Ten Minnesota Commitments to Equity

1. Prioritize equity.
2. Start from within.
4. Go local.
5. Follow the money.
7. Monitor implementation of standards.
8. Value people.
10. Give students options.
FY 2020 GASB 84 and 87 Updates

Overview of GASB Sub Committee

The GASB subcommittee was formed to work on various GASB statements that will need to be implemented in the next couple of years. This committee is a cross section of business managers, region representatives, auditors, Office of State Auditors representatives and MDE staff.

GASB Statement No. 87, Leases, improves existing standards on lease accounting and financial reporting.

GASB No. 87 becomes effective for the year ended FY June 30, 2021. Therefore, we must comply beginning on July 1, 2020.

We have begun working on the GASB No. 87 UFARS changes and updates.
The focus of GASB Statement No. 84, Fiduciary Activities, is on custodial funds.

GASB No. 84 has new definitions for pension trust funds, investment trust funds and private purpose trust funds. (Trust agreements or equivalent arrangement must be present for an activity to be reported in a trust fund.)

Custodial funds will report fiduciary activities for which there is no trust or equivalent arrangement, i.e. fiscal host.

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We are reviewing the accounting treatments for the following activities: fiscal hosts, cooperatives, joint powers, payroll withholdings (flex accounts), scholarship funds and other.

The Agency Fund (Fund 9) will no longer be allowed as of July 1, 2019, since this is no longer valid per GASB Statement No. 84. Review all activity in Fund 9 to determine if the activity belongs in a different fund or if the LEA should not keep the activity.

MDE has requested a new fund (Fund 18) to be in compliance with GASB Statement No. 84.
On 11/20/18, the GASB subcommittee had a conference call with Lisa Parker, GASB Senior Project Manager, regarding GASB 84, Fiduciary Activities. We discussed several scenarios in the draft implementation guide (issued January 2019).

After review of GASB Statement No. 84 and the related draft implementation guide and several discussions with Lisa Parker, the subcommittee determined that student activities are required to be reported in the District’s General Fund.

Student activities not under board control are not considered to be special revenue funds because they do not represent a single stream of revenue and the purpose of each activity may vary.

Based upon this guidance, Minnesota School Districts will no longer be allowed to report student activities “not under board control”.

LEAs will need to review each student activity account not under board control to determine whether the activity belongs within the General Fund 01, Custodial Fund 18 or should not be part of the district’s financial system (i.e., outside organizations such as Booster Clubs).

The GASB subcommittee determined that student activities within the general fund would need to be reserved so the student activity funds are not comingled. This will be Balance Sheet Account 401.

The effective date is July 1, 2019 for FY 2020.
Student activities determined to be under board control should be recorded in General Fund 01 with Finance Code 301, Extracurricular Activities. Fund Balance Account 401, Restricted/Reserved for Extracurricular Activities, will be added.

Districts may, for local purposes, choose to have sub-accounts within the fund balance for each student activity (i.e., student council, chess club or band).

Consult with your auditor if the activity does not represent a general fund activity or fiduciary fund activity.

We have proposed legislation to update M.S. §123B.49, Extracurricular Activities; insurance, to align with GASB 84.

Proposed changes are as follows:

• The Board must take control of student activities
• School Districts must restrict revenue for student activities and spend the revenue only for student activities
• There will be a restricted/reserved fund balance to ensure there is no impact on the Statutory Operating Debt (SOD) calculation.
### FY 2020 UFARS GASB 84 Update

#### Student Activities

**UFARS Changes for GASB 84**

- **Balance Sheet Account 401** – Restricted/Reserved for Extracurricular Activities
- **Program Code 291** – Co-Curricular Activities (Non-Athletics) will be redefined under the new guidance.
- **Program Code 298** - Extracurricular Activities will be redefined under the new guidance.
- **Finance Code 301** – Extracurricular Activities
  - Record revenue and expenditures for student activities.
  - Salaries and benefits will not be allowable in the restricted grid.

### FY 2020 UFARS Chapter 10 Updates

**New Finance Code**

**Finance Code 301** – Extracurricular Activities

- **Allowed Program Codes:** 292, 294, 296 and 298
- **Allowed Object Codes:** 305, 315, 329, 350, 357, 358, 360, 365, 366, 369, 401, 405, 455, 465, 490, 505, 530, 555, 820, and 899
Under Board Control

- Limited changes
- Review the activities for reasonableness
- Fund Balance reclassification change
- At June 30, 2019 know your accounts payable, accounts receivable, etc.
- Reassign funds to Balance Sheet account 401, Restricted/Reserved for Extracurricular Activities on July 1, 2019

NOT Under Board Control

- Review the activities for reasonableness to include in the General Fund
- All activities must move to the General Fund with Finance Code 301
- Possible fund balance reclassification change
- At June 30, 2019 know your accounts payable, accounts receivable, etc.
- Reassign funds to Balance Sheet account 401, Restricted/Reserved for Extracurricular Activities on July 1, 2019
NOT Under Board Control

How do you make the change?

- Recommend a board resolution
- Accounting software must be on the approved list found in the UFARS Overview Chapter, no longer can use unapproved software and then journal entry in the transactions
- Report in the General Fund
- Fund Balance Restriction

NOT Under Board Control

- Board must review all transactions
- Board oversight on activity accounts
- Possible change in allowable expenditures
- School board approval of contracts (which should have been occurring)
- Audit Opinion can be affected by rolling in the student activities, ensure you have proper internal controls over receipting, etc. Work with your auditors to develop the proper accounting procedures.
FY 2020 UFARS GASB 84 Update
Student Activities

**NOT Under Board Control**

- Chapter 14 of the UFARS Manual will be updated to reflect GASB 84, but will remain in the manual.
- The GASB Subcommittee has developed a GASB 84 Q & A and a list of allowable and unallowable expenditures and donations that will be added to chapter 14.
- Statement of Purpose form will still be required

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**Auditor Recommended Best Practices**

- Student activity handbook
- Internal audit of student activity annually
- Account training for all individuals with student activity accounts
- Fundraiser accountability form (currently in Chapter 14)
- Pre-numbered receipts and tracking for all money collected
- Reconciliation after each event of the financial activity to ensure funds are appropriately accounted for in a timely manner
- Minimum of two individuals to count deposits
UFARS Overview Summary

Questions?

MDE Financial Management Contacts

For UFARS Accounting, Manual and Chapter 10 Grid questions, contact the UFARS Helpdesk (MDE.ufars-accounting@state.mn.us).

Contact the MDE IT-Helpdesk for technical questions or problems with the MDE website (MDE.helpdesk@state.mn.us).
## MDE Financial Management Contacts

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Division</th>
<th>Email/Phone Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jenny Charles</td>
<td>Charter School Lease Aid, Federal Reporting &amp; Financial Management Training</td>
<td>Division of School Finance</td>
<td><a href="mailto:Jennifer.Charles@state.mn.us">Jennifer.Charles@state.mn.us</a> or 651-582-8257</td>
</tr>
<tr>
<td>Deb Meier</td>
<td>UFARS Accounting, Manual &amp; Training, MOE, Financial Data Requests</td>
<td>Division of School Finance</td>
<td><a href="mailto:Debra.A.Meier@state.mn.us">Debra.A.Meier@state.mn.us</a> or 651-582-8656</td>
</tr>
<tr>
<td>Pam Sanders</td>
<td>Consolidated Financial and Profile Reports, CPA Financial Audits, MDE Single Audit, Indirect Cost Reporting</td>
<td>Division of School Finance</td>
<td><a href="mailto:Pam.Sanders@state.mn.us">Pam.Sanders@state.mn.us</a> or 651-582-8489</td>
</tr>
<tr>
<td>Molly Koppes</td>
<td>Financial Mgmt Training, Credit Enhancement, Statutory Operating Debt (SOD)</td>
<td>Division of School Finance</td>
<td><a href="mailto:Molly.Koppes@state.mn.us">Molly.Koppes@state.mn.us</a> or 651-582-8249</td>
</tr>
<tr>
<td>Mary Weigel</td>
<td>Financial Management/Reporting Supervisor</td>
<td>Division of School Finance</td>
<td><a href="mailto:Mary.Weigel@state.mn.us">Mary.Weigel@state.mn.us</a> or 651-582-8770</td>
</tr>
</tbody>
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**Thank you!**

Deb Meier and Jamie Fay  
Debra.A.Meier@state.mn.us andjfay@eidebailly.com  
651-582-8656 and 507-304-6944