY 2014</b>	<b>FY 2013</b>	<b>FY 2012</b>	<b>FY 2011</b>	<b>FY 2010</b>
<b>General Obligation (G.O.) Bonds</b>	56	48	46	41	78
<b>G.O. Refunding</b>	45	67	77	38	64
<b>Aid Anticipation</b>	41	112	166	150	155
<b>Tax Anticipation</b>	0	1	16	4	4
<b>Capital Equipment</b>	1	2	1	2	17
<b>Certificate of Participation (COP)</b>	1	2	1	1	8
<b>Total Number of Issues</b>	144	232	307	236	326
<b>Total Amount Issued</b>	\$1,300,377,058	\$1,626,740,838	\$1,981,261,645	\$1,082,893,674	\$1,751,824,856
<b>Net Change in Program</b>	-20.06%	-17.89%	82.96%	-38.18%	24.05%
<b>Approximate Savings on Program</b>	\$9,622,680	\$13,457,881	\$22,325,935	\$7,444,419	\$18,479,049

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## CHAPTER 13 – FINANCIAL ACCOUNTING AND REPORTING

### SECTION 1 – COST ALLOCATION STANDARDS

#### Introduction

The purpose of this chapter is to define how costs should be distributed to expenditure accounts. The goals are to achieve adherence to state and federal statutes and Generally Accepted Accounting Principles (GAAP), and to achieve uniform reporting among the districts and schools.

#### I. Principles and Criteria for Cost Allocation

Merely providing a comprehensive chart of accounts (Part I in this manual) does not solve the problems related to providing comparable programmatic financial data on a statewide basis. This section, along with Chapter 10 in Part I, Permitted Code Combinations, should provide the desired comparability results.

Since many revenues are restricted in their uses, it is important to identify all costs that can be associated with each of these revenues, whether they can be charged directly or charged back to the activity from a particular cost center pool. The standards included in this chapter cover costs that must be prorated or distributed prior to reporting to the State with the distribution based on such factors as square footage, mileage, timesheets, etc. Section VI of this chapter covers Indirect Costs Relating to Federal Grants and Contracts.

##### A. Introduction

Cost allocation is the system used to apportion or distribute costs. The principles and criteria cover all UFARS program dimensions. For example, if a central service program or department serves programs in different funds, the costs should be applied across all funds receiving the benefit and to all relevant programs within these funds.

It is imperative that expenditures can be compared among districts within the state and that all costs are reflected within every program. Obviously, for all programs where the costs drive funding (such as special education, secondary vocational, English learners (EL) and some transportation activities) all costs must be reflected. Also, any programs that require a reserved fund balance need to reflect all costs. There are other programs that receive restricted revenues and those programs need all costs allocated to them. Finally, to assure fund integrity, all costs incurred in one fund but with benefits to other funds must be allocated. See Attachment A summarizing the cost allocation standards using a flow chart.

##### B. Allocation of Costs to Other Accounts

A central consideration in deciding whether cost components of a program may or should be distributed to other funds is whether the activity in question is causing additional costs. For example, if the community education program is causing additional maintenance costs, the maintenance costs should be charged to that program. However, if these expenses would have occurred even if the community education program did not exist, these costs should not be charged to the community education program. The same would hold true of items such as accounting expenses and utilities.

Costs are distributed to other funds from the General Fund using the chargeback method (or, are directly distributed as in C.1.). Central service department costs (e.g., the printing shop) recorded within Program Code 110, Business Support; or Program Code 810, Operations and Maintenance should generally be distributed to other programs since other departments have some freedom to acquire the central service from outside sources and/or are free to determine the degree of service to utilize. A basis for allocating these costs must be documented. A district may also use the Internal Service Fund (Fund 20) if the district intends to recover the full cost of providing the service (including depreciation expense) through user charges.

Usually, only the following General Fund programs may distribute costs using the chargeback method to other funds: Program Code 110, Business Support Services; Program Code 810, Operations and Maintenance; and Program 930, Employee Benefits.

### C. Methods for Distributing Costs

1. Direct distribution of costs - This method shall be used when costs can be readily and accurately distributed **at the time costs are incurred**. Generally it is the most accurate method, and it should be utilized whenever feasible. In those instances where an employee is spending time in different functional areas, which can be documented, the salary should be directly distributed as the expense is incurred or distributed based on a time report. Position descriptions, along with functions actually performed by an individual, should determine the proper salary distribution. Position titles do not determine proper allocation in many instances. For example, if in a small school district the superintendent and/or secretary carry out the daily operations of the food service department, these prorated costs should be directly charged to food service (Program Code 770, rather than Program Code 020). Also, according to [Minnesota Statutes, section 124D.111](#), Subdivision 3, the charges by the superintendent and/or secretary must be at a wage rate not to exceed the statewide average for food service directors as determined by the Minnesota Department of Education (MDE). Another example of direct distribution of costs would be the custodial time spent in kitchen clean-up for the food service program.
2. Chargeback allocation method – This method should be used to distribute the costs that cannot be easily, conveniently and accurately allocated at the same time as the costs are being incurred. This method allows a school district to allocate costs consisting of several object line items to programs receiving the benefit by utilizing a single chargeback object account. Only the following UFARS object dimension codes may be used and only within specific UFARS program dimension codes:

Object Dimension Code(s) Code Costs	Description	UFARS Program Dimension Originally Incurring
195*	Interdepartmental Employee Salaries and Wages (Chargeback)	001-850
295	Interdepartmental Employee Benefits	001-850, 930 (Chargeback)
365	Interdepartmental Transportation (Allocation)	760
398	Interdepartmental Miscellaneous (Chargeback)	110, 770, 810
545	Interdepartmental Operating Capital (Chargeback)	000-420, 605-850
895	Federal Indirect Cost Chargeback	105, 110, 810

\*Caution must be used when using the chargeback allocation method involving salaries since many restricted revenue programs require detailed salary information. This includes, but is not limited to, basic skills, learning and development, special education and Title I, II and VI federal programs.

A credit entry using the above object codes with the appropriate program code creates a contra-expenditure account (credit amount) which must be equal to a corresponding set of debit entries using the same object code. The debit entries result in districts charging the prorated expenditures to



the specific program code(s) receiving the benefit of the service. **FOR EACH OF THE ABOVE CHARGEBACK OBJECT DIMENSION CODES USED, DEBITS MUST EQUAL CREDITS WHEN TOTALING ALL FUNDS.**

## I. Application of Cost Allocation Principles

### A. Direct Distribution Costing Method - Accounting for the cost in the user program by a direct charge.

- General Examples
  - All regular secondary classroom teacher salaries allocated to specific Program Codes 212 to 270.
  - Custodian is assigned to district bus garage (Program Code 760, Object Code 170).
  - Superintendent's salary is assigned five percent to the daily operation of the food service program (as stipulated in the contract, the superintendent is performing the function of a food service supervisor and not as a district-wide executive for five percent of his/her time (Program Code 770, Object Code 110). In a medium or large size school district, the food service supervisor and/or secretary handle these daily operational activities.
  - Utility costs directly associated with providing food by the food service program (Program Code 770, Object Code 330). Using a separate utility meter is preferred.

- Food Service Fund

1. Food Costs

Accurate accounting and effective program management requires that costs of food, labor and fringe benefits, and other direct costs be allocated to each of the food programs. Each food program is identified in UFARS by a specific finance code (lunch – FIN 701, after-school snack – FIN 702, milk – FIN 703, breakfast – FIN 705, a la carte – FIN 707, summer food service program – FIN 709).

There are two appropriate methods suggested to allocate food costs to the appropriate food programs (using the appropriate finance code).

- a. Standard meal cost allocation.  
The average cost of food served based on the actual food purchases calculated from a random selection of menus or a complete menu cycle. This average cost of a meal is multiplied by the actual number of meals served in each program during the reporting period.
- b. Menu costing.  
Purchased food used daily to prepare each meal is recorded for a period of one month for each program. At the end of the month, the percentage of total food costs used in each program is calculated. These percentages can then be used for the entire year to allocate food costs to each program.

2. Labor Costs

- a. Time and attendance records. Actual time and attendance records may be used to allocate labor costs to each program.
- b. Percentage of total hours worked in each program to total hours worked during a specific period of time (one month) can be established and used during the entire year to allocate labor costs.
- c. Percentage of food costs. The same percentages established to allocate food costs to each program can be used to allocate labor costs.

### 3. General Administrative Costs

Currently, districts may not charge the Food Service Fund for general administrative costs such as portions of the salary for the district superintendent or fiscal manager unless the district does not employ or contract for a food service director.

### 4. General Requirement/UFARS Coding

**Cost Allocation** (7 CFR 210.14 and 210.19; [Minn. Stat. § 124D.111](#) and [123B.77](#))

- a. Federal regulations for school meal programs require school food service expenditures to be in accordance with the financial management system established by the state agency.
- b. Minnesota Statutes require food service revenues and expenditures to be attributed to a school food service fund and require school districts to adopt the Uniform Financial Accounting and Reporting Standards (UFARS).
- c. UFARS requires school districts to allocate their expenses by program, which for food service are lunch, breakfast, milk, a la carte and any other federal nutrition program in which the school food authority participates, such as summer food service program and child and adult care food program. A chart showing UFARS codes is attached. For example, the costs of providing the school breakfast program must be allocated to that program and not allowed to remain under school lunch.

If you have questions, please contact:

Debrah Firkus, Food and Nutrition Services                      651-582-8775

**FOOD SERVICE FUND 2 REPORTING  
FOR PUBLIC SCHOOLS**

<b>Revenues</b>	Lunch (Finance 701)	After School Snack (Finance 702)	Special Milk (Finance 703)	Kindergarten Milk (Finance 703)	Breakfast (Finance 705)	A La Carte Other (Finance 707)	Summer Food (Finance 709)	Child & Adult* Care Food Program (Finance 469)
Student	Source 601	Source 601	Source 601	Source 601	Source 601	Source 601	Source 601	Source 400
Adult	Source 606		Source 606		Source 606	Source 606	Source 606	Source 606
Special Function Food Sales	Source 608	Source 608	Source 608	Source 608	Source 608	Source 608	Source 608	Source 608
State Reimbursement	Source 300			Source 300	Source 300		Source 300	
Federal Reimbursement	Sources 471-472	Source 499	Source 475		Source 476		Source 479	Source 400
Commodity Distribution	Source 474		Source 474		Source 474		Source 474	Source 477

<b>Expenditures</b>	Lunch (Finance 701)	After School Snack (Finance 702)	Special Milk (Finance 703)	Kindergarten Milk (Finance 703)	Breakfast (Finance 705)	A La Carte Other (Finance 707)	Summer Food (Finance 709)	Child & Adult* Care Food Program (Finance 469)
Food	Object 490	Object 490			Object 490	Object 490	Object 490	Object 490
Milk	Object 495	Object 495	Object 495	Object 495	Object 495	Object 495	Object 495	Object 495
Labor	Object 100-299-305	Object 100-299-305	Object 100-299-305	Object 100-299-305	Object 100-299-305	Object 100-299-305	Object 100-299-305	Object 100-299-305
Interest						Object 740		
Other	All Other Objects	All Other Objects	All Other Objects	All Other Objects	All Other Objects	All Other Objects	All Other Objects	All Other Objects
Commodity Distribution	Object 491				Object 491		Object 491	

- Community Service Fund

Only the additional costs associated with the existence of community education can properly be allocated to this fund.

Examples:

- Additional custodial time necessary to clean the classrooms after community education classes.
- Additional electrical and heating costs incurred in maintaining classrooms ready for community education classes.
- Any costs which would still be incurred if community education activities were to be discontinued shall remain in the General Fund. This test of whether to allocate costs applies in particular to community education sharing a facility with the K-12 classes.

In the case where community education has the exclusive use of a building, any operating expenses can properly be charged to the Community Service Fund. Any capital improvements made to the building must be made out of the General Fund and should not be allocated in any way to the Community Service Fund. The building remains the property of the school district. Therefore, the school district is responsible for any capital expenditure associated with the building.

#### Example A (Community Education Building Located in a Non-K-12 Learning Site)

If the community education programs or administrative offices for the community education program are housed in a district-owned building which is used only for non-instructional purposes (separate district office, warehouse area, or vacant school), the square footage occupied would be the basis for allocation. The costs of custodial salaries, heat, water and general repairs would be totaled (Program Code 810). The useable square footage would then be determined for each occupant (e.g., community education, transportation, district office, etc.). This percentage of the total useable square footage would be applied to total costs and allocated to the proper funds. See Attachment C for an example illustrating the above situation.

#### Example B (Community Education Building Located in a K-12 Learning Site)

If a community education program uses space that is also used by the K-12 program, the simple square foot allocation basis is not appropriate. In this case, the program should still pay for its costs. However, certain costs should remain in the General Fund. Custodial costs, for example, will be incurred because of the K-12 program. Therefore, community education should only be charged for excess costs, overtime pay to staff to maintain the boiler, or late cleanup after a program. These costs are best obtained by job timesheet entries. A sample period may be used if job timesheets are not available. The remaining costs, principally heat, light, and water should be allocated by a percentage of usage. Usage is determined by both the amount of space and the percentage of time used. See Attachment C for an example illustrating the above situation.

#### Example C (Swimming Pools)

Swimming pools present a special problem due to their high utility usage and intensive custodial care required. The best method to allocate costs for buildings with pools is to use a consultant to determine operation costs. Districts must subtract costs from the total building costs thus reducing the available square footage in the building. The pool would be allocated on an hours used basis; the remaining space would be allocated as appropriate. See Attachment C for an example illustrating the above situation.

- Nonpublic School Programs

Public schools are required by law to provide services to nonpublic schools in the areas of health (Finance Code 350), guidance and counseling (Finance Code 353), and textbooks and instructional materials (Finance Code 351). Public schools must maintain a separate accounting for each nonpublic school they deal with. Each nonpublic school is assigned a number.

If a school district is using its own personnel, the following steps should be followed to allocate expenditures associated with health services and guidance and counseling.

First, determine the percentage of time spent with the nonpublic schools for the purpose of determining the total expenditures to be coded to them. Second, allocate those expenditures on the basis of the number of students in each nonpublic school.

If the school district hires personnel strictly to deal with nonpublic schools, the total expenditures to be allocated are clear. These expenditures should then be allocated to the various nonpublic schools on the basis of the number of students in each nonpublic school.

Public schools can charge actual costs of up to five percent of expenditures as administrative costs. When these administrative costs are reimbursed, the revenues should be coded back to the fund having generated the administrative costs. See Part B below.

**B. Chargeback Allocation Method** – Account for the cost initially in the central service department and then allocate by utilizing a negative dollar amount chargeback account within the central service department (credit amount).

Examples:

- Central Printing

Account for the cost in the user programs by offsetting the central printing department costs with a negative chargeback entry, using Object Code 398 - Interdepartmental Miscellaneous Services, and charging the user programs with a positive chargeback entry, using Object Code 398.

- Central Warehouse

Account for the cost in the user program by offsetting the central warehouse department costs monthly (or at least annually) by making a negative chargeback entry, using Object Code 398 - Miscellaneous Services Chargeback, and charging the user programs with a positive chargeback entry, using Object Code 398 - Miscellaneous Services Chargeback. The dollar amount of the chargeback could be based on the square footage of the warehouse space, or some other similar basis such as a service charge method as follows: If we assume that the warehouse operation would require \$150,000 to operate and would make inventory purchases of \$2,000,000, there would be a service charge of 7.5 percent ( $\$150,000/\$2,000,000$ ).

- Work-Order Cost System Covering Capital Projects

Utilize Object Code 545 to reclassify all direct costs relating to capital projects handled by the central maintenance program to the user program.

- Other Food Service Costs

Utility costs that can be identified with food preparation in the kitchen and custodial time needed to move groceries or clean the kitchen may be allocated to the Food Service Fund from the General Fund using Chargeback Object Code 398.

- Transportation Program

Normally during the year, all costs associated with a district-owned bus fleet, or a combination district- and contractor-owned bus fleet, are accumulated in a central cost pool with a Finance Dimension Code 720. However, in some cases bus driver salaries and other expenditures can be allocated as the cost is being incurred to another appropriate finance dimension. At year-end, these costs must be allocated to all appropriate finance codes. The basis for allocation should normally be cost per mile. However, in some cases, allocation based on cost per student is appropriate. Object Code 365 should be used. Refer to Attachment 5 for a sample cost allocation of a district-owned operation and Attachment 6 for a sample cost allocation method for a combined district- and contractor-owned operation.

- Employee Benefits

See Attachment B.

- Federal Indirect Cost Chargeback

Use Object Code 895 to reclassify the indirect cost allowance in federal grants (see Part VI). Use Program Codes 105, 110 and 810 to reclassify those expenditures.

### III. Allocation of Costs to Sites

Certain costs should be allocated to each budgeted learning site using the UFARS Organization Dimension. The same principles and criteria covered in Section I apply to allocating costs to learning sites. The following table should be used to help determine the costs to be allocated to a learning site.

#### GUIDE TO COST ALLOCATION TO SITES

UFARS Programs	Specific Restricted Program			Other Programs
	Basic Skills/ Compensatory Education ( <a href="#">Minn.Stat. § 126C.15</a> ) Finance Code 317	School Site Decision Making Agreement ( <a href="#">Minn. Stat. § 123B.04</a> <a href="#">Minn. Stat. § 122A.61</a> )	Staff Development and Staff Development Incentive ( <a href="#">Minn. Stat. § 122A.61</a> ) Finance Code 316	Unrestricted Revenue and Other Restricted Revenue Not Specifically Mentioned*
001-099 Administration	Not applicable	Only costs associated with Code 050, School Administration	Not applicable	Use Org. Dim. Code 005 except for UFARS Program Code 050, School Administration where it is recommended to use learning site org. codes.
100-199 District Support Services	Not applicable	Only costs associated with Human Resource activity for acquiring and maintaining staff, attendance recording and reporting, and any district central support services negotiated in the agreement such as purchasing, printing, and warehousing	Not applicable	Use Org. Dim. Code 005
200-299 Elementary And Secondary Regular Instruction	Require Learning Site Org. Codes, however, districts receiving compensatory transition revenue may use Org. Code 005 for the statutorily unrestricted part of this revenue. (1998 Laws, Article I, Section 35 – Must not exceed 5% of the former comp. revenue	Require Learning Site Org. Codes	Not applicable	Recommend for Learning Site Org. Code



<b>UFARS Programs</b>	<b>Basic Skills/ Compensatory Education (<a href="#">Minn.Stat. § 126C.15</a>) Finance Code 317</b>	<b>School Site Decision Making Agreement (<a href="#">Minn. Stat. § 123B.04</a> <a href="#">Minn. Stat. § 122A.61</a>)</b>	<b>Staff Development and Staff Development Incentive (<a href="#">Minn. Stat. § 122A.61</a>) Finance Code 316</b>	<b>Unrestricted Revenue and Other Restricted Revenue Not Specifically Mentioned*</b>
300-399 Vocational Educational Instruction	Require Learning Site Org. Codes	Require Learning Site Org. Codes	Not applicable	May use Learning Site Org. Coded
400-499 Special Education Instruction	May use unfunded costs with Learning Site Org. Codes	May use non-funded costs with Learning Site Org. Codes	Not applicable	May use non-funded costs with Learning Site Org. Codes
500-599 Community Educational Services	Not applicable.	Not applicable	Not applicable	May use Learning Site Org. Codes
600-699 Instructional Support Services	Require Learning Site Org. Codes	Require Learning Site Org. Codes	Require Learning Site Org. Codes	May use Learning Site Org. Codes
700-799 Pupil Support Services	Require Learning Site Org. Codes	Require Learning Site Org. Codes	Not applicable	May use Learning Site Org. Codes
800-899 Sites, Buildings And Equipment	Require Learning Site Org. Codes with Code 810 only	Require Learning Site Org. Codes	Not applicable	May use Learning Site Org. Codes
900-999 Fiscal And Other Fixed Cost Programs	Not applicable	Not applicable	Not applicable	May use Learning Site Org. Codes

\* Generally, salaries and fringe benefits should be included when it is recommended that costs be allocated to learning sites. However, for those districts whose management philosophy dictates they pool all staff salaries and benefits district-wide and only account for full-time equivalent staff (FTE) for each site, Organization Dimension Code 005 may be used.

#### IV. Allocation of Costs to UFARS Programs

All identifiable costs should be allocated to the UFARS programs which are receiving the benefit. The same principles and criteria covered in Section I apply to allocating these costs. The following table should be used to help determine the costs to be allocated to various UFARS programs which include the Food Service Fund (Program 770) and the Community Service Fund (Program 500s).

##### GUIDE FOR COST ALLOCATION TO UFARS PROGRAMS

UFARS Programs Incurring Costs	Cost Allocation Standards	Basis of Allocation
001-099 Administration	Only Program Code 050, School Administration, may perform activities which can be allocated to other UFARS programs within the General Fund including various restricted revenue programs	Allocate actual costs directly.
100-199 District Support Services	Only Program Code 110, Business Support Services, may perform activities which can be allocated to other UFARS programs, including various restricted revenue programs. These activities include, but are not limited to, purchasing, printing, data processing, and warehousing	Purchasing – Number of orders Printing – Number of pages Warehousing – By item Data Processing – By CPU time
200-299 Elementary And Secondary Regular Instruction	Only activities that relate to restricted revenue programs must be allocated. See Part V.	Use actual costs of the following: Salaries – Average/FTE various employee groups Benefits – Average percent of salary for various employee groups Instructional Supplies – ADM
300-399 Vocational Education Instruction	Only activities that relate to other restricted revenue programs must be allocated. See Part V.	Use actual costs of the following: Salaries – Average/FTE various employee groups Benefits – Average percent of salary for various employee groups Instructional Supplies – ADM
400-499 Special Education Instruction	Only activities that relate to other restricted revenue programs must be allocated. See Part V.	Use actual costs of the following: Salaries – Average/FTE various employee groups Benefits – Average percent of salary for various employee groups Instructional Supplies – ADM
500-599 Community Education Services	Only activities that relate to other restricted revenue programs must be allocated. This includes distributing costs within the 500 program series. Also, not more than 5% of ECFE revenue may be used to administer ECFE programs ( <a href="#">Minn. Stat. § 124D.135</a> , Subd. 5). According to <a href="#">Minnesota Statute 124D.20</a> , Subdivision 9, a district may use up to 10% of its community education revenue for equipment that is used exclusively in community education programs and is further restricted to certain capital items. See Part II and Part V.	Use actual costs of the following: Salaries – Average/FTE various employee groups Benefits – Average percent of salary for various employee groups Instructional Supplies – ADM

UFARS Programs Incurring Costs	Cost Allocation Standards	Basis of Allocation
600-699 Instructional Support Services	Only activities that relate to restricted revenue programs must be allocated. See Part V.	Use actual costs of the following: Salaries – Average/FTE various employee groups Benefits – Average percent of salary for various employee groups Instructional Supplies – ADM.
700-799 Pupil Support Services	Only activities that relate to restricted revenue programs must be allocated including the various food service programs and transportation programs. There are limitations on costs to be allocated to Food Service ( <a href="#">Minn. Stat. § 124D.111</a> , Subd. 3). For the nonpublic pupil aid activities, the district may claim and receive 5% of the allocation for the administration of the program. <a href="#">Minn. Stat. § 123B.46</a> . See Part II and Part V.	Use actual costs of the following: Salaries – Average/FTE various employee groups Benefits – Average percent of salary for various employee groups Instructional Supplies – ADM
800-899 Sites, Buildings And Equipment	Only Program Code 810, Operations and Maintenance, may perform activities which can be allocated to other UFARS programs including various restricted revenue programs. These activities include repairs and maintenance of equipment. For restricted revenue programs and the food service and community service funds, this includes custodial care and ordinary upkeep.	Use actual costs of the following: Salaries – Average/FTE various employee groups Benefits – Average percent of salary for various employee groups Instructional Supplies – ADM

## V. Allocation of Costs to Restricted/Reserved Revenue Programs

Certain sources of revenue require that all costs related to this revenue be identified. The following programs should include all costs that satisfy the standards in this section.

### A. Certain Components of General Education Revenue

1. General Education Revenue for Area Learning Centers and State-Approved Public Alternative Programs

Use **Finance Code 303** to identify all expenditures associated with the district's students attending an area learning center ([Minn. Stat. § 123A.05-123A.09](#)). Use **Finance Code 305** to identify all expenditures associated with the district's students attending state-approved public alternative programs. School districts must reserve revenue in an amount equal to at least 90 percent of the district average general education revenue less compensatory revenue times the number of pupil units attending an area learning center program or alternative program.

2. Basic Skills Revenue

Use **Finance Code 317** to identify all expenditures itemized under basic skills legislation ([Minn. Stat. § 126C.10](#), Subd. 4). Basic skills revenue is comprised of the following four revenue components: (1) compensatory education; (2) English learners basic; (3) English learners concentration; and (4) an additional basic skills match up to \$22.50 times the number of fund balance pupil units in kindergarten to grade 8.

### 3. Staff Development Revenue

Use **Finance Codes 316** to identify all expenditures associated with the district's staff development programs ([Minn. Stat. § 122A.61](#)). One percent of Basic General Education Revenue must be restricted/reserved for staff development activities.

### 4. Operating Capital Revenue

Use **Finance Dimension Code 302** to identify all expenditures stipulated in [Minnesota Statutes, section 126C.10](#), Subdivisions 13 and 14. Expenditures for capital items not associated with Total Operating Capital Revenue should be recorded using Finance Code 000 or other appropriate finance code. Revenue for a district equals \$100 times the district's maintenance cost index times its actual pupil units, plus \$68 times the actual pupil units for the school year.

### 5. Learning and Development Revenue

Use **Finance Dimension Code 330** to identify all expenditures to reduce and maintain the district's instructor-to-learner ratio in kindergarten through grade 6 to a level of 1 to 17 on average as stipulated in [Minnesota Statutes, section 126C.12](#).

## B. Community Education

Use **Finance Dimension Code 321** to identify community education activities defined in [Minnesota Statutes, section 124D.20](#), Subdivision 8. Do not include community education expenditures for which other finance codes exist (Finance Codes 322, 325, 326, and 438).

## C. Early Childhood Family Education (ECFE)

Use **Finance Dimension Code 325** within Program Code 580 to identify all expenditures for the ECFE activities offered by the school district according to [Minnesota Statutes, section 124D.135](#).

## D. Adult Basic

Use **Program Code 520** to identify all expenditures along with various finance codes including Finance Code 322, State Adult Basic Education; and Finance Code 438, Adult Basic Education. In no case shall federal and state aid plus levy equal more than 100 percent of the actual cost of providing these programs ([Minn. Stat. § 124D.52](#)).

## E. Special Education

Use **Finance Code 740** to identify all expenditures incurred for state fund special education programs. Special education salary expenditures eligible to generate state special education aid include expenditures for essential personnel including special education teachers, related services staff, and support services staff who provide direct services to students with disabilities. Salaries of administrative and supervisory personnel are not eligible to generate special education aid. Expenditures for contracting with outside consultants to conduct assessment and Individual Education Program (IEP) planning for individual pupils are eligible to generate special education aid.

Districts may generate state special education aid when contracting with a public or private agency, other than another public school, for individual student services. The purchase of instructional equipment and supplies are reimbursable with state special education aids when purchased for student use.

**F. Health and Safety**

Use **Finance Codes 347, 349, 352, 358, 363, and 366** to identify all expenditures approved in the application to the commissioner of education for health and safety revenue ([Minn. Stat. § 123B.57](#)). The revenue may not be used for a building or property or part of a building or property used for postsecondary instruction or administration or for a purpose unrelated to elementary and secondary education.

**G. Secondary Vocational Education**

Use **Finance Code 830** to identify all expenditures eligible for state funded secondary vocational aid (use with Program Code Series 301-399 and Program Code 610) according to [Minnesota Statutes, section 124D.45311](#).

**H. Alternative Facilities Program**

Use **Finance Code 386** to identify all expenditures that qualified school districts identify under the alternative facilities bonding aid and levy program. A 10-year facility plan must be prepared by the qualifying district aid approved by the commissioner. Refer to [Minnesota Statutes, section 123B.59](#) for eligible expenditures.

**I. Disabled Access Levy**

Use **Finance Code 794** to identify all expenditures for the removal of architectural barriers and for fire safety modifications according to [Minnesota Statutes, section 123B.58](#). The district may levy up to \$300,000 under this authority as approved by the commissioner and the amount may be levied over eight or fewer years.

**J. Health and Development Screening Aid**

Use **Finance Code 354** to identify all expenditures related to the state aid for each child screened according to [Minnesota Statutes, section 121A.17](#). Use Fund 04, Community Service Fund.

**K. Integration Revenue**

Use **Finance Code 313** to identify expenditures related to Integration Revenue according to [Minnesota Statutes, section 124D.861](#).

**L. State School to Work Disabled Program**

Use **Finance Code 835** to identify all expenditures funded by this program according to [Minnesota Statutes, section 124D.454](#).

**VI. Indirect Costs Relating to Federal Grants and Contracts****Minnesota Indirect Cost Rate LEA Delegation Agreement (Updated June 2011)**

The U.S. Office of Management and Budget (OMB) 2 CFR Chapter I, Chapter II, Part 200, et al (Here after "Omni Circular"), implementation date, December 26, 2013. The Omni circular establishes cost principles and standards for determining the allowable costs of federally funded grants, contracts administered by state and local governments, and contains provisions for determining indirect cost rates for grantees and sub grantees of federal grants.

The objectives of the circular are:

**A. Establish Uniform Standards of Allowability**

Streamline guidance for Federal awards to ease administrative burden and strengthen oversight over Federal funds to reduce risks of waste, fraud, and abuse. .

**B. Establish Uniform Standards of Allocation**

All federal agencies accept the method of allocation agreed to by the “cognizant” federal agency. Costs are allocated to the benefiting departments regardless of the funding source or the ability of that source to pay.

**C. Identify the Full Cost of Federal Programs**

By identifying, accumulating, and allocating all allowable direct and indirect costs to the program for which the cost was incurred, the exact cost of all federal programs may be determined.

**D. Ensure Federal Programs Bear Their Fair Share of Costs**

Only by identifying and allocating all direct and indirect costs within a central service cost allocation plan, in conformity with the circular, will localities be reimbursed for the total cost of federal programs.

**E. Simplify Intergovernmental Relations**

Under the OMB Omni Circular concept of the “cognizant” agency, one agency with one group of reviewers approves a cost plan. All other agencies accept the plan. Thus, uniform methods of allocation and allowability are applied to all federal grants.

Every five years the Minnesota Department of Education (MDE) requests delegated authority from the U.S. Department of Education (US-DOE) and submits an indirect cost proposal to the (US-DOE). The proposal, upon acceptance by the US-DOE, delegates authority to MDE to establish restricted and unrestricted indirect cost rates for use by local education agencies (LEAs) in Minnesota. For an LEA to have authority to recover indirect costs for the administration of federal or state grants, an LEA must have an approved indirect cost rate as established by MDE.

### INDIRECT COST RATES

An indirect cost rate is a means to establish, in an approved manner, the percentage of allowable general management costs that each federal grant should bear. Indirect costs are generally administrative costs such as the salaries and expenses for people who are engaged in administrative activities from which the entire LEA benefits.

An indirect cost rate is the ratio of total indirect costs to total direct costs, based on an LEA's actual expenditures, exclusive of any extraordinary or distorting expenditure, such as capital outlay and major subcontracts. When calculating the indirect cost rate, the expenditures for the second preceding fiscal year are used. For example, expenditures for FY 2014 will be used when calculating the rates for FY 2016. The second preceding year is used because the actual costs for the immediately preceding year will not be available at the time the LEA needs to calculate the rate for the following year.

Beginning in FY 2011, LEAs uses the fixed with carry-forward rate for indirect costs. This means that the following year's rates will be reduced or increased for under/over application of indirect costs in the current year. For example, in FY 2016, the actual indirect costs from FY 2014 will be compared to the estimated FY 2014 indirect costs used to calculate the indirect cost rate in that year. The

difference will be applied to the FY 2016 estimated indirect cost used in the calculation of the FY 2016 indirect cost rate.

Indirect cost recovery is limited to the direct costs incurred. The current year rate may only be applied to the net direct costs (net direct costs is total direct costs less equipment purchases, alterations and renovations, excludes the portion of individual sub-awards exceeding \$25,000, and excludes all flow-through funds). The recovery amount defined here is the maximum allowed. The LEA is not required recover indirect costs and may record an amount up to the maximum.

Expenditures for federal funds must have occurred and the LEA must maintain records supporting the expenditures in UFARS (Uniform Financial Accounting and Reporting Standards). It is essential the LEA classify expenditures uniformly and consistently within the UFARS accounting guidelines, Data received by MDE is used to calculate indirect cost rates and any incorrect coding of expenditures could cause the LEA's indirect cost rate to be adversely effected.

### CLASSIFICATION OF COSTS

**Indirect costs** are those costs which are not readily identifiable with the activities of the grant but are, nevertheless, incurred for the joint benefit of those activities and other activities or programs of the organization.

In accordance with OMB Omni Circular, indirect costs are costs meeting the following criteria:

- a. Incurred for a common or joint purpose benefiting more than one cost objective; and,
- b. Not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved.

A cost may not be allocated to a federal financial assistance program as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been assigned to a federal financial assistance program as a direct cost.

**Direct costs** are those that can be identified specifically with a particular cost objective. These costs may be charged directly to grants, contracts, or to other programs against which costs are finally assigned. Typical direct costs chargeable to a grant include, but are not limited to: compensation of employees for the time devoted and identified specifically to the performance of those programs; cost of materials acquired, consumed, or expended specifically for the purpose of those programs; travel expenses incurred specifically to carry out the program, etc.

**Disallowed costs**, according to OMB OMNI Circular, are certain costs for which federal funds cannot be used. These are costs directly attributable to governance. However, for rate computational purposes, these disallowed costs should be included in the base for allocation along with direct costs if they generated or benefited from allowable indirect cost. Examples of disallowed costs are bad debts, contingencies, entertainment, fines and penalties, governance, and/or contributions and donations to outside organizations.

**Excluded costs**, according to OMB Omni Circular, are costs that are extraordinary or distorting expenditures and are excluded from the computation of the indirect cost rate. Excluded costs in this category include capital outlay, debt service, judgments against the school district, certain transfers, and internal service fund expenditures. For formula computational purposes, these costs are excluded from the rate computation. Indirect cost recoveries on federal or state programs and refunds returned on federal or state programs are also categorized as excluded costs.

## RATE TYPES

**Restricted rates, as defined in the Education Department General and Administrative Regulations (EDGAR), at 75.563, restricted rates apply to grants that are made under federal programs with supplement and in no case supplant requirements. This means that the funds are to support additional state and local funding. The amounts are intended to supplement, but not replace, local funds. Most of the federal grants which an LEA receives are through MDE, the LEA would use the “restricted” rate.**

Restricted grants include only indirect costs consisting of general management costs and fixed charges as defined below:

**General management costs** consist of the salaries and expenses for employees performing accounting, payroll preparation, or personnel management activities for all aspects of district operations.

Activities which are limited to a specific school, subject, or phase of operation are not general management costs. Salaries and expenditures related to the direction and supervision of such functions as instruction, guidance, attendance, transportation, community services, and student services are considered direct costs. As used in § 76.564, general management costs means the costs of activities that are for the direction and control of the grantee's affairs that are organization-wide. An activity is not organization-wide if it is limited to one activity, one component of the grantee, one subject, one phase of operations, or other single responsibility.

- (a) General management costs include the costs of performing a service function, such as accounting, payroll preparation, or personnel management, that is normally at the grantee's level even if the function is physically located elsewhere for convenience or better management. The term also includes certain occupancy and space maintenance costs as determined under § 76.568.
- (b) The term does not include expenditures for:
  - (1) Divisional administration that is limited to one component of the grantee;
  - (2) The governing body of the grantee;
  - (3) Compensation of the chief executive officer of the grantee;
  - (4) Compensation of the chief executive officer of any component of the grantee; and
  - (5) Operation of the immediate offices of these officers.
- (c) For purposes of this section—
  - (1) The chief executive officer of the grantee is the individual who is the head of the executive office of the grantee and exercises overall responsibility for the operation and management of the organization. The chief executive officer's immediate office includes any deputy chief executive officer or similar officer along with immediate support staff of these individuals. The term does not include the governing body of the grantee, such as a board or a similar elected or appointed governing body; and
  - (2) Components of the grantee are those organizational units supervised directly or indirectly by the chief executive officer. These organizational units generally exist one management level below the executive office of the grantee. The term does not include the office of the chief executive officer or a deputy chief executive officer or similar position.

Salaries and expenses for auditing, budgeting, payroll, personnel, purchasing, and employee relations are examples of services typically benefit multiple internal activities and programs where costs are determined by means of an indirect cost proposal. For LEAs this would include most of the costs recorded in General Administrative Support (Program Code 105), Administrative Technology Services (Program Code 108) and Business Support Services (Program Code 110). The expenses incurred within these program codes are of a nature where direct costs cannot be specifically identified and as such are considered indirect in nature. The OMB Omni Circular does not require the use of Personal Activity Reports (PAR) for Individuals whose time is divided between district-wide management responsibilities and specific program or administrative activities. However, the OMB Omni



Circular provides for accountability through total internal controls to identify the distinctions between direct and indirect efforts for specific individuals. A single audit requirement requires auditors to test the internal controls used. The LEA may determine keeping or establishing procedures for PAR reporting is a best practice to meet the internal control requirements for superintendents to establish a reasonable basis for direct and indirect expenditures. .

An individual principal's salary, including benefits and operational expenditures related to the principal's immediate office are not indirect costs. The associated costs are disallowed costs and are considered to be direct costs for rate computation purposes for both the restricted and unrestricted rate.

**Fixed charges** classified as indirect costs are limited to amounts associated with general management costs. The fixed charges can be viewed as appended to those administrative functions, and the classification rules are the same as those applied to salaries.

Expenditures which are exclusively identified as employee retirement expenses are; Social Security, pension fund payments, premium expenditures for employee insurance or liability insurance, unemployment and workers compensation, and all similar costs normally considered being employee fringe benefits.

No other items are to be classified as indirect fixed charges.

Note that per OMB Omni Circular, 200.431 (b), payments to separating employees for termination benefits and/or unused leave are NOT charged as direct costs to any federal awards ("terminal leave costs"; Object Codes 191 and 291). The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as annual leave, family related leave, sick leave, holidays, court leave, military and administrative leave, are allowable IF ALL of the following criteria are met: (1) the leave is provided under established written leave policies, (2) costs are equitably allocated to all related activities, including Federal awards, and (3) accounting basis (cash or accrual) selected for costing each leave category is consistently followed by the non-Federal entity. The leave costs are treated as indirect costs when computing the restricted and unrestricted indirect cost rate with one exception. When computing the restricted indirect cost rate, terminal leave costs to employees who are indirect for the unrestricted rate, but direct for the restricted rate (i.e., superintendent and their office), are considered direct cost payments for rate calculation purposes only.

All Pay-As-You-Go Post-Retirement Health Benefits ("PRHB") will be treated as indirect costs for both the restricted and unrestricted rate regardless of where the employees' salary is recorded, with one exception. For purposes of calculating the restricted rate, PRHB costs associated with superintendent, chief executive officer (CEO) of components (as defined by EDGAR 76.565(d)(2)) and their immediate offices will be treated as direct. All PRHB paid to a trust (up to or equal to the annual required contribution – Object Code 252) will be considered direct costs for the purpose of indirect cost rate calculations. Excess PRHB contributions (Object Codes 289 and 290) will be excluded from the calculation.

**Unrestricted Rates apply to grants not subject to the supplement but not supplant legislative restriction.**

Indirect Costs - Expenditure for the board of education (Program Code 010), office of the superintendent (Program Code 020), and other administrative support (Program Code 107) in addition to operations and maintenance of plant are classified as an indirect cost when calculating an unrestricted rate. All other costs are classified the same as the restricted rate calculations.

Direct costs, disallowed costs, and excluded costs are also classified the same as the restricted rate calculations.

## AUDIT REQUIREMENTS

**General Statement** – Classification of expenditures must conform to program and object codes as detailed in the Uniform Financial Accounting and Reporting Standards (UFARS) manual.

**Additional Documentation - Indirect Costs** – Detailed records are required to support any indirect costs attributed to Program Code 105 (General Administrative Support). The records should provide a detailed analysis of costs classified as indirect, including a justification or explanation as well as other relevant information. Failure to provide adequate documentation may result in single audit questioned costs related to indirect cost recovery. Expenditures recorded in Program Code 110 (Business Support Services) do not require additional documentation in support of classification as indirect costs.

**Additional Documentation - Excluded Costs** – Schedules or other records that document the reporting of all expenditures recorded as excluded costs should be maintained. Failure to document all excluded cost types accurately may result in single audit comments relative to indirect cost calculation.

Records and documentation supporting the indirect cost allocation plan must be retained for a period of five years after the last day of the fiscal year to which the proposal applies or until audited, whichever occurs sooner. If audit exceptions have been noted, records must be retained until those exceptions have been resolved.

### BUDGETING INDIRECT COSTS IN FIXED GRANT AWARDS

**Use of Rates** – Once the applicable rate has been determined, the amount available to earn indirect cost dollars can be computed as follows:

The amount available to earn indirect cost is determined by subtracting excluded costs (items of equipment, sub-awards/subcontracts in excess of \$25,000 and flow-through funds) from the grant award. Note that only the first \$25,000 of a sub-award/subcontract is included in the Base of Application, and only during the first year of the sub-award/subcontract. Amounts exceeding \$25,000 during the first year, as well as the entire sub-award /subcontract amounts during subsequent years, are excluded from the Base of Application.

The remaining amount is the net available for both indirect and direct costs. To determine the amount available to be assessed indirect costs, the net amount is divided by the combined percentage of 100.00 percent plus the applicable indirect cost rate percentage. For example: the indirect cost rate is 5.45 percent, the total entitlement for a Title 1 project is \$945,000.00, and the project included \$1,395.00 for capital outlay.

Grant Award .....	\$945,000.00
Less: Capital Outlay .....	\$1,395.00
Net Available for Indirect and Direct Cost .....	\$943,605.00

<b>Amount Available to be Assessed Indirect Costs</b>	<b>Indirect Cost Dollar Amount =</b>
\$943,605 ÷ 105.45%	\$894,836 x 5.45% = Indirect Cost Dollar Amount
\$943,605 ÷ 1.0545	\$894,836 x .0545 = Indirect Cost Dollar Amount
\$894,836	\$ 48,769 = Indirect Cost Dollar Amount

**NOTE:** The above example shows how to calculate the maximum amount of indirect costs that could be claimed against a grant; however, the amount of indirect costs actually paid for a fixed grant will depend on the actual amount of direct costs actually incurred for the grant. In no case can the amount of actual direct costs plus calculated indirect costs plus capital outlay costs exceed the total amount of the fixed grant award.

#### INDIRECT COST RATE CALCULATION PROCESS

1. The LEA is required to report expenditures consistent with the current year UFARS manual.
2. The LEA is required to maintain proper internal controls, necessary timekeeping records and accounting records to support the audited UFARS submission.

3. The LEA is required to utilize and comply with the proper accounting treatment defined in OMB Omni Circular and EDGAR.
4. The sources of data utilized to calculate the indirect cost rate is obtained from the audited UFARS data submitted to MDE from the second preceding fiscal year. MDE calculates the indirect rate for the LEA using the reported UFARS.
5. MDE publishes the calculated rates and posts them on the MDE website at [w20.education.state.mn.us/MDEAnalytics/Data.jsp](http://w20.education.state.mn.us/MDEAnalytics/Data.jsp).
6. An LEA may apply the posted indirect cost rate to direct costs associated with their grants. The LEAs may use up to the maximum awarded rate per grant. An LEA may not use a rate greater than the awarded rate for any grant.
7. The MDE posted negotiated rate is the maximum allowable indirect cost rate for the year awarded. Federal law or grant conditions may limit the amount of indirect costs or the indirect cost rate. For example, if a district has a restricted rate of five percent and the law allows only a three percent rate of recovery, then it can recover only indirect costs equal to three percent of the direct costs.

Grant terms and conditions may also exist for some grants that prohibit any recovery or allow limited recovery of indirect costs. Recovery of indirect costs on grants is subject to the availability of funds. Most restricted grants are allocated to the state as a block grant in which each district is entitled to a maximum grant amount. The total direct costs plus indirect costs cannot exceed the maximum entitlement. Indirect costs are recovered only to the extent of direct costs incurred. The indirect cost rate is applied to the direct cost amount expended, not to the grant award.

An indirect cost rate certification issued by the department is established for a specific fiscal year. The rate is valid from July 1 through June 30 of the applicable fiscal year of approval. To recover indirect costs, LEAs apply the indirect cost rate in effect for a given fiscal year to the grant expenditures during the fiscal year, including any disbursements made on a project balance that is brought forward.

Listed below are program codes, program categories and object codes used by MDE to establish the restricted and unrestricted indirect cost rates. Also included are the excluded program codes, program categories and object codes that are excluded from the calculations.

**RESTRICTED RATE GUIDE  
FUND 01, 02, 04**

**Indirect Costs (numerator)**

Program Codes	Program Categories	Object Codes
105	General Administration Support	All-1
108	Administrative Technology Services	All-1
110	Business Support Services	All-1
All-4	Terminal Leave	191
All-4	Pay-As-You-Go PRHB	291

**Direct/Disallowed Base Costs (denominator)**

Program Codes	Program Categories	Object Codes
010	Board of Education	All-1
020	Office of Superintendent	All-1
030	Instructional Administration	All-2
050	School Administration	All-2
107	Other Administration	All-1
200 series	Regular Instruction	All-2
300 series	Vocational Instruction	All-2
400 series	Special Education Instruction	All-2
500 series	Communication Education and Services	All-2
600 series	Instructional Support	All-2
700 series	Pupil Support Services (except 770)	All-2
770	Food Service	All-3
805-810	Operations and Maintenance	All-2
940	Insurance	All-2

**Excluded Costs**

Program codes	Program Categories	Object Codes
All-5	Federal Sub-award/Subcontract > \$25,000	304, 341-349, 351-356
All-5	Payments to Others	307, 390-394, 399
All-5	Capital Expenditures	500-599
All-5	Debt Service	700-799
All-5	Other Expenditures	800-899 except 820 and 899
All-5	Other Financing	900-999
770	Food Service	Objects listed above plus 490-499
850	Capital Facilities	All
855	Alternative Facilities	All
870	Building Construction	All
910	Retirement of Long-Term Obligations	All
920	Retirement of Non-bonded Obligations	All
930	Employee Benefits Clearing Account	All
950	Transfers	All
960	Other Nonrecurring Items	All

All-1 = All costs of the program except: Objects 289, 290, 304, 307, 341-349, 351-356, 390-394, 399, 500-599, 700-799, 800-899 except 820, 897, 899, and 900-999

All-2 = All costs of the program except: Objects 191, 289- 291, 304, 307, 341-349, 351-356, 390-394, 399, 500-599, 700-799, 800-899 except 820, 897, 899, and 900-999

All-3 = All costs of the program except: Objects 191, 291, 304, 307, 341-349, 351-356, 390-394, 399, 490- 499, 500-599, 700-799, 800-899 except 820, 897, 899, and 900-999

All-4 = All Program Codes except: 10, 20, 105, 107, 110, 805, and 810

**UNRESTRICTED RATE GUIDE**  
**FUNDS 01, 02, 04 Indirect Costs (numerator)**

Program Codes	Program Categories	Object Codes
010	Board of Education	All-1
020	Office of Superintendent	All-1
105	General Administration Support	All-1
107	Other Administration	All-1
110	Business Support Services	All-1
805-810	Operations and Maintenance	All-1
All-4	Terminal Leave	191
All-4	Pay-As-You-Go PRHB	291

**Direct/Disallowed Base Costs (denominator)**

Program Codes	Program Categories	Object Codes
030	Instructional Administration	All-2
050	School Administration	All-2
200 series	Regular Instruction	All-2
300 series	Vocational Instruction	All-2
400 series	Special Education Instruction	All-2
500 series	Communication Education and Services	All-2
600 series	Instructional Support	All-2
700 series	Pupil Support Services (except 770)	All-2
770	Food Service	All-3
940	Insurance	All-2

**Excluded Costs**

Program codes	Program Categories	Object Codes
All-5	Federal Sub-award/Subcontract > \$25,000	304, 309, 341-349, 351-356, 364
All-5	Payments to Others	307, 390-394, 399
All-5	Capital Expenditures	500-599
All-5	Debt Service	700-799
All-5	Other Expenditures	800-899 except 820 and 899
All-5	Other Financing	900-999
770	Food Service	Objects listed above plus 490-499
850	Capital Facilities	All
855	Alternative Facilities	All
870	Building Construction	All
910	Retirement of Long-Term Obligations	All
920	Retirement of Non-bonded Obligations	All
930	Employee Benefits Clearing Account	All
950	Transfers	All
960	Other Nonrecurring Items	All

All-1 = All costs of the program except: Objects 304, 307, 341-349, 351-356, 390-394, 399, 500-599, 700-799, 800-899 except 820, 897, 899, and 900-999

All-2 = All costs of the program except: Objects 191, 291, 304, 307, 341-349, 351-356, 390-394, 399, 500-599, 700-799, 800-899 except 820, 897, 899, and 900-999

All-3 = All costs of the program except: Objects 191, 291, 304, 307, 341-349, 351-356, 390-394, 399, 490, 491, 495, 499, 500-599, 700-799, 800-899 except 820, 897, 899, and 900-999

All-4 = All Program Codes except: 105, 107, 110, 805, 810, and 850

All-5 = All Program Codes except: 850, 855, 870, 910, 920, 930, 950, and 960

### CARRY-FORWARD CALCULATION

Beginning in FY 2011, LEAs use a fixed rate **with** a carry-forward provision. A fixed rate with carry-forward provision has characteristics of both a provisional rate, which is a temporary rate subject to adjustment, and a predetermined rate, which is a permanent rate not subject to adjustment. A rate is computed and fixed for a specified future period based on an estimate of that future period's level of operations. However, when the actual costs of that period become known, the difference between the estimated costs and the actual costs is carried forward as an adjustment to a subsequent period for which a rate is established. The adjustment cannot be made in the fiscal period immediately following because the fixed rate for the immediately following fiscal period will already have been determined. An adjustment generally will be carried forward to the second fiscal period following the period being adjusted. A fixed rate should be selected that will closely approximate the actual rate expected to be incurred. An accurate forecast will confine carry-forward amounts to minimal differences.

The calculation used for FY 2012 for the restricted and unrestricted carry-forward computations is as follows:

**Step #1:**

$(\text{FY 20154 Actual UFARS Denominator}) \times (\text{FY 20154 Estimated Indirect Cost Rate}^*) = \text{Estimated Amount Eligible for Indirect Cost}$

**Step #2:**

$(\text{Estimated Amount Eligible for Indirect Cost}) - (\text{FY 20154 Actual Indirect Cost}) = \text{Carryover}$

**Step #3:**

$(\text{FY 20154 Actual UFARS Numerator}) - (\text{Carryover}) = \text{Adjusted FY 20154 UFARS Numerator}$

**Step #4:**

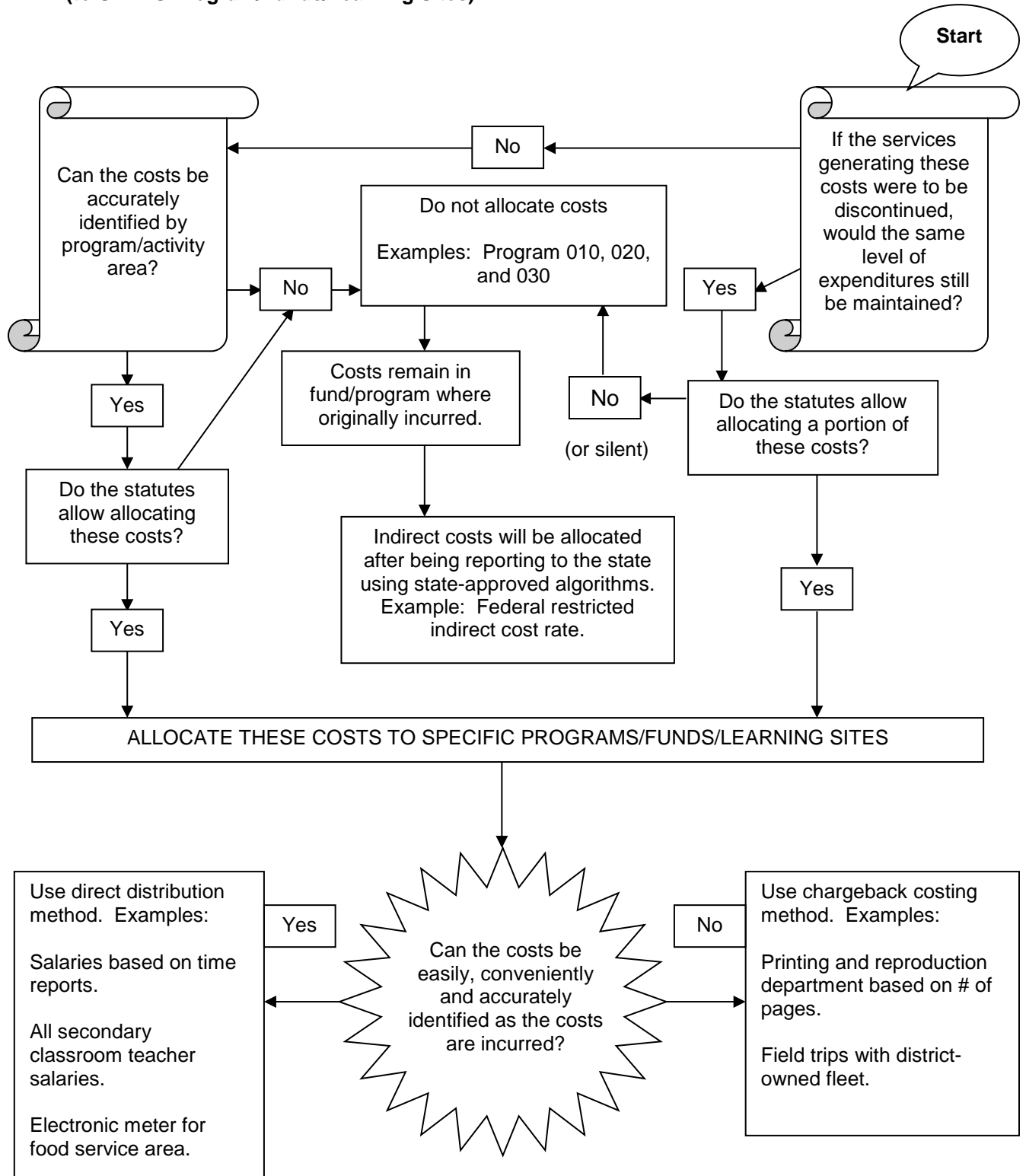
$(\text{Adjusted FY 20154 UFARS Numerator}) / (\text{FY 20154 Actual UFARS Denominator}) = \text{FY 2016 Indirect Cost Rate}$

\*FY 20154 Estimated Indirect Cost Rate was calculated using  
 $(\text{FY 2013 Actual UFARS Numerator}) / (\text{FY 2013 Actual UFARS Denominator})$

**Note:** Numerator means the same as indirect costs. Denominator means the same as the direct/disallowed base costs.

**ATTACHMENT A**

**VII. COST ALLOCATION STANDARDS**  
(to UFARS Program/Funds/Learning Sites)



**UFARS Accounting –Employee Benefits**  
Program Dimension Code 930 – Employee Benefits

**Allocation of Program Costs**

According to the UFARS manual, at year-end all costs associated with benefits, Re-employment Insurance, and Workers Compensation are to be allocated to the program which generated the benefit. State reporting requirements to the U.S. Department of Education also require that employee benefits in the Operating Funds be allocated to specific programs which receive the benefit. Because of the above, the description for Program Code 930 was changed to “Employee Benefits (clearing account only).” The Internal Service Fund (20) does not need to have Program Code 930 be zero due to the nature of the fund.

If indirectly allocating employer costs for employee benefits (Object Codes 190, 191, 210-280, 299, 305) that have been charged to Program Dimension Code 930, districts must, at a minimum, allocate employer costs to one or more of the following general areas, using chargeback codes:

Program Code:	030	General Administration – Instructional (000 Series)
	105	District Support Services (100 Series)
	201	Kindergarten Instructional Services
	203	Elementary Instructional Services
	211	Secondary Instructional Services
	399	Secondary Vocational Instructional Services
	420	Special Education Instructional Services
	505	(Fund 04) – Community Service Program (General) (500 Services Except for ECFE)
	580	(Fund 04) – Early Childhood and Family Education
	605	Instructional Support Services (600 Series)
	640	Staff Development
	760	Pupil Transportation Services
	770	(Fund 02) – Food Service Program
	790	Other Pupil Support Services (700 Series except for pupil transportation and food service)
	810	Operations and Maintenance of Facilities Services (800 Series)

For allocating employee costs for Object Codes 190, 191, 270, 280 and postemployment insurance benefits, Org. Code 005 must be used.

According to the Permitted Code Combinations Chapter in the UFARS manual, there are 11 object codes allowed within Program Code 930 – Employee Benefits (clearing account only). The following table details the recommended procedure for complying with UFARS:



**Program 930 – Employee Benefits**

<b>OBJECT DIMENSION CODES</b>	<b>DESCRIPTION</b>	<b>DIRECT</b>	<b>CHARGEBACK</b>
190 191	Sabbatical Leave Pay Severance Pay	Code to programs 105, 201, 203, 211, 505, 760, 770, or 810 as costs are incurred.	Determine percentage of these expenditures for Program Codes 105, 201, 203, 211, 505, 760, 770, or 810 and chargeback using Object Code 195.
210 214 218	FICA/Medicare PERA TRA	Using payroll system, allocate these costs associated with each employee to the same programs as the salaries.	Determine percentage of salary for these expenses for each employee bargaining group and chargeback, using Object Code 295.
220	Employee Insurance	Using payroll system, allocate these costs associated with each employee who receives the benefit to the same programs as the salaries.	Determine dollar amount of benefit for each employee by the benefit bargaining unit and chargeback using Object Code 295.
250	Tax Sheltered Annuities/MN Deferred Compensation Plan	Using payroll system, allocate these costs associated with each employee who receives the benefit to the same program as the regular salary.	Same as Object Code 220.
270	Workers Compensation	Identify employees receiving benefit during each billing period and proportionately allocate costs to the same programs as the regular salary.	Determine percentage of salary cost for each worker's compensation category using Program Codes 105, 200, or 810 and proportionately chargeback using Object Code 295.
280	Reemployment Compensation Insurance <b>Note:</b> Dedicated levy revenues should be allocated to Funds 02 and 04 to cover the costs.	Identify employees receiving benefit during each billing period and proportionately allocate costs to the same programs as the regular salary.	Determine program area (105, 200 or 810) for person receiving benefit and proportionately charge back using Object Code 295.
299		See recommended method.	See recommended method.
305	Consulting Fees/Fees for Service	See recommended method.	See recommended method.

**Example A – Community Education Building Located in a Non-K-12 Learning Site**

If a building was occupied as follows:

<b>Square Footage</b>	<b>Location</b>
30,000	District Office
10,000	Community Education
10,000	Food Service
5,000	Vacant Rooms
5,000	Common Areas
60,000	TOTAL

The amount allocated to Community Education would be determined as follows: The amount of square footage allocated would consist of used space plus a prorated share of common area. The common area is 9.09 percent of used space 5,000/55,000, therefore, community educators would have  $10,000 + 10,000 \times .0909 = 10,909$  square feet allocated to it and the yearly costs would equal  $\$80,000 \times 10,909/60,000 = \$14,545$ . From this it follows if Community Education was the sole occupant of a building, they would pay 100 percent of the costs (assuming there was no vacant space).

**Example B – Community Education Building Located in a K-12 Learning Site**

If community education uses 1,500 square feet of a 10,000 square foot building for 4 hours 3 days a week and the K-12 program uses the space for 8 hours 5 days a week. The allocation to community education would be the percentage of space multiplied by the percentage of time used (this is the percentage of utilization). In this case, the space allocation is  $1,500/10,000 = .15$ . The time allocation is  $12/52 = .23$  for a utilization of 3.46 percent ( $.15 \times .23$ ). Community education should be allocated 3.46 percent of total costs.

The General Fund should pay for the remaining costs, which include the 77 percent of utilized time and all of the non-used time (weekends, etc.).

**Example C – Swimming Pools**

The following example shows a calculation with journal entries of a K-12 learning site that has a pool, community education classes, and administration offices in it.

**FACTS**

<b>Use</b>	<b>Square Footage</b>
Instructional Usage (K-12 and Community Education)	6,000 Square Feet
District Offices	2,000 Square Feet
Community Education Offices	1,000 Square Feet
Pool	1,500 Square Feet
Common Areas	500 Square Feet
Total	11,000 Square Feet

**ATTACHMENT C**

Costs – All Program Code 810

Object Code	Use	Cost
170	Custodial	\$48,000
170	Custodial Overtime for Community Education Other Overtime	\$4,000
200s	Benefits	\$12,000
300	Utilities, Repairs	\$19,000
401	Custodial Supplies, Repair Supplies	\$3,000
440	Fuel for Building	\$5,000
500	Costs Attributable to Pool (according to study)	\$30,000
Total Costs		\$91,500

General Community Education classes use 3,000 square feet M-W-F - 4 hours per day  
 K-12 use 6,000 square feet M-T-W-Th-F – 8 hours per day  
 Community Education Pool – 8 hours per week  
 K-12 Pool – 20 hours per week

**COMMUNITY EDUCATION COSTS**

Facilities Uses

Action	Cost	Description	Action	Cost	Description
	\$91,500	Total Costs		11,000	Square Feet
less	4,000	Overtime	less	1,500	Pool
less	30,000	Pool	less	500	Common Areas
	\$57,500	Cost to Allocate		9,000	Specific Uses

Allocate Common .0555 = 500/9,000

Location	Square Feet	Comments
K-12	6,334	(6,000 + Prorated Share of Common)
District Office	2,111	(2,000 + Prorated Share of Common)
Community Education Office	1,055	(1,000 + Prorated Share of Common)
	9,500	Total

1) Custodial Overtime - \$4,000

2) Community Education Administrative Offices

(Allocated to Community Education)  $1,055/9,500 \times \$57,500 =$  \$6,385

District Office Cost  $2,111/9,500 \times \$57,500 =$  \$12,777  
 (These costs are not allocated to maintain program integrity.)

Instructional Space  $6,334/9,500 \times \$57,500 =$  \$38,338  
 TOTAL \$57,500

3) A portion of the instructional space must be allocated to community education for use of 3,000 square feet of space 3 days a week, 4 hours a day.

Total Usage is	6,000	Square feet X 8 hours X 5 days =	240,000
	3,000	Square feet X 4 hours X 3 days =	<u>72,000</u>
TOTAL			312,000

Community Education's allocation is  $72,000/312,000 = .2307$  of the instructional space which is  $.2307 \times \$38,338 = \$8,847$ .

4) Pool Costs allocation

<b>Use</b>	<b>Hours</b>
K-12 Usage	20 hours
Community Education Usage	<u>8 hours</u>
Total	28 hours

The Community Education allocation would be  $8 / 28 * \$30,000 = \$8,571$

**JOURNAL ENTRY**

<b>Entry</b>	<b>Code</b>	<b>Debit</b>	<b>Credit</b>
1)	E 04-005-505-000-195-000	\$4,000	
2)	E 04-005-505-000-398-000	\$6,385	
3)	E 04-005-505-000-398-000	\$8,847	
4)	E 04-005-505-000-398-000	\$8,571	
5)	G 04-101-00	\$27,803	
1)	E 01-005-810-000-195-000		\$4,000
2-4)	E 01-005-810-000-398-000		\$23,803
5)	G 01-101-00		\$27,803

Entry 1) could be made at the time the overtime is incurred which would imply using Object Code 170 rather than 195.

This example is only one method of allocation; other methods may be used as long as they use identifiable costs, allocated using a logical, appropriate methodology.

## SECTION 2 – STUDENT TRANSPORTATION SERVICES

The following information on financial accounting and cost allocation methods for student transportation services can also be viewed on the Minnesota Department of Education's website [education.state.mn.us/MDE/SchSup/SchFin/Trans/index.html](http://education.state.mn.us/MDE/SchSup/SchFin/Trans/index.html).

### Financial Accounting for Student Transportation Services

Minnesota Statutes, section 123B.92, Subdivision 5 defines how school districts report transportation expenditures. The 2013 legislation amended the law to allow a school district that contracts for transportation services to allocate certain transportation expenses based on contract rates under certain circumstances. It also permits districts to report district-owned transportation expenditures based on a cost-per-mile, cost-per-hour, cost-per-route or a cost-per-student method. The exceptions are:

1. Bus driver salaries and related fringe benefits may either be directly charged to the appropriate transportation category or allocated among categories.
2. Contracts with a privately-owned company or an individual who provides transportation exclusively in "one" transportation category, for example only providing transportation to special education students in district or parent transporting a child to and from school, must be charged directly to the appropriate transportation finance code.
3. Expenditures for capital outlay, leased buses, student board and lodging, crossing guards and aides on buses must be charged directly to the appropriate transportation finance code.

In addition, districts will be limited to which staff salaries can be included in the finance codes associated with the transportation program. Staff salary limitations are being done to ensure an equitable distribution of state aids among districts.

In order to implement this system, districts will be required to keep detailed records in a number of areas. The records may include log sheets on the number of miles, hours or routes traveled, actual time sheets, or time studies for employees who work part-time in transportation. In addition, the district must send worksheets to Minnesota Department of Education (MDE) on how the district arrived at the final costs reported in each transportation category. Also, the district may be asked to supply log sheets, time studies, contracts, etc. The written documentation must be available to the MDE auditor if the transportation program is audited. If districts are unable to produce the written documentation, the expenditures may be disallowed.

### Reporting Transportation Expenditures

There are four possible methods of reporting transportation expenditures. Districts that contract for services may allocate based on contract rates or the contract-owned standard allocation method based upon a cost-per-mile, cost-per-hour, cost-per-hour or cost-per-student. Districts that use district-owned transportation services may report expenditures based on direct rates or district-owned standard allocation method based on a cost-per-mile, cost-per-hour, cost-per-route or a cost-per-student. A district may use a variety of these methods to report transportation expenditures at year-end.

### Contractor-Owned Transportation Services

School districts that contract for transportation services may allocate their transportation costs either based on contracted rates or the standard cost-per-mile, cost-per-hour, cost-per-route or cost-per-student basis. Transportation services provided by contractor-owned school bus companies incorporated under different names but owned by the same individual or group of individuals must be treated as the same company for cost allocation purposes.

## **Contract-Owned Allocation Based on Contract Rates**

A school district that contracts for transportation service may allocate transportation expenses to transportation categories based upon contract rates. Districts may only allocate transportation expense to transportation categories based upon contract rates if contract rates are reasonably consistent on a cost-per-hour, cost-per-mile, cost-per-route, or cost-per-student basis. In order to allocate transportation expense based upon contract rates, a school district, if audited, must be able to demonstrate to the auditor that variances in the application of transportation cost basis rates are appropriate.

### **Contract-Owned Standard Cost-per-mile, Cost-per-hour, Cost-per-route, or Cost-per-student Basis**

Districts that receive separate bills for different categories of transportation service from a specific contractor must add the bills together and reallocate the expenditures on a cost-per-mile, cost-per-hour, cost-per-route or cost-per-student basis. If further allocation is needed because students from more than one category ride on the same bus run, districts must further allocate the expenditures on a cost-per-student.

## **District-Owned Transportation Services**

School districts may either direct charge district-owned transportation cost or allocate the amount to the transportation categories based on a cost-per-mile, cost-per-hour, cost-per-route, or a cost-per-student basis.

### **District-Owned Operation – Direct Charged**

Districts may directly charge transportation costs to the appropriate categories based on actual costs from detailed records. Detailed records include timesheets or time studies, fuel slips, insurance premiums, etc.

Even though the district reports expenditures based on actual amounts, the number of miles must be reported on the Pupil Transportation Annual Report.

### **District-Owned Standard Cost-per-mile, Cost-per-hour, Cost-per-route or Cost per-student Basis**

School districts may allocate the transportation expenditures among categories based on a cost-per-mile, cost-per-hour, cost-per-route or cost-per-student basis.

## **Definition of Miles, Hours, Routes**

Districts must maintain daily records on miles, hours, or routes in order to properly allocate costs at year end. The miles, hours, or routes reported at year end will be a cumulative total of the daily miles, hours, or routes. The basic route definition is the actual daily path of travel of a school bus from an approved bus facility, a school, or the first pick-up point through a series of pick-up stops and delivery points to a final delivery point plus the shortest reasonable path for the bus to travel back to the approved bus facility, school or first pick-up point.

### ***Counting Miles***

The starting mileage is the odometer reading when the vehicle starts its route. The ending mileage is the odometer reading when the vehicle terminates its route. The starting or ending mileage may be taken at a school or at the vehicle storage area.

### ***Counting Hours***

The starting hour is when the vehicle starts its route. The ending hour is when the vehicle terminates its route. The starting or ending hour may be taken at a school or at the vehicle storage area.

## Counting Routes

A route must consist of a trip “to and from” a school, program, event, etc. Each run on a route will be counted as a route.

Following are some examples on how districts would report routes. In the following examples, the school district has 175 student contact days.

- For a bus route that consists of a secondary/elementary run and a special education run each day, the district would report 175 regular routes in the Regular/Excess Category and 175 special education routes in the Disabled Category.
- If a district has 10 regular routes to and from school daily, the district would report 1,750 (10 x 175) regular routes in the Regular/Excess Category on the year-end report.
- If a special education student was placed in a program for 30 days and transported to and from the program daily, the district would report 30 special education routes in the Disabled Category on the year-end report.
- Each student activity trip or field trip would be a route. This is true even though the routes will vary in length. These routes will be reported in the Non-authorized Category on the year-end report.
- If the district operates a late bus that takes students home after school every day of the school year, the district would report 87.5 (175 / 2) routes in the Late Activity Category. This is because the route did not operate “to and from” a school, program or event.

## Mileage, Hour, or Route Log

Based on the cost allocation method used, districts must maintain either a mileage, hour or route logs for buses in their district-owned fleet. Districts that contract for school bus service must obtain the records from the contractor.

It is imperative that the beginning and ending mileage be recorded for each bus on July 1 at the beginning of the fiscal year and on June 30 at the end of the fiscal year. If a bus is used on a predetermined route (same miles every day), the daily miles, hours or routes should be multiplied by the number of days in the school year to determine the annual mileage for the vehicle. It is important to determine the type of route, for example regular (Finance Dimension 720), special education (Finance Dimension 723), student activity trip (Finance Dimension 733), etc.

When buses are not used on predetermined routes, mileage, hours or routes must be recorded by trip. A bus route begins when a bus leaves a point, for example a garage, home, or school empty and proceeds on a route picking up pupils and then traveling to a school(s) until the bus is empty and returning the pupils to a designated point after school. A bus route may have more than one run. For example, it is possible to have six runs on the same route, one high school run, one middle school run, and one elementary run, both morning and afternoon.

There are sample monthly logs in this manual if the district/contractor does not have a system currently in place. The log on page 54 can be used for predetermined routes. The log on page 55 should be used when the length of the route varies from trip to trip. If districts do not use these mileage logs, an equivalent substitute log may be used.

## Salaries and Fringe Benefits

A district may include the salaries and benefits of 1) an employee designated as the district transportation director, 2) an employee providing direct support to the transportation director or 3) an employee providing direct transportation services such as a bus driver or bus aide. Salaries and fringe benefits of district employees, whose primary duties are other than transportation, including central office administrators and staff, building administrators and staff, teachers, social workers, school nurses and instructional aides cannot be included in finance codes associated with the transportation program unless the employee has been designated as the district’s transportation director.

The salaries and fringe benefits of the district employees who work part-time in transportation and part-time in other areas (e.g., custodian/bus driver, MARSS Secretary/Transportation Secretary) may only be included in transportation if there is written documentation. For part-time transportation employees, the following forms of documentation will be acceptable:

1. Timesheets: timesheets must identify the hours worked on transportation responsibilities. The employee and his/her supervisor must sign and date the time sheets.
2. Time Studies: time studies must be conducted at least three times during a school year. The first time period studied should be from August 15 through September 15; the second period should be from January 15 to February 15; and the third time period should be from April 15 through May 15. The time study must include the name of the employee, title, specific transportation job responsibilities, and the hours worked on those responsibilities. The employee and his/her supervisor must sign and date the time study. There is a sample time study on page 56 of this manual that may be used for this purpose.

Failure to sign and date any of the above documents will result in an employee's salaries/fringe benefits being disallowed. In addition, districts may be asked to produce position descriptions identifying a part-time employee's transportation responsibilities. General statements such as "works on transportation matters" will not be acceptable. An after-the-fact time study or survey will not be accepted. The time study must be done during the specified time periods.

For full-time transportation employees, the only acceptable form of written documentation will be contracts, agreements or position descriptions that identify the specific transportation responsibilities of each employee.

Once the total amount of salaries/fringe benefits have been identified for full-time and part-time employees, the salaries/fringe benefits may or may not be allocated among all finance dimensions depending on the employee's transportation responsibilities. For example, if an employee works only on arranging transportation for student activity and field trips, that employee's salaries/fringe benefits may only be charged to the finance dimension associated with that type of service (733 – Non-authorized Transportation).

## Overview of District in the Sample

The following are sample cost allocations for a district to use in allocating its transportation expenditures. Districts may allocate its expenditures based on either miles, hours, routes or students. These examples use miles as a cost driver. Districts that choose to allocate either on hours, routes or students should use those as cost drivers instead.

This introduction gives a general overview on what type of transportation services the district is providing. It is recommended that transportation costs that are to be allocated based on miles be coded to Finance Dimension 720, Regular To and From School, during the school year. Districts would then allocate those expenditures to other finance dimensions or transportation categories at the end of the school year based on the cost allocation method. The following is an explanation of the types of expenditures and the level of transportation services offered by the district used in the samples.

## Determining Total Transportation Expenditures for the Year

When allocating by the standard mileage, hour or route rate, districts must first determine their total transportation expenditures for the entire school year. If the district contracts for bus service and the privately-owned school bus company or companies send separate bills for the different categories of transportation, the bills must be added together to determine total transportation expenditures for the year and then allocated among the categories of service that the contractor provided for the district. The exception would be for those contractors that provide only one type of transportation service.



## **Contractor-Owned Operation – Allocation Based on the Standard Mileage, Hour or Route Rate**

The district contracts for all pupil transportation services. All bills from the contractor are recorded in Finance Dimension 720 during the school year and allocated to other finance dimensions by a cost per mile or student.

The district transports students to and from school (both regular and special needs students on regular routes), between school buildings, kindergarten students at noon, students home after school (late activity), special routes to and from school for students with disabilities, student activity trips, and field trips. The district also has its contractor travel outside the district to pick up open enrollment students. It also transports some students to and from school who live less than one mile from school and who were ineligible for transportation (no hazards).

This district contracts with two privately-owned school bus companies. One company provides most of the district's transportation services. The second company only transports special needs students from the resident district to another district so that the student may attend special education classes in that district.

The district also has a part-time transportation director and secretary who work with the contractor by designing transportation routes, determining safe school bus stops, dealing with discipline issues, coding students and expenditures for state reporting, and negotiating contracts. An individual was hired by the district to assist students at hazardous crossings.

The following is an explanation of the exhibits in this sample cost allocation:

Exhibit A lists all transportation expenditures. Those marked with an asterisk are allocated among all finance dimensions.

Exhibit B is the year-end pupil transportation data reported by the district. Mileage and students reported on this page will be used to allocate expenditures among all finance dimensions.

Exhibit C is the items marked with an asterisk in Exhibit A and the calculation of the cost-per-mile.

Exhibit D shows the steps necessary to determine the total cost of each category. The amount the district paid to the second contractor for transporting students with disabilities is coded directly to Finance Dimension 723 along with the cost of transporting those students on the regular bus routes. Also, the salaries paid to an individual who assisted students at hazardous crossings are coded directly to Finance Dimension 719.

Although districts are still required to report the number of students transported in the secondary one-to-two mile and hazard riders' categories (also known as excess), they are no longer required to allocate costs separately for these transportation services. The costs are coded to Finance Dimension 720, Regular.

Exhibit E shows how the district determined the cost per student riding on regular bus routes and/or the cost per mile.

Exhibit F shows the journal entries necessary to record the expenditures in the proper finance dimension.

**Total Transportation Expenditures, Exhibit A**

<b>Description</b>	<b>UFARS Code</b>	<b>Amount</b>
*Transportation Supervisor Salary	01-005-760-720-110	\$44,106.55
*Secretary Salary	01-005-760-720-170	21,603.36
Crossing Guard Salary	01-005-760-719-170	5,339.25
*FICA/Medicare	01-005-760-720-210	5,437.33
*PERA	01-005-760-720-214	3,930.51
*Group Hospitalization Insurance	01-005-760-720-220	3,426.99
*Group Dental Insurance	01-005-760-720-220	420.00
*Other Employee Benefits	01-005-760-720-220	135.85
*Workers Compensation	01-005-760-720-270	962.00
*Snow Removal	01-005-760-720-305	3,859.05
*Data Processing Services	01-005-760-720-316	362.94
*Communication Services	01-005-760-720-320	427.87
*Repair and Maintenance Services	01-005-760-720-350	6,117.30
*Transportation Contract Private Carrier	01-005-760-720-360	495,382.96
Transportation Contract Private Carrier	01-005-760-723-360	12,602.91
<b>TOTAL TRANSPORTATION EXPENDITURES</b>		<b>\$604,114.87</b>

**Pupil Transportation Data Reported on Year-end Reports, Exhibit B**

The following data were reported on the MARSS Report and the Pupil Transportation Annual Report by the district in this sample. These data are used to calculate the cost per mile (Exhibits C and D) and the cost per student (Exhibit E).

**TO AND FROM SCHOOL TRANSPORTATION CATEGORIES – REGULAR TERM**

FINANCE DIMENSION	CATEGORY	PUBLIC STUDENTS FROM MARSS	NONPUBLIC STUDENTS FROM ANNUAL REPORT
720	REGULAR EARLY CHILDHOOD DISABLED	0	0
720	REGULAR ELEMENTARY (K-6)	423	35
720	REGULAR SECONDARY (7-12)	318	17
720	EXCESS (SECONDARY 1-2 and Hazards Riders)	56	6
723	DISABLED	7	0
728	SPECIAL TRANSPORTATION	0	0
714	DESEGREGATION	0	N/A
737	INELIGIBLE/NONRESIDENT	2	0
TOTAL TO AND FROM		806	58

**SCHOOL BUSES**

OWNERSHIP	TYPE A	TYPE B	TYPE C	TYPE D	TYPE III	MFSAB	TOTAL
DISTRICT-OWNED	0	1	12	3	2	0	18
DISTRICT-OWNED SPECIAL EDUCATION	0	0	0	0	2	0	1
CONTRACT-OWNED	0	0	0	0	1	1	2
NONPUBLIC-OWNED	0	0	0	0	0	0	0
TOTAL	0	1	12	3	5	1	22

**MILEAGE BY CATEGORY**

FINANCE DIMENSION	CATEGORY	DISTRICT MILEAGE	CONTRACT MILEAGE
720	REGULAR/EXCESS	0	233,485
711	LEARNING YEAR SUMMER	0	0
713	OPEN ENROLLMENT OUTSIDE DISTRICT	0	1,400
714	INTERDISTRICT DESEDGREACTION	0	0

FINANCE DIMENSION	CATEGORY	DISTRICT MILEAGE	CONTRACT MILEAGE
315	INTRADISTRICT DESEGREGATION	0	0
716	NOON KINDERGARTEN	0	35,113
717	LATE ACTIVITY PUBLIC	0	0
721	SUMMER SCHOOL REGULAR	0	0
723	DISABLED	0	3,652
725	BETWEEN SCHOOL BUILDINGS PUBLIC	0	7,962
726	BETWEEN SCHOOL BUILDINGS NONPUBLIC	0	0
728	SPECIAL	0	0
733	NONAUTHORIZED	0	43,715
737	INELIGIBLE	0	0
739	LOW INCOME MILEAGE REIMBURSEMENT	0	0
<b>TOTAL</b>		0	325,327

**Total Expenditures to be Allocated, Exhibit C**

Description	UFARS Code	Amount
*Transportation Supervisor Salary	01-005-760-720-110	\$44,106.55
*Secretary Salary	01-005-760-720-170	21,603.36
*FICA/Medicare	01-005-760-720-210	5,437.33
*PERA	01-005-760-720-214	3,930.51
*Group Hospitalization Insurance	01-005-760-720-220	3,426.99
*Group Dental Insurance	01-005-760-720-220	420.00
*Other Employee Benefits	01-005-760-720-220	135.85
*Workers Compensation	01-005-760-720-270	962.00
*Snow Removal	01-005-760-720-305	3,859.05
*Data Processing Services	01-005-760-720-305	362.94
*Communication Services	01-005-760-720-316	427.87
*Repair and Maintenance Services	01-005-760-720-350	6,117.30
*Transportation Contract Private Carrier	01-005-760-720-360	495,382.96
TOTAL – EXPENDITURES MARKED WITH ASTERISK		\$586,172.71

**COST PER MILE CALCULATION**

Total Expenditures to Be Allocated / Total Mileage (Contractor-Owned Fleet) = Cost Per Mile  
 $\$586,172.71 / 321,675 = \$1.82$  Cost Per Mile.

***Determination of Expenditures for Each Finance Dimension, Exhibit D*****NOON KINDERGARTEN, FINANCE DIMENSION 716**

Allocated Mileage Cost: 35,113 miles X \$ 1.82	\$63,905.66
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**HAZARDS - WALKERS, FINANCE DIMENSION 719**

Crossing Guard Salaries	\$ 5,339.25
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**DISABLED, FINANCE DIMENSION 723**

Contract with Private Operator	\$12,602.91
Allocated Regular Route Cost (See Exhibit E)	\$ 3,448.69
Total Disabled Transportation Cost	\$16,051.60

**BETWEEN SCHOOL BUILDINGS - PUBLIC, FINANCE DIMENSION 725**

Allocated Mileage Cost: 7,962 miles X \$ 1.82	\$14,490.84
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**OPEN ENROLLMENT OUTSIDE DISTRICT, FINANCE DIMENSION 713**

Allocated Mileage Cost: 1,400 miles X \$ 1.82	\$ 2,548.00
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**INELIGIBLE/NONRESIDENT STUDENTS, FINANCE DIMENSION 737**

Allocated Regular Route Cost (See Exhibit E)	\$ 985.34
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(NOTE: This district charges the parents of these students a fee for this transportation service. The district would record the fees received from the parents in UFARS Revenue Account 01-xxx-760-737-050-000.)

**NONAUTHORIZED TRANSPORTATION, FINANCE DIMENSION 733**

Allocated Mileage Cost: 43,715 miles X \$ 1.82	\$79,561.30
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**Calculation of a Cost per Student – Regular Bus Route, Exhibit E****TOTAL STUDENTS TRANSPORTED ON REGULAR BUS ROUTES**

Eligible Public Students	741
Eligible Nonpublic Students	52
Students with Disabilities on Regular Routes	7
Excess (Secondary One-To-Two Mile and Hazards -Riders)	62
Ineligible/Nonresident Students	2
Total Students Transported on Regular Bus Routes	864

**NET COST REGULAR TO AND FROM SCHOOL**

Total Expenditures (Exhibit A)	\$604,114.87
Less: Noon Kindergarten (Fin Dim 716)	63,905.66
Hazards-Walkers (Fin Dim 719)	5,339.25
Disabled (Fin Dim 723)	12,602.91
Between School Buildings-Pub (Fin Dim 725)	14,490.84
Open Enrollment-Outside (Fin Dim 713)	2,548.00
Non-authorized Transportation (Fin Dim 733)	<u>79,561.30</u>
	<u>(178,447.96)</u>
Net Cost Regular To and From School	\$425,666.91

**CALCULATION OF COST PER STUDENT**

Net Cost Regular To and From School / Total Students Transported on Regular Bus Routes = Cost Per Student on Regular Bus Routes

$\$425,666.91 / 864 = \$492.67$  Cost Per Student

Disabled, Fin Dim 723: 7 Students X \$492.67 = \$3,448.69

Ineligible/Nonresident, Fin Dim 737: 2 Students X \$492.67 = \$985.34

**Journal Entries – Allocated Expenditures, Exhibit F**

The following are the journal entries that are necessary to transfer expenditures to the proper finance dimensions. Only the allocated mileage and regular route costs will be transferred. Salaries, contractor's fees, and equipment purchases are directly coded to the proper finance dimensions when they are paid.

Transportation Category	Fund	Org	Prg	Fin	Obj	Debit	Credit
Noon Kindergarten	01	005	760	716	365	\$63,905.66	
Disabled	01	005	760	723	365	3,448.69	
Between School Building Public	01	005	760	725	365	14,490.84	
Open Enrollment Outside District	01	005	760	713	365	2,548.00	
Ineligible/ Nonresident	01	005	760	737	365	985.34	
Non-authorized	01	005	760	733	365	79,561.30	
Regular	01	005	760	720	365		\$164,939.83

The total dollar amount debited to Object Dimension 365, Transportation Chargebacks, is \$164,939.83. This amount equals the total dollar amount credited to Object Dimension 365, Transportation Chargebacks. Remember, whenever a district uses a chargeback code, the dollar amounts debited and credited to a chargeback code must zero out at year-end.

**Cost Allocation by Mileage for Combination District-owned and Contract-owned Operation**

Many school districts own school buses and also contract for some school bus service. There are some transportation expenditures that relate to both types of service and, therefore, must be allocated based on the total miles incurred for both types. Examples of these expenditures include the transportation supervisor's salary/fringe benefits and snow removal. The transportation supervisor oversees both the district- and contractor-owned operations. Snow is removed from the bus loading and unloading areas for both district- and contractor-owned buses.

Expenditures reported by a contractor who provides services for more than one transportation category must have the contractor's expenses allocated among all categories provided by the contractor on a cost per mile. The only exception would be a contractor who works exclusively in one area. In that situation, the one contractor's bills will be directly charged to the appropriate code.

Following is a list of the expenditures that are to be allocated in this sample district. The district has other transportation expenditures that are charged directly to the appropriate finance dimension (e.g., bus purchase). The direct-charged expenditures are not shown in this sample. The district in this sample codes all costs to be allocated to Finance Dimension 720, Regular To and From School, during the school year. At year-end, it moves the costs, using Object Dimension 365, Interdepartmental Transportation (Chargebacks), to the appropriate finance dimensions based on the amounts determined during this allocation process.

As noted earlier, some of expenditures to be allocated relate to both types of service. Those expenditures are listed under the column titled District- and Contractor-Owned Vehicles. Expenditures to be allocated among the categories utilizing district-owned vehicles are listed under the District-Owned Vehicles Column and expenditures to be allocated among the categories utilizing the contractor-owned vehicles are listed under the Contractor-Owned Vehicles Column.



<b>Costs To Be Allocated</b>	<b>UFARS Code</b>	<b>District-Owned Vehicles</b>	<b>Contractor Owned Vehicles</b>	<b>District- and Contractor-Owned Vehicles</b>
Transportation Supervisor Salary	01-005-760-720-110-000			60,389.42
FICA	01-005-760-720-210-000			4,619.79
PERA	01-005-760-720-214-000			3,339.53
Medical/Dental/Life Insurance	01-005-760-720-220-000			9,058.41
Workers Compensation	01-005-760-720-270-000			905.84
Re-employment Compensation	01-005-760-720-280-000			47.05
Safety and Driver Trainer Salary	01-005-760-720-170-000			41,392.22
Transportation Secretaries Salaries	01-005-760-720-170-000			78,928.23
FICA	01-005-760-720-210-000			9,204.51
PERA	01-005-760-720-214-000			6,653.72
Medical/Dental/Life Insurance	01-005-760-720-220-000			18,048.47
Workers Compensation	01-005-760-720-270-000			1,804.81
Re-employment Compensation	01-005-760-720-280-000			93.74
Bus Drivers Salaries	01-005-760-720-170-000			965,395.56
Mechanics Salaries	01-005-760-720-170-000			85,393.20
Custodians Salaries who Drive Bus	01-005-760-720-170-000			28,392.48
FICA	01-005-760-720-210-000			70,146.78
PERA	01-005-760-720-214-000			55,038.24
Medical/Dental/Life Insurance	01-005-760-720-220-000			196,410.31
Workers Compensation	01-005-760-720-270-000			19,021.01
Re-employment Compensation	01-005-760-720-280-000			998.04
Physicals/Drug Testing	01-005-760-720-305-000			7,103.65
Licenses	01-005-760-720-305-000			934.28

<b>Costs To Be Allocated</b>	<b>UFARS Code</b>	<b>District-Owned Vehicles</b>	<b>Contractor Owned Vehicles</b>	<b>District- and Contractor-Owned Vehicles</b>
Advertising	01-005-760-720-305-000			12,075.36
Duplicating/Copying	01-005-760-720-305-000			217.00
Snow Removal	01-005-760-720-305-000			3,766.82
Communications/ Telephones	01-005-760-720-320-000			804.27
Water/Sewer/Garbage	01-005-760-720-330-000			2,096.30
Electricity	01-005-760-720-330-000	21,712.45		
Property Insurance	01-005-760-720-340-000	38,958.79		
Repair and Maintenance Buildings	01-005-760-720-350-000	19,429.06		
Repair and Maintenance Equipment	01-005-760-720-350-000	18,001.58		
Transportation Contracts	01-005-760-720-360-000		317,496.50	
Travel Expense	01-005-760-720-366-000	4,337.94		
General Supplies	01-005-760-720-401-000	6,509.25		
Uniforms	01-005-760-720-401-000	3,413.73		
Oil and Grease	01-005-760-720-401-000	5,810.36		
Tires and Tubes	01-005-760-720-401-000	12,992.58		
Fuel	01-005-760-720-440-000	159,292.31		
Dues Membership	01-005-760-720-820-000	70.00		
<b>TOTAL COSTS TO BE ALLOCATED:</b>		<b>\$1,734,554.53</b>	<b>\$317,496.50</b>	<b>\$238,252.56</b>

### Calculation to Determine Cost per Mile

District-Owned Vehicles	Contractor-Owned Vehicles	District- and Contractor-Owned Vehicles
\$1,734,554.53 = Rate Per Mile	\$317,496.50 = Rate per Mile	\$238,252.56 = Rate per Mile
Mileage on District-Owned Vehicles	Mileage on Contractor-Owned Vehicles	Mileage on Both District- and Contractor-Owned Vehicles

Mileage was obtained from the Pupil Transportation Annual Report. For categories that used district-owned vehicles, a district would multiply the mileage on district-owned vehicles times both the District-Owned Vehicles Rate and the District- and Contractor-Owned Vehicles Rate. For categories that used contractor-owned vehicles, a district would multiply the mileage on contractor-owned vehicles times the Contractor-Owned Vehicles Rate and the District- and Contractor-Owned Vehicles rate. There will be four calculations for those categories where the district used both district-owned and contractor-owned vehicles. The district would add the results together along with other costs that were directly charged to determine the total cost of providing the transportation service.

### District-Owned Operation – Allocation Based on the Standard Mileage, Hour or Route Rate

The district included the salary of the transportation supervisor and his staff (router, dispatcher, secretary, etc.). Their salaries and fringe benefits, along with the mechanic's salary and fringe benefits, are allocated among all finance dimensions or directly charged to the category that the employee performed their work in. Bus driver salaries and fringe benefits may be coded directly to the appropriate finance dimensions. For example, the salary paid to the bus driver of the noon kindergarten route could be coded directly to Finance Dimension 716, Object Dimension 170. If detailed records are not available, bus driver salaries and fringe benefits may be coded to Finance Dimension 720 and allocated among all finance dimensions like the salaries of the transportation director, dispatcher, router, etc.

Students with disabilities rode the regular bus route to school but then transferred to a special bus route to go to the location of their special education classes. This is a contracted special route and this contractor did not provide any other transportation services in the district. The amount paid to the contractor for transporting students with disabilities in this instance is coded directly to Finance Dimension 723 and not allocated among all finance dimensions. Object Dimension 360 should be used for all contracted transportation services. The district must also include the cost of transporting the students with disabilities on the regular bus route in Finance Dimension 723.

The district also hired an individual to assist students at hazardous crossings on their walk to and from school. The salary and fringe benefits of this individual must be coded directly to Finance Dimension 719.

The district also travels outside its borders to pick-up and discharge nonresident public school open enrollment students. The mileage incurred outside the district is not authorized (Minnesota Statutes 123B.92, Subd. 3). Districts must report expenditures for this travel to Finance Dimension 713.

The expenditures for repairs made to a school bus after an accident was reimbursed by the district's insurance company. These expenditures were properly coded to Finance Dimension 720 – Regular To and From School, Object Dimension 350 - Repairs and Maintenance Services. The insurance receipts were coded to Finance Dimension 720, Source Dimension 625 - Insurance Recovery. Insurance receipts for repairs must be deducted from the expenditures before those expenditures can be allocated to all finance dimensions. In other words, the repair expenditures covered by insurance receipts must remain in Finance Dimension 720 and not allocated to other finance dimensions. See Exhibit C. In addition, MDE will reduce expenditures reported in Finance Dimension 720 by the insurance receipts recorded in Finance Dimension 720, Source Dimension 625. This will be done before the expenditures are transferred to the transportation aids database for the calculation of the final transportation aid payment. The reason for this step is so that the expenditures already reimbursed by an insurance company will not be included as authorized expenditures in Finance Dimension 720.

Capital expenditures (purchase of school buses, vans, radios, etc.) must be coded directly to Finance Dimension 302 or 000. See information at the bottom of Exhibit A to determine the appropriate finance dimension to use. Refer to the 500 Object Series in your Uniform Finance Accounting and Reporting Standards (UFARS) Manual for a definition of capital expenditures. Also, loan interest must be coded directly to Finance Dimension 733.

Expenditures for purchased services, supplies, materials, insurance, fuel, etc., may be allocated among all finance dimensions.

Once it is known at year-end how many miles were traveled for each type of transportation service or how many students were transported, that information will be used to calculate the cost per mile or the cost per student. Districts would divide the expenditures coded to Finance Dimension 720 by the total number of miles (see Exhibit C) to determine the cost per mile or students.

Districts determine the cost for each type of service by multiplying the mileage or students reported in each category times the rate that was just calculated. If students from more than one category are riding on the same bus routes together, the district will have to allocate costs to some categories based on a cost per student or a cost per mile (see Exhibit E). This is especially true for the Ineligible Category. Usually districts transport these students on the regular school bus routes.

Once districts have determined the total expenditures for each category, they move the expenditures using Object Dimension 365- Transportation Chargebacks, from Finance Dimension 720 to the other finance dimensions or categories by debiting the other finance dimensions by the amount that was calculated and crediting Finance Dimension 720. Remember that the total dollar amount debited to a chargeback code must equal the total dollar amount credited to the chargeback code.

The following is an explanation of the exhibits in this sample cost allocation:

Exhibit A lists all transportation expenditures. Those marked with an asterisk are allocated among all finance dimensions.

Exhibit B is the year-end pupil transportation data reported by the district. Mileage and students reported on this page will be used to allocate expenditures among all finance dimensions.

Exhibit C is the items marked with an asterisk in Exhibit A, subtraction of insurance receipts, and the calculation of the cost per mile.

Exhibit D shows the steps necessary to determine the total cost of each category. This district coded salaries directly to each finance dimension (see Exhibit A) and allocated the cost of operating the vehicles (see Exhibits B and C). (Normally, salaries and fringe benefits would be coded directly to the proper finance dimension. This sample, however, shows the fringe benefits being allocated in the cost of operating the vehicles.) The amount the district paid to the contractor for transporting students with disabilities is coded directly to Finance Dimension 723 along with the cost of transporting those students on the regular bus routes. See Exhibit E for the method used to calculate the cost per student riding on regular bus routes.

Although districts are still required to report the number of students transported in the secondary one-to-two mile and hazard riders' categories (also known as excess), they are no longer required to allocate costs separately for these transportation services. The costs are coded to Finance Dimension 720, Regular.

Exhibit E shows how the district determined the cost per student riding on regular bus routes and/or the cost per mile.

Exhibit F shows the journal entries necessary to record the expenditures in the proper finance dimension.

**Total Transportation Expenditures, Exhibit A**

<b>Description</b>	<b>UFARS Code</b>	<b>Amount</b>
*Transportation Supervisor Salary	01-005-760-720-110	\$39,814.65
*Secretary Salary	01-005-760-720-170	27,302.71
Bus Driver Salaries	01-005-760-720-170	127,678.39
*Bus Mechanic Salary	01-005-760-720-170	27,861.54
Bus Driver Salaries	01-005-760-716-170	13,117.08
Crossing Guard Salary	01-005-760-719-170	5,339.25
Bus Driver Salaries	01-005-760-725-170	3,404.10
Bus Driver Salaries	01-005-760-733-170	19,982.32
*FICA/Medicare	01-005-760-720-210	20,983.12
*PERA	01-005-760-720-214	12,183.75
*Group Hospitalization Insurance	01-005-760-720-220	8,207.33
*Group Dental Insurance	01-005-760-720-220	1,539.11
*Other Employee Benefits	01-005-760-720-220	763.00
*Workers Compensation	01-005-760-720-270	4,873.50
*Snow Removal	01-005-760-720-305	941.66
*Data Processing Services	01-005-760-720-316	1,061.45
*Communication Services	01-005-760-720-320	805.78
*Utility Services	01-005-760-720-330	3,514.63
*Liability Insurance	01-005-760-720-340	8,106.42
*Repair and Maintenance Services	01-005-760-720-350	6,117.30
Transportation Contract Private Carrier	01-005-760-720-360	12,602.91
*Custodial Supplies	01-005-760-720-401	453.75
*Repair Supplies	01-005-760-720-401	5,146.39
*Fuels	01-005-760-720-440	60,119.47
Bus Equipment	01-005-760-302-532 or 01-005-000-302-532	8,442.01
Pupil Transportation Vehicle	01-005-760-302-548 or 01-005-000-302-548	35,061.70
<b>Total Transportation Expenditures</b>		<b>\$455,423.32</b>

\*Expenditures to be allocated – See Exhibit C.

- Use Finance Dimension 302 if the district is purchasing equipment/school bus from the Reserved for Operating Capital.

- Use 000 for the finance dimension if the district is purchasing equipment/school bus from the unreserved, undesignated money in the General Fund.

**Pupil Transportation Data Reported on Year-end Reports, Exhibit B**

The following data were reported on the MARSS Report and the Pupil Transportation Annual Report by the district in this sample. These data are used to calculate the cost per mile (Exhibits C and D) and the cost per student (Exhibit E).

**TO AND FROM SCHOOL TRANSPORTATION CATEGORIES – REGULAR TERM**

FINANCE DIMENSION	CATEGORY	PUBLIC STUDENTS FROM MARSS	NONPUBLIC STUDENTS FROM ANNUAL REPORT
720	REGULAR EARLY CHILDHOOD DISABLED	0	0
720	REGULAR ELEMENTARY (K-6)	423	35
720	REGULAR SECONDARY (7-12)	318	17
720	EXCESS (SECONDAR 1-2 and Hazards Riders)	56	6
723	DISABLED	7	0
728	SPECIAL TRANSPORTAION	0	0
714	DESEGREGATION	0	N/A
737	INELIGIBLE/NONRESIDENT	2	0
TOTAL TO AND FROM		806	58

**SCHOOL BUSES**

OWNERSHIP	TYPE A	TYPE B	TYPE C	TYPE D	TYPE III	MFSAB	TOTAL
DISTRICT-OWNED	0	1	12	3	2	0	18
DISTRICT-OWNED SPECIAL EDUCATION	0	0	0	0	2	0	1
CONTRACT-OWNED	0	0	0	0	1	1	2
NONPUBLIC-OWNED	0	0	0	0	0	0	0
TOTAL	0	1	12	3	5	1	22

**MILEAGE BY CATEGORY**

FINANCE DIMENSION	CATEGORY	DISTRICT MILEAGE	CONTRACT MILEAGE
720	REGULAR/EXCESS	184,741	0
711	LEARNING YEAR SUMMER	0	0
713	OPEN ENROLLMENT OUTSIDE DISTRICT	1,400	1,400
714	INTERDISTRICT DESEDGREACTION	0	0

FINANCE DIMENSION	CATEGORY	DISTRICT MILEAGE	CONTRACT MILEAGE
315	INTRADISTRICT DESEGREGATION	0	0
716	NOON KINDERGARTEN	35,113	0
717	LATE ACTIVITY PUBLIC	0	0
721	SUMMER SCHOOL REGULAR	0	0
723	DISABLED	IN REGULAR	3,652
725	BETWEEN SCHOOL BUILDINGS PUBLIC	7,962	7,962
726	BETWEEN SCHOOL BUILDINGS NONPUBLIC	0	0
728	SPECIAL	0	0
733	NONAUTHORIZED	50,224	0
737	INELIGIBLE	0	0
739	LOW INCOME MILEAGE REIMBURSEMENT	0	0
<b>TOTAL</b>		279,440	3,652

**Total Expenditures to be Allocated, Exhibit C**

<b>Description</b>	<b>UFARS Code</b>	<b>Amount</b>
*Transportation Supervisor Salary	01-005-760-720-110	\$44,106.55
*Secretary Salary	01-005-760-720-170	21,603.36
*FICA/Medicare	01-005-760-720-210	5,437.33
*PERA	01-005-760-720-214	3,930.51
*Group Hospitalization Insurance	01-005-760-720-220	3,426.99
*Group Dental Insurance	01-005-760-720-220	420.00
*Other Employee Benefits	01-005-760-720-220	135.85
*Workers Compensation	01-005-760-720-270	962.00
*Snow Removal	01-005-760-720-305	3,859.05
*Data Processing Services	01-005-760-720-305	362.94
*Communication Services	01-005-760-720-316	427.87
*Repair and Maintenance Services	01-005-760-720-350	6,117.30
*Transportation Contract Private Carrier	01-005-760-720-360	495,382.96
<b>TOTAL – EXPENDITURES MARKED WITH ASTERISK</b>		<b>\$586,172.71</b>

The repair and maintenance service amount above includes \$1,500 in expenditures that were reimbursed by the district's insurance company. The insurance receipt was coded to Finance Dimension 720, Source Dimension 625. Before allocating the expenditures to all finance dimensions, the insurance receipts must be subtracted from the total. See table below:

Total – Expenditures marked with asterisk	\$229,795.56
Minus Insurance Receipts for Repairs/Stolen Equipment (720-625)	1,500.00
<b>TOTAL EXPENDITURES TO BE ALLOCATED</b>	<b>\$228,295.56</b>



**COST PER MILE CALCULATION**

Total Expenditures to Be Allocated / Total Mileage (District-Owned Fleet) = Cost Per Mile

\$228,295.56/279,440 = \$.82 Cost Per Mile

***Determination of Expenditures for Each Finance Dimension, Exhibit D*****NOON KINDERGARTEN, FINANCE DIMENSION 716**

Bus Driver Salaries	\$13,117.08
Allocated Mileage Cost: 35,113 miles X \$.82 (Bus)	<u>28,792.66</u>
Total Noon Kindergarten Transportation Cost	\$41,909.74

**HAZARDS - WALKERS, FINANCE DIMENSION 719**

Crossing Guard Salaries	\$5,339.25
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**DISABLED, FINANCE DIMENSION 723**

Contract with Private Operator	\$12,602.91
Allocated Regular Route Cost (See Exhibit E)	<u>2,267.09</u>
Total Disabled Transportation Cost	\$14,870.00

**BETWEEN SCHOOL BUILDINGS - PUBLIC, FINANCE DIMENSION 725**

Bus Driver Salaries	\$ 3,404.10
Allocated Mileage Cost: 7,962 miles X \$.82	<u>6,528.84</u>
Total Between School Buildings - Public Transportation Cost	\$ 9,932.94

**OPEN ENROLLMENT OUTSIDE DISTRICT, FINANCE DIMENSION 713**

Allocated Mileage Cost: 1,400 miles X \$.82	\$ 1,148.00
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**INELIGIBLE/NONRESIDENT STUDENTS, FINANCE DIMENSION 737**

Allocated Regular Route Cost (See Exhibit E)	\$ 647.74
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(NOTE: This district charges the parents of these students a fee for this transportation service. The district would record the fees received from the parents in UFARS Revenue Account 01-xxx-760-737-050-000.)

**NONAUTHORIZED TRANSPORTATION, FINANCE DIMENSION 733**

Bus Driver Salaries	\$19,982.32
Allocated Mileage Cost: 50,224 miles X \$.82	41,183.68
Bus Equipment*8,442.01	

Eligible Student Transportation Vehicle\* 35,061.70  
 Total Non-authorized Transportation Cost \$104,669.71

\* Other finance dimensions may be used.

**Calculation of a cost per Student – Regular Bus Routes, Exhibit E**

**TOTAL STUDENTS TRANSPORTED ON REGULAR BUS ROUTES**

Eligible Public Students	741
Eligible Nonpublic Students	52
Students with Disabilities on Regular Routes	7
Excess (Secondary One-To-Two Mile and Hazards -Riders)	62
Ineligible/Nonresident Students	2
Total Students Transported on Regular Bus Routes	864

**NET COST REGULAR TO AND FROM SCHOOL**

Total Expenditures (Exhibit A)	\$ 455,423.32
Less: Noon Kindergarten (Fin Dim 716)	41,909.74
Hazards-Walkers (Fin Dim 719)	5,339.25
Disabled (Fin Dim 723)	12,602.91
Btwn Sch Bldgs-Pub (Fin Dim 725)	9,932.94
Open Enrollment-Outside (Fin Dim 713)	1,148.00
Non-authorized Transp (Fin Dim 733) 104,669.71	(175,602.55)
Net Cost Regular To and From School	\$ 279,820.77

**CALCULATION OF THE COST PER STUDENT**

Net Cost Regular To and From School / Total Students Transported on Regular Bus Routes = Cost Per Student on Regular Bus Routes

$\$279,820.77 / 864 = \$323.87$  Cost Per Student

Disabled, Fin Dim 723: 7 Students X \$323.87 = \$2,267.09

Ineligible/Nonresident, Fin Dim 737: 2 Students X \$323.87 = \$ 647.74

**Journal Entries – Allocated Expenditures, Exhibit F**

The following are the journal entries that are necessary to transfer expenditures to the proper finance dimensions. Only the allocated mileage and regular route costs will be transferred. Salaries, contractor's fee, and equipment purchases are directly coded to the proper finance dimensions when they are paid.

<b>Transportation Category</b>	<b>Fund</b>	<b>Org</b>	<b>Prg</b>	<b>Fin</b>	<b>Obj</b>	<b>Debit</b>	<b>Credit</b>
Noon Kindergarten	01	005	760	716	365	\$63,905.66	
Disabled	01	005	760	723	365	3,448.69	
Btwn Sch Bldg-Pub	01	005	760	725	365	14,490.84	
Open Enroll-Outside District	01	005	760	713	365	2,548.00	
Ineligible/Nonresident	01	005	760	737	365	985.34	
Nonauthorized	01	005	760	733	365	79,561.30	
Regular	01	005	760	720	365		\$164,939.83

The total dollar amount debited to Object Dimension 365, Transportation Chargebacks, is \$80,568.01. This amount equals the total dollar amount credited to Object Dimension 365, Transportation Chargebacks. Remember, whenever a district uses a chargeback code, the dollar amounts debited and credited to a chargeback code must zero out at year-end.

### Predetermined Route – Mileage Log

Description/Finance Code Key: Regular 720, Disabled 723, Special 728, Learning Year 711, Open Enrollment/Outside District 713, Interdistrict Desegregation 714, Intradistrict Desegregation 315, Noon Kindergarten 716, Late Activity Public 717, Summer School 721, Between School Buildings/Public 725, Between School Buildings/Nonpublic 726, Student Activity Trip/Field Trip 733, and Ineligible 737.

Route Number	Description/ Finance Code	AM/ PM	Miles Traveled	No. of Days In School Year	Annual Miles
		AM			
		PM			
		AM			
		PM			
		AM			
		PM			
		AM			
		PM			
		AM			
		PM			
		AM			
		PM			
		AM			
		PM			
<b>Total</b>					

### Route Varies – Mileage Log

Description/Finance Code Key: Regular 720, Disabled 723, Special 728, Learning Year 711, Open Enrollment/Outside District 713, Interdistrict Desegregation 714, Intradistrict Desegregation 315, Noon Kindergarten 716, Late Activity Public 717, Summer School 721, Between School Buildings/Public 725, Between School Buildings/Nonpublic 726, Student Activity Trip/Field Trip 733, and Ineligible 737

**Bus Number:**

**Month/Year:**

Trip Date Leave	Trip Date Return	From	To	Purpose of Trip	Finance Code	Driver's Signature	Start (odo.)	End (odo.)	Miles

## Personnel Activity Report

Reporting of time and effort is required for part-time transportation employees. This form must be completed for the August 15-September 15, January 15-February 15 and April 15-May 15 time periods in order to obtain an accurate reflection of employee’s yearly transportation activities.

**Name** **Title Classification** **Reporting Period**

Date	Hours per day spent on Transportation Activities	Describe Transportation Activities in detail

I have performed the above duties as described. I certify that to the best of my knowledge, the above-named employee has performed the above duties as described.

Employee Signature – Date \_\_\_\_\_

Supervisor – Date \_\_\_\_\_

**Determination of Annual Hours Working on Transportation**

The total number of hours worked during the three-month study should be divided by three to obtain the average hours per month. That average should be multiplied times 12 (if employee works all year) to obtain the total number of hours that can be expensed to the transportation program.

Reminder: Employees, whose primary responsibilities are other than transportation, including central office administration and staff, building administrators and staff, teachers, social workers, school nurses and instructional aides cannot be included in the transportation program.

## SECTION 3 – GASB STATEMENT 34

### Introduction

GASB Statement 34 makes sweeping changes in the way public school districts report their financial information. School districts will need to capitalize assets, record depreciation, and include a discussion of financial matters. But, where did this come from? What does this mean? What changes must we make? These and other questions were the topics of a yearlong review by a subcommittee of the Accounting Guidelines Committee in the state of Minnesota. The subcommittee was established in the summer of 2000 to review the requirements of GASB Statement 34 and to address implementation issues common to Minnesota school districts.

### What is GASB?

The Governmental Accounting Standards Board (GASB) was formed in 1984 to develop and improve financial reporting rules for state and local governments in the United States, including school organizations. GASB rules must be followed by any entity when an audit report of that entity states that it follows generally accepted accounting principles (GAAP). "GASB Statement 34" or "GASB 34" refers to the issuance of Statement Number 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, on June 30, 1999, a set of standards that was in development for over a decade.

According to the Association of School Business Officials (ASBO):

"Statement 34 is arguably the most significant change in the history of governmental accounting. It is a dramatic modification to the way that school organizations report and present financial information. The new reporting model affects every school organization that issues financial statements in conformance with generally accepted accounting principles (GAAP)." *Statement 34 Implementation Guide*, ASBO, p.1.

*GASB Statement 34* requires that school organizations...

"begin to prepare financial statements consistent with the new standards in three phases, depending on the total revenues of the entity during its first fiscal year ending after June 15, 1999. Phase One school organizations with revenues of \$100 million or more must prepare the new financial statements for all fiscal years beginning after June 15, 2001. Phase Two school entities with revenues between \$10 and \$100 million must prepare the new financial statements for all fiscal years beginning after June 15, 2002. Phase Three districts with revenues under \$10 million must prepare the new financial statements for all fiscal years beginning after June 15, 2003." p.2.

### Statement Features

According to the ASBO *Guide*, pages 1 and 2, there are several important features of the GASB 34 financial model including:

- *Government-Wide Financial Reporting*  
Schools will now be required to produce financial reports that provide a clear picture of the organization as a single, unified entity. These new "district-wide" financial statements complement rather than replace traditional fund-based financial statements...

- *Additional Long-Term Focus for School Activities*  
Traditional reporting for tax-supported activities has focused on short-term...balances. The new financial reporting model retains this short-term focus in the governmental fund financial statements while providing a long-term perspective on these same activities...
- *Narrative Overview and Analysis*  
The new... model provides those who use financial reports with a simple narrative introduction, overview, and analysis of the ...financial statements in the form of management's discussion and analysis (MD&A).
- *Information on Major Funds*  
There is a general consensus that fund information is most useful when presented for individual funds rather than when funds are combined...the new financial reporting model requires the presentation of individual fund data for each of the major funds in the school entity.
- *Expanded Budgetary Reporting*  
...Under the new ...model, information on the original budget must also be presented. In addition, the new model eliminates aggregated budget presentations in favor of comparisons for the general fund and each individual major special revenue fund.

Further, the ASBO *Guide* states that school entities will be required to:

- Provide the most complete information ever available about the cost of delivering services to students; and,
- Include information about the capital and infrastructure assets of the school organization for the first time.

The committee recommended that school personnel use the *GASB Statement 34, Implementation Recommendations for School Districts* that is published by ASBO as a guide. Where deviations from the *ASBO Guide* are recommended, they are either contained in this writing or will be communicated in future bulletins. This guide can be purchased from ASBO Int'l, 11401 North Shore Dr., Reston, VA 20190-4200, (703) 478-0405 [www.asbointl.org](http://www.asbointl.org). The cost is \$25/\$35 for member/non-member. Another resource is the *Guide to Implementation of GASB Statement 34 on Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This document can be obtained from GASB by writing Governmental Accounting Standards Board, 401 Merritt 7, PO Box 5116, Norwalk, CT. 06856-5116 or calling 1-800-748-0659, ask for product code number GQA34.

## Recommendations from the Committee

*GASB Statement 34* gives school districts flexibility in preparing their statements. However, the committee believed school districts would achieve greater comparability and uniformity in financial reporting if districts apply the new standards using the same methodology. At the same time, the committee intended to have districts use existing data and accounting systems, not purchase new accounting systems.

A variety of communication tools will be used during the implementation process, including the placement of the recommendations (listed below) in superintendents' mailings, the use of the *School Business Bulletin*, the use of presentations at MDE training programs as well as other regional and state conferences. During implementation, members of the committee will collect samples of spreadsheets, software programs, and print materials for use by district personnel

### 1. Food Service Fund

*GASB Statement 34* requires a school district to distinguish between "Governmental Activities" and "Business-Type Activities." The most common school district activity that may be classified as a business-type activity is the food service operation. In reviewing the criteria that would require



classification of the food service fund as a business-type activity, the committee concluded that the criteria would not be met for most Minnesota school districts. **Therefore, the committee recommends that the food service fund be reported as a governmental activity in all districts.**

## 2. Statement of Activities

There are two areas of recommendations on the Statement of Activities that are drawn from *GASB Statement 34*.

- **Function/Program**

The new Statement of Activities requires districts to report expenditures by function. *The committee recommends that districts use the existing programs identified in the Uniform Financial Accounting and Reporting Standards (UFARS) Manual as the functions.* A district can report at a level of detail greater than this recommendation if desired.

- **Revenue Classifications**

The district-wide statement of activities requires districts to review all revenue accounts and classify them as program revenues or general revenues. Program revenues are further broken down into charges for services, operating grants and contributions, or capital grants and contributions. *The committee created a guide for Minnesota school use. The Revenue Classification Guide is contained as Attachment K.*

## 3. Budget Comparisons

*GASB Statement 34* requires a budgetary comparison for the General Fund and each major special revenue fund. This may be done as a statement included in the basic financial statements or as a schedule included as required supplemental information. The committee recommends presenting the budgetary comparison as a required supplementary information schedule. The comparisons report BOTH original and final amended budgets.

## 4. Trust Funds

*GASB Statement 34* requires dropping the concept of expendable and non-expendable trust funds. Funds previously reported as non-expendable, whose resources are used to support school district operations, are now reported in a new governmental fund type called “permanent funds.” Funds previously reported as non-expendable, whose resources are not used to support school district operations, will continue to be reported as a fiduciary fund. Funds previously reported as expendable trust funds, and whose resources are used to support school district operations, are now reported as a special revenue fund. Previous expendable trust funds whose resources are not used for school district operations are reported in a fiduciary fund.

Currently UFARS requires the use of Fund 08 to account for trust funds. *The committee recommends districts establish separate funds, as applicable, to account for the activities as noted above.* These separate funds would then be cross walked to Fund 08 for UFARS reporting.

## 5. Reconciliation Schedule

Because the district-wide and fund financial statements use different bases of accounting, a summary reconciliation describing the differences is required. This reconciliation can be provided directly on the fund statements or on an accompanying, separate schedule following each fund statement. *The committee recommends using a separate statement for the reconciliation.*

## 6. Management Discussion and Analysis

School districts must include a Management's Discussion and Analysis (MD&A), which is required supplementary information (RSI). The MD&A is required to precede the basic financial statements and notes. The committee recommends that district personnel use the ASBO *Guide* for implementing this feature of *GASB Statement 34*.

## 7. Capital Assets and Depreciation

The committee recommends that district personnel use the *ASBO Guide* for establishing thresholds and depreciation lives. The committee also recommends that personnel meet with their auditor(s) to discuss capital asset and depreciation implementation plans. See *Attachment L* for a partial list of appraisal companies and suggestions for implementation.

### Special Thanks to the GASB 34 Committee

Members of the Division of School Finance of the Minnesota Department of Education extend their appreciation to each member of the committee for their many months of work in this endeavor. In particular, Darwin Viker, committee chairperson, is recognized for his many additional hours of work on the project.

The members of the original GASB 34 committee are listed below.

Kristine Carr  
NE Metro 916

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Grand Rapid Schools

Larry Shomion  
St. Paul Schools

Jim Eichten  
MMKR

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Skyward Software Co.

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Larson, Allen, Weishair

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MPLS Schools

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Osseo Public Schools

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CMCC - Region III

Nancy Schultz  
Designs for Learning

Department of Education Staff:

Dick Guevremont  
Debrah Firkus  
Charles Speiker

## ATTACHMENT K

## Revenue Classification Guide

Source	Description	General Purposes	Charges For Services	Operating Grants	Capital Grants
001	Property Tax Levies	G			
004	From Municipalities	G			
009	Fiscal Disparities	G			
010	Cty Apportionment	G			
014	TAC Homestead Credit	G			
015	IRRRB Grant			P	G
016	TAC Levy Replacement	G			
017	TAC Gen Ed Aid Replace	G			
018	TAC Referendum Paymt	G			
019	Misc Local Taxes	G			
020	Prop Tax Shift Rec	G			
021	From MN District		G		
022	Reimburse Spec Ed Salary		G		
031	From Non MN District		G		
035	From Non MN Non-District		G		
040	Tuition from Patrons		G		
050	Fees from Patrons		G		
060	Student Activity		G		
071	Medicaid fr Dept of Hu. Serv.		G		
072	Medicaid Pmts-Private Insur		G		
092	Interest Earnings	G			
093	Rent		G		
096	Gift/Bequest-Local	G		P	P
099	Misc Local Revenue	G		P	P
201	Endow Fund Apportion	G			
211	Gen Ed Aid	G		P	P
212	Literacy Incentive Aid	G			
213	Shared Time	G			
227	Abatement Aid	G			
229	Disparity Reduction Aid	G			
234	Homestead/Ag Credit	G			
235	Private Alt Program Aid	G			
258	Other State Credits	G			
296	Property Tax Shift Offset Adj	G			
298	Levy Equity Adjustments	G			
299	State Aid Adjustments	G			
300	State Aids and Grants			G	
301	Non Public Aid			G	
307	Health and Safety Aid				G
308	Telecommunications Equity Aid				G
309	Debt Service Equalization Aid	G			
360	Spec Education Aid			G	
369	Misc State Revenue			G	P
370	Other Aid/MDE			G	P
400	Federal Aids and Grants			G	P
405	Federal Flow Through-Other			G	P
471	School Lunch-Fed			G	
472	Free/Reduced Lunch			G	

Source	Description	General Purposes	Charges For Services	Operating Grants	Capital Grants
473	Commodity Cash Rebate			G	
474	Commodity Distribution			G	
475	School Milk			G	
476	School Breakfast			G	
477	Cash in Lieu Commodities			G	
479	Summer Food SVC Prog			G	
500	Fed Direct Aid & Grant			G	P
506	Impact Aid	G		P	
601	Sale to Pupils		G		
606	Sale to Adults		G		
608	Spec Func Food Sales		G		
614	Contribution to OPEB Trust	G			
615	Contributions for OPEB	G			
616	Retiree Contribution to Trust	G			
619	Cost of Materials (contra)	G			
620	Cost of Materials	G			
621	Sale SVCS/Resale Mat		G		
622	Sale of Materials		G		
623	Real Property Sales		G		
624	Sale of Equipment		G		
625	Insurance Recovery		G		
628	Judgments	G			
629	Health and Safety Revenue	G			
631	Sale of Bonds		Balance Sheet Item	Balance Sheet Item	
635	Certificates of Participation		Balance Sheet Item	Balance Sheet Item	
636	Capital Loans		Balance Sheet Item	Balance Sheet Item	
637	Debt Service Loans		Balance Sheet Item	Balance Sheet Item	
639	Non-State Loans		Balance Sheet Item	Balance Sheet Item	

G = Generally  
P = Potentially

Certain transactions that are unusual in nature and infrequent in occurrence may be appropriately reported as extraordinary items. Significant transactions within the control of management that are either unusual in nature or infrequent in occurrence may be reported as special items. Both special items and extraordinary are shown separately from revenues and expenses specifically because they are not representative of the district's usual annual financial transactions.

## ATTACHMENT L

**Appraisal Companies <sup>1</sup>**

<b>Name</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Postal</b>	<b>Phone</b>
Advanced Bar Code Solutions	7308 Aspen Lane Suite 111	Brooklyn Park	MN	55428	(763) 424-4992
American Appraisal Associates	411 East Wisconsin Avenue Suite 1900	Milwaukee	WI	53201	
Industrial Appraisal Company Bob Wentzel	250 Prairie Center Drive Suite 325	Eden Prairie	MN	55344	(952) 942-6734
RCI Technologies, Inc.	10826 Gulfdale	San Antonio	TX	78216	(210) 366-4127
Valuation Advisory Group, Inc.	445 Pharr Road NE	Atlanta	GA	30305	(404) 841-0992
Valuations Northwest Inc.	17 N Orchard Street	Boise	ID	83709	(800) 624-9993
VRM, Inc. Mark T. Small	2817 Anthony Lane South	Minneapolis	MN	55418	(612) 788-2335

<sup>1</sup> This partial list of companies is not endorsed by the committee.

Other suggestions from the committee concerning fixed asset records include:

1. School district personnel should follow the guidance in the *ASBO Implementation Guide* for establishing capitalization thresholds and depreciation lives. The Department of Education will be changing the *UFARS Manual* to be consistent with this guide.
2. Before hiring an appraisal company, district personnel should meet with their auditor(s) to discuss plans for identifying capital assets, establishing thresholds, calculating depreciation lives and other assumptions that need to be clarified. Personnel will also need to identify which program/functions will be used in the financial statements to appropriately sort assets.
3. District personnel should meet with software vendors prior to having an appraisal. Items to be discussed include:
  - How are fixed asset records going to be maintained in the future?
  - Will the vendor have a fixed asset module?
  - Will the module calculate depreciation?
  - Will the appraisal company be able to download its data to a particular vendor system?

If people have names of other appraisal companies that should be placed on this list, they should send them to [mde.ufars-accounting@state.mn.us](mailto:mde.ufars-accounting@state.mn.us). Modifications to the list will be placed on the Financial Management website as well as used in training sessions and special mailings.

## SECTION 4 – GASB STATEMENT 45

### Introduction

In addition to pensions, many state and local governmental employers provide other post-employment benefits (OPEB) as part of the total compensation offered to attract and retain the services of qualified employees. OPEB includes post-employment healthcare, as well as other forms of postemployment benefits (for example, life insurance) when provided separately from a pension plan. Statement 45 establishes standards for the measurement, recognition and display of OPEB expense/expenditures and related liabilities (assets), note disclosures and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers.

### What is GASB?

The Governmental Accounting Standards Board (GASB) was formed in 1984 to develop and improve financial reporting rules for state and local governments in the United States, including school organizations. GASB rules must be followed by any entity when an audit report of that entity states that it follows generally accepted accounting principles (GAAP). “*GASB Statement 45*” or “*GASB 45*” refers to the issuance of Statement Number 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, in July 2004.

### Statement Features

As noted in the statement, the requirements of *GASB 45* are to improve financial reporting.

Postemployment benefits (OPEB, as well as pensions) are part of an exchange of salaries and benefits for employee services rendered. Of the total benefits offered by employers to attract and retain qualified employees, some benefits, including salaries and active-employee healthcare, are taken while the employees are in active service, whereas other benefits, including postemployment healthcare and other OPEB, are taken after the employee's services have ended. Nevertheless, both types of benefits constitute compensation for employee services.

From an accrual accounting perspective, the cost of OPEB, like the cost of pension benefits, should generally be associated with the period in which the exchange occurs, rather than with the periods (often many years later) when benefits are paid or provided. However, in current practice, most OPEB plans are financed on a pay-as-you-go basis, and financial statements generally do not report the financial effects of OPEB until the promised benefits are paid. As a result, current financial reporting generally fails to:

- recognize the cost of benefits in periods when the related services are received by the employer;
- provide information about the actuarial accrued liabilities for promised benefits associated with past services and whether and to what extent those benefits have been funded; and/or
- provide information useful in assessing potential demands on the employer's future cash flows.

This statement improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement of recognition of OPEB cost (expense) over a period that approximates employees' years of service and by providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan.

The *Guide to Implementation of GASB Statements 43 and 45 on Other Postemployment Benefits* is a good resource available to school personnel. This document can be obtained from GASB by writing Governmental Accounting Standards Board, Order Department, 401 Merritt 7, PO Box 5116, Norwalk, CT 06856-5116 or calling 1-800-748-0659. Ask for Product Code GQA43/45.

## Effective Date

The requirements of this statement are effective in three phases based on a government's total annual revenues in the first fiscal year ending after June 15, 1999.

- Governments that were phase one government for the purpose of implementation of Statement 34—those with annual revenues of \$100 million or more—are required to implement this statement in financial statements for periods beginning after December 15, 2006.
- Governments that were phase two governments for the purpose of implementation of Statement 34—those with total annual revenues of \$10 million or more but less than \$100 million—are required to implement this statement in financial statements for periods beginning after December 15, 2007.
- Governments that were phase three governments for the purposes of implementation of Statement 34—those with total annual revenues of less than \$10 million—are required to implement this statement in financial statements for periods beginning after December 15, 2008.

Earlier application of this Statement is encouraged. All component units should implement the requirements of this Statement no later than the same year as their primary government.

## Determine Amount to be Funded for Current Year

Under the requirements of *GASB 45*, all districts have an obligation to recognize and report their annual required contribution (ARC). Regardless of the current funded status of the plan, the district has an ARC that comprises two components: normal costs, which will apply as long as there are covered active employees providing new services to the employer, plus (or minus) a component for amortization of the total unfunded actuarial accrued liabilities (or funding excess). This document does not address specifics relating to the actuarial determination of the district's unfunded liability.

There are several options a school district has when funding its postemployment benefits in any given year.

- Fund the entire unfunded actuarial accrued liability (UAAL) plus normal cost in a single payment, if sufficient resources are available.
- Fund an amount less than the unfunded actuarial accrued liability plus normal cost but in excess of the annual required contribution (ARC).
- Fund the annual required contribution.
- Fund an amount less than the annual required contribution.

The amount of postemployment benefits to be funded in any given year is dependent on various factors. The dollar amount that a district contributes is impacted by all of the following: the size of the district's liability; requirements for current year payment for postemployment benefits; available resources in the district's budget; and the amount of fund balance or bonding authority, if any, the district decides to use.

A school district may fund any amount up to its total unfunded liability plus current year normal cost, through pay-as-you-go payments or contributions to an irrevocable trust. Though districts are authorized to have a revocable trust or reserve bond proceeds in the general fund for OPEB, they would not be funding the OPEB liabilities according to *GASB 45*. These funds would simply be reported in the internal service or general fund of the district because the district would still have ownership or control of the assets.

## Requirements for Establishing a Trust

This document provides current requirements concerning establishment of a benefit trust by school districts for postemployment benefits. Financial information in a school district annual report to the Minnesota Department of Education (MDE) must be based on the accounting system prescribed in the Uniform Financial Accounting and Reporting Standards (UFARS) Manual.

These requirements apply to all postemployment benefit plans where the district is providing for such benefits by contributions to a legally established revocable or irrevocable trust. Reference [Minnesota Statutes, section 471.6175](#), Subdivision 7, ([Minnesota Laws 2008, Chapter 154, Article 10, Section 18](#)) for the restrictions on the withdrawal of funds and termination of account for revocable and irrevocable trusts.

Unless a school district has established a trust, postemployment benefits are reported as a cost when payment for the benefit is made. This is a pay-as-you-go method, in contrast to recording cost when earned that is, recording a cost as employees are providing services to the district. If pay-as-you-go payments are made out of the operating funds of the district, those payments are considered contributions in relationship to the ARC. This does not prohibit districts from establishing trusts for select groups of employees, while using pay-as-you-go for other groups.

MDE recognizes that postemployment benefits may represent a significant liability that districts may want to fund. MDE also acknowledges that it is fiscally appropriate to have the cost and funding recognized and provided for such benefits as they are earned.

- UFARS has a separate reserve account, Reserve for OPEB Liabilities Not Held in a Trust (Balance Sheet 452), for reporting bond proceeds set aside and restricted/reserved for postemployment benefits.
- UFARS has a separate internal service fund, Postemployment Benefits Revocable Trust (Fund 25), for reporting resources set aside and held in a revocable trust arrangement for postemployment benefits.
- UFARS has a separate accounting fund, Postemployment Benefits Irrevocable Trust Fund (Fund 45), for reporting resources set aside and held in an irrevocable trust arrangement for postemployment benefits.

The following are conditions and considerations in the use of a revocable or irrevocable Postemployment Benefits Trust Fund:

- The postemployment benefits accounted for in the fund must result from a written or implied contractual agreement as compensation for employee services. The district's obligation to pay for the benefits must accumulate during employment although the actual benefits are provided and payment for the provided benefits does not occur until after employment.
- The school board must agree in a formal, legally constituted trust agreement to establish a trust to hold and disburse resources set aside for the postemployment benefits. Employees eligible for benefits paid through the trust shall be notified that they may obtain a copy of the trust agreement upon request.
- For an irrevocable trust, physical segregation of trust assets must be made; the trust fund may not be merely an accounting shell consisting of a fund on the district's accounting records. Trust fund assets cannot be used for purposes other than those necessary to provide benefits for which the irrevocable trust was established.
- The department, in establishing accounting and reporting requirements for postemployment benefits, is not making a legal determination as to the authority of the school district to provide a particular benefit, nor is it making a limitation on benefits that the district has authority to provide.



- Any trust fund established must be in accordance with Minnesota Statutes.
  - a. [Minnesota Statutes, section 471.6175](#), ([Minnesota Laws 2008, Chapter 154, Article 10, Section 18](#), signed into law on March 7, 2008) gives school districts the authority to establish a trust for postemployment benefits (OPEB) under GASB 45.
  - b. [Minnesota Laws 2008, Chapter 154, Article 10, Section 27](#), validates trusts created prior to June 6, 2006.
  - c. For terms of withdrawals from and termination of the trust account, reference [Minnesota Statutes, section 471.6175](#), Subdivision 7.
- The *Codification of Governmental Accounting and Financial Reporting Standards* (GASB Cod. Sec. P20.504 [GASB 27 ¶ 39, GASB 45 ¶ 40]) issued by the Governmental Accounting Standards Board (GASB) has identified acceptable cost methods to determine the annual required contribution (ARC) necessary to fund government employee benefit plans on an actuarial method.
- The United States Office of Management and Budget, in OMB Omni Circular, has established the standards for determining costs eligible to be charged to federally funded financial programs. Districts should reference the OMB Omni Circular for additional details (see 200.430 Compensation – personal services and Part 200.431 Compensation – fringe benefits).
  - a. Postretirement health benefits (PRHB) refers to costs of health insurance or health services, not included in a pension plan, for retirees and their spouses, dependents, and survivors.
  - b. PRHB costs may be computed using a pay-as-you-go method or an acceptable actuarial cost method in accordance with established written policies of the governmental unit.
  - c. For PRHB financed on a pay-as-you-go method, allowable costs will be limited to those representing actual payments to retirees or their beneficiaries.
  - d. PRHB costs calculated using an actuarial cost method recognized by GAAP are allowable if they are funded for that year within six months after the end of that year. Costs funded after the six-month period (or a later period agreed to by the cognizant agency) are allowable in the year funded. The cognizant agency may agree to an extension of the six-month period if an appropriate adjustment is made to compensate for the timing of the charges to the federal government and related federal reimbursements and the governmental unit's contributions to the PRHB fund. Adjustments may be made by cash refund, reduction in current year's PRHB costs or other equitable procedures to compensate the federal government for the time value of federal reimbursements in excess of contributions to the PRHB fund.
  - e. Amounts funded in excess of the actuarially determined amount for a fiscal year may be used as the government's contribution in a future period.
  - f. When a governmental unit converts to an acceptable actuarial cost method and funds PRHB costs in accordance with this method, the initial unfunded liability attributable to prior years shall be allowable if amortized over a period of years in accordance with GAAP or, if no such GAAP period exists, over a period negotiated with the cognizant agency.
  - g. To be allowable in the current year, the PRHB costs must be paid either to: an insurer or other benefit provider as current year costs or premiums; or an insurer or trustee to maintain a trust fund or reserve for the sole purpose of providing postretirement benefits to retirees and other beneficiaries.
  - h. The federal government shall receive an equitable share of any amounts of previously allowed postretirement benefit costs (including earnings thereon) which revert or inure to the governmental unit in the form of a refund, withdrawal or other credit.

- The contributions to the trust fund are to be reported as postemployment benefits up to or equal to the ARC (Object Code 252) and associated with the program code corresponding to the activities of the employee.
- The requirements identified in this section are subject to future revision to be in compliance with state and federal legal requirements and with GASB pronouncements.

## Accounting Treatment

Guidelines to assist with the recording of financial transactions relating to other postemployment benefits (OPEB) expenditures are included in the next sections as follows:

- Pay-As-You-Go Funding (No Reserve or Restricted/Reserved in Fund 01 – Balance Sheet 452)
- Revocable Trust Fund Established (Fund 25)
- Irrevocable Trust Fund Established (Fund 45)

The guidelines represent the entries for the governmental funds only and do not include reporting required on the government-wide statements. Any difference between the Annual Required Contribution (ARC) and the amount paid or funded represents an underpayment or overpayment and must be reported on the government-wide statements.

All costs need to be recorded to the appropriate program codes. Do not use Program Code 930 for object codes 191, 252, 290 or 291. See Chapter 13 of the UFARS Manual referencing federal indirect cost rates.

## Implicit Rate Subsidy

If your insurance plan covers both active employees and current retirees under the same premium, an implicit rate subsidy may have been calculated in your actuarial determination. The health insurance payment for retirees must be paid based on the value of the premium that was used in the determination rather than the actual cost of the premium. You may be able to determine this value from your actuarial study or you may need to contact your actuary. Since the premiums for active employees are subsidizing the retiree portion of the insurance plan, any variance between the value of the premium and premium actually charged the district goes back to the district and is accounted for by a reduction to the active employee costs for health insurance.

## Determine Allocation of Contribution

To meet UFARS guidelines and federal reporting requirements, costs must be allocated equitably across all employees within the class. One method to achieve this may be to establish a contribution rate to apply to current employees eligible for postemployment benefits. Another method to achieve this consistency may be to divide the contribution by the total number of current employees eligible for postemployment benefits. Whatever method is used, the funds must be equitably distributed across all employees within the class that are eligible for postemployment benefits being funded.

### ***Method #1 Based on Eligible Payroll***

- 1a.** Determine which postemployment benefits to include in the funding and the employee groups that are eligible for those benefits. You may want to refer to your actuary report for this information. For example, if all employees receive the same postemployment benefit then all employee groups will be included. If only teachers are eligible for the postemployment benefit to be funded, then only teachers would be included.
- 1b.** Determine amount of eligible payroll for the affected employees.
- 1c.** Divide the value of the postemployment benefits for the group by the eligible payroll for the group to get a contribution rate.
- 1d.** Apply the contribution rate through the payroll system.

**Example:**

In the following example, the amount to be contributed to the trust for other postemployment benefits is \$1,031,999. The district's total ARC is \$1,250,908, which means the district is funding the trust at a rate of 82.5 percent. The contribution does not exceed the ARC. If it did, the excess would not be eligible for federal aid and would not be allocated using the contribution rate for that year. See OMB Omni Circular, section 8(f), for instructions related to amounts funded in excess of the actuarially determined amount.

OPEB is provided to teachers, administrators, food service workers and secretaries so the wages from all four of these groups are included in the calculation of the OPEB contribution rate. Wages for nurses, custodial/maintenance and paraprofessionals are not included because these employee groups do not participate in the benefits being funded.

Administrator	\$1,573,622
<b>Health</b>	
Custodial/Maintenance	N/A
Food Service	251,528
Paraprofessionals	N/A
Secretary	1,758,212
Teacher	16,668,655
<b>Total Wages Basis</b>	<b>\$20,252,017</b>
Health insurance	\$979,994
Dental insurance	50,567
Life insurance	1,438
<b>Amount to be funded</b>	<b>\$1,031,999</b>
<b>Contribution rate:</b>	
(1,031,999 divided by 20,252,017)	5.10%

**Method #2 Based on Number of Employees**

- 2a.** Determine which postemployment benefits to include in the funding and the employee groups that are eligible for those benefits. You may want to refer to your actuary report for this information. For example, if all employees receive the same postemployment benefit then all employee groups will be included. If only teachers are eligible for the postemployment benefit to be funded, then only teachers would be included.
- 2b.** Divide the contribution dollar amount for the group by the eligible employees in the group to get a contribution dollar amount.
- 2c.** Apply the dollar amount through the payroll system.

**Example**

In the following example, the amount to be contributed to the trust for other postemployment benefits is \$1,031,999. The district's total ARC is \$1,250,908 which means the district is funding the trust at a rate of 82.5 percent. The contribution does not exceed the ARC. If it did, the excess would not be eligible for federal aid and would not be allocated using the

contribution amount for that year. See OMB Omni Circular, 200.431, for instructions related to amounts funded in excess of the actuarially determined amount.

For this example, OPEB is provided to teachers, administrators, food service workers and secretaries so the employees from all four of these groups are included in the calculation of the OPEB contribution amount. Nurses, custodial/maintenance and paraprofessionals are not included because these employee groups do not participate in the benefits being funded.

**Example:**

Health insurance	\$979,994
Dental insurance	50,567
Life insurance	1,438
<b>Amount to be funded</b>	<b>\$1,031,999</b>

Total employees in groups funded	522
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**Contribution rate:**

(1,031,999 divided by 522)	\$1,977
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Object Code	252
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### Financial Transaction Accounting Other Postemployment Benefits (OPEB) Pay-As-You-Go Funding

The following are guidelines to assist with the recording of financial transactions relating to other postemployment benefits (OPEB) expenditures. This section of the document assumes the district is reporting the postemployment benefits as a cost when payment for the benefit is made. This is a "pay-as-you-go" method, in contrast to recording cost "when earned," that is, recording a cost as employees are providing services to the district. These payments are considered as contributions in relationship to the ARC. This does not prohibit districts from establishing trusts for select groups of employees, while using "pay-as-you-go" for other groups.

The following guidelines are presented in the order in which tasks are generally performed.

Transaction	Total Cost	Employees	Retirees
Health insurance	25,000.00	20,000.00	5,000.00
Implicit rate subsidy	n/a	(500.00)	500.00
<b>Total Health Insurance and Implicit rate subsidy</b>	<b>25,000.00</b>	<b>19,500.00</b>	<b>5,500.00</b>
Dental insurance	4,000.00	3,000.00	1,000.00
Life insurance	5,000.00	3,500.00	1,500.00
<b>Total Payment</b>	<b>34,000.00</b>	<b>26,000.00</b>	<b>8,000.00</b>
Retiree contribution	(1,000.00)	0.00	(1,000.00)
<b>Net Cost</b>	<b>33,000.00</b>	<b>26,000.00</b>	<b>7,000.00</b>

**Step 1 – Record payments for member benefits**

For illustration purposes only, the following transactions assume the following total monthly insurance premium for all employees and retirees:

<b>1a.</b>	Record payment to provider of health insurance.			
	DR: OPEB Costs			
	(Operating Fund, Program, Object Code 291)	5,500		
	DR: Health Insurance			
	(Operating Fund, Program, Object Code 220)	19,500		
	CR: Operating Fund, Cash or Investment Account			25,000
<b>1b.</b>	Record payment to provider of dental insurance.			
	DR: OPEB Costs			
	(Operating Fund, Program, Object Code 291)	1,000		
	DR: Dental Insurance			
	(Operating Fund, Program, Object Code 235)	3,000		
	CR: Operating Fund, Cash or Investment Account			4,000
<b>1c.</b>	Record payment to provider of life insurance.			
	DR: OPEB Costs			
	(Operating Fund, Program, Object Code 291)	1,500		
	DR: Life Insurance			
	(Operating Fund, Program, Object Code 230)	3,500		
	CR: Operating Fund, Cash or Investment Account			5,000
<b>1d.</b>	If applicable, recognize retiree share of benefit costs.			
	DR: Operating Fund, Cash or Investment Account	1,000		
	CR: Health insurance			
	(Operating Fund, Program, Object Code 291)			1,000

**Note:** If payment is made with bond proceeds held in the Restricted/Reserved for OPEB Liabilities Not Held in a Trust (Balance Sheet 452) instead of unassigned operating funds, then the Finance Code 793 should be included with the Object Code 291 entries 1a, 1b, 1c, and 1d. Refer to the Bonding for OPEB Liabilities section below for more details.

**Step 2 – Set up additional amount earmarked by school board**

For illustration purposes only, the following transaction assumes the school board approved an increase of \$100,000 to the designation for OPEB. No designation is recorded in UFARS. However, districts may want to use a unique code at the local level to identify designated funds.

DR:	Unassigned Fund Balance	100,000	
CR:	Designated for future OPEB contributions (Committed Fund Balance)		100,000

**Financial Transaction Accounting  
Other Postemployment Benefits (OPEB)  
Revocable Trust Fund Established (Fund 25)**

The following are guidelines to assist with the recording of financial transactions relating to other postemployment benefits (OPEB). This document assumes the district has met all requirements for the establishment of a revocable trust for other postemployment benefits (OPEB). For this information, please refer to *Requirements for Establishing a Trust* earlier in this section.

The following guidelines are presented in the order in which tasks are generally performed.

**Step 1 – Contribution to the revocable trust to fund the Annual Required Contribution (ARC)**

For illustration purposes, the following transactions assume a monthly cost allocation for postemployment benefits to one individual with wages of \$25,000 and using allocation Method 1, as shown below.

Health Insurance	\$1,200	(\$25,000 x 4.80%)
Dental Insurance	\$50	(\$25,000 x .20%)
Life Insurance	\$25	(\$25,000 x .10%)
	\$1,275	5.10%

- 1a.** Record OPEB expenditures through the payroll system. Amount based on contribution rate.

DR:	Operating Fund, Program, Object 252	1,275	
CR:	Payroll Liability Account (Liability 215)		1,275

- 1b.** Record contribution from district to Employee Benefit Trust Fund.

DR:	Payroll Liability Account (Liability 215)	1,275	
CR:	Operating Fund, Cash or Investment Account		1,275

- 1c.** Record contribution in Employee Benefit Trust Fund (Fund 25) received from district.

DR:	Fund 25, Cash or Investment Account	1,275	
CR:	Fund 25, contributions to Employee Benefit Trust (Source Code 614)		1,275

**Step 2 – Additional contribution to the revocable trust in excess of the Annual Required Contribution (ARC)**

For illustrative purposes, the district makes a current year contribution of \$200,000 in excess of the ARC.

- 2a.** Record contribution from district to revocable Employee Benefit Trust Fund.

DR:	Operating Fund, Program, Object Code 290	200,000	
CR:	Operating Fund, Cash or Investment Account		200,000

- 2b.** Record contribution in revocable Employee Benefit Trust Fund (Fund 25) received from district.

DR:	Fund 25, Cash or Investment Account	200,000	
CR:	Fund 25, contributions to revocable Employee Benefit Trust (Source Code 614)		200,000

**Step 3 – Record payments from trust fund for member benefits**

The following illustrates transactions that occur in the employee benefit trust fund and how they are accounted for. For illustration purposes only, the following transactions assume a monthly insurance premium for one current retiree.

Health Insurance	\$1,500 (actual premium)
Health Insurance	\$1,800 (value of premium)
Health Insurance	\$300 (implicit rate subsidy)
Dental Insurance	\$400
Life Insurance	\$100

**3a.** If applicable, to recognize retiree share of benefit costs (2% of health insurance premium).

DR:	Fund 25, Cash or Investment Account	30	
CR:	Fund 25, plan member contributions (Source Code 616)		30

**3b.** Record direct payment for retiree, from trust fund, to provider of health insurance.

DR:	Fund 25, trust fund disbursements (Program Code 935, Object Code 220)	1,500	
CR:	Fund 25, Cash or Investment Account		1,500

**3c.** Record payment to district operating funds to cover implicit rate subsidy.

DR:	Fund 25, Trust Fund disbursements (Program Code 935, Object Code 220)	300	
CR:	Fund 25, Cash or Investment Account		300

DR:	Operating Fund, Cash or Investment Account	300	
CR:	Operating Fund, Program, Object Code 220		300

**3d.** Record direct payment for retiree, from trust fund, to provider of dental insurance.

DR:	Fund 25, Trust Fund disbursements (Program Code 935, Object Code 235)	400	
CR:	Fund 25, Cash or Investment Account		400

**3e.** Record direct payment for retiree, from trust fund, to provider of life insurance.

DR:	Fund 25, Trust Fund disbursements (Program Code 935, Object Code 230)	100	
CR:	Fund 25, Cash or Investment Account		100

**3f.** If your district pays the premiums on retirees in combination with active employees, the payment would be accounted for as follows. Keep in mind that the benefit may not be paid from the trust until it has been incurred. Withdrawing money from the trust prior to payment of the benefit may be in violation of the trust agreement as well as IRS regulations.

Record payment from trust fund to district.

DR:	Fund 25, Trust Fund disbursements (Program Code 935, Object Code 220)	1,800	
CR:	Fund 25, Cash or Investment Account		1,800

DR:	Fund 01, Cash or Investment Account	1,800	
CR:	Fund 01, Payroll Liability Account (Liability 215)		1,800

Record payment by district to provider:

DR:	Fund 01, Payroll Liability Account (Liability 215)	1,500	
CR:	Fund 01, Cash or Investment Account		1,500

DR:	Fund 01, Payroll Liability Account (Liability 215)	300	
CR:	Operating Fund, Program, Object Code 220		300

**Financial Transaction Accounting Other Postemployment Benefits (OPEB)  
Irrevocable Trust Fund Established (Fund 45)**

The following are guidelines to assist with the recording of financial transactions relating to other postemployment benefits (OPEB). This document assumes the district has met all requirements for the establishment of an irrevocable trust for other post-employment benefits (OPEB). For this information, please refer to *Requirements for Establishing a Trust* earlier in this section.

The following guidelines are presented in the order in which tasks are generally performed.

**Step 1 – Contribution to the irrevocable trust to fund the Annual Required Contribution (ARC)**

For illustration purposes, the following transactions assume a monthly cost allocation for postemployment benefits to one individual with wages of \$25,000 and using allocation Method 1, as shown below.

Health insurance	\$1,200	(\$25,000 x	4.80%)	
Dental insurance	\$50	(\$25,000 x	.20%)	
Life insurance	\$25	(\$25,000 x	.10%)	
	\$1,275		5.10%	

- 1a.** Record OPEB expenditures through the payroll system. This amount is for funding the ARC only and is based on the contribution rate.

DR:	Operating Fund, Program, Object Code 252	1,275	
CR:	Payroll Liability Account (Liability 215)		1,275

- 1b.** Record contribution from district to irrevocable Employee Benefit Trust Fund.

DR:	Payroll Liability Account (Liability 215)	1,275	
CR:	Operating Fund-Cash or Investment Account		1,275

- 1c.** Record contribution in irrevocable Employee Benefit Trust Fund (Fund 45) received from district.

DR:	Fund 45, Cash or Investment Account	1,275	
CR:	Fund 45, Contributions to Irrevocable Employee Benefit Trust (Source Code 614)		1,275

**Step 2 – Additional contribution to the irrevocable trust in excess of the Annual Required Contribution (ARC)**

For illustrative purposes, the district makes a current year contribution of \$200,000 in excess of the ARC.

- 2a.** Record contribution from district to irrevocable Employee Benefit Trust Fund.

DR:	Operating Fund, Program, Object Code 290	200,000	
CR:	Operating Fund, Cash or Investment Account		200,000

- 2b.** Record contribution in irrevocable Employee Benefit Trust Fund (Fund 45) received from district.

DR:	Fund 45, Cash or Investment Account	200,000	
CR:	Fund 45, Contributions to Irrevocable Employee Benefit Trust (Source 614)		200,000



**Step 3 – Record payments from trust fund for member benefits**

The following illustrates transactions that occur in the employee benefit trust fund and how they are accounted for. For illustration purposes only, the following transactions assume a monthly insurance premium for one current retiree:

Health insurance	\$1,500 (actual premium)
Health insurance	\$1,800 (value of premium)
Health insurance	\$300 (implicit rate subsidy)
Dental insurance	\$400
Life insurance	\$100

**3a.** If applicable, to recognize retiree share of benefit costs (2% of health insurance premium):

DR:	Fund 45, Cash or Investment Account	30	
CR:	Fund 45, plan member contributions (Source Code 616)		30

**3b.** Record direct payment for retiree, from trust fund, to provider of health insurance.

DR:	Fund 45, Trust Fund disbursements (Program Code 935, Object Code 220)	1,500	
CR:	Fund 45, Cash or Investment Account		1,500

**3c.** Record payment to district operating funds to cover implicit rate subsidy.

DR:	Fund 45, Trust Fund disbursements (Program Code 935, Object Code 220)	300	
CR:	Fund 45, Cash or Investment Account		300
DR:	Operating Fund, Cash or Investment Account	300	
CR:	Operating Fund, Program, Object Code 220		300

**3d.** Record direct payment for retiree, from trust fund, to provider of dental insurance.

DR:	Fund 45, Trust Fund disbursements (Program Code 935, Object Code 235)	400	
CR:	Fund 45, Cash or Investment Account		400

**3e.** Record direct payment for retiree, from trust fund, to provider of life insurance.

DR:	Fund 45, Trust Fund disbursements (Program Code 935, Object Code 230)	100	
CR:	Fund 45, Cash or Investment Account		100

**3f.** If your district pays the premiums on retirees in combination with active employees, the payment would be accounted for as follows. Keep in mind that the benefit may not be paid from the trust until it has been incurred. Withdrawing money from the trust prior to payment of the benefit may be in violation of the trust agreement as well as IRS regulations.

Record payment from trust fund to district:

DR:	Fund 45, Trust Fund disbursements (Program Code 935, Object Code 220)	1,800	
CR:	Fund 45, Cash or Investment Account		1,800
DR:	Fund 01, Cash or Investment Account	1,800	
CR:	Fund 01, Payroll Liability Account (Liability 215)		1,800

Record payment by district to provider:

DR:	Fund 01, Payroll Liability Account (Liability 215)	1,500	
CR:	Fund 01, Cash or Investment Account		1,500
DR:	Fund 01, Payroll Liability Account (Liability 215)	300	
CR:	Operating Fund, Program, Object Code 220		300

## Bonding for OPEB Liabilities

The Omnibus Tax Bill ([2008 Minn. Laws, Chapter 154, Article 10](#)) contained a provision that provided authority for school district boards to issue bonds without voter approval for funding actuarial liabilities to pay other postemployment benefits (OPEB), as defined by the Governmental Accounting Standards Board (GASB) Statement No. 45. A district may annually make a debt service levy in the newly created OPEB Debt Service Fund (Fund 47) to service the payment of principal and interest on those bonds.

The Minnesota Department of Education has worked with the Office of the State Auditor (OSA), the Advisory Committee on Financial Management, Accounting and Reporting, the GASB 45 Committee, and other individuals to determine the extent of the authority provided by the law and to develop accounting procedures for districts whose school boards choose to issue these taxable bonds.

Based on the legislation and consultation, it has been determined that districts issuing bonds should record the bond proceeds into the Operating Funds (Funds 01, 02, and/or 04) and transfer the funds to the appropriate account, if necessary. The bond proceeds may be held in a separate account within the Operating Funds if no trust account is established (Balance Sheet Account 452), a Revocable Trust Internal Service Fund (Fund 25), or an Irrevocable Trust Fund (Fund 45). A summary of accounting entries are identified as follows:

ACCOUNTING FOR OTHER POST-EMPLOYMENT BENEFITS	Operating Funds Unassigned – 422	Operating Funds Unassigned - 422	Operating Funds Restricted/Reserved - 452	Internal Service (20) Unassigned - 422	Internal Service (25) Revocable Trust	Fund 45 Irrevocable Trust
	Pay-As You-Go	No Bonds or Trust	Bond Proceeds - No Trust	No Bonds or Trust	May Have Bond Proceeds	May Have Bond Proceeds
<b>Bond Proceeds</b>						
Debit - Net Proceeds	n/a	n/a	FD 1-2-4, GL 101	n/a	FD 1-2-4, GL 101	FD 1-2-4, GL 101
Debit - Advisors/Counsels/Agencies	n/a	n/a	FD 1-2-4, ORG 005, PRO 910, FIN 000, OBJ 305	n/a	FD 1-2-4, ORG 005, PRO 910, FIN 000, OBJ 305	FD 1-2-4, ORG 005, PRO 910, FIN 000, OBJ 305
Credit - PAR, Underwriters Discount	n/a	n/a	FD 1-2-4, ORG 005, PRO 910, FIN 793, SRC 631	n/a	FD 1-2-4, ORG 005, PRO 910, FIN 000, SRC 631	FD 1-2-4, ORG 005, PRO 910, FIN 000, SRC 631
Debit - Unused Discount	n/a	n/a	FD 1-2-4, ORG 005, PRO 910, FIN 000, OBJ 910	n/a	FD 1-2-4, ORG 005, PRO 910, FIN 000, OBJ 910	FD 1-2-4, ORG 005, PRO 910, FIN 000, OBJ 910
Debit - Unused Discount	n/a	n/a	FD 47, GL 101	n/a	FD 47, GL 101	FD 47, GL 101
Credit - Unused Discount	n/a	n/a	FD 47, ORG 005, PRO 910, FIN 000, SRC 649	n/a	FD 47, ORG 005, PRG 910, FIN 000, SRC 649	FD 47, ORG 005, PRG 910, FIN 000, SRC 649
Credit - Unused Discount	n/a	n/a	FD 1-2-4, GL 101	n/a	FD 1-2-4, GL 101	FD 1-2-4, GL 101
Debit - Amt of Bond Issue	n/a	n/a	FD 99, GL 151	n/a	FD 99, GL 151	FD 99, GL 151
Credit - Amt of Bond Issue	n/a	n/a	FD 99, GL 250	n/a	FD 99, GL 250	FD 99, GL 250
<b>Transfer to Trust Fund (25 or 45)</b>						
Debit - Net Proceeds	n/a	n/a	n/a	n/a	FD 1-2-4, ORG 005, PRO*, NOT FIN 793, OBJ 252/290	FD 1-2-4, ORG 005, PRO*, NOT FIN 793, OBJ 252/290
Credit - Net Proceeds	n/a	n/a	n/a	n/a	FD 1-2-4, GL 101	FD 1-2-4, GL 101
Debit - Net Proceeds	n/a	n/a	n/a	n/a	FD 25, GL 101	FD 45, GL 101
Credit - Net Proceeds	n/a	n/a	n/a	n/a	FD 25, ORG 005, PRO 935, FIN 000, SRC 614	FD45, ORG 005, PRO 935, FIN 000, SRC 614
<b>Transfer to Internal Service Fund -No Trust (20)</b>						
Debit-Transfer Amt	n/a	n/a	n/a	FD 1-2-4, ORG 005, PRO*, NOT FIN 793, OBJ 289	n/a	n/a
Credit-Transfer Amt	n/a	n/a	n/a	FD 1-2-4, GL 101	n/a	n/a
Debit-Transfer Amt	n/a	n/a	n/a	FD 20, GL 101	n/a	n/a
Credit-Transfer Amt	n/a	n/a	n/a	FD 20, ORG 005, PRO 935, FIN 000, SRC 615	n/a	n/a
<b>District Payments for OPEB</b>						
Debit - Amt Paid	FD 1-2-4, ORG 005, PRO*, FIN 797, OBJ 291	FD 1-2-4, ORG 005, PRO*, NOT FIN 793, OBJ 291	FD 1-2-4, ORG 005, PRO*, FIN 793, OBJ 291	FD 20, ORG 005, PRG 935, FIN 000, OBJ 220/230/235/251	FD 25, ORG 005, PRG 935, FIN 000, OBJ 220/230/235/251	FD 45, ORG 005, PRG 935, FIN 000, OBJ 220/230/235/251
Credit - Amt Paid	FD 1-2-4, GL 101	FD 1-2-4, GL 101	FD 1-2-4, GL 101	FD 20, GL 101	FD 25, GL 101	FD 45, GL 101
<b>Retiree Contributions for OPEB</b>						
Debit - Amt Received	FD 1-2-4, GL 101	FD 1-2-4, GL 101	FD 1-2-4, GL 101	FD 20, GL 101	FD 25, GL 101	FD 45, GL 101
Credit - Amt Received	FD 1-2-4, ORG 005, PRO*, FIN 797, OBJ 291	FD 1-2-4, ORG 005, PRO*, NOT FIN 793, OBJ 291	FD 1-2-4, ORG 005, PRO*, FIN 793, OBJ 291	FD 20, ORG 005, PRO 935, FIN 000, SRC 616	FD 25, ORG 005, PRO 935, FIN 000, SRC 616	FD 45, ORG 005, PRO 935, FIN 000, SRC 616
<b>Levy Proceeds</b>						
Debit - Amt Received	FD 1 & 4, GL 101	n/a	FD 47, GL 101	n/a	FD 47, GL 101	FD 47, GL 101
Credit - Amt Received	FD 1-2-4, ORG 005, PRO*, FIN 797, SRC 001 (Fund 1 & 4)	n/a	FD 47, ORG 005, PRO 910, FIN 000, SRC 001	n/a	FD 47, ORG 005, PRO 910, FIN 000, SRC 001	FD 47, ORG 005, PRO 910, FIN 000, SRC 001
<b>Bond Payments</b>						
Debit - Principal	n/a	n/a	FD 47, ORG 005, PRO 910, FIN 000, OBJ 710	n/a	FD 47, ORG 005, PRO 910, FIN 000, OBJ 710	FD 47, ORG 005, PRO 910, FIN 000, OBJ 710
Debit - Interest	n/a	n/a	FD 47, ORG 005, PRO 910, FIN 000, OBJ 720	n/a	FD 47, ORG 005, PRO 910, FIN 000, OBJ 720	FD 47, ORG 005, PRO 910, FIN 000, OBJ 720
Credit - Payment	n/a	n/a	FD 47, GL 101	n/a	FD 47, GL 101	FD 47, GL 101
Debit - Amt of Bond Paid	n/a	n/a	FD 99, GL 250	n/a	FD 99, GL 250	FD 99, GL 250
Credit - Amt of Bond Paid	n/a	n/a	FD 99, GL 151	n/a	FD 99, GL 151	FD 99, GL 151

PRO\*=Should be broken down into the program level detail as follows: 020-Superintendent, 030-Instructional Administration, 050-School Administration, 105-General Administration, 107-Other Administrative Support, 110-Business Support Services, 203-Elementary Instruction, 211-Secondary Instruction, 399-Vocational Instruction, 400-Special Education Instruction, 500 Series-Community Education, 600 Series-Instructional Support, 710/712-Counseling/Guidance Services, 720-Health Services, 730-Psychological and Mental Health Services, 740-Social Work Services, 760-Pupil Transportation, 770-Food Service, 790-Other Pupil Support, 810-Operations and Maintenance

**Note 1:** Receipting to expenditure accounts requires a lot of detail work. It is simpler to use B-0X-215-XXX (Payroll Deductions) for the retiree receipt and payment activity.

FD = Fund; GL = General Ledger; FIN = Finance Code; OBJ = Object Code; SRC = Source Code

Questions regarding this information should be directed to [mde.ufars-accounting@state.mn.us](mailto:mde.ufars-accounting@state.mn.us).

## Special Thanks to the GASB 45 Committee

Members of the Division of School Finance of the Minnesota Department of Education extend their appreciation to each member of the GASB 45 Committee for their work on this project.

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## SECTION 5 – GASB STATEMENT 54

### Introduction

In February 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. GASB Statement 54 did not affect the calculation of fund balance but improved financial reporting by enhancing the usefulness of fund balance information and provided fund balance categories and classifications for more understandability. Until 2009, categories used to present fund balance focused on whether resources were available for appropriation (i.e., budgeting). Fund balance described the difference between the assets and liabilities reported in a governmental fund (i.e., general fund). The traditional approach to classify fund balance was the following:

### Reserved Fund Balance (not available for appropriation)

- a) Portion of net resources that cannot ever be spent because of their form
- b) Portion of net resources that cannot yet be spent
- c) Portion of net resources that cannot be spent for any and all fund-related purposes because of external limitations

### Unreserved Fund Balance (available for appropriation)

- **Designated Unreserved Fund Balance (available for appropriation, with a limitation on use imposed by the government itself)**
  - a) Portion of net resources subject to limitations imposed by the governing body
  - b) Portion of net resources set aside by management/administration in connection with its tentative plans
- **Undesignated Unreserved Fund Balance (available for appropriation, with no external or internal limitation)**

GASB Statement No. 54 established accounting and financial reporting standards for all governments that report governmental funds. It established criteria for classifying fund balances into specifically defined classifications and clarified definitions for governmental fund types. With the introduction of GASB Statement 54, the fund balance focus changed from the availability of fund resources for budgeting to the extent to which the government (school districts) are bound to honor constraints on the specific purpose for which amounts in the fund can be spent

GASB Statement No. 54 created a hierarchy of fund balance classifications revolving around government's constraints on resources reported in funds. GASB Statement 54 approved five classifications for fund balance reporting:

- 1) ***Nonspendable Fund Balance***
- 2) ***Restricted Fund Balance***
- 3) ***Committed Fund Balance***
- 4) ***Assigned Fund Balance, and***
- 5) ***Unassigned Fund Balance***

The following Statement of Position from the State of Minnesota Office of the State Auditor outlines "***Fund Balances for Local Governments Based on GASB Statement No. 54***":



REBECCA OTTO  
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### Statement of Position Fund Balances for Local Governments Based on GASB Statement No. 54

#### Background

Governmental Accounting Standards Board's (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the classifications of fund balance based on the focus of the constraints placed on the use of current fund balance. The Statement also identifies the governmental fund type definitions. This Statement of Position addresses only the fund balance classifications and reporting.

The requirements of GASB 54 are applicable to all local governments. Implementation was required for the first fiscal year ended June 30, 2011. However, most Minnesota local governments report on a calendar year. For those reporting on a calendar year, the first required year for implementation was the year ended December 31, 2011.

In governmental funds,<sup>1</sup> local government should identify fund balance separately based on a hierarchy of the constraints placed on the use of the financial resources within governmental funds. A local government will classify its fund balances into one of up to 5 classifications: nonspendable, restricted, committed, assigned, and unassigned. While some of the GASB 54 classifications are similar in nature to the classifications under pre-GASB Statement No. 54, the focus is different, and thus, what is classified into these classifications may be different.

#### **Fund Balance Classifications/Definitions for Governmental Funds**

The fund balances of a local government's governmental funds should be reported in the new classifications based on the definitions in the following table:

<sup>1</sup> Governmental fund reporting focuses primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. The governmental fund category includes the general fund, special revenue funds, capital projects funds, debt service funds, and permanent funds. Codification of Governmental Accounting and Financial Reporting Standards § 1300.102.

**Fund Balance Reporting**

<b>Classification</b>	<b>Definition</b>	<b>Examples</b>
<b>Nonspendable</b>	“Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.” <sup>2</sup>	<ul style="list-style-type: none"> <li>• Inventories</li> <li>• Prepaid Items,</li> <li>• Long-term receivables in the general fund, and</li> <li>• Permanent principal of endowment funds.</li> </ul>
<b>Restricted</b>	<p>“Fund balance should be reported as restricted when constraints placed on the use of resources are either:</p> <p>a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or</p> <p>b. Imposed by law through constitutional provisions or enabling legislations.”<sup>3</sup></p>	<ul style="list-style-type: none"> <li>• Restricted by state statute,</li> <li>• Unspent bond proceeds,</li> <li>• Grants earned but not spent,</li> <li>• Debt covenants,</li> <li>• Taxes dedicated to a specific purpose, and</li> <li>• Revenues restricted by enabling legislation</li> </ul>
<b>Unrestricted Committed</b>	“Used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority.” <sup>4</sup>	<ul style="list-style-type: none"> <li>• The governing board has decided to set aside \$1M for a new city hall.</li> <li>• Property tax levies set for a specific purpose by resolution.</li> </ul>
<b>Unrestricted Assigned</b>	“Amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.” <sup>5</sup>	<ul style="list-style-type: none"> <li>• Governing board has set aside \$2 million for a county hospital and the county manager may amend this up to \$100,000.</li> <li>• Governing body delegates the authority to assign fund balance to the finance officer.</li> <li>• Governing board has appropriated fund balance often to balance next year’s budget.<sup>6</sup></li> <li>• Positive residual balances in governmental funds other than the general fund.</li> </ul>
<b>Unassigned</b>	Unassigned fund balance is the residual classification for the General Fund. This is fund balance that has not been reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other governmental funds would report deficit fund balances as unassigned. <sup>7</sup>	

2 GASB Statement No. 54, ¶ 6.

3 GASB Statement No. 54, ¶ 8.

4 GASB Statement No. 54, ¶ 10.

5 GASB Statement No. 54, ¶ 13.

6 See appropriated fund balance section of this document.

7 GASB Statement No. 54, ¶ 17.

## Classifying Fund Balance

A local government should classify its fund balances based on the nature of the particular net resources reported in a governmental fund. The government would first start by identifying nonspendable net resources, followed by restricted, committed, assigned and lastly unassigned. This will classify a fund's net resources from those that have the most constraints placed on their use to the least. A fund's net resources also are affected by the spending policy of that government. A local government should determine the order of use of resources when expenditures are incurred. Are restricted resources used first? Or, if available for use, are unrestricted net resources (committed, assigned, or unassigned) used first? If a local government does not have an accounting policy that identifies the order of use of resources, then the net resources with the most constraints are used first.

## Unrestricted Fund Balance

Unrestricted fund balance is the amount of fund balance left after determining both nonspendable and restricted net resources. The unrestricted fund balance is the amount of fund balance that a local government, itself, has placed constraints on its use (committed and assigned) and fund balance that does not have any specific purpose identified for the use of those net resources (unassigned). Unrestricted fund balance, therefore, includes the committed, assigned, and unassigned classifications. Committed and assigned fund balance represent resources set aside by the government to fund specific purposes. The two classifications differ in the formality of the action required to set aside the net resources.

The government's highest level of decision-making authority is required to commit available fund balance to a specific purpose. Once the action has been taken, the committed funds cannot be used for any other purpose unless the commitment is rescinded by the same type of action that previously committed the funds. The action taken to commit the funds must be taken prior to the end of the fiscal year, but the specific amount may be determined in the subsequent period.

The authority to assign may be delegated to an official other than the governing body. Unlike committed fund balance, the action taken to assign fund balance may be made after year end. In governmental funds other than the General Fund, the assignment must follow the government's intent for the specific purpose of the individual funds. Therefore, all remaining positive fund balances in the special revenue, debt service, and capital projects funds are classified as assigned.

Unassigned fund balance represents the remaining unrestricted fund balance in the General Fund after identifying fund balance that has been committed or assigned. Deficits in fund balances of other governmental funds are reported as unassigned. Assignments should never cause a deficit in unassigned fund balance to occur.

## Stabilization Arrangements: Restricted/Committed vs. Unassigned

Many local governments currently set aside part of fund balance for emergencies, working capital, cash flows, revenue shortages, or other contingencies. The authority to set aside these amounts usually comes from ordinance or resolution. The GASB calls these types of funds "stabilization arrangements." For a government to be able to set aside these types of funds as restricted or committed, they need to specifically define when these amounts may be used and specify a situation that cannot be expected to occur routinely. For example, identifying funds to be accessed "in an emergency" does not sufficiently detail the circumstance or condition that must be met for the funds to be considered committed. To commit these funds, the government needs to be more specific in defining an emergency. If the arrangement meets these requirements, it would be considered a specific purpose and reported as either restricted or committed, depending on the source of the constraint. Stabilization arrangements that do not meet the requirements should be reported as part of unassigned fund balance in the General Fund.



## Appropriated Fund Balance

Usually a local government only classifies fund balances at year end for financial reporting purposes. Thus only current and not future, net resources are classified. Typically, the subsequent year's budgeted expenditures are expected to be paid from the subsequent year's revenues and not the current reporting year's ending fund balances. On occasion, local governments will "deficit" budget, or in other words, budget more expenditures than anticipated revenues and drawdown the beginning fund balance for the subsequent year. An appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance.<sup>8</sup>

## Recommendations

### Adoption of Comprehensive Fund Balance Policy

The GASB's Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, identifies fund balance accounting policies that a local government may have or should consider. The Office of the State Auditor recommends that each local government establish/approve a formal comprehensive fund balance policy relating to accounting and financial reporting of governmental fund balances. A local government's fund balance policy could address the following areas:

- Minimum fund balance
- Order of resource use
- Stabilization arrangements
- Committing fund balance
- Assigning fund balance

### Minimum Fund Balance

The Office of the State Auditor recommends that local governments determine and establish in their fund balance policy a desired minimum level of unrestricted fund balance to maintain in their General Fund and other significant governmental funds. The local government's governing body should keep revenue streams in mind when determining a minimum level of fund balance for their policy. Often a local government's revenue stream is not evenly distributed throughout the year. A local government will need sufficient beginning fund balances to pay expenditures until these revenues are received. For example, funds that rely heavily on property taxes must maintain sufficient financial resources until the next tax revenue collection cycle. Funds that rely on state appropriations and grants should consider the timing of those payments. Also, local governments need to maintain a prudent level of financial resources to protect against a forced service level reduction or having to raise taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

Other considerations include the predictability of revenues and the volatility of expenditures. A local government may need higher levels of unrestricted fund balance if significant revenue sources are subject to unpredictable fluctuations or if operating expenditures are highly volatile, such as greater expenditures in the early part of the year. The availability of resources in other funds and the potential drain on the General Fund resources from other funds could affect the necessary level of minimum unrestricted fund balance. The availability of resources in other funds may reduce the amount of unrestricted fund balance needed in the general fund, just as deficits in other funds may require that a higher level of unrestricted fund balance be maintained in the General Fund.

After establishing a minimum level of unrestricted fund balance, the policy should provide for both a timeframe and a specific plan for increasing or decreasing the level of unrestricted fund balance. If the actual unrestricted fund balance is not consistent with the policy, a plan should be developed by the governing body that will allow for compliance with the desired minimum level. The fund balance policy should include a provision for a regular review of the sufficiency of the minimum fund balance level.

<sup>8</sup> GASB Statement No. 54, ¶ 16.

### **Order of Resource Use**

The Office of the State Auditor recommends that local governments include in their comprehensive fund balance policy the normal order of resource use. The policy should identify which fund balance resources (restricted or unrestricted) are normally used first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Also, for unrestricted fund balance, the local government should identify the order in which committed, assigned, or unassigned amounts are spent when expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

### **Stabilization Arrangements**

The Office of the State Auditor also recommends that local governments consider establishing a stabilization arrangement for emergency situations in their comprehensive fund balance policy. The policy should establish the amount to be set aside, identify the types of non-routine emergencies/situations that would meet the need for use of stabilization funds, and clearly state that the amount set aside may only be used for the identified emergency situations.

### **Committing Fund Balance**

The Office of the State Auditor also recommends that a local government's governing body identify in its comprehensive fund balance policy its process for committing fund balance to a specific purpose. The policy could identify the local government's highest level of decision-making authority, what formal action is required to commit fund balance, and what specific purposes normally will require committing resources.

### **Assigning Fund Balance**

Furthermore, the Office of the State Auditor recommends each local government that decides to delegate the authority to assign fund balance for a specific purpose include in their comprehensive fund balance policy the body or official authorized to assign amounts to a specific purpose and the types of specific purposes that may be assigned by that delegated body or official. The policy should also specify how the amounts for such assignments are arrived at and whether the governing body will set the assignments annually or will set up a process to make the assignment based on the guidelines established by the governing body.

### **Appropriate Fund Balance Levels**

The Office of the State Auditor recommends that, at year-end and/or at other key times of the year, local governments that rely significantly on property taxes maintain an unrestricted fund balance of approximately 35 to 50 percent of fund operating revenues or no less than five months of operating expenditures in their General Fund and special revenue funds. This amount of unrestricted fund balance should provide the local government with adequate funds until the next property tax revenue collection cycle. The adequacy of unrestricted fund balance should be assessed based on an individual local government's own circumstances. If the local government's unrestricted fund balance is less than or greater than the recommended level, the local government should be able to explain the reason for the difference.

According to MDE, Minnesota school districts, unlike most local governmental units, experience timing of receipts from local property tax levies, state aids, and federal aids that provide a more reliable flow of cash to fund operations. Therefore, a recommended unrestricted fund balance for school districts may be less than the amounts recommended above for other local governmental units. Each school district should determine the appropriate level of unrestricted fund balance based on the school district's circumstances.

Local governments should also consider taking a position on the level of unrestricted fund balance in other funds that have unrestricted revenues. In setting an appropriate level, the local government should consider any long-term forecasting/planning issues to avoid the risk of placing too much emphasis on the level of unrestricted fund balance at any one time.

## Special Thanks to the GASB 54 Committee

Members of the Division of School Finance of the Minnesota Department of Education extend their appreciation to each member of the GASB 54 Committee for their work on this project.

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## CHAPTER 14 – STUDENT ACTIVITY ACCOUNTING

### INTRODUCTION

Minnesota public schools are supported primarily by state and local taxes, with some programs completely or partially financed by federal funds. Individual schools may also generate revenues from athletic and academic events, concessions, donations, and other school activities. During 1987-1988, districts spent nearly \$29 million and maintained balances of more than \$6 million in student activity funds, only some of which was reported to the Minnesota Department of Education (*Legislative Auditor's Report of 1990, State of Minnesota*, p.73). It was estimated that those same funds could exceed \$60 million today. See Table One below for the Uniform Financial Accounting and Reporting Standards (UFARS)-based data over time. Caution should be used in the review of this data, since several districts each year could move some student activity expenditures into the General Fund and under UFARS reporting or vice versa. Therefore, an increase of \$10 million in expenditures from FY 2002 to FY 2003 could be a function of movement of funds as contrasted with increased spending. Calculations for the last column, *Separate Student Activity Funds*, were begun in FY 2003 to clarify the spending increase issue.

**TABLE ONE: HISTORICAL STUDENT ACTIVITY EXPENDITURES**

Fiscal Years	Program 298 Extra-Curr Activities	Program 291 Co-Curr Activities	Program 292 Boys/Girls Athletics	Program 294 Boy Athletics	Program 296 Girls Athletics	Total UFARS Reported	Separate Student Activity Funds
FY 1999	\$15,513,279	\$21,735,282	\$35,525,696	\$39,863,413	\$31,413,783	\$144,051,453	not calculated
FY 2000	\$16,588,868	\$24,250,754	\$37,549,405	\$42,656,903	\$33,734,993	\$154,780,923	not calculated
FY 2001	\$17,630,112	\$25,347,844	\$40,740,327	\$43,166,669	\$34,721,095	\$161,606,047	not calculated
FY 2002	\$23,137,147	\$24,698,841	\$41,576,651	\$44,277,310	\$35,803,335	\$169,492,284	not calculated
FY 2003	\$28,754,021	\$23,447,062	\$43,408,172	\$45,966,604	\$37,502,585	\$179,078,444	\$26,905,617
FY 2004	\$27,496,541	\$27,941,203	\$47,633,500	\$48,015,693	\$38,679,975	\$190,766,915	\$83,900,934
FY 2005	\$29,862,943	\$27,079,634	\$47,772,442	\$49,783,996	\$40,849,744	\$195,348,760	\$79,162,017
FY 2006	\$28,059,824	\$25,046,122	\$50,656,564	\$52,249,964	\$42,598,314	\$198,610,791	\$75,022,022
FY 2007	\$27,786,619	\$25,566,126	\$53,534,132	\$54,990,068	\$44,724,058	\$206,601,306	not available

Above each category is the UFARS program code used to segregate data reported by schools.

An appeal to the public trust demands an efficient system of accounting for all the money received and expended through the school systems, including student activity funds. The system of safeguarding and accounting for funds is dependent upon the soundness and effectiveness of board of education policies and practices as they fulfill their obligation to provide for staff support and student activities. The student activities programs should be attractive, meaningful, worthwhile, and consistent with the educational and organizational policies of the board. A well-designed activity program will enrich the quality of the curriculum, provide new learning experiences, encourage interest in classroom work, and strengthen morale and discipline. The opportunity for students to participate in the planning and execution of activities is a life-preparation experience. The accounting of funds that support these activities should be beyond reproach and should be governed by a set of legally consistent and financially sound principles.

Financial accounting and reporting in Minnesota public schools is governed by statutes and required practices. *The Manual for the Uniform Financial Accounting and Reporting Standards (UFARS) for Minnesota Schools* contains the legal authority and the financial accounting system for all educational programs and activities under the direction and control of each school board. However, a school board may designate school administrators to direct and control certain activity funds, if they meet specific criteria. If this occurs, an equally legal and fiscally defensible set of practices must be in place.

## OPERATIONS OF THE ACTIVITY MANUAL

The manual contains foundations and practices necessary for establishing, maintaining, and auditing activity accounts. The foundations are drawn from a variety of sources.

### A. FOUNDATIONS FOR THE USE OF THIS MANUAL

The 1987 manual contained a reference to a statute on extracurricular activities that guided the development of that manual. The clarification of that statute that was contained in a Minnesota Rule, however, never found its place into that manual. This manual (MAFA) references updated statutes on activity funding, extracurricular activities, and pupil fees. This manual also goes beyond the typical reference points to the use of Minnesota Rule.

This section contains definitions critical to the establishment of a student activity fund and its maintenance. Some of the definitions are a departure from the past manual due to legal clarifications. Other definitions and examples are offered in this section to distinguish between a student activity account and a non-student or convenience account.

#### 1. Under Board Control Defines the Use of UFARS

UFARS is required to be used by all reporting entities in the state when transactions of an activity are under board control. An activity or some of its transactions are under board control if one of the following conditions is met:

- a. The board of education mandates that the activity fund be under its control.
- b. The activity is related to a requirement or partial requirement for graduation.
- c. The activity is related to a board-ratified contract.

There are at least two other circumstances that could bring certain activities under board control, i.e. sales tax issues and fees issues, if the local board makes that choice.

#### Under Board Control as a Legal Issue

Some may argue that everything that occurs in the school or school district is under board control. However, in this context (use of UFARS), *under board control* takes on a meaning directly related to the approval process of budgets and transactions, not the traditional management concept of power and decision-making. That is, the concept of control intends to convey that a board approves a budget and receives, reviews, and approves revenue and expenditure reports. If an activity is outside the board control, it may still be directed by board action, but its fiscal transactions may only be presented to the board for review and receipt, not approval.

*Under board control* also conveys legal sanctions on the district. All school districts must adopt uniform standards as per [Minnesota Statutes, section 123B.77](#).

123B.77 Accounting, budgeting, and reporting requirement. Subdivision 1. Uniform financial accounting and reporting standards. Each Minnesota school district must adopt the uniform financial accounting and reporting standards for Minnesota school districts provided for in guidelines adopted by the department.

Further, all district expenditures must be recorded through the use of these standards.

123B.76 Expenditures; reporting. Subdivision 1. Recognition. District expenditures must be recognized and reported on the district books of account in accordance with this section. Fiscal year-end recognition of expenditures and the related offsetting liabilities must be recorded in each fund in accordance with the uniform financial accounting and reporting standards for Minnesota school districts...

Deviations from the principles set forth in this subdivision must be evaluated and explained in footnotes to audited financial statements. Subdivision 2 – Accounting. Expenditures for any legal purpose of the district not accounted for elsewhere must be accounted for in the general fund.

Therefore, if the board mandates control, UFARS must be used, not MAFA.

### **An Activity is Related to a Requirement or Partial Requirement for Graduation**

When an activity is related to a requirement or partial requirement for graduation, it meets the second condition for 'under board control.' [Minnesota Statutes, section 123B.76 to 123B.77](#) appear to suggest that all financial activity in a school or district must use UFARS where it says, "district expenditures must..." That is to say, all expenditures that a district makes must be reported in UFARS. Further, [Minnesota Statutes, section 123B.49](#) (Extra-curricular activities) establishes the basic authority of districts to create sports and educational activities. It establishes distinctions between cocurricular activities and extracurricular activities, and establishes that local boards MUST take charge and exert direct control over cocurricular activities and MAY take charge and exert direct control over extracurricular activities.

In the case of cocurricular activity accounting, and in the case of extracurricular activity accounting that is under the direct control of the board, all transactions must be recorded with the district treasurer. All revenues collected and expenditures disbursed must be done with board approval and controlled through the use of the UFARS system.

In those districts where extracurricular activities are not under the direct control of the board of education, those districts must use this manual as they establish policies and procedures for activity accounting. However, since cocurricular activities must be under board control, a clear distinction needs to be established. Since there was an absence of a clear distinction in [Minnesota Statutes, section 123B.49](#), when work on this manual began, an appeal was made to a Minnesota Rule.

[Minnesota Rule 3500.1050](#) (Definitions for Pupil Fees) establishes a clear distinction between cocurricular and extracurricular activities in the Minnesota schools. The most fundamental distinction is that cocurricular activities are for credit or required for graduation; extracurricular activities are not for credit nor are they required for graduation. This distinction would also hold in the face of legislation that speaks to a standards-based education program for all Minnesota students in public schools. That is, cocurricular activities would be those activities that are for credit, required for graduation, or that have embedded standards embedded that could be applied to graduation requirements in a standards-based system.

The following statute provides the foundation for a "free and public education" and the basis for charging certain fees.

[Minnesota Statutes, section 123B.35](#) (General Policy) states:

"It is the policy of the state of Minnesota that public school education shall be free and no pupil shall be denied an education because of economic inability to furnish educational books and supplies...It is recognized that school boards do have the right to accept voluntary contributions and to make certain charges and to establish fees in areas considered extracurricular, noncurricular or supplementary to the requirements for the successful completion of a credit..."

Authorization to require or charge fees is contained in [Minnesota Statutes, section 123B.36 to 123B.38](#). In these sections, as well as the above sections and in the rule, it is clear that a distinction must be made (and is made) between cocurricular as being for credit, required for graduation or providing movement toward graduation, and extracurricular which is not. This distinction is a fundamental departure from the previous activity manual and from previous distinctions in the UFARS Manual and establishes the foundation for most activities coming under the control of the board and monitored through UFARS. If an activity is for credit or partial credit or is directed toward a graduation requirement (or part of one), the transaction associated with that activity must be under the board control and, therefore, must be guided by UFARS.

The meaning of *directed toward a graduation requirement* is a local decision. A student activity may have a standard embedded in it and many students use the activity to fulfill a whole or partial graduation requirement. On the other hand, there may be only one or two students in a thousand that use an activity to fulfill a requirement and the activity was never intended to be used in a cocurricular fashion. In those cases, districts may not consider those activities “under board control.”

### **An Activity has a Relationship to a Contract**

Another way to determine whether an activity and/or its related transactions **must be placed** under board control and, therefore, guided by UFARS, is to discern the existence of a contract. According to [Minnesota Statutes, section 123B.09](#), Subdivision 6. (Meetings)... "No contract shall be made or authorized, except at a regular meeting of the board or at a special meeting." If a contract exists to purchase items for a fundraising event, that contract must be ratified by the board.

An alternative to bringing every contract to the board for ratification would be to appeal to [Minnesota Statutes, section 123B.52](#), Subdivision 2. (Contract within budgeted amounts): "The board may authorize its superintendent or business manager to lease, purchase, and contract for goods and services within the budget as approved by the board." Principals and other administrators have no power to enter into a contract binding a school district. Also, the activity associated with the purchase of goods is under board control with a line item in a prior approved budget ([Minn. Stat. § 123B.77](#), Subd. 4 (Budget approval)).

"Prior to July 1 of each year, the board of each district must approve and adopt its revenue and expenditure budgets for the next school year. The budget document so adopted must be considered an expenditure-authorizing or appropriations document. No funds shall be expended by any board or district for any purpose in any school year prior to the adoption of the budget document that authorizes that expenditure or prior to an amendment to the budget document by the board to authorize the expenditure. "

However, this delegation cannot be done with contracts for vending machines. According to an opinion from the Office of the State Auditor (OSA), a vending machine contract is not for goods and services but rather a license (often exclusive) to operate machines on school property. That is, the license is to place a machine on the property. Vending machine contracts would therefore require direct and separate board action. See *Item 10* in the Appendix for a clarification. See *Appendix, Item 14* for new codes.

In conclusion, all contracts for vending machines and all fundraisers that have a contract base for selling items such as fruit, candy and magazines would be approved by the board. Those activities would become “under board control.”

### **SUMMARY on Mandated “Under Board Control”**

There are three conditions that require district personnel to use UFARS to record transactions with the district treasurer, rather than in an activity fund:

- When mandated by the board.
- When an activity is related to a requirement for graduation.
- When an activity is related to a contract ratified by the board.

A board of education has the legal right to postulate its control over an activity fund. Any activity that goes to a credit or requirement for graduation or contains a standard (whole or part) that could be used for graduation is also under board control and, therefore, has its transactions guided by UFARS, not the activity manual. Any activity that is related to, part of, or the result of a contract is under board control.

There are other transactions that also involve student activities. Some of those activities could come under the aegis of MAFA, if the board does not mandate control. The next sections explore some of those activities and their related conditions.

## 2. Student Activity Funds Vs. Other Activity Funds

A distinction is offered that compares a student activity fund with other funds that are found in many districts. Student activity funds are used to account for dollars raised **by** the students **for** the students. A student activity fund contain dollars which are owned, operated, and managed by organizations, clubs, or associations (groups) within the student body under the guidance and direction of faculty or staff members for educational, recreational, or cultural purposes. Examples of student activities could be: yearbook, a class account, choral and band group, class projects, student clubs, student council, and student-sponsored bookstores.

However, there were many instances over the years, as described by auditors, where other dollars or accounts existed, with or without proper accounting procedures. Those other funds were typically called *convenience funds* and were maintained at the request of and for the convenience of staff members of a district. Examples of those funds may include: a flower fund, a sunshine, a faculty fund or an employee coffee fund. **MAFA does not permit any inclusion of non-student accounts or convenience accounts in a student activity fund.**

There is statutory authority for school districts to maintain extracurricular student accounts. MDE and OSA are not aware of any statutory authority for a school district to maintain accounts for the convenience of its employees. In addition, maintaining those accounts may constitute an ‘in kind’ benefit provided to school district employees and the Minnesota Attorney General has consistently held that “in kind” benefits cannot be provided to public employees absent explicit statutory authority to do so (Ops. Atty Gen. 359b (October 24, 1989) and 161-b-12 (January 24, 1989)). Further, managing the funds of private groups or individuals exposes public entities to liability for loss of those private funds. Therefore, all non-student accounts *cannot* be in the student activity fund. And, those non-student accounts or convenience accounts *must not* be maintained by a school district.

There are also funds that are sometimes mistaken as **internal** activity funds but which **must** be maintained through methods not associated with the school or school district such as a booster club activity account or a parent-teacher (student) organization or association account. These types of funds, **which cannot use the tax identification number of a school or district**, must be maintained outside the jurisdiction of the school or district.

Booster clubs are a valuable source of support for school activities. They may, with board approval, operate concessions at special events and supervise other projects on school property involving students. However, they **must** maintain external, separate bank accounts and have their own tax identification number. Mechanisms of disbursement and accounting are external to the operations of the school or district.

Guidelines that could aid these organizations include:

- a. The names of the officers should be submitted to the school district office at the beginning of each school year for the purpose of necessary contact with the organization to discuss the administration of funds donated to the school or school district.
- b. Information regarding financial activities of these external groups should be requested by the school district at the end of each school year. Information would include receipts, source of receipts, expenditures by payee and beginning and ending balances. This information may be valuable to the school administration to help in the decisions made regarding the monitoring of school district fund raising.



- a. When these organizations raise money for the purchase of equipment, supplies or financial support for student activities, the funds for the designated activity or piece of equipment or supply must be received by the school district PRIOR TO a purchase order being issued or a student activity being scheduled.
- b. When there is a donation of dollars or equipment, the dollars and equipment become the property of the district.
- c. All district procedures regarding equipment procurement, including laws and practices for securing bids and quotes, must be adhered to by the external organization. The external organization cannot solicit bids or quotes on behalf of the school or district. It cannot obligate the district to a fiscal responsibility.
- d. A final type of money that looks like activity money or student activity money, but is not, is that money given by an outside donor or company or agency to a school to redistribute to children or families based upon some criteria established by the outside group. For example, the Good Group of People may give the district \$5,000 each year to distribute to needy families during winter break. That is not taxpayer money to be accounted for in the general fund. It is not an unrestricted gift. It also cannot go to the activity fund.

### 3. Cocurricular vs. Extracurricular Activities

The distinction between a cocurricular and extracurricular activity is an expansion of that offered in the previous section on "*An Activity Related to a Requirement or Partial Requirement for Graduation.*" [Minnesota Rule 3500.1050](#) contains the difference between the two activities. The critical difference is that a cocurricular activity is offered for credit, has credit or partial credit attached, or can be used toward a graduation requirement. An extracurricular activity cannot be used for graduation. And, by implication, fees can be charged within extracurricular activities as long as the charging of fees is consistent with [Minnesota Statutes, section 123B.36](#).

Subd. 3. **Cocurricular.** "Cocurricular" means those portions of the school-sponsored and directed activities designed to provide opportunities for pupils to participate in such experiences on an individual basis or in groups, at school and at public events, for improvement of skills. Cocurricular activities have one or more of the following characteristics:

- a. are for credit or required for graduation;
- b. are conducted at regular and uniform times during school hours, or if at times other than school hours, are established by school authorities;
- c. are directed or supervised by an instructional staff in a learning environment similar to that found in courses offered for credit; and
- d. are primarily or totally funded by public tax dollars for general instructional purposes under direction and control of the local board of education. Any deficits resulting from these activities are always subsidized by general school funds.

Subd. 4. **Extracurricular.** "Extracurricular" activities means those activities that include all direct and personal services for public school pupils for their enjoyment that are managed and generally operated under the guidance of an adult or staff member and have all of the following characteristics:

- a. are not for credit or required for graduation;
- b. are conducted for the most part during other than school hours, or if partly during school hours, at times agreed by the participants, and approved by school authorities;
- c. the content of the activities is determined primarily by the interests of the student participants and their parents with only the guidance of the staff member or other adult; and
- d. with the possible exception of direct costs of any salaries and indirect costs of the use of school facilities, the activity is self-sustaining as all other expenses are met by dues, admissions or other pupil fundraising events ([Minn. Rule 3500.1050](#)).

The companion statute to the aforementioned rule is [Minnesota Statutes, section 123B.49](#), which states that cocurricular activity accounts must come under the control of the Board as previously stated.

Subd. 2. **Cocurricular activities authorization.** The board must take charge of and control all cocurricular school activities of the teachers and children of the public schools in that district held in the school building or school grounds or under the supervision or direction of the school board. The board must adopt rules and regulations for the conduct of cocurricular activities in which the schools of the district or any class or pupils therein may participate. All money received on account of such activities must be turned over to the district treasurer, who shall keep the same in the general fund, to be disbursed for expenses and salaries connected with the activities, or otherwise, by the board upon properly allowed itemized claims.

It is noteworthy to understand how the current statute and the current rule are not in conflict. The statute states that cocurricular activities are not for credit, but under board control. The statute is distinguishing between curricular and cocurricular. A course or curriculum is for credit in the traditional sense of the word. A cocurricular activity would be a part of a course, not the whole course. It is associated with a credit-granting mechanism, i.e. curriculum, but cannot in and of itself be the granting mechanism. The rule states that cocurricular activities are for credit. The rule is clarifying the part-to-whole relationship. That is, to the extent that a cocurricular activity is associated with a credit course or curriculum, to that extent it could be said to be part of the credit.

The issue and the distinction are more complicated when thinking about standards or partial standards or tasks associated with cocurricular activities. It could be possible to earn a part of a standard or an entire standard through a cocurricular activity, but never through an extracurricular activity. Therefore, because there is an influence on credits, standards and/or graduation requirements, the board **MUST** take control of the cocurricular activity. Beginning with the *UFARS Manual FY 2003*, definitions consistent with the Rule in **Chapter 3: Program Dimension** in Codes 291-Cocurricular activities (non-athletic) and 298-Extracurricular activities were contained.

#### 4. Revenue as a Determining Factor

The *UFARS Manual* contains references regarding activities and activity accounts in its Finance and Source Chapters, which are related to revenue sources. In **Source Dimension Chapter 5**, for example, there are codes for Fees from Patrons (050) and Admission and Student Activity Revenue (060). There are also references to Sales of Materials For Resale (621) and Sale of Materials (622), each of which are Net of Tax. This section will explore briefly the issues of fees and sales tax as indicators of board control and the opportunity, **not mandate**, to use UFARS codes and its system as contrasted with this manual as a stand-alone system.

##### Collection of Fees and Admissions

The *UFARS Manual* contains specific codes to record revenue from the collection of certain fees and admissions. To the extent that the collection of fees and admissions is board authorized as per statute, to that extent the UFARS system could be used since the recording of those fees is under the auspices of the board treasurer.

[Minnesota Statutes, section 123B.36](#), Subdivision 1 (Authorized fees) states

“(b) A school board is authorized to require payment of fees in the following areas:

- (1) in any program where the resultant product, in excess of minimum requirements and at the pupil's option, becomes the personal property of the pupil;
- (2) admission fees or charges for extracurricular activities, where attendance is optional and where the admission fees or charges a student must pay to attend or participate in an extracurricular activity is the same for all students, regardless of whether the student is enrolled in a public or a home school;
- (3) a security deposit for the return of materials, supplies, or equipment;
- (4) personal physical education and athletic equipment and apparel, although any pupil may personally provide it if it meets reasonable requirements and standards relating to health and safety established by the board;
- (5) items of personal use or products that a student has an option to purchase such as student publications, class rings, annuals, and graduation announcements;
- (6) fees specifically permitted by any other statute, including but not limited to section 171.05, Subdivision 2; provided (i) driver education fees do not exceed the actual cost to the school and school district of providing driver education, and (ii) the driver education courses are open to enrollment to persons between the ages of 15 and 18 who reside or attend school in the school district;
- (7) field trips considered supplementary to a district educational program;
- (8) any authorized voluntary student health and accident benefit plan;
- (9) for the use of musical instruments owned or rented by the district, a reasonable rental fee not to exceed either the rental cost to the district or the annual depreciation plus the actual annual maintenance cost for each instrument;
- (10) transportation of pupils to and from extracurricular activities conducted at locations other than school, where attendance is optional; ...”

When this statute is applied and the UFARS codes are considered, there are several additional activities or transactions that could come under board control and, therefore, may not have transactions recorded and accounted for through this manual.

### Collection of Sales Tax

If sales tax is collected on an item or service, e.g. post-season game or parking fee, then the activity related to that item or service could be under the control of the board and, therefore, must have its transactions recorded through UFARS. When the transactions are a revenue transaction, there would be at least two manipulations: (1) use of a source code to record the revenue, and (2) the use of another code or process to record payment to Other Governmental Units. A simple way to determine the appropriate application of the sales tax indicator is to review literature from the Department of Revenue. According to the Department of Revenue's *Schools - Sales and Purchases Sales Tax Fact Sheet 111*, some of the above items are already considered taxable, such as: locker rentals, certain supplies used to create a product in a class, and consumable school supplies. Most of these items are listed as authorized fees in [Minnesota Statutes, section 123B.36](#), cited above.

However, even though locker rental is an authorized fee and is taxable, towel fees are not authorized and not taxable. Therefore, users of this manual should review the fact sheet on sales tax in the Appendix to determine whether or not a particular item is taxable. It should also be noted that in the case of class ring purchases, the rings are taxable, but not under board control. Since it is a relationship between a company and an individual student and not the local school, there is no issue of board control and no actual transaction to record.

Please note that [Minnesota Statutes, section 297A.67](#), Subdivision 5. re: vending machines was amended, effective July 1, 2002, to provide that all food and drinks sold from vending machines is taxable at all schools, including K-12 schools. However, if a vending machine contract was entered into before May 30, 2002, food and drink sales from the machines at those schools would be exempt until July 1, 2003.

## SUMMARY

Numerous criteria are employed to determine whether or not MAFA could be used for activity fund transactions. Simply put, all activities that could be placed into one or more of the following categories could be placed under board control and accounted for using UFARS. Only the first three items are mandated under UFARS.

- An activity for which a board takes control because of its preemptive power
- An activity that goes to a graduation requirement (credit, partial or full standard)
- An activity (or some transactions) related to a contract
- Some activities (or transactions) that have an authorized fee attached
- Some activities (or transactions) that have taxable sales related to them

If the above foundations assist district personnel in determining when to use MAFA, then the next step is to articulate several tested guiding principles in preparation for the establishment, maintenance and auditing of activity accounts.

## B. GUIDING PRINCIPLES FOR THE ESTABLISHMENT, MANAGEMENT AND AUDIT OF ACTIVITY FUNDS

Seven principles are offered to guide the operations of an activity fund. All of the funds will be student-oriented and, therefore, all references will reflect that mandate.

**Principle One: Activity fund development and fund management are grounded in board policy and written procedures.**

The policy should be comprehensive in its scope and precision. The procedures should provide direction in the areas of management, operational procedures, accounting procedures, and auditing expectations.

**Principle Two: Student activity funds are used for student activity purposes and for those students currently in school.**

Activity funds should not supplant regular and general operations of the district. Activity funds must comply with the policies and standard operating procedures of the district.

Students should be the direct beneficiaries of their dollars, as contrasted with a method whereby other district overhead is reduced by these dollars. Further, the contributions to a student activity fund should be expended on activities for those students making the contributions in the year of the contributions whenever possible.

Since the activity fund should be spent for the general welfare of the student body and for purposes not currently fundable through the district's general fund, care should be taken to define the general welfare as contrasted with individual benefits. All students do not have to benefit directly; however, the majority should have the opportunity to benefit. Guidelines for acceptable general welfare purchases should be written out and evidence provided that the decision-makers have considered the guidelines when allowing disbursements.

Activity funds must not take on the image of a "slush fund." It may be wise to consider naming these funds in a manner that avoids the appearance of unilateral decision-making or the appearance of a fund established to circumvent general operating procedures.

**Principle Three: There is an adult of record who is primarily responsible for the management of the fund.**

Student activity dollars should be collected and disbursed under the general direction of the site leader when the fund is related to a particular building-level activity. The site leader should involve those student leaders and faculty members who are responsible for generating revenue for approved projects in the decision making process. Decisions regarding disbursement of money from any type of school-wide fundraising activity CANNOT be made unilaterally by a principal or faculty member. Participation by

students must be supported by minutes, student signatures on purchase orders, requisitions, and check requests.

**Principle Four: All transactions are open to inspection.**

There must be open access to transactions with scheduled displays of transactions in student accounts. If the fund is not under the control of the board, the board should receive an accounting of those funds at least once a year. An effective practice would be to have quarterly reports received by the board. These reports are supplemented by the annual student activity fund audit that is received and approved by the board.

**Principle Five: Activity funds are managed in accordance with sound business practice.**

Activity funds should be maintained with the same high standards of accountability as those funds under the control of the board. The board should establish a policy requiring a thorough accounting of all monies which “belong” to the district. District employees cannot maintain a checking account or other cash funds for pupils without the knowledge and permission of the district leadership and sanctioned by the board of education nor can they operate an “off-campus” fund.

The board should develop a policy that prohibits deficit spending. Commitments cannot be made from a fund without sufficient revenue to cover the commitment. If a transfer within a fund is needed, it may be made if the advisors, treasurer, principal and student treasurer agree and the amount is paid back within a short period of time not to exceed three months.

**Principle Six: The size of an account is limited to a reasonable amount.**

Large accumulations of money over more than a year should be avoided. Revenue sources for the fund should be monitored carefully. District guidelines can determine an appropriate end-of-the-year size balance. If an account presently has a large amount in it, steps should be taken to reduce the fund to a reasonable amount. The purpose of the money can be the most effective guide to determining reasonable size.

**Principle Seven: Activity accounts within an activity fund are audited annually.**

An annual internal audit should be conducted to determine the appropriateness of individual activities or programs contained within the student activity fund. The use of an internal audit checklist to accommodate the task is an effective and recommended practice. The internal audit can be conducted on a periodic schedule adopted by the board.

**SUMMARY**

As self-evident as these principles may be, there are numerous reports from student activity audits and verified through interviews that the principles need to be revisited and/or established. Each of the principles can guide the development of specific operations in the school or district. Those operations are discussed in the next section, beginning with the *Operations of an Activity Fund*.

**C. OPERATIONS OF AN ACTIVITY FUND**

Several actions must be taken before the actual establishment of an activity fund.

- a) There is assurance that the fund is not under the control of the board and, therefore, must use MAFA as contrasted with the UFARS Manual.
- b) There is assurance that the fund is not an adult or staff-related (convenience) account nor an external account (e.g., booster club or PTSA) which cannot be included with student activity accounts or accounted for by the school district.
- c) An adult is designated as custodian of the fund. If it is a building-level fund, the site leader and the supervisor of the activity (if different) have a copy of this manual.

After leadership is assured that foundations are in place, including all appropriate district-wide policies and centralized procedures, there is a need to develop or review the purpose of a particular activity and its related accounting.

### 1. Statement of Purpose

A statement of purpose must exist for each activity within the fund. An *Activity Purpose Form* must be completed, signed by the advisor and principal, and placed on file at the district office. The form needs to include the name of the designated advisor, an acknowledgment of the receipt of a *Manual for Activity Fund Accounting (MAFA)*, and acknowledgment of responsibility for assuring that proper procedures are followed. Figure 1 contains a sample *Activity Purpose Form*.

**Figure 1: Activity Purpose Form**

#### Activity Purpose Form

Date: \_\_\_\_\_ Name of Activity: \_\_\_\_\_  
 Purpose of Activity: \_\_\_\_\_  
 Age, grade and interest of students served: \_\_\_\_\_

I, \_\_\_\_\_ (advisor) received a copy of the *Manual for Activity Fund Accounting* and acknowledge my responsibility for assuring that proper procedures are followed.

_____	_____	_____
Advisors Name Printed	Advisor Signature	Date of Submission
_____	_____	_____
Building Leader Printed	Building Leader Signature	Date of Approval

Upon termination of the above-named activity, any unobligated funds that remain in the account will be disposed of in the following manner:

After approval of a student activity, each class, club, or organization should submit a list of officers to the school district office, since one or more of these individuals may be designated to assist in decision-making about the account. The first order of business for each club or activity each year is to develop goals and objectives which become the basis upon which to build a tentative budget for the upcoming academic year.

Officers and members of the group should become familiar with appropriate district policies and building procedures. Members should be made aware of specific administrative and accounting procedures as well as policies and procedures related to a variety of topics including sales tax, fundraising, and collection and disbursement of funds. Many of these topics are addressed in this manual and parts of the manual could be copied for use with students and staff.

### 2. Account Code Structure

Whether a district is setting up a UFARS-type tracking of accounts for activities or setting up a stand-alone system, the system must be established prior to the approval of transactions. It is suggested that the following features be incorporated into the account code structure:

- a) Use the same organizational unit (school identification) number as is used in the regular district (UFARS) finance system.
- b) Incorporate a two- or three-digit number to differentiate among student activities within the same organizational unit or school.

Figure 2 contains a sample account code structure, which distinguishes activities from organizational units.

**Figure 2: Sample Account Code Structure**

**District Activity Account Codes**

**North Senior High**

232-095 A.F.S.

232-180 German Club

232-276 Class of 2005

**South Junior High**

334-035 Student Council

334-090 Yearbook

334-276 Class of 2009

**Elementary**

472-035 Student Council

472-130 Student Book Club

In this example, 232 refers to all activities at North Senior High. The number 035 refers to all student council accounts, irrespective of site. Another sample is found in Item 10 in the **Appendix**.

**3. Centralized vs. Decentralized System**

The decision to have a centralized or decentralized system is made prior to the execution of transactions. The accounting system may be maintained centrally by business office personnel. With this type of system, one bank account is maintained; the receipts are recorded centrally; the checks are issued and recorded centrally; and the formal books of account are maintained centrally. The accounting system may, at the district's option, be maintained on a decentralized basis by having the principal's office maintain the system, for example. With this type of system, a separate bank account is maintained in each school; the checks are issued in each school or site; and the formal books of account are maintained in each school or site. In either mode, the chart of accounts and code structure must be defined and approved centrally.

There are advantages to having a centralized system, including:

- a) The administration can most effectively monitor the financial activity of student activities on a centralized basis.
- b) The accounting system is typically most compatible with the centralized district (UFARS) finance system.
- c) Standardized forms and procedures can be used throughout the district.
- d) A standard internal control system can be used throughout the district.
- e) The most consistent and effective financial management controls and classifications of revenues and expenditures can be centrally maintained.
- f) The least amount of resources is used to maintain the accounting system, since there is one central bank account and the detailed records are maintained by a small number of people.

Even though centralized accounting for student activities means that the bookkeeping functions are performed for a number of schools at one central location such as the business office, techniques for accomplishing this can vary among computer procedures and from computer procedures to manual procedures. For example, with computer procedures, all decisions can be made at the building level. All accounting transactions are entered on a computer terminal or on computer input forms. This

information is then transmitted to the central computer that performs accounting functions and generates reports monthly.

A manual procedure would have similar consequences. That is, all decisions are still made at the building level, but all reports and accounting would be centralized. Accounting transactions are recorded on standard forms prescribed by the district. Suggested forms include:

- a) Receipts Summary – This is a form which includes space for the school name and code number, date, activity name and account number, a brief explanation of the transaction and amount received for each account breakdown. The cash receipts are sent directly to the depository with duplicated deposit slips. After the central office receives and checks the receipts summary and compares it with the duplicate deposit slip received from the depository, the central office posts the transactions to necessary accounting books of entry.
- b) Disbursement Summary – This is a form which includes space for the school name and code, date, activity name and account number, name of payee and amount of check to be written for each account breakdown. District policy will determine whether supporting documents will be retained in individual schools or sent to the central office along with the disbursement summary. The central office makes necessary entries to accounting documents, prepares and issues checks and prepares monthly reports.
- c) Since decentralized accounting for student activities means that the bookkeeping functions are performed at the building level, it is imperative that each building has someone with an understanding of bookkeeping. Double entry accounting is required and is more complex than simply balancing a checkbook. Each school can use a microcomputer or a manual system. Some of the books of original entry include:
  - d) Cash Receipts Journal where receipts are recorded in detail by account numbers. Recorded receipts are compared with deposits and adjusted as needed. Credits are distributed to detail accounts by activities.
  - e) Cash Disbursements Journal where all disbursements of cash or checks are entered. Charges are distributed to detail accounts by activities.
  - f) General Journal where non-cash entries and adjustments are recorded. All entries must be made to both debit and credit accounts in the double entry bookkeeping system.
  - g) General Ledger. The general ledger is comprised of individual accounts on which debits and credits from the cash receipts journal, cash disbursements journal and general journal are recorded.

Schools which have a smaller number of transactions can utilize a single cash receipts and disbursements journal which combines the functions of the cash receipts journal, cash disbursements journal, general journal and general ledger. Sub-totals provide monthly totals.

In sum, during the establishment of a system, there are several items that have to be accomplished, including:

- formal determination that an account(s) are not under the control of the board and, therefore, are using this manual as contrasted with using the UFARS Manual;
- a custodian of the funds is designated;
- purpose statements exist for activities;
- the decision concerning a centralized vs. decentralized system is made; and,
- an account code structure is established.

Whether a centralized or decentralized system is used, local decisions must be made that are consistent with district policies and procedures. There must be assurances that irrespective of the type of system, the highest standards of accounting and accountability will be maintained.



#### 4. Administrative and Accounting Procedures Used to Establish An Activity Fund

An activity fund must be accounted for separately from the General Fund. Activity funds cannot be co-mingled or intermingled with other district funds. A separate account name and code is designated for each activity within the activity fund. Other necessary procedures include:

- a) The school activity funds must be in a checking account at a school board approved bank. Use of interest-bearing accounts is encouraged.
- b) School personnel are not authorized to borrow money from any individual or agency, nor are they authorized to loan money to school employees or others.
- c) Deposits are made in a timely manner and in the form that funds were received. Checks cannot be cashed from activity money for anyone.
- d) Investment of excess cash is encouraged, especially over the periods that school is not in session. Investments must also be with a school board-approved bank, since it is a form of contract. Interest from investments can be allocated to each activity account based on ending monthly account balances.
- e) Certificates of Deposit shall be kept at the school district central site for safe-keeping. No school employee unilaterally controls these certificates.
- f) Monthly reports must include a statement of receipts and disbursements and current balances. These should be made available to the activity advisor and principal monthly and at least quarterly to the student group. These same statements should be available to the board for periodic review. The school district will designate a district employee to reconcile the checking account following standard reconciliation procedures. An example of a treasurer's report is contained in Figure 3.

**Figure 3: Sample Student Activity Treasurer's Report**

Independent School District # 000  
Great Town, Minnesota

Student Activity Treasurer's Report  
Our Own High School

\_\_\_\_-Month Period from  
\_\_\_\_\_, 20\_\_\_\_ thru \_\_\_\_\_, 20\_\_\_\_

ACTIVITY ACCOUNT	BEGINNING BALANCE	RECEIPTS	DISBURSEMENTS	TRANSFERS	ENDING BALANCE
Chess Club	\$ 137.22			-\$20.00	\$ 117.22
F.H.A.	14.95		\$ 4.21		10.74
Stud. Council	177.27	\$ 277.47	260.94		193.80
Choral Music	49.62	152.35	89.70		112.27
Yearbook	1,426.51	11.25	1,316.60	20.00	141.16
German Club	310.93	440.75	330.77		420.91
Totals	\$2,116.50	\$ 881.82	\$2,002.22	\$00.00	\$ 996.10

At the end of each fiscal year, the treasurer of the activity or the advisor shall carry over to the next fiscal year the balance of each activity fund where appropriate. If it is an activity of a graduating class or a short-term activity, the advisor, principal and/or student treasurer must follow established procedures to discontinue the fund.

- a) No individual activity account will operate with a negative balance at the end of the fiscal year. Special exceptions may be made with written approval of the principal and superintendent to operate with a negative balance, but only to the extent that there are assurances that the fund has receivables (actual or projected) to offset the negative balance or board-approved

assurances that a General Fund transfer would take place. **Note: General fund transfers must use resources that are non-tax base generated. Residuals from closed activity accounts would be an example.**

- b) Activity fund money cannot be used to purchase personal items for staff members even with a reimbursement agreement. By implication, no item may be purchased of a personal nature for a staff person or student with the use of the school non-profit tax identification number.
- c) Amounts may be transferred between individual activity accounts only with the authorization of the activity advisors and student representatives from each activity account and approval of the building leader. No transfer can transpire without the existence of a transfer policy in place. Figure 4 contains a sample *Activity Account Fund Transfer Form*.

**Figure 4: Activity Account Fund Transfer Form Sample**

Student Activity Account Funds Transfer Form  
 Date \_\_\_\_\_ School Name /Code \_\_\_\_\_ Transfer/Journal Entry No. \_\_\_\_\_

Transfer Amount \_\_\_\_\_

Activity Names/Codes From \_\_\_\_\_ To \_\_\_\_\_

Reason for transfer of funds: \_\_\_\_\_  
 \_\_\_\_\_

1 <sup>st</sup> Advisor (from) Signature _____	Date _____
Student Signature _____	Date _____
2 <sup>nd</sup> Advisor (to) Signature _____	Date _____
Student Signature _____	Date _____
Building Leader Signature _____	Date _____
Superintendent Signature _____	Date _____
(when appropriate)	

**5. Uses of Activity Money**

Another issue to be addressed prior to the execution of transactions relates to the appropriate and inappropriate uses of activity money. There are also issues surrounding the use of earnings on investments and the accounting of that money which will be explored.

**a. Under Board Control**

Examples of **appropriate** expenditures for student activity accounts of a curricular or cocurricular nature under board-controlled UFARS include:

- |                         |                         |                       |
|-------------------------|-------------------------|-----------------------|
| Transportation          | Classroom supplies      | Office supplies       |
| Textbooks               | Library books           | Postage               |
| Telephone Charges       | Assemblies              | Reimbursements        |
| Police liaison officers | Educational field trips | Employee compensation |

Examples of **inappropriate** expenditures for student activity accounts of a curricular or cocurricular nature under board-controlled UFARS include:

- Employee or student holiday parties
- Entertainment expenditures
- Items of clothing that will be retained by the user
- Flowers for a funeral, retirement or any other personal event
- Donations

**b. Not Under Board Control**

Examples of **appropriate** expenditures for student activity accounts of an extracurricular nature and not under board control include:

Supplies and materials	Transportation	Travel expenditures
Food	Lodging	Admission fees
Entertainment	T-shirts	Donations

Examples of **inappropriate** expenditures for student activity accounts of an extracurricular nature and not under board control include:

Office supplies	Textbooks
Library books	Assemblies for the entire school
Office or school furniture	Employee comp, gifts, or awards
Facility meetings or faculty events	

All expenses must directly benefit the students who raised the money. All expenses should be approved by a student treasurer in addition to obtaining the other necessary approvals.

Extracurricular trips are listed above as appropriate expenditures. However, if the trip encompasses unusual and/or irregular trip experiences, they should be subject to the following approval process:

- 1) The board should approve the trip if district-owned property is being used and/or if a district employee is supervising or chaperoning the trip and whose salary is being paid by the district while on the trip. The approval should encompass the expenditure of district monies and the use of district property that is being absorbed by the district.
- 2) Administrative approval is used in other cases when the trip involves students being absent from scheduled classes, but no district subsidy is involved or when there is no overnight.

The expenditures subsidized by the district are recorded in the appropriate district fund. The other expenditures financed by the group are recorded in the student activity fund, e.g., the annual band trip is board-approved to the extent that the district is paying the employee's salary who is supervising the trip. The salary is recorded in the General Fund, and the other travel expenses financed by fundraisers or other non-district monies are recorded in the student activity fund. Care must be taken, even in this example. If the band trip and its outcomes are typically viewed as part of a graduation requirement, the trip is under board control as a cocurricular activity and, therefore, must be recorded within UFARS.

A final distinction must be made regarding the funding of activities. Whether an extracurricular activity is under board control or not, the nature of the funds is critical. Taxpayer money (taxes), or public funds, cannot be used for personal gain as in a gift. Therefore, as long as public funds are not involved in the category above—appropriate expenditures for student activities—the expenditures are appropriate.

Typically, people refer to the public test and district obligation when writing about the public purpose use of funds. A discussion of public purpose is contained on the following page.

**The Public Test and District Powers**

School districts can expend taxpayer money only for a public purpose. **An expenditure serves the public purpose if it benefits the community, is directly related to the functions of the school district, and does not have as its primary objective the benefit of private interest.** The mere fact that some private interest may derive an incidental benefit from this activity does not deprive the activity of its public nature if its primary purpose is public (*Visina v. Freeman*, 252 Minn. 177, 89N.W.2d 635(1958)).

School districts must have general control and management of all schools, school funds, and public school property. The administration of school activity funds must comply with state statutes and administrative regulations pertaining to school districts. Managers of activity funds have no inherent authority to assume school board powers and responsibilities by virtue of operating school activities or related funds. In addition, an individual high school or elementary school has no status as a legal entity. Only the school district meets that test, and therefore, individual sites cannot enter into a contract.

The general rule of the public purpose test is the method used to determine the validity of school expenditures. The rule requires one of two inquiries: (1) a search for specific statutory authority for an expenditure; (2) if none exists, then it must be determined that the expenditure is an implied necessity and is consistent with the exercise of some related express power.

Examples of specific powers of school districts include, but are not limited to:

- Employ superintendents and principals ([Minn. Stat. § 123B.14](#)).
- Take charge of the business of the district, furnish school facilities, provide textbooks, employ teachers and other staff, provide libraries, and provide health services to students ([Minn. Stat. § 123B.02](#)).
- Dispose of, lease, and maintain school buildings ([Minn. Stat. § 123B.51](#)).
- Contract for goods and labor ([Minn. Stat. § 123B.52](#)).
- Provide for cocurricular and extracurricular activities ([Minn. Stat. § 123B.49](#)).
- Provide various programs within the curriculum ([Minn. Stat. § 121A](#)).
- Procure insurance ([Minn. Stat. § 123B.23](#)).
- Enter into lease-purchase agreements and installment contracts ([Minn. Stat. § 465.71](#)).
- Set health standards for students ([Minn. Stat. § 121A.15](#)).
- Pay all just claims against the school district and accept bequests, donations and gifts ([Minn. Stat. § 123B.02](#)).
- Compromise legal claims ([Minn. Stat. § 466.08](#)).
- Enter into joint powers agreements ([Minn. Stat. § 471.59](#)).
- Borrow money ([Minn. Stat. Ch. 475](#)).

See **Item 11** in the **Appendix** for further clarification of the Public Purpose issue.

### Earnings from Investment

A final issue surrounding uses of student activity dollars is investment earnings. A suggested distribution procedure is:

- a) Earnings may be deposited in the school district's General Fund to offset specific overhead that resulted from the maintenance of the activity fund. However, earnings in excess of cost must be maintained in the activity fund.
- b) Earnings may be maintained in a separate activity account to be spent for a specific purpose or transferred to a student activity group which benefits the maximum number of students.
- c) Earnings from the investment of commingled activity funds may be periodically apportioned among all accounts that are part of the commingled cash management system based on the average deposit as determined by the balance at the beginning or end of a period of time.

A suggested effective practice is to maintain earnings in a separate activity account called the "General Account" with activity including cost of checks, deposit slip printing, cost of other bank charges, cost of activity account bookkeeping software, and the allocation of school district costs, e.g., telephone, copying, accounting expense, and audit costs.

## D. ISSUES RELATED TO ACTIVITY FUND ACCOUNTING

There are numerous issues that must be addressed in the establishment and maintenance of a student activity fund. In most instances, the issues have some type of basis for resolution in statute, rule or GAAP.

### 1. Fundraising

Student activity fundraising must adhere to the school district fundraising policy. However, there is no statutory obligation requiring a school board to have or approve fundraisers as a method of generating revenue. Fundraising projects encompass a wide range of activity from the sale of food items to the sponsorship of dances and entertainment to out-of-school sales of advertisement, gift items, candy, fruit, raffles, magazines, programs, and car washes. The district and school personnel must make several decisions, including:

- the extent to which the community will be inundated with sales;
- what sales are appropriate for which clubs and organizations;
- if projects must be established in advance of approvals for fundraisers (what are they raising money for?);
- what limits, if any, should be set for accumulation of funds;
- what purposes are appropriate for use of funds; and,
- what happens if a trip or other fundraising objective is canceled.

All school-sponsored fundraising activities should contribute to the educational experience of the students enrolled in school. These activities and projects should never be in conflict with the instructional program.

School activity fundraising must have the approval of the administration and/or board of education, either directly or through policy and procedures. In the case of a contract, it must be board-approved. Approval must be obtained for each fundraising event each time the fundraising occurs. The fundraising should be publicized in advance, with purpose and intended use of profits indicated. If a fundraiser is a form of donation to a scholarship fund, then the money should be accounted for in the UFARS Trust Fund.

An effective practice is to have all fundraisers published for board review at the beginning of each year. The review document would include:

- Name of school and activity.
- Description of fundraising activity.
- Explanation of why funds are needed and amount needed.
- Approximate date of fundraiser.
- Whether or not the fundraiser involves sales tax.
- Whether or not the fundraiser involves a contract that needs board approval.

A review document of this type permits a board and administration to make comprehensive decisions affecting fundraising as a whole.

### 2. Receipts and Deposit Procedures

Several procedures should be used by schools to properly receipt and deposit funds including:

- a) All money collected should be given a pre-numbered receipt.
- b) Upon receipt, all checks should be endorsed "For Deposit Only to the \_\_\_\_\_ School Activity Account."
- c) Two different people should count the deposit (e.g., activity advisor, school district accounting clerk and/or bank teller).

- d) Material discrepancies in the counting of receipts should be reported immediately to the chief accounting officer of the school district.
- e) Bank deposit slips should contain the issuer name and the amount of each check. For large collections, a separate spreadsheet may be used to record all checks and amounts and summarized on the deposit slip.
- f) Receipts should be deposited daily. Student activity money should not be left in a school over a weekend.
- g) Returned checks must be redeposited on a separate deposit slip indicating “not entered as a receipt.” If checks are deemed uncollectible, the amount of the check is entered as a negative receipt and the activity account that originated the revenue will have its revenue reduced by that entry. The returned check is filed with the bank statements for an audit trail. Bank fees for the returned check is charged to the activity account that originated the revenue.

As was previously mentioned, the integrity of dollars must be maintained. That is, at no time must payments be made from these monies prior to their deposit. At no time are checks to be cashed for individuals, nor any form of labor paid in cash. Receipted dollars must be deposited in the manner and form in which they were received and contain only those dollars from the particular activity or event.

### 3. Gifts

Monetary gifts or bequests to the activity fund or individual accounts within the fund should be handled in the same manner as a regular receipt. There is likely a school board policy to have each gift or bequest approved prior to acceptance. The provider of the gift may also request a receipt for income tax purposes. Only a designated school administrator or the chief accountant should sign such a receipt and only after assurance that district policy and procedures have been followed. **At no time should a school employee assign or ascribe a value to an in-kind donation that someone will use for tax purposes.** See Item 6 in Appendix for a legal reference on gifts.

### 4. Internal Control Over Receipts

Common sources of receipts are listed below. A board issuance of funds is a separate transaction from an internal transfer and must have the appropriate paper trail (see page 19). Precautions must be taken to protect all activity money from loss and to limit the liability of persons handling the money.

Common sources of receipts and related controls include:

#### Admissions/Ticket Sales

- Use prenumbered tickets.
- Change ticket colors at consecutive events.
- Store tickets in a safe or locked cabinet.
- Require the ticket taker to destroy each ticket by tearing it and returning half to customer and retaining the other half.
- Report ticket sales on a Report of Ticket Sales Document.

#### Membership Dues and Student Fees

- The advisor will supervise membership campaigns, turn in receipts daily, and complete an accurate report at the close of the campaign.
- A record of memberships issued should be maintained. If membership cards are issued, maintain a record of the number of membership cards given to each solicitor of membership.
- Solicitors will return unused membership cards along with money collected. Money should be turned in daily.
- Free or credit memberships must be approved by the advisor.
- Student fees for items such as wood for a woodworking project or special art supplies in a ceramics class shall be turned in daily and charged for in accordance with appropriate district policy and state statutes.

**Fundraising**

- Follow prescribed procedures stated previously.
- Students who collect money shall issue prenumbered receipts in duplicate where practical. The purchaser is given the original and the copy is turned in to the administrative office (or advisor) along with the money collected.
- Cash from sales are turned in daily to the administrative office and NOT CONVERTED TO A CHECK FROM THE ADVISOR.
- A record of reconciling items taken, sold, returned, and money turned in are maintained with the advisor and duplicated for the building or central office.

**Donations**

- Donations to a club or activity should be turned in to the administrative office where receipts will be issued.
- Board of Education action for acceptance of the donation must be enacted.
- Restricted gifts, such as a scholarship fund, shall be accounted for as a separate activity in the UFARS accounts with the restrictions noted.

**5. Bidding and Purchasing**

All bidding and most purchasing activities are board of education responsibilities. Individual activity groups and their advisors do not have authority to advertise for bids and award them. Individual group members and school building personnel do not operate as a separate entity. They are part of the school district. Aggregate expenditures of the district are examined for adherence to bid laws.

No activity account is obligated for purchases made by students, faculty or others unless supported by a written district authorization such as a purchase order and/or requisition form. Other recommended guides include:

- a) Compensation for services or direct payment of salaries from student activity funds to either students or employees of the district is prohibited. If individuals need reimbursement for services provided, the activity fund must make payments to the school district. The district will make payments to the individuals through the use of appropriate payroll and finance protocols.
- b) Personal purchases cannot be made through a student activity account.

Capital and non-capital equipment purchases funded by a student activity group become the property of the school district. Capital purchases are made by the school district using the following method:

- a) Payment must be made to the district business office prior to a purchase being made.
- b) A requisition is submitted to the business office.
- c) The district must generate the purchase order as requested and subsequently record the expenditure.

**6. Cash Disbursement and Checks**

Disbursements must be made from original vendor invoices. If the original invoice is unavailable, the reason shall be noted on the document supporting the payment. Check requests must be signed by the activity advisor and a student representing the activity, if appropriate. A disbursement request form should contain the following information:

- Name of organization.
- Explanation of disbursement.
- Name of vendor(s).
- Date requested.
- Date needed.
- Account code.
- Appropriate documentation such as an original invoice or sales slip.

Disbursements must be made by check only. All checks should be prenumbered and issued sequentially. No checks will be issued without completing the pay to the order of, date, amount and signature fields. Two signatures are required on all checks. Checks should be mailed the same day as they are signed. The building leader or designee must authorize all payments.

Checks are made void by printing VOID across the face of the check and tearing off the signature portion. If the check has been entered in the account ledgers, the entry is marked VOID. Amounts are recorded as negative expenditures, not as receipts. Void checks are filed with the monthly cancelled checks. Blank checks are kept in a locked location when not in use and are properly controlled and safeguarded at all times.

In addition to having proper approval for the payment, each payment must be made only after an affirmation on the availability of cash in the individual student activity account. Deficit spending is the drawing of checks against student activity accounts that have cash balances insufficient to cover the checks. That practice is not acceptable.

Items submitted for payment are subject to review for the purpose of confirming their propriety and their conformance with policy and statutory authority. Items must also have appropriate support such as invoices, check requests, approval signatures, evidence of receipt, or purchase order copies.

## **7. Bank Reconciliations**

The student activity funds and the bank statement must be reconciled monthly. The reconciliation is filed with the bank statement and cancelled checks for the month.

## **8. Advances and Reimbursements**

When it is necessary to advance cash to persons in charge of school groups making class trips or outings, a form must be completed with supporting documents attached to the form. The request for cash must be signed by the student advisor and one student representing the activity. Unused cash is returned immediately after the trip and deposited into the activity fund account. Documentation supporting the use of the advance must address the return of unused cash. A prenumbered receipt will be given for the cash received.

## **9. Disposition of Cash Balance in Discontinued Activity Accounts**

An inactive activity account may be closed at any time. This termination may be made by the activity advisor upon written request. This written request should also state the planned disposition of any money or materials that remain in an account (as per the *Activity Purpose Form*).

Procedures are needed to dispose of balances in inactive accounts or accounts of graduated classes. The board of education should enact a policy whereby monies left unused or uncommitted for a maximum of one year shall be deemed to have been committed and transferred to the Student Activity Fund for any proper school related purpose. This does not include graduating class accounts that must be removed in a more timely manner.

Graduating class accounts cease to exist at graduation since the graduated students are no longer part of the student body and, therefore, cannot have an account in the student activity fund. Well in advance of graduation, plans should be submitted in writing by the class advisor and a student representative to utilize the balance of funds or transfer the balance to another activity account. This should be approved by the principal and adequate documentation maintained.

Guidelines for the disposition of accounts include the following items:

- a) All liabilities and obligations made by the participants in the activity account must be paid.
- b) Any money that was received subject to special limitations should be returned to the donor. If any money was donated for a specific purpose, which could be fulfilled by donating the funds to another activity account, then that should be noted to the donor.



- c) At no time may any student activity dollars be used for any purpose that represents an accommodation, loan or credit to any individual.

#### **10. Student Activity Petty Cash Fund**

Administrative authority is required for the establishment of a student activity petty cash fund. These funds should be maintained in the records separate from the bank account balance. Reimbursement of activity petty cash funds will be made by means of a check drawn to replenish the amount carried in the fund. A voucher must be on file to support expenditures that are reimbursed. Petty cash funds may be redeposited in the student activity bank account at the end of each school year, and a check request can be initiated to reestablish the petty cash funds at the start of the following year.

Payments of minor amounts, which cannot conveniently be made by the issuance of checks, may be made from the student activity petty cash fund. A petty cash ticket or an invoice must support every payment out of petty cash. At any time, the authorized total of the petty cash fund on hand must be represented by paid vouchers and receipts or by cash. The following guides are to be observed:

- a) There must be no commingling of petty cash and daily receipts. No disbursements in excess of the authorized total of the cash fund can be made.
- b) No labor payments of any kind can be made out of petty cash funds.
- c) No checks can be cashed out of petty cash funds or out of daily receipts. There is no provision in the authorized procedure for recovering any cash advanced in this manner out of petty cash funds.
- d) The business office should determine the balance to be maintained and the dollar limitations on individual transactions.

#### **11. Disposition of Property**

If a particular activity account for a group has surplus material or property, it should be disposed of following the policy of the school district. Proceeds from the sale of the surplus material or property must be returned to the student activity fund, unless it was previously designated as district property by way of board action and donor request.

#### **12. Change Funds**

Change funds may be obtained for use during the conduct of a sale of items such as yearbooks. A check request for a change fund showing the amount and purpose of the change fund should be submitted to the student activity treasurer. Change funds should be returned as soon as possible and no later than the end of the school year. To accomplish this return, the change fund should be deposited separately into the activity bank account with a receipt written to record the prepared return. Change funds shall not be used for any other purpose.

### 13. Personal Checks

Personal checks cannot be cashed from a student activity fund. Personal checks may be accepted when payment is for the student activity and is in the exact amount due as in the case of the purchase of a ticket to a play. Checks cannot be made out for CASH except for establishment and replenishment of the change boxes for events. All checks made payable to CASH (for change boxes) shall be fully documented.

### 14. Labor Payments

**At no time and under no circumstances are labor payments made by cash or check from a student activity account.** Whether there is an explicit contract or an implicit contract, only checks from the board treasurer can cover the cost of labor. This practice encompasses numerous casual employees, including gatekeepers, referees (adult or student), DJs, and ticket-takers.

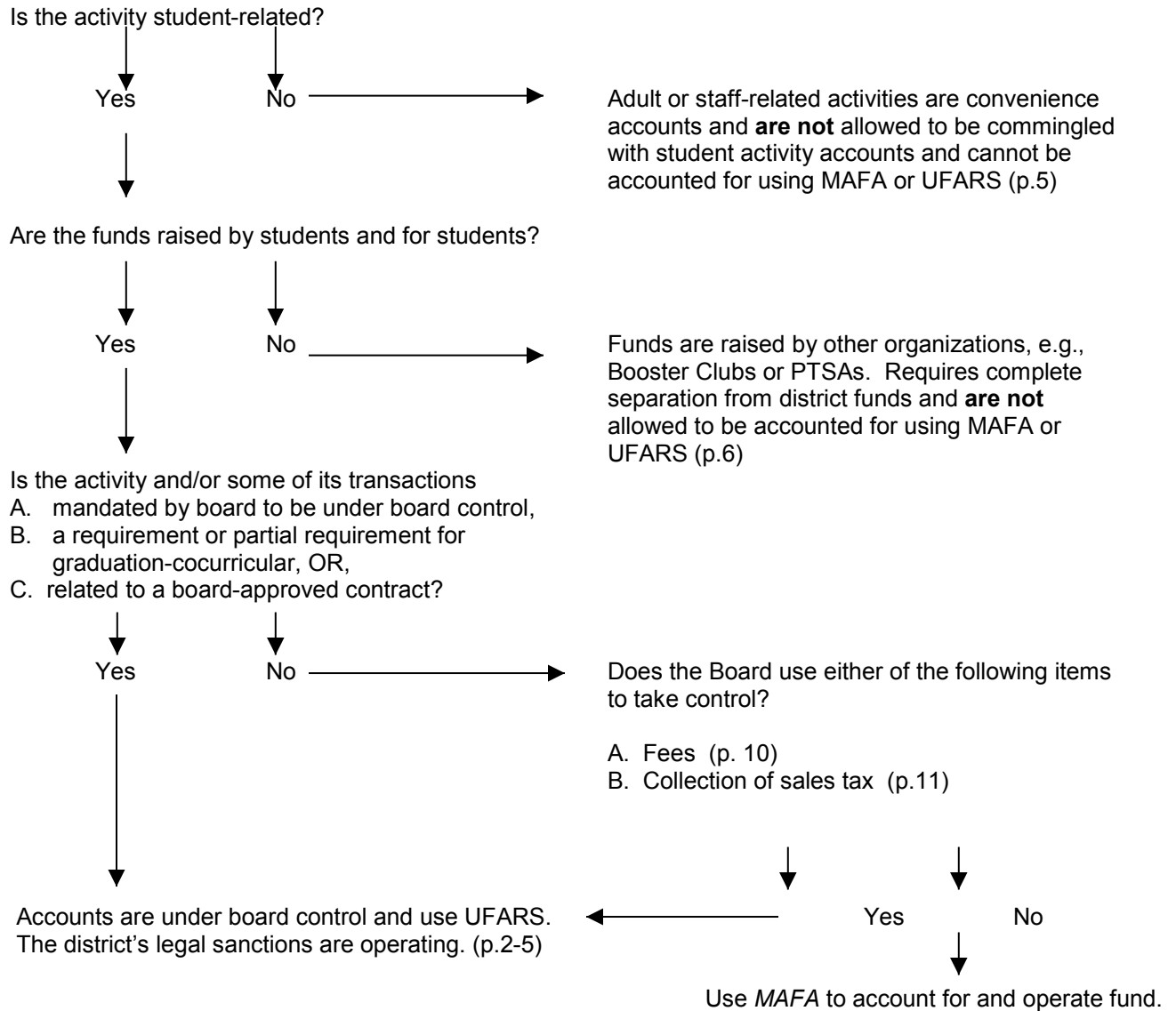
## E. AUDITING

Both external and internal audits are discussed in this section. Several examples of effective practices relating to audits and internal controls are found in *The Resource Guide to MAFA*. The flowchart in Figure 5 may be used as a simple review of decisions made concerning the inclusion or exclusion funds from the activity fund. That is, first there are decisions about which accounts to include in the activity fund. Second, the audits (external and internal) must reflect a compliance with those decisions, statutes and policies.

**Figure 5: MAFA Flowchart**

**ACTIVITY ACCOUNT DECISION-MAKING FLOWCHART**

This flowchart may facilitate decision-making on the proper placement of various activity funds. This flowchart is based upon section 1 of MAFA. Reference pages from MAFA are in parentheses ( ).



## The External Audit

Audits performed by individuals who are outside of the operation of the school district are called external audits. School districts should employ independent auditors who are certified public accountants to perform audits of school district fiscal records, including those of student activity funds. School audits are performed to determine compliance with state laws, rules and regulations, GAAP, and district policies.

Activity funds are audited annually by a certified public accountant. The fiscal year for annual audit reports will coincide with the school district fiscal year. The audit report shall be reviewed and approved by the school board. A copy of the audit report shall be filed with the Minnesota Department of Education. It must also be made available to the public upon request. If activity funds are under control of the board, then the activity fund audit is made as part of the annual school district audit.

The legal citation for audit requirements is contained in [Minnesota Statutes, section 123B.77](#), Subdivision 3.

**Statement for comparison and correction.** By November 30 of the calendar year of the submission of the unaudited financial data, the district must provide to the commissioner audited financial data for the preceding fiscal year. The audit must be conducted in compliance with generally accepted governmental auditing standards, the federal Single Audit Act, and the Minnesota legal compliance guide issued by the office of the state auditor. An audited financial statement prepared in a form which will allow comparison with and correction of material differences in the unaudited financial data shall be submitted to the commissioner and the state auditor by December 31. The audited financial statement must also provide a statement of assurance pertaining to uniform financial accounting and reporting standards compliance and a copy of the management letter submitted to the district by the school district's auditor.

MDE requires financial statement audits to be conducted in accordance with United States Generally Accepted Government Auditing Standards (Yellow Book) and requires that 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 contained in the financial notes. These steps will help verify that a student audit has been completed or that the student activities are all under board control and were audited with the General Fund.

## The Internal Audit

School district personnel perform internal audits. Internal audits can be as simple as day-to-day checking of receipts, invoices and procedures. Each school should have internal control procedures built into everyday fiscal routines. The school district may choose to have business personnel make periodic checks of building-level accounting practices to determine conformity with state laws, the contents of this manual, and district policies and procedures.

An internal audit should be completed on the student activity fund using a checklist similar to that contained in Figure 6. The checklist can be used during periodic internal audits as well as when a new activity group is proposed for addition to the student activity fund.

### Figure 6. Internal Audit Sample

#### **Internal Audit Checklist – Student Activity Fund (SAF)**

This list contains standards for evaluating components of the student activity fund and the fund itself. It is used to periodically audit the fund. The results of this audit should be given to the external auditor as a data source for his or her use during the external audit.

STANDARD	DISPOSITION
Nature of the Fund	
1. Board policies and procedures governing the student activity fund are consistently applied.	<input type="checkbox"/> Yes <input type="checkbox"/> No
2. The Student Activity Fund accounts are not under board control.	<input type="checkbox"/> Yes <input type="checkbox"/> No
<i>The board has designated through policy and action that the fund is guided by mandates and practices of the Manual for Activity Fund Accounting (MAFA). No SAF account is “under board control.” No SAF activity is for credit or aids in movement toward graduation. No transaction is related to or part of a contract or license agreement.</i>	
3. The Board receives periodic revenue and expenditure reports on the SAF, but does not approve the report and its transactions.	<input type="checkbox"/> Yes <input type="checkbox"/> No
<i>This implies a technical understanding of “under board control.” If the board approves the report(s) and transactions, then the activity or fund must be removed from the SAF and be under UFARS. Document any removals and attach disposition including name, fund balance and UFARS code if applicable.</i>	
4. Each activity account in the fund is for student-only groups.	<input type="checkbox"/> Yes <input type="checkbox"/> No
<i>There are no convenience accounts or external group accounts. Staff accounts, booster club accounts and other external group accounts are not contained in the student activity fund. If any non-student account existed at any time during the year, attach documentation that describes the action taken by the district to remove the account, including amounts, transactions, disposition of funds, and personnel involved. <b>No scholarship funds of a revolving nature exist in the SAF. These are Trust Funds.</b></i>	

Page 1: Checklist Sample

## Nature of Individual Accounts

5. Each activity group has appropriate organizational documentation on file.  Yes  No

*Appropriate documentation includes, but is not limited to, the Activity Purpose Form, list of officers for the current year, approved signers of checks, and budget that contains approved fundraisers and revenue needed to cover listed expenditures.*

6. No account has a span of inactivity greater than one year.  Yes  No

*All inactive accounts have been removed from the SAF. The reason for removal, proper signatures for removal, and the disposition of any unused money is described.*

7. Graduated class accounts are removed from the SAF.  Yes  No

*The current year graduating class account, if it exists in the SAF, is removed no later than August 1 of the graduating year. The disposition of any unused money is described. No other previously graduated class maintains an account in the SAF. **Graduates are no longer students.***

8. All fundraisers associated with SAF accounts receive prior board approval.  Yes  No

*Attach the list of any fundraiser associated with any SAF group and note date of prior approval and/or approved contract attached to it. Note contract exceptions.*

9. Expenditures benefit students as a group.  Yes  No

*Expenditures are for student activity purposes. Expenditures do not circumvent general fund responsibilities.*

Page 2: Checklist Sample

### Findings

When an external audit is conducted, there may be several types of findings registered by the Certified Public Accountant (CPA). Some of those findings will be more serious than others. For example, if certain convenience accounts were discovered to exist in the student activity fund and were removed during the year, the auditor may report those instances as reportable findings. Beginning and ending balances may be displayed in the external student activity audit, even though a particular account no longer exists. No corrective action plan would be required, since the action taken by internal personnel was the corrective action that would have been recommended.

On the other hand, there may be instances where an auditor finds one or more convenience accounts that are still in operation after the close of the year. Those findings would be considered material and would require a corrective action plan on the part of the district. If the auditor finds one or more accounts that are linked to graduated classes, those too, would likely be material. These types of findings go to the nature of the accounts and not to the veracity of the financial statements within the audit. There would also be those findings that would be considered by GAAS as reportable conditions that may go to deficiencies in internal controls.

It is important for each person in charge of student activity funds to know what is expected of him or her in the discharge of duties. It is important to know what are generally accepted accounting practices (GAAP), statutory obligations and rules of procedure, and the explicit and implicit policies of the district governing student activity accounting and reporting.

## CONCLUSION

The intention of this document is to present guidelines and suggestions for the effective development, maintenance and auditing of activity accounting. The manual contains appropriate foundations for decision making as well as particular techniques within funds. Since the manual is a work in progress, annual updates will help to assure compliance with statute and effective practice.

## ITEM 1: UFARS

### 123B.76 Expenditures; reporting.

Subdivision 1. **Recognition.** District expenditures must be recognized and reported on the district books of account in accordance with this section. Fiscal year-end recognition of expenditures and the related offsetting liabilities must be recorded in each fund in accordance with the uniform financial accounting and reporting standards for Minnesota school districts. Encumbrances outstanding at the end of the fiscal year do not constitute expenditures or liabilities. Deviations from the principles set forth in this subdivision must be evaluated and explained in footnotes to audited financial statements.

Subd. 2. **Accounting.** Expenditures for any legal purpose of the district not accounted for elsewhere must be accounted for in the general fund.

HIST: 1976 c 271 s 29; 1980 c 609 art 7 s 4; 1981 c 358 art 7 s 8,9; 1993 c 224 art 12 s 12; 1996 c 412 art 1 s 2; 1998 c 397 art 6 s 17,124

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### 123B.77 Accounting, budgeting, and reporting requirement.

Subdivision 1. **Uniform financial accounting and reporting standards.** Each Minnesota school district must adopt the uniform financial accounting and reporting standards for Minnesota school districts provided for in guidelines adopted by the department.

Subd. 2. **Audited financial statement.** Each district must submit to the commissioner by September 15 of each year unaudited financial data for the preceding fiscal year. These financial data must be submitted in the format prescribed by the commissioner.

Subd. 3. **Statement for comparison and correction.** By November 30 of the calendar year of the submission of the unaudited financial data, the district must provide to the commissioner audited financial data for the preceding fiscal year. The audit must be conducted in compliance with generally accepted governmental auditing standards, the federal Single Audit Act, and the Minnesota legal compliance guide issued by the office of the state auditor. An audited financial statement prepared in a form which will allow comparison with and correction of material differences in the unaudited financial data shall be submitted to the commissioner and the state auditor by December 31. The audited financial statement must also provide a statement of assurance pertaining to uniform financial accounting and reporting standards compliance and a copy of the management letter submitted to the district by the school district's auditor.

Subd. 4. **Budget approval.** Prior to July 1 of each year, the board of each district must approve and adopt its revenue and expenditure budgets for the next school year. The budget document so adopted must be considered an expenditure-authorizing or appropriations document. No funds shall be expended by any board or district for any purpose in any school year prior to the adoption of the budget document which authorizes that expenditure, or prior to an amendment to the budget document by the board to authorize the expenditure. Expenditures of funds in violation of this subdivision shall be considered unlawful expenditures. Prior to the appropriation of revenue for the next school year in the initial budget, the board shall calculate the general education revenue, basic skills revenue, and referendum revenue for that year that it estimates will be generated by the pupils in attendance at each site, and shall inform each site of that estimate and report this information to the Department of Education, State of Minnesota.

HIST: 1976 c 271 s 30; 1977 c 447 art 7 s 7; 1980 c 609 art 7 s 5; 1982 c 548 art 4 s 5; 1983 c 314 art 7 s 7; 1984 c 463 art 7 s 3; 1989 c 329 art 6 s 3; 1990 c 562 art 8 s 6; 1993 c 224 art 12 s 13,14; art 14 s 5; 1994

c 647 art 13 s 1; 1Sp1995 c 3 art 16 s 13; 1996 c 305 art 1 s 138; 1998 c 397 art 6 s 18,124; art 11 s 3; 1998 c 398 art 1 s 2,3; 1999 c 241 art 9 s 20; 2000 c 489 art 6 s 9

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## ITEM 2: Cocurricular and Extracurricular Statutory Reference

### 123B.49 Extracurricular activities; insurance.

Subdivision 1. **Activities outside district limits.** Whenever it appears to be beneficial and for the best interest of the district and the pupils of the district to carry on any school sport activities or educational activities connected with their studies outside of the territorial limits of the district, the board may authorize such activities to be conducted under such rules and regulations as the board deems sufficient. The district may pay all necessary costs therefor including transportation from the district funds available.

Subd. 2. **Cocurricular activities authorization.** The board must take charge of and control all cocurricular school activities of the teachers and children of the public schools in that district held in the school building or school grounds or under the supervision or direction of the school board. The board must adopt rules and regulations for the conduct of cocurricular activities in which the schools of the district or any class or pupils therein may participate. All money received on account of such activities must be turned over to the district treasurer, who shall keep the same in the general fund, to be disbursed for expenses and salaries connected with the activities, or otherwise, by the board upon properly allowed itemized claims.

Teachers or pupils in the public schools of such district must not participate in cocurricular activities, nor shall the school name or any allied name be used in connection therewith, except by consent and direction of the board.

Subd. 3. **Cocurricular activities.** Cocurricular 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. Cocurricular activities are not offered for school credit, cannot be counted toward graduation and have one or more of the following characteristics:

(a) They are conducted at regular and uniform times during school hours, or at times established by school authorities;

(b) 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;

(c) They are partially funded by public moneys for general instructional purposes under direction and control of the board.

#### Subd. 4. **Board control of extracurricular activities.**

(a) The board may take charge of and control all extracurricular activities of the teachers and children of the public schools in the district. Extracurricular activities means all direct and personal services for pupils for their enjoyment that are managed and operated under the guidance of an adult or staff member. The board shall allow all resident pupils receiving instruction in a home school as defined in section 123B.36, Subdivision 1, paragraph (a), to be eligible to fully participate in extracurricular activities on the same basis as public school students.

(b) 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.



(c) If the board does not take charge of and control extracurricular activities, these activities shall be self-sustaining with all expenses, except direct salary costs and indirect costs of the use of school facilities, met by dues, admissions, or other student fundraising events. The general fund must reflect only those salaries directly related to and readily identified with the activity and paid by public funds. Other revenues and expenditures for extracurricular activities must be recorded according to the "Manual on Activity Fund Accounting." Extracurricular activities not under board control must have an annual financial audit and must also be audited annually for compliance with this section.

(d) If the board takes charge of and controls extracurricular activities, any or all costs of these activities may be provided from school revenues and all revenues and expenditures for these activities shall be recorded in the same manner as other revenues and expenditures of the district.

(e) If the board takes charge of and controls extracurricular activities, the teachers or pupils in the district must not participate in such activity, nor shall the school name or any allied name be used in connection therewith, except by consent and direction of the board.

Subd. 5. **Contract for insurance.** The board may enter into a contract providing for the payment of cash benefits or the rendering or payment of hospital and medical benefits, or both to school children injured while participating in activities of the school. The contract entered into by the board may make the payment of such benefits or the rendering thereof the direct and sole obligation of the association or company entering into such contract with the district.

If the board deems it advisable, it may authorize employees to collect fees from the pupils enrolled in said school who are to be or are covered by such contract, and to make payment of the premium or other charge for such contract or protection. The payment of such premium or other charge may be made from funds received from the federal government or from the state or any governmental subdivision thereof, or from funds derived by a tax levy or the issuance of bonds. The child's payment of any fees, premium or other charge shall not thereby make the district liable for any injuries incurred from such school activities.

The commissioner of Department of Education may purchase medical insurance coverage for the benefit of students of the Minnesota state academy for the deaf or the Minnesota state academy for the blind in the same manner and with the same effect as a school district board may do for its students under this subdivision.

Subd. 6. **Insurance laws.** The insurance laws of this state shall not apply to nonprofit benefit and relief associations formed by public schools or officers of public schools or the Minnesota state high school league, the privileges of which and applications for membership in which are confined to pupils of the schools, and the benefits and relief to be derived therefrom are limited to pupils injured or disabled from participation in school athletics or any supervised school activity.

HIST: Ex1959 c 71 art 4 s 20; 1971 c 254 s 1; 1976 c 212 s 1-5; 1979 c 335 s 14; 1987 c 258 s 12; 1987 c 384 art 1 s 55; 1989 c 246 s 2; 1990 c 562 art 8 s 25; 1991 c 265 art 9 s 40; 1996 c 412 art 13 s 14,15; 1998 c 397 art 6 s 78-82,124; 1998 c 398 art 5 s 55; 1999 c 241 art 5 s 6

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## ITEM 3: Co-extracurricular Rule

### 3500.1050 DEFINITIONS FOR PUPIL FEES.

Subpart 1. **Applicability.** For the purposes of [Minnesota Statutes, section 123B.35 to 123B.39](#) the following terms have the meanings given them.

Subp. 2. **Curricular.** "Curricular" means those portions of the school program for which credit is granted. This definition applies equally to required or elective curricular programs.

Subp. 3. **Cocurricular.** "Cocurricular" means those portions of the school sponsored and directed activities designed to provide opportunities for pupils to participate in such experiences on an individual basis or in groups, at school and at public events, for improvement of skills. Cocurricular activities have one or more of the following characteristics:

- A. are for credit or required for graduation;
- B. are conducted at regular and uniform times during school hours, or if at times other than school hours, are established by school authorities;
- C. are directed or supervised by instructional staff in a learning environment similar to that found in courses offered for credit; and
- D. are primarily or totally funded by public moneys for general instructional purposes under direction and control of the local board of education. Any deficits resulting from these activities are always subsidized by general school funds.

Subp. 4. **Noncurricular.** "Noncurricular" activities means those activities that include all direct and personal services for public school pupils for their enjoyment that are managed and generally operated under the guidance of an adult or staff member. Noncurricular activities have all of the following characteristics:

- A. are not for credit or required for graduation;
- B. are conducted for the most part during other than school hours, or if partly during school hours, at times agreed by the participants, and approved by school authorities;
- C. the content of the activities is determined primarily by the interests of the student participants and their parents with only the guidance of the staff member or other adult; and
- D. with the possible exception of direct costs of any salaries and indirect costs of the use of school facilities, the activity is self-sustaining as all other expenses are met by dues, admissions or other pupil fund raising events.

Subp. 5. **Extracurricular.** "Extracurricular" has the same meaning as noncurricular.

Subp. 6. **Supplementary.** "Supplementary" has the same meaning as noncurricular.

Subp. 7. **Regular school day.** "Regular school day" means that which is defined in part 3500.1500 for middle and secondary pupils and in part 3500.1200 for elementary pupils.

STAT AUTH: MS s 121.11

HIST: L 1998 c 397 art 11 s 3

*Current as of 10/07/07*

## ITEM 4: Pupil Fee Statutes

### 123B.35 General policy.

It is the policy of the state of Minnesota that public school education shall be free and no pupil shall be denied an education because of economic inability to furnish educational books and supplies necessary to complete educational requirements necessary for graduation. Any practice leading to suspension, coercion, exclusion, withholding of grades or diplomas, or discriminatory action based upon nonpayment of fees denies pupils their right to equal protection and entitled privileges. It is recognized that school boards do have the right to accept voluntary contributions and to make certain charges and to establish fees in areas considered extracurricular, noncurricular or supplementary to the requirements for the successful completion of a class or educational program. No public school board may require, except as authorized by section 123B.36 and 123B.38, the payment of fees.

HIST: 1974 c 561 s 2; 1998 c 397 art 1 s 58; art 11 s 3

### 123B.36 Authorized fees.

Subdivision 1. **School boards may require fees.** (a) For purposes of this subdivision, "home school" means a home school as defined in section 120A.22 and 120A.24 with five or fewer students receiving instruction.

(b) A school board is authorized to require payment of fees in the following areas:

(1) in any program where the resultant product, in excess of minimum requirements and at the pupil's option, becomes the personal property of the pupil;

(2) admission fees or charges for extracurricular activities, where attendance is optional and where the admission fees or charges a student must pay to attend or participate in an extracurricular activity is the same for all students, regardless of whether the student is enrolled in a public or a home school;

(3) a security deposit for the return of materials, supplies, or equipment;

(4) personal physical education and athletic equipment and apparel, although any pupil may personally provide it if it meets reasonable requirements and standards relating to health and safety established by the board;

(5) items of personal use or products that a student has an option to purchase such as student publications, class rings, annuals, and graduation announcements;

(6) fees specifically permitted by any other statute, including but not limited to section 171.05, Subdivision 2; provided (i) driver education fees do not exceed the actual cost to the school and school district of providing driver education, and (ii) the driver education courses are open to enrollment to persons between the ages of 15 and 18 who reside or attend school in the school district;

(7) field trips considered supplementary to a district educational program;

(8) any authorized voluntary student health and accident benefit plan;

(9) for the use of musical instruments owned or rented by the district, a reasonable rental fee not to exceed either the rental cost to the district or the annual depreciation plus the actual annual maintenance cost for each instrument;

(10) transportation of pupils to and from extracurricular activities conducted at locations other than school, where attendance is optional;

(11) transportation to and from school of pupils living within two miles from school and all other transportation services not required by law. If a district charges fees for transportation of pupils, it must

establish guidelines for that transportation to ensure that no pupil is denied transportation solely because of inability to pay;

(12) motorcycle classroom education courses conducted outside of regular school hours; provided the charge must not exceed the actual cost of these courses to the school district;

(13) transportation to and from postsecondary institutions for pupils enrolled under the postsecondary enrollment options program under section 123B.88, subdivision 22. Fees collected for this service must be reasonable and must be used to reduce the cost of operating the route. Families who qualify for mileage reimbursement under section 124D.09, Subdivision 22, may use their state mileage reimbursement to pay this fee. If no fee is charged, districts must allocate costs based on the number of pupils riding the route.

Subd. 2. **Boards may require students to furnish certain items.** Students may be required to furnish personal or consumable items including pencils, paper, pens, erasers and notebooks.

Subd. 3. **Boards may require students to provide for certain transportation.** Students may be required to furnish their own transportation to and from an instructional community-based employment station that is part of an approved occupational experience secondary vocational program. As an alternative, a board may require the payment of reasonable fees for transportation to and from these instructional community-based employment stations. This subdivision only applies to students who receive remuneration for their participation in these programs.

Subd. 4. **School uniforms.** Notwithstanding section 123B.37, a board may require students to furnish or purchase clothing that constitutes a school uniform if the board has adopted a uniform requirement or program for the student's school. In adopting a uniform requirement, the board shall promote student, staff, parent, and community involvement in the program and account for the financial ability of students to purchase uniforms.

Subd. 5. **School store permitted.** Sections 123B.34 to 123B.39 may not preclude the operation of a school store where pupils may purchase school supplies and materials.

Subd. 6. **Waiver of student fees based on need.** A board may waive any deposit or fee if any pupil or the pupil's parent or guardian is unable to pay it.

HIST: 1974 c 561 s 3; 1976 c 271 s 19; 1978 c 764 s 7; 1986 c 444; 1988 c 718 art 2 s 1; 1990 c 562 art 2 s 1; 1991 c 130 s 37; 1992 c 499 art 12 s 29; 1993 c 224 art 2 s 2; 1995 c 226 art 3 s 5; 1996 c 412 art 2 s 4; 1998 c 388 s 1; 1998 c 397 art 1 s 46-50,58; art 11 s 3; 1998 c 398 art 5 s 5; 1999 c 241 art 5 s 5; 1Sp2001 c 6 art 1 s 6

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### **123B.37 Prohibited fees.**

Subdivision 1. **Boards shall not charge certain fees.** (a) A board is not authorized to charge fees in the following areas:

(1) textbooks, workbooks, art materials, laboratory supplies, towels;

(2) supplies necessary for participation in any instructional course except as authorized in section 123B.36 and 123B.38;

(3) field trips that are required as a part of a basic education program or course;

(4) graduation caps, gowns, any specific form of dress necessary for any educational program, and diplomas;

(5) instructional costs for necessary school personnel employed in any course or educational program required for graduation;

(6) library books required to be utilized for any educational course or program;

- (7) admission fees, dues, or fees for any activity the pupil is required to attend;
- (8) any admission or examination cost for any required educational course or program;
- (9) locker rentals;

(10) transportation to and from school of pupils living two miles or more from school. (b) Notwithstanding paragraph (a), clauses (1) and (6), a board may charge fees for textbooks, workbooks, and library books, lost or destroyed by students. The board must annually notify parents or guardians and students about its policy to charge a fee under this paragraph.

Subd. 2. **Boards shall not withhold grades or diplomas for nonpayment of student fees.** No pupil's rights or privileges, including the receipt of grades or diplomas may be denied or abridged for nonpayment of fees; but this provision does not prohibit a district from maintaining any action provided by law for the collection of fees authorized by § s 123B.36 and 123B.38.

HIST: 1974 c 561 s 4; 1976 c 271 s 20; 1988 c 718 art 2 s 2; 1991 c 130 s 37; 1992 c 499 art 12 s 29; 1Sp1995 c 3 art 9 s 5; 1996 c 412 art 2 s 5; 1998 c 397 art 1 s 51,58; art 11 s 3; 1Sp2001 c 6 art 1 s 7

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### **123B.38 Hearing.**

Before the initiation of any fee not authorized or prohibited by section 123B.36 and 123B.37, the local board must hold a public hearing within the district upon three weeks published notice in the district's official newspaper, or such notice as is otherwise required for a regular board meeting given three weeks before the hearing on the proposed adoption of the policy.

HIST: 1974 c 561 s 5; 1982 c 424 s 130; 1985 c 248 s 70; 1987 c 384 art 2 s 1; 1990 c 422 s 10; 1993 c 224 art 13 s 3; 1994 c 465 art 3 s 64; 1Sp1995 c 3 art 9 s 6; 1998 c 397 art 1 s 52,58; art 11 s 3

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## **ITEM 5: Contract References**

### **123B.09 Boards of independent school districts.**

Subd. 6. **Meetings.** A majority of the voting members of the board shall constitute a quorum. No contract shall be made or authorized, except at a regular meeting of the board or at a special meeting at which all members are present or of which all members have had notice. Special meetings may be called by the chair or clerk or any three members upon notice mailed to each member at least three days prior thereto.

### **123B.52 Contracts.**

Subd. 2. **Contract within budgeted amounts.** The board may authorize its superintendent or business manager to lease, purchase, and contract for goods and services within the budget as approved by the board. Any transaction in an amount exceeding the minimum amount for which bids are required must first be specifically authorized by the board and must fulfill all other applicable requirements in subdivision 1.

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## **ITEM 6: Gifts**

### **123B.02 General Powers of independent school districts**

Subd. 6. **Bequests; donations; gifts.** The board may receive, for the benefit of a district, bequests, donations, or gifts for any proper purpose and apply the same to the purpose designated. In that behalf, the

board may act as a trustee of any trust created for the benefit of the district, or for the benefit of pupils thereof, including trusts created to provide pupils of the district with advanced education after completion of high school, in the advancement of education.

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## **ITEM 7: Sales Tax Reference (modified by Minnesota Legislature 2002)**

### **Purchases by schools**

Purchases of items by public or non-profit private schools for their own use are generally exempt from sales tax. However, the exemption *does not* apply to purchases of meals, lodging, waste collection and disposal services, and motor vehicles.

**Private schools** and colleges must furnish to their suppliers either a Certificate of Exemption, Form ST-3, or a copy of their Certificate of Exempt Status, Form ST-17. Nonprofit private schools are encouraged to apply for a Certificate of Exempt Status, Form ST-17. Application Form ST-16 is available on request.

**Public schools** and universities, including the University of Minnesota, state universities, community colleges, and state academies, may furnish to their suppliers either a Certificate of Exemption, Form ST-3 or a purchase order or payment voucher that clearly indicates that the school is a government entity.

When a printed purchase order includes words to the effect that the school is exempt from tax, these words should be deleted when not applicable, such as in the purchase of meals and lodging. If bids are taken for the improvement, construction or repair of real property (for example, the sale and installation of carpeting), a statement should be included that the bidder is responsible for payment of any sales or use taxes.

Purchases are exempt from sales tax only when billed to and paid for by the school. Schools should not make exempt purchases for employees who will reimburse the school. Purchases made for a school by an employee who is later reimbursed by the school are not exempt.

Purchases of meals and hotel/motel lodging by schools or individuals traveling on school business are taxable, even if billed directly to the school.

Schools must pay the 6.5 percent tax when purchasing or leasing motor vehicles in Minnesota. The only exception is that a vehicle purchased as an instructional aid in a shop class is exempt from the tax.

### **Sales by schools**

Any school making retail sales of taxable items must have a sales and use tax permit, and collect and remit sales tax unless it qualifies for the exemption for fund-raising events described below. Sales tax collected on sales made by organizations that are part of the school, such as the band, choir, or science club, should be reported on the sales and use tax return filed by the school. Separate organizations, such as PTAs, must have their own numbers. To register for a sales tax permit, call (612) 282-5225 or 1-800-657-3605.

There is an exemption for the sale of tickets or admissions to regular season school games, events, and activities. For purposes of administering this exemption, "school" means a public or private school for grades 1 through 12. Tournaments, post-season games and other non-regular season games, events and activities are not included in this exemption.

**Fundraising events**

School fundraising sales may qualify for exemption from sales tax under either of the following two categories:

**Exemption one** – Gross receipts from sales of goods, admission charges, and sales of food, meals, or drinks at events sponsored by schools are exempt from sales tax if the gross annual sales receipts do not exceed \$10,000. Each student organization at elementary and secondary schools is considered to be a separate organization for the purpose of applying the \$10,000 tax-exempt fund-raising limit. Sales are exempt from tax if the total sales (both taxable and nontaxable) of the organization do not exceed \$10,000.

**Public schools** – This exemption does not extend to sales or activities for which the money must be deposited with the school district treasurer or recorded with other revenues or expenditures of the school district as required by Minnesota Statutes, section 123B.49, Subdivision 2 and 4(b).

**Exemption two** – If the gross annual receipts of any school organization or of the school exceed the \$10,000 limit, the sales may still qualify for an exemption from sales tax. To qualify under this exemption, it is necessary to look at all of the activities of the school, including the activities of student organizations that exceed the \$10,000 limit.

The sales are exempt if they meet the following four requirements:

1. Profits must be used only for charitable, religious or educational purposes.
2. The exemption is limited to no more than 24 days of sales each calendar year. When counting the number of selling days each year, follow these guidelines:
  - a. All selling days for the school including selling days for organizations that exceed the \$10,000 must be counted.
  - b. If a group takes orders for goods with delivery to be made in the future, only the number of delivery days are counted as selling days. This is true even if goods are paid for at the time orders are taken.
  - c. Each day must be counted if a group sells and delivers goods at the same time.
  - d. If a group sells tickets for admissions, amusements, or meals for a fund-raising event, only the number of days on which the activity actually takes place are counted as selling days. Pre-sales of tickets are not included in the number of selling days for a fund-raising event.
  - e. Days when only exempt sales are made are included in the total number of selling days.
3. Separate accounting records must be well documented for each fund-raising event, including all receipts and disbursements.
4. Fund-raising events held on premises leased for more than four days but less than 30 days do not qualify for the exemption.

*If any of these four requirements are not met, and if total annual gross receipts exceed \$10,000, all sales of taxable items made during the year are taxable.*

**Examples of Taxable Sales**

- Admissions to swimming pools.
- Admissions to tournaments, post-season games, and other non-regular season games, events and activities.
- Athletic equipment, such as the sale or rental of football shoes or pads.
- Books (other than textbooks), encyclopedias, dictionaries, and yearbooks.
- Coin-operated amusement devices, such as jukeboxes or pinball machines owned or leased by the school.
- Cosmetic and toiletry items and school supplies, such as pencils, paper, and notebooks.
- Diploma fees.
- Fees charged for the use of personal computers.
- Graduation announcements, class rings, pictures.
- Locker rental (free standing or bolted to floor).
- Lodging, where rental agreement is for less than 30 days, except where lodging is included in the charge for an educational program sponsored by the school on the school's premises.
- Meals served off the school premises, such as at administrative offices or restaurants.
- Parking fees.
- Shop supplies, art materials, and sewing supplies, such as needles and patterns.

- Meals, lunches and sales of food through vending machines, including sales of candy and pop, when furnished, prepared or served on school premises.

**Examples of Exempt Sales**

- Admission tickets sold for artistic performances, such as concerts and plays sponsored by the school.
- Auditorium programs for students for educational purposes.
- Breakage or loss of books or equipment (reimbursement for).
- Candy sold for fund-raising purposes (on or off school premises).
- Charges for lodging where the agreement is for more than 30 days.
- Feminine hygiene products, such as sanitary napkins and tampons.
- Graduation cap and gown rental.
- Gym clothes.
- Home economic supplies of food or sewing materials, such as fabric, zippers, and buttons.
- Locker rental (built-in lockers).
- Magazine subscriptions.
- Membership dues to school organizations.
- Newspapers, if regularly published at least once every three months.
- Sales of tickets or admissions to regular season school games, events, and activities held on or off school premises.
- Textbooks required for use in a course of study and sold to regularly enrolled students.
- Towel fees.
- Tuition and all related instructional fees.

Department of Revenue, Schools – Sales and Purchase Sales Tax Fact Sheet 111

*Revised 1/94 (Effective 7/01/02 [Minn. Stat. § 297A.67](#), Subd.5. food/drink from vending machines with a contract issued after May 30, 2002 are subject to sales tax within exemption limits) See Page 10 above.*

**ITEM 8: Excerpt from: UFARS, Chapter 3. Program p. 8-9.****291 Cocurricular Activities (Non-Athletics)**

School-sponsored and directed activities designed to provide opportunities for pupils to participate in school and public events for the improvement of skills. An example is Student Council activities. Cocurricular activities are offered for school credit, meeting a standard(s), or counted toward graduation and have one or more of the following characteristics:

- a) they are conducted at regular and uniform times during school hours, or at times established by school authorities;
- b) they are directed or supervised by instructional staff in a learning environment similar to that found in courses offered for credit or are themselves offered for credit or standard; and
- c) they are fully or partially funded by public moneys for general instructional purposes under the direction and control of the board.

**292 Boys/Girls Athletics**

Co-educational physical sports or contests. Athletics differs from physical education (see Program 240) in that:

- a) the majority of time is other than regular school hours;
- b) teachers, coaches, or supervisors normally receive remuneration beyond base salary for these activities; and
- c) physical sports events or contests occur outside of the usual instructional class environment.



Boys/Girls Athletics includes that part of the total athletic program that is shared by male and female participants or cannot be easily separated for either boys or girls athletic activities (see Boys Athletics - Program 294, and Girls Athletics - Program 296).

**294 Boys Athletics**

Athletic activities (see Program 292) in which 90 percent or more of the participants are male.

**296 Girls Athletics**

Athletic activities (see Program 292) in which 90 percent or more of the participants are female.

**298 Extra-Curricular Activities**

All services under board control for public school pupils which are managed and operated under the guidance of an adult or staff member. Extra-curricular activities have the following characteristics:

- a) they are not offered for school credit, do not go to a standard, nor required for graduation;
- b) are generally conducted outside school hours, or if partly during school hours at times agreed by the participants and approved by school authorities; and,
- c) the content of the activities is determined primarily by the pupil participants under the guidance of a staff member and other adult.

**ITEM 9: Agency and Trust Funds Defined.**

Taken from the *UFARS Manual*:

**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. 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.

**09 Agency Fund**

The Agency Fund is used to account for assets where the school district has a formal agency agreement with other governmental units, employees, students or others. As an agent, the district holds property for others and performs duties as directed. Therefore, this fund does not report operations, only asset and liability account balances. Examples of the use of an Agency Fund: (1) deferred compensation, and (2) activity fund accounting, other than student activity funds.

The Agency Fund is currently under study by MDE and others. There is a recent opinion from the Office of the State Auditor that reiterates that there appears to be no statutory authority given to a school district that would permit a school district to account for funds of an outside party. It is inappropriate for school districts to maintain accounts in their general ledger for boosters, foundations, or other third parties.

## Item 10: Opinion on Student Activity Accounts

### Issue One: Staff Lounge Vending Machine

### Issue Two: Proceeds from Vending Machines

The Financial Management Team at the Department of Education has continued to search out more pragmatic and defensible answers to questions on the new *Manual on Activity Fund Accounting* (MAFA) in Chapter 14 of the *Uniform Financial and Reporting Standards* (UFARS) manual. During training on MAFA, it was understood that some of the issues were in need of clarification during the FY 2003 implementation of the improved guidelines for student activity accounting.

Two issues now seem to be clarified. They are:

*What should be done with the vending machines in the teacher's lounge?  
Can vending machine proceeds be given to a student activity account?*

There were attempts to get auditor opinions as well as find other sources of guidance. The first **Financial Accounting Instruction (FAI)**, which was replaced by the **School Business Bulletin (SBB)**, contained opinions relevant to the issues.

### Issue One: Staff Lounge Vending Machine

On January 10, 1976, the FAI stated:

"Vending machine operations of a limited nature such as in a teachers or staff lounge or for other employee groups may be exempted from the stated financial accounting procedures by the school board at its discretion. The amounts involved are minor and may accrue to and be controlled by a teacher or staff organization."

However, even though:

- a) the contract was approved by the board (as with all vending machine contracts);
- b) the proceeds were recorded separately from UFARS;
- c) the proceeds were of a minimal amount; and,
- d) the board made a motion that the machine in the lounge and proceeds used by the controlling group was approved...

*That opinion did not recognize that the minute the board took control of the machine by virtue of the two motions, UFARS must be used. Further, a board cannot issue a gift to an external organization or to a separate group including a staff member or a staff group. Therefore, vending machines operated on school property under the control of the board would have their proceeds go to a legitimate activity, not to an adult fund and not accounted for in the student activity fund.*

Most of these issues, however, were of the type where the profits were to be used to fund a scholarship. Those types of activities are valid. The profits from the vending machines would go to a trust fund account, after the proceeds had been deposited into the general fund. The teacher group could still guide the issuance of scholarships as long as that activity was recognized and approved by the board.

### Issue Two: Proceeds from Vending Machines Going to Activities

The FAI from January 10, 1976, also had a reference on vending machine proceeds being deposited in the general fund and going back to an activity. It stated:

“Revenues from vending machine sales **cannot** be turned over to any individual or school organization **not under control of the school board** such as a student activity, club, school principal or other staff member as the school board cannot grant gifts or otherwise subsidize operations over which it has no direct budgeting, expenditure or accounting responsibilities.”

This FAI opinion was supported in part by an Attorney General Opinion (63-A-2, May 6, 1965) that clarified that public funds could not be used for the personal gain of individuals. In essence, the opinion reaffirmed the Public Purpose Test of the use of public funds.

That opinion was recently reaffirmed in a letter from the Office of the State Auditor, dated May 24, 2005.

Therefore:

- a) proceeds from vending machines are deposited in the general fund; and,
- b) profits (from proceeds less expenses) from the general fund can be transferred to a student activity account ONLY IF the activity account is under board control, since that is the only way a transfer could occur.

### Item 11: Opinion Paper on Public Purpose, Public Funds and Student Activity Accounting

This opinion paper is currently under development.

### ITEM 12: Sample Coding using a UFARS-based Activity Accounting on Transactions Not Under Board Control Only

The group of codes below represents a method whereby a district or school could use the UFARS-like system for student accounting on transactions **not under board control**, with the same protocol as those transactions that are **under board control**. The user would not have to purchase a stand-alone system for activity accounting with this method. Loading of data could be done centrally or at each site, depending on the rigor and style of local protocols.

***The samples and the exercise are for discussion purposes only. It is not an MDE recommendation. It is meant to demonstrate options and alternatives. However, some of this sample is contained in the UFARS Manual as well as in the MAFA Manual.***

The student accounting structure would look like the UFARS structure in Figure 1.

**Figure 1: UFARS Structure**

Revenues:					
FUND XX	ORGANIZATION XXX	PROGRAM XXX	FINANCE XXX	SOURCE XXX	COURSE XXX
Expenditures:					
FUND XX	ORGANIZATION XXX	PROGRAM XXX	FINANCE XXX	OBJECT XXX	COURSE XXX

The Source dimension is not used in the expenditure accounts.

## FUND

The **fund** dimension code is a number such as **21**. It is a fiduciary fund within the UFARS system and is segregated as is any other fund in the *UFARS Manual*. If needed, the fund 21 transactions could be cross-walked to Agency Fund 09 for an end of year activity.

## ORGANIZATION

The **organization** dimension code is the three-digit number registered with MDE and is the official identification of the learning sites within a district. It is the same as the code used in *UFARS*.

## SOURCE

The **source** dimension code defines the origin of the revenue. For transfers from one student activity account to another, use the current UFARS protocol and the suggested code format at the end of this sample. Some of the codes that may already be applicable (especially if activities are already under board control are:

Source 060 Admission And Student Activity Revenue (Fund 01)  
Source 621 Sale of Materials Purchased for Resale (Fund 01 and/or 04)

The remaining source codes are meant to convey the suggestion that more precision may be needed in local districts on the origin of funds. These same samples are in the *UFARS Manual* and recommended to be reserved for use with student activities. The actual set of reserved or set-aside numbers are the series 900-999.

Revenue Type	Code	Paid to an activity account :
District payment	950	from host district's general fund
Interest payment	952	from locally determined distribution of interest on accounts
Membership dues	953	from individual members
Advertising	954	from individual, business, agency or organization
Donation	955	from individual, business, agency or organization
Sales rebates	956	from Target stores for purchases
Sales rebates	957	from _____ for purchases (specify store)
Event sales	970	from sale of tickets to particular event
Concession sales	972	from sale of traditional concessions at events
In-school store sales	973	from sale of dry goods in the school store
Labor-based activity	975	from activity such as a car wash

The sales could not be as a result of a contract ratified by the board, since that would be under board control. See the write-up on TRANSFERS at the end of this sample.

## FINANCE

The **finance** dimension code is similar to that in *UFARS* in that it defines and tracks a specific type revenue and expenditure. In this context (student activity accounting), the finance dimension code would be 000.

## PROGRAM

The **program** dimension codes in this example are taken directly from the *UFARS Manual*, Chapter 3. Program. Since these are only for NOT under board control, 292,294 and 296 would not be used.

<del>Boys/Girls Athletics</del>	<del>292</del>	<del>Expenditures on coeducational physical sports and contests</del>
<del>Boys Athletics</del>	<del>294</del>	<del>Athletic activities with 90% or more male participants</del>
<del>Girls Athletics</del>	<del>296</del>	<del>Athletic activities with 90% or more female participants</del>
Extra-curricular	298	Activities, supplemental, not for credit
Transfers	950	Transfer between funds to supplement resources

## OBJECT

The **object** dimension code is used to describe the type of commodity or service obtained as a result of the expenditure. All the object codes are the same as those used in the *UFARS Manual*, Chapter 5. Object. Codes for salary and wages (110-199) and employee benefits (210-299) are not used, since those expenditures are **under board control**. Some examples are:

Name	Code	Description
Supplies and Materials- Non-instructional	401	supplies and software
Food	490	
Permanent Transfers	910	Transfer from one account to another account.

## COURSE

The **course** dimension code is used to define an activity. Each type of activity has a code. However, band is band, whether it is in a junior high or the senior high. It is distinguished by the organization dimension code or a locally defined code for a specific band within the same site. **The 900 series of course codes is set aside for use by student activity accounts.**

Type of Activity	Code	Description
Class of 2003	903	Class activity account
Class of 2004	904	Class activity account
Class of 2005	905	Class activity account
Class of 2006	906	Class activity account
Class of 2007	907	Class activity account
Class of 2008	908	Class activity account
Class of 2009	909	Class activity account
Class of 2010	910	Class activity account
Class of 2011	911	Class activity account
Class of 2012	912	Class activity account
Class of 2013	913	Class activity account
Class of 2014	914	Class activity account
Class of 2015	915	Class activity account
Band	930	Activity account for the band
Band specific	931	_____ (specific band such as marching or orchestra)
Language Club-French	940	Activity account for language club
Language Club-German	941	Activity account for language club
Language Club-Spanish	942	Activity account for language club
Language Club-_____	943	Activity account for language club: specify: _____
Athletic: Baseball	950	Activity account for athletics
Athletic: Basketball	951	Activity account for athletics
Athletic: Football	954	Activity account for athletics
Athletic: Softball	955	Activity account for athletics
Athletic: Swimming	956	Activity account for athletics
Athletic: Tennis	957	Activity account for athletics
Athletic: Track	958	Activity account for athletics
Athletic: _____	959	Activity account for athletics: specify _____

Cheerleading	961	
Student Council	970	Student leadership account
Yearbook	971	Production of Annual
Activity Account: _____	972	Activity account-not athletics: specify: _____
Interest Account	999	Placement of interest prior to distribution or use

## TRANSFERS

Transfers are handled the same as in the regular UFARS system. A debit and credit are created for each transfer of funds between activity accounts. For example, if the band (930) at Morning High (215) transfers funds to the Morning High (215) Yearbook Account (971), it would be booked as in Figure 2: Booking a Transfer.

**Figure 2. Booking Transfer**

CREDIT:	21 (fund)	215 (org)	950 (program)	000 (finance)	649 (source)	971 (course)
DEBIT:	21 (fund)	215 (org)	950 (program)	000 (finance)	910 (object)	930 (course)

Other options exist, such as:

1. Use Finance in a more non-traditional manner coupled with Source. That is, move the Source Dimension Codes to Finance. Drop the use of 000 in the Finance; use 099 for Source. Some argue that this would provide a more precise tracking of revenues from each event or revenue source.
2. Use Source 099, Finance 000, and utilize the course codes.

## Sample Policy on Student Activity Accounting

### Section One: Purpose Statement

The Board of Education recognizes the need to provide alternative paths to learning, skill development for its students, and activities for student enjoyment. It also understands its commitment to and obligation for assuring maximum accountability for public funds and student activity funds. To those ends, the District assumes control of all student activity accounting that relates to curricular and co-curricular activities as per [Minnesota Statutes, section 123B.49](#), Subdivision 2, Cocurricular activities authorization. Further, the district takes control of all student activity accounting that relates to extracurricular activities as per Minnesota Statutes, section 123B.49, Subdivision 4, Board control of extracurricular activities.

The district recognizes the need to provide accountability in a form that is reality-tested and transparent to the public. It must provide information to the public that is understandable; information that conforms to actual revenue and expenditure data; and information that conforms to a public test and district powers statement.

### Section Two: Definitions

#### A. Public Test and District Powers

An expenditure serves the public purpose if it benefits the community as a whole, is directly related to the functions of the school district, and does not have as its primary objective the benefit of private interest. It is with the rights and obligations of a district that it provides cocurricular and extracurricular activities and pays all necessary costs associated with those activities.

**B. Cocurricular Activity**

A cocurricular activity is that activity sponsored by the district and under its control. The activity may lend itself to the granting of credit or is related to a credit granting mechanism as in the case of a performing band in the evening (cocurricular activity) that is related to band instruction during the regular class day.

**C. Extracurricular Activity**

An extracurricular activity is a school-sponsored activity that may be under the control of the District. The transactions of the activity are under board control and the activity does not relate to a credit granting mechanism nor is the activity for credit as in the case of an after-school chess club. The activity is typically held after school, guided by the wishes of participating students and is for their enjoyment.

**D. Activity Funds**

Student activity funds are those funds that are directed toward the skill development and enjoyment of students. They are of, by, and for students. These funds do not offset the regular school budget, nor do responsible adults unilaterally control those funds. These funds are generated by revenue sources other than those typically referred to as “public funds” from local taxes or state aids. They include, but are not limited to, fund raisers in the sale of items, bake sales, car washes, and designated vending machine revenues.

1. All funds of a graduated class are removed from the student activity accounts. Any residual money from a graduating class is deposited into the succeeding senior class account prior to the start of the school year following the graduation.
2. All student activity accounts that are inactive for more than 12 months are removed from the fund, with residual money going to the general fund or as stated in the Activity Purpose Form.
3. All non-student funds, including parent group funds, convenience accounts, adult fundraisers, and booster club funds are removed from the activity accounts.

**Section Three: Demonstration of Accountability****A. Quarterly Activity Fund Reports**

The board of education will receive an accounting of activity accounts as least quarterly in the form of a board report on transactions within each account of the cocurricular and extracurricular activity funds.

**B. Annual Audit**

The board of education assures the public that sound business practices and transparent accountability is achieved with the aid of an annual audit. As per statute, the activity accounts will be audited when all other district funds are audited.

**C. Fund Raiser Report**

The board of education will review a fundraising report semi-annually in May and November. The report will list the activity, type of fundraisers, timing, purpose and results.

## Section Four: Effective Business Practices

The Board will annually review the financial management practices and procedures of the student activity accounts through the use of a board sub-committee. The board sub-committee will review accounting practices, frequency and results of fundraisers and the purpose statements of activities. The committee will also review the internal controls of the district directed to student activity funds as well the results of its own internal audits.

Statutory References: [Minnesota Statutes, section 123B.76-77](#), § 123B.49, § 123B.35-38, § 123B.02, Subd. 6, § 123B.09 and 123B.52. Office of the Revisor (2003), [Minnesota Rule 3500.1050](#).

### Item 14: New Revenue Source Codes for Use with Contracts

Since the implementation of the accounting system for students, there has been a growing awareness of possible inflated revenue and expenditures for the education of students when fundraising activity is added to the general fund due to the existence of a contract. Therefore, the UFARS Manual was improved by TWO (2) source codes so that there would not be an artificial increase in revenue and expenditures due to the existence of a contract.

#### NEW CODES

The new source codes and their uses are:

##### **619 Cost Of Materials For Revenue Producing Activities (Contra Revenue)**

Record the cost of the materials that were purchased for the purpose of (a) producing an object for sale or (b) for reselling of the material at a profit.

Example (a) building a house, an art work, or a storage shed

Example (b) fundraising by selling candy  
concession stands  
school stores  
vending machines

##### **620 Sales Of Materials For Student Activity Fund Raisers**

Record the fund raising revenue generated from the sale of goods and services under the control of the board of education.

The internal mechanics are the same as in the past, except that artificially inflated numbers will no longer appear in the General Fund.



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## CHAPTER 15 – EFFECTIVE PRACTICES AND MANAGEMENT OPINIONS

### Introduction

“Effective Practices” is a business strategy that attempts to take advantage of successful policies, procedures or activities that have been implemented throughout a particular industry. Originally, it was “best practices” as used in the medical field. The process of “effective practices” strategy is to copy the application of similar operations and to modify the application to meet the particular needs of an organization. By understanding the principles and procedures of education accounting and finance, the school district will be better prepared to implement the best education accounting and finance practices throughout the education organization.

The purpose of this chapter is to outline various education accounting and finance principles and procedures to promote the implementation of accounting and finance effective practices throughout the education organizations within the state. These best practices are not necessarily the best policies and procedures to be implemented in every situation, but can be used as a model in developing specific procedures to be used in an organization. By constantly applying best practices, it is possible for an organization to achieve the organization goals in an efficient and cost effective manner.

### Section I - The Independent Audit Opinion

#### Introduction

Independent auditing of financial statements is one of the best-known services that certified public accountants provide; however, it is also one of the least understood activities. Most government organizations are required to issue financial statements. According to publications of the Association of School Business Officials and the American Institute of Certified Public Accountants, CPAs are engaged in the process of adding credibility to management’s financial representations by giving assurances that the financial statements conform to generally accepted accounting principles. CPAs have acquired the expertise and experience to give professional opinions on the overall fairness of the organization’s financial statements and are guided by the accounting profession’s basic tenets of integrity, objectivity and independence. Before interested parties can evaluate an auditor’s report and determine how much they can rely on the report, they should first gain an understanding of what an audit is and what an audit is not.

#### What An Audit Opinion Is Not

The financial information upon which the audit is based is NOT prepared by the auditor, but by management. The auditor does NOT express a judgment on the competence of management, advise on the desirability of funding the organization, nor assure that the employees are honest and competent. The CPA uses testing techniques and professional judgment, within the parameters of established standards, to reach an informed opinion on the overall fairness of the financial statements in accordance with generally accepted accounting principles. Although the purpose of an audit is NOT to uncover fraud, the auditor is required to design the audit to provide reasonable assurance that material errors or irregularities that exist in the financial statements are detected.

#### What An Audit Opinion Is

The primary objective of an audit is to provide reasonable assurance that the financial statements prepared by management are fairly presented in conformity with generally accepted accounting principles and do not contain material misstatements. Material misstatements include: (1) Unintentional misstatements or omissions in financial statements, and (2) intentional misstatements or omissions.

(Misstatements are considered material if they are significant enough to make a difference in the decisions of a reasonable financial statement user.)

It is virtually impossible for a CPA to examine all transactions recorded in financial statements. The auditor bases their opinion on selective testing using sampling techniques. Audits provide an economical and reasonable level of assurance that the financial statements are free from material misstatements, rather than a guarantee of absolute accuracy. Before forming an opinion, the auditor must consider the organization's internal control structure, which is divided into (1) the control environment, (2) the accounting system, and (3) the control procedures. The auditor uses this knowledge to identify the risk of misstatement in the financial statements and then designs procedures to reduce the risk. The auditor is also required to use analytical procedures, which are evaluations of financial information, in the planning and final review stages of all audits. In addition, the auditor is obligated to consider whether the overall audit results raise substantial doubt about the organization's ability to stay in operation. If there is doubt that the organization can continue as a "going concern," an explanatory paragraph must be included in the audit report.

## The Auditor's Standard Opinion

When an audit is completed, the auditor issues a report that states the CPA's responsibility, the nature of the work performed, and the conclusions reached. The auditor's standard report consists of three paragraphs: an introductory paragraph, a scope paragraph, and an opinion paragraph. The introductory paragraph differentiates management's responsibilities for the financial statements from the auditor's duty to express an opinion on them. The scope paragraph explicitly states that the audit was planned and performed to obtain reasonable assurance about whether the financial statements are free of material errors or irregularities. It also provides a brief description of what is involved in an audit and states that the auditor formed an opinion on the financial statements taken as a whole. The third or opinion paragraph presents the auditors conclusions.

The assurance, in the form of the CPA's opinion, is obtained by testing the data underlying financial position, results of operation, and cash flows. To do this, the CPA is guided by statements on auditing standards issued by the Auditing Standards Board of the American Institute of CPA's (AICPA). Also, subjective professional judgment is involved. The auditor then forms one of the following types of opinion:

- Unqualified – No significant limitations affecting audit performance and no material deficiencies exist in the financial statements.
- Qualified – The scope of the auditor's work is significantly restricted or there is a material departure from the generally accepted accounting principles.
- Disclaimer – Restrictions in the auditor's scope are so pervasive that the auditor cannot form an opinion on the fairness of the presentation.
- Adverse – Departures from generally accepted accounting principles are so significant that the financial statements do not fairly present the organization's financial position.

The basic point to remember is that an opinion is just that – it is an opinion, not a guarantee, that a professional has given on management's financial statements. Any user of the financial statements must carefully review such financial statements and all related footnotes, in addition to the auditor's report.

## Section II - Selecting an Independent Auditor

### Introduction

Regardless of the type or size of school district, an effective audit can improve management operations and yield dollar savings. It can also help avoid wasting the school district resources on a sub-standard audit. Outlined in the Federal Grants Management Handbook of the Grants Management Advisory

Services, the “National Intergovernmental Audit Forum” has identified the following “basic elements of an effective audit procurement process:”

1. **Planning for the Audit** – Determining what needs to be done and when. Planning to obtain a quality audit is usually rewarded by a timely and less expensive audit. Audit planning matters, include:
  - a. Each year, the auditor will provide a list of documents that are needed from the school district to complete the audit. To determine the specific audit requirements of the school district, reference the current auditor’s information request prior to last year’s audit. This information request can be used to establish the scope of the audit work plan for the district.
  - b. Every year, auditors are required to be evaluated by an independent public accounting firm. Determine who did the proposed auditors latest peer review and obtain a copy of the peer review report. Verify the professional experience of the proposed auditor by reviewing the peer review report and by requesting references from current school districts being audited by the auditor.
  - c. The Minnesota Department of Education provides a comparative list of school district audit expenditures. Use the list to establish a set of audit criteria to enable the school district to evaluate the proposed auditor, including technical qualifications, school district experience, price, timing, contingency requirements, and supplemental work costs.
  - d. Audit contracts can usually be more cost-effective if negotiated over a multi-year timeframe. Most often, contracts should cover a three- to five-year period to take advantage of the cost benefits of the multi-year audit and to realize the carry-over knowledge of the auditor. Determine an auditor rotation plan to maintain competitive pricing and to infuse new ideas into the process.
  - e. Based upon staff experience, many school districts will require accounting assistance to complete the documents required for the audit. Estimate the total cost of the audit by establishing a work schedule for the audit based upon the capability of the staff to compile required information and to prepare required work papers.
2. **Request for Proposal (RFP)** – Writing a clear and direct RFP. There are many ways to solicit bids for an audit, but the most effective way is to request a written proposal called an RFP (Request For Proposal). Although there should be a broad spectrum of potential audit firms to select from, the final screening process should be restricted to only 2 or 3 firms to request an RFP. With only a few audit firms to select from, the school district will have less work and the audit firms will respect the school district’s professionalism. Rural school districts may have a difficult time finding local auditing firms to include in the audit candidates. However, non-local audit firms often have more experience in dealing with Minnesota education issues and are usually willing to travel to more rural areas.

Proposals should be compared based upon technical qualifications and price, separately. Depending upon the RFP legal requirements, proposals that lack important comparative information should be updated to complete the comparison. In a technical service contract, a timely proposal submission is only an issue when the evaluation process is threatened, not when comparative information is required. Reduced audit price can often be related to the lack of technical qualifications that may not be beneficial to the school district. Generally, price should be a deciding factor when the technical qualifications are equal.

Preparation of the RFP must be in compliance with state rules and regulations. This is not hard as long as the school district tries to be fair to all auditor candidates. Even though the preparation of the RFP may have been thorough, the school district should still hold a “bidders conference” where audit candidates can discuss the audit request on an equal basis. The “bidders conference” is important as a defense against an unsuccessful bidder. Although the size and complexity of the audit may vary, the RFP should contain the following:

- a. Name and address of the school district;
- b. Scope of the services to be provided (timing, reports, presentations, etc.);
- c. Period of the audit (single or multiple years);

- d. Contact person in the school district;
- e. Format of the proposal to be prepared;
- f. Date and time proposal is due;
- g. Criteria used to evaluate the proposal;
- h. Method and timing of the payment.

The RFP should be designed to enable the auditor to demonstrate his or her ability to complete the audit to the benefit of the school district. Any other administrative information that would be helpful in preparing the audit proposal (i.e. “bidders conference” information, late proposals requirements or recommended audit fee range) should be included in the RFP at the discretion of the school district. Examples of information that should be requested from the proposed auditor include:

- a. Qualifications of the auditor that will be performing the field work including governmental audit;
  - b. Approach to be taken to solve specific problems within the school district related to the audit;
  - c. Examples of reports and schedules that are used to evaluate the sections of the statements;
  - d. Experience in preparing financial reports and submissions required by the State of Minnesota;
  - e. Cost structure and experience in preparing supplemental information for the audit;
  - f. Results of peer review actions during the last three years;
  - g. Notifications of change in staff for key audit positions for the school district;
  - h. Experience with budget preparation requirements for the school district.
3. **Selecting a Qualified Auditor** – Evaluating the auditor’s ability to perform the audit. A critical element of selecting an auditor is the technical knowledge of the RFP evaluators. To limit errors in judgment and accusations of bias, establish an audit evaluation committee. Many of the same technical qualifications emphasized in the audit would be beneficial for the audit selection committee, namely, experience in auditing and/or accounting. In smaller school districts, some of these experience requirements may have to be reduced. Although price is an important factor in selecting an audit firm, a high quality audit at a fair price is more likely when both price and technical capability are used to select an auditor. The RFP evaluation process can be divided into two categories:
- a. **Minimum Requirements** – At a minimum, the bidders must have the technical qualifications to be considered for the audit selection. This includes minimum state licensing and governmental experience requirements, as well as a technical understanding of the education requirements of the audit. If the bidder is not able to document these minimum requirements, the proposal should be rejected, **EVEN IF THIS MEANS THAT NONE OF THE BIDDERS QUALIFY FOR THE AUDIT AND THE RFP PROCESS MUST BE STARTED OVER AGAIN.**
  - b. **Technical Approach** – Most importantly, the audit proposal must communicate a sound technical approach to the audit that will meet the expectations of the school district. To verify the proposed audit approach, the technical issues must be reviewed and the audit references must be contacted and interviewed, including the following questions:
    - Does the proposal contain a sound technical plan and a realistic estimate of time?
    - Does the proposal show the bidder intends to comply with the audit requirements?
    - Does the technical plan show a practical approach to meeting deadlines?
    - Is the work plan reasonable with respect to procedures, controls and materiality?
    - Does the proposal indicate a willingness to avoid duplication of effort?
4. **Writing the Agreement** – Documenting the expectations of the auditor. The lack of a written agreement between the school district and the selected audit firm can result in a substandard audit. To avoid potential contract disagreements and misunderstandings, a written agreement should be prepared, agreed upon and signed by both parties before the audit fieldwork begins. To make sure that the contract contains the full scope of the audit requirements, the agreement should be prepared by the school district attorney and the RFP should be included in the contract by reference. At a minimum, the agreement should specify:

- a. Audit scope, objective and purpose;
- b. Deadlines for the work to be performed;
- c. Audit and supplemental work cost;
- d. Report format and timing of completion;
- e. Professional Auditing Standards to be followed.

In addition, the agreement should clearly document (1) the auditor responsibilities, (2) the nature of the work to be performed, (3) the procedures to follow if changes are required, (4) the format of the reports to be filed and (5) the ownership of work-paper information. In the absence of an RFP, many small audits are contracted by the engagement letter prepared by the audit firm. If the engagement letter is used as the written contract, the elements of the agreement that protects the school district should be included in the agreement and the agreement should be signed by both parties.

5. **Monitoring the Audit** – Reviewing the progress of the audit. Monitoring the progress of the audit is the most effective way to ensure that the school district receives both the scope and quality of the audit services specified in the written agreement. Monitoring can be accomplished by scheduling periodic progress meetings with the auditor to discuss the issues needed to be resolved before the audit is complete. During the audit, progress reports should be used to keep management informed of areas of deficiency and opportunities to control the cost of the audit. At the same time, the staff should work closely with the auditors on a day-to-day basis to review potential “audit findings” and to make audit corrections.

Finally, at the end of the audit, most auditors will provide an audit “exit conference” in which the findings and issues regarding the audit are discussed with the school district before being released to the general public. This conference is beneficial to the school district by enabling them to provide a rebuttal to the auditor’s conclusions or to prepare for potential public criticism. Remember, the auditor’s opinion is not necessarily accurate or without error. When appropriate, the school district should not be afraid to disagree with the findings of the auditor. Management has the opportunity and the responsibility to disagree with the conclusions of the audit if they think that the findings are not warranted. The auditor is concerned about complying with accounting rules and regulations, but they are also concerned about keeping the client. The school district might not get the auditors to change the audit findings but they might soften their recommendations to the benefit of the school district in the future.

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## CHAPTER 16 – GLOSSARY

### Preface

The glossary is in a constant state of improvement. It contains items that are primarily related to the business end of education, concentrating on revenues and expenditures in particular. Items were obtained from local districts, documents from the Fiscal Analysis Department of the Minnesota House of Representatives, Minnesota statutes, and texts on accounting.

The technical definition of dimension codes for items such as fund, finance, organization, source, program, object and course are contained in the individual chapters by the same names.

## A

**abatement:** A reduction of a previously recorded expenditure or receipt item by such things as refunds, rebates, and collections for loss or damages to school property.

**abatement of expenditure:** Cancellation of a part or the whole of a charge previously made, usually due to refunds, rebates, resale of materials originally purchased by the school district, or collections for loss or damage to school property. Applies to both current expense and capital outlay. The term "abatement" does not include tuition, fees, or rentals.

**abatement of revenue:** Cancellation of part or the whole of any specific revenue previously received, usually federal grants or subventions, or refunds of money previously received through error.

**account:** An accounting record in which the results of transactions are accumulated; shows increases, decreases, and a balance.

**accountability:** The capability and the responsibility to account for the expenditure of money and the commitment of other resources in terms of the results achieved. This involves both the stewardship of money and other resources and the evaluation of achievement in relation to specified goals.

**accounting:** A service activity designed to accumulate, measure, and communicate financial information about economic entities for decision-making purposes.

**accounting cycle:** The procedures for analyzing, recording, classifying, summarizing, and reporting the transactions of a business.

**accounting model:** The basic accounting assumptions, concepts, principles, and procedures that determine the manner of recording, measuring, and reporting an entity's transactions.

**accounting system:** The set of manual and computerized procedures and controls that provide for identifying relevant transactions or events; preparing accurate source documents, entering data into the accounting records accurately, processing transactions accurately, updating master files properly, and generating accurate documents and reports.

**account payable:** An amount owed to a supplier for goods or services purchased on credit; payment is due within a short time period, usually 30 days or less.

**account receivable:** A current asset representing money due for services performed or merchandise sold on credit.

**accrual basis accounting:** A system of accounting in which revenues and expenses are recorded as they are earned and incurred, not necessarily when cash is received or paid.

**accrued expenses:** Expenses that arise through adjusting entries when accounting for unrecorded expenses.



**accrued liabilities:** Liabilities that arise through adjusting entries when accounting for unrecorded liabilities.

**accumulated depreciation:** The total depreciation recorded on an asset since its acquisition; a contra account deducted from the original cost of an asset on the balance sheet.

**activity:** A specific line of work carried on by a school district in order to perform its functions.

**adjusted marginal cost pupil units:** The current pupil units or sum of 77 percent of the adjusted pupil units computed using current year data, plus 23 percent of the adjusted pupil units computed using prior year data, whichever is greater.

**adjusted net tax capacity (ANTC):** The net tax capacity of a school district as adjusted by the sales ratio (Net Tax Capacity divided by the sales ratio). The purpose of the adjustment is to neutralize the effect of different assessment practices among the taxing jurisdiction of the state.

**adjusted pupil units:** The sum of pupil units served plus pupil units whom the district pays tuition under an agreement with another district, minus pupil units for whom the district receives tuition under an agreement with another district.

**adjusting entries:** Entries required at the end of each accounting period to recognize, on an accrual basis, revenues and expenses for the period, and to report proper amounts for asset, liability, and owners' equity accounts.

**administrative unit, intermediate:** A unit smaller than the state which exists primarily to provide consultative, advisory, or statistical services to local basic administrative units, or to exercise certain regulatory and supervisory functions over local basic administrative units. An intermediate unit may operate schools or contract for school services, but it does not exist primarily to render such services. Such units may or may not have taxing and bonding authority.

**administrative unit, local basic:** An administrative unit at the local level that exists primarily to operate schools or to contract for school services. Normally, taxes can be levied against such units for school purposes. These units may or may not have the same boundaries as county, city, or town boundaries. (This term is used synonymously with the terms *school system* and *LEA*.)

**admissions:** Money received for a school-sponsored activity such as a dance or football game. Admissions may be recorded in separate accounts according to the type of activity.

**adult basic education (ABE):** Learning experiences concerned with the fundamental tools of learning for adults who have never attended school or who have interrupted formal schooling and need this knowledge and these skills to raise their level of education to increase self-confidence, self-determination, to prepare for an occupation, and to function more responsibly as citizens in a democracy.

**adult education:** College, vocational, or occupational programs, continuing education or noncredit courses, correspondence courses, and tutoring, as well as courses and other educational activities provided by employers, community groups, and others.

**ad valorem taxes levied by another government unit:** Taxes levied for school purposes by a government unit other than the LEA. The LEA is not the final authority, within legal limits, in determining the amount to be raised. For example, after a LEA has determined that a certain amount of revenue is necessary, another governmental unit may exercise discretionary power in reducing or increasing the amount. Separate accounts may be maintained for real property and for personal property.

**ad valorem taxes levied by LEA:** Taxes levied by a LEA on the assessed valuation of real and personal property located within the LEA which, within legal limits, is the final authority in determining the amount to be raised for school purposes. Separate accounts may be maintained for real property and for personal property.

**adverse opinion:** Audit report indicating the auditor believes the overall financial statements are so materially misstated or misleading that the statements do not fairly represent the financial position or results of the operations and cash flows.

**agency fund:** A fund used to account for assets where the school district has a formal agency agreement with other governmental units, employees, students or others. As an agent, the district holds assets for others and performs duties as directed.

**agent:** One who represents, acts for, and accounts to another. The powers of a general agent are broad. The agent initiates transactions in the name of a principal and carries on operations within a large discretionary area. The agent functions often resemble those of a general manager. A special agent, on the other hand, is restricted to the performance of a single act or the conduct of a single transaction.

**aggregate days attendance:** The sum of the days present (actually attended) of all pupils when school was actually in session during a given reporting period. Only days on which the pupils are under the guidance and direction of teachers should be considered as days in session. See also *day in session* and *day of attendance*.

**aggregate days membership:** The sum of the days present and absent of all pupils when school was in session during a given reporting period. Only days on which the pupils are under the guidance and direction of teachers should be considered as days in session. See also *day in session* and *day of attendance*.

**aid anticipation note:** A note issued in anticipation of reception of state aid for districts that expect to experience a temporary cash-flow shortfall.

**allot:** To divide an appropriation into amounts for certain periods or for specific purposes.

**allotment:** A portion of an appropriation or special fund set aside to cover expenditures and encumbrances for a certain period or purpose.

**allotment ledger:** A subsidiary ledger which contains an account for each allotment showing the amount allotted, expenditures, encumbrances, the next balance, and other related information. See also *appropriation ledger*.

**alternative learning center (ALC):** These are year-round educational service areas that take students who are at risk of not completing high school.

**alternative learning programs (ALP):** These are year-round or traditional school year programs that serve at-risk students. The programs are more closely aligned to a host district.

**amortization of debt:** (a) Gradual payment of an amount owed according to a specified schedule of times and amounts; (b) Provision for paying a debt by means of a Sinking Fund.

**amortization:** The process of cost allocation that assigns the original cost of an intangible asset to the periods benefited.

**amount available in debt redemption funds:** An account in the General Long-Term Debt group of accounts which designates the amount of assets available in a Debt Redemption Fund for the retirement of neural obligation term bonds.

**amount to be provided for payment of bonds:** An account in the General Long-Term Debt group of accounts which represents the amount to be provided from taxes or other general revenue to retire outstanding general obligation term bonds.

**annualization:** The practice of adjusting spending totals to determine the annual costs of programs that were funded for only a portion of the previous year. For example, the annualized cost of a program that cost \$500,000 for six months of operation is \$1,000,000.

**annual report:** A document that summarizes the results of operations and financial status of a company for the past year and outlines plans for the future.

**annuity:** A series of equal amounts to be received or paid at the end of equal time intervals.

**apportionment:** (1) The act of apportioning; (2) An item of receipts resulting from the act of apportioning, such as state apportionment (see *allotment*.)

**apportionment aid:** A semi-annual distribution of the Endowment Fund included in the foundation program aid calculation.

**apportionment notice:** A monthly or periodic advice of apportionment from one office to another as from the county auditor to the school district.

**appraisal:** The act of making an estimate of value, particularly of the value of property, by systematic procedures that include physical examination, pricing, and often estimates. Also, the value established by estimating.

**appraised value:** The value established by appraisal (see *appraisal*).

**appropriations:** An authorization granted by the legislative body to make expenditures and to incur obligations for specific purposes. The Minnesota Constitution prohibits payment of money out of the treasury unless authorized by an appropriation.

**appropriations cap:** Legislatively-placed limits on spending in the biennium following the budget period under consideration. Caps allow spending projections to be lower than they would otherwise be under current law.

**appropriations (federal funds):** Budget authority provided through the congressional appropriation process that permits federal agencies to incur obligations and to make payments.

**appropriations (institutional revenues):** An amount (other than a grant or contract) received from or made available to an institution through an act of a legislative body.

**arbitrage:** The financial gain that can be garnered by selling bonds and reinvesting the bond proceeds at a higher rate.

**architecture and engineering:** Pertains to architectural and engineering activities related to land acquisition and improvement and building acquisition, construction, and improvements.

**articulation:** The interrelationships among the financial statements.

**assessed valuation:** A valuation set upon real estate or other property by a government as a basis for levying taxes.

**assessment:** (1) The process of making the official valuation of property for the purpose of taxation; (2) The valuation placed upon property as a result of this process. **Note:** *Assessment* is sometimes used to denote the amount of taxes levied but such usage is not recommended since it fails to distinguish between the valuing process and the, tax levying process. The term is also used erroneously as a synonym for *special assessment*.

**assessment roll:** In the case of real property, the official list containing the description of each parcel of property and its assessed valuation. In the case of other property, the official list containing the name and address of each owner of such property and its assessed value. **Note:** In the case of real property, too, the name and address of the last known property owner are frequently shown. These additional facts are, however, usually given merely for convenience and are not essential to make the assessment legal.

**assessment, special:** A compulsory levy made by a local government against certain properties to defray part or all of the cost of a specific improvement or service which is presumed to be of general benefit to the public and of special benefit to the owners of such properties.

**assets:** Economic resources that are owned or controlled by an entity.

**attendance officers:** Persons who enforce the compulsory attendance laws, analyze causes of non-attendance, and help to improve the attendance of individual pupils.

**attendance, aggregate days:** See *aggregate days attendance*.

**audit:** The result of an independent accountant's review of the statements and footnotes to ensure compliance with generally accepted accounting principles and to render an opinion on the fairness of the financial statements.

**audit committee:** Members of a client's board of directors who are responsible for dealing with the external and internal auditors.

**audit report:** A report issued by an independent CPA that expresses an opinion about whether the financial statements fairly present a company's financial position, operating results, and cash flows in accordance with generally accepted accounting principles.

**audited voucher:** A voucher which has been examined and approved for payment.

**average daily attendance (ADA):** The aggregate attendance of students in a school during a reporting period (normally a school year) divided by the number of days that school is in session during this period.

**average daily membership (ADM):** The aggregate membership of students in a school during a reporting period (normally a school year) divided by the number of days that school is in session during this period.

## B

**balanced budget:** The requirement imposed on the state's general fund biennial budget that revenues must be greater than or equal to expenditures.

**balance sheet:** The financial statement showing the financial position of a fund or school district at a specified date.

**bank reconciliation:** The process of systematically comparing the cash balance as reported by the bank with the cash balance on the company's books and explaining any differences.

**base:** Usually calculated from the most recent amount spent by an agency for a program. The base is the agency's current spending level with adjustments made for costs not likely to recur.

**biennium:** Minnesota has a two-year (biennial) budget period. The legislature appropriates the major portion of the budget in the odd-numbered year session, and makes adjustments as needed during the even-numbered years.

**bilingual education:** Programs in which students with limited English proficiency are taught using their native language.

**board of education, public:** The elected or appointed body which has been created according to state law and vested with responsibilities for educational activities in a geographical area. These bodies are sometimes called school boards (in Minnesota), governing boards, boards of directors, school committees, or school trustees. This definition relates to the general term and covers state boards, intermediate administrative unit boards, and local basic administrative unit boards.

**board secretary:** The individual performing the duties of the secretary of the board of education.

**board treasurer:** The individual performing the duties of the treasurer of the board of education.

**bond:** A contract between a borrower and a lender in which the borrower promises to pay a specified rate of interest for each period the bond is outstanding and repay the principal at the maturity date.

**bond attorney:** The attorney who approves the legality of a bond issue.

**bond carrying value:** The face value of bonds minus the unamortized discount or plus the unamortized premium.

**bond discount:** The difference between the face value and the sales price when bonds are sold below their face value.

**bond indenture:** A contract between a bond issuer and a bond purchaser that specifies the terms of a bond.

**bonding:** Authorization to provide for issuance of debt instruments, as well as the use of money raised through the issuance for capital projects.

**bond maturity date:** The date at which a bond principal or face amount becomes payable.

**bond premium:** The difference between the face value and the sales price when bonds are sold above their face value.

**bond rating:** Ratings for bonds to be issued that primarily reflects the ability of the issuer to repay the bonds. Better bond ratings result in lower interest rates for the bonds issued.

**bond referendum:** Funding for a proposed public building or major remodeling project submitted for local voter approval.

**book value:** The net amount shown in the accounts for an asset, liability, or owners' equity item.

**books of original entry:** The record in which various transactions are formally recorded for the first time, such as cash journal, check register, or general journal. Where machine bookkeeping is used, it may happen that one transaction is recorded simultaneously in several records, one of which may be regarded as the book of original entry.

**budget:** A plan of financial operation embodying an estimate of proposed expenditures for a given period or purpose and the proposed means of financing them. The budget usually consists of three parts. The first part contains a message from the budget-making authority together with a summary of the proposed expenditures and the means of financing them. The second part consists of schedules supporting the summary. The schedules show in detail the proposed expenditures and means of financing them together with information as to past years' actual revenues and expenditures and other data used in making the estimates. The third part is composed of drafts of the appropriation, revenue, and borrowing measures necessary to put the budget into effect.

**budget document:** The instrument used by the budget-making authority to present a comprehensive financial program to the appropriating body. The budget document usually consists of three parts. The first part contains a message from the budget-making authority, together with a summary of the proposed expenditures and the means of financing them. The second consists of schedules supporting the summary. These schedules show in detail the information as to past years' actual revenues, expenditures, and other data used in making the estimates. The third part is composed of drafts of the appropriation, revenue, and borrowing measures necessary to put the budget into effect.

**budgetary accounts:** Those accounts necessary to reflect budget operations and conditions, such as estimated revenues, appropriations, and encumbrances, as distinguished from proprietary accounts. See *also proprietary accounts*.

**budgetary control:** The control or management of the business affairs of the school district in accordance with an approved budget with a view toward keeping expenditures within the authorized amounts.

**budgeting:** Pertains to budget planning, formulation, administration, analysis, and evaluation.

**building - for insurance purposes only:** The term *building* includes fixed equipment, and the term 'contents' means movable equipment and supplies within the building.

**building:** One continuous structure, which may or may not be connected with other structures by passageways. It includes the building itself and the plumbing, heating, ventilating, mechanical, and electrical work, and lockers, cabinets, and shelves, which are built into the building. Two structures connected by a breezeway, a covered walkway, or tunnel would be two buildings.

**building acquisition, construction, and improvements:** Pertains to building acquisition through purchase or construction, and building improvements. It includes initial installation or extension of service systems and other built-in equipment, as well as building additions.

**building construction fund:** A fund used to record all operations of a district's building construction program that are funded by the sale of bonds or by capital loans.

**business documents:** Records of transactions used as the basis for recording accounting entries; includes invoices, check stubs, receipts, and similar business papers.

**business expenses:** Expenses that have been paid or incurred in the course of business and that are ordinary, necessary, and reasonable in amount.

**business:** An organization operated with the objective of making a profit from the sale of goods or services.

## C

**calendar year:** An entity's reporting year, covering 12 months and ending on December 31.

**callable bonds:** Bonds for which the issuer reserves the right to pay the obligation before its maturity date.

**capital:** The total amount of money or other resources owned or used to acquire future income or benefits.

**capital account:** An account in which a proprietor's or partner's interest in a firm is recorded; it is increased by owner investments and net income and decreased by withdrawals and net losses.

**capital expenditure:** An expenditure that is recorded as an asset because it is expected to benefit more than the current period.

**capital gain:** The excess of the selling price over the cost basis when assets, such as securities and other personal and investment assets, are sold.

**capital lease:** A leasing transaction that is recorded as a purchase by the lessee.

**cash:** Coins, currency, money orders, checks, and funds on deposit with financial institutions; the most liquid of assets.

**cash balance:** Total amount of cash to the credit of a governmental unit (school district), as of a given date.

**cash basis:** Gross income is recognized when cash is received.

**cash basis accounting:** A system of accounting in which transactions are recorded and revenues and expenses are recognized only when cash is received or paid.

**cash disbursements journal:** A special journal in which all cash paid out for supplies, merchandise, salaries, and other items is recorded.

**cash discount:** An allowance received or given if payment is completed within a stated period. The term is not to be confused with *trade discount*.

**cash over and short:** An account used to record overages and shortages in petty cash.

**cash receipts journal:** A special journal in which all cash received from state aid, levies, interest, rent, or other sources, is recorded.

**categorical aid:** Educational support funds provided from a higher governmental level and specifically limited to (earmarked for) a given purpose; for example, special education, transportation, or vocational education.

**census:** The school census is an enumeration and collection of data, as prescribed by law, conducted each year to determine the number of children of certain ages resident in a given district and to secure other information pertinent to education by the state board of education.

**certified public accountant (CPA):** A special designation given to an accountant who has passed a national uniform examination and has met other certifying requirements; CPA certificates are issued and monitored by state boards of accountancy or similar agencies.

**chart of accounts:** A list of all accounts generally used in an individual accounting system. In addition to account title, the chart includes an account number that has been assigned to each account. Accounts in the chart are arranged with accounts of a similar nature. For example, assets and liabilities.

**charter (articles of incorporation):** A document issued by a state that gives legal status to a corporation and details its specific rights, including the authority to issue a certain maximum number of shares of stock.

**check:** A bill of exchange drawn on a bank payable on demand; a written order on a bank to pay on demand a specified sum of money to a named person, to his/her order, or to bearer out of money on deposit to the credit of the maker. A check differs from a warrant in that the latter is not necessarily payable on demand and may not be negotiable; and it differs from a voucher in that the latter is not an order to pay. A voucher check combines the distinguishing marks of a voucher and a check. It shows the propriety of a payment and is an order to pay.

**classified balance sheet:** A balance sheet in which assets and liabilities are subdivided into current and non-current categories.

**class rate:** A state-determined rate that establishes the relative property tax burdens among different classes of property.

**clearing accounts:** Accounts used to accumulate total receipts or expenditures either for later distribution among the accounts to which such receipts or expenditures are properly allocable, or for recording the net differences under the proper account. *See also revolving fund, prepaid expenses, petty cash.*

**closed transaction:** A transaction that is completed within the accounting period; both the purchase and payment or sale and receipt of payment occur within the same accounting period.

**closing entries:** Entries that reduce all nominal, or temporary, accounts to a zero balance at the end of each accounting period, transferring their pre-closing balances to a permanent balance sheet account.

**co-curricular activities:** Co-curricular activities are comprised of the group of school-sponsored activities, under the guidance or supervision of qualified adults, designed to provide opportunities for pupils to participate in such experiences on an individual basis, in small groups, or in large groups at school events, public events or a combination of these for such purposes as motivation, enjoyment, and improvement of skills. Related to a credit-granting mechanism, such as a course or standard. *See also student body activities.*

**coding:** A system of numbering, or otherwise designating, accounts, entries, invoices, or vouchers in such a manner that the symbol used reveals quickly certain required information.

**combined elementary and secondary school:** A school that encompasses instruction at both the elementary and secondary levels. Examples of combined elementary and secondary school grade spans would be grades K-12 or grades 5-12.

**community education fund:** A fund used to account for all financial activities of the Community Education program.

**comparability:** The characteristic of commonality among or between selected elements measured in terms of identical constants. The accuracy of the measurement of the degree of comparability is usually dependent on the number of constants applied.

**comparative financial statements:** Financial statements in which data for two or more years are shown together.

**compensatory revenue:** A portion of general education revenue based on the number of students in a school district that qualify for free and reduced-price lunches.

**compound journal entry:** A journal entry that involves more than one debit, more than one credit, or both.

**compounding period:** The period of time for which interest is computed.

**consignee:** A vendor who sells merchandise owned by another party, known as the consignor, usually on a commission basis.

**consignment:** An arrangement whereby merchandise owned by one party (the consignor) is sold by another party (the consignee), usually on a commission basis.

**consignor:** The owner of merchandise to be sold by someone else, known as the consignee.

**consolidated financial statements:** Statements that report the combined operating results, financial position, and cash flows of two or more legally separate but affiliated companies as if they were one economic entity.

**constant dollars:** Dollar amounts that have been adjusted by means of price and cost indexes to eliminate inflationary factors and allow direct comparison across years.

**construction contracts payable:** Amounts due by an LEA on contracts for construction of buildings, structures, and other improvements.

**construction contracts payable:** Retained percentage. Liabilities on account of construction contracts for that portion of the work which has been completed but on which part of the liability has not been paid pending final inspection, or the lapse of a specified time period, or both. The unpaid amount is usually a stated percentage of the contract price.

**construction work in progress:** The cost of construction work undertaken but not yet completed.

**consultant:** A person who gives professional or technical advice and assistance. A consultant may perform his services under contract (purchased services) or he may be an employee on the payroll of a state agency.



**consumer price index (CPI):** This price index measures the average change in the cost of a fixed market basket of goods and services purchased by consumers.

**contingent fund:** Assets or other resources set aside to provide for unforeseen expenditures, or for anticipated expenditures of uncertain amount.

**contingent liability:** A potential obligation, dependent upon the occurrence of future events.

**contra account:** An account that is offset or deducted from another account.

**contracted services:** Service rendered by personnel who are not on the payroll of the school district, including all related expense covered by the contract.

**contracts payable:** Amounts due on contracts for goods and services received by an LEA.

**control account:** A summary account in the general ledger that is supported by detailed individual accounts in a subsidiary ledger.

**control activities:** Policies and procedures used by management to meet its objectives; generally divided into adequate segregation of duties, proper authorization of transactions and activities, adequate documents and records, physical control over assets and records, and independent checks on performance.

**control environment:** The actions, policies, and procedures that reflect the overall attitudes of top management, the directors, and the owners about control and its importance to the entity.

**convertible bonds:** Bonds that can be traded for, or converted to, other securities after a specified period of time.

**cost:** The amount of money or money's worth given for property or services. Costs may be incurred even before money is paid, that is, as soon as a liability is incurred.

**cost accounting:** That method of accounting which provides for the assembling and recording of all the elements of cost incurred to accomplish a purpose, to carry on an activity or operation, or to complete a unit of work or a specific job.

**cost benefit:** Analyses which provide the means for comparing the resources to be allocated to a specific program with the results likely to be obtained from it; or, analyses which provide the means for comparing the results likely to be obtained from the allocation of certain resources toward the achievement of alternate or competing objectives.

**cost center:** The smallest segment of a program that is separately recognized in the agency's records, accounts, and reports. Program-oriented budgeting, accounting, and reporting aspects of an information system are usually built upon the identification and use of a set of cost centers.

**cost effectiveness:** Analyses designed to measure the extent to which resources allocated to a specific objective under each of several alternatives actually contribute to accomplishing that objective, so that different ways of gaining the objective may be compared.

**cost ledger:** A subsidiary record wherein each project, job, production center, process, operation, project, or service is given a separate account under which all items of its cost are posted in the required detail.

**cost limit:** The unit of product or service whose cost is computed.

**cost of goods sold:** The expense incurred to purchase or manufacture the merchandise sold during a period.

**cost principle:** The idea that transactions are recorded at their historical costs or exchange prices at the transaction date.

**coupon bonds:** Unregistered bonds for which owners receive periodic interest payments by clipping a coupon from the bond and sending it to the issuer as evidence of ownership.

**credit:** An entry on the right side of the account.

**credit enhancement program:** A process whereby local units may qualify for the acquisition of funds for cash flow purposes using aid or levy anticipation.

**current:** The fiscal year in progress.

**current assets:** Those assets which are available or can be made readily available to meet the cost of operations or to pay current liabilities. Some examples are cash-temporary investments, and taxes receivable which will be collected near the balance sheet date.

**current dollars:** Dollar amounts that have not been adjusted to compensate for inflation.

**current expenditures (elementary/secondary):** Expenditures for the day-to-day operations of the schools. Expenditures for items lasting more than one year (such as school buses and computers) are not included in current expenditures.

**current liabilities:** Liabilities (debts) which are payable within a relatively short period of time, usually no longer than a year. See also *floating debt*.

**current loans:** Loans payable in the same fiscal year in which the money was borrowed. See also *tax anticipation notes*.

**current resources:** Resources to which recourse can be had to meet current obligations and expenditures. Examples are current assets, estimated revenues of a particular period not yet realized, transfers from other funds authorized but not received, and, in case of certain funds, bonds authorized and unissued.

**current year's tax levy:** Taxes levied for the current fiscal period.

**current-fund expenditures:** See *expenditures*.

**current-fund revenues:** See *revenues*.

## D

**date of record:** The date selected by a corporation's board of directors on which the shareholders of record are identified as those who will receive dividends.

**day in session:** A day on which the school is open and the pupils are under the guidance and direction of teachers in the teaching process. Days on which school is closed for such reasons as holidays, teachers' institutes, and inclement weather should not be considered as days in session.

**day of attendance:** Attendance needs to be taken at least once per day. A pupil who is present at the time attendance is taken is considered present for the full school day. When a pupil is absent at the time attendance is taken, the pupil is considered absent for the entire day. However, when attendance is taken more frequently (e.g., by period), the school needs to determine the point at which a pupil is considered absent for half day.

**debentures:** Bonds for which no collateral has been pledged. Unsecured bonds.

**debit:** An entry on the left side of an account.

**debt financing:** Acquiring funds by borrowing money from creditors in the form of long-term notes, mortgages, leases, or bonds.

**debt limit:** The maximum amount of bonded debt for which a governmental unit (school district) may legally obligate itself.

**debt redemption fund:** A fund established for the purpose of providing money for the payment of interest on outstanding serial bonds and for the payment of the principal on serial bonds as they come due.

**debt securities:** Financial instruments issued by a company that carry with them a promise of interest payments and the repayment of principal.

**debt service:** Expenditures for the retirement of debt and expenditures for interest on debt, except principal and interest of current loans. See also *current loans*.

**declining balance depreciation method:** An accelerated depreciation method in which an asset's book value is multiplied by a constant depreciation rate, such as double the straight-line percentage, in the case of double declining balance.

**deduction:** Business expenses or losses that are subtracted from gross income in computing taxable income.

**deferred charges:** Expenditures which are not chargeable to the fiscal period in which they were made but are carried on the asset side of the balance sheet pending amortization or other disposition. Deferred charges differ from prepaid expenses in that they usually extend over a long period of time and may or may not be regularly reoccurring costs of operation. See also *prepaid expenses*.

**deferred maintenance:** A delay of maintenance on buildings.

**deficit:** The excess of the obligations of a fund over the fund's resources.

**delinquent taxes:** Taxes remaining unpaid on and after the date on which they become delinquent by statute.

**depletion:** The process of cost allocation that assigns the original cost of a natural resource to the periods benefited.

**deposits:** Use of the account "Prepaid Expense and Deposits" is normally restricted to long-term investments deposited by the LEA as a prerequisite to receiving services and/or goods.

**depreciation:** (1) Loss in value or service life of fixed assets because of wear and tear through use, elapse of time, inadequacy, or obsolescence; (2) The process of cost allocation that assigns the original cost of plant and equipment to the periods benefited.

**direct costs:** Those elements of cost which can be easily, obviously, and conveniently identified with specific activities or programs, as distinguished from those costs incurred for several different activities or programs and whose elements are not readily identifiable with specific activities. See also *indirect costs*.

**direct method:** A method of reporting net cash flow from operations that shows the major classes of cash receipts and payments for a period of time.

**direct services:** Activities identifiable with a specific program. For example, activities concerned with the teaching-learning process are considered to be direct services for instruction.

**disbursements:** Payments in cash. See also *cash*.

**disclaimer of opinion:** A disclaimer indicating the auditor was unable to satisfy himself or herself that the overall financial statements were fairly presented in accordance with GAAP.

**discount:** The amount charged by a financial institution when a note receivable is discounted; calculated as maturity value times discount rate times discount period.

**discount period:** The time between the date a note is sold to a financial institution and its maturity date.

**discount rate:** The interest rate charged by a financial institution for buying a note receivable.

**discounting a note receivable:** The process of the payee's selling notes to a financial institution for less than the maturity value.

**double entry:** A system of bookkeeping which requires that every entry made to the debit side of an account or accounts will have a corresponding amount or amounts made to the credit side.

**double entry accounting:** A system of recording transactions in a way that maintains the equality of the accounting equation.

**due from fund:** An asset account used to indicate amounts owed to a particular fund by another fund in the same school district for goods sold or services rendered. It is recommended that sub-accounts be maintained for each inter-fund receivable.

**due from government:** Amounts due to the reporting governmental unit from another governmental unit. These amounts may represent grants-in-aid, shared taxes, taxes collected for the reporting unit by another unit, loans, and charges for services rendered by the reporting unit for another government. It is recommended that sub-accounts be maintained for each inter-fund receivable.

**due to fiscal agent:** Amounts due to fiscal agents, such as commercial banks, for servicing an LEA's maturing indebtedness.

**due to fund:** A liability account that indicates the amount of funds currently payable to another fund. The "due to" is used in conjunction with a "due from" account to reconcile from which account the money or other assets will be coming, and to which it will be going.

**due to government:** Amounts owed by the reporting LEA to the named governmental unit. It is recommended that subaccounts be maintained for each inter-fund receivable.

**dues and memberships:** Costs of memberships or assessments in professional or other organizations and payments to other agents for services rendered.

## E

**Early childhood family education (ECFE):** Program offered through community education that provides services for children and parents.

**Early childhood special education (ECSE):** Program similar to ECFE for children with disabilities.

**educational and general expenditures:** See *expenditures*.

**elementary school:** A school classified as elementary by state and local practice and composed of any span of grades not above grade eight. Preschool or kindergarten is included under this heading only if it is an integral part of an elementary school or a regularly established school system.

**Electronic Data Reporting System (EDRS):** The system by which certain data is transmitted to the Minnesota Department of Education utilizing a computer.

**employed:** Civilian, noninstitutionalized persons who; 1) worked during any part of the survey week as paid employees; worked in their own businesses, professions, or farms; or worked 15 hours or more as unpaid workers in a family owned enterprise; or, 2) who were not working but had jobs or businesses from which they were temporarily absent due to illness, bad weather, vacation, labor-management disputes, or personal reasons, whether or not they were seeking another job.

**employee benefits:** Compensation, in addition to regular salary, provided to an employee. This may include such benefits as health insurance, life insurance, annual leave, sick leave, retirement, and social security

**encumbrance:** Purchase orders, contracts, and salary or other commitments which are chargeable to an appropriation and for which a part of the appropriation is reserved. They cease to be encumbrances when paid or when actual liability is set up.

**endowment fund:** A fund from which the income may be expended, but whose principal must remain intact. In Minnesota, the term is also applied to the income of the permanent school fund.

**English Learner** A program that provides intensive instruction in English for students with limited English proficient (EL).

**enrollment:** The total number of students registered in a given school unit at a given time, generally in the fall.

**enrollment options:** The program that allows students to open enroll to attend a school district other than the one in which they reside.

**enterprise funds:** Funds that provide money for services to the general public through programs that are expected to recover their full costs, primarily through user charges.

**entity:** An organizational unit (a person, partnership, or corporation) for which accounting records are kept and about which accounting reports are prepared.

**entry:** The record of a financial transaction in its appropriate book of accounts. Also, the act of recording a transaction in the books of accounts.

**equalization:** The process of; (1) reducing the tax rate or tax base disparities among different taxing jurisdictions; or, (2) reducing net tax disparities among different properties within the same class in a given taxing jurisdiction.

**equity:** Equity is the mathematical excess of assets over liabilities. Generally this excess is called Fund Balance.

**estimated revenue:** If the accounts are kept on an accrual basis, this term designates the amount of revenue estimated to accrue during a given period regardless of whether or not it is all to be collected during the period. If the accounts are kept on a cash basis, the term designates the amount of revenues estimated to be collected during a given period.

**estimated uncollectable taxes:** A provision of tax revenues for that portion of taxes receivable which it estimated will not be collected. The account is shown on the balance sheet as a deduction from the Taxes Receivable account in order to arrive at the net taxes receivable. Separate accounts are maintained on the basis of tax roll year and/or delinquent taxes.

**evaluation:** The process of ascertaining or judging the value or amount of an action or an outcome by careful appraisal of previously specified data in light of the particular situation and the goals and objectives previously established.

**exclusions:** Gross receipts that are not subject to tax and are not included in gross income, such as interest on state and local government bonds.

**expenditures:** Charges incurred, whether paid or unpaid, which are presumed to benefit the current fiscal year. For elementary/secondary schools, these include all charges for current outlays plus capital outlays and interest on school debt.

**expenditures per pupil:** Charges incurred for a particular period of time divided by a student unit of measure, such as enrollment, average daily attendance, or average daily membership.

**expenses:** Costs incurred in the normal course of business to generate revenues.

**external auditors:** Independent CPAs who are retained by organizations to perform audits of financial statements.

**external audits:** Audits conducted by CPAs who are independent of the client company.

## F

**factor:** To sell accounts receivable at a discount before they are due.

**fair market value:** The current value of an asset (e.g., the amount at which an asset could be sold or purchased in an arm's-length transaction).

**family income:** The combined income of all family members who are 14 years old and older living in the household for the period of one year. Income includes money income from jobs; net income from business, farm, or rent; pensions; dividends; interest; social security payments; and any other money income.

**federal funds:** Revenues received from federal government appropriations.

**FICA (social security) taxes:** Federal Insurance Contributions Act taxes imposed on employees and employers; used mainly to provide retirement benefits.

**federal matching requirements:** Requirements that a governmental unit commit a specific amount of state or local funds for a particular purpose to obtain federal funds for the same purpose.

**FIFO (first-in, first-out):** An inventory cost flow whereby the first goods purchased are assumed to be the first goods sold so that the ending inventory consists of the most recently purchased goods.

**fiduciary funds:** Account for assets held in a trustee capacity or as an agent for individuals, organizations, or other governmental units and/or funds.

**financial accounting:** The area of accounting concerned with reporting financial information to interested external parties.

**Financial Accounting Standards Board (FASB):** The private organization responsible for establishing the standards for financial accounting and reporting in the United States.

**financial statements:** Reports such as the balance sheet, income statement, and statement of cash flows, which summarize the financial status and results of operations of a business entity.

**financing activities:** Transactions and events whereby resources are obtained from, or repaid to, owners (equity financing) and creditors (debt financing).

**fiscal year:** An entity's reporting year, covering a 12-month accounting period. Minnesota schools run from July 1 to June 30.

**formula allowance:** A reference to the basic general education formula allowance, providing a district with a majority of its revenue from the state.

**free lunch eligibles:** The National School Lunch Program's assistance program for low-income children. Families with school-age children who fall below the poverty level and have no other significant assets are eligible to receive government assistance in the form of free or reduced-price school lunches.

**full-time enrollment:** The number of students enrolled in higher education courses with a total credit load equal to at least 75 percent of the normal full-time course load.

**full-time equivalency (FTE):** Full-time-equivalent number of positions, not the number of different individuals occupying the positions during the school year.

**full-time worker:** One who is employed for 35 or more hours per week, including paid leave for illness, vacation, and holidays. Hours may be reported either for a survey reference week, or for the previous calendar year, in which case they refer to the usual hours worked.

**functional currency:** The currency in which a subsidiary conducts most of its business; generally, but not always, the currency of the country where it does most of its spending and earning.

**fund:** A sum of money or other resources segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations, and constituting an independent fiscal and accounting entity.

**fund balance:** A summary of revenues, expenditures, reserves and year-end balances for a fund or funds.

## G

**GAAP (generally accepted accounting principles):** Authoritative guidelines that define accounting practice at a particular time. Full reference is United States GAAP.

**GAAS (generally accepted auditing standards):** Auditing standards developed by the American Institute of Certified Public Accounts (AICPA).

**general ledger:** A book, file or other device in which accounts are kept to the degree of detail necessary that summarizes the financial transactions of the district.

**general fund:** Typically, the largest fund in the budget. It is comprised of money not in other funds. Most of this fund is not earmarked for specific purposes.

**generally accepted auditing standards (GAAS):** Auditing standards developed by the American Institute of Certified Public Accounts (AICPA)..

**general-purpose financial statements:** The financial reports intended for use by a variety of external groups; they include the balance sheet, the income statement, and the statement of cash flows.

**general obligation bonds (GO Bonds):** Bonds that the state stands behind with its taxing powers.

**government appropriation:** An amount (other than a grant or contract) received from or made available to an institution through an act of a legislative body.

**government grant or contract:** Revenues from a government agency for a specific research project or other program.

**gross tax liability:** The amount of tax computed by multiplying the tax base (taxable income) by the appropriate tax rates.

## H

**high school:** A secondary school offering the final years of high school work necessary for graduation, usually including grades 10, 11, 12 (in a 6-3-3 plan) or grades 9, 10, 11, and 12 (in a 6-2-4 plan).

**higher education institutions (general definition):** Institutions providing education above the instructional level of the secondary schools, usually beginning with grade 13. Typically, these institutions include colleges, universities, graduate schools, professional schools, and other degree-granting institutions.

**horizontal analysis of financial statements:** A technique for analyzing the percentage change in individual income statement or balance sheet items from one year to the next.

## I

**imprest petty cash fund:** A petty cash fund in which all expenditures are documented by vouchers or vendors' receipts or invoices. The total of the vouchers and cash in the fund should equal the established balance.

**income statement (statement of earnings):** The financial statement that summarizes the revenues generated and the expenses incurred by an entity during a period of time.

**income taxes payable:** The amount expected to be paid to the federal and state governments based on the income before taxes reported on the income statement.

**independent checks:** Procedures for continual internal verification of other controls.

**indirect costs:** The assignable cost of items, such as heat and light, to an academic program. Those expenses that benefit the entire entity and, therefore, cannot be directly charged to a specific cost category or project activity.

**indirect method:** A method of reporting net cash flow from operations that involves converting accrual-basis net income to a cash basis.

**indirect rate:** This is the rate that reflects the fair share of the indirect expenses, usually general administrative expenses and certain other costs that are related to the program but cannot be readily and accurately identified as a direct cost or service.

**inflation:** An increase in the general price level of goods and services; alternatively, a decrease in the purchasing power of the dollar.

**instructional expenditures (elementary/secondary):** Current expenditures for activities directly associated with the interaction between teachers and students. These include teacher salaries and benefits, supplies and purchased instructional services.

**interest:** The payment (cost) for the use of money.

**interest rate:** The cost of using money, expressed as an annual percentage.

**internal auditors:** An independent group of experts in controls, accounting, and operations, who monitor operating results and financial records, evaluate internal controls, assist with increasing the efficiency and effectiveness of operations, and detect fraud.

**internal control structure:** Safeguards, in the form of policies and procedures, established to provide management with reasonable assurance that the objectives of an entity will be achieved.

**internal service funds:** Funds internal to the operation of a unit that provide a variety of services to that unit, such as a printing activity. The funds must recover the full costs of services provided through billing back.

**inventory:** Goods held for resale. It can also mean any unsold or unused goods such as those in a school foods program for adults and children.

**itemized deduction:** Amounts paid by an individual taxpayer for personal and quasi-business expenses that can be deducted in computing taxable income, such as medical expenses, property and income taxes, mortgage and investment interest, charitable contributions, moving expenses, casualty and theft losses, and certain miscellaneous expenses.



## J

**journal entry:** A recording of a transaction where debits equal credits; usually includes a date and an explanation of the transaction.

**journal:** An accounting record in which transactions are first entered; provides a chronological record of all business activities.

## K

**kindergarten:** This category of students includes transitional kindergarten, kindergarten, and pre-first-grade students and is traditionally found in schools of elementary age children.

**kindergarten handicap (or disabled):** This is a special category within kindergarten that provides for increased weighting of kindergarteners and therefore more revenue to a district.

## L

**lower cost or market (LCM):** A basis for valuing certain assets at the lower of original cost or current market value.

**lease:** A contract that specifies the terms under which the owner of an asset (the lessor) agrees to transfer the right to use the asset to another party (the lessee).

**ledger:** A book of accounts in which data from transactions recorded in journals are posted and thereby classified and summarized.

**lessee:** The party that is granted the right to use property under the terms of a lease.

**lessor:** The owner of property that is rented (leased) to another party.

**levy:** A tax imposed on property, which a school board may levy, and limited by statute.

**liabilities:** Obligations measurable in monetary terms that represent amounts owed to creditors, governments, employees, and other parties.

**license:** The right to perform certain activities, generally granted by a governmental agency.

**LIFO (last-in, first-out):** An inventory cost flow whereby the last goods purchased are assumed to be the first goods sold so that the ending inventory consists of the first goods purchased.

**Limited English Proficiency (LEP):** A concept developed to assist in identifying those language-minority students (children from language backgrounds other than English) who need language assistance services, in their own language or in English, in the schools.

**limited liability:** The legal protection given stockholders whereby they are responsible for the debts and obligations of a corporation only to the extent of their capital contributions.

**liquidation:** The process of dissolving a business by selling the assets, paying the debts, and distributing the remaining equity to the owners.

**liquidity:** A company's ability to meet current obligations with cash or other assets that can be quickly converted to cash.

**loan:** Borrowed money that must be repaid.

**local education agency (LEA):** See *school district*.

**long-term investment:** An expenditure to acquire a non-operating asset that is expected to increase in value or generate income for longer than one year.

**long-term liabilities:** Debts or other obligations that will not be paid within one year.

**losses:** Costs that provide no benefit to an organization.

## M

**maker:** A person (entity) who signs a note to borrow money and who assumes responsibility to pay the note at maturity.

**management accounting:** The area of accounting concerned with providing internal financial reports to assist management in making decisions.

**mandates:** Requirements imposed by one level of government on another.

**marginal cost pupil unit:** Used to indicate pupil count. It is a calculation whereby 77 percent of the current year pupil count is added to 23 percent of the prior year pupil count.

**market value:** The value assigned to property by an assessor. The market value is intended to reflect the sales value of the property.

**matching principle:** The concept that all costs and expenses incurred in generating revenues must be recognized in the same reporting period as the related revenues.

**maturity date:** The date on which a note or other obligation becomes due.

**maturity value:** The amount of an obligation to be collected or paid at maturity; equal to principal plus any interest.

**Minnesota Automated Reporting Student System (MARSS):** A system of pupil accounting which maintains essential data elements for each public school student attending school in Minnesota and reported by school districts to the state.

**Minnesota Department of Education (MDE):** The formal agency within the executive branch of government in Minnesota that oversees the operations of education, K-12 education in particular.

**monetary measurement:** The idea that money, as the common medium of exchange, is the accounting unit of measurement, and that only economic activities measurable in monetary terms are included in the accounting model.

## N

**natural resources:** Assets that are physically consumed or waste away, such as oil, minerals, gravel, and timber.

**net proceeds:** The difference between maturity value and discount when a note receivable is discounted.

**net realizable value of accounts receivable:** The net amount that would be received if all receivables considered collectible were collected; equal to total accounts receivable less the allowance for uncollectible accounts; also called the book value of accounts receivable.

**net sales:** Gross sales less sales discounts and sales returns and allowances.

**net tax capacity (NTC):** This value is derived by multiplying the estimated market value of each parcel by the appropriate class (use) rate for that parcel.

**net tax liability:** The amount of tax computed by subtracting tax credits from the gross tax liability.

**nominal accounts:** Accounts that are closed to a zero balance at the end of each accounting period; temporary accounts generally appearing on the income statement.

**noncash items:** Items included in the determination of net income on an accrual basis that do not affect cash; examples are depreciation and amortization.

**noncash transactions:** Investing and financing activities that do not affect cash; if significant, they are disclosed below the statement of cash flows or in the notes to the financial statements.

**nonoperating assets:** Investment and other assets not used in a business but held to earn a return separate from operations.

**nonprofit organization:** An entity without a profit objective, oriented toward providing services efficiently and effectively.

**non-resident student:** A student whose legal residence is outside the geographical area served by the district.

**non-supervisory instructional staff:** Persons such as curriculum specialists, counselors, librarians, remedial specialists, and others possessing education certification but not responsible for day-to-day teaching of the same group of pupils.

**note payable:** A debt owed to a creditor, evidenced by an unconditional written promise to pay a certain sum of money on or before a specified future date.

**note receivable:** A claim against a debtor, evidenced by an unconditional written promise to pay a certain sum of money on or before a specified future date.

**notes to financial statements:** Explanatory information considered an integral part of the financial statements.

**NSF (nonsufficient funds) check:** A check that is not honored by a bank because of insufficient cash in the customer's account.

## O

**obligations:** Amounts of orders placed, contracts awarded, services received, or similar legally binding commitments made by federal agencies during a given period that will require outlays during the same or some future period.

**open transaction:** A transaction that is not completed at the end of the accounting period; a purchase that has not yet been paid for or a sale where payment is yet to be collected when the accounting period ends.

**operating activities:** Transactions and events that enter into the determination of net income.

**operating assets:** Long-term, or noncurrent, assets acquired for use in the business rather than for resale; includes property, plant, and equipment; intangible assets; and natural resources.

**operating lease:** A simple rental agreement.

**other revenues and expenses:** Items incurred or earned from activities that are outside, or peripheral to, the normal operations of a firm.

**outlays:** The value of checks issued, interest accrued on the public debt, or other payments made, net of refunds and reimbursements.

## P

**part-time enrollment:** The number of students enrolled in higher education courses with a total credit load less than 75 percent of the normal full-time credit load.

**part-time worker:** One who is employed for 1-34 hours a week, including paid leave for illness, vacation, and holidays. Hours may be reported either for a survey reference week, or for the previous calendar year, in which case they refer to the usual hours worked.

**payee:** The person (entity) to whom payment on a note is to be made.

**pension plan:** A contract between a company and its employees whereby the company agrees to pay benefits to employees after their retirement.

**petty cash fund:** A small amount of cash kept on hand for making miscellaneous payments.

**physical safeguards:** Physical precautions used to protect assets and records, such as locks on doors, fireproof vaults, password verification, security guards.

**post-closing trial balance:** A listing of all real account balances after the closing process has been completed; provides a means of testing whether total debits equal total credits for all real accounts prior to beginning a new accounting cycle.

**posting:** The process of transferring amounts from the journal to the ledger.

**postsecondary enrollment options (PSEO):** A program that allows high school juniors and seniors to take courses at postsecondary institutions for high school credit.

**prepaid expenses:** Payments made in advance for items normally charged to expense.

**primary financial statements:** The balance sheet, income statement, and statement of cash flows, used by external groups to assess a company's economic standing.

**principal (face value or maturity value):** The amount that will be paid on a bond at its maturity date.

**principal on a note:** The face amount of a note; the amount (excluding interest) that the maker agrees to pay the payee.

**prior-period adjustments:** Adjustments made directly to Retained Earnings in order to correct errors in the financial statements of prior periods.

**proration:** A term describing an allocation that is based on a proportionate distribution of the total.

**proper authorization:** Policy regarding either a general class of transactions, such as inventory, or a specific transaction to achieve control objectives.

**property, plant, and equipment turnover:** A measure of how well property, plant, and equipment are being utilized in generating a period's sales; computed by dividing net sales by average property, plant and equipment.

**property, plant, and equipment:** Tangible, long-lived assets acquired for use in business operations; includes land, buildings, machinery, equipment, and furniture.

**Public Employees Retirement Association (PERA):** This group administers pension plans that cover local, county, and school district non-teaching employees.

**Purchase Returns and Allowances:** A contra-purchase account used for recording the return of, or allowances for, previously purchased merchandise.

**purchases account:** An account in which all inventory purchases are recorded; used with the periodic inventory method.

**purchases journal:** A special journal in which credit purchases are recorded.

**pupil units:** A count of resident pupils in average daily membership. See *weighted pupil units*.

## Q

**qualified opinion:** Opinion issues when the work of the auditor has been limited in scope or the entity has failed to follow GAAS.

## R

**real accounts:** Accounts that are not closed to a zero balance at the end of each accounting period; permanent accounts appearing on the balance sheet.

**review and comment:** A process by which the commissioner of MDE reviews and comments on the feasibility and practicality of school district building projects.

**receivables:** Claims for money, goods, or services.

**recourse:** The right to seek payment on a discounted note from the payee if the maker defaults.

**refund bonds:** Bonds issued to pay off bonds already outstanding.

**registered bonds:** Bonds for which the names and addresses of the bondholders are kept on file by the issuing company.

**reserved:** An amount set-aside for some specified purpose.

**resident student:** A student whose legal residence is within the geographic area served by the district.

**residual income:** The amount of net income an investment center is able to earn above a specified minimum rate of return on assets.

**revenue recognition principle:** The idea that revenues should be recorded when; (1) the earnings process has been substantially completed; and, (2) an exchange has taken place.

**revenues:** Money received by a unit from external sources net of refunds and other correcting transactions, other than from the issuance of debt, liquidation of investments, and as agency and probate trust transactions.

**revolving fund:** A fund established in which revenue (including loan payments) is credited back to the fund for the same use as the original appropriation.

## S

**sales ratio:** A statistical measure prepared by the Department of Revenue to measure the difference between the actual sales prices of property with the assessor's market values on those properties.

**sales tax payable:** Money collected from customers for sales taxes that must be remitted to local governments and other taxing authorities.

**salvage, or residual, value:** Estimated value or actual price of an asset at the conclusion of its useful life; net of disposal costs.

**secured bonds:** Bonds for which assets have been pledged in order to guarantee repayment.

**segregation of duties:** Strategy to provide an internal check on performance through separation of custody of assets from accounting personnel, separation of authorization of transactions from custody of related assets and separation of operational responsibilities from record keeping responsibilities.

**Social Security (FICA) taxes:** Federal Insurance Contributions Act taxes imposed on employees and employers; used mainly to provide retirement benefits.

**sparsity revenue:** That portion of the general education formula that provides additional revenue to school districts for schools that have relatively small enrollments and are relatively far from other school buildings.

**special funds:** A grouping of revenues from certain sources from which certain expenditures are made. Revenues for these funds are usually dedicated and expenditures from the special funds are usually restricted for certain purposes.

**special journal:** A book of original entry for recording similar transactions that occur frequently.

**Staff Automated Reporting System (STAR):** The system by which staff data elements are recorded and transmitted to the Minnesota Department of Education (MDE).

**standard unqualified audit report:** Audit report indicating that all auditing conditions have been met, no significant misstatements have been discovered and remain uncorrected, and the auditors feel the financial statements are fairly stated in accordance with generally accepted accounting principles.

**stated rate of interest:** The rate of interest printed on the bond.

**stated value:** A nominal value assigned to no-par stock by the board of directors of a corporation.

**statement of cash flows:** The financial statement that shows an entity's cash inflows (receipts) and outflows (payments) during a period of time.

**straight-line amortization:** A method of systematically writing off a bond discount or premium in equal amounts each period until maturity.

**straight-line depreciation method:** The depreciation method in which the cost of an asset is allocated equally over the period of an asset's estimated useful life.

**subsidiary ledger:** A grouping of individual accounts that in total equal the balance of a control account in the General Ledger.

**sum-of-the-years'-digits (SYD) depreciation method:** The accelerated depreciation method in which a constant balance (cost minus salvage value) is multiplied by a declining depreciation rate.

# T

**tangible personal business property:** Depreciable operating assets of a business, other than real property, including machinery, furniture and fixtures, automobiles and trucks, and equipment.

**targeted services:** These are K-8 intervention/prevention services provided outside the traditional school day and traditional school year to qualified learners.

**tax anticipation note:** A note issued in anticipation of collection of taxes, usually retireable only from tax collections from a local levy.

**tax base:** The value of commercial, industrial, residential, agricultural and other properties in a school district, city, municipality, and county.

**tax capacity:** The value of property that school districts and other units tax.

**tax credit:** A state allowed reduction on local property taxes.

**Teachers Retirement Association (TRA):** This group provides coverage for public school teachers throughout the state, except for teachers in the first class cities, and some teachers in community colleges, state universities and technical colleges.

**term bonds:** Bonds that mature in one lump sum at a specified future date.

**time period (or periodicity) concept:** The idea that the life of a business is divided into distinct and relatively short time periods so that accounting information can be timely.

**transactions:** Exchange of goods or services between entities (whether individuals, businesses, or other organizations), as well as other events having an economic impact on a business.

**transfers:** The movement of money between funds. A transfer must be consistent with legislative intent.

**trial balance:** A listing of all account balances; provides a means of testing whether total debits equal total credits for all accounts.

**trust fund:** A fund consisting of resources received and held by the district as trustee to be expended or invested in accordance with the conditions of the trust.

**tuition student:** A pupil for whom tuition is paid.

# U

**uncollectible accounts expense:** An account that represents the portion of the current period's receivables that are estimated to become uncollectible.

**unearned revenues:** Amounts received before they have been earned.

**Uniform Financial Accounting and Reporting Standards (UFARS):** Minnesota's legally prescribed set of accounting standards for all school districts.

**unlimited liability:** The lack of a ceiling on the amount of liability a proprietor or partner must assume; meaning that if business assets are not sufficient to settle creditor claims, the personal assets of the proprietor or partners may be used to settle the claims.

**unrecorded expenses:** Expenses incurred during a period that have not been recorded by the end of that period.

**unrecorded revenues:** Revenues earned during a period that have not been recorded by the end of that period.

**useful life:** The term used to describe the life over which an asset is expected to be useful to the company; cost is assigned to the periods benefited from using the asset.

## V

**vertical analysis of financial statements:** A technique for analyzing the relationships between items on an income statement or balance sheet by expressing all items as percentages.

**voucher:** A document that authorizes the payment of money and usually indicates the accounts to be charged.

## W

**warrant:** An order drawn by the school board to the district treasurer ordering him/her to pay a specified amount to a payee named on the warrant.

**weighted-average:** A periodic inventory cost flow alternative whereby the cost of goods sold and the cost of ending inventory are determined by using a weighted-average cost of all merchandise available for sale during the period.

**weighted pupil units:** A varied weighting of pupils by grade. For example, a student in grades 1-6 may be counted as a 1.06 pupil unit, whereas a student in grades 7-12 may be counted as a 1.3 pupil unit.

**work sheet:** A columnar schedule used to summarize accounting data.

**working capital:** Current assets minus current liabilities.

**working capital turnover:** A measure of the amount of working capital used in generating the sales of a period; computed by dividing net sales by average working capital.

## X

No entries

## Y

**yield:** The return on an investment, usually presented as a percentage.

## Z

No entries