

---

**Minnesota Department of Education (MDE)**  
**Financial Management**  
**Hot Topics**

2009-2010

# Agenda

---



- Prior Year Federal Funds
- Uniform Financial Accounting and Reporting Standards (UFARS) and State Education Record View and Submission (SERVS) Reconciliation
- 2008-2009 Reporting Summary
- 2009-2010 Edit Turnaround Reports
- Federal Grant Course Codes
- Special Education Maintenance of Effort Course Code
- Food Service Accounting
- Transportation Cost Reporting of Federal Programs

## Prior Year Federal Funds

---



- Unbudgeted – Funds from a current fiscal year allocation that are not budgeted in that state fiscal year.
- Balance Forward – Funds from the current fiscal year allocation, intentionally budgeted as balance forward by the LEA, that are not intended to be expended in that state fiscal year.
- Carry Forward – Initial award funds that are moved into the next school year by MDE after applying restriction criteria.

## Prior Year Federal Funds



- Unbudgeted prior year funds are now available for No Child Left Behind (NCLB) Title Programs.
- Prior year money is the unbudgeted funds from 2009 that were originally presented in Electronic Minnesota Accountability Plan (EMAP) budgets in combination with current year funds.
- Some districts will now see two separate federal funding streams or awards for Title Programs. Each federal funding stream includes the following information:
  - Date range of the award
  - Forward funding indicator
  - Tydings indicator
  - Tydings percentage
  - Final reporting period

# Prior Year Federal Funds



Finance Code: 401 - FORMULA - 401 - Title I, Part A, Improving the Academic Achievement of the Disadvantaged  
 State Fiscal Year: 2010

Primary MDE Contact  
 SCHLEICHER, LEIGH  
 Phone: [not available]  
 Email: leigh.schleicher@state.mn.us

Program Contact  
 MONTANO, JESSIE  
 Phone: 651-582-8615  
 Email: jessie.montano@state.mn.us

| Amount                     | Amount Remaining | UFARS Course Code | Carry Forward % | Federal Obligate By | Federal Expend By |
|----------------------------|------------------|-------------------|-----------------|---------------------|-------------------|
| \$130,572.58               | \$108,152.42     | 000               | 15.0%           | 09/30/2011          | 11/14/2011        |
| \$8,017.99                 | \$7,000.00       | 011               | 0.0%            | 09/30/2010          | 11/14/2010        |
| <b>Total: \$138,590.57</b> |                  |                   |                 |                     |                   |

| Workflow State    | Budget Submission or Revision |
|-------------------|-------------------------------|
| Funded and Active | Revise Budget                 |

| Object Code   | Description                              | Last MDE Approved Budget | Currently Approved Budget | Amount Expended*   | Proposed Budget     |
|---|--|--------------------------|---------------------------|--------------------|---------------------|
| 141 - Non-Licensed Classroom Personnel                    | Educational Assistants                   | \$98,152.00              | \$98,152.00               | \$18,795.52        | \$98,152.00         |
| 185 - Other Salary Payments                               | Parent Meetings                          | \$200.00                 | \$200.00                  | \$0.00             | \$200.00            |
| 210 - FICA/Medicare                                       | Bennies for paraprofessionals            | \$7,508.00               | \$7,508.00                | \$2,542.10         | \$7,508.00          |
| 214 - PERA (Public Employees Retirement Association)      | PERA for paraprofessionals               | \$6,815.00               | \$6,815.00                | \$1,353.21         | \$6,815.00          |
| 230 - GRP LIFE INSURANCE                                  |  | \$104.00                 | \$104.00                  | \$40.60            | \$104.00            |
| 366 - Travel, Conventions And Conferences                 | MAASFEP and travel for staff development | \$1,300.00               | \$1,300.00                | \$706.72           | \$1,300.00          |
| 433 - Supplies And Materials - Individualized Instruction | Supplies                                 | \$200.00                 | \$200.00                  | \$0.00             | \$200.00            |
| <b>Total Budgeted</b>                                     |  | <b>\$114,279.00</b>      | <b>\$114,279.00</b>       | <b>\$23,438.15</b> | <b>\$114,279.00</b> |
| <b>Remaining Unbudgeted</b>                               |  |                          |                           |                    | <b>\$24,311.57</b>  |

Two funding streams will appear as separate amounts within the same Budget.

The first line shows the current year amount.

The second line shows the prior year amount (carry forward).

You can budget the entire total shown on the bottom line by selecting “Revise Budget”.

## Prior Year Federal Funds



- Amount
  - May see two different lines
  - One line for each funding stream
  - Allocations within funding streams may change throughout the year
- Amount remaining
  - Amount available to spend within a specific funding stream
- UFARS course code
  - Provides a reminder for how to report in UFARS
  - 000 for current year funding stream
  - 011 for prior year funding stream

Note: For 2009-2010, SERVS will only use 000 to reflect current year funding.

If your district is required to set-aside funds, you should use 640, 639, 638...634 course code in UFARS even if SERVS indicates only 000.

## Prior Year Federal Funds

---

- Carry forward restrictions
- Federal obligate by Tydings date information
- Federal expend by Tydings date information (drawdown deadline)

### Notes on Budgeting:

- Funds may be budgeted based on the total amount available.
- It is not necessary to indicate the funding stream for spending in the budget.
- Regular budget revision rules apply (e.g.  $>$  or  $=$  10% or adding an object code)

# Prior Year Federal Funds



Finance Code: 401 - FORMULA - 401 - Title I, Part A, Improving the Academic Achievement of the Disadvantaged  
 State Fiscal Year: 2010

Primary MDE Contact: SCHLEICHER, LEIGH  
 Phone: [not available]  
 Email: leigh.schleicher@state.mn.us

Program Contact: MONTANO, JESSIE  
 Phone: 651-582-8615  
 Email: jessie.montano@state.mn.us

| Amount                             | Amount Remaining | UFARS Course Code       | Carry Forward %          | Federal Obligate By     | Federal Expend By |
|------------------------------------|------------------|-------------------------|--------------------------|-------------------------|-------------------|
| <input type="radio"/> \$130,572.58 | \$108,152.42     | 000                     | 15.0%                    | 09/30/2011              | 11/14/2011        |
| <input type="radio"/> \$8,017.99   | \$0.00           | 011                     | 0.0%                     | 09/30/2010              | 11/14/2010        |
| Total: \$138,590.57                |                  |                         |                          |                         |                   |
| Total Budgeted                     |                  | UFARS Report Period     | Budget Obligation Period | Budget Draw Period      |                   |
| \$0.00                             |                  | 07/01/2009 - 06/30/2010 | 07/01/2009 - 06/30/2010  | 07/01/2009 - 11/14/2010 |                   |

Object Code:  Expense Type:

| Date       | Status  | Expense Type   | Object Code  | UFARS Course Code | Description       | Amount Requested | Actions   |
|------------|---------|----------------|--|-------------------|-------------------|------------------|---|
| 12/07/2009 | Pending | Actual Expense | 141 - Non-Licensed Classroom Personnel               | 011               | Salary            | \$7,000.00       | <input type="button" value="Edit"/> <input type="button" value="Delete"/> |
| 12/07/2009 | Pending | Actual Expense | 210 - FICA/Medicare                                  | 011               |                   | \$1,017.99       | <input type="button" value="Edit"/> <input type="button" value="Delete"/> |
| 11/09/2009 | Cleared | Actual Expense | 366 - Travel, Conventions And Conferences            | 000               | MAASFEP Fall Conf | \$706.72         | <input type="button" value="Edit"/> <input type="button" value="Delete"/> |
| 11/09/2009 | Cleared | Actual Expense | 230 - GRP LIFE INSURANCE                             | 000               | SES               | \$14.80          | <input type="button" value="Edit"/> <input type="button" value="Delete"/> |
| 11/09/2009 | Cleared | Actual Expense | 214 - PERA (Public Employees Retirement Association) | 000               | SES               | \$543.90         | <input type="button" value="Edit"/> <input type="button" value="Delete"/> |
| 11/09/2009 | Cleared | Actual Expense | 210 - FICA/Medicare                                  | 000               | SES               | \$616.45         | <input type="button" value="Edit"/> <input type="button" value="Delete"/> |

When you have two active funding awards you must select the award year using the radio button prior to submitting an expenditure.

Expenditures will not be processed without selecting a funding year.

This example shows no radio button for the prior year as those funds have already been spent.

## UFARS/SERVS Reconciliation

- The Finance Dimension is generally used to record revenues and expenditures that relate to an activity with special funding and/or relate to a reserved fund balance.
- UFARS expenditures are expected to be equal to the amount reported on SERVS by finance code, course code and object code.

Reminder on course codes for 2009-2010 only:

$$\text{SERVS 000} = \text{UFARS 000} + 640 + 639 + 638 + 637 + 636 + 635 + 634$$

- UFARS revenues are expected to be equal to the amount reported on SERVS by finance code, course code and source code.
- At year-end, it is recommended to adjust SERVS to match UFARS versus adjusting UFARS to match SERVS when possible. More information will be coming on year-end budget adjustments.

## UFARS/SERVS Reconciliation

---

- Preliminary discussions have been taking place in order to address some of the outstanding questions regarding year-end reporting. These include:
  - UFARS submissions must use the “A” or “U” flag to indicate final audited UFARS versus unaudited UFARS **throughout** the submission process.
  - If final audited UFARS and SERVS data do not reconcile, the UFARS submission will not load.
  - This audit indicator, used in conjunction with the UFARS/SERVS reconciliation, may automatically carry forward unspent funds from one fiscal year to the next in SERVS.

## UFARS/SERVS Reconciliation

---



Year-end SERVS/UFARS reconciliation issues under review:

- There will be mechanisms established in UFARS to accommodate the General Education deduction for contract placement for special education. Further instructions will be coming.
- There will be mechanisms established in SERVS to accommodate the federal special education tuition billing declaration. Further instructions will be coming.

## FY 2009 Reporting (Coding and Submission Errors)



### FY 2009 Submission Processing Standards:

- 1) UFARS file is submitted via MDE Website.
- 2) UFARS batch file runs at 10:00 p.m. for all uploads.
- 3) Each UFARS file is processed against:
  - a) Date comparison against prior submission date (fatal error if not a later date).
  - b) Fiscal year (fatal error if not current year).
  - c) LEA organization comparison against MDE databases (fatal error if not active).
    - i. District Number
    - ii. District Type
    - iii. Active sites to organization dimension
  - d) Restricted Grid (error).
  - e) UFARS Turnaround Edit Report Criteria (warning).

## FY 2009 Reporting (Coding and Submission Errors)



- **(warning)** If balance sheet codes 403, 408, 411, 416, 417, 418, 419, 423, 424, 425, 426, 428, 434, 435, 436, 438, 441, 445, 446, 447, 450, 451 and 452 are less than zero.
- **(warning)** If balance sheet code 422 in Fund 02 is less than zero for one to three consecutive fiscal years.
- **(warning)** If a fund 02 revenue/expenditure does not have a valid finance code (701, 702, 703, 705, 706, 707 or 709).
- **(warning)** If expenditures in any object code except chargeback codes 195, 295, 365, 395, 398, 535, 545, 589 and 895 are less than zero.
- **(warning)** If program code 930 does NOT equal zero.
- **(warning)** If assets do NOT equal liabilities plus fund balance in each fund.

## FY 2009 Reporting (Coding and Submission Errors)

---



- **(warning)** If object codes 535 and 589 do NOT equal zero.
- **(warning)** If object codes 195, 295, 365, 398, 545 do NOT equal zero.
- **(warning)** If finance codes 302, 306, 307, 308, 317, 330, 342, 401, 740 and 830 show no expenditure activity. This item applies to district types 01, 02, 03 and 07.
  - Finance code 302 does not apply to charter schools.
  - Finance code 330 may not be applicable to secondary charter schools.
  - Finance code 342 will apply if you have a Safe School Levy.
  - Finance code 401 will apply if you have a Title 1 Program.
  - Finance code 830 will apply if you have a Career and Technical Program.

## FY 2009 Reporting (Coding and Submission Errors)



- **(warning)** If finance code 796 in funds 1, 2, 4 has levy authority but no expenditure amounts.
- **(warning)** If finance code 798 in fund 4 has levy authority but no expenditure amount.
- **(warning)** If source code 474 does not equal object 491 in fund 02.
- **(warning)** If source code 020 and 299 do not equal zero.
- **(warning)** If balance sheet code 422 Unreserved/Undesignated in agency fund 9 has a fund balance.
- **(warning)** If fund transfer source code 649 and object code 910 do not equal.

## FY 2010 Reporting (Coding and Submission Errors)



- **(error)** If balance sheet codes 403, 408, 411, 416, 417, 418, 419, 423, 424, 425, 426, 428, 434, 435, 436, 438, 441, 445, 446, 447, 450, 451 and 452 are less than zero.
- **(warning)** If balance sheet code 422 in Fund 02 is less than zero for one to three consecutive fiscal years.
- **(error)** If a fund 02 revenue/expenditure does not have a valid finance code (701, 702, 703, 705, 706, 707 or 709).
- **(warning)** If expenditures in any object code except chargeback codes 195, 295, 365, 395, 398, 535, 545, 589 and 895 are less than zero.
- **(error)** If program code 930 does NOT equal zero.
- **(error)** If assets do NOT equal liabilities plus fund balance in each fund.

## FY 2010 Reporting (Coding and Submission Errors)



- **(error)** If object codes 535 and 589 do NOT equal zero.
- **(error)** If object codes 195, 295, 365, 398, 545 do NOT equal zero.
- **(warning)** If finance codes 302, 306, 307, 308, 317, 330, 342, 401, 740 and 830 show no expenditure activity. This item applies to district types 01, 02, 03 and 07.
  - Finance code 302 does not apply to charter schools.
  - Finance code 330 may not be applicable to secondary charter schools.
  - Finance code 342 will apply if you have a Safe School Levy.
  - Finance code 401 will apply if you have a Title 1 Program.
  - Finance code 830 will apply if you have a Career and Technical Program.

## FY 2010 Reporting (Coding and Submission Errors)

---



- **(warning)** If finance code 796 in funds 1, 2, 4 has levy authority but no expenditure amounts.
- **(warning)** If finance code 798 in fund 4 has levy authority but no expenditure amount.
- **(error)** If source code 474 does not equal object 491 in fund 02.
- **(error)** If source code 020 and 299 do not equal zero.
- **(error)** If balance sheet code 422 Unreserved/Undesignated in agency fund 9 has a fund balance.
- **(error)** If fund transfer source code 649 and object code 910 do not equal.
- Others may be added.

# FY 2010 UFARS Turnaround Edit Report



- In addition to the SERVS/UFARS reconciliation, preliminary discussions have also included:
  - UFARS submissions must use the “A” or “U” flag to indicate final audited UFARS versus unaudited UFARS throughout the submission process.
  - If unaudited UFARS does not pass the “fatal error” edit check, the UFARS submission will not load.
  - If unaudited UFARS does not pass the “error” edit check, the UFARS submission will be accepted and errors will be reported.
  - If final audited UFARS does not pass the “error” edit check, the UFARS submission will not load.
  - If unaudited or audited UFARS does not pass the “warning” edit check, the UFARS submission will be accepted and warnings will be reported.

# FY 2010 UFARS Turnaround Edit Report

---



Other potential reporting changes:

- LEAs may upload the UFARS file via the MDE Website through 11/30.
- After 11/30, the MDE Website link will be deactivated.
- After 11/30 and until the close of the UFARS submission process (12/31), LEAs may contact MDE for approval to late submit.
- MDE is exploring the possibility of real-time turnaround for UFARS submissions, allowing same day corrections and resubmissions.
- Files marked as “audited” may be submitted multiple times.

# FY 2010 UFARS Turnaround Edit Report

---



Other potential changes, continued...

Requirements to resubmit a UFARS file after November 30:

- A copy of the correcting entries must be submitted to MDE with an explanation of why the late entry is needed.
- A notification from the auditor must be sent to MDE stating whether or not the corrections would change the final audited financial statements sent to MDE (by 12/31).
- If the correcting entries do change the final audited financial statements, the auditor notification must also include a statement indicating that the audit firm will restate the financial statements or use a prior period adjustment.
- If there is a restated audit, it must be submitted to MDE no later than 1/31.
- A revision to the fiscal compliance table must accompany the restated audit.

# Federal Grant Course Codes

---



## Adequate Yearly Progress (AYP) Reporting Requirements

- New course codes were created to identify mandatory set-asides or additional reporting for federal programs
  - Highly Qualified Staff (634)
  - LEA Level Activities (635)
  - Neglected (636)
  - Homeless (637)
  - Parent Involvement (638)
  - School Choice and Supplemental Education Services (639)
  - Staff Development (640)

# Federal Grant Course Codes

---



## Mandatory Set-Asides

- Some course codes have been built to identify expenditures that already have a UFARS program, finance and object code designation but must also report funds used for a given purpose or set-aside.
- These course codes have two purposes:
  - Set-aside designation
  - Identification of the federal award year related to the set-aside
- With the exception of the course codes related to professional development (642-641-640), the AYP set-aside requirements were not required in federal awards prior to FY 2010.
  - In FY 2010, they will only have a current year federal award designation
  - In FY 2011, they will need to have a prior year federal award designation (new codes!!)

# Federal Grant Course Codes

---



## Mandatory Set-Asides

- Beginning in FY2010, districts should use the AYP current year set-aside course codes in UFARS for Title I (401 and 470 finance codes) even though SERVS will display only course code 000.
- At the end of FY2010, SERVS and UFARS must reconcile or the audited final UFARS file submission will not be accepted.

$$\text{SERVS 000} = \text{UFARS 000} + 640 + 639 + 638 + 637 + 636 + 635 + 634$$

- The NCLB division will use a UFARS organization and course code to evaluate proper use of funds at the site level.
- For more information on the NCLB program, contact John Moorse at MDE ([john.moorse@state.mn.us](mailto:john.moorse@state.mn.us)) or 651-582-8649.

# Federal Grant Course Codes

---



## Mandatory Set-Asides – FY 2010

### 640 Professional Development (**Current Year** Federal Award)

- Federal award year is 2009 = SFY 2010
- Track 10 percent of Title I allocation, plus any flexed funds, for schools in AYP stages of *In Need of Improvement*
- No longer required for special education reporting

### 641 Professional Development (**Prior Year** Federal Award)

- Federal award year is 2008 = one year prior to SFY 2010
- Track 10 percent of Title I allocation, plus any flexed funds, for schools in AYP stages of *In Need of Improvement*
- No longer required for special education reporting

### 642 Professional Development (**Second Prior Year** Federal Award)

- Federal award year is 2007 = two years prior to SFY 2010
- Track 10 percent of Title I allocation, plus any flexed funds, for schools in AYP stages of *In Need of Improvement*
- No longer required for special education reporting

# Federal Grant Course Codes



## Mandatory Set-Asides – FY 2010

### 639 School Choice and Supplemental Educational Services (**Current Year Federal Award**)

- Federal award year is 2009 = SFY 2010
- Prior year federal awards did not require set-asides
- Track 20 percent of Title I allocation, plus any flexed funds, for School Choice / Transportation and Supplemental Educational Services (SES) for schools in AYP Stages of *In Need of Improvement*
- Schools must set-aside 5 percent for transportation, 5 percent for SES and 10 percent for any combination of transportation and SES, unless a lesser amount is needed based upon parent demand or use of other district funds

### 638 Parent Involvement (**Current Year Federal Award**)

- Federal award year is 2009 = SFY 2010
- Prior year federal awards did not require set-asides
- Schools receiving a Title I allocation of \$500,000 or more, 1 percent of allocation plus any dollars flexed into Title I, must be set aside for parental involvement
- In addition, 95 percent of that 1 percent set-aside must go to schools

### 637 Homeless (**Current Year Federal Award**)

- Federal award year is 2009 = SFY 2010
- Prior year federal awards did not require set-asides
- Schools are required to set aside Title I funds to provide comparable services to homeless/highly mobile children, regardless of school attendance area

# Federal Grant Course Codes



## Mandatory Set-Asides – FY 2010

### 636 Neglected (**Current Year Federal Award**)

- Federal award year is 2009 = SFY 2010
- Prior year federal awards did not require set-asides
- Schools are required to set aside Title I funds to provide comparable services to neglected students
- Neglected students are those who have been committed or voluntarily placed in an institution with a capacity of 10 or more residents

### 635 LEA Level Activities (**Current Year Federal Award**)

- Federal award year is 2009 = SFY 2010
- Prior year federal awards did not require set-asides
- Schools may choose to set aside Title I funds for activities that are conducted by the district for all Title I schools (e.g., professional development, pre-school, summer school, etc.)
- Schools with an LEA activity set-aside must set aside equitable dollars for the non-publics

### 634 Highly Qualified Staff (**Current Year Federal Award**)

- Federal award year is 2009 = SFY 2010
- Prior year federal awards did not require set-asides
- Schools may choose to set aside Title I funds to ensure that staff members in core academic subject areas meet the highly qualified provisions

# Special Education MOE Course Code



## 50% Maintenance of Effort (MOE) Reduction

- Maintenance of Effort is achieved when a Local Education Agency (LEA) does not reduce the level of expenditures for the education of children with disabilities paid with state and local funds below the level of those expenditures for the preceding fiscal year. Exceptions may apply.
- An eligible Local Education Agency (LEA) **that has maintained effort in the prior year** can use Individuals with Disabilities Education Act (IDEA)/ARRA funds to replace state and local funds previously used to pay for special education and related service as long as...
  - The reduction in state and local expenditures for special education and related services does not exceed 50 percent of the increase in the LEA's IDEA, Part B, Section 611 allocation between the prior year and the current year.
    - Including the regular allocation and the ARRA targeted allocation.

## Special Education MOE Course Code

---

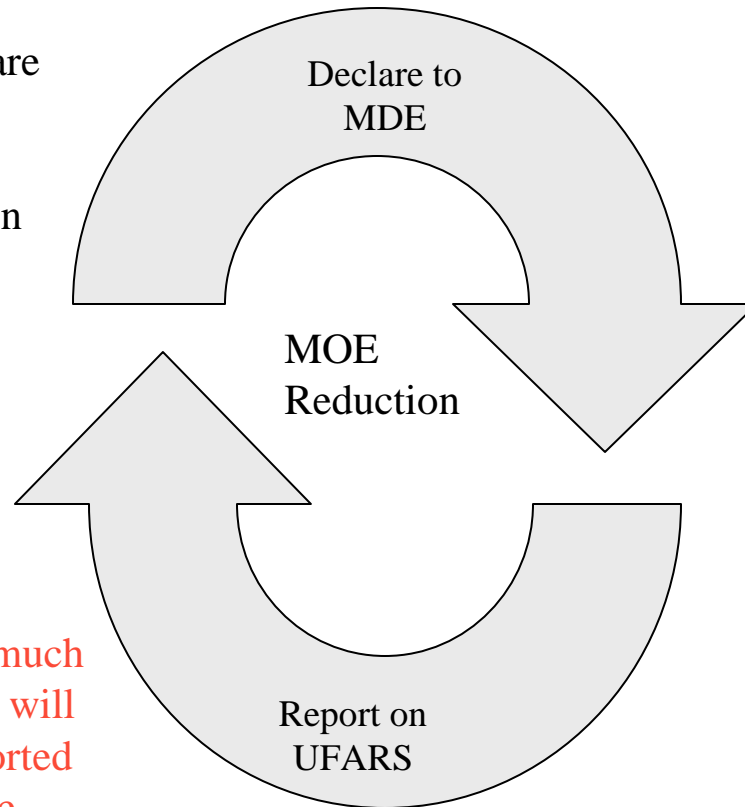


- Freed up funds - Use UFARS Course Code 633 in combination with UFARS Finance Code 000 to track the state and local expenditures for activities allowable under the Elementary and Secondary Education Act (ESEA) that otherwise would have been used for special education.
- Reminder, IDEA, Part B, Section 619 is not included in the 50% MOE reduction calculation.
- Reminder, EIS set-asides get factored into the calculation as well. Contact Mike Matlock for more information.
- For specific questions related to the MOE calculation, please contact Mike Matlock at [mike.matlock@state.mn.us](mailto:mike.matlock@state.mn.us) or 651-582-8379.

# Special Education MOE Course Code

## Special Education 50% Maintenance of Effort

The LEA must declare to MDE that they intend to utilize the 50% MOE Reduction provision.



MDE will calculate the maximum amount eligible for the MOE Reduction once the LEA has declared that they intend to use it.

Regardless of how much was declared, MDE will use the amount reported in UFARS (up to the maximum amount eligible) in the MOE calculation.

The LEA must report in UFARS (633 course code with a 000 finance code) the state/local funds once used for the education of students with disabilities that was no longer used for those purposes.

# Special Education MOE Course Code

---



## **LEA RECEIVES FEDERAL FUNDS DIRECTLY FROM MDE**

**LEA is using federal funds to pay for the benefits of state funded personnel.**

LEA coding of chargeback to benefit:

DB – 01-xxx-(401-420)-480-295-000

CR – 01-xxx-(401-420)-740-295-000

Note: Use program code of original expense. Benefit chargeback is most common but other expenditures may apply.

**LEA is identifying state and local expenditures for activities allowable under ESEA that otherwise would have been used for special education.**

LEA documenting the 50% MOE reduction:

DB – 01-xxx-203-000-140-633

CR – 01-xxx-203-000-140-000

Program 203 is only used as an example.

# Special Education MOE Course Code



## **LEA RECEIVES FEDERAL FUNDS FROM THEIR COOPERATIVE**

**LEA is using federal funds to pay for the benefits of state funded personnel.**

Member LEA coding of chargebacks to benefits:

DB – 01-xxx-(401-420)-680-295-000

CR – 01-xxx-(401-420)-740-295-000

Use program code of original expense.

**LEA is identifying state and local expenditures for activities allowable under ESEA that otherwise would have been used for special education.**

LEA documenting the 50% MOE reduction:

DB – 01-xxx-203-000-140-633

CR – 01-xxx-203-000-140-000

Program 203 is only used as an example.

**The Cooperative receives the federal funds from MDE. The Cooperative is reimbursing the member LEA for the federal expense.**

Reimbursement from cooperative to member LEA:

DB – 01-xxx-(401-420)-480-303-000

DB – 01-xxx-(401-420)-480-304-000

CR – 01-101-00

Use specific disability program code unless three or more disability categories are served and cannot be disaggregated (then use program 420).

## Accounting for Food Service Funds

---



- All revenues and expenditures reported in Fund 02 must be recorded using the appropriate finance code.
- Finance Code 000 is not allowed in Fund 02.
- District Food Service Financial Report is based on UFARS data. Finance code 000 data is not included in this report.
- The District Food Service Financial Report is located on the MDE Website at:  
[http://education.state.mn.us/MDE/Accountability\\_Programs/Program\\_Finance/Financial\\_Management/Reports/index.html](http://education.state.mn.us/MDE/Accountability_Programs/Program_Finance/Financial_Management/Reports/index.html)

## Accounting for Food Service Funds

---



### Spending Food Service Funds for Capital Items

MN Statutes, section 124D.111, Subdivision 3(d)

- Requires that the prior year unreserved balance is greater than the cost of the equipment.
- Requires that MDE approve the capital purchase.
  - Violations require a transfer from the General Fund in the following year.

### Deficits in the Food Service Fund

MN Statutes, section 124D.111, Subdivision 3(f)

- Must be eliminated through a General Fund transfer in the following fiscal year; however, if a plan to eliminate the deficit by the end of the 3<sup>rd</sup> year is submitted to the commissioner by January 1 of the 2<sup>nd</sup> year, the transfer is not required in the 2<sup>nd</sup> year.
- If the school or district uses a food service management company, the deficit must be eliminated by a payment from the management company to the school or district.

## Accounting for Food Service Funds

---

### **Excess Net Cash Resources - Food Service Fund**

Federal Regulation 7CFR210.0(b)(2)

- Limited to 3 months of expenditures
  - Assume a 9 month year
- Must either
  - Reduce prices,
  - Improve food quality, or
  - Take other action to improve food service.
- OR according to federal regulations, federal reimbursements shall be cut.

## Policy changes on Transportation Charged to Federal Programs

- After further discussion, the use of UFARS object code 365 (for district owned transportation) will be allowed in federal programs. For contracted transportation services, UFARS object code 360 (up to \$25,000) and UFARS object code 364 (over \$25,000) should be used.
- The Annual Transportation Report will utilize the Supplemental Worksheet to provide back-up documentation for the costs allocated to the federal program.
- The term “chargeback” will be changed to transportation cost allocation.
- For further information, please contact Kelly Wosika at [kelly.wosika@state.mn.us](mailto:kelly.wosika@state.mn.us) or 651-582-8803.

## UFARS/EDRS Reconciliation

---



- Updated information

## MDE Financial Management Team

---



- Janna Duffy, Supervisor  
([janna.duffy@state.mn.us](mailto:janna.duffy@state.mn.us) or 651-582-8788)
- Karen Dykoski  
([karen.dykoski@state.mn.us](mailto:karen.dykoski@state.mn.us) or 651-582-8766)
- Greg Hein  
([greg.hein@state.mn.us](mailto:greg.hein@state.mn.us) or 651-582-8460)
- Keri Lewis  
([keri.lewis@state.mn.us](mailto:keri.lewis@state.mn.us) or 651-582-8480)
- Mary Weigel  
([mary.weigel@state.mn.us](mailto:mary.weigel@state.mn.us) or 651-582-8770)