

School District Accounting and Reporting

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School districts must report on a whole variety of topics. The Minnesota Legislature sets the accounting system that school districts must use for financial purposes. This system is called the Uniform Financial Accounting and Reporting Standards (UFARS). The Legislature also requires additional financial and evaluative reporting for specific programs. Finally, while the federal funds for K12 education are relatively small (less than 6% of total school spending in Minnesota), the federal government requires school districts to prepare a variety of reports.

What follows is a description of UFARS followed by a list of some of the more common statutory financial and achievement reporting requirements.

School District Accounting System—UFARS

Minnesota Statutes, sections 123B.75 – 123B.85

Uniform Financial Accounting and Reporting Standards. The legislature requires school districts to adopt and use a uniform system of records and accounting for public schools. The adopted system, a modified accrual accounting system, is known as Uniform Financial Accounting and Reporting Standards (UFARS). UFARS is important because it provides a uniform basis for comparing and evaluating school district revenue and expenditures. Under UFARS, every district must maintain several operating funds (e.g. general, food service, community service), several nonoperating funds (building construction, debt redemption, OPEB debt) and several fiduciary funds (trust, agency, OPEB trust).

The UFARS statute also prescribes the fiscal years when revenues and expenditures are to be recognized on district books. The legislature uses these recognition provisions to distribute state aid payments to school districts and to balance the state budget. The revenue recognition procedures established by the legislature determine a district's operating debt and expenditure limitations. The UFARS statutes also establish a special reporting process for school districts who are operating in the red.

Student Data. Student data is collected by the Minnesota Department of Education (MDE) through the [MARSS system](#) which stands for the Minnesota Automated Reporting Student System.

Staff Data. Staff data is collected through the **STaff Automated Reporting** [STAR System](#).

Testing and Assessment Data. Testing results (assessment data) are also reported to MDE.

These data systems form the backbone of the school district financial, student, staff, and assessment data on the MDE data and analytics website.

Specific State Statutes Requiring Specialized Reporting

School districts must develop and report on a wide variety of school issues. A sample of the more common reporting requirements are listed below:

Site-Based Spending—Minnesota Statutes, section 123B.76, subdivision 3, requires school districts to report many expenditures by school site.

Reporting of Financial Data—Minnesota Statutes, section 123B.10, requires financial data to be reported to the public.

Compensatory Revenue Expenditure Reports—Minnesota Statutes, section 126C.15, subdivision 5, requires school districts to report on how they are spending their compensatory revenue.

World's Best Workforce—Minnesota Statutes, section 120B.11, the World's Best Workforce provisions, require a variety of performance measures, plans and budgets to be annually reported to MDE and the public.

Achievement and Integration Revenue—Minnesota Statutes, section 124D.861, requires school districts to develop a plan and report on spending and outcomes of their integration programs.

Career and Technical Programs—Minnesota Statutes, sections 124D.452 and 124D.4531, requires school districts to report career and technical spending and activities.

Federal Law

ESSA—Federal education law requires certain reporting requirements. The Every Student Succeeds Act (ESSA) requires states to annually report per-pupil expenditures of federal, state, and local funds, including actual personnel expenditures and actual non-personnel expenditures, disaggregated by source of funds, for each local educational agency and each school. The U.S. Department of Education will issue non-regulatory guidance on the per-pupil reporting.