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SCHOOL BUSINESS BULLETIN

Bulletin No. 21

April 2002

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TO: Superintendent of Schools, Chief School Business Officials, Other Interested Persons

General Financial Management Matters

1. Indirect Cost Rates Applicable for Fiscal Year 2003 - Fiscal Year 2003 Indirect Cost Rates for school districts, charter schools, cooperatives and education districts are now available on the web. The file provides the restricted and unrestricted indirect cost rates for all entities reporting to the Department of Children, Families & Learning.

The rates were computed from your Fiscal Year 2001 UFARS financial data as reported to the Minnesota Department of Children, Families and Learning. The restricted rate is used for federal grants and contracts that have regulations or guidelines preventing federal funds supplanting local monies.

2. Staff Development Revenue and Expenditures - There is a state group and a group of educational organizations working on clarification of issues that relate to the use of staff development funds (the 2% basic revenue set-aside). A clarification of those issues will be contained in a new Frequently Asked Questions (FAQ) sheet that will be posted to the web shortly. The FAQ will also be distributed through MEEP channels. The most recent expenditure report on staff development is posted to the web at cfl.state.mn.us/FIN/reports.html. For more information contact Dr. Charles A. Speiker at 651/582-8737.
3. Watch List Fiscal Year 2002 - Members of the Financial Management and Accountability Team are attempting to be more proactive and service-oriented as it works with districts and schools. The development of a *Watch List* is one method whereby districts that may need assistance are listed for team consideration. Districts that have a negative fund balance, a declining balance over the past 2-3 years, a negative balance in food, community service and/or operating capital funds or accounts are initially considered.

Individual team members are contacting these districts. If you believe you could benefit from financial management assistance, please give the department a call. For more information contact Dr. Charles A. Speiker at 651/582-8737.

4. Manual on Activity Fund Accounting - Development Group Minutes - April 24, 2002 - St. Cloud, Minnesota.

Item One: Layout. It was agreed that the *Manual on Activity Fund Accounting (MAFA)* would be a distinct entity with the *Resource Guide* separate from *MAFA*. The *Resource Manual* would be on the web as a Word and/or Excel document so that it could be manipulated off-site. The *MAFA* would be on the web as a pdf file. The *MAFA* would be placed on the web for use on or before July 1, 2002. It would become effective for the FY 03 year.

The *Resource Guide* would also be posted to the web. It would be a more volatile work in progress, constantly receiving new resources for use at the local sites.

Item Two: Fund Integrity. There is a concern that convenience funds (adult or staff-oriented) are co-mingled in the student activity fund. The State Auditor's Office and the AG's Office will be contacted for any advice or opinions. The group does not accept a compromise of having some convenience funds in the student activity accounts. There will be an all or nothing proposition. At the conclusion of the day, it appeared as though the group was willing to state that only student accounts can be in the student activity fund, even though *MAFA* could be of considerable assistance to people who are managing convenience funds or outside funds such as those in a Booster Club or PTA.

Item Three: Analysis. A section-by-section analysis was completed by the group. Numerous improvements were documented for inclusion in the final document. Team responses to the final draft will be due by May 20.

Item Four: Resource Guide. The *Resource Guide* contains samples from other states and other districts. There are sample "legal compliance" statements, audit test samples, local policies, and procedures. It would also contain legal and extra legal citations in their entirety. All forms from *MAFA* will be placed in the *Resource Guide*, since the *Resource Guide* will be in a Word and Excel format. Materials will be tested for consistency with *MAFA*. Individual assignments will be concluded by June 1.

Item Four: Training. There be at least 6-8 training sessions around the state depending upon registrations. The training will be conducted by the team members. Potential registrants will be screened such that auditors will be trained separately from administrators and business managers (team concept). People will be asked to bring their prior year audit and activity chart of accounts. The training will be more hands-on and less lecture-based. Auditors will be trained in June of 2003 with a heads-up occurring at the 2002 summer conference. The group is not inclined to make presentations to organizations of 15-45 minutes in length on the awareness of *MAFA*. The group will concentrate on actual skill development.

Regional follow-up sessions can be conducted beginning in the fall of 2002 by individual team members. These follow-up sessions would be attended by people who completed the initial training. The team is planning one-day training programs beginning in August. The programs will begin at 9:00 and conclude by 3:00 to accommodate travel needs. The one-day sessions will carry a materials and lunch fee that will be non-refundable within 72 hours of the training date. Registrations will be on a first-come, first-serve basis and will be limited to 33 people per session.

Special thanks were extended to Mr. Dennis Hoogeveen, Principal with Larson, Allen, and Weishair and Company, LLP. He acted as the host for several meetings at St. Cloud as well as this final meeting. He provided lunch and refreshments as well as a meeting room for the group. Special thanks were also extended to Ms. Connie Carter, Internal Auditor, Duluth Public Schools. She was a primary reader and participated in the final meeting of the development group.

5. Collaborative Dollars - Collaborative revenue received from the counties (Source 099 or Source 369) can be used to defray the local expenses of Early Intervention and Prevention Services. The chargeback method of allocation should be used Finance code 799 to move the costs from the programs of service. An example of this procedure would be:

| | | |
|--------|------------------------|---------|
| Debit | 01-XXX-412-799-295-000 | \$4,500 |
| Credit | 01-XXX-412-740-295-000 | \$4,500 |

If collaborative monies are being used in Fund 4, make sure the revenue has been receipted/transferred to Fund 4 to match the expenditures. For further information, contact Mr. Ken Moos at 651/582-8370.

6. Excess Federal Revenue and Local Special Education Costs - District personnel who wish to use up to 20% of the excess Federal Flow Through dollars to defray the local Special Education costs should use the following procedure. The salary benefits of the program would be the best group of expenditures to cover with the excess dollars. The chargeback method of allocation should use the Finance code 419 and the Object code 295 with each Special Education program. An example of this procedure would be:

| | | |
|--------|------------------------|---------|
| Debit | 01-XXX-401-419-295-000 | \$4,500 |
| Credit | 01-XXX-401-740-295-000 | \$4,500 |

7. Intermediate District Accounting for Health and Safety - The accounting procedures for expenditures of the health and safety programs of an Intermediate District by the member school districts is described below. According to 2000 legislation, member school districts can levy for their share of health and safety projects costs for an Intermediate District.

123B.57 Capital expenditure; health and safety.

Subdivision 1. Health and safety program. To receive health and safety revenue for any fiscal year a district must submit to the commissioner an application for aid and levy by the date determined by the commissioner. The application may be for hazardous substance removal, fire and life safety code repairs, labor and industry regulated facility and equipment violations, and health, safety, and environmental management, including indoor air quality management. The application must include a health and safety program adopted by the school district board. The program must include the estimated cost, per building, of the program by fiscal year. Upon approval through the adoption of a resolution by each of an intermediate district's member school district boards and the approval of the department of children, families, and learning, a school district may include its proportionate share of the costs of health and safety projects for an intermediate district in its application.

Member districts should use the UFARS Finance code 352 with Object code 391 for all expenditures incurred by the district (equal to the levy) that are related to the Intermediate Districts projects.

The intermediate district will tract the health and safety revenue and expenditures for the projects and reserve the excess revenue each year.

UFARS Manual Update

1. Miscellaneous Expenditure Code - The miscellaneous object code-899 is too heavily used and only contributes to misinformation. The Financial Management Team recommends its removal. Statewide statistics show that over \$151 million dollars was spent using the "misc" code. Many of the dollars were in the trust fund for the cost of scholarships. Object code 898 will be added for the coming year, which will be titled "Scholarships." It will be used with Program 960 in the Trust Fund. District personnel can begin using the new code immediately if they wish to change their code structure in FY 02. The use of the miscellaneous code in the Trust Fund and programs within other funds will be eliminated in FY 03. Districts should begin to clean up the coding of expenditures to the miscellaneous code as soon as possible. For further information, contact Ken Moos at 651-582-8370.
2. Changes to UFARS Codes – FY 2002 - This article contains the list of code additions and changes in the FY 02 and 03 UFARS Manual. Also listed are three Source Codes (230, 232 and 233) repealed

for FY 2003. New codes are in bold (Source Code 234, Finance Codes 332, 342, 362 and Program Codes 582 and 712). Changes to codes are in bold and underlined. Chapter Ten was updated and corrected in the following finance codes 302, 322, 344, 353, 418, and 438. Chapter Ten changes in the food service finance codes 701-709 have made the use of the finance codes more restricted. Districts should make sure their expenditure codes meet the guidelines of the grid. Please print this section and place it in your Manual or print new UFARS chapters from our website.

SOURCE

230 HACA Aid

Record payments from the state for Homestead and Agricultural Credit Aid. This revenue is allocated to all funds having a levy (M.S. 273.1398, Subd. 2). Repealed effective F.Y. 2003 (1st Sp Session 2001, Chapter 5, Art. 3, Section 40).

Payment Description - XXS230 HACA CR FY

232 Education Homestead Credit (Fund 01)

Record payments from the state for Education Homestead Credit. (M.S. 273.1382). Repealed effective F.Y. 2003 (1st Sp Session, Chapter 5, Article 3, Section 96).

Payment Description - 01S232 EDHOME CR FY

233 Education Agricultural Credit (Fund 01)

Record payments from the state for Education Agricultural Credit (M.S. 273.1382, Subd. 1b). Repealed effective F.Y. 2003 (1st Sp Session, Chapter 5, Article 3, Section 96).

Payment Description - 01S233 ED AGRICULT CR FY

234 Homestead Market Value Credit (Fund 01) – Effective F.Y. 2003 Agricultural Market Value Credit (Fund 01)

Record payments from the state for Homestead Market Value Credit and Agricultural Market Value Credit (1st Sp Session, Chapter 5, Article 3, Section 37)

Payment Description - 01SXX3 ED AGRICULT CR FY

FINANCE

325 Early Childhood And Family Education (Fund 04) – Effective F.Y. 2002

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 580 for proper coding of all revenues. The revenues and expenditures in this code apply to Balance Sheet Code 432, Reserved For Early Childhood Family Education Fund Balance. Minn. Stat. §124D.135.

Note: If a district wishes to use Community Education Revenue For ECFE expenditures use Finance Code 321, Community Education. See note on Program 580.

Payment Description - 04F325 ECFE FY

332 After School Enrichment Program (Fund 04) – Effective F.Y. 2003

Record revenue 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, Reserved for Community Education. Minn. Stat. §§ 124.19, Subd. 12 & 13.

Payment Description - N/A

342 Crime Related Costs Levy (Fund 01) – Effective F.Y. 2003

Record revenue and expenditures to directly fund or reimburse cities and counties who contract with the district for crime related services. The activity in this code applies to Balance Sheet Code 422, Unreserved/Undesignated Fund Balance. Minn. Stat. §§ 126C.44.

Payment Description - N/A

362 Youth Development Service (Fund 04) – Effective F.Y. 2003

Record revenue and expenditures to support a district youth development plan and programs thereof (Existing statute of \$1/per capita). Use Program Code 585, Youth Development/Youth Services. The activity in this code applies to Balance Sheet Code 431, Reserved for Community Education. Minn. Stat. §§ 124.19, Subd. 9 & 10.

Payment Description - N/A

344 School (Learning) Readiness (Fund 04) – Effective F.Y. 2002

For F.Y. 2002 and beyond, record revenues and all expenditures for the purpose of providing a continuum of services for participating children based upon their needs as identified through a screening process. Services include a social services plan, a development and learning component, health referral services, a nutrition component and parental involvement. See Program 582 for proper coding of all revenues. The revenue and expenditures in this code apply to Balance Sheet Code 444, Reserved For School Readiness Fund Balance. Minn. Stat. §§ 124D.15-16.

Payment Description - 04F344 LEARN READ FY

PROGRAM

580 Early Childhood And Family Education – Effective F.Y. 2002

Activities, classes, and events in schools, community centers and homes for children, aged birth to kindergarten, and their parents. Participants may have been referred to resolve potential barriers to learning. Includes programs that aid parents (and prospective parents) so they may understand and enhance their child's development. Other services include providing resource materials, lending libraries, parenthood education in secondary schools and outreach work. The state-funded Community Education Early Childhood and Family Education program is included in this category.

The district must use Program 580 for all revenues when Finance Code 325 is not used. It may also use the program code with Finance 325 if the district wishes. Program Code 580 must be used for all ECFE expenditures.

Note: The use of the program dimension in both revenue and expenditure codes is necessary because of the legislative mandate that imposed a maximum on the ECFE fund balance at the end of FY02. Other sources of revenue need to retain their finance code identity plus be counted in the ECFE program as part of the total resources.

582 School Readiness (Fund 04) – Effective F.Y. 2002

Activities for children based upon their needs as identified through a screening process. Activities will include a social service plan, a development and learning plan, health referral services, a nutrition component and parental involvement.

The district must use Program 582 for all revenues when Finance Code 344 is not used. It may also use the program code with Finance 344 if the district wishes. All school readiness expenditure codes must include Program 582 or Finance 344 or both to identify the costs.

Note: The use of the program dimension in both revenue and expenditure codes is necessary because of the legislative mandate that imposed a maximum on the School Readiness fund balance at the end of FY02. Other sources of revenue need to retain their finance code identity plus be counted in the School Readiness program as part of the total resources.

710 Secondary Counseling And Guidance Services – Effective F.Y. 2002

Activities involved in counseling Secondary 7-12 pupils, parents and staff members on learning problems, career planning, and behavioral problems. Includes 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 – Effective F.Y. 2002

Activities involved in counseling elementary (1-6) pupils, parents and staff members on learning problems, career planning, and behavioral problems. Includes 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.

School Facilities

1. Injury Prevention Training for Public School Special Education Employees - It has been recognized that the types of injuries to Special Education employees resulting from lifting, falls and student behavior constitute a sizable share of employee suffering and workers compensation claims. Until now, Health and Safety has focused primarily on regulatory compliance as the means of protecting employees and students. By incorporating employee injury prevention issues into Health and Safety, our goal is to reduce injury to special education employees and Workers' Compensation costs.

This training opportunity continues the Department of Children, Families & Learning's (CFL) previous injury prevention initiatives for Office, Food Service and Maintenance/Custodial/Grounds employees. For discussion purposes, our definition of injury prevention training is limited to addressing those activities that reduce or prevent injuries resulting from student behavior, lifting and falls.

The overall plan is as follows:

- Districts must select two persons to be the injury prevention contact team*. The contact team receives CFL-sponsored training, then return to the district to become involved in assessing or facilitating the assessment of injuries resulting from student behavior, falls or lifting with the goal of reducing or preventing these types of injuries. This team would also recommend expenditure of Health and Safety funds based on completed assessments. The contact team must include one administrator and one teacher or para-professional. Both must attend a training to qualify the district.*
- CFL will offer one day of intensive training to the Special Education injury prevention team selected by the district. Workshops will be offered in each of the nine service cooperative regions.

- CFL will issue a certificate and a completion numbers to each Special Education injury prevention contact person. The completion numbers authorize these persons to evaluate (or contract for evaluation) situations contributing to employee injuries, and to apply for use of Health and Safety funding for remediation.
- Certificate numbers from your district must accompany any request for Health and Safety funding. Completion numbers are issued to district employees only and are good for that district only. Contractors/consultants may assist the district in assessing situations and preparing reports but their assigned numbers cannot be used in lieu of, since numbers are used for district-unique financial consideration.

* CFL requires this because of the important legal and regulatory interest in this field and to make sure both Para's and administrators are involved in the process. Since both CFL and US Gov't regulate the field closely, we don't want only one version of the information to return to the district and be possibly misinterpreted.

TRAINING & COST

Training will include consideration of the following:

- Special Education Employee Injury Information and Statistics
- Causes of Special Education Employee Injuries
- Methods for the Prevention of Special Education Employee Injuries
- Postural Awareness and Recommended Equipment for Injury Protection
- Behavioral Interventions Related to Employee Injury
- A Model Workplace Injury Prevention Program

One-day regional training will be offered in the March—May 2002 timeframe. The cost is \$125 for each attendee. Trainings with less than 35 attendees will be cancelled and an attempt made to reschedule.

| Date | Location | Region | Ed. Service Coop. Host |
|-----------------|-----------------------------------|-----------------------|------------------------|
| March 15, 2002 | ISD 833 District Services Bldg. | Metro Area | Mike Weigel |
| April 5, 2002 | St. Cloud Service Cooperative | St. Cloud | Ron Wieber |
| April 8, 2002 | Best Western Thief River Falls | Northwest MN | Brian Byklum |
| April 9, 2002 | Mount Iron Service Cooperative | Northeast MN | Audrey Steel |
| April 15, 2002 | Ottertail Power Room(s) | Fergus Falls | Jane Eastes |
| April 23, 2002 | ISD 833 District Services Bldg. | Metro Area | Mike Weigel |
| April 25, 2002 | Staples Service Cooperative | North Central MN | Mary Theurer |
| April 29, 2002 | Marshall Service Cooperative | Southwest MN | Christine Schmitt |
| May 6, 2002 | Rochester Service Cooperative | Southeast MN | Bob Tweten |
| May 13, 2002 | To be Determined (probably Metro) | State-wide stragglers | TBD |
| To Be Determine | Mankato City Government Center | SouthCentral MN | Nancy Meixl |

General Information

1. Nutrition Grant - The Minnesota Department of Children, Families & Learning, Food & Nutrition Service (FNS) received a Team Nutrition Training Grant from the United States Department of Agriculture. The grant project focuses on creating a Minnesota Healthy School Nutrition Environment (HSNE) Initiative.

Project objectives:

- outreach and educate local school decision makers about the need for healthy school environments
- provide support for schools in Minnesota that are interested in developing a healthy school nutrition environment
- collaborate and partner with key leaders from education organizations, health organizations, the food service industry, school boards, legislators and other professional organizations to formulate and endorse statewide guidelines and recommended policies that promote the Minnesota HSNE Initiative.

Food & Nutrition Service invites you to participate in a stakeholder group meeting along with other school business officials and school administrators. The meeting will be held on May 7, 8:00 a.m.-12:00 noon at the Minnesota Department of Children, Families & Learning, Conference Center, 1500 Highway 36 West, Roseville, MN.

Stakeholder group participants you will be asked complete a pre-work assignment that will be mailed a few weeks before the meeting. Based on the pre-work, participants will prioritize existing issues in Minnesota schools relating to student nutrition and health.

Please RSVP to Betty Banas at 651/582-8528 or 800/366-8922 by April 17, to confirm your attendance at the stakeholder meeting May 7. Include your name, title, school district, mailing address, email address and phone number when replying.

2. Federal ESEA Title Programs - Major changes in the Federal Title programs will become effective in FY 03. New UFARS program dimensions and finance dimension will be added to the UFARS manual. Project writing workshops are scheduled throughout the state in early May for LEA Directors and Coordinators. The new codes will be part of the writing workshops. District finance staff should be alerted to the many changes in the Federal programs and the flexibility that now exists within each of the programs.
3. Hourly Wage For Food Service Directors - The Food and Nutrition Service of the Department of Children, Families and Learning has calculated the average hourly wage for public school food service directors in Minnesota. The 2001-2002 hourly rate is \$19.49. This is the maximum rate at which the labor of a Superintendent or Fiscal Manager, who is performing the duties of a Food Service Director, can be charged back to the food service fund. Questions about the rate calculations can be addressed to Nancy Podsedly in the Food and Nutrition Section at 651/582-8271.

Workshops/Training

1. UFARS Training-Regular School Districts – Since April sessions filled up quickly and alternative dates were needed, a UFARS training session is scheduled for July 11, 2002. The registration will be on a first-come, first-serve basis. Only the first 35 pre-paid registrations will be accepted. For more information contact Ms. Yvonne Wilkes at 651/582-8477. Registration fees will not be returned within 48 hours of the workshop.
2. Two-Day Business Management Workshop for Charter Schools - The Department of Children, Families & Learning (CFL) is sponsoring two 2-day business management workshops exclusively for charter schools on July 24-25 and August 21-22. The workshops are designed to provide business management training for charter schools in their first or second year of operation, those who are in the planning stage, and new staff in existing charter schools. The registration fee is \$75.00 to cover the costs of refreshments, lunches, workshop materials, and a UFARS manual. No funds will be returned if a cancellation occurs within 48 hours of the workshop; however, materials will be sent to the registrant.

Contact Yvonne Wilkes at 651/582-8477 for registration materials. For further information on the content of the workshop, contact Nancy A. Schultz at 651/582-8712.
3. Manual for Activity Fund Accounting Training – Training will be offered to school finance personnel who work with student activity funds. The new manual is nearly completed. It will be placed on the web by July 1, 2002. Special one-day training programs will be conducted in August. Further information will be posted to the web and sent through the MASBO listserv by June 15, 2002. Please watch for further announcements on this training. For more information, contact Dr. Charles Speiker at 651/582-8737.
4. Grant Administration Accountability Training - The Department of Children, Families & Learning is responsible for administering \$800 million of Federal, State and Private Foundation grants. Rules and regulations regarding grant administration have changed from year to year while accountability requirements from the Federal and State legislatures for grant funding and expenditures has intensified. To assure the comprehensive compliance with grant administration statutory rules and regulations, grant administrators at the Department are being provided continuing education on

current grant administration policies and procedures. Training will include the accounting control and financial reporting requirements of grant administration that includes the grant recipient's accountability for correlating grant expenditures to the grant program. Training sessions for May are scheduled at the Department central offices for May 2nd (9:00 A.M. to 11:00 A.M.), May 7th (10:00 A.M. to 12:00 Noon) and May 8th (1:00 P.M. to 3:00 P.M.). Additional sessions will be scheduled, as required, and school district administrators will be provided training at various UFARS training seminars throughout the year. For more information, contact Richard Foster at 651/582-8802.